Annual Report 2021

CREATING SUSTAINABLE **VALUE**

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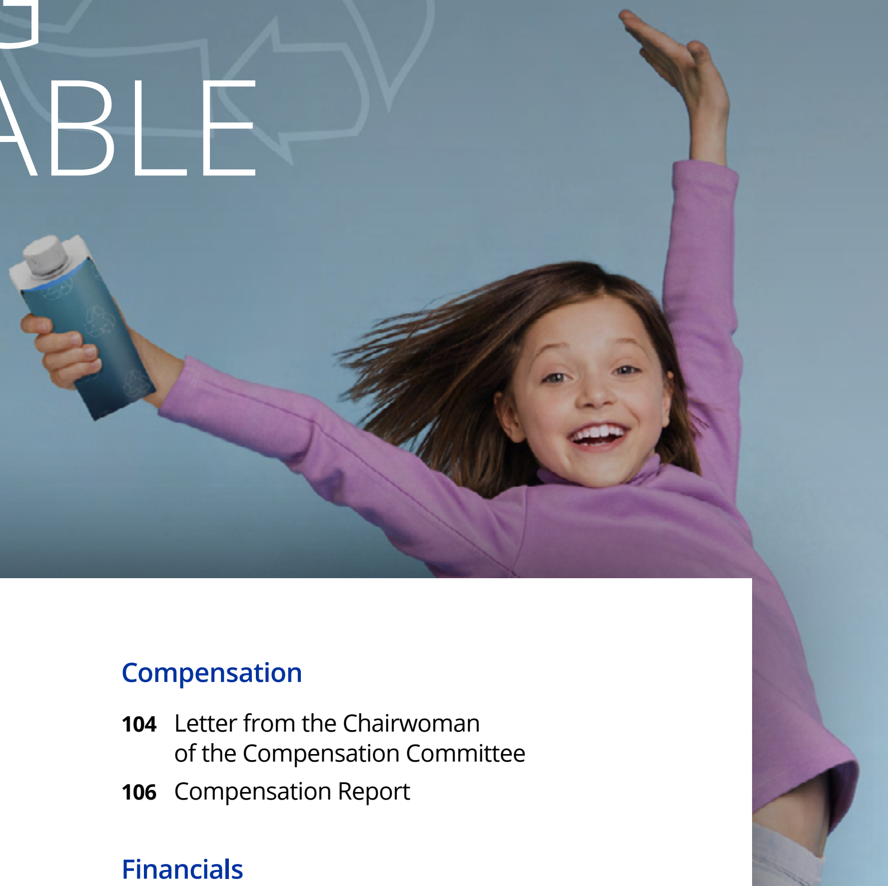

Creating sustainable value

Our Company

Business review

Governance

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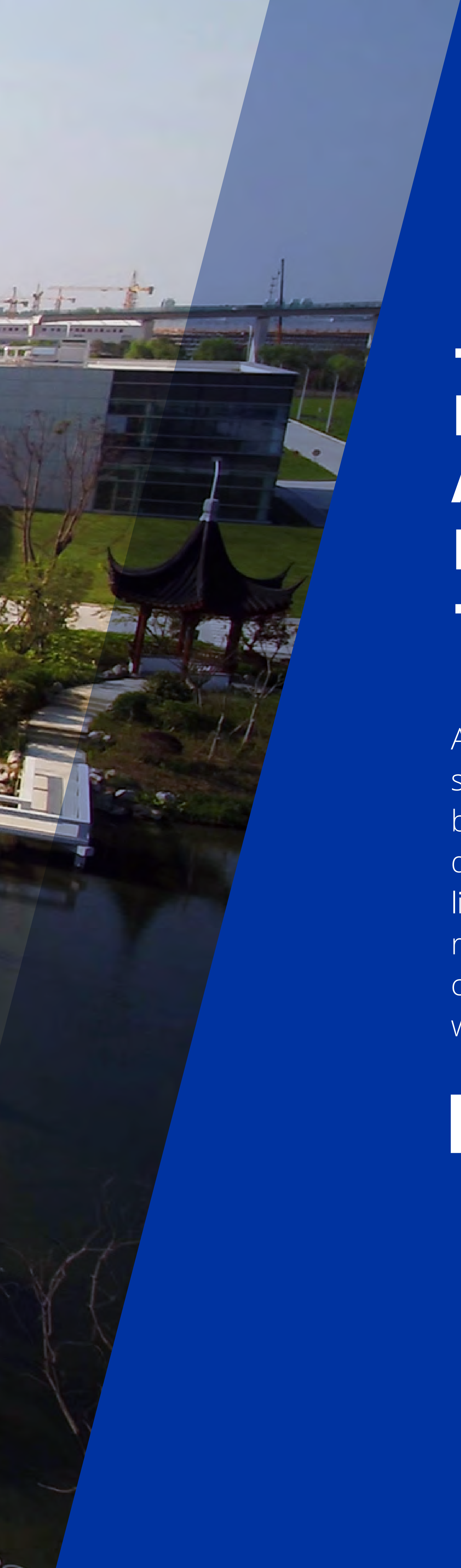
CREATING SUSTAINABLE VALUE

EXPANDING OUR GLOBAL PRESENCE



NEW STATE-OF-THE-ART PRODUCTION PLANT IN CHINA

Across Asia, millions of people are only now starting to consume packaged food and beverages. The rise of new consumers, driven by increasing income, changing lifestyles and new consumption habits, represents a huge opportunity for aseptic carton packaging, offering long shelf life without the need for a cold chain.

120,000 sq m

The new plant, situated in the Suzhou Industrial Park (SIP), opened at the end of 2020.

At the end of 2020 carton production commenced at our second plant in Suzhou, China. Most of the plant construction took place in 2020 at the height of the COVID-19 crisis – a testimony to the skill and determination of our local engineers.

Located in the same industrial park, the new factory will benefit from synergies with our existing plant, which has been in operation since 2004. It is also close to our cutting-edge Tech Centre, which collaborates with customers on the development and implementation of innovative product concepts and market-ready packaging solutions. Production at the plant will ramp up over the next two years.

8 billion packs

capacity in 2024

With a total investment of around €175 million, the new plant will serve the entire Asia Pacific region, where demand continues to grow significantly. It represents a significant increase in our Asia Pacific capacity.

+70%

increase in China capacity

+35%

increase in Asia Pacific capacity

The new plant will also manufacture our winning single-serve combismile cartons which were originally introduced in China but are now available in all regions.

The plant has achieved world-class environmental, safety and operational performance right from the start. It has the lowest possible carbon emissions and features photovoltaic roof panels capable of providing 1.5m KWh of solar energy. Collected rainwater is treated and reused to save around 28,000 tonnes of tap water a year. All of this has resulted in the plant being awarded LEED Gold certification – a high level of recognition for green buildings.

REALISING FURTHER GROWTH POTENTIAL IN NORTH AMERICA

The next step in the expansion of our global production footprint is the construction of a new plant in Queretaro, Mexico to serve North American markets.

€ 70 million

total investment

The project began in the second half of 2021 and the plant is expected to open in early 2023. It will enable us to build on our strong track record of growth in North America.

Through our existing sales and service presence, we have been able to forge strong relationships with major dairies in Mexico, a large and growing milk market. In the USA, SIG has a well established co-manufacturing customer base and is ideally placed to serve innovative and expanding new categories.

"We are very excited to announce this project which will enable us to serve our North American customers faster and more efficiently. Delivery lead times will be reduced and we will be able to respond rapidly to changes in demand."

Ricardo Rodriguez
President and General Manager Americas

The plant represents a total investment of around €70 million, covering state-of-the-art production capacity for the printing, cutting and finishing of carton packs. It will have a highly flexible layout with a focus on ergonomics and the environment.

CREATING SUSTAINABLE VALUE

ACCELERATING CLIMATE ACTION

SIG Annual Report 2021

Tackling the climate emergency requires bold and urgent action by countries and companies – a message that came across loud and clear at the COP26 climate conference in 2021.

Our low-carbon aseptic cartons can be part of the solution – offering a 28–70% lower carbon footprint than alternative forms of packaging.

Through our focus on sustainable innovation, we have developed solutions that lower this footprint even further – starting with combibloc **ECO**PLUS, launched in 2010, with a 27% lower carbon footprint than standard SIG packaging material.

100%

renewable energy – first in our industry to achieve carbon neutral production.

Over the last five years, we have accelerated action on climate as part of our commitment to go Way Beyond Good for people and planet.

The industry-leading innovations in our **SIG**NATURE portfolio offer the lowest-carbon solutions on the market for aseptic cartons – and sales of these solutions are growing.

We have slashed greenhouse gas emissions from our operations by making our packs with 100% renewable energy and becoming the first in the industry to achieve carbon neutral production.

We are leading efforts to decarbonise our value chain by linking polymers to 100% renewable materials instead of fossil-based feedstock, and becoming the first carton manufacturer to source aluminium certified to the Aluminium Stewardship Initiative (ASI) standard that mandates emissions reductions in the production of aluminium.

And we are not stopping there.

Read on to see the milestones on our journey so far and our plans to go even further on The Way Beyond Good.

Our journey to net zero

OUR PACKAGING SOLUTIONS

OUR OPERATIONS

2017

Launched **SIG**NATURE 100 solution with a 58% lower carbon footprint than standard SIG packaging material.

Switched to 100% renewable electricity for production globally.

2018

Launched **SIG**NATURE Full Barrier solution with a 45% lower carbon footprint than standard SIG packaging material.

Achieved carbon neutral production by completing the transition to 100% renewable energy – including Gold Standard offsets for natural gas use – and installed our first on-site solar array in China.

2019

Reached the milestone of 1 billion packs sold with combibloc **ECO**PLUS packaging material since its launch in 2010.

Accelerated our timeline for climate action with greenhouse gas reduction targets approved by the Science Based Targets initiative as in line with the 1.5°C scenario.

OUR PACKAGING SOLUTIONS

2020

Offered the world's first aseptic cartons with aluminium foil certified to the ASI Standards that mandate emissions limits in aluminium production.

2021

Launched our next generation filling machine, designed to offer a 25% lower carbon footprint for filling and packaging processes.

Going beyond with ambitious targets

Launch a full barrier carton linked to 100% renewable materials by 2025.

Cut value chain emissions by 25% per litre of food packed by 2030 (from 2016).

OUR OPERATIONS

2020

Surpassed our target to halve operational (Scope 1 and 2) emissions by 2025, with a 58% reduction from 2016, well on our way to our science-based target to cut these emissions by 60% by 2030.

2021

Installed further solar arrays in Brazil, China and Thailand – bringing our total on-site solar capacity to 11.3MWp – and secured real-time wind power for our production in Germany.

Going beyond with ambitious targets

Reduce operational greenhouse gas emissions by 50% by 2025 – and 60% by 2030 (from 2016).

CREATING SUSTAINABLE VALUE

INVESTING IN INNOVATION

NEXT GENERATION FILLING TECHNOLOGY

SIG NEO, making its debut with the innovative combivita family-size pack, is the centrepiece of SIG's next generation platform and the world's fastest filling machine for family-size carton packs.

18,000 packs / hour

25% carbon footprint reduction compared with SIG's current generation filling machines for family-size carton packs.

SIG's latest filling technology innovation puts the future needs of food and beverage producers at the forefront, optimising output while helping to minimise costs.

SIG developed SIG NEO to deliver on six core areas:

1

Profitability

With longer production runs, shorter cleaning times, exceptionally low waste rates and increased technical efficiency, SIG NEO is designed to deliver long-term savings and a highly competitive total cost of ownership.

2

Efficiency

- Highest speed and efficiency with output of up to 18,000 family-size packs per hour.
- 50% higher output than current generation machines with no additional manpower needed.
- Run cycles of 100+ hours.
- Fully automated cleaning.

3

Quality

- Best-in-class sterility rates with SIG's innovative 360-degree sterilising solution.

4

Ease of use

- Highly intuitive user interface – SIG CRUISER – operates the entire filling line end-to-end.

5

Flexibility

- Flexible filling speed to suit production plans with 12,000, 16,000 or 18,000 packs per hour.
- Automatic volume change in less than 10 minutes to run 500ml, 750ml or 1,000ml pack sizes.

6

Carbon footprint reduction

- Lower carbon footprint thanks to improved waste rates and 30% lower overall utility consumption.
- 60% water reduction.
- 25% reduction in greenhouse gases per filled pack.

"Food and beverage producers have tight deadlines and production and profitability goals, plus sustainability targets and countless KPIs to meet. To fulfil all their needs, we've built a world-class system that's far more flexible and efficient than any other on the market."

Stefan Mergel
Senior Product Manager, Equipment

Perfectly complementing SIG NEO is SIG PACER, a new fully automated sleeve magazine powered by a robotic arm that works alongside customer teams to do the heavy lifting. SIG PACER takes care of detecting, gripping and opening corrugated boxes containing carton sleeves.

Finally, SIG CRUISER completes the trio of SIG's next generation filling technology. This new user interface (Human Machine Interface – HMI) makes the entire new filling line easy to operate. The highly intuitive SIG CRUISER enables SIG customers to easily set their complete production process and is designed to make life much easier for the operator, while reducing the need for training and experience.

LIVE IT UP WITH combivita

Alongside SIG NEO, we are launching a modern and ergonomically built pack that's also designed to grab attention on retail shelves.

3 sizes

Available in 500ml, 750ml and 1,000ml, combivita has a slanted top and wider opening to ensure smooth and easy pouring.

SIG's combivita was developed based on extensive consumer-centric research and provides a competitive edge to beverage manufacturers.

Available in three volume sizes – 500ml, 750ml and 1,000ml – combivita has a slanted top and wider opening to ensure smooth and easy pouring with SIG's new tethered, easy open and resealable closure, truTwist. The organic curve on the back of combivita not only adds to its elegance, but also makes it easier for consumers of all ages to handle.

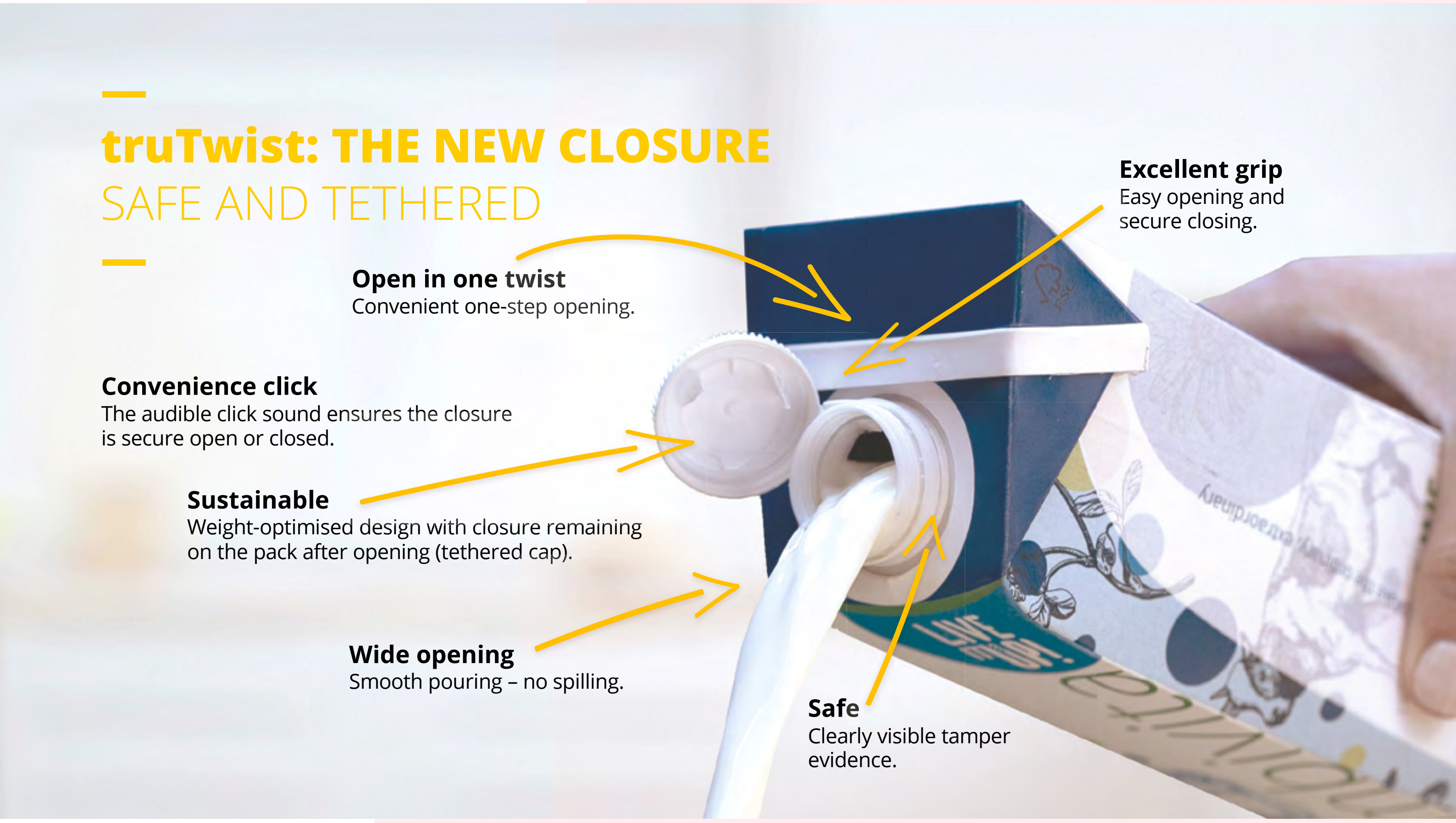
“The pandemic has fuelled a paradigm shift in consumer habits, including working from home and buying products in advance. As a result, the demand for convenient family-size products and packaging formats has grown exponentially.”

Ali Kaylan
SVP Innovation

We don't have a Planet B. Going green is no longer a trend but a way of life. More and more consumers are concerned about environmental sustainability and how a product and its packaging were sourced.

The combivita carton pack has an excellent environmental footprint, with 100% of the paperboard sourced from FSC™-certified forests and 100% renewable energy used during the manufacturing process. In addition, there is the opportunity for combivita carton packs to be combined with SIG's **SIG**NATURE portfolio packaging material, in which the polymers are also linked to forest-based materials.

truTwist: THE NEW CLOSURE
SAFE AND TETHERED



CREATING SUSTAINABLE VALUE

NEW MARKETS FOR SIGNATURE

SIGNATURE portfolio launches in Asia and Eastern Europe.

Uptake of our most sustainable packaging materials is on the rise as customers look to meet growing demand from consumers and support moves by governments and regulators towards a low-carbon, circular economy.

2.1 billion litres

of food and beverages packed in SIG packs with ***SIG****NATURE portfolio packaging materials to date.*

Customers have now delivered 2.1 billion litres of food and beverages in SIG packs with our combibloc **ECO**PLUS, **SIG**NATURE 100 or **SIG**NATURE FULL BARRIER packaging materials.

Sales of these **SIG**NATURE portfolio solutions have grown by more than 21% in 2021 – bringing benefits to our business and the environment.

These solutions are well established in Western Europe, with customers ranging from big brands and retailers to dairy cooperatives and start-ups, and **SIG**NATURE FULL BARRIER has also been launched previously in North America.

In 2021, solutions from our **SIG**NATURE portfolio hit the supermarket shelves in Asia and Eastern Europe for the first time.

combibloc **ECO**PLUS

- Launched in 2010
- World's first aluminium-free aseptic carton packaging material
- 82% renewable material
- 27% lower carbon footprint than standard SIG packaging material
- For use with dairy products
- 1.7 billion litres of food packed with this solution since launch

SIGNATURE 100

- Launched in 2017
- World's first aseptic carton linked to 100% forest-based renewable material[1]
- Aluminium-free
- For use with dairy products
- 58% lower carbon footprint than standard SIG packaging material
- 200 million litres of food packed with this solution since launch

SIGNATURE FULL BARRIER

- Launched in 2018
- Polymers linked to 100% forest-based renewable material[1]
- Ultra-thin aluminium foil barrier layer to protect sensitive products
- For use with a wide range of products including dairy, non-carbonated soft drinks and water
- 45% lower carbon footprint than standard SIG packaging material
- More than 160 million litres of food packed with this solution since launch

1 Via an independently certified mass balance system.

"The launch of new products is in line with DPO's vision to become the 'National Milk' by 2022, aiming to provide more opportunities for the Thai people to enjoy high-quality dairy products. Environmental sustainability is a core value for DPO and a fast-growing concern for Thai consumers. With **SIG**NATURE FULL BARRIER, SIG offered us a way of differentiating ourselves from our competition on this key issue. This is also in line with the vision of enabling Thai dairy farmers to run stable and sustainable farms."

Somporn Srimuang
DPO Director

Asian debut for **SIG**NATURE FULL BARRIER in Thailand

Thailand's leading dairy brand, Dairy Farming Promotion Organization of Thailand (DPO), has introduced a new National Milk product range in our on-the-go carton packs with SIGNATURE FULL BARRIER packaging material.

Our **SIG**NATURE FULL BARRIER solution is a natural fit for the National Milk range, which was launched under the slogan 'Love Us, Save the World'. It provides an important point of differentiation for DPO as it responds to rapidly changing consumer demands.

"As part of our new positioning for Kukkonia brand, which also includes a new identity, we have decided to switch from PET to carton packs to meet the growing needs and sustainability demands of young conscious consumers. Being the first in Eastern Europe to launch products in SIG carton packs with **SIG**NATURE portfolio packaging material is a big first for our region."

Tibor Balogh
Managing Director, Euromilk

SIGNATURE portfolio launch in Eastern Europe

Located in Southern Slovakia, Euromilk's Kukkonia brand is the first in Eastern Europe to opt for packaging materials from our **SIG**NATURE portfolio.

Euromilk decided to switch from PET bottles to carton packs featuring **SIG**NATURE 100 or **SIG**NATURE FULL BARRIER for various products in its Kukkonia UHT milk range to appeal to a younger, eco-conscious consumer.

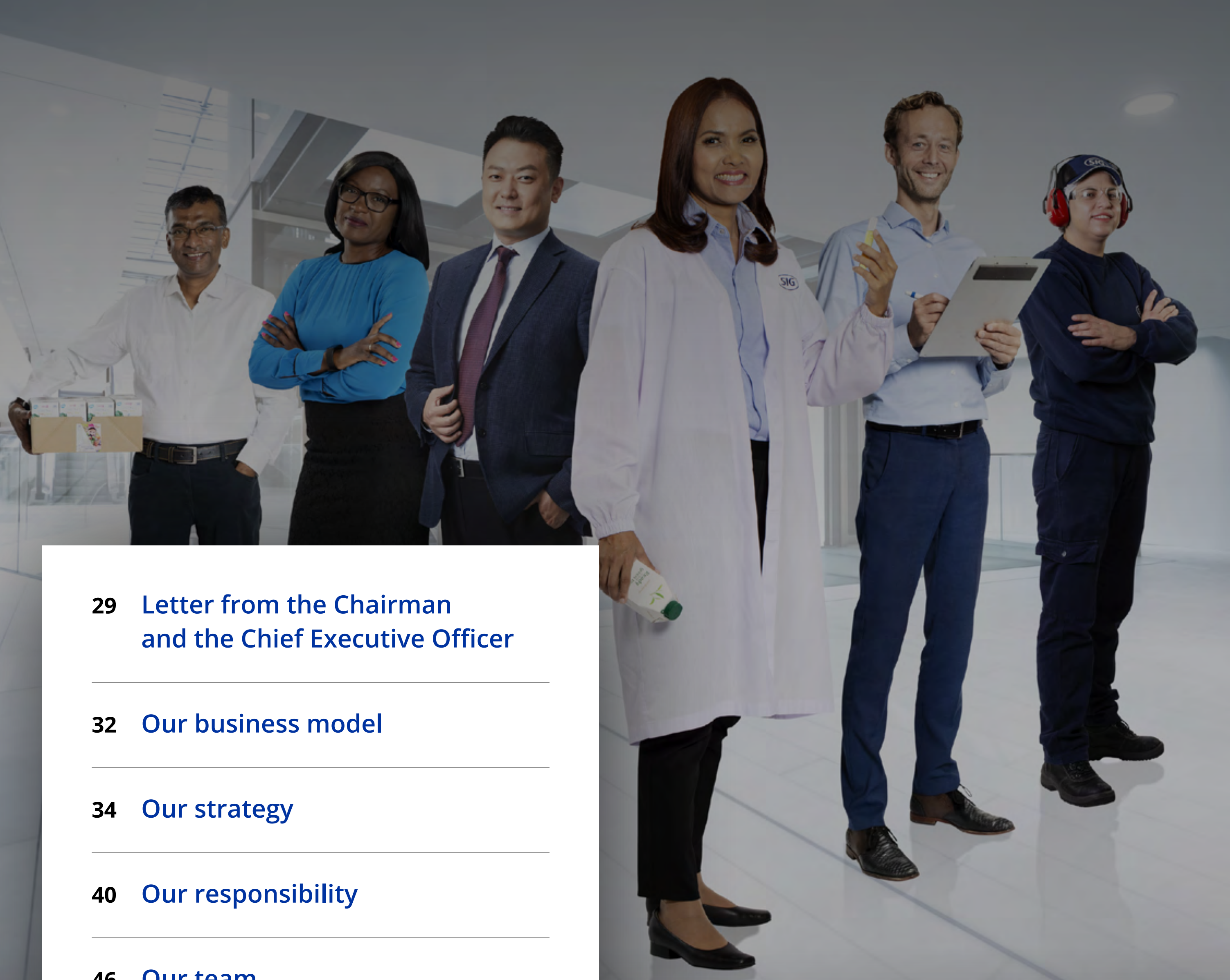
Enabling future growth

These market debuts for our **SIG**NATURE portfolio packaging materials in Asia and Eastern Europe are paving the way for future growth.

Our next addition to the portfolio in 2022 is **SIG**NATURE EVO, the world's first aluminium-free full barrier packaging material for aseptic carton packs. By offering comparable full barrier properties to our packaging materials with aluminium foil, it extends SIG's lower-carbon aluminium-free packaging materials – already available for plain white UHT milk – for use with oxygen-sensitive products like fruit juices, nectars, flavoured milk or plant-based beverages.

As sales of these sustainable innovations grow, so too will the carbon reductions we deliver as we drive progress on The Way Beyond Good.

OUR COMPANY



LETTER FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Andreas Umbach
Chairman

Samuel Sigrist
Chief Executive Officer

We look back over a year in which SIG's business has again proved its resilience and continued to grow in a volatile and uncertain environment. The COVID-19 crisis continued to affect many of our markets but globally demand was underpinned by our role as an essential industry supplying food and beverage producers. Our teams were able to cope with additional supply chain challenges thanks to our well diversified and localised supplier base and effective logistics management. Deliveries to customers were made on time and our service engineers in the field continued to overcome mobility restrictions in order to ensure flawless operations in our customers' factories.

Robust revenue growth and higher profitability

Core revenue growth of 6.6%[1] in 2021 was above the guided range of 4–6%. The highest growth rate came from the Americas, where performance exemplified our strategy of combining new customer wins with an increasing share of wallet at existing customers. The strong top-line growth was accompanied by an increase in the adjusted EBITDA margin which was achieved despite higher raw material costs in the second half of the year. In recent years we have demonstrated our ability to maintain best-in-class profitability in the face of foreign exchange as well as raw material headwinds. Adjusted net income in 2021 increased to €252 million and, in line with our dividend payout guidance of 50–60% of adjusted net income, we are proposing a 7% increase in the dividend to CHF 0.45 per share, compared with CHF 0.42 per share for 2020. Free cash flow generation remained strong with net capital expenditure slightly below the target range of 8–10% of revenue, thanks to relatively high upfront cash payments received upon placement of new filling machines.

1 Like-for-like at constant currency.

Investing in future growth

In 2021 we continued to place a significant number of filling machines with new and existing customers across all regions. We also continued to invest in our manufacturing base. Our new Asia Pacific plant in Suzhou, China opened at the end of 2020 and is progressively ramping up its capacity. In April we announced the construction of another new plant – this time in Queretaro, Mexico – which will enable us to serve our North American customers faster and more efficiently. The plant is expected to open in the first quarter of 2023 (see story > Expanding our global presence).

Innovation milestones in the Middle East and Africa

We are pleased to report that the integration of our Middle East and Africa business, of which we took full control at the end of February, has proceeded very smoothly. In November, we were privileged to attend Gulfood Manufacturing at the Dubai World Trade Centre, which is a landmark event for food and beverage processing technology. We were able to experience first-hand the immense energy and drive for innovation which is characteristic of the Middle East and Africa region. The high point was receiving the award for "Top Futuristic Technology" for our next generation filling machine SIG NEO (see story > Investing in innovation). The opening of our new Tech Centre in Dubai, which took place on the eve of Gulfood Manufacturing, clearly signals that we are committed to delivering a continuous stream of innovation designed to meet the needs of customers in this region.

Sustainability at the heart of our business

The launch of SIG NEO highlights the focus on sustainability which permeates our investment in R&D. It is not only our carton packs which can help customers to achieve their environmental objectives. SIG NEO has a 25% lower carbon footprint per filled pack compared with SIG's current generation filling machines for family-size packs, due to low waste rates and reduced consumption of water and other utilities. And we continue to broaden the appeal of our most sustainable packs with the launch of **SIG**NATURE EVO, which extends lower carbon aluminium-free packaging materials – already available for plain white milk – to oxygen-sensitive products such as fruit juices or plant-based beverages.

Our longstanding and in-depth focus on environmental, social and governance issues is illustrated by the range of metrics reported in this, our first combined annual and corporate responsibility report. We are committed to the United Nations Global Compact and our business contributes to several of the United Nations Sustainable Development Goals. In this report you can read about our ambitious strategic priorities targeting Forest+, Climate+, Resource+ and Food+.

In 2021 we introduced a sustainability metric into our short-term incentive programme and in 2022 its weighting will increase. We have set the benchmark high with the choice of our EcoVadis score as the metric. We already have a Platinum ranking with EcoVadis, putting us in the top 1% of companies covered, and we need to continuously improve in order to maintain our position. The score covers a broad range of criteria in the areas of environment, labour and human rights, ethics and sustainable procurement. These criteria have a bearing on many facets of our business and touch on the work of many of our employees. Our experience has shown that our people are not only aligned with our ESG objectives in the workplace – they are ready to go the extra mile by implementing external sustainability projects and community engagement programmes. In Brazil, for example, more than 100 employees completed a series of climate-related challenges to earn points that were then converted into food for donation to homeless people and to families affected by COVID-19.

Diversity, culture and leadership

Over the years SIG has steadily expanded its global presence and we have more than 80 nationalities represented among our employees. Our progress on gender diversity has until recently been slower and we are determined to remedy this, with the ambitious target of 30% of leadership positions occupied by women in 2025. Our commitment to an inclusive culture, to fair and equal opportunities for everyone and to enabling our employees to develop their full potential is reflected in a new appointment to the Group Executive Board. With effect from 1 January 2022, **Suzanne Verzijden** has joined as Chief People and Culture Officer, bringing 16 years' international human resources experience in a major multinational company with a focus on people development, culture and talent topics.

In view of the growing importance of the Asia Pacific region in SIG's business, we have decided to move to a dual leadership structure for the region. **Fan Lidong**, who became President and General Manager Asia Pacific North with effect from 1 January 2022, has 30 years' experience in the packaging industry and has been instrumental in driving SIG's rapid growth in China. **Angela Lu**, who joined the company as President and General Manager Asia Pacific South, brings considerable experience in the food and beverage industry, including more than 10 years with a key customer in Europe and Asia Pacific. Lidong and Angela take over from Lawrence Fok, who was President and General Manager Asia Pacific until the end of 2021. We would like to thank Lawrence for his many years' service and for his many valuable contributions to SIG's development in the Asia Pacific region.

With these additions to the Group Executive Board, we have an experienced and diverse leadership team possessing a broad range of skills which are perfectly aligned with our strategic priorities.

Looking ahead

In early 2022 we announced plans to acquire two businesses which will expand both our range of solutions and our presence in key geographies. The acquisition of Evergreen Asia's fresh milk carton business gives us access to new customers in China as well as allowing us to help existing customers expand in the fresh segment. Milk is recognised in China as an important source of protein and as good for health – all the more so since the pandemic – and demand is growing strongly.

The acquisition of the Scholle IPN business broadens our leadership in sustainable packaging systems and solutions. The business comprises bag-in-box and spouted pouches, which have many similarities to our cartons in terms of end-markets and industry structure. Scholle IPN has for many years deployed aseptic technology which we will further develop by leveraging our core competence in this area. We will also be able to maximise the growth potential of the acquired business through expansion in Asia Pacific, Latin America and the Middle East and Africa, building on our existing long-established presence in these regions.

Aseptic cartons remain a large part of our business, with robust growth prospects and a high level of profitability. They also represent an outstanding platform which will allow us to create significant value from these two exceptional external growth opportunities. We would like to thank all our employees for their energy, skill and dedication in building SIG into the strong company it is today and we look forward to working together on the exciting journey ahead.

Andreas Umbach
Chairman

Samuel Sigrist
Chief Executive Officer

OUR BUSINESS MODEL

Our unique technology and outstanding innovation capability 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

~5,900 employees with >80 nationalities	**126,366** hours of training	A focus on diversity and inclusion

ENVIRONMENT

100% of paperboard purchased with FSC™ certification	**100%** renewable energy for carbon neutral production	the only cartons available with ASI-certified aluminium

FINANCIAL

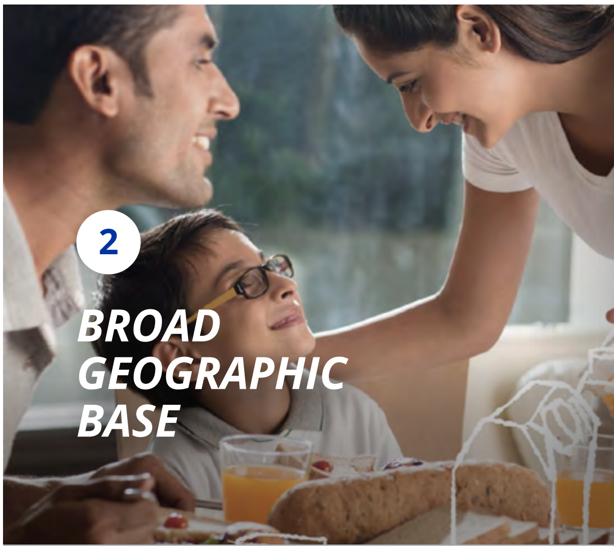
€1,271m property, plant and equipment	**€50m** net filler capital expenditure	**€56m** investment in R&D

OPERATIONS

8 sleeves production plants	**2** filler assembly plants	**1,295** filling machines in the field

The full interactive version of our business model can be found online at https://reports.sig.biz/annual-report-2021/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 presence in Asia Pacific, the Americas and the Middle East and Africa. This expansion has contributed to the resilience of the business by diversifying the drivers of growth. We operate sleeves production plants 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
Employee Net Promoter Score

0.3
Lost Time Case Rate

4.8%
voluntary turnover rate

ENVIRONMENT

All packs fully recyclable

2.1bn
litres of food and beverages packed with **SIG**NATURE packaging materials

25%
lower carbon footprint for SIG NEO filling machines

FINANCIAL

6.6%
LFL core revenue growth at constant currency

31.0%
ROCE

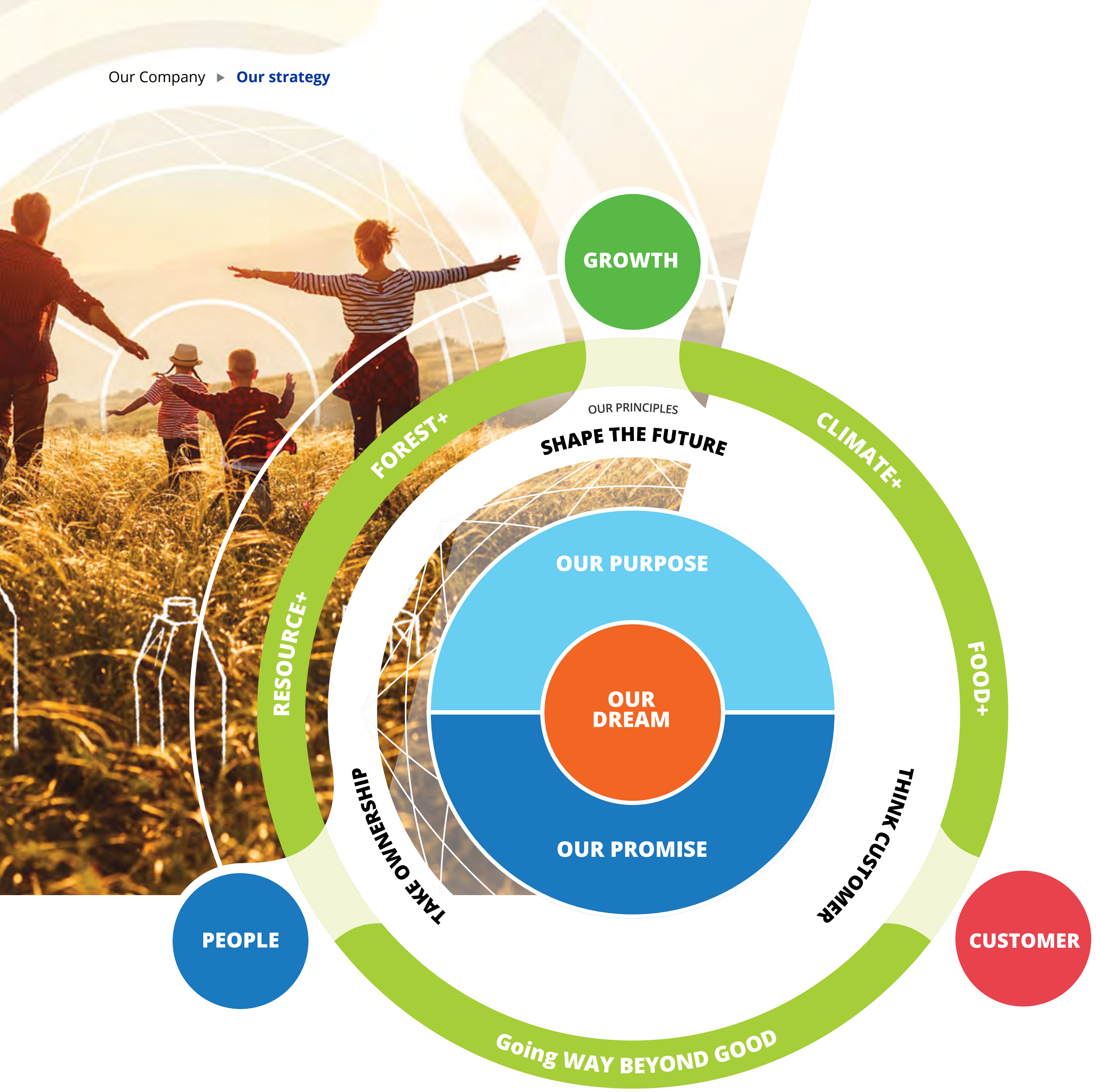
€258m
free cash flow

OPERATIONS

~42bn
packs produced in 2021

>270
different packaging options

>10,000
different products filled



OUR STRATEGY

SIG is working in partnership with its customers to bring food products to consumers around the world in a safe, sustainable and affordable way. That's our role for people and society, that's our purpose as a company. We want to fulfill our role for ever more people, following our dream to see every consumer in the world with an SIG pack in their hand and a smile on their face, every single day. A dream that drives us to truly understand customer and consumer needs and to provide holistic solutions for the food and beverage industry, faithful to our promise of "Excellence – Engineered. Solutions – Delivered."

OUR CORPORATE COMPASS

A strategy made for growth

Our dream, purpose and promise are at the heart of our Corporate Compass – a strategy made for growth. Founded on three clear principles – Shape the future. Think customer. Take ownership – our Compass guides the choices we make every day. The choices for our people who always believe in more. For our customers who can expect to receive the "Perfect Package", every time. For more growth in order to come closer to our dream and to create sustainable value for our stakeholders. For going Way Beyond Good to create food packaging that makes the world a better place.

OUR **DREAM**

Every consumer in the world with an SIG pack in their hand, and a smile on their face, every single day.

OUR **PURPOSE**

Working in partnership with our customers to bring food products to consumers around the world in a safe, sustainable and affordable way.

OUR **PROMISE**

Excellence – Engineered.
Solutions – Delivered.

OUR **PRINCIPLES**

Shape the future.
Think customer.
Take ownership.

READ MORE

GROWTH

We create sustainable value

OUR **STRATEGIC PRIORITIES**

Grow our **core business** by increasing market share in established markets and categories.

Win **new customers** by bringing choice, differentiation and added value through our unique aseptic packaging system.

Enter **new and emerging categories** with our innovative and sustainable packaging solutions.

Leverage the environmental benefits of the beverage carton and SIG's innovative edge in **sustainability**.

OUR **PROGRESS**

Core revenue growth at constant currency:

1 Like-for-like.

OUR **ACHIEVEMENTS**

Our global aseptic carton share has increased to 22% as we have won new customers and increased our share of wallet with existing customers.

We have won new contracts for still and flavoured water and have expanded our presence in plant-based milks in all regions.

We continue to see customers opt for more sustainable packaging and now we are launching **SIG**NATURE EVO, which expands our aluminium-free offer.

We have actively stepped up our presence in India, a market we entered in 2018, and now have eight filling machines in place.

READ MORE

GROWTH
CUSTOMER
PEOPLE
RESPON-SIBILITY

CUSTOMER

We deliver the "Perfect Package", every time

OUR **STRATEGIC PRIORITIES**

Create **Total Customer Satisfaction** and increase our Net Promotor Score (NPS) at all touchpoints.

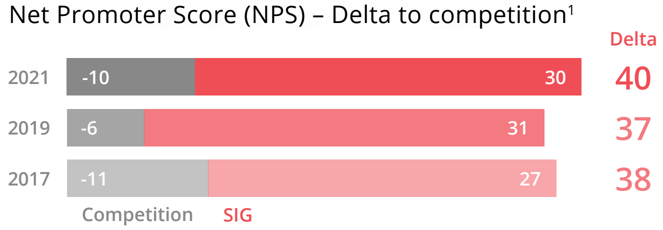
Continuously improve customer experience through **operational excellence** by rigorously executing the SIG Excellence System (SES).

Continuously gain market share by consistently applying our **Solution-Selling** approach to create added value for customers.

Position SIG as the industry's innovation and sustainability leader and win business from new and existing customers with our innovation portfolio.

OUR **PROGRESS**

Net Promoter Score (NPS) – Delta to competition[1]



1 SIG NPS minus NPS of next best alternative at a customer; NPS value ranges from –100 to +100.

OUR **ACHIEVEMENTS**

Launch of Plant 360 Asset Health Monitoring, a new integrated software solution that makes it possible to turn filling line data into insights and prevent unplanned manufacturing downtime.

Opening the first-of-its-kind innovation Technology Centre in the MEA region, supporting customers in expediting new product and packaging development at a state-of-the-art facility.

Successful start of **SIG**CUBATOR, SIG's accelerator programme for new businesses, with the first start-up brands launching innovative plant-based and water products.

Great success of SIG's first ever virtual launch event to introduce our next generation filling technology and family-size pack: More than 100 f&b companies and over 550 participants from all regions.

READ MORE

PEOPLE

We always believe in more

OUR **STRATEGIC PRIORITIES**

Diversity, equity and inclusion
Creating an inclusive culture which engages our people. Building a diverse workforce to support our customers in diverse markets and foster innovation by bringing different perspectives to our business.

Employee satisfaction
Listening and responding to our people, recognising the work they do and rewarding performance. This helps us to sustain high levels of job satisfaction, motivation and engagement.

Fair labour practices
Upholding labour rights and providing fair working conditions is a fundamental responsibility as an employer and part of our commitment to respecting human rights.

Talent development
Investing in employees to help them achieve their goals and build their careers. Creating a workforce that meets the needs of our business now and in the future.

OUR **PROGRESS**

Percentage of women in leadership positions

GOAL 2025

30%

OUR **ACHIEVEMENTS**

We renewed our Transformational Leaders training programme, which now integrates more mentoring and hands-on experience and helps participants to put what they have learned into practice within their own teams.

We launched our Women Acceleration Programme for 16 female leaders from around the world.

Integration of the Middle East and Africa business began with alignment on compliance policies and processes. Cultural integration of the ~500 employees in the region focused on change management and employee engagement.

We strengthened our Human Rights, Labour and Community Engagement Policy to more explicitly address human rights, due diligence and grievance processes.

READ MORE

GROWTH
CUSTOMER
PEOPLE
RESPON-SIBILITY

RESPONSIBILITY

Going WAY BEYOND GOOD

OUR **STRATEGIC PRIORITIES**

FOREST+

Create more thriving forest than it takes to make our products.

CLIMATE+

Continue to reduce our carbon footprint until we capture more carbon from the atmosphere than we emit.

RESOURCE+

Increase use of renewable materials and help turn more used cartons into resource.

FOOD+

Strive to provide access to safe and affordable nutrition to more people than we ever have before.

OUR **PROGRESS**

Total Scope 1 and 2 greenhouse gas emissions

(thousand tonnes CO_2 equivalent)

OUR **ACHIEVEMENTS**

Since 2016, we have reduced our Scope 1 and 2 emissions by 74%, and our Scope 1, 2 and 3 emissions by 20% per litre of food packed.

Sales of our most sustainable **SIG**NATURE portfolio solutions increased by 21% in 2021.

We developed the world's first aluminium-free full barrier aseptic carton solution for non-carbonated soft drinks, to be launched in early 2022.

We launched our next generation filling machine designed to cut the carbon footprint of filling and packing by 25%.

As of January 2021, 100% of the paperboard we source is purchased with FSC™ certification – a first for the industry.

Customers used our packaging systems to deliver 10.6 billion litres of nutritious food and drinks that contribute to a balanced diet and lead to better health for people around the world (as defined by the independent Health Star Rating System).

READ MORE

OUR RESPONSIBILITY

The Way Beyond Good

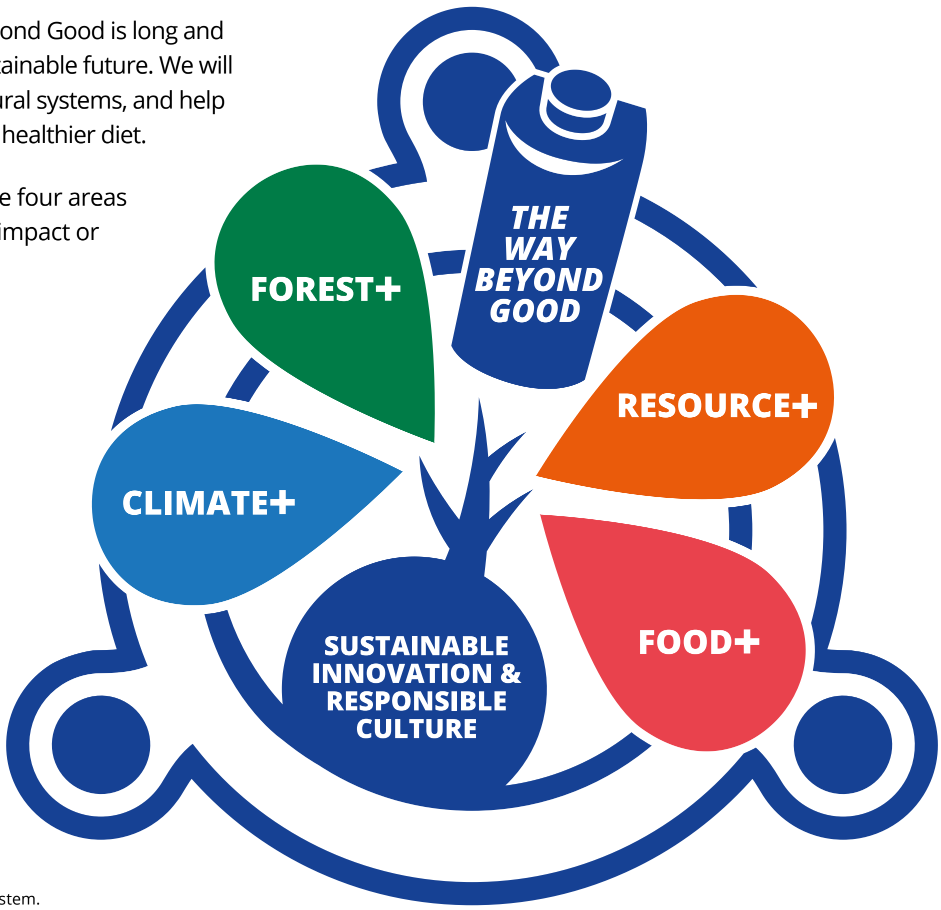
A world where everyone can feel good about where SIG packaging comes from – and where it's going. Our job is to find the road that leads us not merely to neutral, not merely to good – but ever onwards. We call it The Way Beyond Good.

It's a path that we have been on for years, since we first developed our aseptic packaging system to store and transport food without the need for refrigeration or preservatives, in low-carbon packs made mainly from renewable paperboard.

We have already gone much further with a host of industry firsts. Sourcing 100% of our paperboard from FSC™-certified sustainable forests. Using 100% renewable energy to produce our packs. And creating the first aluminium-free aseptic carton, the first linked to only renewable materials and the first linked to post-consumer recycled content.[1]

That was just the start. The Way Beyond Good is long and stretches out into a vastly more sustainable future. We will actively regenerate our planet's natural systems, and help even more people enjoy access to a healthier diet.

Our next step on the way is to tackle four areas where we can go beyond reducing impact or mitigating harm.



1 Via an independently certified mass balance system.

Forest+

SIG depends on a sustainable supply of forest-based materials now and in the future. By sourcing all our paperboard from FSC™-certified sources, we are contributing to thriving forests that play an essential role in tackling climate change and supporting biodiversity – both hot topics for stakeholders. The FSC™ label on our packs enables customers to show their support for sustainably managed forests and promotes consumer awareness and demand for other FSC™-certified products.

As of January 2021, 100% of the paperboard we source is purchased with FSC™ certification – a first for the industry – and we sold over 40 billion SIG packs with the FSC™ label this year alone. Sales of **SIG**NATURE 100, the world's first packaging material for aseptic cartons linked to 100% forest-based materials[1], have continued to grow. We are going further through new partnerships with NGOs to help us support additional sustainably managed forests beyond what we need to make our products.

Forest+ in action: Partnering on science-based projects

We began working with Brainforest – a Swiss for-impact Venture Studio for forests and climate, co-founded by WWF Switzerland and made possible by the Migros Pioneer Fund – and its venture Xilva AG to help us identify potential projects that we can invest in to support our goal to bring at least 650,000 additional hectares of forest into sustainable management beyond what we need to make our products by 2030. We are looking for science-based projects that are designed to create resilient forest ecosystems that improve biodiversity and store carbon to unlock the full climate potential of forests.

1 Via an independently certified mass balance system.

Climate+

Expectations are intensifying for business to do its part in meeting the climate emergency. We have set 1.5°C science-based targets to cut carbon emissions from our operations and value chain in line with the latest climate science. As customers face mounting pressure to reduce the life-cycle impact of their products, our ability to offer a low-carbon alternative to other types of packaging – and the lowest-carbon aseptic packs on the market – is a key differentiator and value driver.

In 2021, we maintained carbon neutral production worldwide and made further strides towards our science-based targets. By the end of the year, we had reduced our Scope 1 and 2 emissions by 74%, and our Scope 1, 2 and 3 emissions per litre of food packed by 20% from 2016. We increased sales of our lowest-carbon packs in our **SIG**NATURE portfolio by 21% this year, developed the world's first aluminium-free full barrier aseptic carton solution for non-carbonated soft drinks, and launched our next generation filling machine that is designed to cut the carbon footprint of filling and packing by 25%. We remained the only carton producer to source aluminium certified to the Aluminium Stewardship Initiative (ASI) standard that supports decarbonisation of the supply chain.

Climate+ in action: Building renewable energy capacity

Our switch to 100% renewable energy at our production plants – an industry first – has already avoided over 510,000 tonnes of CO_2 equivalent over the last five years. New solar arrays at our production plants have more than doubled our total on-site solar capacity in 2021 and a new power purchase agreement will deliver real-time power from two wind turbines to our production plants in Germany.

Resource+

Fully recyclable and made mainly from renewable materials, our packs are well suited to support the transition to a circular economy and help customers meet growing regulations in this area. Industry-leading innovations in our **SIG**NATURE portfolio further reduce the use of fossil-based resources with aluminium-free options and polymers linked to 100% renewable materials or post-consumer recycled plastic.[1] We are also partnering with others on the industry-wide ambition to increase beverage carton recycling rates.

Uptake of our **SIG**NATURE portfolio and paper straw solutions continued to grow in 2021. We developed our first aluminium-free full barrier packaging material and our first tethered cap solution. Through our partnerships, we have invested in facilities in Germany – which opened this year – and Australia to increase capacity for recycling the materials in used beverage cartons. In Europe, we have committed to the 10 industry targets set out in the new roadmap for 2030 from the Alliance for Beverage Cartons and the Environment (ACE). We are also expanding successful collection programmes in Brazil, introducing a similar community recycling model in Asia, and supporting consumer awareness and collection programmes across all our regions.

Resource+ in action: Committing to boost recycling rates

We are fully committed to the new ACE 2030 roadmap for the industry in Europe that includes commitments to increase the collection rate to 90% and the recycling rate to at least 70% for used beverage cartons in Europe by 2030, produce beverage cartons only from renewable or recycled materials, deliver the lowest carbon footprint packaging and decarbonise the industry's value chain.

1 Via an independently certified mass balance system.

Food+

SIG's purpose is to partner with customers to deliver food in a safe, sustainable and affordable way to people around the world. Our packaging system is ideal for preserving milk and other nutritious beverages and liquid foods over long periods of time without the need for refrigeration. This means we are well placed to help customers respond to the dual challenge of getting nutrition to people in emerging markets who need it most and meeting growing consumer demand for healthy food in developed markets.

In 2021, we maintained robust food safety standards with ISO 9001 and BRCGS AA certification at all our plants, minimised food loss for customers with our industry-leading waste rate of less than 0.5% for filling, and enabled more start-ups to deliver new nutritious food products through our **SIG**CUBATOR programme. Customers used our packaging systems to bring 10.6 billion litres of nutritious food and drinks that contribute to a balanced diet and lead to better health for people around the world (as defined by the independent Health Star Rating System).

Food+ in action:
Supporting start-ups with **SIG**CUBATOR

Our **SIG**CUBATOR programme enabled start-up Tiptoh to launch a new range of nutritious pea protein beverages on the Belgian market this year. Tiptoh partnered with SIG and our customer Olympia Dairy to fill its product on SIG machines at Olympia Dairy's factories using packs with our **SIG**NATURE FULL BARRIER solution.

Enabling The Way Beyond Good

Our focus on sustainable > Technology and innovation is driving progress in all four action areas and delivered further breakthroughs this year. And our long-standing commitment to responsible culture underpins our Corporate Compass and The Way Beyond Good – from developing a diverse and talented > Our Team and keeping our people safe to sourcing responsibly, managing environmental impacts, supporting communities and upholding high ethical standards.

We know that there are significant challenges to be overcome on The Way Beyond Good. But by striving to get there, we can play a significant role in shaping a more sustainable food system, through packaging solutions that truly deliver a net positive outcome for both people and planet – while creating sustainable value for our business over the long term.

That's what we can achieve, as we move ever onwards. So that one day, we can look back and say, with pride: we went a long way beyond good.

Find out more about our approach and performance on The Way Beyond Good in our > Corporate Responsibility Report.

100%
liquid packaging board purchased with FSC™ certification (as of January 2021)

98%
of SIG packs sold in 2021 carried the FSC™ label

100%
renewable energy for production since 2018

<0.5%
industry-leading waste rate for filling machines

OUR TEAM

The best place to turn your dreams into reality

We aim to create an environment where all of our approximately 5,900 employees worldwide feel free to believe in more by helping SIG to explore new paths and create the future. 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

SIG offers a wide range of careers, 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 behind 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 specific 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 questions to SIG, town-hall meetings and smaller group sessions with SIG C-Level executives. Our new Employee Value Proposition (EVP), "Believe in More", encourages our employees to create what's next, inspire real change and make a positive impact. With the launch of the EVP, we have refreshed our career website and the look and feel of our social media channels. In 2021, we started an initiative to expand our "We believe in more" culture externally through social media postings by our employees who believe in our culture and who are brand ambassadors. We have launched LinkedIn Life on our SIG pages for all the regions where SIG operates, providing a glimpse into the lives of our employees and putting emphasis on our values and culture.

To ensure 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 where possible) 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 and 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 every two years. Moreover, we conduct assessments of our global policies and performance by EcoVadis.

Diversity, equity 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, equity and inclusion strategy with an overarching vision and set targets to improve our gender equality. One of our main priorities is to improve gender balance in our traditionally male-dominated industry by attracting and developing more women, particularly in leadership roles. We are doing this by cooperating with universities to attract female engineers, making our recruitment process more attractive to women and minorities, and defining requirements in our career development processes to help us select the best candidates from a diverse pool of internal and external applicants. In addition, we are creating a working environment that strengthens our ability to attract and retain women, for example by offering more flexible working options where feasible.

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 of respondents agreed that the Company is perceived as an open-minded organisation with a broad diversity of employees.

“My readiness to learn has always been encouraged and rewarded. That’s why I know I can keep on developing to become the first-ever female Specialized Production Operator at SIG.”

Adrianne Pelrussolo
Production Operator, Brazil

TECHNOLOGY AND INNOVATION

Excellence – Engineered. Solutions – Delivered.

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

Our unique technology

The unique advantages of the SIG offer 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 currently 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 and a lower total cost of ownership 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.

Expanding our R&D footprint

We have steadily expanded our global R&D network which began with the Tech Centre in Linnich, Germany. In 2018 we opened our Tech Centre in Suzhou, China, which is enabling us to respond faster to the typically rapid innovation cycles in the APAC region.

In 2021 we added another Tech Centre, this time in Dubai to serve the Middle East and Africa region. This Centre opens up new opportunities for the food and beverage industry through innovative technologies for processing and filling. The Centre's innovative quality measurement system, advanced testing equipment and future digital technology capacities allow faster development and validation of new products and packaging.

Bringing new nutrition solutions to market

The new Tech Centre in Dubai is an additional base for SIG Accelerator and **SIG**CUBATOR, two turnkey solutions that fast-track innovative ideas to market, offering support for existing customers and food and beverage start-ups. These programmes bring SIG's expertise, filling capabilities and industry network to new talent and innovative concepts. Small companies, start-ups and entrepreneurs often do not have sufficient volume to produce large batches with co-manufacturers. By testing and commercially filling their products in SIG's combiLab, they can prepare and launch their products into the market.

More than

10,000 food and beverage products

Benefits for customers and the environment

Next generation filling technology

Our new SIG NEO filling machine launched in November brings a range of operational and environmental benefits to customers (see story > Investing in innovation). With a speed of up to 18,000 packs per hour, SIG NEO is the world's fastest filling machine for family-size carton packs. It also has a 25% lower carbon footprint per filled pack compared with SIG's current generation filling machines for family-size packs, due to low waste rates and reduced consumption of water and other utilities.

More than
270 packaging options

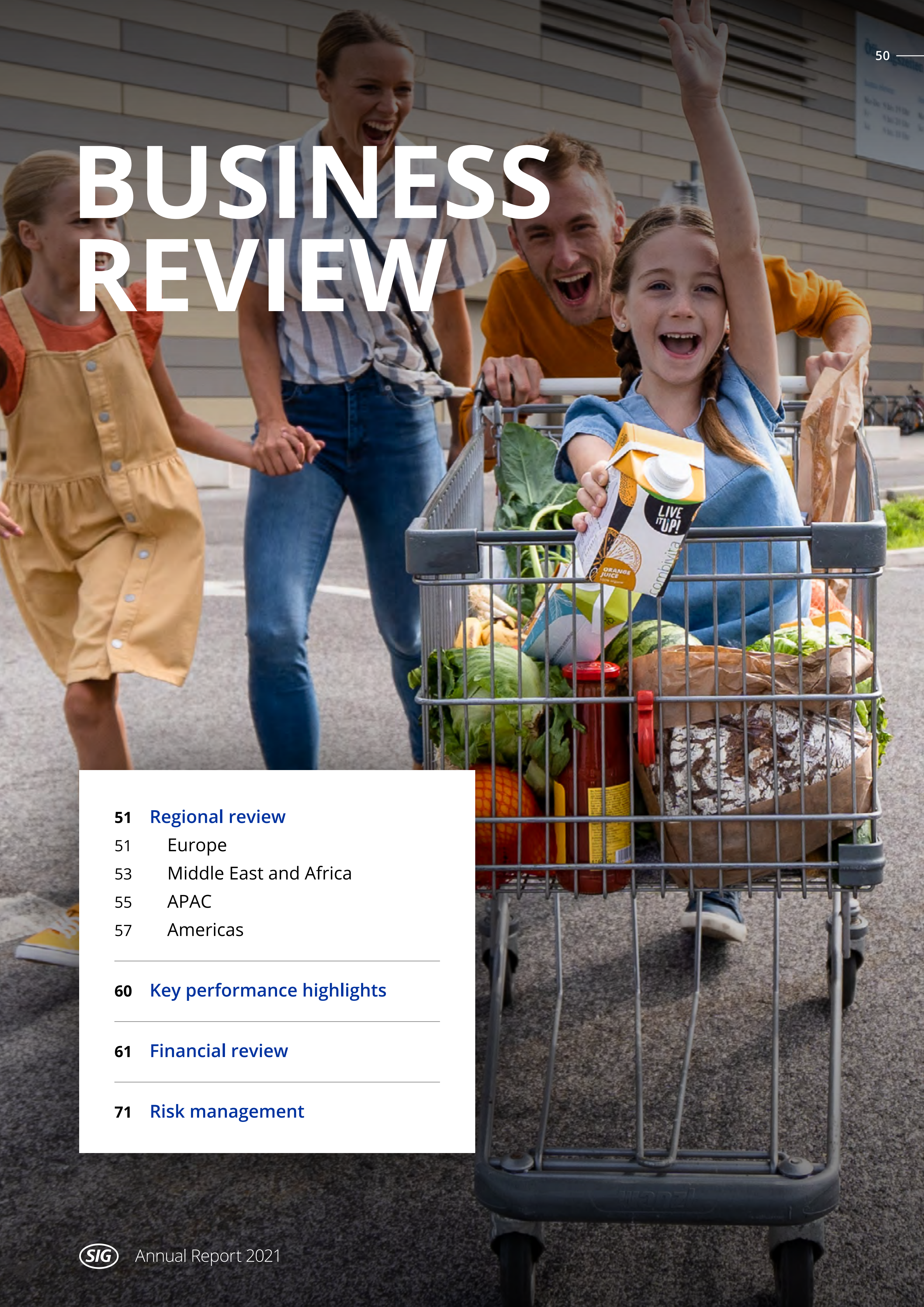
3 Tech Centres

Enhanced sustainability formats

We enable customers to respond to growing environmental concerns by offering fully renewable packaging. We launched the industry's first aluminium-free solution – **ECO**PLUS – in 2009, followed by **SIG**NATURE 100 in 2017, the world's first ever carton pack entirely linked to plant-based materials (see story > Accelerating climate action). We are also able to replace fossil-based polyethylene with plant-based material via a mass-balance system and we were the first company to offer beverage cartons with circular polymers made from recycled post-consumer plastic waste.

SIGNATURE EVO: Aluminium-free packaging with full barrier protection

ECOPLUS and **SIG**NATURE 100 are both for use with dairy products only. Our ambition was to develop an aluminium-free pack that maintains the full barrier properties required to preserve oxygen-sensitive products such as juices. With the launch of **SIG**NATURE EVO in early 2022, we have achieved this ambition. **SIG**NATURE EVO offers a full barrier aluminium-free solution for both liquid dairy products and non-carbonated soft drinks – and it is available in portion-pack sizes. Later in 2022, it will also be available as **SIG**NATURE EVO 100 with the polymers linked to forest-based renewable material.



BUSINESS REVIEW

REGIONAL REVIEW

Europe

Core revenue[1]

€735m

LFL growth at constant currency

+2.1%

Introduction

Europe is the historical core of SIG's aseptic carton packaging business, which originated in Germany. Our largest sleeves production plant globally is in Linnich, where we also assemble filling machines and conduct R&D and consumer trials. Sustainability and the development of new categories have become increasingly important as drivers of the business.

SIG realises revenues in many countries across Europe, which is now reported as a separate region (previously included in EMEA).

2021 overview

At-home consumption in Europe – a new normal?

A large portion of our business in Europe consists of litre packs which are suited for at-home consumption. In 2021, although the stockpiling effects experienced in 2020 at the onset of the COVID-19 crisis did not recur, we continued to benefit from a relatively high level of demand as people continued to work from home. This demand related not only to liquid dairy products used to prepare beverages in the home but also to our food business, with households and families eating more meals together.

Performance highlights

Meeting customer needs in Europe

The growth in our business does not merely reflect favourable consumption trends in the region. It also reflects the flexibility of our packaging system and an attractive total cost of ownership, as well as our focus on customer service and the leading sustainability credentials of our packs. These have enabled us to consistently win new customers and to increase our share of wallet with existing customers.

1 The sum of core revenue of EMEA for the first two months of 2021 (€119 million) and core revenue of Europe for the last ten months of 2021 (€616 million).

French family business Triballat Noyal recently opted for SIG technology for its standard product ranges and has also launched a new brand of drinks called Pâquerette & Compagnie to meet consumer demand for healthy and innovative beverages using high-quality, locally sourced ingredients. Three drinks made from 50% cow milk and 50% plant-based ingredients (oat, almond and hazelnut) are filled in SIG's combiblocMidi 750 ml carton pack. Tribillat also launched five new variants for its Sojasun range of flavoured soy drinks.

The roll-out of combismile in Europe gathered pace with Danone's launch of a new range of flavoured waters under the Volvic brand. The choice reflects both the favourable environmental profile of cartons in general, and the consumer convenience and premium appearance of combismile.

Also in France, we saw the supermarket chain Intermarché launch 100% pure apple juice in **SIG**NATURE packaging under the Merci brand, which supports farmers and the environment. **SIG**NATURE, using certified plant-based polymers, offers an opportunity to reduce the use of virgin plastic and complements the positioning of the brand.

Consumer demand for more sustainable products is now also escalating in Eastern Europe. Euromilk, located in Southern Slovakia and a long-standing SIG customer, became the first company in Eastern Europe to launch products in **SIG**NATURE carton packs. Euromilk decided to switch from PET bottles to carton packs for its Kukkonia UHT milk brand, to appeal to younger, eco-conscious consumers.

The revival of the ice tea market in Europe has been driven by a new target group of close to 8 million teens and young people. This group is highly conscious of environmental issues, and in 2021 Coca-Cola's Fuze Tea in the Netherlands became the first brand in its category to switch to more sustainable carton packs by using **SIG**NATURE packaging material.

Looking ahead

In 2020 we announced that Hochwald, a leading German dairy cooperative, has chosen SIG as its preferred partner for a new dairy production site, supplying 15 new filling machines. Most of the filling machines were installed in the course of 2021, ready for production to commence early in 2022.

Innovation has been a key factor in further strengthening SIG's relationship with its customers. In September the Company announced a €12 million investment in a new Tech Centre Europe to be located close to the Linnich plant. The new pilot plant will host state-of-the-art extrusion and filling technology and will increase speed to market for new packaging solutions and materials.

The new Tech Centre Europe will accelerate new product and packaging development, enhancing SIG's sustainable packaging solutions and supporting customers with complete end-to-end product launches.

Middle East and Africa

Core revenue[1]

€252m

LFL growth at constant currency

+0.8%

Introduction

Above-average growth potential in the Middle East and Africa (MEA) region comes from the young and growing populations in countries where GDP per capita is on the rise. Urbanisation and disposable income growth are also industry drivers. Changing lifestyles and consumption habits favour processed and packaged food 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.

2021 overview

Since the end of February 2021, the MEA business has been fully consolidated within the SIG group. The business continued to seize new opportunities and win new orders despite the ongoing impact of COVID-19, with consumption of non-carbonated soft drinks affected by lockdowns, school closures and generally lower social interaction.

Performance highlights

In 2021, SIG celebrated 20 years' presence in the MEA region. Starting from scratch in 2001, SIG now has a market share of over 25% with more than 70 customers. In 2021 our plant in Riyadh, which was established in 2005, became the first SIG plant to achieve ISO 45001 certification.

We placed our first food filling machine in the region in 2021, with Arla Foods Saudi Arabia. This is the first time that Arla has produced and filled its food portfolio in aseptic carton packs locally. SIG's CFA 812 aseptic food filling machine provides a range of formats and volumes together with unmatched flexibility – volume changes can be made in just two minutes. The packs will be used to fill a variety of soups and sauces.

> "We are always looking for new and innovative ways to improve our product offering."

Henrik Lilballe Hansen
Vice President, Managing Director of Arla Foods, KSA

1 Core revenue for the last ten months of 2021 (since acquisition).

Henrik Lilballe Hansen, Vice President, Managing Director of Arla Foods, KSA: "We are always looking for new and innovative ways to improve our product offering. Choosing aseptic carton packs from SIG ensures we stand out on shelf and provide our MENA consumers with highly convenient, attractive and sustainable packaging solutions."

We entered into an agreement with Lactalis-Halawa, a major producer of dairy products in Egypt with a presence across all dairy categories. Lactalis-Halawa will fill various products under the brands "Lactel" and "Santal" in different formats and volumes, using a single machine. We also entered into a project with Baladna, the leading dairy and beverage producer in Qatar, to add white cheese to its growing product portfolio in partnership with SIG.

A growing focus on sustainability in several countries is driving interest in cartons as a more sustainable form of packaging. And the sustainability of our filling system goes beyond just the cartons. By utilising SIG's water-saving technology in its filling lines, Algerian milk producer Tchin Lait was able to cut operating costs and reduce environmental impact.

The Gulfood Manufacturing annual event and award ceremony returned live in November at Dubai World Trade Centre and attracted a large number of food manufacturing industry connoisseurs. SIG received the "Top Futuristic Technology" award for its next generation filling machine, SIG NEO (see > Investing in innovation).

On the eve of the Gulfood Manufacturing event, SIG inaugurated a first-of-its-kind innovation Technology Centre in the MEA region, at Dubai Silicon Oasis (see > Technology and innovation). The Centre has been granted a Platinum LEED certification by the Green Building Certification Institute (GBCI). LEED provides a framework for healthy, highly efficient and cost-saving green buildings, and LEED certification is a globally recognised symbol of sustainability achievement and leadership.

Looking ahead

SIG's business in MEA covers 17 countries. And yet the region comprises 70 countries, offering significant scope for expansion. SIG's experience in establishing a business in new markets will support growth in the region, with expansion projects already underway in Iraq, Turkey and Mauritania.

SIG was awarded "Top Futuristic Technology" at the Gulfood Manufacturing award ceremony for its next generation filling machine, SIG NEO. In 2021, the annual event and award ceremony returned live in-person at Dubai World Trade Centre.

APAC

Core revenue

€691m

LFL growth at constant currency

+8.2%

Introduction

Asia Pacific has long been a strategic focus for SIG and we now have three sleeves production plants and a Tech Centre in the region. Strong market fundamentals include growing populations, rising disposable incomes, urbanisation, a focus on convenience and – increasingly – health and sustainability awareness.

2021 overview

The APAC region showed solid growth in 2021 despite the ongoing effects of COVID-19 in a number of South-East Asian countries. Although many of the products we sell in the region are for on-the-go consumption which has been affected by the pandemic, we were able to achieve growth through the efficiency and flexibility of our system, our focus on innovation and the sustainability of our packs.

In China, the economy continued to recover steadily. An increasing interest in healthy nutrition, which was only intensified by the pandemic, led to strong demand for white milk.

Performance highlights

Our new plant in China was operational from the end of 2020 and will enable us to meet the long-term growth in demand forecast for the region (see > Expanding our global presence).

In China we were able to win new liquid dairy customers including Yeo's, Shanhua, Yiming and Prairie New Herdsman Farming. We were also able to increase our share of wallet with existing customers and our business with co-packers expanded. Chinese consumers' interest in healthy nutrition is starting to drive demand for plant-based milks and we signed contracts for plant-based milks with Huangshi in combismile and with Yeo's.

It is now four years since we launched combismile in China but the growth momentum continues, with a 26% volume increase year on year.

We saw a record number of filling machines contracted or deployed in 2021, including 12 new lines with Mengniu and two combismile filling machines with Yili. We also undertook projects with a number of regional customers.

In Asia Pacific South, there has been some polarisation in the market, with the impact of the pandemic on purchasing power increasing the focus on value-oriented products. On the other hand, health awareness is favouring premium products with high quality and innovative ingredients.

“SIG’s filling technology makes it possible for us to also fill beverages with pieces in carton packs and easily make product and volume changes. ”

Hideki Kasai
President of Cosmo Foods

We saw new filling machines ramping up in a number of countries including Korea, Thailand, Indonesia, Malaysia, Vietnam and India. combismile is making good progress and combismile filling machines have been installed with Nestlé in Vietnam, Daesang in Korea and Amul in India. In addition, our joint venture with DNP in Japan has signed a contract for a combismile filling machine with co-packer Cosmo Foods. With integrated drinksplus technology, Cosmo Foods will be able to develop and fill a broad range of exciting new product concepts containing real pieces of fruit or vegetables. And the choice of combismile was not just driven by the carton’s attractive design:

Hideki Kasai, President of Cosmo Foods: “The new combismile filling line will be sited at our plant in Komono. Cosmo Foods currently offers co-packing of beverages in plastic packaging, but we have decided to add carton packs to our portfolio because of their excellent environmental profile. SIG’s filling technology makes it possible for us to also fill beverages with pieces in carton packs and easily make product and volume changes. With this new system, we will give brand owners the opportunity to offer products with high added value.”

Sustainabilty concerns are increasingly influencing customer choices in Asia Pacific. Dairy Farming Promotion Organization of Thailand (DPO) has introduced a new “National Milk” product range in SIG’s on-the-go combiblocXSlim carton packs with **SIG**NATURE Full Barrier packaging material. DPO launched the new products under the slogan “Love Us, Save the World”.

Digitalisation is also growing in importance in the region. SIG’s “One Cap, One Code” solution – available for SIG’s closure combiGo – enables customers to apply QR codes which are not only visible on the package but can also be hidden on the inside of the closure. This ensures that the QR code can only be scanned after the product has been purchased and opened by the consumer. Nestlé became the first company in Vietnam to opt for this closure solution for its popular Nestlé Milo Teen Protein drinks.

We have seen an increase in demand for family-size packs due to extended lockdowns in a number of South-East Asian countries where more consumers are working from home. Family-size format filling machines now operate at the sites of customers such as Yeo’s in Malaysia and PTUJ and Diamond in Indonesia, to name just a few.

Looking ahead

Our presence in family-size packs will be further expanded by the planned acquisition of Evergreen Asia’s fresh milk carton business, announced in January. This acquisition will enable us to serve the growing demand for fresh milk in China and to leverage our innovation in this segment. There is considerable technology overlap with our core aseptic business and the acquisition is expected to generate attractive synergies. It will enable us to increase our share of wallet with existing customers and to access new customers.

Americas

Core revenue

€366m

LFL growth at constant currency

+19.4%

Introduction

Our business in the Americas ranges from the developed markets of the USA and Canada to fast-growing emerging markets such as Ecuador and Chile. We have tailored our go-to-market strategies to meet the differing needs of the countries in the region.

2021 overview

The Americas registered another strong performance in 2021 with growth across the region. In Brazil and Mexico, high at-home consumption of liquid dairy and culinary products was sustained during the year. The effects of the COVID-19 pandemic on spending power in Brazil have reinforced consumers' focus on affordability, with demand for differentiated and premium products expected to pick up as the economic situation improves. In Mexico, high inflation rates are driving demand for large-size formats. The USA saw an increase in food service sales with the re-opening of quick-service restaurants.

Performance highlights

In 2020, we placed nine filling machines with two large Brazilian dairy companies, Shefa and Lider Alimentos. These filling machines continued to make a significant contribution to growth in 2021. With Shefa, where the business includes co-packing services to brand owners, a highlight was the introduction of combismile. This contributed to the diversification of our portfolio into small portions designed for individual consumption, with a focus on new categories such as high protein beverages.

"With this new packaging, we have revamped our line of high-protein drinks."

Roberto Adabo
President of Shefa

"With this new packaging, we have revamped our line of high-protein drinks, which has a demanding young public that is always looking for quality products that match their lifestyle. The package has a beautiful design, is easier to hold and with a closure that makes consumption more convenient", says Roberto Adabo, President of Shefa.

Our relationship with Nestlé in Brazil, originally covering sweetened condensed milk and flavoured milk, has progressed further to include plant-based beverages. SIG is also expanding with Nestlé outside Brazil with the opening of a second line in Ecuador for medium sizes. The expansion of our footprint with Nestlé reflects the efficiency we have demonstrated and the low waste rates on our filling machines.

Focus on food safety has increased following the pandemic as shown by the adoption of our PAC.TRUST product traceability solution by Cemil, a major producer of dairy products in Minas Gerais, Brazil. Cemil is deploying the automated PAC.TRUST system to manage its entire logistics chain in real time, monitoring volumes from the time the packaging leaves the filling line to delivery at the point of sale.

In the USA the re-opening of quick-service restaurants with the easing of COVID-19 lockdowns resulted in a strong sales performance in food service. Growth in premium plant-based milks and creamers continued, particularly with emerging brands.

nutpods, an industry-leading plant-based coffee creamer company, continued to expand its portfolio in combidome.

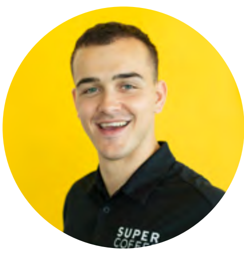
“Our first to market partnership with SIG’s **SIG**NATURE PACK has allowed nutpods to increase its relevance.”

Madeline Haydon
Founder and CEO of nutpods

“Our first to market partnership with SIG’s **SIG**NATURE PACK, which we call Plant Pack™, has allowed nutpods to increase its relevance and appeal to younger, environmentally conscious consumers who are looking for better-for-you brands as well as to differentiate us from the sea of plastic bottles in our category.” – Madeline Haydon, Founder and CEO of nutpods.

Super Creamer, a keto-friendly creamer from Super Coffee, also continued to expand its line of creamers packed in combidome.

“We couldn’t be more grateful and fortunate to continue to expand our Super Creamer portfolio with SIG. Our partnership allows us to create products in packaging that adds value to our customers”, says Jordan DeCicco, Super Coffee’s Founder and COO.



“We couldn’t be more grateful and fortunate to continue to expand our Super Creamer portfolio with SIG.”

Jordan DeCicco
Super Coffee’s Founder and COO

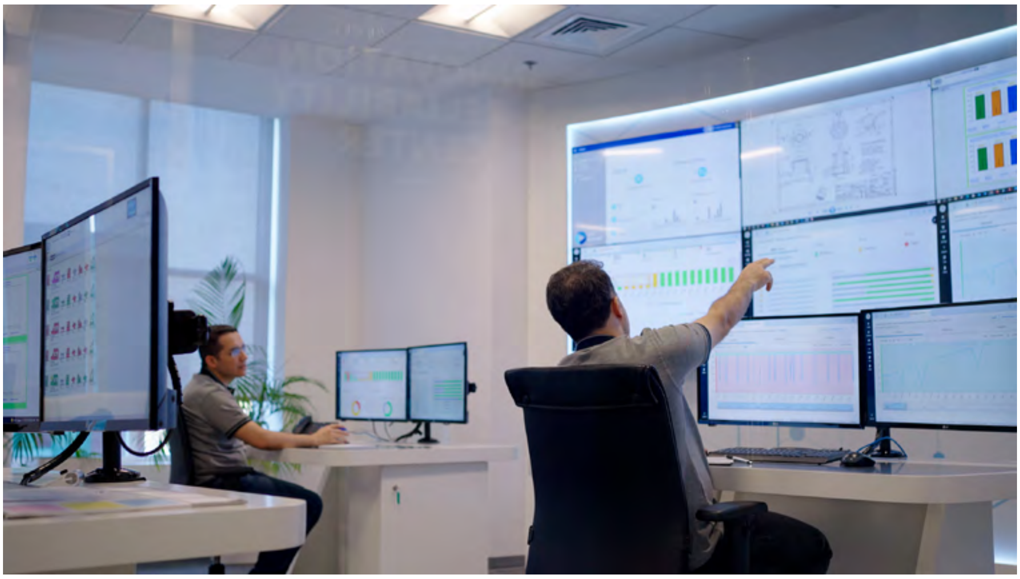
Broth and stock sales in the USA and Canada continued to show good growth due to an ongoing trend towards preparing meals at home.

In Mexico, we saw strong sales of premium white milk by Santa Clara, one of the leading dairies. Alpura introduced two new flavoured milk products under their premium Selecta brand. Alpura also launched their first plant-based beverage "Seeds" in combifit. The Nestlé range of coffee creamer (Coffeemate) and cooking products under the Carnation brand also performed well.

Looking ahead

In 2022, construction of our new plant in Mexico will continue (see > Realising further growth potential in North America). The planned opening of the plant in early 2023 will enable us to serve customers in both Mexico and the USA better and faster.

Innovation will set the pace for SIG's growth in the region in 2022 – not only by reinforcing the offer of new formats but also by improving our customers' performance through higher productivity and efficiency. The SIG Reliability Centre, a state-of-the-art remote solutions centre located at our site in Paraná, Brazil will coordinate the deployment of solutions such as our Plant 360 Remote Services and Plant 360 Asset Health Monitoring.



SIG has set up a network of Reliability Centres worldwide to ensure its senior system experts can analyse data from its filling lines and provide fast and efficient insights to help customers. Following the Reliability Centres in Dubai (UAE) and Linnich (Germany), SIG is now opening a Reliability Centre in Paraná, Brazil.

KEY PERFORMANCE HIGHLIGHTS

Core revenue
€2.05bn

2020: €1.80bn

Core revenue growth
6.6% (LFL)

2020: 5.5%

Adjusted EBITDA
€571m

2020: €498m

Adjusted net income
€252m

2020: €232m

ROCE
31.0%

2020: 29.5%

Adjusted EBITDA margin
27.7%

2020: 27.4%

Adjusted EPS diluted
€0.75

2020: €0.73

Free cash flow
€258m

2020: €233m

Leverage
2.5x

2020: 2.7x

Share information

for the year ended 31 December 2021

Market capitalisation	CHF 8.59bn
Number of shares	337,520,872
Share price on 31.12	CHF 25.46
Total shareholder return	26.2%
Share price closing high	CHF 28.32
Share price closing low	CHF 19.38
Average daily volume	713,586

FINANCIAL REVIEW

Growth above guided range and record adjusted EBITDA margin.

"In 2021 we achieved growth in all regions. We continued our track record of strong cash generation while investing in new production capacity and increasing the number of filling machines in the field."

Frank Herzog, Chief Financial Officer

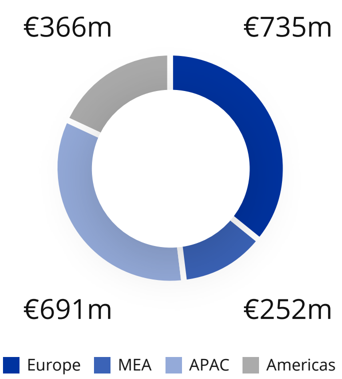
Financial performance

Revenue

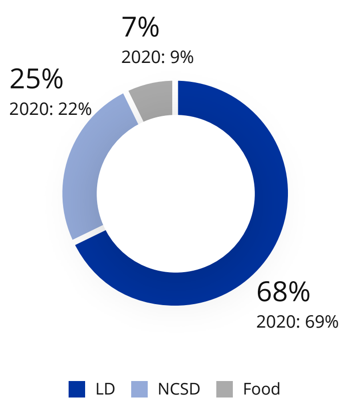
Strong revenue performance in 2021 was underpinned by our broad geographic reach and our key role in the supply chain for essential food and beverages. Core revenue increased by 6.6% on a like-for-like constant currency basis (13.9% as reported) to reach €2,046.8 million. Total revenue increased by 6.2% on a like-for-like constant currency basis (13.5% as reported). For an explanation of our like-for-like revenue definition, refer to the section "Other" below. The acquisition of the remaining 50% of the shares of the joint ventures in the Middle East ("the JV acquisition") at the end of February 2021 contributed €166 million of incremental revenue to the Group.

Revenue growth in the segments

CORE REVENUE 2021[1]
by segment



SLEEVE AND CLOSURE REVENUE 2021
by end market



1 Europe: The sum of core revenue of EMEA for the first two months of 2021 (€119 million) and core revenue of Europe for the last ten months of 2021 (€616 million). MEA: Core revenue for the last ten months of 2021 (since acquisition).

In Europe, revenue in 2021 was 2.1% higher on a like-for-like constant currency basis. In 2021, while the stockpiling effects experienced in 2020 at the onset of the COVID-19 crisis did not recur, the business continued to benefit from a relatively high level of demand as people continued to work from home.

In the Middle East and Africa, like-for-like constant currency growth for the ten months to December 2021 was 0.8%. Growth was achieved despite the impact of COVID-19 on the non-carbonated soft drinks market, with schools closed and lower out-of-home consumption. In addition, drought in South Africa in the first half of the year temporarily affected the liquid dairy business.

In Asia Pacific, core revenue in 2021 was 8.2% higher on a like-for-like constant currency basis. Market conditions in China returned to more normal levels with demand for white milk benefiting from its acknowledged health benefits. Countries in South-East Asia continued to be affected by COVID-19 for most of the year but revenue held up well, supported by customer wins and a focus on innovation and sustainability.

The Americas saw exceptional growth of 19.4% at constant currency, reflecting the contribution of filling machines deployed in Brazil in the course of 2020. At-home consumption continued to drive demand in both Brazil and Mexico. Revenue in the USA benefited from the re-opening of restaurants and a re-stocking of food service products packed in SIG cartons.

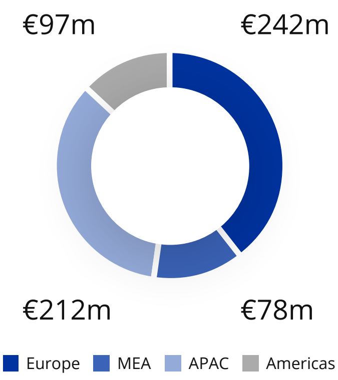
SIG REVENUE SPLIT[1]

1 Revenue split based on revenue generated through sale of filler system components and sleeves and closures for 2021.

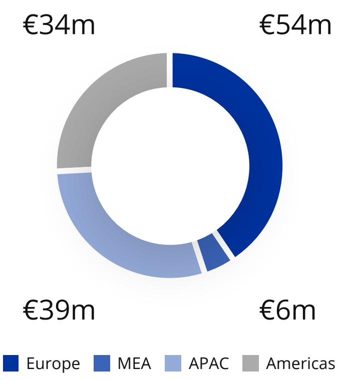
Seasonality

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 to meet seasonal demand and to avail themselves of annual volume rebates, typically resulting in higher sales during the fourth quarter. Historically, this has resulted in relatively low sales in the first quarter.

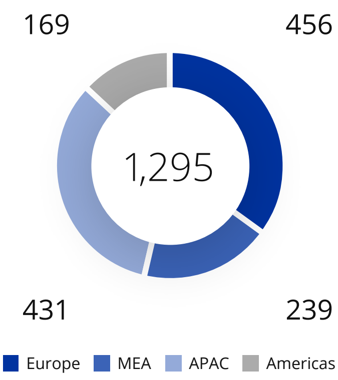
ADJUSTED EBITDA 2021[1]
by segment



NET CAPEX 2021[2]
by segment



FILLING MACHINES 2021
in field (units)



1 Europe: The sum of adjusted EBITDA of EMEA for the first two months of 2021 (€38 million) and adjusted EBITDA of Europe for the last ten months of 2021 (€204 million). MEA: Adjusted EBITDA for the last ten months of 2021 (since acquisition).

2 Europe: The sum of net capex of EMEA for the first two months of 2021 (€10 million) and net capex of Europe for the last ten months of 2021 (€44 million). MEA: Net capex for the last ten months of 2021 (since acquisition).

EBITDA

ADJUSTED EBITDA MARGIN[1]

	As of 31 Dec. 2021	As of 31 Dec. 2020
EMEA	32.2%	34.4%
Europe	33.1%	–
MEA	31.1%	–
APAC	30.0%	31.6%
Americas	26.5%	22.7%
SIG Group	**27.7%**	**27.4%**

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

Adjusted EBITDA increased by €72.3 million, from €498.3 million in 2020 to €570.6 million in 2021. The increase was primarily driven by a top line contribution of €47.1 million reflecting the factors described above. The JV acquisition contributed a €33.7 million net increase to adjusted EBITDA. These positive impacts were partially offset by year-on-year increases in raw material prices, which began to be felt in the second half of the year (€2.6 million), negative foreign exchange impacts (€4.7 million) and negative production efficiencies (€2.4 million), primarily related to higher freight and energy costs. Total SG&A costs as a percentage of revenue decreased to 13.2% in 2021 compared with 14.1% in 2020.

EBITDA increased by €112.7 million to €562.4 million. This increase was primarily driven by the factors affecting adjusted EBITDA described above. In addition to the adjusted EBITDA contribution, the increase is also attributable to a net year-on-year positive impact related to the paper mill divestment in New Zealand (€38.0 million negative impact in 2020 versus €21.9 million of negative impact in 2021), net positive impacts from the JV acquisition accounting adjustments (€31.9 million) and the recognition in 2021 of indirect tax recoveries of €10.3 million. These positive effects were partly offset by lower unrealised hedging benefits (€13.7 million).

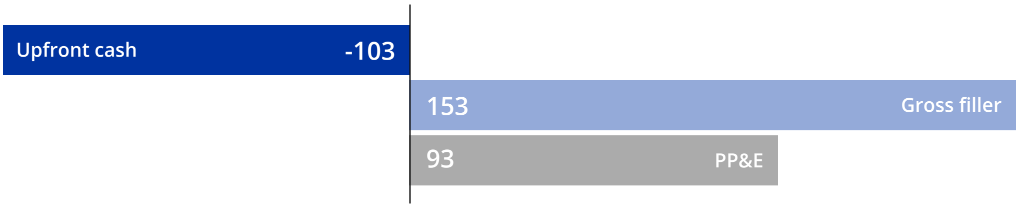
The adjusted EBITDA margin of the former EMEA and new Europe segments benefited from gains relating to raw material hedge contracts, which offset incremental freight and energy costs. In APAC, the adjusted EBITDA margin was negatively impacted by higher raw material spot prices. The positive hedging effects related to the raw material headwinds are reported in the former segment EMEA and now in Europe. A continuing negative impact of currencies on the adjusted EBITDA margin in the Americas was more than offset by the positive top line contribution.

Capex

Net capex as a percentage of total revenue decreased from 8.0% in 2020 to 6.9% in 2021. Investments in property, plant and equipment increased, primarily relating to equipment in European sleeves production plants and to equipment to be used in the new plant currently under construction in Mexico. Non-filler capex also continued to be incurred for the new sleeves production plant in China, although to a lesser extent in 2021. Gross filler capex also increased but net filler capex was lower, reflecting a higher proportion of upfront cash compared with the prior year due to the regional mix of filling line contracts.

We placed 76 filling machines in the field in 2021. Taking account of withdrawals, the number of filling machines globally reached 1,295, a net increase of 29.

GROUP NET CAPEX 2021



Net income

Adjusted net income increased by €20.1 million to €252.4 million in 2021. This increase was driven by the same factors as for adjusted EBITDA, partly offset by incremental depreciation and PPA amortisation as a result of the JV acquisition.

Net income increased by €104.1 million to €172.1 million in 2021. The increase was mainly due to the factors impacting EBITDA described above, impairments of the Whakatane mill assets that did not recur in 2021, a reduction of the PPA expenses relating to the acquisition of SIG by Onex in 2015 and positive foreign exchange impacts on financing costs due to movements in the Euro/US Dollar exchange rate. These positive elements were partly offset by additional depreciation and PPA amortisation arising from the JV acquisition and a higher tax expense in 2021.

The adjusted and the effective tax rate declined from around 25% in 2020 to around 23% in 2021. The effective tax rate is impacted by the relative mix of profits and losses taxed at varying tax rates in the jurisdictions where we operate. The 2021 tax rate was also positively impacted by non-recurring favourable outcomes of prior year tax positions.

(In € million)	Year ended 31 Dec. 2021	Year ended 31 Dec. 2020
Profit for the period	**172.1**	**68.0**
Non-cash foreign exchange impact of non-functional currency loans and realised foreign exchange impact due to refinancing	(10.6)	24.6
Amortisation of transaction costs	3.6	3.1
Net change in fair value of financing-related derivatives	–	(0.5)
Onex acquisition PPA depreciation and amortisation	103.1	125.4
Net effect of early repayment of loans	3.7	19.7
Interest on out-of-period indirect tax recoveries	(3.1)	–
Adjustments to EBITDA:		
Unrealised gain on operating derivatives	(7.8)	(21.5)
Replacement of share of profit or loss of joint ventures with cash dividends received from joint ventures	1.6	5.3
Restructuring costs, net of reversals	26.0	6.3
Loss on sale of subsidiary	12.1	–
Transaction- and acquisition-related costs	16.5	3.1
Fair value adjustment on inventories	10.4	–
Gain on pre-existing interest in former joint ventures	(48.8)	–
Out-of-period indirect tax recoveries	(10.3)	–
Impairment losses	4.4	49.3
Other	4.1	6.1
Tax effect on above items	(24.6)	(56.6)
Adjusted net income	**252.4**	**232.3**

Return on capital employed

Post-tax ROCE, computed at an unchanged reference tax rate of 30%, increased by 150 basis points in 2021 to 31.0%. At the adjusted effective tax rate of 23.3% in 2021, ROCE reached 34.0%. The increase is primarily attributable to the increase in adjusted EBITDA for the reasons described above.

ROCE

31.0%

Cash flows

Our strong cash flow generation continued in 2021, with net operating cash inflows of €530.9 million (€105.1 million higher than in 2020) and free cash flow of €258.3 million (€25.1 million higher).

Free cash flow

€258m

Net cash from operating activities was positively impacted by the adjusted EBITDA growth described above, net working capital inflows and the non-recurrence of refinancing-related payments. This was offset by costs relating to the JV acquisition and to the planned acquisitions in 2022 (see the “Acquisition” section below). The strong generation of operating cash inflows resulted in the increase in free cash flow, despite higher capex and lease payments in 2021.

Investing cash outflows increased in 2021 due to higher gross filler capex. The positive impact of upfront cash in the year was reflected in net cash from operating activities. Total net capex was in line with the prior year and represented 6.9% of revenue in 2021 compared with 8.0% in 2020.

The increase in financing cash outflows in 2021 was primarily related to the repayment of external loans of one of the former joint ventures.

Net debt and leverage

(In € million)	As of 31 Dec. 2021[1]	As of 31 Dec. 2020
Gross debt	1,732.4	1,697.0
Cash and cash equivalents	304.5	355.1
Net debt	1,427.9	1,341.9
Net leverage ratio	**2.5x**	**2.7x**

1 In the calculation of the net leverage ratio as of 31 December 2021, adjusted EBITDA includes the adjusted EBITDA of the former joint ventures in the Middle East from 1 January 2021.

Leverage

2.5x

Since the refinancing that took place in June 2020, gross debt includes an unsecured term loan of €550 million (maturing in June 2025) and two issues of senior unsecured notes in the aggregate amount of €1,000 million (maturing in June 2023 and June 2025). Lease liabilities of €182.4 million are also included in the gross debt.

Growth in EBITDA and strong cash flow generation enabled a reduction in the net leverage ratio from 2.7x to 2.5x in 2021, after funding the JV acquisition, which had a net debt impact of approximately €200 million. Since the IPO in 2018, strong cash generation has resulted in an average reduction in leverage of approximately 0.25x per year.

Debt rating

	Company rating		As of
Moody's	Ba1	Stable	October 2021
S&P	BBB–	Stable	March 2020

Acquisitions

Acquisition of the remaining shares of the joint ventures in the Middle East

On 25 February 2021, the Company acquired the remaining 50% of the shares of its two joint ventures in the Middle East for a consideration of €490.3 million, split into cash of €167.0 million and 17,467,632 newly issued SIG ordinary shares with a fair value of €323.3 million at the time of closing. The new SIG shares were issued out of authorised share capital. The JV acquisition gives the Group control over a business with strong growth prospects in a growing market and expands its global presence.

The JV acquisition has resulted in a split of the segment Europe, Middle East and Africa (“EMEA”) into two segments: segment Europe and segment Middle East and Africa (“MEA”).

Announcement of agreement to acquire Evergreen's fresh carton business in Asia Pacific

The Group announced on 5 January 2022 that it has entered into an agreement to acquire Evergreen's fresh carton business in Asia Pacific ("Evergreen Asia"). It will acquire 100% of the shares of Evergreen Packaging Korea Ltd., Evergreen Packaging (Shanghai) Co. Ltd. and Evergreen Packaging (Taiwan) Co. Ltd from Evergreen Packaging International LLC.

Evergreen Asia provides filling machines, cartons, closures and after-sales service to its customers in the fresh and extended shelf life dairy segment, mainly for milk, and has production plants in China, South Korea and Taiwan.

The acquisition will allow the Group to access a new customer base in an attractive growing market in Asia and also to expand its offering to existing customers. The Group will use its experience to further develop the fresh carton business, drawing on its regional R&D presence and innovation capabilities as well as its marketing expertise to introduce more innovative packaging formats in the Asian fresh dairy market. Synergies are expected from commercial opportunities and cost optimisation. In addition, the business will benefit from a supply arrangement at market for coated carton board.

The acquisition is expected to close in the second or third quarter of 2022. The closing is subject to customary closing conditions, including approvals from regulatory authorities. Evergreen Asia will be part of the Group's APAC segment.

The consideration for the shares of the Evergreen entities will be based on an enterprise value of $335 million (subject to customary closing adjustments) on a cash-free, debt-free basis and will be paid in cash at the closing of the acquisition. The final consideration will be determined at the time of the completion settlement. The acquisition will initially be financed through a bridge facility of €300 million with a maturity of up to 18 months, which will be refinanced with long-term financing arrangements.

In the year ended 31 December 2021, Evergreen Asia generated revenue of approximately $160 million and adjusted EBITDA of approximately $28 million (unaudited).

Announcement of agreement to acquire Scholle IPN

The Group announced on 1 February 2022 that it has entered into an agreement to acquire 100% of Scholle IPN, a privately held company, from CLIL Holding B.V..

Scholle IPN is a leading innovator of sustainable packaging systems and solutions for food and beverages, with retail, institutional and industrial customers. It is the global leader in bag-in-box and number two in spouted pouches. The acquisition will enable the Group to expand its product portfolio, increase its presence in the United States and leverage its established presence in emerging markets. Synergies and cost efficiencies are expected in areas such as commercial operations, technology, innovation and sustainability as well as procurement and manufacturing.

The acquisition is expected to close in the second or third quarter of 2022. The closing is subject to customary closing conditions, including approvals from regulatory authorities.

The consideration for the shares of Scholle IPN will be based on an enterprise value of €1.36 billion (at an USD/EUR exchange rate of 1.12862) and an estimated net debt position of €310 million as of 31 December 2021, reflecting an equity value of €1.05 billion. The acquisition will be funded through a mix of cash and shares, and the refinancing of existing debt.

The consideration will be split into cash of €370 million (subject to customary closing adjustments) and 33.75 million newly issued shares, to be transferred at the closing of the acquisition, and a contingent consideration. The new shares will be issued out of authorised share capital. The existing debt of Scholle IPN will be refinanced at closing. The contingent consideration depends on Scholle IPN outperforming the top end of the Group's mid-term revenue growth guidance of 4–6% per year for the years ending 31 December 2023, 2024 and 2025, and would be paid in cash in three annual instalments of up to €89 million ($100 million) per year. Payments for growth rates ranging from 6–11.5% per the respective year will be made based on a pre-agreed ratchet structure.

The consideration to be paid in cash at closing and the repayment of existing debt will be financed via a bridge facility with a maturity of up to 18 months, which is expected to be refinanced through a combination of long-term debt and a share capital increase of approximately €200–250 million.

The current owner of Scholle IPN, Laurens Last, will become the largest single shareholder in SIG after closing of the acquisition with an approximate shareholding of 9.1% (with a lock-up period of 18 to 24 months). He will also be nominated for election to the Board of Directors of SIG at the forthcoming Annual General Meeting on 7 April 2022. Ross Bushnell, CEO of Scholle IPN, will join SIG's Group Executive Board subject to and as of closing of the acquisition.

In the twelve months ended 31 December 2021, Scholle IPN generated revenue of approximately €474 million and adjusted EBITDA of approximately €90 million (unaudited).

Other

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 7 April 2022, the Board of Directors will propose a dividend payment for 2021 of CHF 0.45 per share, totalling CHF 151.9 million (equivalent to €147.0 million as per the exchange rate as of 31 December 2021), payable out of foreign capital contribution reserves. This represents a dividend payout ratio of 58% of adjusted net income.

Dividend

CHF **0.45**

Sale of New Zealand paper mill

After the Group's announcement in March 2021 that it would close its paper mill in New Zealand (Whakatane), it was approached by potential buyers. The Group sold the paper mill on 3 June 2021 for NZD 1 to a consortium of investors who will enable the paper mill to continue to operate. The sale of the mill resulted in a loss of €12.1 million. In connection with the initial decision to close the mill, the Group expected to incur plant decommissioning and redundancy costs of around €30 million. However, due to the sale, only €9.8 million of restructuring costs relating to the employees of the mill were recognised in the year ended 31 December 2021.

New production plant for sleeves in Mexico

The Group announced in April 2021 that it will construct a new production plant for sleeves in Mexico. Operations are planned to start in the first quarter of 2023. The plant will be leased by the Group.

Foreign currencies

We operate internationally and transact business in a range of 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.

We supply semi-finished and finished goods to certain of our non-European operations in Euro and a number of our key raw material suppliers charge us for raw materials in Euros or in US Dollars. As a result, a greater portion of our costs is denominated in Euros and, to a lesser extent, US Dollars as compared to the related revenue generated in those currencies. Accordingly, changes in the exchange rates of the Euro and the US Dollar compared with the currencies in which we sell our products could adversely affect the results of operations. We expect to mitigate some of these cost mismatches with the opening and expansion of local production facilities in certain markets, continuing efforts to qualify local suppliers and by using foreign currency exchange derivatives.

Alternative performance measures

Definitions and reconciliations

For additional information about the alternative performance measures used by management (including reconciliations to measures defined in IFRS), please refer to the following link: **https://www.sig.biz/investors/en/performance/definitions**

Like-for-like basis ("LFL")

With effect from the end of February 2021, revenue of the former joint ventures in the Middle East and Africa are fully consolidated and presented in the new segment MEA (see the section "Acquisitions" above). Prior to the acquisition of the remaining shares of the joint ventures, they were accounted for using the equity method. The EMEA segment, which relates to our reporting structure prior to acquisition of the joint ventures, was only in place for the first two months of 2021. In addition, due to the sale of the New Zealand paper mill, sales of folding box board have ceased as of the beginning of June 2021.

The Company communicated its 2021 revenue guidance on a like-for-like constant currency basis. Like-for-like revenue growth at constant currency is calculated on the following basis:

- Revenue recognised by the Group from sales to the former joint ventures in the Middle East, previously presented as Group core revenue from external customers, has been eliminated as if the joint ventures had been fully consolidated by the Group from the end of February 2020.
- Sales by the former joint ventures to their external customers have been treated as if the former joint ventures in the Middle East had been fully consolidated by the Group from the end of February 2020 (i.e. treated as Group core revenue from external customers).

Outlook

The outlook for 2022 assumes the consolidation of the Scholle IPN and Evergreen Asia businesses from 1 July 2022. The final timing of consolidation depends on the completion of customary closing conditions.

For the full year, the Company expects revenue growth of 22–24% at constant currency, with growth of approximately 15% due to the acquisitions. The adjusted EBITDA margin for the enlarged group is expected to be around 26%, subject to no further major movements in input costs and foreign exchange rates. Net capital expenditure is forecast to be within a range of 7–9% of revenue and the dividend payout ratio is expected to be within, or slightly above, a range of 50–60% of adjusted net income.

The Company maintains its mid-term revenue growth guidance of 4–6% at constant currency, with the two acquisitions expected to enable resilient growth in the upper half of this range across an expanded platform. For the enlarged group, the adjusted EBITDA margin is expected to be above 27% in the mid-term driven by continued margin expansion in the aseptic carton business and the acquired businesses as well as the realisation of synergies from the acquisitions. Net capital expenditure is forecast to be within a range of 7–9% of revenue and the dividend payout ratio is expected to be within a range of 50–60% of adjusted net income. SIG's business will continue to be strongly cash generative and the Company maintains its mid-term leverage guidance of towards 2x with a milestone of around 2.5x at the end of 2024.

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 2021 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 2021 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 2021, 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.

Please refer to the following link for our SIG Corporate responsibility policy which includes risk management:
https://cms.sig.biz/media/9017/sig_2021_esg_policy_governance_210602.pdf

GOVERNANCE

BOARD OF DIRECTORS

Andreas Umbach
Chair of the Board,
Nomination and Govern. Com. Chair

> Read the CV

Matthias Währen
Audit and Risk Committee Chair

> Read the CV

Colleen Goggins
Compensation Committee Chair

> Read the CV

Werner Bauer
Audit and Risk Committee Member,
Nomination and Govern. Com. Member

> Read the CV

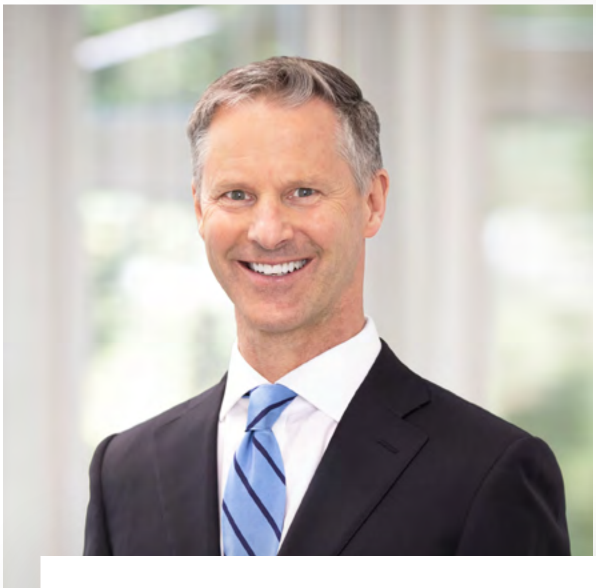
BOARD OF DIRECTORS

Wah-Hui Chu
Compensation Committee Member,
Nomination and Govern. Com. Member

> Read the CV

Mariel Hoch
Audit and Risk Committee Member,
Compensation Committee Member

> Read the CV



Nigel Wright
Nomination and Govern. Com. Member

> Read the CV

Abdallah al Obeikan

> Read the CV

BOARD OF DIRECTORS

Martine Snels

> Read the CV

GROUP EXECUTIVE BOARD

Samuel Sigrist
Chief Executive Officer

> Read the CV

Frank Herzog
Chief Financial Officer

> Read the CV

Ian Wood
Chief Supply Chain Officer

> Read the CV

Suzanne Verzijden[1]
Chief People and Culture Officer

> Read the CV

GROUP EXECUTIVE BOARD

José Matthijsse

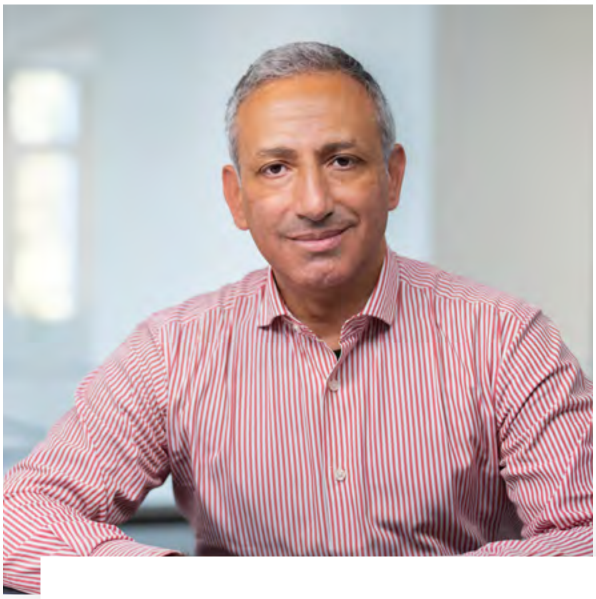
President and General Manager, Europe

> Read the CV

Ricardo Rodriguez

President and General Manager, Americas

> Read the CV



Abdelghany Eladib

President and General Manager, MEA

> Read the CV

Angela Lu[1, 2]

President and General Manager, Asia Pacific South

> Read the CV

GROUP EXECUTIVE BOARD

Fan Lidong[1, 2]

President and General Manager, Asia Pacific North

> Read the CV

1 Member of the Group Executive Board since 1 January 2022.

2 Lawrence Fok was the President and General Manager, Asia Pacific until 31 December 2021.

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 (**"Company"**) is the parent company of the SIG Group[1], which directly or indirectly holds all other Group companies and interests in joint venture companies. The shares of the Company are listed on SIX Swiss Exchange (symbol: SIGN, valor symbol: 43 537 795, ISIN: CH0435377954). The market capitalisation of the Company amounted to CHF 8,593.3 million as of 31 December 2021.

Please see note 26 of the consolidated financial statements for the year ended 31 December 2021 for a comprehensive list of the Group's subsidiaries and of its joint venture company. 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 2021 is as follows:

The Company's board of directors (**"Board of Directors"** or **"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 a 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.[2] The Group Executive Board comprises seven members, specifically the CEO, the chief financial officer (**"Chief Financial Officer"** or **"CFO"**),

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

2 For a comprehensive description on the delegation please refer to art. 19 of the Articles of Association and section 2.3 and 4.1 of the Organisational Regulations.

the chief technology officer (**"Chief Technology Officer"** or **"CTO"**), the president and general manager of Europe (**"President and General Manager Europe"**), the president and general manager of Americas (**"President and General Manager Americas"**), the president and general manager of Asia Pacific (**"President and General Manager Asia Pacific"**) and the president and general manager of Middle East and Africa (**"President and General Manager MEA"**).[3] For further information on the Group's segments please refer to note 7 of the consolidated financial statements for the year ended 31 December 2021. 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 2021 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 2021[4]:

Significant shareholders	% of voting rights[1]	Number of shares[2]
Haldor Foundation[3]	9.95%	31,849,994
Fahad al Obeikan[4], Andreas Boy, André Rosenstock	5.18%	17,467,632
Norges Bank (the Central Bank of Norway)	4.96%	17,463,673
BlackRock, Inc. (Mother company)	3.57% / 0.01%	11,434,168[5] / 45,468
UBS Fund Management (Switzerland) AG	3.18%	10,176,211
Ameriprise Financial, Inc.[6]	3.17% / 0.002%	10,698,086[7] / 5,382

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 The direct shareholder with respect to Fahad Al Obeikan is Al Obeikan Group for Investment Company CJS.

5 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.

6 Direct shareholders: Threadneedle Investment Funds ICVC, Threadneedle Management Luxembourg SA, Threadneedle Pensions Limited, Threadneedle Asset Management Limited, BMO Asset Management Limited, BMO Investment Business Limited, BNP Paribas Securities Services Zurich, Bank of Korea, Credit Suisse Zurich, UniCredit Bank Austria AG, Citi London, Nortrust Nominees Limited, State Street Nominees Limited.

7 Of which the following voting rights were delegated by a third party and can be exercised at Ameriprise Financial, Inc.'s own discretion: 1,567,726 company shares.

Notifications made in 2021 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.

As of 31 December 2021, the Company held 2,430 treasury shares.

3 The Company appointed three new members to the Group Executive Board with effect as of 1 January 2022: Fan Lidong as President and General Manager Asia Pacific North, Angela Lu as President and General Manager Asia Pacific South and Suzanne Verzijden as Chief People and Culture Officer. Fan Lidong and Angela Lu took over from Lawrence Fok, President and General Manager Asia Pacific, who decided to leave the Company and resigned from the Group Executive Board as of 31 December 2021. As a result of these changes the Group Executive Board consists of 9 members as of 1 January 2022.

4 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.

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 3,375,208.72 as of 31 December 2021.

It currently consists of 337,520,872 fully paid-up registered shares with a nominal value of CHF 0.01 per share.

2.2 Authorised and conditional share capital

The Company has authorised share capital of CHF 675,041.74 and conditional share capital of CHF 640,106.48 each as of 31 December 2021.

The Board of Directors is authorised to increase the share capital at any time until 21 April 2023 by a maximum of CHF 675,041.74 through the issue of up to 67,504,174 shares of CHF 0.01 nominal value each.

The conditional share 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 authorised 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 authorised and conditional share capital together in accordance with art. 4, 5 and 6 of the Articles of Association may not exceed 67,504,174 shares (i.e. CHF 675,041.74, 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 authorised and conditional share capital under the exclusion of subscription and advance subscription rights, respectively, is limited until 21 April 2023 to a single combined maximum of 33,752,087 shares (equaling CHF 337,520.87 or 10% of existing share capital).

Reference is made to the Articles of Association for the precise wording of provisions relating to authorised 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

On 22 February 2021, the Company increased its share capital by CHF 174,676.32 from CHF 3,200,532.40 to CHF 3,375,208.72 through the issuance of 17,467,632 fully paid-up registered shares with a nominal value of CHF 0.01 per share out of its authorised share capital. The newly issued shares had been fully allocated to Al Obeikan Group for Investment Company CJS as part of the purchase price for the purchase of 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 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 subscription and advance subscription 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.

2.5 Dividend-right certificates (*Genusscheine*)

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

2.6 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 that 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 subscription, advance 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.

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

2.7 Convertible bonds and warrants/options

As of 31 December 2021, the Company has no outstanding bonds or debt instruments convertible into or option rights in the Company's securities.

As of 31 December 2021, a total of 763,636 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 obligation under these plans and arrangements by using own shares (treasury shares) or, alternatively, by using shares issued out of conditional share capital. If the PSUs and RSUs were fully vested and exclusively shares out of conditional share capital were used, this would increase the existing share capital by approximately 0.43%. Please refer to the Compensation Report on > pages 111 and 123 for further information pertaining to any PSUs and RSUs awarded as an element of executive compensation.

Furthermore, the Group introduced in 2020 an equity investment plan (**"EIP"**) for a wider group of management in leadership positions, other key employees and talents 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 of such participant for 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) or, alternatively, by using shares issued out of conditional share capital. If the options were fully vested and exclusively shares out of conditional share capital were used, this would increase the existing share capital by approximately 0.09%. Please refer to note 31 of the consolidated financial statements for the year ended 31 December 2021 for additional information about the EIP options.

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 chair of the Board (**"Chair"**). Currently, the Board consists of the following nine members:

Name	Nationality	Position	Since	Expires[1]
Andreas Umbach	Swiss and German	Chair	2018	AGM 2022
Matthias Währen	Swiss	Member	2018	AGM 2022
Colleen Goggins	American	Member	2018	AGM 2022
Werner Bauer	Swiss and German	Member	2018	AGM 2022
Wah-Hui Chu	Chinese	Member	2018	AGM 2022
Mariel Hoch	Swiss and German	Member	2018	AGM 2022
Nigel Wright[2]	Canadian	Member	2014	AGM 2022
Abdallah al Obeikan	Saudi Arabian	Member	2021	AGM 2022
Martine Snels	Belgian	Member	2021	AGM 2022

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

2 Nigel Wright has decided not to stand for re-election at the AGM 2022.

At the annual general meeting of the Company (**"Annual General Meeting"** or **"AGM"**) on 21 April 2021 (**"Annual General Meeting 2021"** or **"AGM 2021"**) all the previous seven members of the Board were re-elected and two new members of the Board were elected, each for a one-year term of office.

All current members of the Board of Directors are non-executive directors. Other than Abdallah al Obeikan who served from 2000 to 2021 as the CEO of the SIG Combibloc Obeikan joint venture companies that became fully owned subsidiaries of the Company in February 2021, none of the members of the Board of Directors has been a member of the management of the Company or a subsidiary of the Group in the three years preceding the year under review. Furthermore, 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. The Board of Directors determines independence annually in accordance with the Company's independence criteria set forth in the Organisational Regulations. Pursuant to the Company's independence criteria, all members of the Board of Directors are deemed to be independent, except for Abdallah al Obeikan.

Andreas Umbach is a Swiss and German citizen and has served as the Chair since the Initial Public Offering in 2018. Mr Umbach has further served as the chair of the board of directors of Landis+Gyr Group AG (SIX: LAND) since 2017, as the chair of the supervisory board of Techem Energy Services GmbH since 2018 and as the chair of the board of directors of Rovensa SA since 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 Ascom Holding AG (SIX: ASCN) (2010–2020), from 2017 to 2019 as its chair. 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 2020, of Bloom Biorenewables SA since 2020 and as a member of the board of directors of ph. AG since 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 audit 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 also currently a member of the board of directors of TD Bank Group (TSW: 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 Health (since 2020), Sabert Inc. (since 2020) and Acacium (since 2021). She has been a member of the University of Wisconsin Foundation and a member of the board of the University's center 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 member of the Johnson & Johnson Executive Committee, worldwide chair of the consumer group, company group chair of North America, and president of the Johnson & Johnson Consumer Products Company, among others. 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 chair of the board of directors of Givaudan SA (SIX: GIVN) (since 2014) and Bertelsmann SE & Co. KGaA (since 2012), chair of the board of trustees at the Bertelsmann Foundation (since 2011), and as 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 boards of directors of GEA-Group AG. Prior to that he held a number of other board positions, including chair of the board of directors of Nestlé Deutschland AG (from 2005 to 2017) and chair 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 chair 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 in chemical engineering at Hamburg Technical University, 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 diploma 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 chair 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 member of the board of directors of Li Ning company Limited from 2007 to 2012 and as chair 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 chair 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 member and vice chair of the board of directors of Comet Holding AG (SIX: COTN) (since 2016), where she also chairs the nomination and compensation committee. Furthermore, she is a member of the board of directors of Komax Holding AG (SIX: KOMN) (since 2019), where she also sits on the audit committee, and of 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 was also co-chair of the Zurich Committee of Human Rights Watch between 2017 and 2021. 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 as non-executive chair of Childcare BV (operating as KidsFoundation), as non-executive chair of Tes Global (since 2022), as non-executive chair of Canadian Conservatives Abroad and as 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.

Abdallah al Obeikan is a Saudi Arabian citizen and has served as a member of the Board of Directors since April 2021. Mr al Obeikan is also currently a member of the board of directors of Arabian Shield Cooperative Insurance Company (TADAWUL: ARABIAN SHILED), listed on Tadawul Stock Exchange, KSA. He furthers serves as member of the board of directors and CEO of the Obeikan Investment Group (OIG) – a major player in packaging, digital solutions and education industries – where he also holds board and management positions in several OIG subsidiaries. In addition, Mr al Obeikan is chair of Obeikan AGC Glass Company, chair of Riyadh Polytechnic Institute, a member of the board of directors of National Water Company, a member of the board of directors of Social Development Bank and a member of the advisory board of KSA agencies. Abdallah al Obeikan joined the Obeikan family business in 1987 and was CEO of the SIG Combibloc Obeikan joint venture companies from 2000 to 2021. Mr al Obeikan holds a BSC in Electrical Engineering, King Saud University, Riyadh, K.S.A.

Martine Snels is a Belgium citizen and has served as a member of the Board of Directors since April 2021. Ms Snels is also currently director and chair of the Remco Electrolux Professional AB (since 2019) and director and member of the audit committee and remuneration committee of Resilux NV (since 2019). In addition, Martine Snels is the founder and CEO of L'Advance BV (since 2020), a member of the supervisory board of URUS Group LLC (since 2021) and a member of the supervisory board and chair of the Remco VION Food Group NV (since 2020). Prior to that she was a member of the executive board of GEA Group AG (from 2017 to 2020) and held various leadership roles at Royal Friesland Campina NV (from 2012 to 2017), Nutreco NV (from 2003 to 2012) and Kemin Industries (from 1996 to 2003). Ms Martine Snels holds a Master of Science in Agricultural Engineering at K.U. Leuven, Belgium.

As of 31 December 2021, there are no material business relationships of any Board member with the Company or with any subsidiary or joint venture company.

3.2 Number of permissible activities

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

(i) up to four mandates in listed firms;

(ii) up to ten mandates in non-listed firms[1]; 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 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 exercise of their duties to 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 Chair 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 83.

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 Chair convenes meetings of the Board of Directors as often as the Group's business requires, but at least four times a year. The Chair 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 Chair has no casting vote. Board resolutions may also be passed in writing by way of circular resolution, provided that no member of the Board of Directors requests oral deliberation (in writing, including by email) of the Chair 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 chair from the members of the Board of Directors. The period of office of all Committee members is one year. Re-election is possible.

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

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 2021, the members of the Compensation Committee were Colleen Goggins (chair), 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 chair, 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);
- 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 the 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]

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

2 The organisation and responsibilities the Compensation Committee are stipulated in the Articles of Association (art. 21).

4.2 Audit and Risk Committee

The members and the chair of the Audit and Risk Committee are appointed by the Board of Directors. As of 31 December 2021, the members of the Audit and Risk Committee were Matthias Währen (chair), 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 chair, 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 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, recommends the semi-annual financial statements for approval by the Board of Directors and approves quarterly (if quarterly financial statements are prepared) financial statements 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 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 chair of the Nomination and Governance Committee are appointed by the Board of Directors. As of 31 December 2021, the members of the Nomination and Governance Committee were Andreas Umbach (chair), Nigel Wright, 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 chair, 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 the 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 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 (ESG) matters, in particular regarding key issues that may affect the Company's business and reputation. In doing so, the Nomination and Governance Committee may consult with the Responsibility Advisory Group, which consists of external ESG experts and was established to support Group Executive Board with the development of SIG's Way Beyond Good approach by providing an external perspective.

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 Chair 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 meeting in writing.

The Board of Directors usually convenes four 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 macro-economic and Company-specific circumstances and to review, and if necessary to 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 6 ordinary meetings, thereof 4 virtual half-day meetings and 2 hybrid meetings with the majority of the Board being present in person, thereof 1 strategy meeting for two days and 1 meeting split over two half-days. In addition, the Board held 2 extraordinary virtual meetings with an average duration of approximately 2.5 hours. 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. Furthermore, the Board held 1 mandatory regulatory compliance training with the full Board attending and 2 voluntary educational sessions on environmental, social and governance matters and cyber security with the large majority of the Board attending.

For the period under review, the Compensation Committee held 5 meetings with an average duration of approximately 2 hours, all of which were virtual meetings. Furthermore, the Compensation Committee held 2 extraordinary virtual meetings of 1 hour each. The meetings had an overall attendance rate of 100%.

The Nomination and Governance Committee held 4 ordinary meetings with an average duration of approximately 2 hours, all of which were virtual meetings. Furthermore, the Nomination and Governance Committee held 2 extraordinary virtual meetings of 45 minutes each. The meetings had an overall attendance rate of 100%.

The Audit and Risk Committee held 5 ordinary meetings and 1 extraordinary meeting with an average duration of approximately 3 hours, 1 of which was in-person and 5 were virtual meetings. The meetings had an overall attendance rate of 100%. The 5 ordinary 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 by the CEO. Meetings of the Compensation Committee were regularly attended by an external advisor to the Compensation Committee, the CEO and the Group's Global Compensation and Benefits Manager. The Nomination and Governance Committee meetings were regularly 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 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 (incl. statutory financial statements), compensation report and the shareholders' meeting, including the implementation of the resolutions adopted by the shareholders' meeting;
- the notification of a judge in case 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 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 The detailed description of these responsibilities and duties of the Board of Directors, its Committees and the Group Executive Board are stipulated in the Articles of Association (**https://www.sig.biz/investors/en/governance/articles-of-association**) and the Organisational Regulations (**https://www.sig.biz/investors/en/governance/organizational-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 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 Chair 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, the 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 regular 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 at least annually. 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 Group Executive Board

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

The Company announced in a press release on 29 October 2021 three new appointments to the Group Executive Board with effect as of 1 January 2022. Fan Lidong and Angela Lu have been appointed to manage the Asia Pacific region, taking over from Lawrence Fok, President and General Manager Asia Pacific, who decided to leave the Company and resigned from the Group Executive Board as of 31 December 2021. This move to a dual leadership structure is a consequence of the Group's growth in Asia Pacific. In addition, Suzanne Verzijden has joined the Group Executive Board as Chief People and Culture Officer, reflecting the importance which SIG attaches to people, culture and talent management.

The Group Executive Board comprised the following members on 31 December 2021:

Name	Nationality	Position
Samuel Sigrist	Swiss	CEO
Frank Herzog	German	CFO
Ian Wood	Swiss and British	CTO
José Matthijsse	Dutch	President and General Manager Europe
Lawrence Fok[1]	Singaporean	President and General Manager Asia Pacific
Ricardo Rodriguez	Brazilian and Spanish	President and General Manager Americas
Abdelghany Eladib	Egyptian	President and General Manager MEA

1 In office until 31 December 2021.

The biographies on the following pages provide information about the Group Executive Board members in office on 31 December 2021.

Samuel Sigrist is a Swiss citizen and served as CFO and chair of the Middle East Joint Venture from 2017. With effect from 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 and reporting, head of finance/CFO of Europe and head of group projects. From 2013 to 2017, Mr Sigrist was the Company's President and 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.

Frank Herzog is a German citizen and joined SIG in 2021 as CFO. Prior to SIG, Frank 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 holds a graduate business degree from WHU Koblenz and a Master of Business Administration degree from the University of Texas.

Ian Wood is a Swiss and 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 and general manager of various business units within the home and 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.

José Matthijsse is a Dutch citizen and has held the position of President and 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. Mrs Matthijsse holds a Masters' degree in Food Science Technology from Wageningen Agricultural University in the Netherlands.

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 and 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 and 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.

Abdelghany Eladib is an Egyptian citizen and has held the position of President and General Manager, Middle East and Africa, since 2021. Prior to his current position, he held the position of Chief Operating Officer in the SIG Combibloc Obeikan joint venture companies that he joined in 2017. Mr Eladib started his career in 1992 at Procter & Gamble, where he held various positions. Later on, he also worked at other leading FMCG companies in the region. He holds a Bachelor of Science degree in Mechanical Engineering, a Master of Business Administration and a Diploma in Strategic Management from Jack Welsh Institute in USA.

8.2 Number of permissible activities

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

(i) up to one mandate in listed firms[1];

(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 superior governing or administrative bodies of legal entities that are obliged to register in the commercial registry 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 exercise of their duties to 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 contracts

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 106 until 125.

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 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

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

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 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

The AGM 2021 resolved to delete the "selective opting-out", according to which the Onex Persons[1] were under certain circumstances exempted from the obligation to submit a public takeover offer pursuant to art. 135 para. 1 FMIA, from the Company's Articles of Association. As a result, the Company does no longer have a provision on opting-out or opting-up. Thus, the provisions regarding the legally prescribed threshold of 33$^{1}/_{3}$% of the voting rights for making a public takeover offer set out in art. 135 para. 1 FMIA is applicable.

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 a term of 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 from Luxembourg to Switzerland on 27 September 2018 and were re-elected at the AGM 2021. 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 is 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.

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 > pages 120 of the Compensation Report.

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)	2021
Audit	1,531
Audit-related services	195
Tax and other services	159
Total	**1,885**

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 on 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 the 5 ordinary meetings of the Audit and Risk Committee meetings in 2021 at which they discussed, amongst other topics, the scope and certain results of the audit and reviews.

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. Toward 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, corporate responsibility and executive compensation. The annual report is published within four months after the 31 December balance sheet date. The annual results are also summarised 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.

The corporate responsibility section of the annual report is being prepared in accordance with the Global Reporting Initiative (GRI) G4 Guidelines Core option. An archive containing the corporate responsibility reports that have been prepared in previous years 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 three 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.

14. General blackout periods

All directors, officers and employees of any Group company are subject to general blackout periods between the last date of the period for which financial performance data for public release are established and ending on the close of trading on SIX Swiss Exchange one trading day after the public release of the financial performance data for such period. During general blackout periods, these persons are prohibited from trading in any shares of the Company and in any option or conversion rights or any other financial instruments whose price is materially dependent (meaning a degree of more than 33%) on the shares of the Company (together the **"Relevant Securities"**).

Furthermore, members of the Board of Directors, the Group Executive Board as well as certain employees of the Group notified by the Group General Counsel may only make transactions in Relevant Securities during designated trading windows, subject to pre-clearance by the Group General Counsel. The opening and closure of a trading window is determined by the CEO in consultation with the CFO and the Group General Counsel.

Any exception to the aforementioned rules must be cleared through the Group General Counsel.

15. Significant changes since 31 December 2021

The Company announced on 5 January 2022 that it had entered into an agreement to acquire Pactiv Evergreen Inc.'s Asia Pacific Fresh operations which consists of the three target companies Evergreen Packaging Korea Limited, Seoul, Evergreen Packaging (Shanghai) Co. Ltd, Shanghai and Evergreen Packaging (Taiwan) Co. Ltd, Taiwan (the **"PE Transaction"**). The PE Transaction is expected to close in the second or third quarter of 2022, subject to customary closing conditions.

Furthermore, on 1 February 2022, the Company announced that it had entered into an agreement to acquire 100% of Scholle IPN, a privately-held company, from CLIL Holding B.V. (the **"Scholle Transaction"**). The beneficial owner of CLIL Holding B.V. is Mr. Laurens Last. As part of the purchase price consideration for the Scholle Transaction, SIG will transfer to CLIL Holding B.V. 33,750,000 newly issued shares of the Company, to be created out of the Company's authorised share capital. As a consequence, after consummation of the closing of the Scholle Transaction, which is expected to occur before the end of the third quarter of 2022, Mr. Laurens Last (through CLIL Holding B.V.) will hold approximately 9.1% of the shares in the Company and become the largest single shareholder in the Company. In addition, the Board of Directors will propose to the Annual General Meeting 2022 (i) to increase the number of shares that may be issued out of authorised capital under the exclusion of shareholders' subscription rights and (ii) that Mr. Last be elected to the Board of Directors of the Company. Furthermore, the Board of Directors appointed Mr. Ross Bushnell, president and CEO of Scholle IPN – subject to and as of the closing of the Scholle Transaction – to the Group Executive Board. The consummation of the Scholle Transaction is subject to customary closing conditions.

Further information on the above will be provided in the Company's Corporate Governance Report for the year 2022.

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

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

Subscription for ad hoc messages (push system):
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.

SIG Combibloc Group AG
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8212 Neuhausen am Rheinfall
Switzerland
+41 52 543 1224
Ingrid.mcmahon@sig.biz

Financial calendar

The important dates for 2022 include:

2021 Full Year Results	1 March 2022
Intended publication of the Annual General Meeting 2022 invitation	11 March 2022
Annual General Meeting 2022	7 April 2022
Release of first quarter 2022 key financial data	26 April 2022
Publication of half-year report 2022	26 July 2022
Release of third quarter 2022 key financial data	25 October 2022

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 2021. This report on compensation complements our business, financial, social responsibility 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.

In the past year, the Compensation Committee worked closely with the Nomination and Governance Committee regarding succession planning for the various personnel changes in the Group Executive Board. We are very proud that we have been able to expand the management team with both internal and external talent. At the same time, we also succeeded in broadening diversity, so that every gender is represented by at least 30% of the Group Executive Board.

SIG is convinced that Diversity, Equity and Inclusion (DE&I) as well as an open corporate culture are important drivers for innovation and successful collaboration. We are committed to ensuring a workplace where employees are treated fairly, with equal employment, compensation and development opportunities for all. The Committee closely observed the regulatory developments and market trends and will keep abreast of further developments in this area.

SIG welcomes feedback from its shareholders. In 2021, we maintained a high level of engagement with shareholders as we worked to consider and address their comments and questions. The Compensation Committee believes that the current compensation framework is working well but also continues to focus on its on-going refinement.

One of the changes to executive compensation as of 2021 was the inclusion of an ESG metric in the short-term variable compensation. This underlines management's on-going commitment to sustainability as an integral part of SIG's business strategy and activities. To further strengthen the ESG focus, the Compensation Committee decided to increase the weighting of the ESG metric starting from 2022. The chosen EcoVadis metric relates to SIG's activities in the areas of Environment, Labour & Human Rights, Ethics, and Sustainable Procurement and provides the Company with an external perspective on its ESG activities and progress.

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 2023 and the maximum aggregate amount of compensation for the Group Executive Board for the year 2023. Further, this Compensation Report will be submitted to shareholders for a non-binding, consultative vote.

We believe that this report provides a comprehensive overview of SIG's compensation philosophy and approach. Further we are convinced that our remuneration system rewards performance in a balanced and sustainable manner that is well-aligned with shareholders' interests and equips SIG with effective tools in a competitive work environment.

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

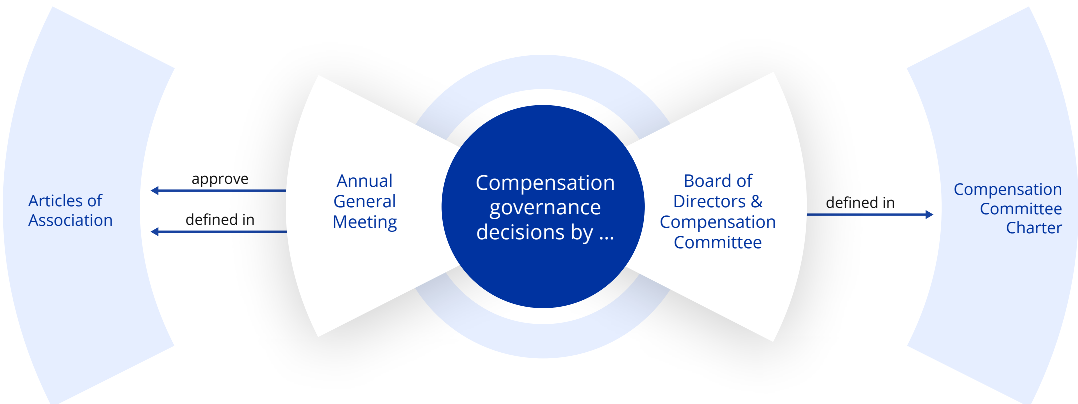
This Compensation Report has been prepared in compliance with Swiss laws and regulations, including the Ordinance against Excessive Compensation in Listed Stock Companies. The report is in line with the Directive on Information relating to Corporate Governance of SIX and also takes into account the recommendations 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 2021
- The compensation of the Group Executive Board ("GEB") for 2021

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, acting in an advisory capacity for the Board and (3) SIG's shareholders at the Annual General Meeting. 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 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/5241/aoa-sig-combibloc-group-ag.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.

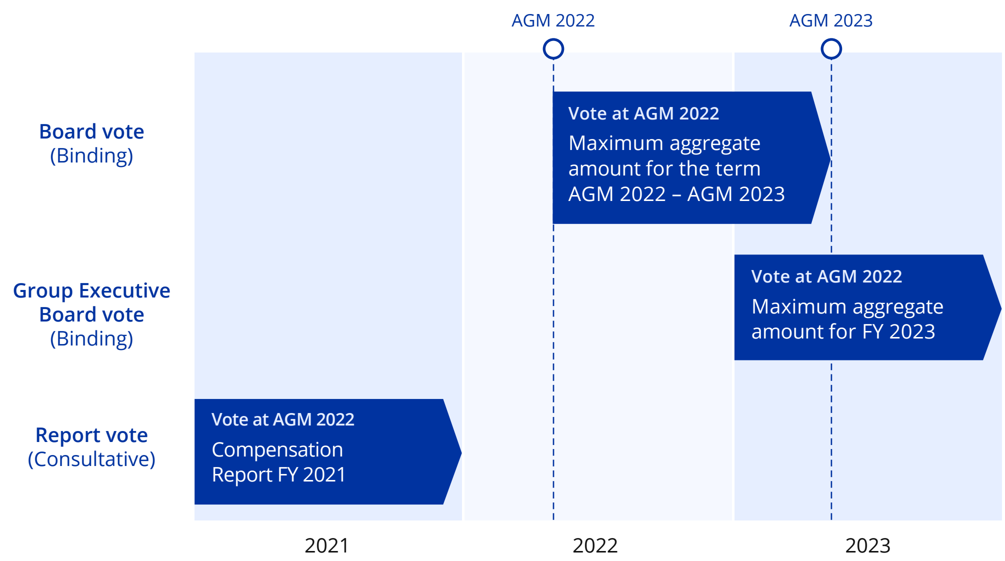
FIGURE 3: AUTHORITY TABLE REGARDING COMPENSATION

	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 2022 AGM, as illustrated in Figure 4:

FIGURE 4: OVERVIEW OF VOTES AT THE 2022 AGM



Role of the Compensation Committee – activities during 2021

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 2021, the Committee held seven meetings. Because of travelling restrictions due to the COVID-19 pandemic, all meetings 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 88. All members of the Committee had full meeting attendance during 2021.

FIGURE 5: TOPICS COVERED BY THE COMPENSATION COMMITTEE IN 2021

	Agenda Item	Jan	Feb	Jul	Aug	Sep	Dec
Principles and design of compensation plans	Market intelligence (recent developments in compensation, legal, governance landscapes)			●			
	Review of general target framework for Short-Term Incentive and Long-Term Incentive			●	●		
Compensation Group Executive Board	Short-Term Incentive Plan						
	– Target achievement 2020	●					
	– Target setting 2021	●					
	– Define KPI measures for 2022				●		
	Long-Term Incentive Plan						
	– Recommendation of plan participants and target setting for grant 2021		●				
	– Outlook on first target assessment in 2022			●	●		
	Group Executive Board: Employment matters going along with succession planning			●	●	●	●
	Benchmarking and review target compensation for the CEO and the Group Executive Board for 2022						●
Compensation Board of Directors	Swiss Pension Fund insurance for members of the Board and respective changes to the Board of Directors Pay Policy		●				
	Benchmarking and review of compensation for the Board of Directors						●
General Framework	Shareholding Guidelines Assessment	●					
	Fair Pay – overview on recent developments			●			
Communication	AGM invitation including determination of the maximum amounts of compensation for the Board of Directors (for the term AGM 2021 to AGM 2022) and the Group Executive Board (year 2022)		●				
	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 2021, with the members of the Compensation Committee in attendance to ensure close coordination.

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 members of the Group Executive Board 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 2021, the Compensation Committee appointed HCM International Ltd. ("HCM") as an external independent advisor 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 2021.

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, 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, Short-Term Incentive Plan and Long-Term Incentive Plan	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 periodically 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 compensation benchmarking analysis of the Board conducted in 2021, 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, Vifor Pharma.

2 The comparison group used for the compensation benchmarking analysis of the Group Executive Board conducted in 2021, 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.

In 2021, benchmark analyses for both the Board and the Group Executive Board were conducted by HCM International Ltd., based on the existing respective comparison groups. The benchmarking underlined that SIG is positioned comparably to its peers with regards to level and structure of the compensation packages. As a consequence, no adjustments of compensation with regards to the packages, both in terms of level and structure, for neither the members of the Group Executive Board nor for the Board of Directors were considered necessary.

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		●

Where required by Swiss law, members of the Board of Directors may be insured in the pension fund of the Company. If so, contributions will be fully funded by the respective member of the Board. 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. Where required by Swiss law, members of the Board of Directors are insured in the Company's pension plan. However, the employer pension contribution is entirely funded by the respective member of the Board of Directors. This means that the member of the Board pays for the totality of the pension contributions (employee and employer portion) while the Company does not make any contributions. In 2021, only the Chairman of the Board was insured via the Company's pension plan. No additional compensation components such as lump-sum expenses or attendance fees are awarded to any member of the Board. 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.

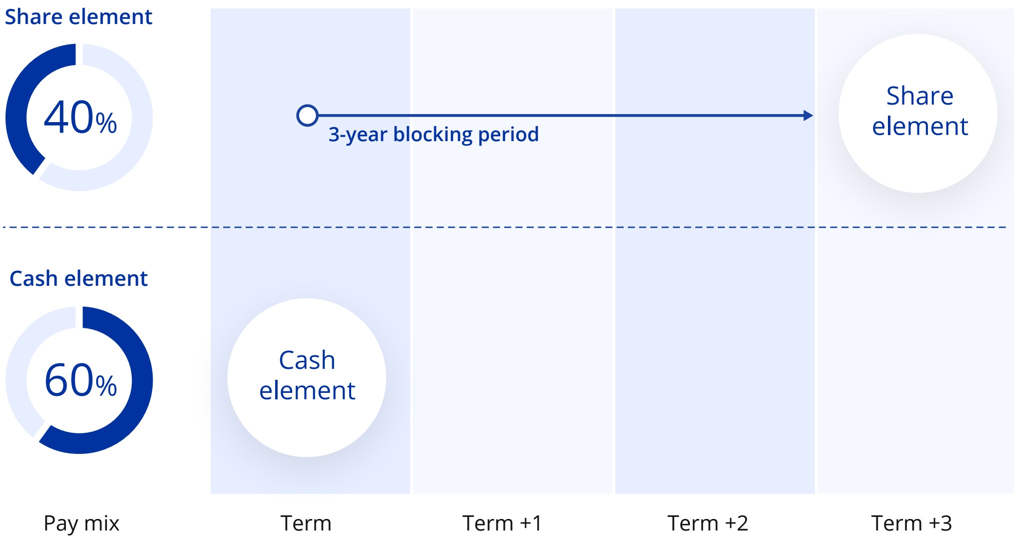
FIGURE 8: OVERVIEW OF THE BOARD OF DIRECTORS' FEES

	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 continues to be 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 2021 of the nine non-executive members of the Board. The Board was expanded at the AGM in 2021 to include two additional members, as outlined in the Corporate Governance Report. As in previous years, Nigel Wright is associated with Onex Corporation, a former major shareholder of SIG (2018 until 2020) and again waived any form of compensation for his service on the Board in 2021.

TABLE 1: TOTAL COMPENSATION OF THE BOARD OF DIRECTORS IN 2021 (1 JANUARY – 31 DECEMBER) INCLUDING INFORMATION OF THE PRIOR YEAR

Members of the Board of Directors on 31 December 2021	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 2021, CHF	Total compensation earned in 2020, CHF
Andreas Umbach	Chair			Chair	330,000[7]	220,011	34,378	584,389	587,628
Matthias Währen	●	Chair			135,000	90,062	12,833	237,895	237,824
Colleen Goggins	●		Chair		129,000	86,024	12,212	227,236	227,195
Werner Bauer	●	●		●	129,000	86,024	12,212	227,236	227,195
Wah-Hui Chu	●		●	●	123,000	82,031	11,592	216,623	216,601
Mariel Hoch	●	●	●		129,000	86,024	15,397	230,421	230,376
Martine Snels[8]	●				72,888	48,639	–	121,527	–
Abdallah al Obeikan[8]	●				72,888	48,639	8,840	130,367	–
Nigel Wright	●			●	–	–	–	–	–
Total					**1,120,776**	**747,454**	**107,464**	**1,975,694**	**1,726,819**

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 (settled in shares) 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.
7 Includes employer pension contributions in the amount of CHF 46,880 funded by the Chairman through a reduction of the cash portion of the fee.
8 Martine Snels and Abdallah al Obeikan were elected as members of the Board of Directors at the Annual General Meeting in April 2021. The respective numbers disclosed reflect the period from 21 April 2021 until 31 December 2021.

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 2021

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 and 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 fulfill 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. Benefits mainly include insurance and health care plans as well as pension coverage, where applicable. SIG's pension benefits, for members of the Group Executive Board employed with a Swiss employment contract, exceed the legal requirements of the Swiss Federal Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG) and are in line with the benefits offered by other international companies. Members of the Group Executive Board who are under a foreign employment contract are insured commensurately with market conditions and with their position. The plans vary in accordance with the local competitive and legal environment and are structured in accordance with local practice and in line with local legal requirements.

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).

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 targets for multiple key performance indicators ("KPIs"), including financial aspects as well as an ESG element, that are derived from SIG's business strategy and activities. Incorporating an ESG target in SIG's short-term variable compensation underlines the on-going commitment to contribute to the sustainability component in SIG's business strategy and activities. The objective of the EcoVadis methodology is to assess the quality of a company's sustainability management system through its policies, actions, and results. The assessment focuses on 21 criteria which are grouped into four areas: Environment, Labour & Human Rights, Ethics, and Sustainable Procurement. These areas encompass a wide range of activities within the Company and involve in some way a large number of employees.

The targets for both the financial KPIs and the ESG KPI 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 for financial KPIs, a financial target achievement level is identified based on the budget of the respective year. In addition, the members of the Group Executive Board are compensated on the Company's ESG performance. 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. This leads to more ambitious target curves to achieve the maximum payout.

The basis for ESG target setting is an increased EcoVadis rating year-on-year as it is the goal of SIG to continuously improve the level of our ESG performance activities. The target is set to require an improvement in the Company's EcoVadis score to meet the target and thereby aligning compensation with the Company's ambition to remain a leader in ESG matters.

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 Company's overall or group performance. To strengthen the focus for these members with regional responsibility on their region's targets, the Board decided to increase for them the weighting of regional targets from 50% to 60% and decreasing the weighting on Group targets to 40%. With this adjusted target weighting, the Group Executive Board members' regional responsibility should be further underlined while balancing the overarching goal of group-wide success and alignment.

For other Group Executive Board members' with a primary group focus, including the CEO and CFO, performance is assessed based on group performance only. The framework is illustrated in Figure 12.

In 2021, the target individual short-term incentive equals 100% of the base salary for the CEO and between 67% and 83% of the respective base salaries for other members of the Group Executive Board. Information regarding the target achievement levels will be provided in a later section of this report.

FIGURE 12: OVERVIEW OF THE GROUP EXECUTIVE BOARD STIP COMPENSATION FRAMEWORK IN 2021

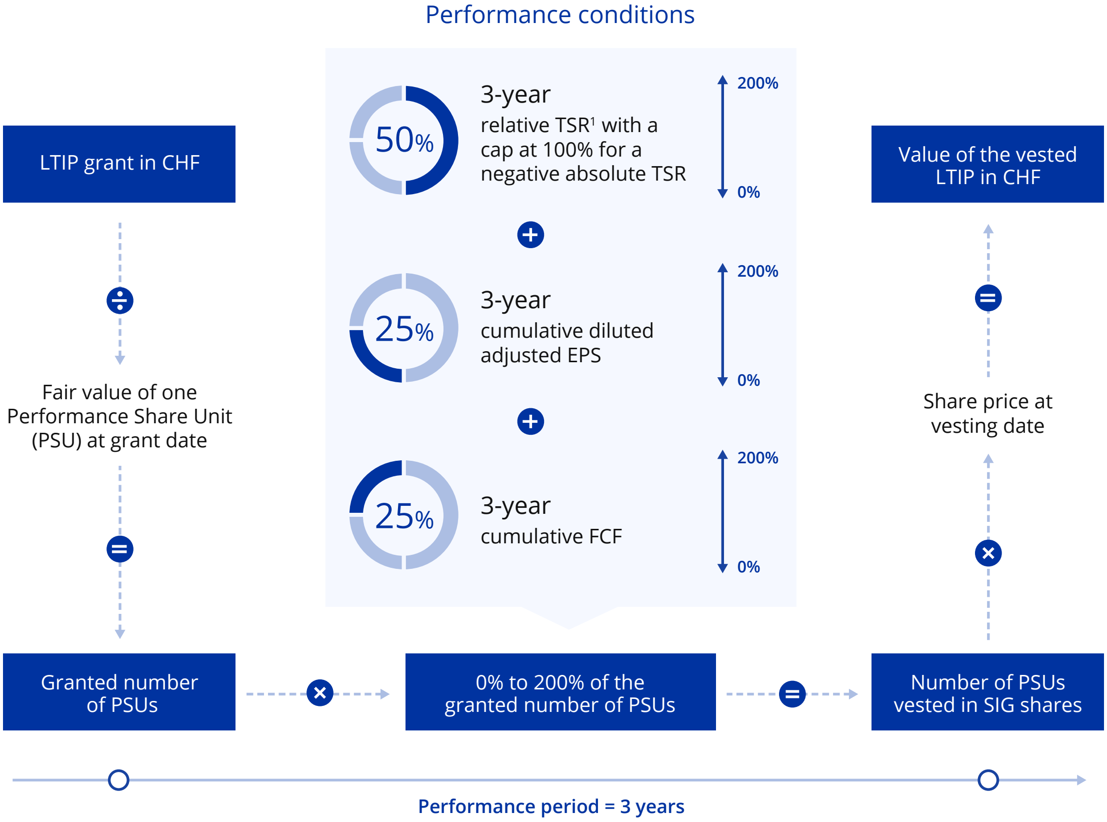
	KPIs	Weight 2021	Members of the Group Executive Board WITHOUT regional responsibility	Members of the Group Executive Board WITH regional responsibility
Group	Group adjusted EBITDA	55%	100%	40%
	Group core revenue	20%		
	Group free cash flow	20%		
	EcoVadis Scoring (sustainability metric)	5%		
Regional	Regional adjusted EBITDA	50%		60%
	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 vesting 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 2021, the LTIP grant in CHF amounted to 189% of the base salary for the CEO and between 102% and 173% 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 2000 "Industrials" Total Return Index

After the three-year vesting period, a certain number of the granted PSUs vest, depending on the performance of SIG. 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 measures	**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 2000 "Industrials" Total Return	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. Furthermore, 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.

The threshold, target and cap (together the "targets") performance levels for the three LTIP performance measures for the 2021 grant are illustrated in Figure 14 and were set by the Compensation Committee based on a robust, stringent approach supported by HCM International Ltd., an external, independent advisor. 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 2021 grant.

Since the first grant under the current LTIP was in 2019, the first vesting will occur in 2022. Relevant information around the vesting will be disclosed in the Compensation Report for the year 2022.

FIGURE 14: OVERVIEW OF THE VESTING CURVE OF THE LTIP 2021

Performance measures	Threshold (0% vesting)	Target (100% vesting)	Cap (200% vesting)
3-year total shareholder return measured relative to the SPI® ICB Industry 2000 "Industrials" Total Return Index	–16% of index	–0% compared to index	+10% of index
3-year cumulative diluted adjusted earnings per share	69.6% of target	100% target as set by the Board of Directors	123.3% of target
3-year cumulative free cash flow	83.1% of target	100% target as set by the Board of Directors	114.5% of target

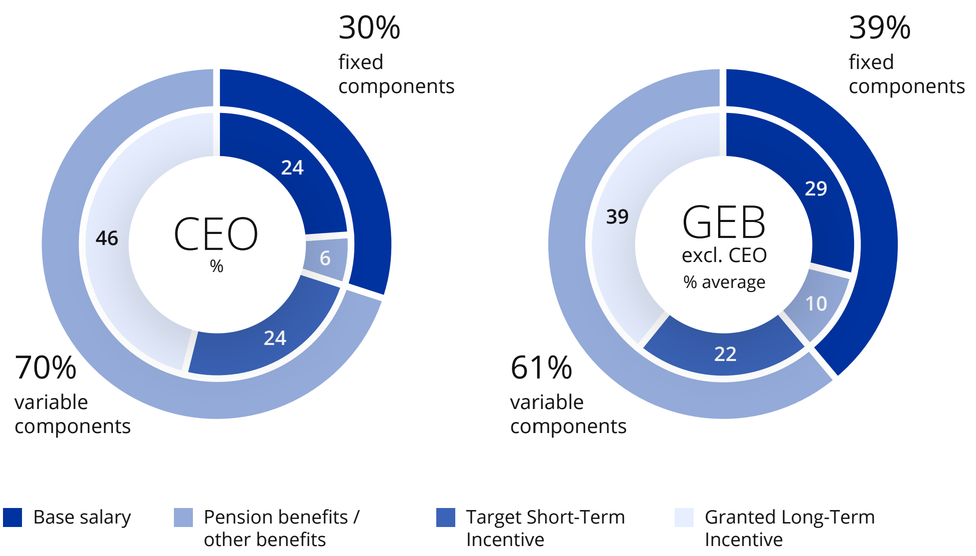
In addition to not meeting the threshold, other circumstances under which no PSUs vest include various forfeiture clauses relating to termination of employment during the vesting period of the LTIP.

Since 2021, the LTIP awards are subject to a clawback provision. In case of a financial restatement due to material non-compliance of the Company with applicable financial reporting requirements, or in the case of fraudulent behaviour or other wilful misconduct by a plan participant, the Board of Directors may review the specific facts and circumstances and take clawback actions.

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 37% and 45% (39% on average) of the total target compensation and the variable components vary between 55% and 63% (61% 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 contractual severance payments or any change of control provisions other than accelerated vesting and/or unblocking of unvested share awards from the LTIP.

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 eight members of the Group Executive Board active during 2021, with two of them joining in the course of the year. The total regular compensation for the Group Executive Board amounted to CHF 11.8 million, while the total compensation, including payments to two former members who left the Group Executive Board in the course of 2020 as well as accrual bookings for a non-compete agreement, sums up to 14.7 million.

TABLE 2: TOTAL COMPENSATION OF THE GROUP EXECUTIVE BOARD IN 2021, INCLUDING INFORMATION OF THE PRIOR YEAR

CHF[1]	Group Executive Board (including the CEO) 2021	Group Executive Board (including the CEO) 2020	Highest payment 2021 Samuel Sigrist	Highest payment 2020 Rolf Stangl
Annual base salary	2,771,577	3,222,482	700,000	875,000
Pension benefits	461,446	524,930	129,121	129,619
Short-term variable compensation[2]	3,232,186	2,524,156	1,109,479	875,000
Long-term variable compensation (granted)[3]	4,175,000	4,900,000	1,325,000	1,600,000
Other benefits[4]	453,095	336,092	39,416	32,204
Social security contributions[5]	756,048	877,957	256,147	265,302
Total regular compensation	**11,849,352**	**12,385,617[6]**	**3,559,163**	**3,777,125**
Payments to former executives[7]	2,482,407	–	–	–
Accruals for non-compete agreements	380,518[8]	3,017,876[9]	–	1,898,746[10]
Total compensation	**14,712,277**	**15,403,493**	**3,559,163**	**5,675,871**

1 Exchange rates 2021: AED/CHF 24.88252; EUR/CHF 1.08142; THB/CHF 2.86176; CNY/CHF 14.16967; BRL/CHF 16.95797.
Exchange rates 2020: EUR/CHF 1.07034; THB/CHF 3.0013; CNY/CHF 13.60521; BRL/CHF 18.41503.

2 Represents effective short-term variable compensation for 2021 which will be paid in 2022, 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 22.31 for the 2021 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 Includes payments to two former members of the Group Executive Board. The amount includes employer social security contributions.

8 This item includes accruals for payments for a non-compete agreement to one member of the Group Executive Board who left his role in the Group Executive Board as of 31 December 2021. The amount includes employer contributions to social security insurances on accrual basis.

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

10 This amount includes employer contributions to social security insurances on accrual basis.

The accruals in 2021 for a non-compete agreement of CHF 0.4 million are disclosed in the context of a personnel change in the Group Executive Board and will be payable in 2022 and 2023. With regard to the LTIP, this personnel change resulted in the forfeiture of 47,786 PSUs out of the 2019, 2020 and 2021 grants, representing a total value (at grant fair value) of CHF 0.8 million.

Please refer to note 31 of the consolidated financial statements for an overview of the annual PSUs granted since 2019 and outstanding PSUs.

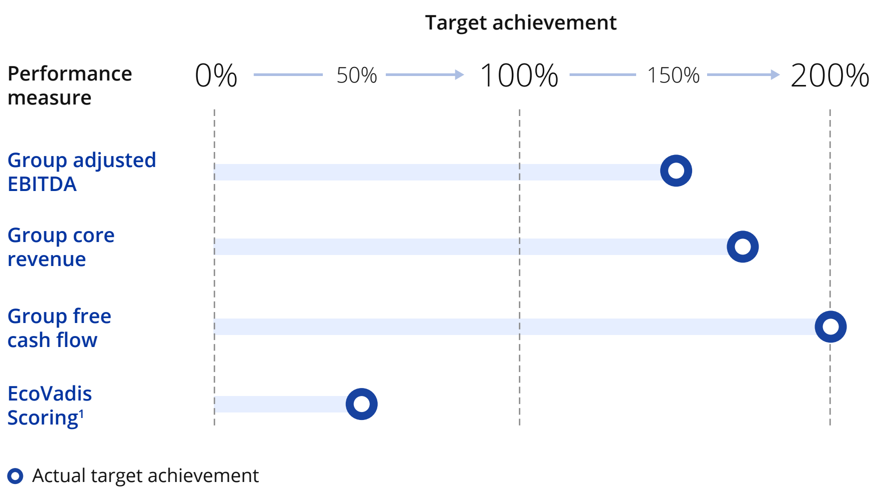
Approved versus total regular compensation for the Group Executive Board

The total compensation for the Group Executive Board for 2021 is CHF 14.7 million (including social security contributions) which is below the maximum aggregate compensation amount of CHF 18.0 million, which was approved at the Annual General Meeting on 21 April 2020 for 2021. This amount includes CHF 2.5 million relating to payments to two former members of the Group Executive Board who left the Group in 2020 plus the effect for accrual bookings related to a non-compete arrangement, signed in 2021, with a member of the Group Executive Board who will leave the GEB by 31 December 2021.

STIP performance assessment

For 2021, the members of the Group Executive Board received base salary, Short-Term Incentive Plan, 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, as illustrated in Figure 16 below, financial KPIs were overachieved in 2021. The Company was able to improve its EcoVadis Scoring in 2021 versus the prior year. Nevertheless, the target achievement for the STIP was just partly reached. This underlines the desire of the Company to have continuous improvement in ESG which underscores its ambitious target setting. Please refer to the Corporate Responsibility Report on > pages 337 to 343 for further information pertaining to the Group's environmental and sustainability performance.

FIGURE 16: 2021 PERFORMANCE AT GROUP LEVEL RELEVANT FOR STIP PERFORMANCE ASSESSMENT



1 The Ecovadis Scoring is a third-party assessment of our environmental, social and governance performance, relatively measured. The Company received a platinum rating in 2021 but fell short of its ambitious STI target. For the Company's sustainability performance and its EcoVadis platinum rating, see > page 244 of the Corporate Sustainability Report.

The target achievement for the 2021 STIP was 158.5% for the CEO (82.9% in 2020) and between 98.5% and 181.0% for the other members of the Group Executive Board (84.8% to 128.0% in 2020).

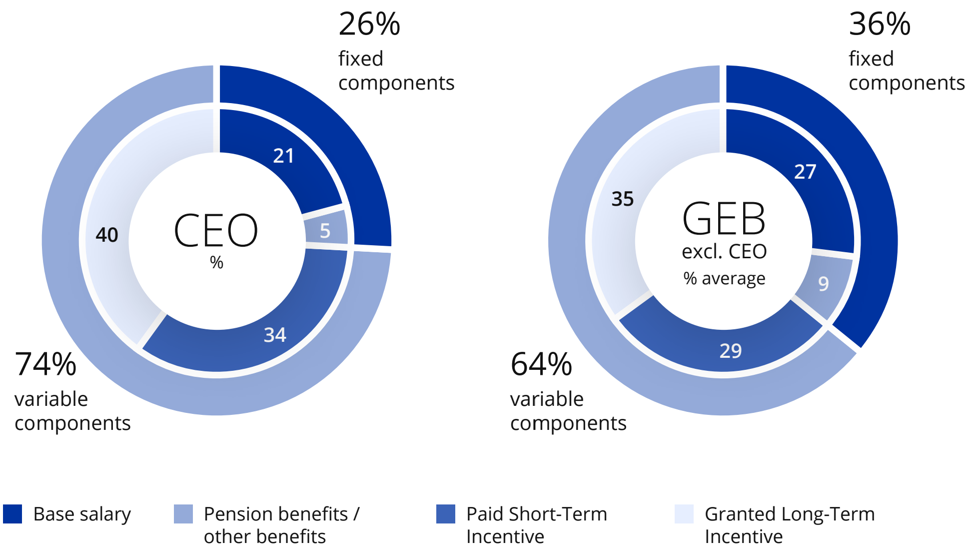
Assessment of actual compensation paid/granted to the Group Executive Board

In comparison to the previous year, the total regular compensation of the Group Executive Board slightly decreased by 4.3% despite the higher STI achievements. There are several factors that impacted the level of actual compensation paid to the members of the Group Executive Board in 2021, which can be summarised as follows:

- **Personnel changes in the Group Executive Board:** One member of the Group Executive Board left the Company in the course of 2020 and has not been replaced, while the positions of the two members who left the Group as of 31 December 2020 have been replaced. In connection with the replacements, the salary levels and compensations were re-assessed. As a consequence of the acquisition of the remaining 50% shares of the Group's two joint ventures in the Middle East in February 2021, a new member joined the Group Exective Board. He took on the newly created role of President and General Manager of Middle East and Africa ("MEA"), with responsibility for the business of the former joint ventures in the new segment MEA.
- **Impact of currency exchange rates:** Four members of the Group Executive Board are paid in foreign currencies. Their compensation is converted into Swiss francs for the disclosure in this report and has changed due to shifts in currency exchange rates even though the compensation amount in local currency has remaind unchanged. This leads to slightly different compensation levels in comparison to the previous reporting period.

Figure 17 illustrates the 2021 actual compensation mixes 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 2021
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. Since the introduction of this plan, a PSU grant has been made yearly. For an overview of the annual PSU plans and the outstanding PSUs, refer to note 31 of the consolidated financial statements.

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 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 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.

To assess whether the thresholds have been met, all blocked or unblocked SIG shares and vested or unvested entitlements to SIG shares (such as Restricted Share Units ("RSUs"), which were granted prior to 2020 in a few cases, and Blocked Shares), excluding Performance Share Units received as compensation are considered. Additionally, SIG shares acquired privately, either outright or beneficially, by the members of the Board or Group Executive Board or their immediate family members count towards meeting the 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. Adherence is assessed by the Compensation Committee on an annual basis.

Shareholdings (audited)

The following tables show the shareholdings of the members of the Board of Directors as well as the members of the Group Executive Board as of 31 December 2021 and 31 December 2020.

Board of Directors

TABLE 3: SHAREHOLDINGS OF THE BOARD OF DIRECTORS AS OF 31 DECEMBER 2021 INCLUDING INFORMATION OF THE PRIOR YEAR

	Number of directly or beneficially held SIG shares[1]	RSUs[2]	Number of indirectly held shares	Total shareholdings 31 Dec. 2021	Total shareholdings 31 Dec. 2020
Andreas Umbach	90,121	–	–	90,121	81,026
Matthias Währen	30,206	–	–	30,206	26,483
Colleen Goggins	28,382	7,287	–	35,669	32,113
Werner Bauer	55,495	–	–	55,495	51,939
Wah-Hui Chu	41,132	6,949	–	48,081	44,690
Mariel Hoch	16,120	–	–	16,120	12,564
Martine Snels	1,853	–	–	1,853	n/a[4]
Abdallah al Obeikan	1,853	–	1,827,110[3]	1,828,963	n/a[4]
Nigel Wright	–	–	–	–	–
Total	**265,162**	**14,236**	**1,827,110**	**2,106,508**	**248,815**

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 Shares indirectly held by Abdallah al Obeikan via his shareholding in Al Obeikan Group for Investment Company CJS.
4 Martine Snels and Abdallah al Obeikan were elected as members of the Board of Directors at the 2021 AGM, so they were not in office on 31 December 2020.

Group Executive Board

TABLE 4: SHAREHOLDINGS OF THE MEMBERS OF THE GROUP EXECUTIVE BOARD AS OF 31 DECEMBER 2021 INCLUDING INFORMATION OF THE PRIOR YEAR

	Total shareholdings 31 Dec. 2021 Number of directly or beneficially held SIG shares[1]	Total shareholdings 31 Dec. 2020
Samuel Sigrist	200,063	200,063
Frank Herzog	–	n/a[2]
Ian Wood	75,000	75,000
Lawrence Fok	188,572	268,572
Ricardo Rodriguez	250,002	250,002
Abdelghany Eladib	7,420	n/a[2]
José Matthijsse	–	n/a[2]
Rolf Stangl	n/a[3]	–
Martin Herrenbrück	n/a[3]	50,000
Total	**721,057**	**843,637**

1 Ordinary registered shares of SIG Combibloc Group AG.
2 Frank Herzog, Abdelghany Eladib and José Matthijsse joined the Group Executive Board in the course of 2021, so the Shareholding Guidelines did not apply to them as of 31 December 2020.
3 Rolf Stangl and Martin Herrenbrück left the Group Executive Board as of 31 December 2020, so the Shareholding Guidelines no longer apply to them.

Despite the on-going build-up period for both members of the Board of Directors as well as the members of the Group Executive Board, the members in office since the Company's IPO in 2018 already fulfil the required shareholdings. For other members, the compliance check will be done after the build-up period has expired.

7. Loans granted to members of the Board of Directors or the Group Executive Board (audited)

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.

REPORT OF THE STATUTORY AUDITOR

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

We have audited the Compensation Report of SIG Combibloc Group AG for the year ended 31 December 2021. 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 sections labelled 'audited' on page 113, page 121 and pages 124–125 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.

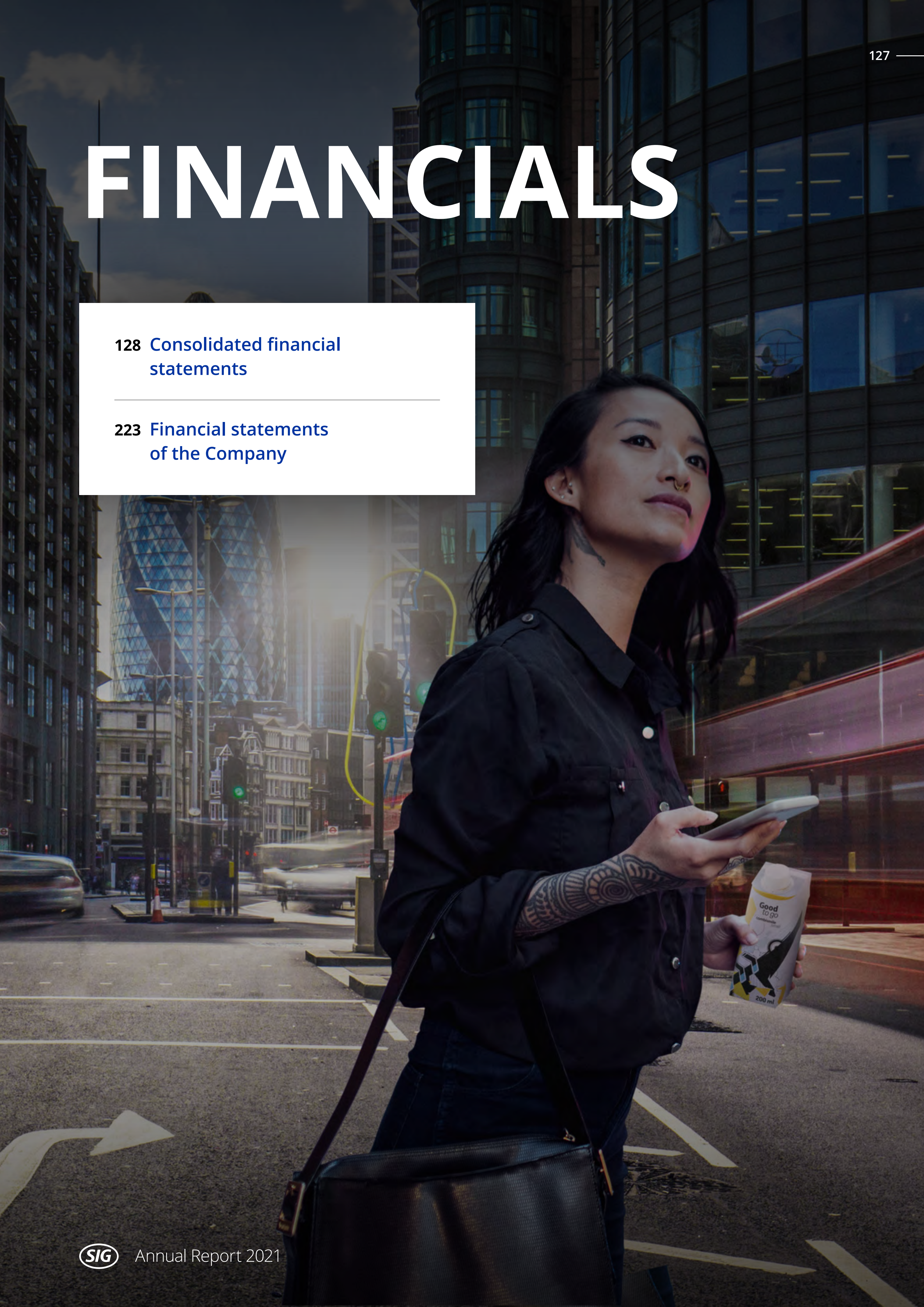
Opinion

In our opinion, the compensation report of SIG Combibloc Group AG for the year ended 31 December 2021 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

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

Basel, 24 February 2022



FINANCIALS

Consolidated financial statements for the year ended 31 December 2021

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. 2021**	**Year ended 31 Dec. 2020**
Revenue	6, 7	2,061.8	1,816.1
Cost of sales		(1,577.2)	(1,422.2)
Gross profit		**484.6**	**393.9**
Other income	8	78.6	29.3
Selling, marketing and distribution expenses		(90.8)	(75.1)
General and administrative expenses		(181.8)	(181.1)
Other expenses	8	(33.2)	(12.4)
Share of (loss)/profit of joint ventures	28	(1.6)	17.4
Profit from operating activities		**255.8**	**172.0**
Finance income		16.0	2.6
Finance expenses		(47.4)	(83.6)
Net finance expense	23	**(31.4)**	**(81.0)**
Profit before income tax		**224.4**	**91.0**
Income tax expense	32	(52.3)	(23.0)
Profit for the period	9	**172.1**	**68.0**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Currency translations of foreign operations:			
- recognised in translation reserve		101.9	(138.6)
- transfer from translation reserve	26, 27	(3.5)	-
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		45.7	7.8
Total other comprehensive income, net of income tax		**144.1**	**(130.8)**
Total comprehensive income		**316.2**	**(62.8)**
Basic earnings per share *(in €)*	10	0.51	0.21
Diluted earnings per share *(in €)*	10	0.51	0.21

Consolidated statement of financial position

(In € million)	Note	As of 31 Dec. 2021	As of 31 Dec. 2020
Cash and cash equivalents	17	304.5	355.1
Trade and other receivables	16	279.9	222.0
Inventories	15	194.5	170.7
Current tax assets	32	4.4	2.8
Other current assets	20	40.4	28.5
Total current assets		**823.7**	**779.1**
Non-current receivables	16	4.2	6.3
Investments in joint ventures	28	0.6	184.5
Deferred tax assets	32	46.0	30.5
Property, plant and equipment	12	1,270.5	986.6
Right-of-use assets	13	174.6	141.1
Intangible assets	14	2,920.5	2,292.8
Employee benefits	30	230.2	178.5
Other non-current assets	20	23.9	23.0
Total non-current assets		**4,670.5**	**3,843.3**
Total assets		**5,494.2**	**4,622.4**
Trade and other payables	18	666.3	501.2
Loans and borrowings	22	29.4	24.0
Current tax liabilities	32	42.1	37.3
Employee benefits	30	56.0	50.5
Provisions	19	19.1	14.1
Other current liabilities	20	88.2	59.8
Total current liabilities		**901.1**	**686.9**
Non-current payables	18	9.4	12.3
Loans and borrowings	22	1,693.2	1,659.7
Deferred tax liabilities	32	147.4	132.4
Employee benefits	30	129.0	131.5
Provisions	19	17.7	18.5
Other non-current liabilities	20	268.2	167.4
Total non-current liabilities		**2,264.9**	**2,121.8**
Total liabilities		**3,166.0**	**2,808.7**
Share capital	24	3.0	2.8
Additional paid-in capital	24	2,140.0	1,945.0
Translation reserve		(122.3)	(220.7)
Treasury shares	24	(0.1)	(0.1)
Retained earnings		307.6	86.7
Total equity		**2,328.2**	**1,813.7**
Total liabilities and equity		**5,494.2**	**4,622.4**

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 2021		**2.8**	**1,945.0**	**(220.7)**	**(0.1)**	**86.7**	**1,813.7**
Profit for the period						**172.1**	**172.1**
Other comprehensive income							
Items that may be reclassified to profit or loss							
Currency translations of foreign operations:							
- recognised in translation reserve				101.9			**101.9**
- transfer from translation reserve	26, 27			(3.5)			**(3.5)**
Items that will not be reclassified to profit or loss							
Remeasurement of defined benefit plans						45.7	**45.7**
Total other comprehensive income, net of income tax		**-**	**-**	**98.4**	**-**	**45.7**	**144.1**
Total comprehensive income for the period		**-**	**-**	**98.4**	**-**	**217.8**	**316.2**
Issue of shares	24, 27	0.2	323.1				**323.3**
Share-based payments	31					3.8	**3.8**
Purchase of treasury shares	24				(0.7)		**(0.7)**
Settlement of share-based payment plans and arrangements	24				0.7	(0.7)	**-**
Dividends	24		(128.1)				**(128.1)**
Total transactions with owners		**0.2**	**195.0**	**-**	**-**	**3.1**	**198.3**
Equity as of 31 December 2021		**3.0**	**2,140.0**	**(122.3)**	**(0.1)**	**307.6**	**2,328.2**
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**

Consolidated statement of cash flows

(In € million)	Note	Year ended 31 Dec. 2021	Year ended 31 Dec. 2020
Cash flows from operating activities			
Profit for the period		172.1	68.0
Adjustments for:			
Depreciation and amortisation	12, 13, 14	306.6	277.7
Impairment losses	12, 13, 14	4.4	43.9
Change in fair value of derivatives		(7.4)	(23.2)
Share-based payment expense	31	3.8	3.2
Gain on sale of property, plant and equipment and non-current assets		(0.8)	(0.2)
Loss on sale of subsidiary	26	12.1	-
Gain on pre-existing interest in former joint ventures	27	(48.8)	-
Share of loss/(profit) of joint ventures	28	1.6	(17.4)
Net finance expense	23	31.4	81.0
Interest paid		(40.6)	(39.0)
Payment of transaction and other costs relating to financing	22	-	(15.4)
Income tax expense	32	52.3	23.0
Income taxes paid, net of refunds received		(73.0)	(76.2)
		413.7	**325.4**
Change in trade and other receivables		(4.0)	32.6
Change in inventories		(9.4)	(11.8)
Change in trade and other payables		62.5	26.9
Change in provisions and employee benefits		14.9	12.9
Change in other assets and liabilities		53.2	39.8
Net cash from operating activities	11	**530.9**	**425.8**
Cash flows from investing activities			
Acquisition of business, net of cash acquired	26, 27	(63.6)	(2.5)
Sale of subsidiary, net of cash disposed of	26	3.1	-
Acquisition of property, plant and equipment and intangible assets	12, 14	(245.9)	(199.2)
Proceeds from sale of property, plant and equipment and other assets		1.1	0.7
Dividends received from joint ventures	28	-	22.7
Interest received		1.5	2.1
Net cash used in investing activities		**(303.8)**	**(176.2)**
Cash flows from financing activities			
Proceeds from loans and borrowings	22	100.0	1,550.0
Repayment of loans and borrowings	22	(239.5)	(1,560.9)
Payment of lease liabilities	22	(26.7)	(16.1)
Purchase of treasury shares	24	(0.7)	(0.6)
Payment of dividends	24	(128.1)	(114.8)
Other		1.4	1.1
Net cash used in financing activities		**(293.6)**	**(141.3)**
Net (decrease)/increase in cash and cash equivalents		**(66.5)**	**108.3**
Cash and cash equivalents as of the beginning of the period		355.1	261.0
Effect of exchange rate fluctuations on cash and cash equivalents		15.9	(14.2)
Cash and cash equivalents as of the end of the period	17	**304.5**	**355.1**

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 2021 comprise the Company and its subsidiaries (together referred to as the "Group"). The subsidiaries and joint venture reflected in the consolidated financial statements are listed in note 26. For information about the acquisition of the remaining shares of the joint ventures in the Middle East and the sale of the paper mill in New Zealand in the year ended 31 December 2021, see notes 4, 26 and 27.

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 2021 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 24 February 2022. 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 combination 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 key events and transactions took place in the year ended 31 December 2021 or were announced in 2022 before the consolidated financial statements were approved.

Acquisition of the remaining shares of the joint ventures in the Middle East

On 25 February 2021, the Company acquired the remaining 50% of the shares of its two joint ventures in the Middle East ("the acquisition") from its joint venture partner Al Obeikan Group for Investment Company CJS ("OIG") for a consideration of €490.3 million, split into cash of €167.0 million and 17,467,632 newly issued SIG ordinary shares with a fair value of €323.3 million at the time of closing. The new SIG shares were issued out of authorised share capital (see note 24). The acquisition gives the Group control over a business with strong growth prospects in a growing market and expands its global presence. For additional information about the acquisition, see note 27.

After the acquisition, the Group repaid external loans of one of the former joint ventures by using available cash and a new unsecured credit facility of €100.0 million that has subsequently been repaid. See note 22.

New segmentation

The acquisition of the remaining shares of the joint ventures in the Middle East has resulted in a split of the segment Europe, Middle East and Africa ("EMEA") into two segments: segment Europe and segment Middle East and Africa ("MEA"). See further note 7.

Organisational changes in the Group Executive Board and the Board of Directors

Samuel Sigrist, the former Chief Financial Officer, 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. José Matthijsse took over the position of President and General Manager of Europe effective 1 February 2021.

Abdelghany Eladib, the Chief Operating Officer of the Group's former joint ventures in the Middle East, became a member of the Group Executive Board effective 28 February 2021. He has taken on the newly created role of President and General Manager of Middle East and Africa.

Abdallah al Obeikan, Chief Executive Officer of OIG and, prior to the acquisition, Chief Executive Officer of the Group's former joint ventures in the Middle East, was elected to SIG's Board of Directors at the Annual General Meeting in April 2021.

Martine Snels was elected as a new member of SIG's Board of Directors at the Annual General Meeting in April 2021. She has considerable experience in the food industry, including roles with GEA and FrieslandCampina.

Lawrence Fok announced on 29 October 2021 that he would leave his role as President and General Manager of Asia Pacific as of 31 December 2021. He will leave the Group in 2022, after a transition period (see also note 29). Due to the Group's growth in Asia Pacific, his role in the Group Executive Board has been taken over by two executives with effect from 1 January 2022. Fan Lidong has taken on the newly created role of President and General Manager of Asia Pacific North. He has 30 years' experience in the packaging industry and has worked for SIG in China in various leading positions for more than twelve years. Angela Lu has taken on the newly created role of President and General Manager of Asia Pacific South. She has considerable experience in the food and beverage industry, including roles with Nestlé and Yeo Hiap Seng.

Suzanne Verzijden joined the Group Executive Board as Chief People and Culture Officer, effective as of 1 January 2022. She has 16 years' experience in human resource topics in a number of different roles and locations.

Sale of New Zealand paper mill

After the Group's announcement in March 2021 that it would close its paper mill in New Zealand (Whakatane), it was approached by potential buyers. The Group sold the paper mill on 3 June 2021 for NZD 1 to a consortium of investors who will enable the paper mill to continue to operate. The sale of the mill resulted in a loss of €12.1 million. In connection with the initial decision to close the mill, the Group expected to incur plant decommissioning and redundancy costs of around €30 million. However, due to the sale, only €9.8 million of restructuring costs relating to the employees of the mill were recognised in the year ended 31 December 2021. See also notes 9 and 26.

New production plant for sleeves in Mexico

The Group announced in April 2021 that it will construct a new production plant for sleeves in Mexico. Operations are planned to start in the first quarter of 2023. The plant will be leased by the Group (see also notes 12 and 13).

Announcement of agreement to acquire Evergreen's fresh carton business in Asia Pacific

The Group announced on 5 January 2022 that it has entered into an agreement to acquire Evergreen's fresh carton business in Asia Pacific ("Evergreen Asia"). It will acquire 100% of the shares of Evergreen Packaging Korea Ltd., Evergreen Packaging (Shanghai) Co. Ltd. and Evergreen Packaging (Taiwan) Co. Ltd from Evergreen Packaging International LLC.

Evergreen Asia provides filling machines, cartons, closures and after-sales service to its customers in the fresh and extended shelf life dairy segment, mainly for milk, and has production plants in China, South Korea and Taiwan.

The acquisition will allow the Group to access a new customer base in an attractive growing market in Asia and also to expand its offering to existing customers. The Group will use its experience to further develop the fresh carton business, drawing on its regional R&D presence and innovation capabilities as well as its marketing expertise to introduce more innovative packaging formats in the Asian fresh dairy market. Synergies are expected from commercial opportunities and cost optimisation. In addition, the business will benefit from a supply arrangement at market for coated carton board.

The acquisition is expected to close in the second or third quarter of 2022. The closing is subject to customary closing conditions, including approvals from regulatory authorities. Evergreen Asia will be part of the Group's APAC segment.

The consideration for the shares of the Evergreen entities will be based on an enterprise value of $335 million (subject to customary closing adjustments) on a cash-free, debt-free basis and will be paid in cash at the closing of the acquisition. The final consideration will be determined at the time of the completion settlement. The acquisition will initially be financed through a bridge facility of €300 million with a maturity of up to 18 months, which will be refinanced with long-term financing arrangements.

In the year ended 31 December 2021, Evergreen Asia generated revenue of approximately $160 million and adjusted EBITDA of approximately $28 million (unaudited). See note 9 for the Group's definition of adjusted EBITDA.

Announcement of agreement to acquire Scholle IPN

The Group announced on 1 February 2022 that it has entered into an agreement to acquire 100% of Scholle IPN, a privately held company, from CLIL Holding B.V..

Scholle IPN is a leading innovator of sustainable packaging systems and solutions for food and beverages, with retail, institutional and industrial customers. It is the global leader in bag-in-box and number two in spouted pouches.

The acquisition will enable the Group to expand its product portfolio, increase its presence in the United States and leverage its established presence in emerging markets. Synergies and cost efficiencies are expected in areas such as commercial operations, technology, innovation and sustainability as well as procurement and manufacturing.

The acquisition is expected to close in the second or third quarter of 2022. The closing is subject to customary closing conditions, including approvals from regulatory authorities.

The consideration for the shares of Scholle IPN will be based on an enterprise value of €1.36 billion (at an USD/EUR exchange rate of 1.12862) and an estimated net debt position of €310 million as of 31 December 2021, reflecting an equity value of €1.05 billion. The acquisition will be funded through a mix of cash and shares, and the refinancing of existing debt.

The consideration will be split into cash of €370 million (subject to customary closing adjustments) and 33.75 million newly issued shares, to be transferred at the closing of the acquisition, and a contingent consideration. The new shares will be issued out of authorised share capital. The existing debt of Scholle IPN will be refinanced at closing. The final consideration, excluding the contingent consideration, will be determined at the time of the completion settlement. The contingent consideration depends on Scholle IPN outperforming the top-end of the Group's mid-term revenue growth guidance of 4-6% per year for the years ending 31 December 2023, 2024 and 2025, and would be paid in cash in three annual instalments of up to €89 million ($100 million) per year. Payments for growth rates ranging from 6–11.5% per the respective year will be made based on a pre-agreed ratchet structure.

The consideration to be paid in cash at closing and the repayment of existing debt will be financed via a bridge facility with a maturity of up to 18 months, which is expected to be refinanced through a combination of long-term debt and a share capital increase of approximately €200-250 million.

The current owner of Scholle IPN, Laurens Last, will become the largest single shareholder in SIG after closing of the acquisition with an approximate shareholding of 9.1% (with a lock-up period of 18 to 24 months). He will also be nominated for election to the Board of Directors of SIG at the forthcoming Annual General Meeting on 7 April 2022. Ross Bushnell, CEO of Scholle IPN, will join SIG's Group Executive Board subject to and as of closing of the acquisition.

In the twelve months ended 31 December 2021, Scholle IPN generated revenue of approximately €474 million and adjusted EBITDA of approximately €90 million (unaudited). See note 9 for the Group's definition of adjusted EBITDA.

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 2021 are consistent with those applied in the consolidated financial statements for the year ended 31 December 2020.

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 2021. The applicable standards and interpretations had no, or no material, impact on the consolidated financial statements.

5.3 Adoption of standards and interpretations in 2022 and beyond

A number of new or amended standards and interpretations are effective for annual periods beginning on 1 January 2022 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.

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 evaluates on an ongoing basis how the effects of COVID-19 impact the Group's financial position and performance. The progress of the business during the pandemic has shown that the Group is well placed to withstand the effects of COVID-19 due to its role in the supply chain for essential food and beverages and its broad geographic reach. As the Group and its customers are in an industry that assures the distribution of essential food and beverages, the Group overall has not been, and is currently not, significantly impacted by the COVID-19 pandemic.

Significant judgements are involved regarding the assessment of the impacts of COVID-19 on the global economy. New facts and circumstances, such as supply chain disruptions, new mutations of the virus and more restrictive quarantine rules, may lead to adjustments of management's current estimates and assumptions.

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. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Brazilian Real (BRL)	6.37706	5.81232	6.31010	6.37350
Chinese Renminbi (CNY)	7.63193	7.86713	7.19470	8.02250
Mexican Peso (MXN)	23.99444	24.35846	23.14380	24.41599
Swiss Franc (CHF)	1.08142	1.07034	1.03310	1.08020
Thai Baht (THB)	37.78863	35.66255	37.65298	36.72701
US Dollar ($ or USD)	1.18341	1.13971	1.13260	1.22710

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, 18 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 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 an expense when incurred. The Group's off-balance sheet leases have an insignificant impact on the Group's result.

5.5.3 Impairment of non-financial assets

The carrying amounts of the Group's property, plant and equipment, right-of-use assets and 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.

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 at a Group as well as at 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 2021 (86% in the year ended 31 December 2020). The remaining 14% consists of revenue relating to filling lines and to servicing of the Group's deployed filling lines (14% in the year ended 31 December 2020).

Composition of revenue

(In € million)	**Year ended 31 Dec. 2021**	**Year ended 31 Dec. 2020**
Revenue from sale and service contracts (including royalty agreements)	1,932.5	1,716.2
Revenue from filling line contracts accounted for as operating leases	129.3	99.9
Total revenue	**2,061.8**	**1,816.1**
of which		
Core revenue	**2,046.8**	**1,796.4**

Core revenue represents revenue generated from the Group's core activities and excludes revenue from sales of folding box board, which amounted to €15.0 million for the twelve months ended 31 December 2021 and €19.7 million for the twelve months ended 31 December 2020. Core revenue is not a defined performance measure in IFRS (see note 9). Since the Group's acquisition of the remaining shares of its joint ventures in the Middle East on 25 February 2021, the revenue of the former joint ventures is fully consolidated and included in core revenue (see notes 7 and 27).

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. Service revenue relates to after-market services in relation to the Group's filling lines. Revenue under royalty agreements and from sale of folding box board and liquid paper board is included in other revenue.

(In € million)	**Year ended 31 Dec. 2021**	**Year ended 31 Dec. 2020**
Revenue from sale of sleeves and closures	1,758.6	1,498.8
Filling line revenue	141.1	121.0
Service revenue	140.1	119.0
Other revenue	22.0	77.3
Total revenue	**2,061.8**	**1,816.1**

Other revenue has decreased compared to the comparative period. As a consequence of the acquisition of the remaining shares of the joint ventures in the Middle East on 25 February 2021, the royalty agreement with the former joint ventures was terminated. The Group's sales of liquid paper board are mainly to the former joint ventures and are since the acquisition intra-group sales rather than third-party sales. Sales of folding box board have ceased as the Group sold its paper mill in June 2021 (see note 26).

The Group's four segments provide the same aseptic carton packaging solutions, comprising filling machines, sleeves and closures as well as after-market services. Note 7 includes information about the split of the different types of revenue between the 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 sale 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

Prior to the acquisition of the remaining shares of the joint ventures in the Middle East, the Group had three operating segments, which were also the reportable segments: Europe, Middle East and Africa ("EMEA"), Asia Pacific ("APAC") and Americas. The acquisition has resulted in a split of EMEA into two operating (and reportable) segments: segment Europe and segment Middle East and Africa ("MEA"). Since the acquisition, the Group's chief operating decision maker ("CODM") receives separate financial information on a regular basis for Europe and for MEA for the purposes of resource allocation and assessment of the performance of the segments.

All four segments provide the same aseptic carton packaging solutions.

Overview of the segments and Group Functions

Until the end of February 2021, when the remaining shares of the joint ventures in the Middle East were acquired, the former segment **EMEA** included production of sleeves and closures for the Group's customers in Europe. EMEA also supplied the other segments with sleeves and, to a lesser extent, closures from its plants in Europe. EMEA further included the result from the sale of supply from the Group's European production entities to the Middle Eastern markets. The Group's central procurement activities, including commodity hedging, were part of EMEA. The Group's former joint ventures in the Middle East contributed 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 and Africa.

From March 2021 onwards, segment **Europe** includes production of sleeves and closures for the Group's customers in Europe. Europe also supplies the other segments with sleeves and, to a lesser extent, closures. The Group's central procurement activities, including commodity hedging, are part of Europe, with the European production entities being the main internal customers.

From March 2021 onwards, segment **MEA** covers the Group's customers in the Middle East and Africa. The operations of the former joint ventures in the Middle East, including a sleeves production plant, are part of this segment.

APAC includes production of sleeves for the Group's customers in China, South East Asia and Oceania. APAC also supplies the other segments with sleeves. In addition, the China-based filling machine assembly plant is included in APAC. Until the beginning of June 2021, when the Group sold its paper mill in New Zealand, APAC included production of liquid paper board and folding box board (see note 26). The liquid paper board was mainly used by the sleeves production plants in Asia and the former 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 plants. South America has its own sleeves production plant.

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. Global filling machine assembly sells filling machines and spare parts, and provides assembly-related services, to all of the segments. The Group Functions are not involved in any significant transactions with third parties. Their sales of filling lines to the former joint ventures in the Middle East were reported as third party sales until the Group obtained control over the joint ventures as of the end of February 2021.

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 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.

The increase from three to four segments in the year ended 31 December 2021 has not resulted in any material changes that would require restatement of segment information presented in the comparative period. The Group’s reporting structure changed as a consequence of the acquisition of the remaining shares of the joint ventures in the Middle East on 25 February 2021. The Group did not have control over these entities before the acquisition. The Group accounted for the joint ventures using the equity method as it only had joint control. The results of the former joint ventures in the Middle East are now fully consolidated and reported in the new segment MEA. Sales by various Group companies to the former joint ventures were, prior to the acquisition, reported as external sales. After the acquisition, sales to the former joint ventures are reported as inter-segment transactions.

Segment financial information is reported for the former segment EMEA for the first two months of the year ended 31 December 2021 and for the comparative period. Prior to the acquisition, the former joint ventures in the Middle East contributed to the performance of EMEA through dividend payments and royalty payments. The royalty agreement was terminated and dividend payments ceased upon the Group’s acquisition of the remining shares of the joint ventures. No dividends were paid by the joint ventures to the former joint venture partners in the first two months of 2021. For the two new segments Europe and MEA, segment financial information is reported for the last ten months of the year ended 31 December 2021.

Based on the facts above, the Group does not believe that a meaningful quantitative comparability can be achieved considering the nature of changes in the relationship between the parties pre- and post-acquisition. Therefore, the following tables should be read in conjunction with the above descriptions.

	Year ended 31 December 2021								
(In € million)	**EMEA**[5]	**Europe**[6]	**MEA**[6]	**APAC**	**Americas**	**Total segments**	**Group Functions**	**Recon-ciling items**	**Total**
Revenue from transactions with external customers	119.3	615.7	251.9	705.6	365.6	**2,058.1**	3.7	-	**2,061.8**
Revenue from inter-segment transactions	40.8	260.7	0.6	14.5	-	**316.6**	62.3	(378.9)	**-**
Segment revenue	160.1	876.4	252.5	720.1	365.6	**2,374.7**	66.0	(378.9)	**2,061.8**
Core revenue from transactions with external customers[1]	119.3	615.7	251.9	690.6	365.6	**2,043.1**	3.7	-	**2,046.8**
Adjusted EBITDA[2]	**38.4**	**203.7**	**78.5**	**211.8**	**96.7**	**629.1**	**(58.5)**	-	**570.6**
Capital expenditure:[3]	(15.5)	(84.7)	(12.4)	(89.6)	(34.0)	**(236.2)**	(9.7)	-	**(245.9)**
PP&E (excl. filling machines)[3, 4]	(3.3)	(29.0)	(3.3)	(33.4)	(16.4)	**(85.4)**	(7.5)	-	**(92.9)**
Net filling machines[3, 4]	(7.1)	(14.5)	(2.9)	(5.8)	(17.3)	**(47.6)**	(2.2)	-	**(49.8)**
Net capital expenditure[3]	(10.4)	(43.5)	(6.2)	(39.2)	(33.7)	**(133.0)**	(9.7)	-	**(142.7)**

	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)**

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

5 Segment financial information presented for January-February 2021.

6 Segment financial information presented for March-December 2021.

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. 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 segments and over recent years (also for the new MEA segment). Other revenue was, until the acquisition of the remaining shares of the joint ventures in the Middle East, mainly divided between EMEA and APAC.

Geographic information

The Group operates eight plants that produce aseptic carton sleeves (two each in Germany and in China, and one each in Austria, Thailand, Saudi Arabia and Brazil). The plant in Saudi Arabia was part of the acquisition of the remaining shares of the joint ventures in the Middle East on 25 February 2021 (see note 27). The second plant in China became operational in December 2020 (see note 13). In connection with this, the Group decided to close its Australian sleeves manufacturing operations (see further note 9).

The Group also operates two assembly plants for filling machines in Germany and China, and a production plant for closures in Switzerland. It operates three R&D centres (one each in Germany, Switzerland and China), three technology centres (one each in Germany, United Arab Emirates and China) and five training centres (one each in Germany, Saudi Arabia, China, Thailand and Brazil). The Group sold its paper mill in New Zealand in the year ended 31 December 2021 (see notes 9 and 26).

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)	**Year ended 31 Dec. 2021**	**Year ended 31 Dec. 2020**
Germany	1,111.2	1,076.8
China	692.5	619.9
United Arab Emirates	630.8	-
Switzerland[1]	478.6	492.5
Thailand	460.2	484.4
Other countries	1,015.6	952.4
Total non-current assets	**4,388.9**	**3,626.0**

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 production and assembly plants 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. 2021**	**Year ended 31 Dec. 2020**
China	324.7	296.1
Germany	217.9	211.7
Switzerland	12.4	13.1
Other countries	1,506.8	1,295.2
Total revenue from external customers	**2,061.8**	**1,816.1**

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 and expenses

(In € million)	**Year ended 31 Dec. 2021**	**Year ended 31 Dec. 2020**
Net change in fair value of operating derivatives	7.8	21.5
Income from miscellaneous services	2.8	3.7
Rental income	0.7	0.7
Gain on pre-existing interest in former joint ventures	48.8	-
Indirect tax recoveries	12.1	-
Other	6.4	3.4
Total other income	**78.6**	**29.3**
Net foreign currency exchange loss	(2.1)	(8.1)
Transaction- and acquisition-related costs	(16.5)	(3.1)
Loss on sale of subsidiary	(12.1)	-
Other	(2.5)	(1.2)
Total other expenses	**(33.2)**	**(12.4)**

For the year ended 31 December 2021, the Group recognised an unrealised net gain on commodity and foreign currency derivatives of €7.8 million (€21.5 million in the year ended 31 December 2020). This arose primarily because the Group has entered into commodity derivative contracts fixing prices, mainly for polymers but also for aluminium, at levels below the currently higher forward prices.

For the year ended 31 December 2021, the Group recognised a net foreign currency exchange loss of €2.1 million. For the year ended 31 December 2020, the Group recognised a net foreign currency exchange loss of €8.1 million. Foreign currency exchange losses in the year ended 31 December 2020 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.

The indirect tax recoveries of €12.1 million in the year ended 31 December 2021 relate to a recent Supreme Court ruling on sales tax in Brazil that is beneficial to the Group. Out-of-period indirect tax recoveries of €10.3 million are excluded in the calculation of adjusted EBITDA and adjusted net income (see note 9).

See note 9 for information about the gain on the pre-existing interest in the former joint ventures, transaction- and acquisition-related costs and the loss on the sale of a subsidiary. These items are excluded in the calculation of adjusted EBITDA and adjusted net income.

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 operating 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 for the period to EBITDA and adjusted EBITDA.

(In € million)	**Year ended 31 Dec. 2021**	**Year ended 31 Dec. 2020**
Profit for the period	**172.1**	**68.0**
Net finance expense	31.4	81.0
Income tax expense	52.3	23.0
Depreciation and amortisation	306.6	277.7
EBITDA	**562.4**	**449.7**
Adjustments to EBITDA:		
Unrealised gain on operating derivatives	(7.8)	(21.5)
Replacement of share of profit or loss of joint ventures with cash dividends received from joint ventures	1.6	5.3
Restructuring costs, net of reversals	26.0	6.3
Loss on sale of subsidiary	12.1	-
Transaction- and acquisition-related costs	16.5	3.1
Fair value adjustment on inventories	10.4	-
Gain on pre-existing interest in former joint ventures	(48.8)	-
Out-of-period indirect tax recoveries	(10.3)	-
Impairment losses	4.4	49.3
Other	4.1	6.1
Adjusted EBITDA	**570.6**	**498.3**

The restructuring costs for the year ended 31 December 2021 mainly relate to the Group's paper mill in New Zealand (€9.8 million, net of reversals of provisions – see also notes 4 and 26) and to the closure of the Australian sleeves manufacturing operations (€8.6 million). In the light of the opening of the Group's new production plant for sleeves in China in 2020, the Group has decided to close its Australian sleeves manufacturing operations and consolidate the production of aseptic carton packaging sleeves into the Group's existing plants. The Australian sleeves production plant was part of the Visy Cartons acquisition in 2019. For the year ended 31 December 2020, restructuring costs primarily related to a move of production resources within the APAC segment and organisational changes in the leadership team (see note 29).

A loss of €12.1 million arose upon the sale of the Group's paper mill in New Zealand in June 2021. See note 26.

For the year ended 31 December 2021, transaction- and acquisition-related costs mainly relate to costs incurred for the planned acquisitions of Evergreen Asia and Scholle IPN. An amount of €6.5 million relates to the acquisition of the remaining shares of the joint ventures in the Middle East. See further notes 4 and 27.

The fair value adjustment on inventories of €10.4 million in the year ended 31 December 2021 relates to the fair value increase of the inventories of the former joint ventures in the Middle East that was made in connection with the acquisition accounting (see note 27). These inventories have subsequently been sold.

The remeasurement to fair value of the Group's pre-existing 50% interest in the former joint ventures in the Middle East resulted in a gain of €48.8 million in the year ended 31 December 2021 (see note 27).

Impairment losses for the year ended 31 December 2020 primarily related 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 notes 12 and 15.

The "Other" category for the year ended 31 December 2021 mainly includes integration costs. For the year ended 31 December 2020, "Other" mainly included termination benefits relating to the former CEO (see note 29) and integration 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 better 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. 2021**	**Year ended 31 Dec. 2020**
Profit for the period	**172.1**	**68.0**
Non-cash foreign exchange impact of non-functional currency loans and realised foreign exchange impact due to refinancing	(10.6)	24.6
Amortisation of transaction costs	3.6	3.1
Net change in fair value of financing-related derivatives	-	(0.5)
Onex acquisition PPA depreciation and amortisation	103.1	125.4
Net effect of early repayment of loans	3.7	19.7
Interest on out-of-period indirect tax recoveries	(3.1)	-
Adjustments to EBITDA:		
Unrealised gain on operating derivatives	(7.8)	(21.5)
Replacement of share of profit or loss of joint ventures with cash dividends received from joint ventures	1.6	5.3
Restructuring costs, net of reversals	26.0	6.3
Loss on sale of subsidiary	12.1	-
Transaction- and acquisition-related costs	16.5	3.1
Fair value adjustment on inventories	10.4	-
Gain on pre-existing interest in former joint ventures	(48.8)	-
Out-of-period indirect tax recoveries	(10.3)	-
Impairment losses	4.4	49.3
Other	4.1	6.1
Tax effect on above items	(24.6)	(56.6)
Adjusted net income	**252.4**	**232.3**

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 below table shows the weighted average numbers of shares outstanding before and after adjustments for the effect of potentially dilutive shares. The Group issued shares on 22 February 2021 (see note 24).

	Weighted average number of ordinary shares
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**
Issued shares as of 1 January 2021	320,053,240
Effect of issue of shares on 22 February 2021	14,979,092
Effect of treasury shares held	(147,880)
Weighted average number of shares as of 31 December 2021 - basic	**334,884,452**
Effect of share-based payment plans and arrangements	777,937
Weighted average number of shares as of 31 December 2021 - diluted	**335,662,389**

The following table shows the calculation of basic and diluted earnings per share.

(In € million unless indicated)	**Year ended 31 Dec. 2021**	**Year ended 31 Dec. 2020**
Profit for the period	172.1	68.0
Weighted average number of shares for the period - basic *(in numbers)*	334,884,452	320,044,880
Basic earnings per share *(in €)*	**0.51**	**0.21**
Profit for the period	172.1	68.0
Weighted average number of shares for the period - diluted *(in numbers)*	335,662,389	320,079,253
Diluted earnings per share *(in €)*	**0.51**	**0.21**

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 note 9).

The below table shows the calculation of basic and diluted adjusted earnings per share.

(In € million unless indicated)	**Year ended 31 Dec. 2021**	**Year ended 31 Dec. 2020**
Adjusted net income	252.4	232.3
Weighted average number of shares for the period - basic *(in numbers)*	334,884,452	320,044,880
Adjusted earnings per share - basic *(in €)*	**0.75**	**0.73**
Adjusted net income	252.4	232.3
Weighted average number of shares for the period - diluted *(in numbers)*	335,662,389	320,079,253
Adjusted earnings per share - diluted *(in €)*	**0.75**	**0.73**

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 assembly 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 note 9).

Management uses net capital expenditure as it demonstrates better than gross capital expenditure 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. 2021**	**Year ended 31 Dec. 2020**
PP&E (excl. filling machines)	92.9	76.9
Gross filling machines	153.0	122.3
Capital expenditure (gross)	**245.9**	**199.2**
Upfront cash (for filling machines)	(103.2)	(54.0)
Net capital expenditure	**142.7**	**145.2**

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 note 9).

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

(In € million)	Year ended 31 Dec. 2021	Year ended 31 Dec. 2020
Net cash from operating activities	**530.9**	**425.8**
Dividends received from joint ventures	-	22.7
Acquisition of PP&E and intangible assets	(245.9)	(199.2)
Payment of lease liabilities	(26.7)	(16.1)
Free cash flow	**258.3**	**233.2**

Non-cash transactions

Non-cash transactions for the year ended 31 December 2021 include the issue of and subsequent transfer of 17,467,632 SIG shares (with a nominal value of CHF 0.01 per share) to OIG on 25 February 2021 as part of the consideration for the remaining shares of the joint ventures in the Middle East. The fair value of the shares was €323.3 million (see also notes 24 and 27). Non-cash transactions for the year ended 31 December 2021 also include the derecognition of capitalised transaction costs of €3.7 million resulting from the post-acquisition repayment of external loans of one of the former joint ventures. Non-cash transactions for the year ended 31 December 2020 included 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 further notes 22 and 23.

Other non-cash transactions include the initial recognition of leases on the statement of the financial position (see notes 13 and 22) and the granting of instruments under the Group's 2020 and 2021 equity-settled share-based plans and arrangements (see note 31). Notably for the year ended 31 December 2020, the 20-year lease of the Group's second sleeves production plant in China commenced in December 2020 (with an initial lease liability and related right-of-use asset recognised of approximately €60 million each).

Cash outflows under lease contracts

The total cash outflow for the Group's lease contracts for the year ended 31 December 2021 was €38.2 million (€21.8 million for the year ended 31 December 2020).

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 production and assembly plants. 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	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**
Cost	36.4	174.7	750.1	241.0	1,133.8	**2,336.0**
Accumulated depreciation and impairment losses	(8.7)	(71.4)	(477.4)	(6.5)	(501.5)	**(1,065.5)**
Carrying amount as of 31 December 2021	**27.7**	**103.3**	**272.7**	**234.5**	**632.3**	**1,270.5**
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**

(In € million)	Land	Buildings	Plant and equipment	Work in progress	Filling lines	Total
Carrying amount as of 1 January 2021	**28.6**	**108.8**	**166.5**	**178.5**	**504.2**	**986.6**
Additions	-	0.6	1.0	239.8	2.0	**243.4**
Additions through business combination	-	0.7	58.7	25.7	97.4	**182.5**
Sale of subsidiary	(0.8)	-	(0.1)	-	-	**(0.9)**
Disposals	-	-	(0.1)	-	(0.2)	**(0.3)**
Depreciation	-	(8.3)	(51.7)	-	(107.4)	**(167.4)**
Impairment losses	-	-	(1.4)	(0.1)	(2.7)	**(4.2)**
Transfers	-	0.7	88.8	(217.1)	126.1	**(1.5)**
Effect of movements in exchange rates	(0.1)	0.8	11.0	7.7	12.9	**32.3**
Carrying amount as of 31 December 2021	**27.7**	**103.3**	**272.7**	**234.5**	**632.3**	**1,270.5**

The increase in PP&E since 31 December 2020 is impacted by the full consolidation of the former joint ventures in the Middle East in 2021. On the acquisition date, the Group recognised additional items of PP&E (mainly filling lines and production equipment) in the amount of €182.5 million.

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. 2021	Year ended 31 Dec. 2020
Cost of sales	161.0	154.3
Selling, marketing and distribution expenses	0.7	1.0
General and administrative expenses	5.7	4.9
Total depreciation	**167.4**	**160.2**

The impairment losses recognised in the year ended 31 December 2020 primarily related to production-related assets of Whakatane, the Group's paper mill in New Zealand, that was sold in the year ended 31 December 2021 (see notes 4, 9 and 26). Out of the total amount of impairment losses of €43.8 million, €32.5 million related to the paper mill. The remaining amount mainly related 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 2021, the Group had entered into contracts to incur capital expenditure of €112.6 million (€62.0 million as of 31 December 2020) for the acquisition of PP&E. The commitments relate to filling machine assembly, certain downstream equipment and equipment for the Group's sleeves production plants, including equipment to be used in the new plant in Mexico that is expected to become operational in the first quarter of 2023. The new Mexican sleeves production plant will be 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 from the deployment date 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 production 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	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**
Cost	156.7	65.8	9.6	**232.1**
Accumulated depreciation and impairment losses	(26.9)	(24.8)	(5.8)	**(57.5)**
Carrying amount as of 31 December 2021	**129.8**	**41.0**	**3.8**	**174.6**
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**
Carrying amount as of 1 January 2021	**100.5**	**36.7**	**3.9**	**141.1**
Additions	5.8	13.7	2.2	**21.7**
Additions through business combination	26.5	0.2	-	**26.7**
Depreciation	(13.6)	(11.5)	(2.3)	**(27.4)**
Impairment losses	-	(0.1)	(0.1)	**(0.2)**
Effect of movements in exchange rates	10.6	2.0	0.1	**12.7**
Carrying amount as of 31 December 2021	**129.8**	**41.0**	**3.8**	**174.6**

The increase in right-of-use assets since 31 December 2020 is impacted by the full consolidation of the former joint ventures in the Middle East in 2021. The sleeves production plant of the former joint venture in Saudi Arabia is leased, with a remaining lease term of twelve years. See also notes 22 and 27.

The Group's most significant leases are the 20-year lease of its second sleeves production plant in China that commenced in December 2020, and the 20-year lease of the SIG Tech Centre in China that commenced in 2018. These two leases, together with the lease of the sleeves production plant in Saudi Arabia, make up the larger part of the carrying amount of leased buildings. 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. 2021	Year ended 31 Dec. 2020
Cost of sales	19.7	11.8
Selling, marketing and distribution expenses	4.4	3.0
General and administrative expenses	3.3	2.7
Total depreciation	**27.4**	**17.5**

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 is approximately €77 million as of 31 December 2021 (€35 million as of 31 December 2020).

These contracts mainly relate to leases of production equipment for closures that are expected to commence within the next twelve to fifteen months and to the 15-year lease of the Group's first sleeves production plant in Mexico that is expected to commence in the second half of 2022, but with production expected to start in the first quarter of 2023 (see also note 12). As of 31 December 2020, the committed lease payments mainly related to leases of production equipment for closures that were expected to commence within the next twelve to fifteen months.

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, which primarily arose as a result of the acquisition of the SIG 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	1,566.7	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**
Cost	2,128.1	325.3	774.1	389.7	**3,617.2**
Accumulated amortisation and impairment losses	-	-	(433.1)	(263.6)	**(696.7)**
Carrying amount as of 31 December 2021	**2,128.1**	**325.3**	**341.0**	**126.1**	**2,920.5**
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**
Carrying amount as of 1 January 2021	**1,566.7**	**311.1**	**262.9**	**152.1**	**2,292.8**
Additions	-	-	-	2.8	**2.8**
Additions through business combination	518.4	-	146.1	3.1	**667.6**
Amortisation	-	-	(74.0)	(37.8)	**(111.8)**
Effect of movements in exchange rates	43.0	14.2	6.0	5.9	**69.1**
Carrying amount as of 31 December 2021	**2,128.1**	**325.3**	**341.0**	**126.1**	**2,920.5**

The acquisition of the remaining shares of the joint ventures in the Middle East on 25 February 2021 resulted in an increase in goodwill of €518.4 million and an increase in other intangible assets of €149.2 million (see note 27).

Research and development

Research and development costs (excluding depreciation and amortisation expense) recognised as a component of general and administrative expenses amount to €56.3 million for the year ended 31 December 2021 (€50.9 million for the year ended 31 December 2020).

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. 2021**	**Year ended 31 Dec. 2020**
Cost of sales	75.1	62.6
Selling, marketing and distribution expenses	0.2	-
General and administrative expenses	36.5	37.4
Total amortisation	**111.8**	**100.0**

Annual impairment tests of goodwill and trademarks with indefinite useful lives

Goodwill with a carrying amount of €2,128.1 million as of 31 December 2021 (€1,566.7 million as of 31 December 2020) and trademarks with indefinite useful lives with a carrying amount of €325.3 million as of 31 December 2021 (€311.1 million as of 31 December 2020) 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 four operating segments (Europe, MEA, 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 (in Euros) 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 considering the estimated market growth for companies in the carton packaging industry and, for the 2021 impairment test, aligned with the estimated long-term inflation. The terminal growth rates used by the Group for impairment testing purposes do not exceed the estimated long-term growth rates in the carton packaging industry.

Goodwill is allocated to the Group's four operating (and reportable) segments as per the following table. The goodwill that arose upon the acquisition of the remaining shares of the joint ventures in the Middle East has been allocated to MEA (see also note 7). The goodwill that had been allocated to the former segment EMEA has been fully reallocated to Europe. The table also includes information about the key assumptions used in the impairment test.

(In € million or %)	Year ended 31 December 2021 Carrying amount	Growth rate	Pre-tax discount rate	Year ended 31 December 2020 Carrying amount	Growth rate	Pre-tax discount rate
EMEA	-	-	-	757.2	1.25%	6.1%
Europe	757.2	2.0%	6.6%	-	-	-
MEA	526.4	2.0%	8.0%	-	-	-
APAC	656.3	2.0%	5.6%	632.7	2.5%	7.8%
Americas	188.2	2.0%	8.9%	176.8	2.25%	10.8%
Total goodwill	**2,128.1**			**1,566.7**		

No impairment of goodwill was identified in either of the periods. Management considers it unlikely that any realistic change in the assumptions used, including changes in the assessed future cash flows, 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 overall has not been, and is currently not, significantly impacted by the COVID-19 pandemic (see note 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 have been discounted to their present value using a pre-tax discount rate at Group level of 6.6% (7.6% in the 2020 annual impairment test) and a terminal growth rate at Group level of 2.0% (2.0% in the 2020 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 considering the estimated market growth for companies in the carton packaging industry and, for the 2021 impairment test, aligned with the estimated long-term inflation. The terminal growth rate used by the Group for impairment testing purposes does not exceed the estimated long-term growth rates in the 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.

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. See note 5.5.3 for further details about impairment testing of non-financial assets.

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. 2021**	**As of 31 Dec. 2020**
Raw materials and consumables	71.2	50.0
Work in progress	22.6	21.0
Finished goods	100.7	99.7
Total inventories	**194.5**	**170.7**

The increase in inventories since 31 December 2020 is impacted by the full consolidation of the former joint ventures in the Middle East in 2021.

As of 31 December 2021, inventories include a provision of €20.5 million due to write-downs to net realisable value (€15.5 million as of 31 December 2020).

Raw materials and consumables recognised as an expense in cost of sales in the statement of profit or loss and other comprehensive income amount to €856.5 million in the year ended 31 December 2021 (€727.4 million in the year ended 31 December 2020).

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. See note 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. 2021**	**As of 31 Dec. 2020**
Trade receivables at amortised cost	171.3	86.3
Trade receivables at fair value	25.7	16.2
Related party trade receivables	0.4	13.4
Note receivables	-	32.6
VAT receivables	35.4	16.3
Other receivables	47.1	57.2
Total current trade and other receivables	**279.9**	**222.0**
Non-current receivables	**4.2**	**6.3**
Total current and non-current receivables	**284.1**	**228.3**

The increase in trade receivables at amortised cost since 31 December 2020 is impacted by the full consolidation of the former joint ventures in the Middle East in 2021. The payment terms for the Group's trade receivables for sleeve sales increased to an average 40 days due longer payment terms applied by the former joint ventures (between 30 and 40 days in the comparative period).

Trade receivables at amortised cost – loss allowance and ageing

(In € million)	**As of 31 Dec. 2021**	**As of 31 Dec. 2020**
Current	122.8	65.0
Past due up to 29 days	21.4	9.7
Past due 30 days to 89 days	7.0	4.6
Past due 90 days or more	20.1	7.0
Trade receivables at amortised cost, net of loss allowance	**171.3**	**86.3**
Loss allowance	**(6.6)**	**(5.0)**
Trade receivables at amortised cost, gross	**177.9**	**91.3**

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. The acquired trade receivables of the former joint ventures in the Middle East were recognised at their fair value at the date of acquisition (see note 27). See also the section "Credit risk" in note 25.

The below table shows the movements in the loss allowance for trade receivables at amortised cost.

(In € million)	**As of 31 Dec. 2021**	**As of 31 Dec. 2020**
Loss allowance as of 1 January	5.0	3.4
Change in loss allowance recognised in profit or loss during the year	1.6	2.5
Foreign exchange differences	-	(0.9)
Loss allowance as of 31 December	**6.6**	**5.0**

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 €119.5 million as of 31 December 2021 (€115.6 million as of 31 December 2020), of which €106.1 million (€92.1 million as of 31 December 2020) has been derecognised and €13.4 million (€23.5 million as of 31 December 2020), 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 €1.4 million in the year ended 31 December 2021 (€2.1 million as of 31 December 2020) 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 €16.2 million as of 31 December 2021 (€13.3 million as of 31 December 2020). The interest expense paid under the factoring programme amounted to €0.3 million in the year ended 31 December 2021 (€0.3 million as of 31 December 2020) 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. 2021**	**As of 31 Dec. 2020**
Cash and cash equivalents (unrestricted)	300.2	353.3
Restricted cash	4.3	1.8
Total cash and cash equivalents	**304.5**	**355.1**

Cash and cash equivalents mainly consist of cash at banks but may, from time to time, also include short-term deposits at banks with maturities of three months or less that are subject to an insignificant risk of changes in value (€12.5 million as of 31 December 2020). 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. 2021**	**As of 31 Dec. 2020**
Trade payables	218.4	163.9
Related party payables	-	0.7
Liability for various customer incentive programmes	304.5	238.7
VAT payables	10.0	8.1
Accrued interest third parties	6.9	5.9
Other current payables and accrued expenses	126.5	83.9
Current trade and other payables	**666.3**	**501.2**
Related party payables	-	2.6
Other non-current payables	9.4	9.7
Non-current payables	**9.4**	**12.3**
Total current and non-current trade and other payables	**675.7**	**513.5**

The increase in current trade and other payables since 31 December 2020 is impacted by the full consolidation of the former joint ventures in the Middle East in 2021.

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 2021 and 31 December 2020, 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 2021, the Group had contract liabilities in the amount of €24.9 million (€11.4 million as of 31 December 2020). 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 2020 in relation to the sale of sleeves and the sale of filling lines under contracts accounted for under the revenue standard has been recognised as revenue in 2021.

The Group also has advance payments received from customers in relation to filling lines that will be deployed under contracts that qualify to be accounted for as operating leases. If payments are received from customers before the filling line deployment date, they are initially presented as part of "Trade and other payables" and included in other current payables and accrued expenses in the table above (€39.7 million as of 31 December 2021 and €24.7 million as of 31 December 2020). Upon deployment of the filling lines, the advance payments are reclassified to "Other liabilities" and presented as deferred revenue liabilities. These deferred revenue liabilities are then released and recognised as revenue over a certain period (see further note 20).

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 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**
Carrying amount as of 1 January 2021	**12.9**	**9.6**	**3.9**	**6.2**	**32.6**
Additions through business combination	-	0.7	-	0.2	**0.9**
Sale of subsidiary	-	(0.3)	(9.6)	(1.8)	**(11.7)**
Provisions made	1.8	7.1	39.6	1.9	**50.4**
Provisions used	(0.4)	(2.5)	(10.4)	(2.4)	**(15.7)**
Provisions reversed	-	(6.0)	(13.6)	(0.3)	**(19.9)**
Effect of movements in exchange rates	0.2	-	-	-	**0.2**
Carrying amount as of 31 December 2021	**14.5**	**8.6**	**9.9**	**3.8**	**36.8**
Current	-	8.6	9.4	1.1	**19.1**
Non-current	14.5	-	0.5	2.7	**17.7**
Carrying amount as of 31 December 2021	**14.5**	**8.6**	**9.9**	**3.8**	**36.8**

Restructuring provision

The Group has a number of ongoing restructuring programmes. The Group's restructuring programmes are generally focused on reducing costs, streamlining the organisation and adjusting headcount to be more closely aligned with the Group's needs and changing market demands. However, the main portion of the restructuring provision as of 31 December 2021 relates to the closure of the Group's Australian sleeves manufacturing operations. Payments are usually expected to be executed within the next one or two years. For further details, see notes 9, 26 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 (see also note 12). As such, the majority of the obligations are non-current.

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. Warranty claims are expected to be settled within 12 months.

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 relate to commodity and foreign currency exchange derivatives. See notes 25 and 33 for additional details about the Group's derivatives.

Composition of other assets

(In € million)	As of 31 Dec. 2021	As of 31 Dec. 2020
Derivative assets	26.3	17.6
Other current assets	14.1	10.9
Other current assets	**40.4**	**28.5**
Other non-current assets	23.9	23.0
Other non-current assets	**23.9**	**23.0**
Total other current and non-current assets	**64.3**	**51.5**

Composition of other liabilities

(In € million)	As of 31 Dec. 2021	As of 31 Dec. 2020
Derivative liabilities	6.3	5.1
Deferred revenue	81.9	54.7
Other current liabilities	**88.2**	**59.8**
Deferred revenue	268.2	167.4
Other non-current liabilities	**268.2**	**167.4**
Total other current and non-current liabilities	**356.4**	**227.2**

Deferred revenue relates to filling lines deployed under lease and sale contracts that qualify to be accounted for as operating leases (see notes 5.5.2, 6, 12 and 18 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 at the deployment date 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. Advance payments received before the filling line deployment date are initially presented as part of "Trade and other payables" and reclassified to this balance sheet position at the deployment date (see also note 18). The increase in deferred revenue since 31 December 2020 is impacted by the full consolidation of the former joint ventures in the Middle East in 2021.

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 Board of Directors is 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 policy of the Board of Directors 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 Board of Directors monitors 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 Board of Directors evaluates 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 4.25x until 31 December 2021 and 4.0x thereafter (4.5x until 31 December 2020). Note 22 includes additional 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. 2021**[1]	**As of 31 Dec. 2020**
Gross debt	1,732.4	1,697.0
Cash and cash equivalents	304.5	355.1
Net debt	1,427.9	1,341.9
Net leverage ratio	**2.5x**	**2.7x**

1 In the calculation of the net leverage ratio as of 31 December 2021, adjusted EBITDA includes the adjusted EBITDA of the former joint ventures in the Middle East from 1 January 2021.

The Company purchases its own shares on the market. The repurchased shares are intended to be used to settle obligations under the Group's share-based payment plans and arrangements (see also notes 24 and 31).

In order to maintain or adjust the capital structure, the Board of 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

Since a refinancing transaction in June 2020, the Group's loans and borrowings mainly consist of senior unsecured Euro-denominated notes and senior unsecured credit facilities. The senior unsecured credit facilities consist of one Euro-denominated term loan and a multi-currency revolving credit facility. Since March 2021, the Group's loans and borrowings also consist of an unsecured credit facility. It has been used to repay external loans of one of the former joint ventures in the Middle East, but has subsequently been repaid. Liabilities under lease contracts where the Group is the lessee are also included in loans and borrowings.

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 the issue of notes and its new term loan. 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 (see note 23). The derivatives associated with the secured term loans were also derecognised.

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. 2021**	**As of 31 Dec. 2020**
Lease liabilities	29.4	24.0
Current loans and borrowings	**29.4**	**24.0**
Senior unsecured notes	994.5	992.2
Senior unsecured credit facilities	545.7	544.5
Lease liabilities	153.0	123.0
Non-current loans and borrowings	**1,693.2**	**1,659.7**
Total loans and borrowings	**1,722.6**	**1,683.7**

The following table presents the components of the carrying amount of the loans and borrowings.

(In € million)	**As of 31 Dec. 2021**	**As of 31 Dec. 2020**
Principal amount	1,000.0	1,000.0
Deferred transaction costs	(5.5)	(7.8)
Senior unsecured notes	**994.5**	**992.2**
Principal amount (including repayments)	550.0	550.0
Deferred original issue discount	(1.1)	(1.4)
Deferred transaction costs	(3.2)	(4.1)
Senior unsecured credit facilities	**545.7**	**544.5**
Lease liabilities	**182.4**	**147.0**
Total loans and borrowings	**1,722.6**	**1,683.7**

Notes

On 18 June 2020, SIG Combibloc PurchaseCo S.à r.l. issued €1,000 million aggregate principal amount of senior unsecured notes. 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 and 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. The indenture governing the notes contains customary restrictive covenants and customary events of default. The Group was in compliance with all covenants and there were no events of default as of 31 December 2021 and 31 December 2020.

Senior unsecured credit facilities (term loan and revolving credit facility)

Certain subsidiaries, including SIG Combibloc PurchaseCo S.à r.l., entered in June 2020 into new senior unsecured credit facilities, consisting of one Euro-denominated term loan and a multi-currency revolving credit facility.

The below table provides a summary of the main terms of the 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 €294.2 million as of 31 December 2021 (€299.4 million as of 31 December 2020) due to €5.8 million (€0.6 million as of 31 December 2020) 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. The credit agreement contains customary positive and negative covenants as well as customary events of default. The Group was in compliance with all covenants and there were no events of default as of 31 December 2021 and 31 December 2020.

Unsecured credit facility

In March 2021, the Group accessed an unsecured credit facility of €100.0 million. Cash from the new credit facility was drawn in two tranches of €50.0 million each on 31 March 2021 (at an interest rate lower than the applicable interest rate on the revolving credit facility). The two tranches were, as per the agreement, repaid in September and December 2021.

The amounts drawn in March 2021 were, together with available cash, used to repay external loans of one of the former joint ventures in the Middle East in the total amount of €139.5 million. The difference of €3.7 million between the carrying amount of the loans as of the repayment date and the amount paid is presented as part of the net finance expense (see note 23).

The amount available under the unsecured credit facility is €100.0 million as of 31 December 2021. The Group does not pay a fee for any undrawn amount for the right to use the credit facility.

Lease liabilities

A maturity analysis of the Group's lease liabilities is included below.

	Contractual undiscounted cash flows		**Interest**		**Lease liabilities**	
(In € million)	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Less than 1 year	37.9	31.2	8.5	7.2	29.4	24.0
Between 1 and 5 years	105.4	70.3	29.8	27.3	75.6	43.0
More than 5 years	133.3	142.1	55.9	62.1	77.4	80.0
	276.6	**243.6**	**94.2**	**96.6**	**182.4**	**147.0**

The Group's lease liabilities mainly relate to leases of office buildings, production-related buildings and equipment, warehouses and cars. The increase in lease liabilities since 31 December 2020 is impacted by the full consolidation of the former joint ventures in the Middle East in 2021. The recognition of the twelve-year remaining lease of the sleeves production plant of the former joint venture in Saudi Arabia resulted in a lease liability of €23.4 million as of the acquisition date. See also notes 13 and 27.

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 two 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 2021 relate to the drawing and subsequent repayment of two tranches under a new credit facility as well as the repayment of external loans of one of the former joint ventures in the Middle East. The main transactions in the year ended 31 December 2020 related to the issuance of senior unsecured notes and the entering into of new senior unsecured credit facilities as well as the repayment of the former secured term loans.

(In € million)	**1 Jan. 2021**	Cash flows from/(used in): Financing activities	Operating activities	Effect of business combi-nation[2]	Non-cash movements	Effect of move-ments in exchange rates	**31 Dec. 2021**
Principal amount[1]	**1,550.0**	(139.5)	-	139.5	-	-	**1,550.0**
Transaction costs	**(11.9)**	-	-	-	3.2	-	**(8.7)**
Original issue discount	**(1.4)**	-	-	-	0.3	-	**(1.1)**
Loans and borrowings, excl. lease liabilities	**1,536.7**	**(139.5)**	**-**	**139.5**	**3.5**	**-**	**1,540.2**
Lease liabilities	**147.0**	(26.7)	**-**	26.7	21.7	13.7	**182.4**
Total loans and borrowings	**1,683.7**	**(166.2)**	**-**	**166.2**	**25.2**	**13.7**	**1,722.6**
Capitalised cost for revolving credit facility	**(1.5)**	-	-	-	0.3	-	**(1.2)**
Interest: Accrued/paid	**5.9**	-	(40.6)	2.7	38.8	0.1	**6.9**
Total (assets)/liabilities from financing activities and cash/non-cash changes	**1,688.1**	**(166.2)**	**(40.6)**	**168.9**	**64.3**	**13.8**	**1,728.3**

1 The financing cash outflow amount relating to the principal amount of loans and borrowings (excluding lease liabilities) shows the net effect of using the new unsecured credit facility in March 2021 (two tranches of in total €100.0 million of cash inflow), repayment of external loans of one of the former joint ventures (€139.5 million of cash outflow) and the subsequent repayments in September and December 2021 of the two tranches that had been drawn in March 2021 under the new unsecured credit facility (in total €100.0 million of cash outflow). See also the section "Unsecured credit facility" in this note and note 23.

2 The addition of €139.5 million to the principal amount of loans and borrowings (excluding lease liabilities) and the addition of €26.7 million to lease liabilities presented in the column "Effect of business combination" result from the accounting for the acquisition of the remaining shares of the joint ventures in the Middle East (see note 27). The line "Transaction costs" is also impacted by the acquisition of the remaining shares of the joint ventures, even if the net impact is zero. The Group initially recognised transaction costs of €3.7 million relating to the external loans, but derecognised the same amount of transaction costs upon the early repayment of the loans (€3.7 million, see also note 23) that took place shortly after the acquisition date.

(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 financing cash outflow 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), 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). See also the introductory section in this note and note 23.

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 loan) 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 normally 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 and foreign exchange gains and losses relating to the loans and borrowings.

Composition of net finance expenses

(In € million)	Year ended 31 Dec. 2021	Year ended 31 Dec. 2020
Interest income	4.6	2.1
Net foreign currency exchange gain	11.4	-
Net change in fair value of financing-related derivatives	-	0.5
Finance income	**16.0**	**2.6**
Interest expense on:		
- Senior unsecured notes	(20.1)	(10.7)
- Senior unsecured/secured credit facilities	(5.3)	(18.2)
- Lease liabilities	(9.1)	(2.9)
Amortisation of original issue discount	(0.3)	(1.3)
Amortisation of transaction costs	(3.6)	(3.1)
Net foreign currency exchange loss	-	(19.6)
Net interest expense on interest rate swaps	-	(0.6)
Net effect of early repayment of loans	(3.7)	(19.7)
Other	(5.3)	(7.5)
Finance expenses	**(47.4)**	**(83.6)**
Net finance expense	**(31.4)**	**(81.0)**

In the year ended 31 December 2021, the Group used available cash and proceeds from a new credit facility to repay external loans of one of the former joint ventures in the Middle East. The net expense effect of the early repayment of these loans was €3.7 million. In the year ended 31 December 2020, 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 was €19.7 million, of which €2.1 million related to cash settlement of interest rate swaps. See also note 22.

In the year ended 31 December 2021, the net foreign currency exchange gain primarily consists of positive translation effects on Euro-denominated debt held by a US Dollar functional currency entity resulting from the strengthening of the US Dollar against the Euro. In the year ended 31 December 2020, the net foreign currency exchange loss primarily consisted 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.

For the year ended 31 December 2021, interest income include interest of €3.1 million on out-of-period indirect tax recoveries (see note 8).

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 337,520,872 ordinary shares in issue as of 31 December 2021 (320,053,240 as of 31 December 2020 and 1 January 2020), all fully paid. The below table provides an overview of the shares in issue.

Number of shares	**Total shares**
Balance as of 1 January 2020	**320,053,240**
Balance as of 1 January 2021	**320,053,240**
Issue of shares on 22 February 2021	17,467,632
Balance as of 31 December 2021	**337,520,872**

On 22 February 2021, the Company issued 17,467,632 ordinary shares with a nominal value of CHF 0.01 per share out of authorised share capital under exclusion of the subscription rights of the existing shareholders. The shares were, together with a payment of cash, part of the consideration transferred to OIG upon the acquisition of the remaining shares of the joint ventures in the Middle East on 25 February 2021 (see note 27). The difference between the nominal value of the issued shares and the fair value of the shares at the acquisition date is presented as additional paid-in capital.

The nominal value of each issued 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. Regarding the shares issued and transferred to OIG in 2021, OIG has agreed to a lock-up period for these shares of 24 months, subject to customary exceptions.

The 337,520,872 shares in issue represent €3.0 million of share capital (€2.8 million as of 31 December 2020).

Authorised share capital and conditional share capital

The Company has authorised share capital of CHF 675,041.74 as of 31 December 2021 (CHF 640,106.48 as of 31 December 2020) and conditional share capital of CHF 640,106.48 (CHF 640,106.48 as of 31 December 2020).

The Board of Directors' authority to increase the share capital out of authorised share capital is as of 31 December 2021 limited until 21 April 2023. 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 67,504,174 shares, equalling CHF 675,041.74 or 20% of the existing share capital (of which only 64,010,648 shares can be created out of conditional share capital). However, the number of shares issued from authorised and conditional share capital under the exclusion of subscription and advance subscription rights, respectively, is limited until 21 April 2023 to a single combined maximum of 33,752,087 shares, equalling CHF 337,520.87 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, for investment and acquisition opportunities or to take advantage of favourable market conditions to further improve the Group's capital position. 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 as of 31 December 2021 (also as of 31 December 2020).

See note 4 for information about shares to be issued out of the Company's authorised share capital and used in connection with the acquisition of Scholle IPN, which is expected to close in the second or third quarter of 2022.

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 2,430 shares for this purpose as of 31 December 2021 (6,274 shares as of 31 December 2020), representing an amount of €0.1 million (€0.1 million as of 31 December 2020). All treasury shares are carried at acquisition cost.

	2021		2020	
(Number of treasury shares or in € million)	**Number**	**Amount**	**Number**	**Amount**
Balance as of 1 January	**6,274**	**(0.1)**	**6,158**	**(0.1)**
Purchases	26,739	(0.7)	40,000	(0.6)
Transfer under share-based payment plans and arrangements	(30,583)	0.7	(39,884)	0.6
Balance as of 31 December	**2,430**	**(0.1)**	**6,274**	**(0.1)**

Dividends

For the year ended 31 December 2021, the Board of Directors will propose to the Annual General Meeting to be held on 7 April 2022 a dividend payment of CHF 0.45 per share, totalling CHF 151.9 million (which, as per the exchange rate as of 31 December 2021, would equal €147.0 million). The dividend payment to be proposed is not recognised as a liability.

A dividend of CHF 0.42 per share, totalling CHF 141.8 million (€128.1 million) was paid to shareholders out of the capital contribution reserve (additional paid-in capital) in April 2021. The dividend payment was not recognised as a liability as of 31 December 2020.

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.

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 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 €300.2 million as of 31 December 2021 (€353.3 million as of 31 December 2020). Furthermore, as of 31 December 2021, it had access to an additional €294.2 million under its committed multi-currency revolving credit facility (€299.4 million as of 31 December 2020) and a possibility to draw an additional €100.0 million under its uncommitted new credit facility.

The following table includes information about the remaining contractual maturities for the Group's non-derivative financial liabilities as of 31 December 2021. 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 2021						
Trade and other payables	(665.7)	**(665.7)**	(656.2)	(2.5)	(4.5)	(2.5)
Loans and borrowings:						
- Senior unsecured notes	(994.5)	**(1,052.9)**	(20.2)	(465.6)	(567.1)	-
- Senior unsecured credit facilities	(545.7)	**(573.0)**	(6.5)	(6.7)	(559.8)	-
- Lease liabilities	(182.4)	**(276.6)**	(37.9)	(33.3)	(72.1)	(133.3)
Total non-derivative financial liabilities	**(2,388.3)**	**(2,568.2)**	**(720.8)**	**(508.1)**	**(1,203.5)**	**(135.8)**

The agreements with the Group's notes holders and the lenders under the senior unsecured loan 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 the business and may, from time to time, also enter into financing-related derivatives. Commodity derivative contracts are net cash settled. Foreign currency exchange derivative contracts are net or gross cash settled. The derivative asset or liability recognised as of 31 December 2021 and 31 December 2020 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 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 2020.

			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)**

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 and Mexican Peso.

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 (by entering into foreign currency exchange derivative contracts), 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.

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 2021.

Type	Contract type	Curr-ency	Contracted volume	Counter-currency	Contracted conversion range	Contracted date of maturity
Non-deliverable forwards	Buy	€	15,055,000	BRL	6.3595 - 7.1603	Jan. 2022 - Oct. 2022
Currency forwards	Buy	€	51,015,000	THB	36.7497 - 39.5041	Jan. 2022 - Oct. 2022
Currency forwards	Sell	€	9,315,000	THB	36.9116 - 38.0044	Jan. 2022 - Mar. 2022
Currency forwards	Sell	$	1,610,000	THB	30.0091 - 31.1080	Jan. 2022 - Mar. 2022
Currency forwards	Buy	€	26,880,000	CNY	7.2701 - 8.1547	Jan. 2022 - Dec. 2022
Currency forwards	Buy	$	12,865,000	CNY	6.4166 - 6.7201	Jan. 2022 - Dec. 2022
Currency forwards	Buy	€	28,610,000	$	1.1327 - 1.2342	Jan. 2022 - Oct. 2022
Currency forwards	Buy	$	20,280,000	MXN	20.4200 - 22.0138	Jan. 2022 - Oct. 2022
Currency forwards	Buy	€	5,638,368	AUD	1.5532 - 1.6039	Jan. 2022 - Jun. 2022
Currency forwards	Buy	$	103,787	AUD	1.3256 - 1.3508	Jan. 2022 - Jun. 2022

The following table provides an overview of the outstanding foreign currency exchange derivative contracts 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 Group’s primary transaction currency exposure as of 31 December 2021 relates to intra-group Euro-denominated loan receivables of Swiss functional currency entities and to intra-group US Dollar denominated loan payables of Euro functional currency entities. A 5% weakening of the Euro against the Swiss Franc as of 31 December 2021 would have resulted in an additional unrealised foreign currency exchange loss of €5.6 million as of 31 December 2021. A 5% weakening of the Euro against the US Dollar as of 31 December 2021 would have resulted in an additional unrealised foreign currency exchange loss of €3.2 million as of 31 December 2021.

The Group’s primary transaction currency exposure as of 31 December 2020 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 would have resulted in an additional unrealised foreign currency exchange loss of €14.1 million as of 31 December 2020.

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 in the current year 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 majority 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 €12.7 million in the year ended 31 December 2021 and an unrealised gain of €18.8 million in the year ended 31 December 2020 relating to its derivative commodity contracts as a component of other income. The Group recognised a realised gain of €63.2 million in the year ended 31 December 2021 and a realised loss of €18.7 million in the year ended 31 December 2020 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 2021.

Type	Unit of measure	Contracted volume	Contracted price range	Contracted date of maturity
Aluminium swaps	metric tonne	23,060	\$2,063.00 - \$3,055.00	Jan. 2022 - Dec. 2022
Aluminium premium swaps	metric tonne	6,630	\$174.00 - \$353.00	Jan. 2022 - Dec. 2022
Polymer swaps	metric tonne	16,620	€1,507.00 - €1,930.00	Jan. 2022 - Dec. 2022
Polymer swaps	metric tonne	9,780	€1,230.00 - €1,477.00	Jan. 2022 - Dec. 2022
Polymer swaps	metric tonne	6,000	\$1,265.00	Jan. 2022 - Dec. 2022
Polymer swaps	metric tonne	21,820	\$1,265.00 - \$1,620.00	Jan. 2022 - Dec. 2022
Monomer swaps	metric tonne	39,410	€911.00 - €1,239.00	Jan. 2022 - Dec. 2022

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

There would have been an impact of €19.7 million on the Group's profit from a remeasurement of commodity derivative contracts as of 31 December 2021 (an impact of €14.3 million on the profit as of 31 December 2020), 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

The Group's interest rate risk primarily arises from its term loan and drawings of the revolving credit facility at variable interest rates but also from its cash and cash equivalents. The Group pays a fixed interest rate on its notes. In the year ended 31 December 2021, it also paid a fixed interest on the amounts drawn, and subsequently repaid, under a new credit facility (see note 22).

The interest rate profile of the Group's significant interest-bearing financial instruments as of 31 December 2021 and 31 December 2020 is presented in the following table.

(In € million)	**As of 31 Dec. 2021**	**As of 31 Dec. 2020**
Fixed rate instruments		
Financial assets	2.7	3.9
Financial liabilities	(1,182.4)	(1,147.0)
	(1,179.7)	**(1,143.1)**
Variable rate instruments		
Financial assets	304.5	355.1
Financial liabilities	(550.0)	(550.0)
	(245.5)	**(194.9)**

A 100 basis point increase in the variable component (six-month Euribor) of the interest rate on the term loan would increase the annual interest expense by €2.5 million as of 31 December 2021. A 100 basis point increase in the variable component (six-month Euribor) of the interest rate on the term loan would have increased the annual interest expense by €2.6 million as of 31 December 2020.

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 has not experienced 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 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: BBB rating or higher and short term: A2 or P2 rating or higher as per Standard & Poor's or Moody's).

OUR GROUP STRUCTURE AND RELATED PARTIES

This section provides details about the Group's subsidiaries and joint ventures, including the acquisition of the remaining shares of the joint ventures in the Middle East and the sale of the paper mill in New Zealand. It also covers other related parties.

26 Group entities

The Group only has wholly owned subsidiaries. It has one joint venture, with an ownership interest of 50% (see note 28).

The Company acquired the remaining 50% of the shares of its two joint ventures in Saudi Arabia and the United Arab Emirates ("UAE") on 25 February 2021 (see note 27). The entity in UAE has four subsidiaries. Information about the disposal of the paper mill in June 2021 is included in the section "Sale of New Zealand paper mill" in this note.

Overview of Group entities

The following table provides an overview of all the Group's subsidiaries and joint venture. The joint venture does not have any subsidiaries. The ownership and voting interests are the same for all Group entities. The ownership interests are the same as of 31 December 2021 and 31 December 2020, unless specifically stated. The reporting date of all Group entities is 31 December.

	As of 31 December 2021		
Companies and countries	**Share capital[8]**		**Interest**
Parent company			
Switzerland			
SIG Combibloc Group AG, Neuhausen am Rheinfall[1]	3,375,209	CHF	100%
Subsidiaries			
Argentina			
Combibloc S.R.L., Buenos Aires	724,015,120	ARS	100%
Australia			
SIG Australia Holding Pty Ltd., Canberra[2]	32,100,000	AUD	100%
SIG Combibloc Australia Pty Ltd., Broadmeadows	40,000,001	AUD	100%
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	5,016,722,134	CLP	100%
China			
SIG Combibloc (Suzhou) Co. Ltd., Suzhou	95,000,000	USD	100%

Companies and countries	As of 31 December 2021 Share capital[8]		Interest
Czech Republic			
SIG Combibloc s.r.o., Hradec Králové	19,340,000	CZK	100%
Egypt			
SIG Combibloc Obeikan Egypt LLC, Cairo[3]	10,000	EGP	100%
France			
SIG Combibloc S.à.r.l., Courbevoie	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%
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 Manufacturing México, S. de R.L. de C.V., Mexico City[4]	10,000	MXN	100%
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			
SIG Combibloc New Zealand Ltd., Auckland[4]	10,000	NZD	100%
Whakatane Mill Ltd., Whakatane[5]	-		-
Nigeria			
SIG Combibloc Obeikan Nigeria Ltd., Lagos[3]	10,000,000	NGN	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%
Saudi Arabia			
Al Obeikan SIG Combibloc Company Ltd., Riyadh[6]	75,000,000	SAR	100%
South Africa			
SIG Combibloc Obeikan (South Africa) Pty. Ltd., Cape Town[3]	1,000	ZAR	100%
Spain			
SIG Combibloc S.A., Madrid	330,550	EUR	100%

Companies and countries	As of 31 December 2021 Share capital[8]		Interest
Sweden			
SIG Combibloc AB, Eslöv	100,000	SEK	100%
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%
Turkey			
SIG Combibloc Paketleme ve Ticaret Ltd. Sirketi, Istanbul[3]	170,000	TRY	100%
United Kingdom			
SIG Combibloc Ltd., Gateshead	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%
UAE			
SIG Combibloc FZCO, Dubai[7]	24,000,000	AED	100%
Joint venture			
Japan			
DNP • SIG Combibloc Co., Ltd., Tokyo	75,000,000	JPY	50%

1 The registered address of SIG Combibloc Group AG is Laufengasse 18, 8212 Neuhausen am Rheinfall, Switzerland.

2 The Group acquired 100% of the shares of Visy Cartons Pty Ltd. ("Visy Cartons") on 29 November 2019 for €43.0 million, of which €2.5 million was transferred in the year ended 31 December 2020. Visy Cartons was renamed to SIG Combibloc Australia Pty Ltd. in December 2019.

3 Subsidiary of the former joint venture SIG Combibloc FZCO in UAE (see further note 27).

4 New entity, incorporated in the second quarter of 2021.

5 Sold on 3 June 2021, see the section "Sale of New Zealand paper mill" in this note.

6 Former joint venture, the Company acquired the remaining 50% of the shares on 25 February 2021 (see note 27). Previously SIG Combibloc Obeikan Company Ltd., renamed to Al Obeikan SIG Combibloc Company Ltd. in the third quarter of 2020.

7 Former joint venture, the Company acquired the remaining 50% of the shares on 25 February 2021 (see note 27). Previously SIG Combibloc Obeikan FZCO, renamed to SIG Combibloc FZCO in the fourth quarter of 2021.

8 Unaudited.

Sale of New Zealand paper mill

The Group announced in March 2021 that it would close the paper mill in New Zealand (Whakatane Mill Ltd.) and increase the sourcing of liquid paper board from existing third-party suppliers. The mill primarily produced liquid paper board for use by SIG entities and the Group's former joint ventures in the Middle East. After the closure announcement, the Group was approached by potential buyers.

The paper mill was sold on 3 June 2021 for NZD 1 to a consortium of investors who will enable the paper mill to continue to operate. The net assets sold consisted mainly of net working capital, including cash equivalents of €0.5 million, and provisions. In August 2021, the parties of the transaction finalised the net working capital and other adjustments of the completion settlement. In total, €3.6 million of adjustments in favour of the Group were agreed upon. Including the net working capital adjustments, the sale resulted in a loss of €12.1 million that is presented in other expenses (see notes 8 and 9) and in a net cash inflow of €3.1 million.

The Group has no ongoing obligations or outstanding guarantees relating to the mill following the completion of the sale except for customary representations and warranties (including tax indemnifications).

In connection with the initial decision to close the mill, the Group expected to incur plant decommissioning and redundancy costs of around €30 million. However, due to the sale, only €9.8 million of redundancy costs were recognised in the year ended 31 December 2021 (see note 9).

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.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

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

On 25 February 2021, the Company acquired the remaining 50% of the shares of its two joint ventures in the Middle East (Al Obeikan SIG Combibloc Company Ltd. in Saudi Arabia and SIG Combibloc FZCO in UAE) from its joint venture partner OIG. The joint ventures have thereby become fully owned subsidiaries of SIG. SIG and OIG commenced their partnership in 2001.

The former joint ventures provide aseptic carton packaging solutions in their respective geographic markets. Al Obeikan SIG Combibloc Company Ltd. operates a sleeves production plant in Saudi Arabia from which it supplies sleeves to its customers and to SIG Combibloc FZCO. Both of the entities deploy filling lines in the Middle East and Africa and provide sleeves and other associated products and services to their customers. They have approximately 500 full-time employees. The acquisition gives the Group control over a business with strong growth prospects in a growing market and expands its global presence.

The following table provides an overview of the consideration transferred, the recognised amounts of assets acquired and liabilities assumed at the acquisition date, the fair value of the pre-existing interest held by the Group prior to the acquisition and the resulting goodwill. It reflects the final outcome of the acquisition accounting.

(in € million)

Cash	167.0
Shares (17,467,632 ordinary SIG shares)	323.3
Fair value of consideration transferred	**490.3**
Cash and cash equivalents	103.4
Trade and other current receivables	56.1
Inventories	37.6
Property, plant and equipment	182.5
Right-of-use assets	26.7
Intangible assets	149.2
Trade and other current payables	(88.8)
Loans and borrowings	(162.5)
Deferred tax liabilities	(9.4)
Other current and non-current liabilities	(80.0)
Other net liabilities acquired	(12.0)
Fair value of identifiable net assets acquired (100%)	**202.8**
Fair value of consideration transferred	490.3
Fair value of pre-existing interest	230.9
Total consideration	**721.2**
Fair value of identifiable net assets	(202.8)
Goodwill	**518.4**

The amount of “Other net liabilities acquired” in the consolidated interim financial statements for the six months ended 30 June 2021 was determined on a provisional basis. An additional liability of €5.9 million has, based on new information about facts and circumstance that existed at the acquisition date, been recognised as part of the acquisition accounting. As a result, goodwill has increased from the initially reported amount of €512.5 million to €518.4 million.

For the ten months ended 31 December 2021, the acquisition of the former joint ventures contributed incremental revenue of €166.0 million and a gain of €8.5 million (excluding the gain on pre-existing interest in the former joint ventures and transaction costs but including fair value adjustments) to the Group's result. If the acquisition had occurred on 1 January 2021, management estimates that for the year ended 31 December 2021, consolidated revenue would have been €2,077.8 million and consolidated profit would have been €173.7 million. In determining these amounts, management has assumed that the fair value adjustments as of the acquisition date would have been the same if the acquisition had occurred on 1 January 2021.

The Group has incurred total acquisition-related costs of €7.9 million in 2020 and 2021, of which €6.5 million have been booked in the year ended 31 December 2021 (as part of other expenses).

Consideration transferred

The Group transferred €167.0 million in cash and 17,467,632 newly issued SIG ordinary shares with a fair value of €323.3 million to OIG as consideration for the remaining shares of the joint ventures on 25 February 2021. The shares were issued out of authorised share capital on 22 February 2021 (see note 24). The fair value of the shares was determined by reference to SIG's closing share price of CHF 20.50 on 24 February 2021 as the acquisition was completed prior to the opening of SIX Stock Exchange on 25 February 2021. As the acquisition has been completed using a locked box valuation approach, there have been and will be no post-closing adjustments to the consideration transferred.

Identifiable net assets acquired

The intangible assets of €149.2 million mainly comprise customer relationships (€146.1 million). The useful lives of customer relationships are assessed to be ten years. The property, plant and equipment balance primarily comprises production equipment and filling lines deployed under contracts that qualify to be accounted for as operating leases. The fair value of trade receivables was €45.7 million. Trade receivables comprised gross contractual amounts due of €58.5 million, of which €12.8 million was expected to be uncollectible as of the acquisition date.

Goodwill

The business combination resulted in goodwill of €518.4 million that has been allocated to the new segment MEA (see note 14). The goodwill mainly comprises expectations about future new customers, entrance into new markets and the skills and competence of the workforce. There are no specific synergies or cost savings expected. The goodwill is not expected to be deductible for tax purposes.

Gain on pre-existing interest

The remeasurement to fair value of the Group's pre-existing 50% interest in the former joint ventures resulted in a gain of €48.8 million. The gain is recognised as part of other income (see notes 8 and 9) and is calculated at the acquisition date as follows:

(in € million)	
Fair value of pre-existing interest	230.9
Carrying amount of pre-existing interest	(178.8)
Reclassification of amounts in foreign currency translation reserve to profit or loss	(3.3)
Gain on pre-existing interest in joint ventures	**48.8**

Assessment of fair values

The Group applied generally accepted valuation methods in the assessment of the fair values of the acquired net assets. The fair value of the customer relationships was assessed by applying the multi-period excess earnings method. For property, plant and equipment, the fair values were primarily assessed by using the cost approach (the direct cost approach where 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 a reasonable profit margin.

The fair value of the Group's pre-existing 50% interest in the former joint ventures has been assessed using the discounted cash flow method. The Group applied a unit of account approach where the fair value of the interest in the former joint ventures as a whole (100% interest) was assessed, taking into consideration a control premium. A control premium was applied as the Group has moved from only having joint control to having full control. Management believes that it can therefore more efficiently and effectively manage the strategy, operations and resources of the former joint ventures to increase the cash flows generated by these entities.

Accounting policy

Business combinations are accounted for using the acquisition method at the acquisition date when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group.

The consideration transferred is generally measured at fair value, as are the identifiable net assets acquired. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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.

Any contingent consideration is measured at fair value at the acquisition date. 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.

In a business combination achieved in stages, the equity interest in the acquired entity that was held by the Group before obtaining control is treated as if it was sold and subsequently repurchased. The pre-existing interest in the acquired entity is remeasured at fair value at the acquisition date. Any resulting gain or loss is recognised in profit or loss. Amounts recognised in other comprehensive income in prior periods that are related to the previously held interest are treated on the same basis as if the Group had disposed of the interest to a third party.

Significant judgements and estimates

Significant judgements and estimates were made by management relating to the accounting for the acquisition of the remaining shares of the joint ventures in the Middle East. For example, the assessment of the fair value and the useful lives of the customer relationships and the assessment of the fair value of the pre-existing interest in the former joint ventures involved significant judgement and estimates.

28 Joint ventures

The Group does not have any significant investments in joint ventures as of 31 December 2021. It only has a smaller investment in a joint venture in Japan. The Company acquired the remaining 50% of the shares of its two joint ventures in the Middle East on 25 February 2021 (see note 27).

The Group's share of the profit or loss of 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 current and former joint ventures.

Composition of the Group's joint ventures

The below table provides an overview of the Group's current and former joint ventures.

			Interest held at	
Companies	**Reporting date**	**Country of incorporation**	**31 Dec. 2021**	**31 Dec. 2020**
Al Obeikan SIG Combibloc Company Ltd.[1,2]	31 Dec.	Saudi Arabia	100%	50%
SIG Combibloc FZCO[1,3]	31 Dec.	UAE	100%	50%
DNP • SIG Combibloc Co., Ltd.	31 Dec.	Japan	50%	50%

1 The Company acquired the remaining 50% of the shares on 25 February 2021 (see note 27).
2 Previously SIG Combibloc Obeikan Company Ltd., renamed to Al Obeikan SIG Combibloc Company Ltd. in the third quarter of 2020.
3 Previously SIG Combibloc Obeikan FZCO, renamed to SIG Combibloc FZCO in the fourth quarter of 2021.

There have been no significant transactions with the joint venture in Japan in the years ended 31 December 2021 and 31 December 2020. The joint venture was formed in 2018 with the joint venture partner DNP and it provides aseptic carton packaging solutions in Japan.

Summary joint venture financial information

The following tables provide summary financial information about the joint ventures, representing the amounts presented in the IFRS financial statements of the joint ventures and not adjusted for the Group's ownership percentage. Information about the former joint ventures in the Middle East is presented for the comparative period and until 25 February 2021 for the year ended 31 December 2021.

(In € million)	**Current assets**	**Non-current assets**	**Total assets**	**Current liabilities**	**Non-current liabilities**	**Total liabilities**	**Net assets**
31 December 2021							
Al Obeikan SIG Combibloc Company Ltd., Saudi Arabia			-			-	-
SIG Combibloc FZCO, UAE[1]			-			-	-
DNP • SIG Combibloc Co., Ltd., Japan	0.8	0.6	**1.4**	0.2		**0.2**	**1.2**
Total	**0.8**	**0.6**	**1.4**	**0.2**	**-**	**0.2**	**1.2**
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 FZCO, UAE[1]	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**

(In € million)	**Revenue**	**Expenses**	**Profit after tax**
2021			
Al Obeikan SIG Combibloc Company Ltd., Saudi Arabia[2]	14.9	(15.4)	(0.5)
SIG Combibloc FZCO, UAE[1,2]	17.6	(20.8)	(3.2)
DNP • SIG Combibloc Co., Ltd., Japan	1.1	(0.6)	0.5
Total	**33.6**	**(36.8)**	**(3.2)**
2020			
Al Obeikan SIG Combibloc Company Ltd., Saudi Arabia	141.4	(125.2)	16.2
SIG Combibloc Obeikan FZCO, UAE[1]	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**

1 Previously SIG Combibloc Obeikan FZCO, renamed to SIG Combibloc FZCO in the fourth quarter of 2021.

2 Information presented for January-February 2021.

Joint venture impact on the consolidated financial statements

(In € million)	**2021**	**2020**
Carrying amount as of 1 January	**184.5**	**193.4**
Share of (loss)/profit (net of income tax)	(1.6)	17.4
Dividends received	-	(22.7)
Derecognition of pre-existing interest in the former joint ventures in the Middle East (business combination achieved in stages)	(178.8)	-
Effect of movements in exchange rates	0.4	(3.8)
Other	(3.9)	0.2
Carrying amount as of 31 December	**0.6**	**184.5**
Amount of goodwill in carrying amount of joint ventures as of 31 Dec.	**-**	**150.8**

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, subsidiaries, joint venture and key management.

The Company acquired the remaining 50% of the shares of its joint ventures in the Middle East on 25 February 2021 (see note 27). They are since then 100% owned subsidiaries and thereby fully consolidated. As described in note 4, there have also been organisational changes in the Group Executive Board and the Board of Directors.

Shareholders

The Company's shares are listed on SIX Swiss Exchange.

The members of the Group Executive Board directly held 0.2% of the Company's shares as of 31 December 2021 (directly 0.3% as of 31 December 2020). The members of the Board of Directors directly held 0.08% and indirectly held 0.5% of the Company's shares as of 31 December 2021 (directly 0.08% as of 31 December 2020).

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). According to the disclosure notifications reported to the Company 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 2021 and 31 December 2020.

Key management

The Company's key management include the members of the Group Executive Board and the Board of Directors.

The below table includes information about compensation to the Group Executive Board.

(In € million)	**Year ended 31 Dec. 2021**	**Year ended 31 Dec. 2020**
Short-term employee benefits	6.7	6.0
Post-employment benefits	0.4	0.5
Share-based payments	2.3	2.1
Termination benefits	1.1	5.5
Total compensation to the Group Executive Board	**10.5**	**14.1**

The expense of €1.1 million recognised in the year ended 31 December 2021 for termination benefits (garden leave and non-compete agreement) relates to Lawrence Fok, the former President and General Manager of Asia Pacific, who announced in October 2021 that he would leave his role in the Group Executive Board as of 31 December 2021. He will leave the Group in 2022, after a transition period.

The expense of €5.5 million recognised in the year ended 31 December 2020 for termination benefits (garden leave and non-compete agreements) related to three former members of the Group Executive Board. The Chief Market Officer (Markus Boehm) left the Group 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) and the Chief Executive Officer (Rolf Stangl) both announced during 2020 that they voluntarily would leave the Group as of 31 December 2020.

The terminations for both periods have been reflected in the measurement of the amount recognised as a share-based payment expense in the respective periods, considering the good and bad leaver clauses in the share-based payment plans in which the former members of the Group Executive Board participated.

Compensation to the members of the Board of Directors totalled €1.8 million for the year ended 31 December 2021 (€1.6 million for the year ended 31 December 2020). The members of the Board of Directors receive part of their compensation in blocked shares.

See note 31 for details about the participation of the members of the Group Executive Board and the Board of Directors in share-based payment plans and arrangements.

Further information 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 2021 Annual Report. Details 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 current and former joint ventures is included in note 28.

Related party transactions and balances

Information about related party transactions and balances not covered above is provided in the following table.

	Transaction values for the year ended		**Balance outstanding as of**	
(In € million)	**31 Dec. 2021**	**31 Dec. 2020**	**31 Dec. 2021**	**31 Dec. 2020**
Joint ventures[1]				
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	9.5	100.2	0.4	10.1
Purchase of goods	0.1	0.4	-	-
Dividends received	-	22.7	-	-
Onex portfolio companies[2]				
Purchase of goods (supplies and machine parts):				
- Erwepa/Davis Standard	-	6.3	-	-

1 Transactions with the former joint ventures in the Middle East are reported until 25 February 2021, when they became fully owned subsidiaries.

2 Transactions with Onex portfolio companies are reported until 6 August 2020, when Onex ceased to be a related party to the Company. 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.

There were no other significant related party transactions during the years ended 31 December 2021 and 31 December 2020. As of 31 December 2021 and 31 December 2020, the Group had no commitments to incur capital expenditure with related parties.

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 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. 2021**	**As of 31 Dec. 2020**
Salaries and wages accrued	47.0	41.1
Provision for annual leave	9.0	9.4
Provision for other employee benefits	2.2	2.9
Net defined benefit obligations:		
Pension benefit liabilities	126.8	128.6
Total employee benefit liabilities	**185.0**	**182.0**
Current	56.0	50.5
Non-current	129.0	131.5
Total employee benefit liabilities	**185.0**	**182.0**

The Group has a net defined benefit asset in the amount of €230.2 million as of 31 December 2021 (€178.5 million as of 31 December 2020). 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 €387.3 million in the year ended 31 December 2021 (€347.0 million in the year ended 31 December 2020).

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, Saudi Arabia, Switzerland, Taiwan, Thailand and UAE. The majority of the Group's pension obligations are in Switzerland. The retirement plans are subject to governmental regulations relating to the funding. The Group usually funds its retirement plans in an amount equal to the annual minimum funding requirements specified by government regulations covering each plan.

This note generally includes aggregated disclosures in respect of the Group's pension plans as the plans are not exposed to materially different risks. However, certain information relating to the Swiss retirement plan is separately disclosed as it is the Group's largest pension plan.

As of 31 December 2021, the Swiss retirement plan comprises 73% (74% as of 31 December 2020) of the present value of the Group's pension plan obligations. As of 31 December 2021, the fair value of the assets of the Swiss retirement plan exceeded the present value of its pension obligations by €230.2 million (€178.5 million as of 31 December 2020). 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 2022 are estimated to be €5.1 million. The Group's pension plans had a weighted average duration of 13 years as of 31 December 2021 (14 years as of 31 December 2020).

Movement in net defined benefit obligation

Information about the net defined benefit obligation as of and for the year ended 31 December 2021 and the year ended 31 December 2020 is included below.

	Defined benefit obligation		**Fair value of plan assets**		**Net defined benefit liability/(asset)**	
(In € million)	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Carrying amount as of the beginning of the year	**509.2**	**504.5**	**(559.1)**	**(549.6)**	**(49.9)**	**(45.1)**
Service cost	8.4	7.1	-	-	8.4	7.1
Interest cost/(income)	1.6	1.8	(0.6)	(0.9)	1.0	0.9
Administrative expenses	-	-	0.5	0.5	0.5	0.5
Curtailments	(2.0)	0.2	-	-	(2.0)	0.2
Total expense/(income) recognised in profit or loss	**8.0**	**9.1**	**(0.1)**	**(0.4)**	**7.9**	**8.7**
Actuarial (gains)/losses arising from:						
Demographic assumptions	(18.0)	9.0	-	-	(18.0)	9.0
Financial assumptions	(4.0)	9.3	-	-	(4.0)	9.3
Return on plan assets, excluding interest income	-	-	(33.2)	(25.7)	(33.2)	(25.7)
Total remeasurement (gains)/losses included in other comprehensive income	**(22.0)**	**18.3**	**(33.2)**	**(25.7)**	**(55.2)**	**(7.4)**
Contributions by the Group	-	-	(5.9)	(4.8)	(5.9)	(4.8)
Contributions by plan participants	1.8	1.7	(1.8)	(1.7)	-	-
Benefits paid by the plans	(38.1)	(25.6)	38.1	25.6	-	-
Addition through business combination	9.3	-	-	-	9.3	-
Effect of movements in exchange rates	15.9	1.2	(25.5)	(2.5)	(9.6)	(1.3)
Total other movements	**(11.1)**	**(22.7)**	**4.9**	**16.6**	**(6.2)**	**(6.1)**
Carrying amount as of the end of the year	**484.1**	**509.2**	**(587.5)**	**(559.1)**	**(103.4)**	**(49.9)**
Comprised of:						
Swiss retirement plan	352.9	376.4	(583.1)	(554.9)	(230.2)	(178.5)
All other plans	131.2	132.8	(4.4)	(4.2)	126.8	128.6
Carrying amount as of the end of the year	**484.1**	**509.2**	**(587.5)**	**(559.1)**	**(103.4)**	**(49.9)**

(In € million)	Net defined benefit liability/(asset) 2021	2020
Included in the statement of financial position as:		
Employee benefits (asset)	(230.2)	(178.5)
Employee benefits (liability)	126.8	128.6
Total net defined pension benefits	**(103.4)**	**(49.9)**

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. 2021	Year ended 31 Dec. 2020
Cost of sales	3.7	4.1
Selling, marketing and distribution expenses	0.7	0.9
General and administrative expenses	3.5	3.7
Total net pension expense	**7.9**	**8.7**
thereof the Swiss retirement plan	5.1	4.6

Expense recognised in other comprehensive income

The remeasurement of the Group's defined benefit pension plans in the year ended 31 December 2021 resulted in a €45.7 million increase, net of income tax, in other comprehensive income (an increase of €7.8 million, net of income tax, in the year ended 31 December 2020).

Plan assets

(In € million)	As of 31 Dec. 2021	As of 31 Dec. 2020
Equity instruments	163.9	152.8
Debt instruments	226.6	224.1
Real estate	177.0	159.9
Other	20.0	22.3
Total plan assets	**587.5**	**559.1**

Approximately 99% of total plan assets are held by the Swiss retirement plan as of 31 December 2021 (99% as of 31 December 2020). 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 2021 was BVG 2020 GT (BVG 2015 GT for 2020).

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. 2021**	**As of 31 Dec. 2020**	**As of 31 Dec. 2021**	**As of 31 Dec. 2020**
Discount rates	0.30%	0.10%	0.3% - 6.8%	0.1% - 6.6%
Future salary increases	1.50%	1.50%	0.0% - 9.0%	0.0% - 9.0%

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. 2021**	**As of 31 Dec. 2020**	**As of 31 Dec. 2021**	**As of 31 Dec. 2020**
Discount rates				
50 basis points increase	(5.1)	(4.8)	(15.4)	(15.3)
50 basis points decrease	12.0	20.0	23.7	32.2
Future salary increases				
50 basis points increase	1.2	1.1	2.8	2.0
50 basis points decrease	(1.1)	(1.0)	(2.7)	(1.9)

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's obligation with respect to its 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.

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 share-based long-term incentive plans for certain members of management, other key employees and talents. 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) or, alternatively, by using shares issued out of its conditional share capital (see note 24).

Share-based long-term incentive plans for SIG employees

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 PSU plans have equivalent terms and vesting conditions.

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. The exact number of PSUs that vests depends on the long-term performance of SIG during a three-year vesting period. The plans include the following vesting conditions:

- Service condition: Continuous employment through to 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 2000 "Industrials" Total Return 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 relative 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 below table provides an overview of the annual PSU plans.

	Overview of PSU plans		
	2021	**2020**	**2019**
Grant date	1 April 2021	1 April 2020	1 April 2019
Vesting date	31 March 2024	31 March 2023	31 March 2022
Fair value of one PSU at grant date *(in CHF)*	22.31	15.05	9.49
Number of employees granted PSUs	9	8	9
Granted number of PSUs	201,707	342,198	537,414
thereof to members of the Group Executive Board	187,139	325,586	495,263

The below table provides a reconciliation of the outstanding PSUs.

	Outstanding PSUs		
Number of PSUs	**2021**	**2020**	**2019**
As of 1 January	**538,198**	**537,414**	-
Granted PSUs	201,707	342,198	537,414
Forfeited PSUs	(47,786)	(341,414)	-
As of 31 December	**692,119**	**538,198**	**537,414**
thereof held by members of the Group Executive Board	522,059	454,713	495,263

One member of the Group Executive Board announced in October 2021 that he would leave the Company in 2022, while three members of the Group Executive Board left in the year ended 31 December 2020 (see note 29). As per the good and bad leaver clauses in the PSU plan regulations, this resulted in forfeitures of a certain number of the granted PSUs.

Restricted share unit plan

Since 2019, the Group annually grants a small number of restricted share units ("RSUs") to a limited number of employees. One RSU represents the contingent right to receive one SIG share, subject to the fulfilment of a three-year service vesting condition.

Equity investment plan

In 2020, the Group introduced an equity investment plan ("EIP") for a wider group of management in leadership positions, other key employees and talents under which the participants may choose 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 2021 EIP award was 31 May 2021 (31 May 2020 for the 2020 EIP). Under the 2021 EIP, 64 employees were granted in total 124,680 options (66 employees were granted in total 220,588 options under the 2020 EIP). The fair value of one option, calculated using the Black-Scholes model, was CHF 3.63 as of grant date for the 2021 EIP (CHF 2.82 for the 2020 EIP). A total of 316,382 options under all EIPs were outstanding as of 31 December 2021 (214,588 as of 31 December 2020).

Share-based payment arrangements for members of the Board of Directors

The members of the Board of Directors receive 40% of their total compensation in SIG shares that are blocked for three years. The grant date is the date of the Annual General Meeting (normally 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 30,583 blocked shares to the members of the Board of Directors in the year ended 31 December 2021 (39,884 blocked shares in the year ended 31 December 2020). The fair value of one granted instrument was CHF 23.10 as of grant date in year ended 31 December 2021 (CHF 14.93 in the year ended 31 December 2020). The blocked shares have been delivered by using treasury shares (see note 24).

Share-based payment expense

The share-based payment expense recognised as a personnel expense in the year ended 31 December 2021 relating to the PSU, RSU and equity investment plans for SIG employees amounts to €3.1 million, of which €2.3 million relates to members of the Group Executive Board (€2.6 million for the year ended 31 December 2020, of which €2.1 million related to members of the Group Executive Board).

The share-based payment expense recognised as part of general and administrative expenses in the year ended 31 December 2021 relating to the arrangement for the Board of Directors amounts to €0.7 million (€0.6 million for the year ended 31 December 2020).

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.

Amounts recognised in profit or loss

(In € million)	**Year ended 31 Dec. 2021**	**Year ended 31 Dec. 2020**
Current year	(78.0)	(70.1)
Adjustments for prior years	7.5	1.3
Current tax expense	**(70.5)**	**(68.8)**
Origination and reversal of temporary differences	18.5	43.2
Recognition of previously unrecognised tax losses	1.4	1.5
Adjustments for prior years	(1.7)	1.1
Deferred tax benefit	**18.2**	**45.8**
Income tax expense	**(52.3)**	**(23.0)**

Amounts recognised in other comprehensive income

The Group has recognised in other comprehensive income a deferred tax expense of €9.5 million relating to the remeasurement of defined benefit plans for the year ended 31 December 2021 (€0.3 million deferred tax income for the year ended 31 December 2020).

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 of 14.29% for the year ended 31 December 2021 is at the same level as the comparative period (14.29%).

(In € million)	Year ended 31 Dec. 2021	Year ended 31 Dec. 2020
Profit before income tax	**224.4**	**91.0**
Income tax using the Swiss tax rate of 14.29% (2020: 14.29%)	(32.1)	(13.0)
Effect of tax rates in foreign jurisdictions	(8.4)	4.0
Non-deductible expenses	(9.8)	(6.8)
Tax exempt income	8.8	4.9
Withholding tax	(8.1)	(8.7)
Recognition of previously unrecognised tax losses	1.4	1.5
Unrecognised tax losses and temporary differences	(4.2)	(6.3)
Tax uncertainties	(1.2)	(1.5)
Tax on undistributed profits	(4.5)	0.5
Adjustments for prior years	5.8	2.4
Income tax expense	**(52.3)**	**(23.0)**

Current tax assets and liabilities

Current tax assets of €4.4 million as of 31 December 2021 (€2.8 million as of 31 December 2020) 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 €42.1 million as of 31 December 2021 (€37.3 million as of 31 December 2020) represent the amount of income taxes payable with respect to current and prior periods.

Current tax liabilities include an amount of €5.8 million (€6.5 million as of 31 December 2020) 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. 2021	As of 31 Dec. 2020
Included in the statement of financial position as:		
Deferred tax assets	46.0	30.5
Deferred tax liabilities	(147.4)	(132.4)
Total recognised net deferred tax liabilities	**(101.4)**	**(101.9)**

The following table provides details about the components of deferred tax assets and liabilities.

(In € million)	Property, plant and equipment	Intangible assets	Inventories	Receivables	Other payables	Deferred revenue	Unremitted earnings	Other items	Net deferred tax assets/ (liabilities)
Carrying amount as of 1 Jan. 2020	**(97.6)**	**(126.9)**	**16.1**	**16.6**	**30.5**	**26.4**	**(18.4)**	**(2.6)**	**(150.7)**
Recognised in profit or loss	8.6	19.3	1.6	12.5	(3.8)	0.9	0.4	6.3	**45.8**
Recognised in other comprehensive income	-	-	-	-	-	-	-	0.3	**0.3**
Effect of movements in exchange rates	3.0	4.1	(0.8)	0.3	(2.9)	0.3	-	(1.3)	**2.7**
Carrying amount as of 31 Dec. 2020	**(86.0)**	**(103.5)**	**16.9**	**29.4**	**23.8**	**27.6**	**(18.0)**	**7.9**	**(101.9)**
Carrying amount as of 1 Jan. 2021	**(86.0)**	**(103.5)**	**16.9**	**29.4**	**23.8**	**27.6**	**(18.0)**	**7.9**	**(101.9)**
Additions through business combination	(2.5)	(7.2)	(0.8)	-	-	-	-	1.1	**(9.4)**
Recognised in profit or loss	(26.0)	21.4	12.5	0.2	5.5	7.9	(4.5)	1.2	**18.2**
Recognised in other comprehensive income	-	-	-	-	-	-	-	(9.5)	**(9.5)**
Effect of movements in exchange rates	2.8	(3.2)	0.9	(0.6)	2.9	1.0	-	(2.6)	**1.2**
Carrying amount as of 31 Dec. 2021	**(111.7)**	**(92.5)**	**29.5**	**29.0**	**32.2**	**36.5**	**(22.5)**	**(1.9)**	**(101.4)**

"Other payables" mainly include a deferred tax asset relating to liabilities for various customer incentive programmes. "Other items" mainly include net deferred tax assets or liabilities relating to employee benefits and tax loss carry-forwards. Tax loss carry-forwards recognised as a deferred tax asset amount to €2.9 million as of 31 December 2021 (€4.6 million as of 31 December 2020).

Unrecognised deferred tax assets

Deferred tax assets have not been recognised with respect to tax losses in the amount of €8.1 million as of 31 December 2021 (€23.0 million as of 31 December 2020) 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 decrease in unrecognised deferred tax assets is mainly related to the sale of the New Zealand paper mill (see note 26). The unrecognised tax losses do not expire under the current applicable tax legislations, with the exception of tax losses of €0.3 million that expire in 2026.

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 following tables present the carrying amounts of the Group's different categories of financial assets and liabilities as of 31 December 2021 and 31 December 2020. They also present the respective levels in the fair value hierarchy for financial assets and liabilities measured at fair value.

	Carrying amount as of 31 December 2021			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	304.5		**304.5**			
Trade and other receivables	221.5	25.7	**247.2**		x	
Other financial assets	2.7		**2.7**			
Derivatives		26.3	**26.3**		x	
Total financial assets	**528.7**	**52.0**	**580.7**			
Trade and other payables	(665.7)		**(665.7)**			
Loans and borrowings:						
- Senior unsecured notes	(994.5)		**(994.5)**			
- Senior unsecured credit facilities	(545.7)		**(545.7)**			
- Lease liabilities	(182.4)		**(182.4)**			
Derivatives		(6.3)	**(6.3)**		x	
Total financial liabilities	**(2,388.3)**	**(6.3)**	**(2,394.6)**			

	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, other payables and other liabilities	(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)**			

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. The fair value of the notes was €1,035 million as of 31 December 2021 (€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 following tables show the types of derivatives the Group had as of 31 December 2021 and 31 December 2020, and their presentation in the statement of financial position. The derivatives have been entered into as part of the Group's strategy to mitigate operational risks (commodity and foreign currency exchange derivatives).

(In € million)	**Current assets**	**Non-current assets**	**Total derivative assets**	**Current liabilities**	**Non-current liabilities**	**Total derivative liabilities**
Commodity derivatives	26.2	-	**26.2**	(1.8)	-	**(1.8)**
Foreign currency exchange derivatives	0.1	-	**0.1**	(4.5)	-	**(4.5)**
Total operating derivatives	**26.3**	**-**	**26.3**	**(6.3)**	**-**	**(6.3)**
Total derivatives as of 31 December 2021	**26.3**	**-**	**26.3**	**(6.3)**	**-**	**(6.3)**

(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)**

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 discount 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 that are covered in 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. Derivatives with a positive fair value are presented as other current or non-current assets in the statement of financial position, while 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 (if any) are presented in other finance income or expenses. The Group does not apply hedge accounting under IFRS 9.

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 2021 and 24 February 2022 (the date these consolidated financial statements were approved) that would require an adjustment to or disclosure in these consolidated financial statements, except for the disclosures given in note 4 relating to organisational changes in the Group Executive Board effective as of 1 January 2022 and the announcements of the planned acquisitions of Evergreen Asia and Scholle IPN in 2022.

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 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 2021, the consolidated statement of financial position as at 31 December 2021, 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 128 to 216) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 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.

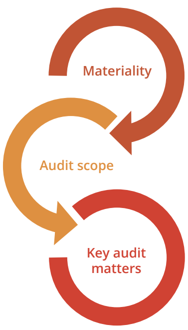
Basis for opinion

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 20 million

We concluded full scope audit work at nine wholly owned Group companies in eight countries. Our audit scope addressed over 87% of the Group's revenue and 86% of the Group's assets. In addition, specified procedures were performed on a further six Group companies in four countries representing a further 2% of the Group's assets.

As key audit matters the following areas of focus have been identified:

- Acquisition of the remaining shares of the joint ventures in the Middle East
- Recoverability 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 20 million
Benchmark applied	Revenue
Rationale for the materiality benchmark applied	We chose 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, transaction and acquisition-related costs as well as restructuring costs. It is further a generally accepted benchmark.

We agreed with the Audit and Risk Committee that we would report to them misstatements above EUR 2 million 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 2021, the Group's global operations are structured along the 4 segments, namely Europe, Middle East and Africa ("MEA"), Asia Pacific ("APAC") and Americas.

We identified nine wholly owned Group companies in eight countries for which, in our opinion, a full scope audit was necessary because of their size or risk characteristics. For a further six Group companies in four countries, specified procedures on selected account balances were performed to increase audit comfort. 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 excluded from our Group audit scope individually contributed more than 5% of the Group's revenue. Audit procedures were also performed by the Group audit team over certain Group functions (including accounting for business combinations, taxation, treasury, certain employee benefits and litigation) and Group consolidation.

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 eight 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.

ACQUISITION OF THE REMAINING SHARES OF THE JOINT VENTURES IN THE MIDDLE EAST

Key audit matter	How our audit addressed the key audit matter
On 25 February 2021, the Group acquired the remaining 50% of the shares of its two joint ventures in the Middle East ("the acquisition") from the joint venture partner Al Obeikan Group for Investment Company CJS ("OIG") for a consideration of €490.3 million. The fair value of the consideration transferred consisted of €167.0 million cash and 17,467,632 newly issued SIG ordinary shares with a fair value of €323.3 million at the time of closing. The fair value of the pre-existing interest sold amounted to €230.9 million. The acquisition resulted in the recognition of goodwill of €518.4 million and other intangible assets of €149.2 million. Furthermore, other income of €48.8 million representing the gain on the pre-existing interest in the joint ventures sold was recognised. As of the acquisition date, all identifiable assets acquired, and liabilities assumed were recognised and measured at their fair value at that date. The acquisition was deemed a key audit matter because the assumptions used by Management as part of the purchase price allocation, in particular the fair value determination of newly identified intangible assets, acquired assets and assumed liabilities and the pre-existing interest sold required a significant level of judgement by Management. Refer to Note 27 – Business Combination, Note 14 – Intangible assets and Note 5.4 – Critical accounting judgements, estimates and assumptions in the consolidated financial statements.	We audited whether the purchase price accounting was performed in accordance with the provisions of IFRS 3 "Business Combinations". We read the underlying purchase agreement and agreed the cash and shares payment to the underlying contracts. • We compared the fair value of newly identified intangible assets, acquired assets and assumed liabilities as outlined in the valuation report of Management's external expert with the consolidated financial statements. • We assessed the qualification and independence of Management's external expert to prepare the valuation report. • We have assessed the process of the identification of assets acquired and liabilities assumed through discussions with Management and its external expert as well as the expertise of our valuation experts. • With the involvement of our valuation experts, we further assessed the appropriateness of the valuation models applied as well as the technical and arithmetic correctness of the calculations in the valuation report. We evaluated the reasonableness of the key assumptions determined by Management and its external expert in determining the fair value of the acquired business and the pre-existing interest sold. • We discussed the assumptions and valuation methods for the fair value adjustments on assets and liabilities purchased with Management, its external expert as well as the Audit and Risk Committee. • For newly identified intangible assets, we independently assessed the assumptions made and valuation methods used. • We assessed whether the individual parameters, specifically discount rate, long-term growth rate and control premium are within reasonable ranges. • We recalculated the fair value of the shares transferred at the time of closing • We corroborated management's assumptions applied to derive the fair value of the pre-existing interest sold. As a result of our procedures, we determined that the conclusions reached by Management with regards to the acquisition accounting is reasonable and supportable.

RECOVERABILITY OF GOODWILL

Key audit matter	How our audit addressed the key audit matter
As per 31 December 2021, the carrying amount of Goodwill amounted to €2,128.1 million. The recoverable amount of the cash-generating units is calculated on the basis of their value in use, applying discounted cash flow models. The valuation of Goodwill is a key audit matter based on the magnitude of the balance and inherent judgement involved in determining the cash-generating units for impairment testing. Additionally, the assumptions related to future cash flows and the determination of discount rates and long-term growth 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 assessed whether the group of cash-generating units (CGUs) identified are the appropriate. We further assessed whether the allocation of goodwill to the respective group of CGUs including the implication of the acquisition of the remaining shares of the joint ventures in the Middle East on the CGU determination is the appropriate basis for impairment testing. With the involvement of our internal valuation experts, we assessed the methodology used to perform the impairment test in accordance with the provisions of IAS 36 and 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 analyses applied to such cash flows based on other internal forward-looking documentation available and by benchmarking them against external market data for the industry and respective regions. • We evaluated the planning accuracy of Management's forecast model by performing look-back procedures and ensured the consistency of Management's cash flow assumptions by comparing it to 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 considered the market capitalisation of the Group in comparison to the carrying amount of its 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 Audit expert Auditor in charge	**Manuela Baldisweiler** Audit expert

Basel, 24 February 2022

Financial statements for the year ended 31 December 2021

SIG Combibloc Group AG

Income statement

(in CHF thousand)	Note	**Year ended 31 Dec. 2021**	**Year ended 31 Dec. 2020**
Income from investments	3.1	142,974.0	116,138.0
Other income	3.2	7,450.0	7,377.9
Total income		**150,424.0**	**123,515.9**
Personnel expenses	3.3	(6,626.7)	(13,225.7)
Other operating expenses	3.2	(7,862.3)	(7,924.7)
Total operating expenses		**(14,489.0)**	**(21,150.4)**
Profit from operating activities		**135,935.0**	**102,365.5**
Finance income		77.1	38.1
Finance expenses		(4,679.9)	(291.5)
Profit before income tax		**131,332.2**	**102,112.1**
Income tax income		-	0.3
Profit for the period		**131,332.2**	**102,112.4**

Balance sheet

(in CHF thousand)	Note	As of 31 Dec. 2021	As of 31 Dec. 2020
Cash and cash equivalents		715.6	512.3
Trade receivables		1,645.2	7,865.2
- Due from Group companies	3.4	1,645.2	7,865.2
Current interest-bearing receivables		38,799.6	-
- Due from Group companies	3.5	38,799.6	-
Other current receivables		91.8	11.2
- Due from third parties		91.8	11.2
Accrued income and prepaid expenses		159.7	388.5
Total current assets		**41,411.9**	**8,777.2**
Investments	3.6	2,740,202.9	2,443,789.8
Total non-current assets		**2,740,202.9**	**2,443,789.8**
Total assets		**2,781,614.8**	**2,452,567.0**
Trade payables		690.6	1,161.9
- Due to third parties		577.2	1,070.6
- Due to Group companies	3.7	113.4	91.3
Current interest-bearing liabilities		789.0	18,322.1
- Due to Group companies	3.8	789.0	18,322.1
Other current liabilities		6,093.8	3,151.9
- Due to third parties	3.9	6,093.8	3,151.9
Accrued expenses	3.10	3,057.6	2,937.0
Total current liabilities		**10,631.0**	**25,572.9**
Non-current liabilities		1,689.9	5,423.6
- Due to third parties	3.11	1,689.9	5,423.6
Total non-current liabilities		**1,689.9**	**5,423.6**
Total liabilities		**12,320.9**	**30,996.5**
Share capital	3.12	3,375.2	3,200.5
Legal reserves		2,425,353.6	2,209,198.0
- Capital contribution reserve	3.13	2,425,353.6	2,209,198.0
Retained earnings		340,618.8	209,286.6
- Profit brought forward		209,286.6	107,174.2
- Profit for the period		131,332.2	102,112.4
Treasury shares	3.14	(53.7)	(114.6)
Total shareholders' equity		**2,769,293.9**	**2,421,570.5**
Total liabilities and shareholders' equity		**2,781,614.8**	**2,452,567.0**

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 2021 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 2021 and 31 December 2020. 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 rates have been applied.

	Average rate for the year		Spot rate as of	
	31 Dec. 2021	**31 Dec. 2020**	**31 Dec. 2021**	**31 Dec. 2020**
EUR to CHF	1.08142	1.07034	1.03310	1.08020

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 142,974.0 thousand (CHF 116,138.0 thousand in the year ended 31 December 2020), which was mainly used to pay a dividend of CHF 141,758.8 thousand to the shareholders in the year ended 31 December 2021 (a dividend of CHF 121,620.2 thousand in the year ended 31 December 2020).

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 included 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 who left the Company in 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. The terminations have been reflected in the measurement of the amount recognised as a share-based payment expense (as part of personnel expenses). See also notes 3.11 and 4.3. No termination benefits were recognised in the year ended 31 December 2021.

3.4 Trade receivables

Trade receivables due from Group companies as of 31 December 2021 and 31 December 2020 mainly consist of management fees charged to direct or indirect subsidiaries.

3.5 Current interest-bearing receivables

Current interest-bearing receivables due from Group companies for the year ended 31 December 2021 consist of an interest-bearing inter-company CHF loan due from SIG Combibloc Services AG (see also note 3.6).

3.6 Investments

The following subsidiary is directly held by the Company.

Name and legal form	Registered office	As of 31 Dec. 2021 Capital	As of 31 Dec. 2021 Votes	As of 31 Dec. 2020 Capital	As of 31 Dec. 2020 Votes
SIG Combibloc Holdings S.à r.l.	7, rue Robert Stumper L – 2557 Luxembourg Grand Duchy of Luxembourg	100%	100%	100%	100%

On 25 February 2021, the Company acquired the remaining 50% of the shares of the Group's two joint ventures in the Middle East ("the acquisition") from the joint venture partner Al Obeikan Group for Investment Company CJS ("OIG") for a consideration of €490.3 million (CHF 543.1 million), split into cash of €167.0 million (CHF 185.0 million) and 17,467,632 newly issued SIG ordinary shares with a fair value of €323.3 million (CHF 358.1 million) at the time of closing. The two former joint ventures (Al Obeikan SIG Combibloc Company Ltd. in Saudi Arabia and SIG Combibloc FZCO in UAE) have thereby become fully owned subsidiaries of the Group.

The new SIG shares were issued out of authorised share capital on 22 February 2021 under exclusion of the subscription rights of the existing shareholders (see note 3.12).

The shares of the former joint ventures were subsequently transferred by the Company to SIG Combibloc Services AG against a loan receivable of €490.3 million (CHF 538.4 million), which has been partly offset by an interest-bearing inter-company CHF loan from SIG Combibloc Services AG. See notes 3.5 and 3.8.

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 2021.

3.7 Trade payables

Trade payables due to Group companies as of 31 December 2021 and 31 December 2020 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 included an interest-bearing inter-company CHF loan and an interest-bearing inter-company EUR loan from SIG Combibloc Services AG. The interest-bearing inter-company EUR loan was partially repaid during 2021, while the interest-bearing inter-company CHF loan was used to offset a loan receivable. See note 3.6.

3.9 Other current liabilities

For the year ended 31 December 2021, other current liabilities include an amount of CHF 2,418.5 thousand for the remaining termination benefits (including non-compete agreements) relating to two former members of the Group Executive Board who left the Company in 2020. See notes 3.3 and 3.11.

Other current liabilities for the year ended 31 December 2021 also include an amount of CHF 3,024.6 thousand for liabilities arising due to share-based payment plans and arrangements (granted in 2019) for certain members of management and Board of Directors. See also note 3.11. For additional information about these plans and arrangements, see note 31 of the consolidated financial statements of the Company for the year ended 31 December 2021.

For the year ended 31 December 2020, other current liabilities included an amount of CHF 3,010.7 thousand for the then current portion of termination benefits relating to two former members of the Group Executive Board who left the Company in 2020. See notes 3.3 and 3.11.

3.10 Accrued expenses

Accrued expenses for the year ended 31 December 2021 primarily consist of employee benefit obligations of CHF 2,782.1 thousand (CHF 2,365.8 thousand as of 31 December 2020). There were no payments outstanding to the pension funds as of 31 December 2021 or 31 December 2020.

3.11 Non-current liabilities

For the year ended 31 December 2021, non-current liabilities primarily consist of liabilities arising due to share-based payment plans (granted in 2020 and 2021) for certain members of management. See also note 3.9 above and note 31 of the consolidated financial statements of the Company for the year ended 31 December 2021.

For the year ended 31 December 2020, non-current liabilities included an amount of CHF 2,326.1 thousand for the then estimated non-current portion of termination benefits (including non-compete agreements) relating to two former members of the Group Executive Board who left the Company in 2020 (see also notes 3.3 and 3.9). The remaining balance primarily consisted of liabilities arising due to share-based payment plans and arrangements (granted in 2019 and 2020) for certain members of management and Board of Directors (see also note 3.9).

3.12 Share capital

As of 31 December 2021, the share capital consists of 337,520,872 shares, issued and fully paid, representing CHF 3.4 million of share capital (320,053,240 shares, issued and fully paid, representing CHF 3.2 million of share capital as of 31 December 2020).

The below table provides an overview of the shares in issue.

Number of shares	**Total shares**
Balance as of 1 January 2020	**320,053,240**
Balance as of 1 January 2021	**320,053,240**
Issue of shares on 22 February 2021	17,467,632
Balance as of 31 December 2021	**337,520,872**

Issue of shares out of authorised share capital

On 22 February 2021, the Company issued 17,467,632 ordinary shares with a nominal value of CHF 0.01 per share out of authorised share capital under exclusion of the subscription rights of the existing shareholders. SIG Combibloc Services AG acquired the newly issued shares at nominal value for CHF 174.7 thousand, paid in cash. The Company subsequently reacquired these shares, also at nominal value. The Company transferred the 17,467,632 newly issued shares to OIG on 25 February 2021 as part of the consideration for the remaining shares of the joint ventures in the Middle East. The difference between the nominal value of the issued shares and the fair value of the shares at the acquisition date is presented as part of the legal reserves. See further note 3.6 above and note 27 of the consolidated financial statements of the Company for the year ended 31 December 2021.

Authorised share capital and conditional share capital

The Company has authorised share capital of CHF 675,041.74 as of 31 December 2021 (CHF 640,106.48 as of 31 December 2020) and conditional share capital of CHF 640,106.48 (CHF 640,106.48 as of 31 December 2020).

The Board of Directors' authority to increase the share capital out of authorised share capital is as of 31 December 2021 limited until 21 April 2023. 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 67,504,174 shares, equalling CHF 675,041.74 or 20% of the existing share capital (of which only 64,010,648 shares can be created out of conditional share capital). However, the number of shares issued from authorised and conditional share capital under the exclusion of subscription and advance subscription rights, respectively, is limited until 21 April 2023 to a single combined maximum of 33,752,087 shares, equalling CHF 337,520.87 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, for investment and acquisition opportunities or to take advantage of favourable market conditions to further improve the Group's capital position. 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 as of 31 December 2021 (also as of 31 December 2020).

See note 4.4 for information about shares to be issued out of the Company's authorised share capital and used in connection with the acquisition of Scholle IPN, which is expected to close in the second or third quarter of 2022.

3.13 Capital contribution reserve

The capital contribution reserve consists of the following:

(In CHF thousand)	**Balance**
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**
Capital contribution reserve as of 1 January 2021	**2,209,198.0**
Additional paid-in capital from issue of shares	**357,911.8**
Dividend payment of CHF 0.42 per share out of the capital contribution reserve	(141,758.8)
Dividend not paid on treasury shares held by the Company	2.6
Capital contribution reserve as of 31 December 2021	**2,425,353.6**

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 2021, a capital contribution reserve of CHF 2,425.4 million (CHF 2,209.2 million as of 31 December 2020), which is confirmed by the Swiss Federal Tax Administration. Foreign capital contribution reserves included in the capital contribution reserve amount to CHF 1,400.9 million (CHF 1,184.7 million as of 31 December 2020). The whole dividend paid in 2020 and 2021 was distributed out of foreign capital contribution reserves. The whole dividend to be proposed to the Annual General Meeting in April 2022 is expected to be distributed out of foreign capital contribution reserves.

3.14 Treasury shares

The movements in treasury shares during the year were as follows:

(Number of treasury shares or in CHF thousand)	2021 Number	2021 Amount	2020 Number	2020 Amount
Balance as of 1 January	**6,274**	**(114.6)**	**6,158**	**(77.1)**
Purchases	26,739	(670.4)	40,000	(665.1)
Transfer under share-based payment plans and arrangements	(30,583)	731.3	(39,884)	627.6
Balance as of 31 December	**2,430**	**(53.7)**	**6,274**	**(114.6)**

No treasury shares are held by the Company's subsidiaries or joint venture.

4 Other information

4.1 Employees

The number of full-time equivalent employees in 2021 and 2020 did not exceed ten on an annual average basis.

4.2 Significant shareholders

According to the disclosure notifications reported to the Company 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 2021 and 2020.

Significant shareholders	**Voting rights as of[1] 31 Dec. 2021**	**Voting rights as of[1] 31 Dec. 2020**
Haldor Foundation[2]	9.95%	6.00%
Fahad al Obeikan[3]	-	5.46%
Fahad al Obeikan[4], Andreas Boy and André Rosenstock	5.18%	-
Norges Bank (the Central Bank of Norway)	4.96%	5.94%
BlackRock Inc (Mother company)	3.57%/0.01%	3.57/0.01%%
UBS Fund Management (Switzerland) AG	3.18%	3.18%
Ameriprise Financial, Inc.	3.17%/0.002%	3.042%

1 When comparing the percentages of voting rights held as of 31 December 2020 and as of 31 December 2021, it should be noted that the number of the Company's outstanding shares were increased in February 2021 (see note 3.4).

2 The direct shareholder is Winder Investment Pte Ltd.

3 As of 31 December 2020, the voting rights were reported as beneficially owned by Fahad al Obeikan, Riyadh, Saudi Arabia (with the direct shareholder being Al Obeikan Printing and Packaging Company CJS,). However, these shares were not transferred by the Company until the completion of the Group's acquisition of the remaining shares in its two joint ventures in the Middle East on 25 February 2021. See note 3.6.

4 The direct shareholder with respect to Fahad al Obeikan as of 31 December 2021 is Al Obeikan Group for Investment Company CJS.

For further details about the significant shareholders as of 31 December 2021, refer to section 1.2 of the Corporate Governance Report. 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 2021 and 2020, respectively.

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 2021, the members of the Board of Directors as of that date directly and indirectly held the following number of shares and restricted share units.

Board of Directors	Number of directly or beneficially held shares[1, 2, 3]	Unvested restricted share units[2]	Total shareholdings
Andreas Umbach	90,121	-	90,121
Matthias Währen	30,206	-	30,206
Colleen Goggins	28,382	7,287	35,669
Werner Bauer	55,495	-	55,495
Wah-Hui Chu	41,132	6,949	48,081
Mariel Hoch	16,120	-	16,120
Abdallah al Obeikan[3]	1,853	-	1,853
Martine Snels	1,853	-	1,853
Nigel Wright	-	-	-
Total	**265,162**	**14,236**	**279,398**

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 in SIG shares that are blocked for three years. Prior to 2020, 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.

3 Abdallah al Obeikan also indirectly held 1,827,110 shares via his shareholding in Al Obeikan Group for Investment Company CJS.

Abdallah al Obeikan, Chief Executive Officer of OIG and, prior to the acquisition, Chief Executive Officer of the Group's former joint ventures in the Middle East, was elected to SIG's Board of Directors at the Annual General Meeting in April 2021. Martine Snels was elected as a new member of SIG's Board of Directors at the Annual General Meeting in April 2021.

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 in SIG shares that are blocked for three years. Prior to 2020, 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 2021 and 31 December 2020, 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. 2021		As of 31 Dec. 2020	
Group Executive Board	**Number of directly or beneficially held shares[1]**	**Unvested performance share units[2]**	**Number of directly or beneficially held shares[1]**	**Unvested performance share units[2]**
Samuel Sigrist, Chief Executive Officer	200,063	194,901	200,063	135,510
Rolf Stangl	-	-	-	56,200
Frank Herzog	-	33,618	-	-
Ian Wood	75,000	119,450	75,000	92,556
Abdelghany Eladib	7,420	13,447	-	-
Lawrence Fok	188,572	49,705	268,572	77,320
Martin Herrenbrück	-	-	50,000	15,807
José Matthijsse	-	13,447	-	-
Ricardo Rodriguez	250,002	97,491	250,002	77,320
Total	**721,057**	**522,059**	**843,637**	**454,713**

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 are granted performance share units ("PSUs") on an annual basis. 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 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.

The Company has implemented or initiated organisational changes in its Group Executive Board in both the year ended 31 December 2021 and the year ended 31 December 2020 (see also note 3.3).

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.

Abdelghany Eladib took on the newly created role of President and General Manager of Middle East and Africa effective 28 February 2021.

Lawrence Fok announced on 29 October 2021 that he would leave his role as President and General Manager of Asia Pacific as of 31 December 2021. He will leave the Group in 2022, after a transition period. Due to the Group's growth in Asia Pacific, his role in the Group Executive Board has been taken over by two executives with effect from 1 January 2022. Fan Lidong has taken on the newly created role of President and General Manager of Asia Pacific North. Angela Lu has taken on the newly created role of President and General Manager of Asia Pacific South.

Suzanne Verzijden joined the Group Executive Board as Chief People and Culture Officer, effective as of 1 January 2022.

4.4 Other

Announcement of agreement to acquire Evergreen's fresh carton business in Asia Pacific

The Group announced on 5 January 2022 that it has entered into an agreement to acquire Evergreen's fresh carton business in Asia Pacific ("Evergreen Asia") from Evergreen Packaging International LLC. The acquisition is expected to close in the second or third quarter of 2022. The closing is subject to customary closing conditions, including approvals from regulatory authorities.

The consideration for the shares of the Evergreen entities will be based on an enterprise value of $335 million (subject to customary closing adjustments) on a cash-free, debt-free basis and will be paid in cash at the closing of the acquisition. The final consideration will be determined at the time of the completion settlement. The acquisition will initially be financed through a bridge facility of €300 million with a maturity of up to 18 months, which will be refinanced with long-term financing arrangements.

See note 4 of the consolidated financial statements of the Company for the year ended 31 December 2021 for additional details about the acquisition.

Announcement of agreement to acquire Scholle IPN

The Group announced on 1 February 2022 that it has entered into an agreement to acquire 100% of Scholle IPN from CLIL Holding B.V.. Scholle IPN is a leading innovator of sustainable packaging systems and solutions for food and beverages. It is the global leader in bag-in-box and number two in spouted pouches. The acquisition is expected to close in the second or third quarter of 2022. The closing is subject to customary closing conditions, including approvals from regulatory authorities.

The consideration for the shares of Scholle IPN will be based on an enterprise value of €1.36 billion (at an USD/EUR exchange rate of 1.12862) and an estimated net debt position of €310 million as of 31 December 2021, reflecting an equity value of €1.05 billion.

The consideration will be split into cash of €370 million (subject to customary closing adjustments) and 33.75 million newly issued shares, to be transferred at the closing of the acquisition, and a contingent consideration. The new shares will be issued out of authorised share capital. The existing debt of Scholle IPN will be refinanced at closing. The final consideration, excluding the contingent consideration, will be determined at the time of the completion settlement. The contingent consideration depends on Scholle IPN outperforming the top-end of the Group's mid-term revenue growth guidance of 4-6% per year for the years ending 31 December 2023, 2024 and 2025, and would be paid in cash in three annual instalments of up to €89 million ($100 million) per year. The consideration to be paid in cash at closing and the repayment of existing debt will be financed via a bridge facility with a maturity of up to 18 months, which is expected to be refinanced through a combination of long-term debt and a share capital increase of approximately €200-250 million.

The current owner of Scholle IPN, Laurens Last, will become the largest single shareholder in SIG after closing of the acquisition with an approximate shareholding of 9.1% (with a lock-up period of 18 to 24 months). He will also be nominated for election to the Board of Directors of SIG at the forthcoming Annual General Meeting on 7 April 2022. Ross Bushnell, CEO of Scholle IPN, will join SIG's Group Executive Board subject to and as of closing of the acquisition.

See note 4 of the consolidated financial statements of the Company for the year ended 31 December 2021 for additional details about the acquisition.

COVID-19

Management evaluates on an ongoing basis how the effects of COVID-19 impact the Group's financial position and performance. The progress of the business during the pandemic has shown that the Group is well placed to withstand the effects of COVID-19 due to its role in the supply chain for essential food and beverages and its broad geographic reach. As the Group and its customers are in an industry that assures the distribution of essential food and beverages, the Group overall has not been, and is currently not, significantly impacted by the COVID-19 pandemic. Significant judgements are involved regarding the assessment of the impacts of COVID-19 on the global economy. New facts and circumstances, such as supply chain disruptions, new mutations of the virus and more restrictive quarantine rules, may lead to adjustments of management's current estimates and assumptions.

Other remarks

There have been no events subsequent to 31 December 2021 that would require an adjustment to or disclosure in these financial statements except for the disclosures above regarding the planned acquisitions of Evergreen Asia and Scholle IPN and in note 4.3 relating to organisational changes in the Group Executive Board effective as of 1 January 2022.

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. 2021**	**As of 31 Dec. 2020**
Profit brought forward from previous period	209,286.6	107,174.2
Profit for the period	131,332.2	102,112.4
Retained earnings at the end of the period	**340,618.8**	**209,286.6**
Retained earnings to be carried forward	**340,618.8**	**209,286.6**

The Board of Directors proposes to the Annual General Meeting to be held on 7 April 2022 to carry forward retained earnings of CHF 340,618.8 thousand.

Proposal of the Board of Directors for the appropriation of the capital contribution reserve

(In CHF thousand)	**As of 31 Dec. 2021**	**As of 31 Dec. 2020**
Capital contribution reserve	2,425,353.6	2,209,198.0
Additional paid-in capital from issue of shares	-	357,911.8
Proposed dividend of CHF 0.45 per share (2021: payment of CHF 0.42 per share) out of the capital contribution reserve	(169,884.4)	(141,758.8)
Dividends not paid on treasury shares held by the Company	-	2.6
Capital contribution reserve carried forward after cash dividend	**2,255,469.2**	**2,425,353.6**

Provided that the proposal of the Board of Directors is approved by the Annual General Meeting to be held on 7 April 2022, the dividend will amount to CHF 0.45 per share and is expected to be paid out of the Company's foreign capital contribution reserve. Dividends are not 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 2021, the balance sheet as at 31 December 2021, and notes, including a summary of significant accounting policies. In our opinion, the financial statements (pages 223 to 235) as at 31 December 2021 comply with Swiss law and the company's articles of incorporation.

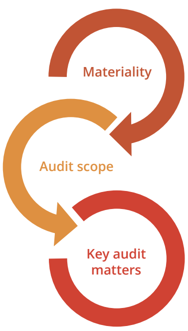
Basis for opinion

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

OVERVIEW



Overall materiality: CHF 13 million

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

We have determined that there are no key audit matters to communicate in our report.

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 13 million
Benchmark applied	Net assets
Rationale for the materiality benchmark applied	We chose net assets 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, 24 February 2022

CORPORATE RESPONSIBILITY REPORT

THE WAY BEYOND GOOD

STRATEGY AND GOVERNANCE

INTRODUCTION TO OUR CR REPORTING

This year, we have included in-depth reporting on The Way Beyond Good and corporate responsibility (CR) within our Annual Report for the first time in response to growing interest from investors in environmental, social and governance (ESG) topics. Key elements of our approach are included throughout relevant sections of the Annual Report. In this CR Report, we provide more detailed information on our approach to ESG topics in accordance with the Global Reporting Initiative (GRI) Standards: Core option. It covers CR governance and describes our management approach, performance and targets for our most material environmental and social issues.

Details on our materiality process and reporting boundaries can be found on > page 259 and an index of conformance with the GRI Standards starts on > page 349.

Scope of our CR reporting

Unless otherwise stated, data in this CR Report covers the 2021 calendar year and all our fully-owned global operations – including for the first time our newly opened second production site in China and our former joint ventures in the Middle East and Africa.

Data includes our production plant in Melbourne (Australia), as well as performance relevant to the plant's production volumes which moved to other plants after production of aseptic cartons ceased in Melbourne in mid 2021. It excludes our paper mill in New Zealand, which was sold in June 2021, and our joint venture in Japan.

Assurance

DATA ASSURED

Data points on key performance indicators related to our material CR topics (summarised on > page 338) have been externally assured with limited assurance by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft. See their assurance statement on > page 362.

Key for icons

INDUSTRY LEADER

Specific achievements where SIG is an industry leader are highlighted with this icon.

KEY CHALLENGE

Key challenges are signposted with this icon.

We want to hear from you

We welcome stakeholder feedback on our CR approach, performance and reporting. Please contact Ingo Büttgen, Head of Corporate Communication, at waybeyondgood@sig.biz.

Reporting frameworks and additional disclosures

We align our CR reporting and ESG disclosures with recognised external frameworks, including:

WE SUPPORT

SIG supports the SDGs

- **Global Reporting Initiative (GRI):** We report in accordance with the GRI Standards: Core option. Our last full GRI report was published in 2021 for the 2020 reporting year, and we have now moved from a biennial to an annual reporting cycle for our GRI reporting.
- **United Nations Global Compact:** This report acts as our Communication on Progress in relation to the 10 principles of the United Nations Global Compact (see > page 345).
- **United Nations Sustainable Development Goals (SDGs):** We describe how we are contributing to the SDGs (see > page 255) and we highlight relevant SDGs throughout this report.
- **Greenhouse Gas Protocol:** Our greenhouse gas emissions are reported in accordance with the Greenhouse Gas Protocol (see our basis for reporting on > page 359).
- **CDP:** We disclose detailed information for investors on our management and performance on climate issues and, for the first time in 2021, on forests through the CDP.
- **EcoVadis:** We submit extensive information to support our annual assessment by EcoVadis for participating customers.
- **SEDEX:** All our production plants successfully completed SEDEX Members Ethical Trade Audits in 2021.
- **Dow Jones Sustainability Indices (DJSI):** We responded to the S&P Global Corporate Sustainability Assessment survey for an investor audience for the first time this year.
- **Task Force on Climate-related Financial Disclosures (TCFD):** We are working to integrate the elements of the TCFD framework, including scenario analysis, in our public reporting by 2023.
- **EU Taxonomy:** We are working to understand how our activities align with the definitions set out in the new EU Taxonomy.

ESG website and policy manual

We have further enhanced disclosure this year by publishing detailed policies, as well as public commitments, on ESG topics on our website. For each topic, we explain why it is material for SIG, state what our commitment is, and set out our policy and approach. This external summary is supported by an in-depth internal ESG Policy Manual to guide our approach across the business.

External recognition for CR performance and disclosure

EcoVadis Platinum

Our Platinum rating from EcoVadis again puts us in the top 1% of businesses participating in its latest sustainability assessment.

MSCI AA

Our AA rating from MSCI places SIG as a leader in the industry on ESG criteria.

Sustainalytics

We further improved our ESG Risk Rating score from Sustainalytics this year from 18.8 to 13.4 out of 100, positioning SIG as low-risk for investors.

CDP Supplier Engagement Leaderboard:

SIG was again named by the CDP as a leader in taking action to measure and reduce climate risk within the supply chain.

SXI Switzerland Sustainability 25® Index

We joined the SXI index in 2021, ranking SIG in the top 25 most sustainable companies listed on the SIX Swiss exchange based on a third-party assessment.

Dow Jones Sustainability Indices (DJSI)

We responded to the S&P Global Corporate Sustainability Assessment survey for the first time this year and scored in the top quartile for our industry.

RESPONSIBILITY BUILT IN

Our purpose and The Way Beyond Good commitments are built into our business strategy – our Corporate Compass – and the way we do business.

Strategy

Our Corporate Compass (see > page 34) guides our business decisions at every level.

SIG's purpose – working in partnership with our customers to bring food products to consumers around the world in a safe, sustainable and affordable way – is at the core of this strategy.

Our commitment to go Way Beyond Good – to help shape a more sustainable food system through packaging solutions that deliver a net positive outcome for both people and planet – is also embedded in the Corporate Compass and supports our business priorities on growth, customer and people.

The Way Beyond Good encompasses four action areas: Forest+, Climate+, Resource+ and Food+. These areas are interconnected. Each nurtures the others and together they will produce sustainable, positive impact – for the environment, society and our business.

Our focus on sustainable innovation drives progress in all four of these areas. And our long-standing commitment to responsible culture underpins our Corporate Compass and The Way Beyond Good – from developing a diverse and talented team and keeping our people safe to sourcing responsibly, managing environmental impacts, supporting communities and upholding high ethical standards.

OUR VALUES

Our values underpin everything we do.

- Leadership
- Accountability
- Quality
- Integrity
- Performance
- Pride
- Collaboration
- Feedback

See > page 40 for more on our strategy.

Specific targets for 2025 and beyond on each of our material social and environmental issues provide a roadmap on The Way Beyond Good. See > page 340 for a summary of these targets and our progress in 2021.

Embedding corporate responsibility in core business processes

Corporate responsibility (CR) is built into the way we do all aspects of our business. For example:

- **Solutions selling** – The sustainability credentials of our packaging solutions are an increasingly important selling point for customers. Our sales teams are trained to make sustainability part of every conversation with our customers. We include our **SIG**NATURE portfolio and other sustainable innovations for our packs, such as our paper straw solutions, in our marketing globally. We also engage with customers on how our technical service upgrades can help them improve the sustainability of their factories through our Fill Beyond Good programme.
- **Product innovation** – The Way Beyond Good ambitions are driving specific sustainable innovation workstreams and environmental performance is one of the core value drivers for all our product innovation, alongside product safety and commercial considerations.

- **Manufacturing** – The safety of our people and our products is critical to our manufacturing operations and quality controls, as is managing environmental impacts from production.
- **Procurement** – Working with responsible suppliers and sourcing raw materials from responsibly managed resources is central to procurement at SIG and forms part of our training for everyone involved in this function.
- **Human resources** – Our Human Resources strategy to foster a winning team by empowering our people to always believe in more is closely aligned with our targets to engage and develop employees, and promote diversity, equity and inclusion as part of our responsible culture. CR is also integrated in employee engagement through The Way Beyond Good engagement programme and regular internal communications on CR-related topics.
- **Remuneration** – Our Short-Term Incentive Plan for members of our Group Executive Board, as well as managers and experts with a variable income component, includes a measure linked to a third-party assessment of our ESG performance by EcoVadis.
- **Investor relations** – ESG topics are increasingly important in the investment community. We are strengthening our engagement with investors on these topics through ESG conferences. We have also created a dedicated space on our website where we have published detailed policies and commitments on specific ESG topics to enhance disclosure. SIG has continued to score well in recognised ESG ratings (see > page 244) and we have maintained sustainability-linked loan facilities (linked to our EcoVadis score and reductions in Scope 1 and 2 greenhouse gas emissions).
- **Risk management** – We are working to ensure that our most material CR risks – including climate-related risks (see > page 275) – are fully integrated into our annual corporate risk management process, which assesses risks based on potential financial and reputational implications for the business. CR topics are integral to several of the main business risks identified in our latest corporate risk assessment (see below). See > page 71 for more on our corporate risk management. Our approach to managing CR risks is outlined in the relevant sections of this report. Each key risk has an owner at executive management level who is responsible for the implementation of risk management measures in their area of responsibility, as well as a mitigation action owner within the relevant global function supported by regional teams to ensure local implementation.

Key business risks related to CR topics

Environment – risks of environmental regulations on recycling of beverage cartons, aseptic carton packaging systems, closures, straws or raw materials; shift in public opinion of carton packaging.

Supply – risks of disruptions in the supply chain or slowdowns, strikes or similar employee actions, resulting in the inability to supply our customers.

Compliance – risks of non-compliance with applicable laws, regulations and internal policies in areas such as the environment, health and safety, anti-harassment, tax, fraud/embezzlement, unfair competition, insider trading, money laundering, employment.

Information security – risks of hacking and breach of data privacy.

Quality – risks of supplying faulty products or non-compliance with product and safety regulations.

Human resources – risks of loss of key personnel, inability to attract new talent and inability to drive diversity and inclusion.

Governance

Ultimate accountability for our performance and progress on The Way Beyond Good commitments lies with our CEO and Group Executive Board (GEB).

Every GEB meeting includes standing items on responsibility topics. GEB members sit on our Responsibility Steering Group (RSG) together with senior representatives of key functions and each region. The GEB also engages directly with our independent Responsibility Advisory Group to gain valuable external input (see > page 248).

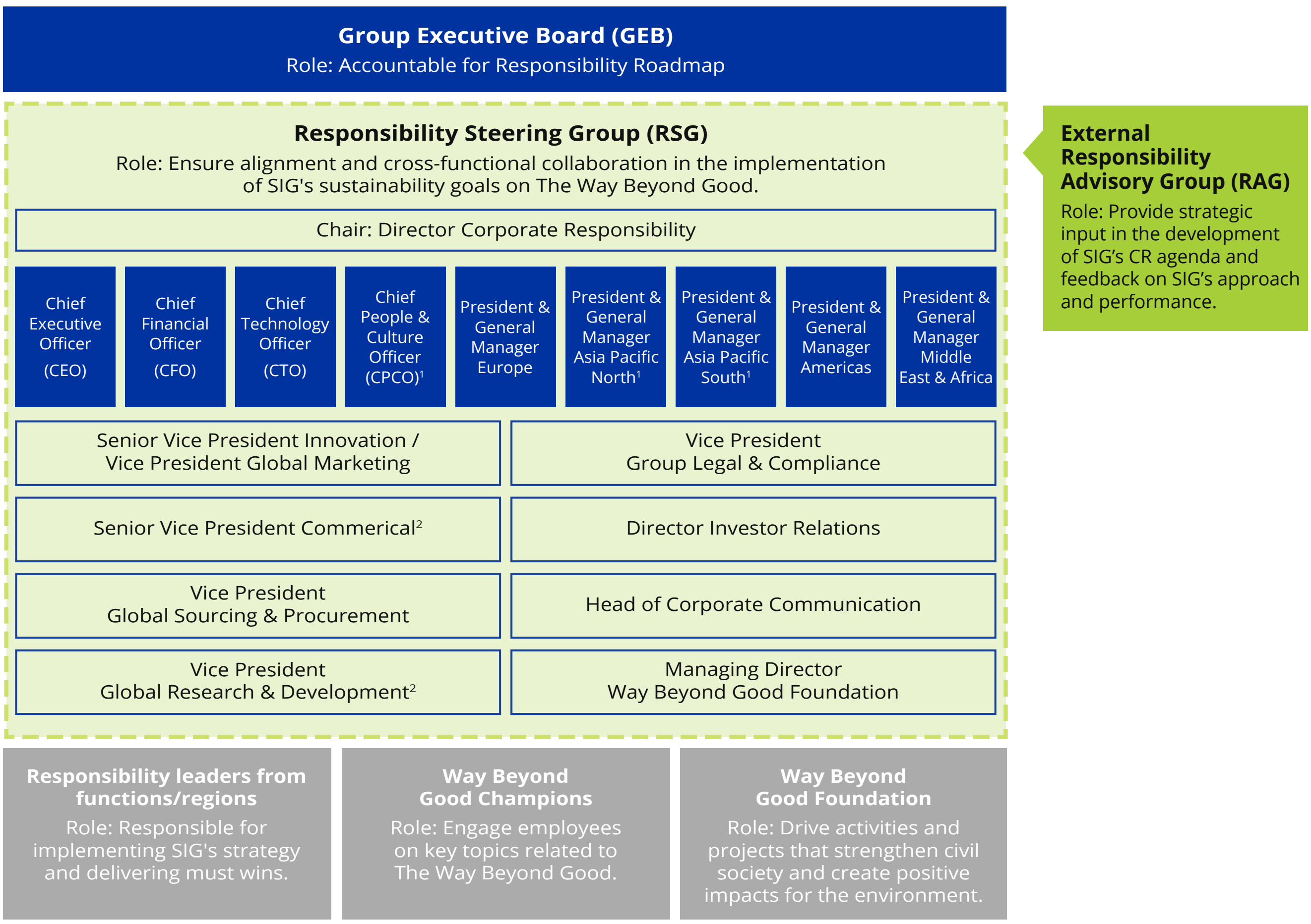
Each of The Way Beyond Good action areas and enablers is owned by a member of the RSG who is accountable for setting stretching goals and delivering progress through targeted workstreams.

Responsibility leaders from relevant functions and regions are responsible for implementing The Way Beyond Good targets, with support from relevant experts across the business.

In 2021, we introduced a measure related to ESG performance – linked to our rating in the annual third-party EcoVadis assessment – in our Short-Term Incentive Plan, which covers GEB members as well as all managers and experts worldwide with a variable income component.

The RSG meets twice a year to review progress towards The Way Beyond Good commitments and ensure alignment and collaboration across the business.

RESPONSIBILITY GOVERNANCE STRUCTURE



1 Joined the GEB and RSG as of 1 January 2022.
2 Joined the RSG in the second quarter of 2021.

Integrating external insight

Our independent Responsibility Advisory Group (RAG), established in 2018, supports the development of our approach on The Way Beyond Good by providing external perspectives and challenging us to improve.

The group of external CR experts meets formally twice a year with members of our C-suite to provide strategic input to our Responsibility Steering Group and Group Executive Board.

In 2021, RAG meetings were held virtually due to COVID-19 restrictions. The RAG met in March for two half-day workshops with our Chief Executive Officer, Chief Financial Officer and Chief Technology Officer to reflect on progress against our 2020 roadmap, provide input into the development of The Way Beyond Good ambitions and targets for 2025 and beyond, and discuss emerging topics on the horizon.

The RAG met again in December to discuss how we have responded to their recommendations. The meetings were facilitated by members of our Group CR team.

The table below provides a summary of the RAG's key recommendations and our response. We also invited each member of the RAG to provide direct feedback in our CR Report (see quotes on the following pages).

RESPONDING TO RAG FEEDBACK

RAG recommendation	SIG response
The RAG emphasised the need to maintain a high level of ambition, set bold targets and define clear plans to achieve them. They reinforced the importance of focusing on the areas where SIG can have the most impact based on what we do best, what our customers expect of us and what the planet needs.	We remain fully committed to our bold net positive Way Beyond Good ambition. Last year, we defined our next set of targets for 2025 in four key action areas where we can have the biggest impact through our business: Forest+, Climate+, Resource+ and Food+. This year, we continued to take action and develop plans to meet these targets, as well as refining our key performance indicators and goals to help us achieve and measure positive impact.
The RAG continued to appreciate and encourage the level of involvement and support from our GEB in embedding The Way Beyond Good within the business, and recommended further engagement with the Board of Directors on this as well. They also encouraged us to engage a wider audience to help people understand what net positive means in practice, starting with our own employees.	We have allocated responsibility for each of The Way Beyond Good action areas to a specific member of our GEB to help drive action on our goals through the business. We reinforced this business prerogative in 2021 by linking our Short-Term Incentive Plan for GEB members, as well as managers and experts with a variable income component, to ESG performance. We engaged employees on our Climate+ and Forest+ action areas this year through campaigns run by our Way Beyond Good Champions, and we held a virtual conference for the Champions to share ideas on how to strengthen our employee engagement on The Way Beyond Good.
The RAG recognises the importance of collaboration and involvement in external initiatives to achieve our net positive ambition. They recommended that we focus on select strategic partnerships through which we can work together to maximise positive impact.	To help us drive progress in our action areas within our own business and beyond, we have continued to support key external initiatives and to collaborate through strategic partnerships. For example, we pledged our support for the Science Based Targets initiative's Business Ambition for 1.5°C, began new partnerships with NGOs to identify and implement projects to bring additional hectares of forest into sustainable management, and delivered further improvements in recycling capacity through our membership of ACE and GRACE.

Greg Norris (RAG Chair)

Co-Director of Sustainability and Health Initiative for NetPositive Enterprise (SHINE)

"SIG is leading on ambition and practical plans to bring its ambition to life. The target of net positive is as ambitious as you can get, and the combination of SIG's net positive handprint aspiration with science-based targets to reduce its own footprint is powerful.

Now, I want to see this leadership continue with SIG demonstrating the creation of business positive handprints. Helping the planet by delivering business benefits at the same time is the best way to deliver quantified, scalable, positive environmental and social impact.

SIG is adopting strong approaches as it works to define what net positive looks like for each of its Way Beyond Good action areas. I'm particularly excited to see the company taking such a conscientious approach on regenerative forestry with a high level of attention to biodiversity.

Companies pursuing a net positive ambition have a responsibility to help people understand what this means at a household level. Through its Way Beyond Good Champions programme, SIG has an opportunity to begin by helping employees understand what a handprint means in a tangible way – both at work and at home."

Gail Klintworth

Chair, Non-Executive Director and Board Advisor: Shell Foundation, Integrity Action, Globescan, Tiger Brands, MAS Holdings, Al Dabbagh Group, Third Way Africa, Savo Project Developers, SYSTEMIQ

"SIG is clearly on the right path with The Way Beyond Good, and the commitment from leadership is active and obvious. I also see opportunities for the company to go even further in its four action areas.

On Forest+, I welcome SIG's new goal on creating or restoring additional forests. To maximise positive impact, I would like to see this programme targeting regions of the world where there is an urgent need to tackle deforestation.

On Climate+, SIG has made excellent progress in reducing emissions from production and I have no doubt that it will get to net zero in its own operations, although it is less clear how SIG plans to deliver a net positive value chain. I also see an opportunity for SIG to explore how its low-carbon cartons could replace alternative packaging for a wider range of food products.

On Resource+, of course it's important to support recycling efforts, yet the ultimate aim must always be to create fully circular packaging that designs out waste completely.

All these opportunities and challenges must be seen in the context of the Food+ impact that SIG's long-life packaging has in delivering food to people around the world, and it's great to see the company's increased focus on nutrition."

Erin Meezan

Vice President and Chief Sustainability Officer at Interface, Inc

"The Way Beyond Good commitment put SIG among the pioneers of the net positive movement when it was first established in 2016 and, five years on, it remains incredibly ambitious. The company has come a long way, translating this bold ambition into specific targets and initiatives that have evolved into real impact.

Of course there are areas that will take more work, but it's been really exciting to see SIG move so quickly in turning a great ambition into action. Progress in key areas like carbon reduction and responsible raw materials differentiate SIG as a supplier – and will continue to do so as more food companies commit to a more sustainable supply chain.

SIG has created an effective way to champion The Way Beyond Good and embed it into business operations by allocating ownership of each action area to a specific member of the leadership team. Through the Responsibility Advisory Group, I have seen a very high level of authentic engagement from the whole leadership team that sets the tone for the rest of the organisation. It will be increasingly important to engage the Board of Directors too as The Way Beyond Good is integrated further into the business plan."

Matt Sherwood

Chief Executive Officer, WeVidIt

"SIG is extremely well positioned to help deliver food to consumers more sustainably and has an opportunity to exponentially expand its business by partnering with more food companies to choose its cartons over less environmentally favourable packaging. From an investment standpoint, the strength of SIG's value proposition and ESG credentials could even enable food companies to access low-cost capital to finance their investment in SIG's packaging systems.

SIG has made excellent progress on the environment side and has also taken important steps this year on the social side. Enhancing gender and ethnic diversity on the management team shows that SIG recognises the value of diverse perspectives. I want to see the company continue on this path to drive improvements on diversity, equity and inclusion across the organisation to support the business in future.

It will be important to ensure buy-in for SIG's ESG agenda from the new members of the management team, as existing members clearly value The Way Beyond Good mission and the benefit it will bring to shareholders. They do not mind being challenged by the RAG because the goal for them is to be the best – not just Way Beyond Good, but way beyond great!"

Getting our people involved

Employees play an important role in informing, inspiring and driving progress towards our ambitions.

Our Way Beyond Good engagement programme aims to engage employees across the business. It is led by a network of local Way Beyond Good Champions who run themed campaigns to raise awareness of specific social and environmental topics and get employees and communities involved.

We held our first (virtual) conference for the Champions this year to enable them to share their sustainability stories and discuss ideas about how we can improve our campaigns, engage more employees and local communities, and get senior leadership more involved. Our Chief Executive Officer and the Chair of our Responsibility Advisory Group joined to share their stories and talk about The Way Beyond Good.

The Champions ran two global campaigns to engage employees and communities on climate (see > page 276) and forests (see > page 267) – aligned with two of our action areas on The Way Beyond Good.

The results of our last biennial employee engagement survey in 2020 showed that engagement in our Way Beyond Good commitments has significantly increased since we started the engagement programme. We will assess progress on this again in our next survey in 2022.

Innovating for good through the SIG Way Beyond Good Foundation

The SIG Way Beyond Good Foundation, set up in 2018, supports The Way Beyond Good ambitions through targeted charitable projects and partnerships.

Together with partners, the Foundation's purpose is to identify, drive and promote activities and projects that strengthen civil society and create positive impacts for the environment. Members of our GEB and senior management sit on the Foundation's Board of Trustees.

The Foundation is exploring how to scale up our flagship Cartons for Good project (see > page 294) and has begun work to establish a community recycling project in Indonesia, building on the successful model established through our so+ma partnership in Brazil (see > page 288). It also contributes to our wider support for communities (see > page 332).

DRIVING THE NET POSITIVE AGENDA

We are committed to playing a significant role in shaping a more sustainable food system through packaging solutions that deliver a net positive outcome for both people and planet.

Accelerating our net positive ambition

We have developed a roadmap for 2025 and beyond to help us accelerate progress to deliver transformative change at the pace and scale needed to achieve our net positive mission (see > page 340).

The roadmap's action areas focus on what's most material to our business (see > page 259). The roadmap builds on the Net Positive Principles (see below) to target where we can make the most significant impact by supporting systemic change in the context of sustainable development challenges and opportunities.

The Way Beyond Good is not a path we can walk alone. Building on our contributions over the last few years through the Net Positive Project, we are continuing to work together with other leading companies and non-governmental organisations to inspire others to join the movement, partner to develop net positive thinking and solutions, and stand up as strong advocates for action. Examples of such collaborations can be found in the sections of this report on each of The Way Beyond Good's interconnected action areas: Forest+, Climate+, Resource+ and Food+.

Driving the net positive agenda enables us to catalyse transformative change beyond our own business and value chain to create wider benefits for society and the environment.

Net Positive Principles

Material: Focusing on what matters most

Systemic: Influencing change across entire system

Regenerative: Creating long-term, sustained and absolute impact

Transparent: Sharing progress openly and honestly

Measuring environmental footprint

We use established practices and protocols to measure our value chain greenhouse gas emissions and we have developed a methodology to measure our wider value chain environmental footprint, building on the lifecycle assessment (LCA) approach we use to measure the environmental performance of our products.

The benefit of using an LCA approach is that it looks across a range of different impact areas to help identify potential trade-offs where an action may reduce our impact in one category but increase our impact in another. Analysing our value chain environmental footprint helped to inform the development of The Way Beyond Good ambitions and is supporting us in defining what net positive means for each action area.

Quantifying social impact

Metrics and methodologies are less well defined for measuring social impact. We have established a methodology to measure the impact of our community engagement programmes, which includes their potential to contribute to specific United Nations Sustainable Development Goals (see > page 332).

Our biggest opportunity to create positive social impact is through the role of our packs in preserving and delivering food. This year, we began tracking and reporting a new metric to quantify the amount of nutritious food and beverages we help customers deliver to people around the world that contribute to a balanced diet and lead to better health. We are also developing a methodology to help us understand how much of this is delivered specifically in the countries where nutrition is most needed (see > page 290).

We previously explored the use of an LCA model to better understand social impact across our value chain by applying the guidelines for social LCAs developed by the United Nations Environmental Life Cycle Initiative and the Social Life Cycle Alliance to a case study to identify potential social impacts – positive and negative – associated with the transition from fossil-based to renewable feedstock for polymers. We are now taking a broader approach in line with our human rights due diligence programme.

Measuring handprints

As well as developing methodologies to measure our footprint as a powerful tool for decision-making in product design and corporate priority setting, we are also working to better understand and measure handprints (positive impact) to help us quantify and enhance positive outcomes.

To achieve a net positive impact, our footprint should be exceeded by our handprint when assessed together. In line with the Net Positive Principles, in practice this means we must both reduce our footprint and increase our handprint. Transparent and credible methodologies are essential to measure both.

We define a handprint as causing a reduction in another actor's footprint (outside our own value chain footprint) or creating positive outcomes (measured in the same physical units as footprints). This enables us to take a broader perspective in addressing positive systemic and transformative outcomes outside our own value chain. See the next page for an example of how this works in practice in our aluminium foil supply chain.

We are working with others to develop effective ways to measure handprints.

The findings of our pilot of the Sustainability and Health Initiative for NetPositive Enterprise (SHINE) HandPrint method to better understand the positive role our packaging system can play in reducing consumer footprints were published this year in the peer-reviewed journal for Sustainable Production and Consumption. The pilot, which mapped potential carbon savings by introducing our **SIG**NATURE 100 solution across all the dairy markets we serve, found that the methodology shows potential as a useful tool to inform decision-making alongside our established footprint metrics.

We are now looking beyond carbon to develop metrics to help us measure positive impact across The Way Beyond Good action areas.

We also partnered with Stora Enso, one of our key liquid packaging board suppliers and a fellow partner in the Net Positive Project, to publish a white paper on the important role of collaboration among value chain stakeholders to accelerate sustainability progress. The paper focuses on an example of net positivity where wood fibre-based packaging can create opportunities for giving back to the environment, society and the economy across the entire life-cycle of the wood fibre and its subsequent re-use over several product life-cycles.

The output is a guide to help companies understand how to apply the Net Positive Principles for product end-of-life processes to support and measure positive outcomes outside corporate or product system boundaries, and stimulate lasting systemic change.

Cutting our carbon footprint and creating a positive handprint with ASI

Our sourcing of aluminium certified to the Aluminium Stewardship Initiative (ASI) standard provides a useful illustration of our opportunities to create a positive handprint through our approach.

We expect our aluminium foil suppliers to achieve ASI certification, which mandates greenhouse gas emissions reductions along the entire supply chain, including requirements to keep emissions from refining and smelting operations within specific limits. This in turn supports us in cutting our own value chain carbon footprint from the aluminium foil we purchase to go into our packs – as measured through our established greenhouse gas accounting methodologies.

By encouraging suppliers to meet ASI standards, we are also contributing to delivering a positive outcome (handprint) because the same suppliers will deliver carbon reductions for other companies purchasing aluminium foil for use in our sector and beyond.

In addition, by enabling our customers to include the ASI label on their products, we are creating a wider handprint by increasing consumer awareness and demand for responsibly sourced aluminium. This on-pack labelling enhances visibility of ASI-certified materials in the food and drink supply system.

We are progressively including ASI aluminium as standard for all SIG packs in Europe and North America whenever customers launch new products or change pack designs. In 2021, we nearly doubled our use of ASI-certified aluminium foil worldwide and more customers chose to include the ASI label on their packs.

OUR CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Governments, businesses and others must all do their part to achieve the United Nations Sustainable Development Goals (SDGs) for 2030. We are determined to do ours.

We are focusing our support on the SDGs where we see opportunities for our business and partnerships to make a meaningful contribution by supporting systemic change at scale (see table on the next page). These are closely aligned with the areas where we have the most significant impact on sustainable development (see > page 259) and we are driving progress through The Way Beyond Good action areas.

This targeted approach – focusing on the biggest risks to people or the environment, and the greatest benefits our products and partnerships can have – is in line with the guidelines for business reporting on the SDGs from the Global Reporting Initiative and the United Nations Global Compact.

We also contribute to several other SDGs through our commitments to sustainable innovation, responsible culture and wider ambitions on The Way Beyond Good for society and the environment. For example:

- our commitment to health, safety and fair labour practices for employees and people in our supply chain (through responsible sourcing) aligns with SDG 8
- by promoting the use of FSC™ certification, we are supporting progress towards 11 of the SDGs (and 35 of the accompanying targets)[1]
- by exploring ways to scale up our Cartons for Good project (see > page 294), we can strengthen our support for additional global goals such as SDG 1 on poverty, SDG 3 to promote good health and wellbeing, and SDG 10 to reduce inequalities (as well as SDGs 2, 12 and 17)
- our methodology for measuring the impact of our community engagement programmes considers their alignment with the full range of SDGs (see > page 332).

1 Based on analysis by the Forest Stewardship Council™ in 2018.

TARGETED SUPPORT FOR SDGS

SDG	Most relevant SDG targets where our action contributes[1]		The Way Beyond Good action area	Our approach and progress
2 ZERO HUNGER	**2.1**	By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round	**Food+**	See > page 290
	2.3	By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous people, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment	**Food+**	See > page 290
	2.4	By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality	**Climate+** **Forest+** **Resource+**	See > page 268 See > page 264 See > page 282
7 AFFORDABLE AND CLEAN ENERGY	**7.2**	By 2030, increase substantially the share of renewable energy in the global energy mix	**Climate+** **Resource+**	See > page 268 See > page 282
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**12.1**	Implement the 10-year framework of programmes on sustainable consumption and production, all countries taking action, with developed countries taking the lead, taking into account the development and capabilities of developing countries	**Resource+** **Forest+**	See > page 282 See > page 264
	12.2	By 2030, achieve the sustainable management and efficient use of natural resources	**Resource+** **Forest+**	See > page 282 See > page 264
	12.3	By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses	**Food+**	See > page 290
	12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	**Resource+**	See > page 282
13 CLIMATE ACTION	**13.1**	Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	**Climate+** **Forest+**	See > page 268 See > page 264
	13.3	Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	**Climate+**	See > page 268
14 LIFE BELOW WATER	**14.1**	By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution	**Resource+**	See > page 282
15 LIFE ON LAND	**15.2**	By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally	**Forest+**	See > page 264
17 PARTNERSHIPS FOR THE GOALS	**17.16**	Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries	**Climate+** **Food+** **Resource+** **Forest+**	See > page 268 See > page 290 See > page 282 See > page 264

1 Relevant targets identified through an analysis based on the methodology outlined in the UNGC/GRI publication "Business Reporting on the SDGs: An Analysis of Goals and Targets".

LISTENING AND RESPONDING TO STAKEHOLDERS

We engage with stakeholders to understand what matters most to them and we respond to their feedback.

HOW WE ENGAGE WITH STAKEHOLDERS

Stakeholder	How we engage	Key topics and concerns	Our response
Customers	• **Customer questionnaires** • **Regular interactions with customers through sales and service**	Customers want us to meet their requirements on a broad range of responsibility issues and help them achieve their social and environmental goals. Recyclability of products, recycling infrastructure, and increased use of renewable and recycled materials remain high on our customers' agendas.	We engage closely with customers to understand their needs. We use established industry platforms, such as SEDEX and EcoVadis, to demonstrate compliance with customer requirements and we support their goals through product innovation. This year, we partnered with several customers on recycling initiatives. We are also helping customers engage consumers on sustainability topics through recycling campaigns and information on our Smart Choice website (accessed via QR codes on our packs).
Employees	• **Biennial global employee survey** • **Regular day-to-day dialogue** • **Formal appraisals** • **Consultation with employee representatives** • **Townhall meetings and virtual 'Qs to SIG'** • **Recognition schemes**	Feedback from our latest biennial employee survey in 2020 showed a significant increase in employee engagement, with improved scores across all 13 categories. It also highlighted several areas where employees felt there was still room for improvement.	We are responding to employee feedback to help us make SIG a better place to work (see > page 318) and we will invite employees to tell us what they think in our next survey in 2022. We have also increased our focus on employee health and wellbeing (see > page 327). And we continued to engage our people through our Way Beyond Good Champions engagement campaigns.
Industry	• **Industry associations such as ACE and GRACE** • **The Consumer Goods Forum** • **Industry platforms such as AIM-PROGRESS, EXTRA:CT and 4evergreen**	Industry peers are keen to work together towards common goals and meet shared industry challenges, such as increasing recycling rates of used beverage cartons.	We are working through industry associations and partnering directly with others in our industry to drive progress on recycling initiatives around the world (see > page 282). This year, we committed to the 10 commitments set out for the industry in the new 2030 roadmap launched by ACE. We joined the HolyGrail 2.0 initiative launched by AIM, the European Brands Association, to explore the viability of digital watermarking to enable more accurate and efficient sorting of post-consumer waste for recycling. And we continued to actively participate in The Consumer Goods Forum's Coalition of Action on Plastic Waste to enhance dialogue among leading companies and drive action. We also became the first in our industry to join AIM-PROGRESS, a global forum of leading fast moving consumer goods manufacturers and common suppliers that aims to enable and promote responsible sourcing practices and sustainable supply chains.
Investors	• **Annual Report** • **Annual General Meeting** • **Quarterly reporting and investor calls** • **Regular dialogue with existing and prospective investors (230 meetings with around 275 investors in 2021)** • **Investor conferences (13 in 2021 – including two dedicated ESG conferences for 75 investment institutions)**	Investors seek sustainable, long-term returns. The main ESG topics they asked about in 2021 continued to be recycling and circularity, how to make SIG's most sustainable products more mainstream, and how to leverage the sustainability credentials of cartons compared with other types of packaging.	We are driving progress on recycling and circularity, increasing uptake of our most sustainable products and integrating sustainability credentials in our marketing and sales materials. Our sustainability experts have participated in dedicated ESG investor conferences in order to enhance awareness of SIG's achievements and strategy. This year, we further enhanced our ESG ratings from MSCI and Sustainalytics, we were included in the SXI Switzerland Sustainability 25® Index and we ranked in the top quartile of our industry in the DJSI Corporate Sustainability Assessment, which we were invited to respond to for the first time.

HOW WE ENGAGE WITH STAKEHOLDERS

Stakeholder	How we engage	Key topics and concerns	Our response
Suppliers	• **Regular engagement** • **Compliance assessments and audits**	Suppliers want to know what our requirements are on responsibility so they can understand how to meet them.	We communicate our ethical supplier standards and work with suppliers to source raw materials from responsible sources (see > page 304). We continued to engage with suppliers to reduce our value chain environmental footprint through, for example, the adoption of greenhouse gas emissions reduction targets and certifications such as FSC™ and ASI. We also teamed up with Stora Enso, one of our key liquid packaging board suppliers, to develop a white paper, published through the Net Positive Project, on the important role of collaboration among value chain stakeholders to accelerate sustainability progress.
Sustainability experts	• **Responsibility Advisory Group (RAG)** • **Regular conversations with experts from academia, institutes, government and non-governmental organisations** • **Participation in multi-stakeholder initiatives, including the Sustainability and Health Initiative for NetPositive Enterprise (SHINE) and the Science Based Targets initiative (SBTi)** • **Engagement with the Institute for Energy and Environmental Research (IFEU)**	Experts want us to show we are managing our most material issues, setting ambitious targets and reporting transparently on our performance, following recognised international standards. Independent experts on our RAG met twice in 2021 to provide feedback on our approach and insight to support the development of The Way Beyond Good targets.	We have set bold ambitions for 2025 and beyond. We have built responsibility into our Corporate Compass and key business processes, and have a clear governance structure in place that includes management of our most material issues. We use international protocols and standards in the management of specific focus areas. We engage IFEU to conduct third-party lifecycle assessments of our products and we are collaborating with others, including SHINE, to drive the net positive agenda (see > page 252). This year, we also pledged our support for the SBTi's Business Ambition. We report in accordance with the Global Reporting Initiative Standards and we obtain external assurance for key data to enhance transparency. See > page 248 for our response to the RAG's feedback in 2021.
Policymakers and regulators	• **Engagement through trade associations**	The range of topics covered by regulators is broad. Hot topics include responsible production, sustainable consumption, recycling and circular economy, and contributions to broader global goals, such as the United Nations Sustainable Development Goals.	Existing and emerging regulations feed into our identification of material issues and we address topics relevant to public policy through The Way Beyond Good action areas and enablers. See the relevant issue sections of this report for our response to specific regulatory priorities. This year, we joined other leading businesses in supporting a call to action, led by We Mean Business, urging G20 leaders to go all in to keep the Paris Agreement's 1.5°C goal within reach. Following an ACE campaign asking countries to set targets for separate collection of beverage cartons for recycling, several countries have introduced policies in this regard. And engagement through the German Beverage Carton Association FKN led to formal approval from the German Federal Environment Agency (UBA) of a life-cycle assessment that found that single-use beverage cartons compare favourably with reusable glass bottles – outperforming single-use PET bottles – across the fresh milk, juice and UHT milk market segments.
Local communities around SIG production sites	• **Way Beyond Good engagement programme** • **Family days and open days at our sites** • **Recycling initiatives**	Issues raised by communities are generally locally specific.	We have continued to increase the positive impact we have on communities through our Way Beyond Good engagement programme and we are enhancing our social impact through The Way Beyond Good Foundation (see > page 332).

OUR PRIORITIES

The Way Beyond Good action areas are closely aligned with the biggest opportunities for SIG to have an impact on sustainable development.

We defined these action areas, and the accompanying enablers of sustainable innovation and responsible culture, based on an assessment of the issues that are most important to our stakeholders and our business. These are our material issues.

Materiality process

The action areas and enablers for The Way Beyond Good are informed by our latest materiality assessment, conducted with expert sustainability consultants in 2020.

The assessment began with research into external trends to update the list of issues to be assessed (see issue list with definitions on > page 261). We then assessed the relative importance of each issue to external stakeholders, using inputs representing a range of stakeholder groups – and to our business, based on our strategic business priorities, values and principles, risk management and customer requirements.

The results were plotted on a materiality matrix (see chart on the next page). We set a threshold of 80% or above on either or both axes to identify our most material issues.

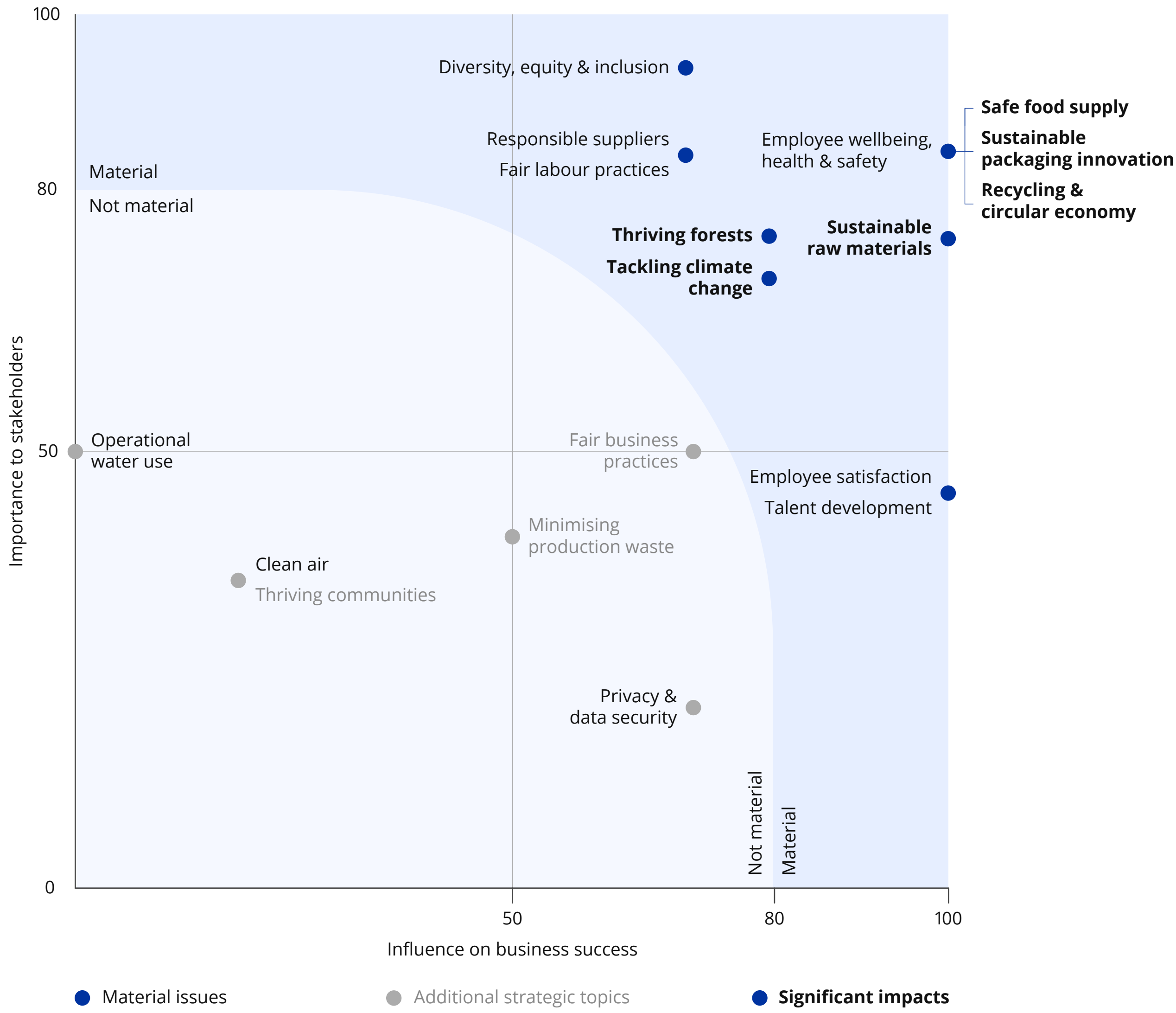
We also analysed where we have the most significant impacts on the environment, society and/or economy that can have a positive or negative contribution to sustainable development (see table below).

The results were validated internally by our Group Executive Board and externally by informed sustainability experts – the members of our Responsibility Advisory Group and Forum for the Future.

TARGETING ACTION WHERE WE CAN HAVE THE MOST SIGNIFICANT IMPACT

Significant impact	The Way Beyond Good action area / enabler
Safe food supply	Food+
Recycling and circular economy	Resource+
Tackling climate change	Climate+
Thriving forests	Forest+ Climate+
Sustainable raw materials	Forest+ Resource+ Responsible culture
Sustainable product innovation	Sustainable innovation

OUR MATERIAL ISSUES



Defining reporting boundaries

The table on the following pages defines our most material issues and the boundaries of where each impact occurs within or outside the organisation. It also highlights the six material issues where we can have the most significant environmental, societal and/or economic impact.

Our material issues determine the content of our reporting, including which of the Global Reporting Initiative Standards we report on (see > page 349) and the level of coverage and boundaries for each. We also report on some additional strategic topics that are part of our responsible business approach. These are also indicated in the table.

ISSUE DEFINITIONS AND BOUNDARIES

Issue	Definition	Material issue	Boundaries				Significant impact	Additional strategic topic
			Within organisation	Outside organisation				
				Suppliers	Customers	Consumers		
Safe food supply	Efforts to contribute to a sustainable food supply system by: supporting the delivery of safe nutrition and hydration through the provision of high-quality products that ensure the quality, hygiene and safety of the food contained in the company's packaging; contributing to the prevention of food loss by ensuring that the company's filling machines operate efficiently; and supporting customers' efforts to reduce food waste through packaging design.	●	●		●	●	●	
Thriving forests	Efforts to use pulp and paper products from responsible and sustainable sources that support biodiversity, promote thriving forest ecosystems and support the people who depend on these.	●	●	●	●		●	
Tackling climate change	Efforts to mitigate climate change by reducing greenhouse gas emissions associated with the company's value chain (through, for example, energy efficiency and use of renewable energy), to support carbon sequestration, and to adapt to a changing climate to ensure continuity of production and supply.	●	●	●	●	●	●	
Recycling and circular economy	Efforts to support the principles of a circular economy by designing out waste, ensuring that the company's products are easily and fully recyclable, ensuring/improving recyclability of plastics, supporting the establishment of appropriate infrastructure to collect and recycle the company's products after consumer use, preventing single-use plastic items such as straws from leaking into the environment, keeping products and materials in use by using recycled content, transitioning to renewable sources and regenerating natural systems.	●	●	●	●	●	●	
Sustainable packaging innovation	Innovation in the company's packaging solutions (including packs, filling machines and technical service) to better meet the needs of customers, consumers, society and the environment.	●	●		●		●	
Sustainable raw materials	Efforts to ensure that raw materials are produced in a responsible and sustainable way, including upholding the rights of indigenous communities, and to ensure a security of supply.	●	●	●			●	
Diversity, equity and inclusion[1]	Efforts to increase diversity in the workforce, create an inclusive workplace, and ensure equal opportunities regardless of race, religion, national origin, political affiliation, gender, sexual orientation, disability, age or any other relevant category.	●	●					
Talent development	Investing in and developing employees to help them achieve their goals and create a workforce that meet the needs of the business now and in the future.	●	●					
Employee satisfaction	Listening to employees, responding to their feedback, recognising the work they do and rewarding them based on performance to sustain strong levels of job satisfaction, motivation and engagement in the business.	●	●					

1 Material issue renamed in 2021 to include equity in the title. The issue definition remains unchanged.

ISSUE DEFINITIONS AND BOUNDARIES

Issue	Definition	Material issue	Boundaries				Significant impact	Additional strategic topic
			Within organisation	Outside organisation				
				Suppliers	Customers	Consumers		
Employee health, safety and wellbeing	Efforts to keep employees safe at work by managing occupational health and safety risks, and to support their wellbeing by enabling a good work–life balance, promoting healthy lifestyles, building their resilience and creating an open environment where people feel able to ask for help.	●	●					
Fair labour practices	Efforts to uphold labour rights in the company's own operations, including providing fair pay and decent working conditions, recognising the right to freedom of association and collective bargaining, and preventing discrimination, child labour and modern slavery (human trafficking, forced and compulsory labour, bonded labour and slavery).	●	●					
Responsible suppliers	Efforts to ensure that all suppliers uphold appropriate standards on sustainability issues such as ethical conduct, labour practices and environmental and health and safety management.	●		●				
Thriving communities	Efforts to maintain good relationships with and support the communities where the company operates (through, for example, local employment and sourcing, and charitable giving and employee volunteering).	Not material						●
Fair business practices	Efforts to ensure the company conducts business fairly and ethically, including efforts to prevent anti-competitive practices and bribery and corruption, to ensure openness and transparency in public policy activities, and to ensure the company contributes to the economies it operates in (for example, by paying an appropriate amount of tax).	Not material						●
Minimising production waste	Efforts to reduce and recycle waste from the company's operations.	Not material						●
Privacy and data security	Efforts to ensure that data is captured, stored and transferred in a secure way that protects the privacy of personal and business information.	Not material						
Operational water use	Efforts to reduce water use in the company's operations, particularly in water-stressed regions.	Not material						
Clean air	Efforts to prevent local air pollution associated with the company's operations and logistics.	Not material						

APPROACH AND PERFORMANCE

FOREST+

Material issue
Thriving forests

Significant impact
Thriving forests (environmental, societal, economic)

Key performance indicators
- % packs sold labelled with FSC™ logo
- % FSC™-certified liquid packaging board

Key policies
- Responsible Sourcing Policy & Directive
- Liquid Packaging Board Purchasing Policy

Relevant SDGs

Responsible
VP of Global Sourcing and Procurement

Evaluation of management approach
- Quarterly reviews by the VP of Global Sourcing and Procurement who reports to the Responsibility Steering Group twice a year
- FSC™ Chain of Custody certification audits

Grievance mechanism
Ethics & Compliance Hotline

Why is this material for SIG?

The world's forests play a critical role in regulating the climate as well as supporting biodiversity, ecosystem functions and communities. If managed sustainably, they can provide a wealth of resources and materials that can be continually renewed – offering sustainable alternatives to fossil-based materials.

We depend on forests to provide the wood fibres used to make liquid packaging board, the main material that goes into our packs. Sustainably managed forests offer natural, renewable and recyclable raw materials with excellent attributes for our packaging, including stiffness and protection from light. Trees are harvested incrementally to maintain ongoing benefits of thriving forests, including ecosystem services and carbon storage as trees absorb CO_2 emissions when they grow through photosynthesis. This is why supporting thriving forests not only supports biodiversity but also plays an essential role in tackling climate change.

With our strong connection to forests through our supply chain, we have an opportunity to make a significant positive contribution to thriving forests by engaging with our suppliers and sourcing raw materials from sustainably managed forestry operations.

Our commitment to sourcing certified responsible liquid packaging board helps us to ensure a sustainable supply of our main raw material now and in the future, and to meet customer and investor requirements for sustainable sourcing.

Forest Stewardship Council™ (FSC™) certified SIG packs enable our customers to demonstrate to consumers that their packaging is responsible and does not contribute to forest degradation or deforestation – an issue that has risen up the agenda with the pact made by global leaders at the COP26 climate summit to halt and reverse forest loss and land degradation by 2030. Our Forest+ commitment is also supporting customers' own ambitions to move towards forest positive supply chains as leading companies join in The Consumer Goods Forum's Forest Positive Coalition of Action.

Our commitment: Creating more thriving forests

At the heart of our packs lies a renewable, natural material used to meet humanity's needs for thousands of years – wood.

The renewable plant-based paperboard which makes up 70–80% of our cartons on average is a low carbon material capable of being endlessly renewed.

Today, FSC™ certification for all our paperboard means that all the wood used to make our cartons comes from forests where biodiversity is protected, local communities are respected, and both are able to flourish.

And The Way Beyond Good doesn't end there. The goal is that every time one of our cartons is bought, the world's thriving forests grow.

We can achieve that firstly by standing by our promise to only use FSC™ paperboard, to ensure that all the wood fibre we use for our paperboard does not contribute towards deforestation by only taking what is then regrown. And secondly, by supporting the creation or restoration of an additional 100% of biodiverse forest area on top of that required to make our cartons.

By 2030, this will mean at least an additional 650,000 hectares of thriving forest beyond that which we'll replace to make our products.

Helping forests thrive will also help us meet our Climate+ and Resource+ ambitions.

Our goals

2025 target	Progress tracker
Partner to bring at least 650,000 additional hectares of forest into sustainable management beyond what we need to make our products **by 2030**[1]	MORE WORK TO DO
Establish a partnership with Brainforest, an NGO, to contribute to restoring or creating resilient and sustainable forests	ON TRACK
Partner with an NGO to develop a methodology to measure the impact of FSC™ certification	MORE WORK TO DO
Work with customers to include the FSC™ label on 100% of the packs we sell, closing the remaining 3% gap	ON TRACK
Maintain 100% FSC™-certified supply of liquid packaging board for our packs	ON TRACK

1 The previously published target has been amended to extend the timeline from 2025 to 2030 and revise the wording to clarify meaning.

Management overview

We require our suppliers to source wood for our liquid packaging board from forests that are managed sustainably.

FSC™ Chain of Custody certification enables the liquid packaging board used in our packs – and the fibres used in our paper straw solution – to be traced through the supply chain to sustainably managed forests.

All our liquid packaging board comes from paper mills certified to the FSC™ Chain of Custody standard and we have maintained FSC™ Chain of Custody certification at our production sites and sales offices worldwide since 2009 (licence code FSC™ C020428). We were the first in the industry to achieve this milestone.

To become FSC™-certified, forest owners must meet strict standards for sustainable forestry management that include supporting biodiversity and ecosystem functions, preventing deforestation and degradation, and respecting the rights of workers, local communities and indigenous peoples.

As of January 2021, 100% of the liquid packaging board used in our packs is purchased with FSC™ certification – an industry first. This means that all our liquid packaging board is made with fibres sourced from FSC™-certified sustainable forests and other FSC™-controlled sources.

Since 2016, customers have been able to put the FSC™ label on any of our packs – another industry first. The FSC™ label on a product shows consumers that the paper or board used in the packaging comes from sustainably managed forests and other controlled sources. Through our sales and marketing, we encourage customers to put the FSC™ label on their packs to raise awareness of sustainability and increase consumer demand for other FSC™-certified paper and wood products.

By promoting the use of FSC™ certification we are supporting progress towards 11 of the United Nations Sustainable Development Goals (SDGs) and 35 of the accompanying targets.[1] This includes SDG 13 on climate action and our support for thriving forests will play an essential role in our Climate+ action area (see > page 268).

SIG supports and helped to launch the FSC™ Bonn initiative to quantify the positive contribution that FSC™-certified forests can make to mitigating climate change. Through the Alliance for Beverage Cartons and the Environment (ACE), we also collaborated with the United Nations Environment Programme (UNEP) Life Cycle Initiative and WWF to develop the Gimo Recommendations. These aim to empower decision-makers across the value chain to protect and restore life on land by providing clear guidance for enhancing life-cycle assessment modelling for the biodiversity impact of forestry.

We are partnering with NGOs to identify and deliver projects that will help us support the growth of sustainably managed forests worldwide – beyond the amount we need to make our packs – and measure the environmental and social impact, including associated carbon capture.

We also aim to reduce pressure on forest resources by designing our packs to minimise use of materials, and by fostering recycling of packs after use to reclaim the fibres so they can be used again to create new paper and board products (see > page 282).

As part of our commitment to transparency, we disclosed detailed information for investors on our management and performance in relation to forests for the first time in 2021 through the CDP, in addition to our CDP climate disclosure.

1 Based on an analysis by the Forest Stewardship Council™.

Performance in 2021

Supporting thriving forests through FSC™ certification

- As of January 2021, 100% of the liquid packaging board we source for use in our packs is purchased with FSC™ certification – an industry first. As we used up remaining supplies purchased the previous year, 97% of the liquid packaging board we used to produce our packs during 2021 was purchased with FSC™ certification (up from 83% in 2020).
- We have sold over 40 billion FSC™-labelled packs in 2021, raising awareness of certified sustainable forest management by bringing the FSC™ label to billions of consumers' tables.
- 98% of the packs we sold in 2021 carried the FSC™ label (up from 97% in 2020). To close the remaining gap, we are continuing to promote the benefits of FSC™ labelling and encouraging our customers to include the FSC™ label on packs for new products or add the FSC™ label to existing products when there is a design change on the pack.

Partnering to expand sustainable forestry

- We have entered into partnerships with NGOs to help us deliver and measure progress towards our target to bring at least 650,000 additional hectares of forest into sustainable management beyond what we need to make our products by 2030. Through these partnerships, we will identify suitable projects to invest in, use life-cycle assessment techniques to measure additional forests brought into sustainable management and develop ways to understand how to deliver transformative change on the ground.
- We began working with Brainforest – a Swiss for-impact Venture Studio for forests and climate, co-founded by WWF Switzerland and made possible by the Migros Pioneer Fund – and its venture Xilva AG to help us identify potential projects that we can invest in to support our forest restoration target. We are looking for science-based projects that are designed to create resilient forest ecosystems to improve biodiversity and store carbon to unlock the full climate potential of forests.
- We are working with the Institute for Energy and Environmental Research (IFEU) to measure the impact of sourcing FSC™-certified raw materials using life-cycle assessment techniques focusing on carbon and biodiversity.
- We also continued to explore how we can partner with an NGO to deliver projects that can contribute to our target to bring additional hectares of forest into sustainable management.

Raising awareness

- Our Way Beyond Good Champions ran an employee awareness campaign on forests with a global photography competition and various local activities, such as quizzes and webinars with guest speakers. Colleagues in Romania donated to a local NGO to support reforestation of a two-hectare area in Cluj and 'SIG Rangers' in Thailand who revisited the local Rayong Mangrove Forest Resource Development Station to plant trees found that 90% of the 1,500 mangrove trees they planted in 2019 were still thriving.

CLIMATE+

Material issue
Tackling climate change

Significant impact
Tackling climate change (environmental)

Key performance indicators

Environmental GRI 302-1 | Environmental GRI 302-3 | Environmental GRI 302-4 | Environmental GRI 305-1 | Environmental GRI 305-2 | Environmental GRI 305-3 | Environmental GRI 305-4 | Environmental GRI 305-5

Key policies
- Responsible Sourcing Policy & Directive
- Environment, Health and Safety Policy
- Product Stewardship Policy
- Global R&D Process Handbook
- Standard Operating Procedure to improve used beverage carton collection and recycling in regions

Relevant SDGs

Responsible
- Raw materials and energy sourcing: Global Sourcing and Procurement
- Production: Group Corporate Responsibility and local environmental teams at production plants
- Pack design: Global Technology with support from Global Marketing
- Filling machines: Global Research and Development and Global Engineering & Application teams
- Logistics: Global Supply Chain Management
- Recycling: Local teams, overseen by Regional Presidents

Evaluation of management approach
- Quarterly review of raw materials and energy sourcing by VP of Global Sourcing and Procurement who reports to the Responsibility Steering Group
- Monthly review of production metrics by the Group Executive Board
- Independent, critically-reviewed life-cycle assessments (LCAs)
- Internal audits and regular review of performance against The Way Beyond Good targets by the Group Executive Board
- Quarterly review of Climate+ projects with Chief Technology Officer
- SEDEX Members Ethical Trade Audit (SMETA) site audits and EcoVadis assessments
- ASI Performance Standard certification audits (in relation to product carbon footprint and LCA practices)

Grievance mechanism
Ethics & Compliance Hotline

Why is this material for SIG?

Climate change resulting from manmade greenhouse gas emissions is one of the biggest global challenges we face, with wide-reaching implications for people and the planet.

The COP26 climate conference in 2021 underlined the message that tackling the climate emergency requires bold and urgent action, and stakeholders expect businesses to play their part.

We have an opportunity to contribute to global climate efforts by reducing greenhouse gas emissions across our value chain, offering low-carbon solutions, and supporting thriving forests as important carbon sinks through our procurement of liquid packaging board from certified sustainable sources.

Tackling climate change also helps us mitigate risks for our business. These include physical risks from changes to the climate that could impact the long-term availability of our raw materials and transition-related risks from regulations designed to promote a low-carbon economy.

We are well positioned to grow our market share in a low-carbon economy. Our packs are made using renewable energy and mainly from renewable materials. They have a relatively low carbon footprint compared with alternative types of packaging and we are cutting their life-cycle carbon footprint further through sustainable innovation. Our low-carbon packaging solutions offer a strong differentiator for customers seeking to meet growing consumer demand for climate-friendly products.

Customers and investors also increasingly expect us to demonstrate strong performance on climate action in our own operations. By doing so, we have an opportunity to create a wider positive impact by setting a leading example to others, for example by setting science-based climate targets and switching to 100% renewable energy for production.

Our commitment: Capturing more carbon than we emit

Averting catastrophic climate change requires Net Zero carbon emissions, globally, by 2050.

Our aseptic packaging, bringing people safe food and drink without refrigeration, already saves emissions from chilled supply chains. We are proud that our manufacturing operations are already carbon neutral, thanks to 100% renewable energy. And our average pack has a carbon footprint up to 70% lower than plastics, bottles or cans, with our **SIG**NATURE portfolio up to 58% lower still.

All of that is good. But it's not beyond good. So it's not enough.

The Way Beyond Good demands that we become a Climate Positive business. This means that, in addition to reducing our emissions in line with climate science, we will remove more carbon from our value chain than we emit. Alongside this, we will continue to help our customers and consumers further lower their own carbon footprints with our low impact packaging.

Here's how we get there.

For our products, we will further reduce the carbon footprint of every carton we make, by replacing carbon intensive materials with lower carbon or, possibly one day, carbon negative alternatives.

We will engage with our partners across our supply chain to maximise their use of renewable energy wherever possible. Then, we will not only compensate our remaining yearly emissions but also invest in additional projects that tackle climate change outside our own operations. All while working with the Science Based Targets initiative (SBTi) to pursue deep emissions cuts along our value chain to reach true Net Zero by no later than 2050.

We are committed to offering the lowest carbon solutions available and cutting emissions at every stage of our value chain – from sourcing of raw materials to production, transport, filling and recycling of our packs. Our targets are approved by the SBTi as in line with the latest science to keep global warming below 1.5°C to prevent the worst effects of climate change. And we are going further by combining sustainable innovation with our Forest+ actions (see > page 264) to take carbon from the atmosphere.

We are also committed to mitigating our exposure to climate-related risks through adaptation measures. For example, our support for sustainable forestry practices is improving resilience in our value chain, and our efforts to use more renewable and recycled materials help to reduce reliance on virgin fossil resources.

Our path to Net Zero carbon

The latest report from the Intergovernmental Panel on Climate Change emphasises that global greenhouse gas emissions must be reduced to net zero by 2050 to preserve a liveable climate. We are determined to do our part.

We are already among the group of leading companies that have set science-based targets approved by the SBTi as in line with the latest climate science to limit global warming to 1.5°C above pre-industrial levels to prevent the worst effects of climate change.

Our science-based target commits us to reduce total operational (Scope 1 and 2) greenhouse gas emissions by 60% by 2030 (from 2016) and we have set an interim target to reach a 50% reduction by 2025. In addition, we are committed to reducing our relative value chain greenhouse gas emissions (Scope 1, 2 and 3) by 25% per litre of food packed by 2030 (from 2016).

This year, we joined the United Nations Race to Zero and committed to set a long-term science-based target to reach net-zero value chain greenhouse gas emissions by no later than 2050 as part of our support for the SBTi's Business Ambition for 1.5°C.

We are currently analysing scenarios, including engaging with our suppliers, to identify the trajectories for a long-term target in line with the SBTi's new Net Zero Standard. We will also establish interim milestones on the path to net zero for our own operations (Scope 1 and 2) and our value chain (Scope 3) – as well as looking for opportunities for beyond value chain mitigation as part of our Climate+ approach. We have already identified focus areas, set out here.

Our operations

We have made significant progress towards our existing targets to reduce operational emissions – primarily through the use of renewable electricity. Next steps include:

- Seeking further energy savings through efficiencies and technology changes where feasible
- Directly investing in more renewable energy capacity through on-site solar and power purchase agreements
- Seeking viable alternatives to natural gas, such as biogas or green hydrogen, to reduce emissions from heating (which are currently offset through Gold Standard CO_2 offsets)
- Phasing out fossil-based inks.

Our value chain

Steps to reduce emissions from our value chain – upstream and downstream – include:

- Encouraging suppliers to set their own science-based targets and take action to cut their greenhouse gas emissions
- Reduce our use of carbon-intensive raw materials
- Supporting carbon storage by sourcing from sustainably managed forests
- Helping customers cut greenhouse gas emissions from their factories by reducing energy requirements for our next generation filling machines and introducing upgrade kits to cut energy use in existing filling machines
- Increasing recycling rates for used beverage cartons to avoid emissions from landfill
- Seeking lasting uses for the recycled material that store embodied carbon over the long term.

Beyond our value chain

We also see significant opportunities to extend our positive climate impact beyond our value chain. Examples include:

- Continuing to offer the lowest-carbon alternative to other types of packaging and increase uptake of our lowest carbon solutions, supported by critically reviewed life-cycle analyses based on international standards such as ISO 14040
- Mitigating food loss and waste (and associated greenhouse gas emissions) through our long-life packaging solutions and technical innovations
- Driving carbon reductions in the supply chain for our industry and beyond as an early adopter of transformative initiatives such as certification to the Aluminium Stewardship Initiative which includes strict requirements for carbon reductions
- Enabling carbon capture by accelerating efforts to restore or create additional hectares of thriving forests beyond those we need to provide our raw materials
- Using recycled materials from used beverage cartons to create a low-carbon alternative to carbon-intensive materials, such as materials for construction.

Our goals

2025 target	Progress tracker
Reduce Scope 1, 2 and 3[1] greenhouse gas emissions by 25% per litre of food packed **by 2030** (from 2016)	ON TRACK
Reduce Scope 1 and 2 greenhouse gas emissions by 50% by 2025 and by 60% **by 2030** (from 2016)	ON TRACK
Maintain 100% renewable energy and Gold Standard CO_2 offset for all non-renewable energy (at production plants)	ON TRACK
Expand use of on-site solar power to meet at least 10% of our global electricity use as part of overall renewable power purchase agreements to meet 25% of our global electricity use	ON TRACK
Transition to 100% bioethanol or other bio-materials for printing	ON TRACK
Reduce CO_2 emissions from inbound and outbound logistics by 25% (from 2016)	MORE WORK TO DO

1 The value chain target covers our most significant Scope 3 emissions – from our supply chain, use of our filling machines and recycling or disposal of packs.

Management overview

We take a holistic approach to tackling climate change at every stage of our value chain. While we have the most direct influence over our own operations, they account for just 2% of our value chain carbon footprint. By contrast, an estimated 64% of greenhouse gas emissions lie in our supply chain from the extraction, processing and transport of raw materials. A further 8% comes from energy used to operate our filling machines in our customers' factories, 14% comes from disposal of our packs after use (where they are not recycled) and the remaining 12% relates to other categories (see > page 359).

We have developed a series of workstreams designed to meet our science-based targets by delivering greenhouse gas emissions reductions across the value chain.

Cutting carbon from production

Environmental management systems certified to ISO 14001 at all our production facilities – and energy management systems certified to ISO 50001 at our European plants – support continuous reductions in energy use and emissions.

INDUSTRY LEADER We have achieved carbon neutral production by using 100% renewable energy (electricity and gas) to manufacture our packs since 2018 – an industry first.

Scope 2 greenhouse gas emissions from production are reduced to zero by switching to 100% renewable electricity. We purchase renewable electricity through guarantees of origin or international renewable energy certificates (I-RECs), certified by GoldPower® or EKOenergy, that verify the energy is generated from renewable sources.

We are also directly investing in renewable energy capacity through solar installations at our own sites and through power purchase agreements that enable us to secure real-time renewable electricity from off-site wind turbines.

With no viable option to source renewable biogas directly, we are instead sourcing it indirectly by investing in Gold Standard®-certified projects to construct and operate waste-to-energy systems that capture methane – a powerful greenhouse gas – from landfill sites and use it to produce renewable energy.

The GoldPower®, EKOenergy and Gold Standard® certifications verify that the energy projects we invest in deliver measurable emissions reductions to offset our Scope 1 emissions from the gas and solvents used in production. The projects also create benefits for local communities.

Designing low-carbon packs

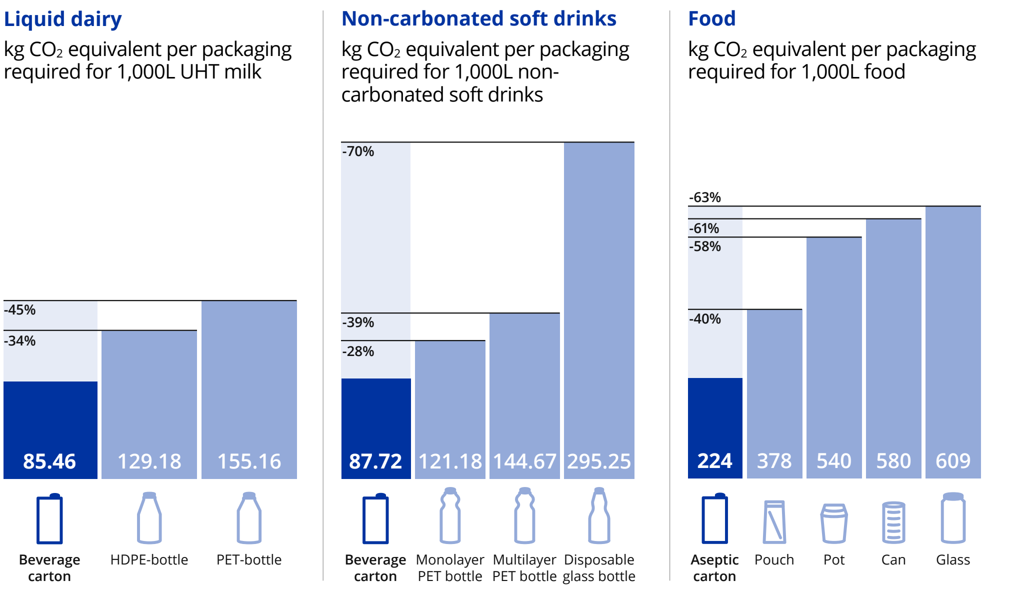
Our packs are made up of around 70–80% renewable liquid packaging board from certified responsible sources. Almost all the energy used to produce this board comes from renewable sources – wood residues created in the production process.

The high proportion of renewable board in our carton packs, together with their resource efficient design, makes their life-cycle carbon footprint between 28% and 70% lower than alternative types of packaging such as plastic and glass bottles, pouches and cans – for a range of products including long-life food, UHT milk and non-carbonated soft drinks (see charts below).

Polymers and aluminium foil make up the remaining 25% of our packs on average, providing barrier layers to contain the food inside and prevent moisture, oxygen and light getting in.

The extraction and production of fossil-based polymers and aluminium are carbon-intensive processes. That's why we are focusing on reducing or eliminating the need for these materials by exploring innovative ways to use more renewable or recycled alternatives, and partnering with suppliers to cut their emissions.

HOW OUR STANDARD CARTON PACKS COMPARE WITH OTHER PACKAGING SOLUTIONS[1]



1 Based on life-cycle assessments for UHT milk, non-carbonated soft drinks and long-life food.

Using renewable or recycled polymers

Our aluminium-free **SIG**NATURE 100, for use with liquid dairy, is the world's only aseptic packaging material to be linked to 100% renewable materials. The polymers in our **SIG**NATURE 100 and **SIG**NATURE FULL BARRIER packaging materials are linked to 100% renewable, forest-based material via an independently certified mass balance system.

An independent critically-reviewed ISO-conformant life-cycle assessment – the first to take into account the inclusion of renewable materials via a mass balance system – showed that **SIG**NATURE FULL BARRIER can reduce the carbon footprint of a standard 1 litre SIG pack by 45% and **SIG**NATURE 100 by 58% (see table).[1]

HOW OUR SIGNATURE PORTFOLIO COMPARES WITH OUR STANDARD CARTON PACKS

	For milk – in a 1 litre cb3 pack (with cSwift)[1]				For fruit juice – in a 1 litre cb2 pack (with cSwift)[2]	
	Standard SIG packaging material	combibloc **ECO**PLUS packaging material	**SIG**NATURE FULL BARRIER packaging material	**SIG**NATURE 100 packaging material	Standard SIG packaging material	**SIG**NATURE FULL BARRIER packaging material
Life-cycle carbon footprint in grams of CO_2 equivalent	63	45	35	26	65	41
% reduction in carbon footprint compared with standard SIG pack	n/a	–27%	–45%	–58%	n/a	–36%

1 Results based on ISO-compliant life-cycle assessment CB-100732c for Europe.

2 Results based on ISO-compliant life-cycle assessment CB-100733 for Europe.

Addressing climate impacts from aluminium

Aluminium foil makes up just 4% of our standard packs on average, but accounts for a significant portion of their life-cycle carbon footprint. Sourcing aluminium foil makes up around 24% of our value chain footprint.

Our combibloc **ECO**PLUS and **SIG**NATURE 100 solutions are the world's first aluminium-free packaging materials for aseptic cartons. Both are for use with liquid dairy products such as plain white milk.

SIGNATURE EVO extends SIG's lower-carbon aluminium-free packaging materials for use with oxygen-sensitive products such as fruit juices, nectars, flavoured milk or plant-based beverages. It is the world's first aluminium-free solution for aseptic carton packs with barrier properties comparable to standard aseptic cartons that include an aluminium foil barrier layer.

We are currently working on a life-cycle assessment to quantify the carbon footprint reduction that can be achieved using **SIG**NATURE EVO compared with a standard SIG pack. We expect it to be similar to combibloc **ECO**PLUS, which cuts the carbon footprint of SIG's standard packaging material by up to 27%.[1]

1 Results based on ISO-compliant life-cycle assessment CB-100732c for Europe.

SIGNATURE EVO will be launched in early 2022 initially in our portion-sized format combiblocMini. In future, we plan to launch a **SIG**NATURE EVO 100 version linked to 100% renewable materials, which we expect to deliver a further reduction in carbon footprint by linking the polymers to forest-based renewable materials.[3]

As our aluminium-free solutions are not yet available in all formats, we are also working with suppliers to reduce the carbon footprint of the aluminium foil we source through certification to the Aluminium Stewardship Initiative (ASI) standard for responsible aluminium sourcing.

We are the first in the industry to offer aseptic cartons with ASI-certified aluminium foil and our aluminium foil suppliers are expected to meet ASI requirements. These include strict limits for emissions from smelting, the most energy intensive part of aluminium production. ASI-certified smelters must limit their emissions to no more than 8 tonnes of CO_2 equivalent per tonne of aluminium produced by 2030 (or immediately for new smelters). This is a significant reduction from the current global average of 12 tonnes of CO_2 equivalent per tonne of aluminium ingot produced.

Driving more sustainable logistics

We deliver billions of carton sleeves to our customers every year. Sending our sleeves in flat-pack format significantly reduces the amount of space – and therefore journeys, fuel and emissions – required to transport our packs compared with glass bottles or cans. We aim to further reduce the number of journeys required by filling each truck as fully as possible.

We work with logistics providers to balance costs and environmental considerations with the need to deliver our products to customers when they need them – whether it is by truck, rail or by sea. In exceptional cases where transport may be required by air freight to meet urgent customer needs, a detailed analysis is performed to check how this can be minimised or avoided.

Environmental criteria, including greenhouse gas emissions, are included in our selection process for logistics providers and we encourage them to use more fuel-efficient vehicles and utilise intermodal transport (using multiple modes of transportation such as rail) where feasible to improve efficiency.

We work with suppliers of our key raw materials to reduce emissions from inbound logistics – transport of materials to our factories – as well as seeking opportunities to source these materials locally to reduce the distance travelled.

Making our filling machines more energy-efficient

We aim to improve the efficiency of each new generation of filling machine to help customers reduce energy use and associated greenhouse gas emissions in their factories.

Our technical service solutions also include energy reduction kits that can be retrofitted to existing machines, which often remain in operation for decades. Customers can cut emissions from their filling machines by installing our upgrade kits that reduce energy use.

We also offer remote and digital service solutions that help to prevent downtime and reduce greenhouse gas emissions from our technical service engineers travelling to customer sites.

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

Reducing end-of-life climate impacts

Recycling beverage cartons contributes to the circular economy by keeping high-quality materials in circulation and reducing the demand for virgin materials. Although recycling does not make a significant difference to the overall life-cycle impact of our packs because their performance is already so good, there is a climate benefit to recycling cartons or incinerating them to create energy compared with sending them to landfill where additional emissions may occur.

All our packs are designed to be fully recyclable and we are committed to partnering with stakeholders to improve collection and recycling of used beverage cartons (see > page 282).

Removing carbon from the atmosphere

We will fulfil our Climate+ ambition through our support for thriving forests that act as carbon sinks (see > page 264), as well as other actions designed to remove carbon from the atmosphere.

Climate-related risks and opportunities for our business

Our risk management approach builds on best available practice. Climate-related risks and opportunities are identified following the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD). These inform several risk categories in the portfolio of risks in our annual corporate risk assessment, which identifies our main business risks based on financial and reputational implications.

Climate-related risks to our business include transitional risks – such as regulations (existing and emerging), availability of technology, reputation and changes in market demand – which we assess regularly. They also include physical risks, such as more frequent extreme weather that could affect our production plants and supply chain resilience.

Addressing physical risks through mitigation and adaptation

We consider acute physical risks to our operations due to climate change and have adaptation plans in place at the production plants that are most exposed to adverse weather conditions.

For example, our previous relocation of the production facility on our site in Linnich (Germany) to reduce the risk of flooding helped to prevent any serious damage during severe flooding in the region in 2021. Additional preventative measures at the site include reinforcing the dyke along the adjacent river, checking and renewing drain pipes, and keeping a stock of sandbags ready to protect the plant in case of severe flooding.

Within our supply chain, we consider long-term chronic physical risks, for example to Nordic forests that provide much of our liquid packaging board (one of our main raw materials). Our commitment to source FSC™-certified liquid packaging board and support thriving, sustainably managed forests is central to our mitigation strategy (see > page 264).

Harnessing opportunities

The low carbon footprint of our packaging is a key differentiator and value driver, and we see opportunities to help customers meet demand for lower-carbon packaging through our existing solutions and by growing demand for our lowest-carbon solutions (see > page 278).

Our leadership on climate has enabled us to secure sustainability-linked loan facilities – directly linked to our progress in reducing Scope 1 and 2 greenhouse gas emissions from our operations – as well as contributing to our strong scores in sustainability ratings for investors and customers.

Enhancing disclosure

We disclose further information on climate risks and opportunities for our business – including potential financial impact – through our CDP and DJSI responses. We are working to integrate the elements of the TCFD framework, including scenario analysis, in our public reporting by 2023.

Performance in 2021

Advocacy

- Ahead of the COP26 climate conference, we joined other leading businesses in supporting a call to action led by We Mean Business urging G20 leaders to go all in to keep the Paris Agreement's 1.5°C goal within reach.
- We pledged our support for the SBTi's Business Ambition for 1.5°C by reconfirming our science-based emissions reduction targets across all scopes in line with 1.5°C scenarios – and committing to set a long-term science-based target to reach net-zero value chain greenhouse gas emissions by no later than 2050.
- Through the Business Ambition for 1.5°C, we also joined the Race to Zero led by the United Nations Framework Convention on Climate Change.
- Through the Alliance for Beverage Cartons and the Environment in Europe, we supported the adoption of an ambitious 2030 roadmap for the industry (see > page 284) that includes commitments to decarbonise our value chain in line with a 1.5°C scenario and deliver the lowest carbon footprint packaging.
- Our Way Beyond Good Champions ran an internal awareness campaign on climate change in the lead up to COP26, with various quizzes, games and other local activities. For example, 117 colleagues in Thailand took part in a climate quiz. Employees across our Asia Pacific South region sent in more than 400 photos of climate actions to show they had completed specific actions to reduce their carbon footprint. And a global challenge saw employees walk, run or cycle a total of over 55,000km to virtually travel around the world to the COP26 summit in Glasgow, Scotland.

Value chain emissions

- We have cut our Scope 1 and 2 emissions by 45% in 2021 – and by 74% from the 2016 baseline. The significant reduction this year is as a result of our newly acquired operations in the Middle East and Africa (formerly a joint venture) switching to 100% renewable energy, in line with the rest of our global production which has been carbon neutral since 2018. Based on the year-on-year projections we have modelled, we are on track to meet our 60% science-based reduction target by 2030.

- We have reduced our Scope 1, 2 and 3[4] emissions per litre of food packed by a further 3% in 2021 – and by 20% overall from the 2016 baseline – and we continued to decouple value chain emissions from packs produced. While we increased the amount of food our packs helped customers deliver by 5% this year, our total Scope 3 value chain emissions only increased by 3% to 1.59 million tonnes of CO_2 equivalent.
- SIG was again named on the CDP Supplier Engagement Leaderboard, ranking among the leading companies for taking action to measure and reduce climate risk within the supply chain.

Operations

- We maintained 100% carbon neutral production with renewable energy at all our production plants, including our now fully-owned former joint venture in the Middle East and Africa. We achieved this by using 100% renewable electricity for production and sourcing other renewable energy indirectly by investing in Gold Standard®-certified offsets. Our switch to renewable energy for production has avoided over 510,000 tonnes of CO_2 equivalent over the last five years.
- New solar arrays at our production plants in Brazil, China and Thailand increased our total on-site solar capacity to 11.3MWp by the end of 2021 (up from 4.8MWp in 2020).
- We extended our direct investment in renewable capacity beyond our own sites for the first time through a power purchase agreement that will deliver power from two wind turbines in real time – as it is generated – to our production plants in Germany. The turbines have a total capacity of 2.6MWp and generate around 2,800MWh annually, enough to supply 1,000 four-person households for a year.
- On-site solar power met 2% of our global electricity use in 2021 and power purchase agreements (including both on-site and off-site) met 3%.
- The greenhouse gas emissions intensity of our production decreased by 10% to 15 tonnes CO_2 equivalent/million m^2 of sleeves produced in 2021.
- In addition to sourcing renewable energy, we continued to implement initiatives to improve the energy efficiency of our plants, such as optimising cooling systems in Rayong (Thailand) and demonstrating annual energy reductions at our European plants as part of their certification to ISO 50001.
- Our newly opened second plant in Suzhou (China), certified to the LEED Gold sustainable buildings standard, is designed to minimise carbon emissions. Rooftop solar panels can provide 1.5 million kWh of solar energy and the building maximises use of daylight and efficient lighting devices to reduce energy consumption.
- We are piloting the use of smart meters at our plants in Curitiba (Brazil) and Riyadh (Saudi Arabia) that enable real-time monitoring of energy use in specific parts of our production processes to help us identify opportunities for further efficiencies.
- Overall, our energy conservation programmes contributed to a 5% reduction in the energy intensity of our production to 192MWh/million m^2 of sleeves produced in 2021.

Raw materials

- We continued to engage with suppliers of our main raw materials – liquid packaging board, polymers and aluminium foil – to encourage them to take climate action and request data on the proportion of their greenhouse gas emissions related to production of the materials used in our products to help us focus our efforts where we can make the biggest difference to reducing our footprint. A key supplier that provides us with the biggest volume of materials has now set a target to halve emissions from its full supply chain.

4 Includes our most significant Scope 3 emissions – from our supply chain, use of our filling machines and recycling or disposal of packs.

- 69% of our A materials[5] (by volume) came from renewable sources in 2021 – mostly liquid packaging board as well as the polymers linked to 100% renewable materials[6] for the growing number of packs sold with our **SIG**NATURE 100 and **SIG**NATURE FULL BARRIER solutions.
- Five of our aluminium foil suppliers in Brazil, China and Europe – representing over 70% of our global aluminium foil supply – have now achieved certification to ASI, which includes strict requirements on carbon reductions in the smelting process. We have nearly doubled our use of ASI aluminium globally over the last year.
- We have switched from fossil-based solvents to plant-based bioethanol for our printing processes at six of our production plants – including our newly opened second plant in Suzhou (China) – and we are working with suppliers to complete this transition worldwide. The plant-based ethanol we use is made from agricultural residues, not food crops.

Packs

- Sales of our lowest-carbon packaging materials – combibloc **ECO**PLUS, **SIG**NATURE 100 and **SIG**NATURE FULL BARRIER – increased by 21% this year with 554.6 million litres of food packed in SIG packs with these three **SIG**NATURE portfolio packaging materials in 2021.
- We have now sold enough packs with **SIG**NATURE portfolio solutions to fill more than 2.1 billion litres of food. Together, these products have saved an estimated 43,000 tonnes of CO_2 equivalent emissions compared with our standard packs. As sales of these sustainable innovations grow so will the associated carbon reductions.
- We developed the world's first full barrier aluminium-free solution for aseptic carton packs that provides comparable barrier properties to our packaging with aluminium foil so it can be used with oxygen-sensitive products, such as juices, as well as liquid dairy. **SIG**NATURE EVO will be launched in early 2022 in our combiblocMini portion-sized format and will later be extended to other formats. We are currently working on a life-cycle assessment to quantify the carbon footprint reduction that can be achieved using **SIG**NATURE EVO compared with a standard SIG pack.
- We remain the only carton producer to offer ASI-certified aluminium and we have now sold more than 660 million ASI-labelled packs as more customers have opted to display the ASI label on their packs to demonstrate and raise awareness of responsible aluminium sourcing.
- Following critical review, this year the German Federal Environment Agency (UBA) approved the results of a life-cycle assessment commissioned by the German Beverage Carton Association FKN which found that single-use beverage cartons compare favourably with reusable glass bottles – outperforming single-use PET bottles – across the fresh milk, juice and UHT milk market segments.

See > page 301 for more on our latest sustainable innovation developments and uptake of the lowest-carbon solutions for our packs.

Logistics

- Emissions from our global outbound logistics decreased by 8% in 2021 to 64,712 tonnes of CO_2 equivalent, and we maintained a high rate of full truck loads (95%).
- We continued to work with outbound logistics providers to explore opportunities to reduce emissions through, for example, the use of multimodal transport where lead times and transport networks allow, the use of electric trucks or alternative fuels for ocean freight.
- We are working to reduce the distances our packs need to travel to customers by increasing local production capacity to serve the Asia Pacific region (with our second plant in China) and the Americas (with a new plant in Mexico currently under construction).

5 A-materials are those that go directly into our packs – paperboard, polymers, aluminium foil and ink.

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

- To reduce emissions from inbound logistics, we took steps to increase the volume of materials we source for our production plants from the region where each plant is located.
- Overall, upstream logistics emissions (covering SIG's inbound and outbound transportation) have increased by 23% from the 2016 target baseline, largely as a result of our 2020 acquisition that included a production plant in Australia. However, we reduced these emissions by 4% this year following the closure of the Australian plant in June 2021.

Filling machines

- Launched in late 2021, our next generation filling machine for family size carton packs, SIG NEO, offers significant improvements in efficiency by reinventing key elements of the folding, sterilising and filling process. By reducing energy use, it is designed to offer a 25% lower carbon footprint for the filling and packaging process per pack compared with our third-generation filling machines.
- We rolled out our SureBrite semiautomated cleaning machine – which can reduce energy use by up to 82% compared with manual cleaning – to six more filling machines in 2021 and it is now installed on 19 of our third-generation filling machines.
- We continued to develop upgrade kits designed to deliver reductions in energy use and compressed air, which we aim to offer to customers in 2022.
- We extended our remote technical service offering, which reduces travel and associated emissions, to more customers this year. We also introduced our Plant 360 Asset Health Monitoring to improve efficiency and enable effective condition-based maintenance of our filling machines in customer factories.

Recycling

See > page 282 for information on how we are supporting efforts to increase recycling of used beverage cartons.

Removing carbon from the atmosphere

See > page 264 for information on how we are taking carbon out of the atmosphere by supporting thriving forests.

OUR VALUE CHAIN CARBON FOOTPRINT (thousand tonnes of CO_2 equivalent)[1]

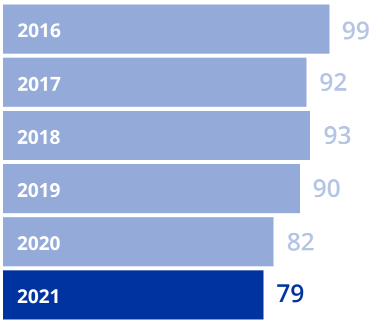
	2016	2017	2018	2019	2020	2021
Scope 1[2]	29.1	38.5	34.4	34.5	31.1	29.8
Scope 2 (market based)[3]	84.0	28.6	32.5	27.9	22.9	0
Scope 3	1,544.8	1,463.2	1,533.1	1,578.7	1,536.1	1,587.2
Total	**1,657.9**	**1,530.3**	**1,600.0**	**1,641.1**	**1,590.0**	**1,616.9**

1 Data on greenhouse gas emissions for previous years have been restated to reflect revised scope of greenhouse gas targets and baselines as a result of changes to the business, and in line with Greenhouse Gas Protocol requirements.

2 We have invested in Gold Standard®-certified projects to offset our Scope 1 emissions to achieve carbon neutral production for all our fully-owned plants since 2018 (including our former joint venture in Middle East and Africa from 2021).

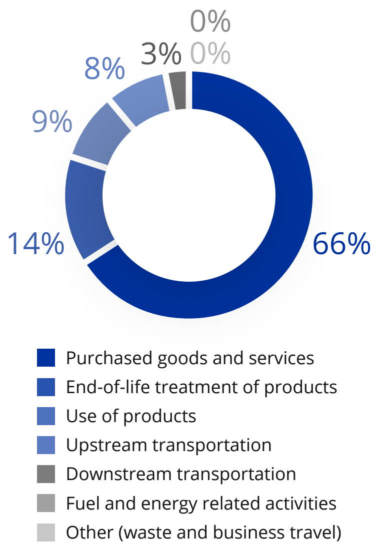
3 Our location-based emissions (based on the electricity grid average amount) totalled 98.3 thousand tonnes of CO_2 equivalent in 2021.

VALUE CHAIN EMISSIONS RATE
(Scope 1, 2 and 3[1] grams CO_2 equivalent/ litre of food packed)

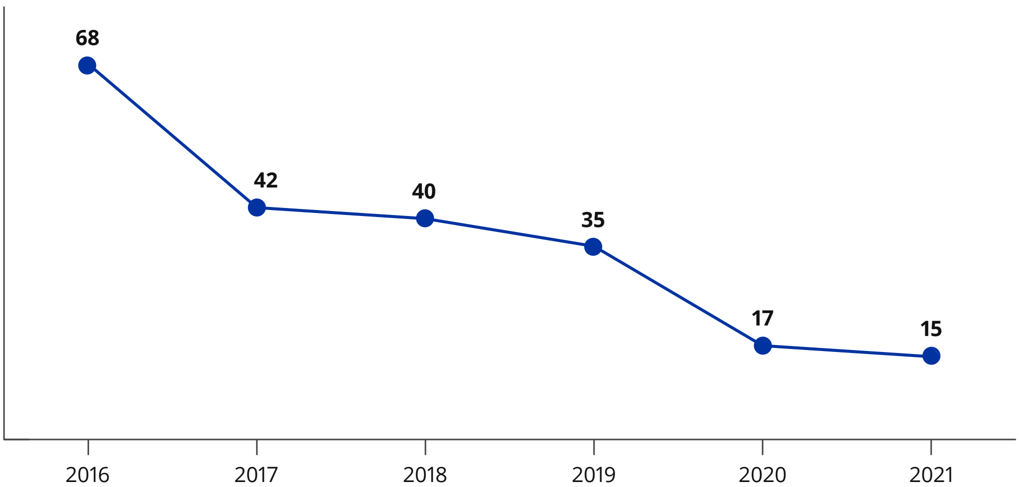


1 The value chain emissions rate and associated target covers our most significant Scope 3 emissions – from our supply chain, use of our filling machines and recycling or disposal of packs. See > page 359 for more on the basis of reporting for greenhouse gas emissions and a detailed list of what is included in each Scope 3 category.

SCOPE 3 EMISSIONS by category in 2021

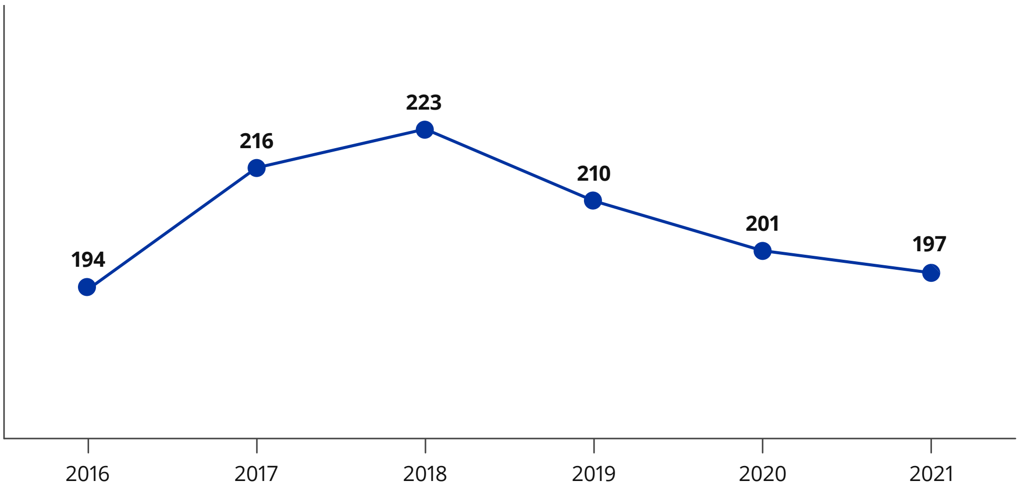


SCOPE 1 AND 2 GREENHOUSE GAS EMISSIONS INTENSITY FROM PRODUCTION[2]
(tonnes CO_2 equivalent/million m^2 of sleeves produced)



2 Energy intensity and emissions intensity are reported per million square metres of sleeves produced and exclude energy use at our closure production plant in Switzerland and our paper mill in New Zealand (which was sold in June 2021).

ENERGY INTENSITY OF PRODUCTION[1] (MWh/million m² of sleeves produced)



1 Energy intensity and emissions intensity are reported per million square metres of sleeves produced and exclude energy use at our closure production plant in Switzerland and our paper mill in New Zealand (which was sold in June 2021).

ENERGY USE FOR PRODUCTION[1] (GWh, by type)

	2016	2017	2018	2019	2020	2021
Natural gas	96	123	132	134	133	133
Liquified natural gas	12	12	10	8	6	7
Diesel	0	0	0	0	1	1
Electricity (non-renewable)	157	40	45	41	34	0
Electricity (renewable)	71	189	198	201	209	261
Total	**335**	**363**	**386**	**385**	**383**	**402**

1 Energy use for production includes our closure production plant in Switzerland.

RESOURCE+

Material issue
Recycling and circular economy

Significant impact
Recycling and circular economy (environmental, economic)

Key performance indicators
% SIG packaging portfolio that is recyclable

Key policies
- Product Stewardship Policy
- Global R&D Process Handbook
- Standard Operating Procedure to improve used beverage carton collection and recycling in regions

Relevant SDGs

Responsible
Design for recycling and recycled content is jointly led by Global Technology and Global Marketing. Local teams are responsible for helping to drive progress on collection and recycling, with oversight from Regional Presidents.

Evaluation of management approach
Internal audits and regular review of performance against The Way Beyond Good targets by the Group Executive Board, ASI Performance Standard certification audits (in relation to product stewardship)

Grievance mechanism
Grievance mechanisms set up as part of local collection and recycling partnerships, or Ethics & Compliance Hotline

Why is this material for SIG?

Our mainly renewable and fully recyclable packaging solutions can help to regenerate and preserve resources, and support the transition to a circular economy that's needed to address the global challenges of increasingly scarce natural resources and the planet's limited capacity to absorb waste.

Stakeholder expectations and regulations are growing to manage the environmental impact of packaging waste, including the potential to harm marine wildlife when discarded as litter. Major consumer brands are setting ambitious goals to increase renewable and recycled content, and improve the recyclability of their packaging.

Our packs, together with sustainable innovations such as our paper straw solutions, enable us to support our customers in meeting their goals and complying with new regulations on packaging.

Recycling our cartons keeps high-quality renewable materials from certified sources in circulation to create new products and helps to prevent packaging and litter from polluting the world's oceans. We see a strong opportunity to support our customers and the environment by collaborating with stakeholders to enhance the rate of cartons that are collected and recycled across our markets.

Many of the programmes we support have a wider impact by increasing collection and recycling of other types of packaging too. We can also bring additional societal benefits by adopting models for recycling programmes that support underprivileged people.

Our commitment: Accelerating innovation on circularity

The way that the world sources and uses resources today is not sustainable. The system we all rely on is one in which materials are generally extracted and used once before being disposed of.

The time has come to shift to a circular economy, in which materials circulate continuously within technical or biological loops, either being recycled or fed safely back into natural cycles.

At SIG, the materials we use to make our packs – liquid packaging board, aluminium and polymers – can all work within those loops. In fact, our packs are already fully recyclable. And 70–80% of the material used to make them, paperboard, is a renewable resource that comes from sustainable forests.

It's a good start. Moving forward, we will progressively use less polymer and prioritise renewable or bio-based sources. Likewise, we will strive to replace aluminium or ensure that it comes from recycled sources. And we will support the development of recycling infrastructure so that even more cartons are collected and recycled.

This will not happen overnight, and it cannot be done alone. But the path we need to walk is a circular one – and this is how we get there.

Our Resource+ efforts also support our Climate+ ambitions (see > page 268).

Supporting the principles of the circular economy

The Ellen MacArthur Foundation sets out three principles for a circular economy and we are committed to each of them:

- **Design out waste** – We strive to minimise production waste and optimise use of materials through the design of our packs, including through innovations such as our RS structure, which optimises use of materials while improving the robustness of our packs during processing and distribution.
- **Regenerate natural systems** – All our beverage cartons are made mainly from renewable paperboard that originates from certified sustainably managed forests, and we are committed to increasing this through our **SIG**NATURE portfolio of sustainable packaging material innovations.
- **Keep products and materials in circulation** – All our packs are designed to be fully recyclable. We are committed to partnering with stakeholders to increase collection and recycling of used beverage cartons, and repurpose the materials. We also offer the option to link polymers in our packs to post-consumer recycled content with our **SIG**NATURE CIRCULAR solution.

The circular economy model is underpinned by the transition to renewable energy sources and we are committed to using 100% renewable energy for production (see > page 268).

2030 industry commitments in Europe

We are fully committed to the 10 commitments set out for the industry in the ambitious 2030 roadmap set by the Alliance for Beverage Cartons and the Environment in Europe to:

- **produce** beverage cartons only from renewable materials
- and/or **produce** beverage cartons from recycled materials
- **use** more fibre and less plastic
- **decarbonise** our value chain in line with 1.5°C target
- **deliver** the lowest carbon footprint packaging
- **design** for circularity
- **achieve** a 90% collection rate of beverage cartons for recycling
- **achieve** at least a 70% recycling rate verified by third parties
- **meet** the highest sustainability sourcing standards for all materials
- **increase** carbon sequestration, enhance biodiversity and increase forest growth

THE ALLIANCE FOR BEVERAGE CARTONS AND THE ENVIRONMENT

Our goals

2025 target	Progress tracker
Launch a full barrier carton linked to 100% renewable materials[1] (see Sustainable innovation, > page 296)	ON TRACK
Launch a pack made with 100% recycled content (see Sustainable innovation, > page 296)	DISCONTINUED
Partner with stakeholders to implement dedicated and country specific roadmaps to support increased collection and recycling of beverage cartons	ON TRACK

1 Target changed from 'Launch a pack made of 100% renewable materials'.

Management overview

Designing out waste

Our standard procedures mandate that new packaging designs must demonstrate optimised resource use compared with previous models, while continuing to deliver the high quality required for aseptic food packaging and the functionality that customers and consumers demand. We also aim to minimise waste in our production processes (see > page 328).

Sourcing sustainably

We use certifications to rigorous external standards to ensure the resources we purchase are produced responsibly (see > page 306).

Using renewable and recycled materials

Unlike most packaging alternatives, our cartons are made mainly from renewable materials (around 70–80% on average). This means that cartons are already contributing to the circular economy at the start of their life by using renewable materials that support the regeneration of natural resources.

combibloc **ECO**PLUS, the world's first aluminium-free packaging material for aseptic cartons, increases the renewable content of packs to 82%. And **SIG**NATURE 100 is the world's first packaging material for aseptic cartons linked to 100% renewable material.[1] Both these solutions are for use with liquid dairy products such as white UHT milk.

Our latest evolution, **SIG**NATURE EVO, is the world's first full barrier aluminium-free solution for aseptic cartons. To be launched in early 2022, it will provide comparable barrier properties to our packaging materials that include an aluminium foil barrier layer so it can be used with oxygen-sensitive products, such as juices, as well as liquid dairy. We plan to launch a **SIG**NATURE EVO 100 version of this aluminium-free full barrier carton in future, which will be linked to 100% renewable materials by linking the polymers to forest-based renewable materials via a certified mass balance system.

We also offer paper straw solutions, the first available for use with aseptic carton packs, as renewable alternatives to plastic straws for our small format on-the-go packs.

Some of the materials used to make our packs are produced from by-products from other industries, such as wood chips and tall oil (wood residue from paper making) that might otherwise be used as fuel to generate energy. Using these materials to create new products supports the circular economy by retaining their natural and economic value as a resource for longer – particularly as cartons can then be recycled into new products again after use. In addition, some of the aluminium foil that goes into our packs is made from industrial scrap, including 100% of the aluminium foil provided by one of our main suppliers.

We are also looking for ways to include post-consumer recycled materials in our packs that can help us reduce our environmental footprint and continue to deliver food safely, as well as increasing demand for recycled materials.

Including post-consumer recycled materials in our packs is particularly challenging due to the lack of availability of post-consumer recycled content that meets the high quality and food safety requirements for aseptic cartons that must keep food safe for long periods of time without refrigeration.

In a groundbreaking partnership with SABIC, we are offering post-consumer recycled materials for aseptic packs for the first time. Using chemical recycling, low-quality mixed plastic packaging waste is broken down into material that can be transformed into polymers that offer the same high quality as those made from virgin raw materials. Any contaminants are eliminated during processing, making the recycled material completely safe for food packaging.

The polymers used in our **SIG**NATURE CIRCULAR packaging material are linked to these recycled plastics through a certified mass balance system. Both chemical recycling and the mass balance system are endorsed by The Ellen MacArthur Foundation as valid ways to advance the circular economy.[2]

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

2 The Ellen MacArthur Foundation Mass Balance White Paper and New Plastics Economy.

Designing for recyclability

To enable materials to be used again, we make sure all our packs are fully recyclable by design.[3] Closures can be recycled together with the cartons and we are developing new tethered cap solutions to help ensure they remain with the packs for recycling. Similarly, straws should be pushed inside packs for recycling together with the cartons.

The raw materials from used cartons can be separated and recycled to make new products. The high-quality paper fibre that makes up around 75% of beverage cartons can be separated and recycled relatively easily for reuse at paper mills. The remaining polymer and aluminium mix (PolyAl) can be reused together as a robust material for roof tiles or furniture. Separating the PolyAl into polymers and aluminium enables wider applications for the recycled materials.

Partnering to support collection and recycling of used beverage cartons

KEY CHALLENGE Although beverage cartons are fully recyclable, not all of them are currently recycled because:

- consumers may be unaware that cartons are recyclable or do not separate them for recycling
- infrastructure for separate collection of packaging from household waste is not always available locally
- facilities for recycling used beverage cartons and their component materials (such as PolyAl) may not be available at the scale needed.

Recycling of packaging is an industrywide issue and we partner on this with many different stakeholders, including industry peers, customers, consumers, and national and local governments. As recycling rates, regulations and infrastructure vary widely in different countries and municipalities, we take a tailored approach through local roadmaps in priority countries.

We have developed roadmaps for all 24 priority countries across our regions – identified as those most in need of support to boost recycling rates based on criteria such as national recycling rates, business volume and market share, risk assessments and customer requirements. Together, these countries represent around 90% of the packaging we sell (by weight) worldwide and 90% in each region.

This structured approach is designed to help us target our efforts where we can make the most impact. We have developed tailored local strategies and roadmaps to catalyse collection and recycling in each priority country and we are partnering with local stakeholders to implement these.

We work through industry partnerships (see next page) and partner with stakeholders to increase recycling rates by:

- advocating through industry associations, such as the Alliance for Beverage Cartons and the Environment (ACE), to ensure an enabling regulatory framework for collection and recycling of beverage cartons, including extended producer responsibility legislation for packaging
- partnering with customers and local stakeholders to raise consumer awareness and support collection and recycling of beverage cartons to help increase recycling rates
- supporting the development of innovative models for programmes to boost recycling and provide additional societal benefits, such as the partnership with so+ma we have established in Brazil, and the expansion of successful models to more markets

3 Our evaluation of recyclability is based on the relevant EN643 standard.

- driving advancements in technology and improving availability of recycling infrastructure through collaboration platforms, with a particular focus on new facilities to process PolyAl into polymers and aluminium, or to process all three key materials from used cartons together into new recycled products
- increasing demand for recycled materials from used beverage cartons by showcasing potential uses.

Industry partnerships

We are advocating and driving initiatives to increase collection and recycling of used beverage cartons through industry partnerships, including:

Performance in 2021

Designing for circularity

See > page 296 for information on how we are designing for circularity through our focus on sustainable innovation.

Driving recycling through industry collaboration and advocacy

- We continued to advocate and drive activities and guidelines on recyclability, collection and recycling at global, regional and national level through industry partnerships such as the Global Recycling Alliance for Beverage Cartons and the Environment (GRACE), EXTR:ACT, The Consumer Goods Forum's Coalition of Action on Plastic Waste, 4evergreen, AIM's HolyGrail 2.0 initiative, and ACE in Europe. SIG retained the ACE presidency in 2021.
- Together with other ACE members, we committed to the 10 commitments set out for the industry in the ambitious 2030 roadmap launched by ACE this year (see > page 284). ACE also developed a position paper on extended producer responsibility for beverage cartons and guidelines on design for recycling.
- ACE has been reporting the recycling rate for beverage cartons annually for many years. However, there are delays in country-level reporting on 2020 rates due to changes to the EU calculation methodology. The beverage carton industry will report on 2020 recycling rates when up-to-date verified information is available.

- Following an ACE campaign asking countries to set targets for separate collection of beverage cartons for recycling, several countries have introduced policies in this regard. Austria has set a collection target of 80% by 2025 specifically for used beverage cartons, with all packaging to be sorted, collected and recycled across the country. Spain has developed a roadmap to increase collection rates over the next five, 10 and 15 years. The Netherlands plans to publish a beverage carton recycling target in 2022. And the UK will include used beverage cartons on the core list for kerbside collection from 2023.
- We are involved in all the workstreams in 4evergreen, an industry alliance with over 80 members covering the full fibre-based value chain that aims to optimise the circularity and climate performance of fibre-based packaging. These workstreams focus on building a protocol to evaluate recyclability, developing guidelines for circularity by design and for collection and sorting, and innovating to accelerate the development of technologies and processes to enhance circularity of fibre-based packaging.
- We joined more than 85 partners across the packaging value chain in the HolyGrail 2.0 initiative launched by AIM, the European Brands Association, to explore the viability of digital watermarking – codes on the surface of packaging that are imperceptible to the human eye – to enable more accurate and efficient sorting of post-consumer waste for recycling.
- We are part of national producer responsibility organisations (PROs), industry associations and other interest groups that seek to promote recycling in countries such as Australia, India, Indonesia, Russia, South Korea, Taiwan, Vietnam and the USA.

Partnering on local collection and recycling programmes

- **Brazil:** Through our partnership with social enterprise so+ma, we opened two more collection points in Curitiba. Over 1,120 families have signed up to earn rewards, such as food products and training courses, in return for bringing used packaging to the three collection points now running in the city. Together, they have collected over 247 tonnes of waste for recycling since the first collection point opened in December 2018. We have now developed plans to extend this community recycling model to further cities in Brazil, Chile and Indonesia (see below). We are also extending the Recicleiros Cidades partnership to boost municipal recycling programmes and ensure decent working conditions for waste pickers through targeted support from businesses that also helps them meet their regulatory requirements in relation to recycling. The 16 cities participating in Recicleiros Cidades have already collected 3,500 tonnes of waste, reached 940,000 citizens and created 238 jobs for wastepickers over the last four years. We aim to reach 60 Brazilian cities by 2023 and this year we offered virtual training to municipalities applying to participate to help them get the most out of the programme.
- **China:** Through the new Alliance of Technological Innovation in Compulsory Resources Recycling Industry (ATCRR), we collaborated with industry partners to support the ambitious collection and recycling targets set by new national extended producer responsibility legislation. We worked together to develop standards, support recycling companies and pilot a consumer education programme in Shanghai. In addition, we installed collection bins made of recycled materials at the Food and Beverage Innovation Forum to promote recycling and showcase the use of recycled materials, and we organised a staff trip to a remote area of the country to collect litter to raise awareness among employees.
- **Indonesia:** We continued a customer partnership and several initiatives in schools and on social media to educate consumers on responsible waste management and promote collection of used beverage cartons. Through the SIG Way Beyond Good Foundation, we commenced preparations to roll out a reward-based community recycling programme in Jakarta, working with so+ma to build on our successful cooperation in Latin America.
- **Russia:** We joined RusPRO, which is driving recycling solutions for packaging including used beverage cartons. We are also involved in the development of a new national industry trade association that will include recycling as a key focus.

- **South Africa:** We partnered with the Fibre Circle, the PRO for the South African paper and paper packaging sector, to raise awareness and increase recycling rates through a consumer campaign and competition featuring three carton superheroes: Captain Infinity, Dr Renewable and Super Transformer.
- **Thailand:** We continued to raise awareness and provide guidance on how to sort used beverage cartons for collection and recycling through the Beverage Carton Recyclable Project (BECARE). Over the past five years, over 2,800 tonnes of used beverage cartons have been flattened, collected and returned for recycling through BECARE. We also conducted research in collaboration with students at the University of Virginia Darden School of Business into innovative uses for the material recycled from used beverage cartons in the country.
- **UK:** Through ACE UK, we have agreed with Tesco to install collection points at 26 of its stores in areas of the country that currently lack kerbside collection for used beverage cartons. This will increase overall collection coverage (kerbside and collection points) to 97% of the UK.

Supporting better recycling infrastructure

- Through GRACE, we have launched an industry partnership with saveBOARD to build a recycling facility in Australia that will turn used beverage cartons and paper cups into high performance construction materials. Part-funded through the Australian Government's Recycling Modernisation Fund and the New South Wales Government's Waste Less, Recycle More initiative, the partnership aims to create a new market for high-performance, low-carbon, recycled alternatives to products such as plasterboard and particle board for building interiors and exteriors. By using heat and compression rather than glues or other chemicals to bond materials together, the facility will produce clean products with zero volatile organic compounds that are suitable for use in homes and commercial buildings.
- The Palurec facility in Germany, in which SIG is a major investor together with two industry partners, began operating in 2021. Designed to recover polymers and aluminium from PolyAl and turn them into marketable raw materials, the facility is designed to process over 18,000 tonnes of material per year.
- Through EXTR:ACT we are keeping apprised of new recycling technologies and facilities being developed independently and through industry associations – including initiatives in the Czech Republic, Italy and the Netherlands. Together with Palurec in Germany, these facilities can already process around 50,000 tonnes of PolyAl annually – enabling polymer and aluminium to be recovered from approximately 30% of the total PolyAl produced from recycled beverage cartons in Europe. Through local associations, we are involved in developing projects to further increase recycling capacity.

FOOD+

Material issue
Safe food supply

Significant impact
Safe food supply (societal, economic)

Key performance indicators
Social GRI 416-1 | Social GRI 416-2
Volume of nutritious food and beverage products brought to consumers in SIG packs

Key policies
- Product Safety and Quality Policy
- Product Stewardship Policy

Relevant SDGs
1 No poverty; 2 Zero hunger; 3 Good health and well-being; 10 Reduced inequalities; 12 Responsible consumption and production; 17 Partnerships for the goals

Responsible
Site quality management and product safety teams, overseen by the Head of Global Quality Management Responsibility, R&D team

Evaluation of management approach
- Global quality and product safety management reporting system
- Monthly reports to Group Executive Board and escalation of customer complaints to management

Grievance mechanism
- Integrated customer complaint and claim management system
- Ethics & Compliance Hotline

Why is this material for SIG?

Our aseptic packaging solutions conserve food quality and support sustainable development by helping customers deliver nutrition and hydration in a safe, sustainable and affordable way to people around the world.

We are well positioned to support customers in meeting growing consumer demand for healthy and nutritious food – a trend that has accelerated in the wake of the COVID-19 pandemic – with solutions that preserve nutrients in chunky foods like soups as well as liquid foods like milk and fruit juices.

Customers and consumers expect and rely on us to ensure the safety and quality of their packed goods. The food industry is also subject to strict regulations. Ensuring the safety and quality of our packaging solutions is therefore fundamental to maintain stakeholder trust and our licence to operate.

Food is preserved in our packs for long periods of time without refrigeration or preservatives and our highly-efficient machines also help to prevent food loss during the filling process. We see opportunities to support wider efforts to use our technology and expertise to tackle food loss in the value chain, reduce consumer food waste and deliver nutrition to more people.

The scalability and flexibility of our technology is particularly well suited to deliver food to people in developing countries, to increasingly urbanised populations, and to certain groups such as children, the elderly or those with specific dietary requirements. The COVID-19 pandemic has exposed the fragility of supply chains for essential food and our long-life aseptic packaging can play a role in overcoming short-term food supply challenges.

Our commitment: Improving access to safe and affordable nutrition

We work in partnership with our customers to deliver food to consumers around the world in a safe, sustainable and affordable way. That's our purpose and, together with our steadfast commitment to high standards for product safety and quality, it underpins our ambition in the Food+ action area.

We are proud of the role that our cartons play in the global food system. Each year, our aseptic packaging system brings safe and affordable food and drink to millions – keeping food safe for months without need for refrigeration or preservatives.

For many, this means that they can simply buy the food or drinks they love, easily and locally. For others, our carton is the only way to access the nutrients they require, safely and affordably.

That undeniably makes us, and the customers that use our packs for nutritious food and drinks, a positive force within food. And going forward, we want to boost that positive effect by working with an ever-wider range of food and drink customers.

We will bring people even more safe and nutritious food and drink, wherever it is needed, at prices they can afford. We will seek to partner with new customers in regions where safe, affordable nutrition is inaccessible, and actively work to increase the range and volume of nutritious foods and drinks that use our cartons.

We will also reduce the amount of food and drink that is lost during filling, storage, transport and consumption. And we will work with communities to use our filling systems and cartons to preserve surplus crops that would otherwise be wasted.

And of course, we are constantly looking for new ways to minimise food loss, at every stage of the supply chain. This is an area where we are well on The Way Beyond Good – and we must carry on moving forward.

Preventing food loss and waste, and enabling food to be transported and preserved without refrigeration, can also support our Climate+ ambition.

Our goals

2025 target	Progress tracker
Use SIG's position within a more sustainable food supply system to create demonstrable positive impacts on nutrition and hydration	ON TRACK
Increase the total volume of nutritious[1] food and beverage products brought to consumers in SIG packs by 50% **by 2030** (from 2020)	NEW TARGET
Support two start-ups per year through our **SIG**CUBATOR programme to share unused aseptic filling capacity to deliver nutritious food safely and efficiently	ON TRACK
Maintain certification to ISO 9001:2015 at all production plants	ON TRACK
Maintain BRCGS AA Grade certification at all sleeves and spout production plants[2]	ON TRACK

1 For definition of 'nutritious' please refer to > page 292.

2 BRCGS was formerly known as the British Retail Consortium (BRC). Additional 2025 target to achieve certification to BRCGS Packaging Issue 7 discontinued at this point as it is unclear if Issue 7 will be released before 2025.

Management overview

Delivering nutrition

Helping our customers deliver nutrition and hydration is our core business. We work continually to develop the most sustainable packaging system that can provide safe and affordable nutrition in countries around the world, including those with a risk of food or water scarcity as well as those with limited refrigeration possibilities.

Our aseptic carton packs store high-quality food for long periods of time without the need for refrigeration or preservatives – and they do so in a cost-effective way. Aseptic processing helps to retain more nutrients, flavour and colour in food products than other sterilisation techniques. This makes our packs ideally suited to nutritious foods like milk and fruit juice. They also offer a more sustainable alternative to plastic bottles for water products to provide hydration on the go and at home.

We drive progress through product innovation in our packs, filling machines and technical service, taking into account the diverse needs of customers and consumers in different regions of the world – from extending access to affordable nutrition in developing countries to tapping into healthy living trends in developed countries.

Teams at our Tech Centres in Europe and Asia also work together with our customers to develop new, more nutritious recipes for their products and respond to growing consumer demand for healthy and sustainable foods. Our **SIG**CUBATOR programme enables start-ups to access advice, expertise and consumer-focused insights, as well as use of spare capacity of our filling machines – either at our own Tech Centres or at existing SIG customers' plants – to help them deliver nutritious new food and beverage products.

To understand the role of our packaging systems in delivering nutrition to consumers, we use established ratings such as the Health Star Rating System to categorise types of products according to their nutritional profile. We use this categorisation to monitor the amount of food and drinks delivered in our packs that can contribute to a balanced diet and lead to better health. We are also developing a methodology to help us understand how much of this is delivered specifically in the countries where nutrition is most needed.

Maintaining food quality and safety

We regularly assess the health and safety impacts of all our products and services in relation to food quality and safety. Our integrated quality and product safety management systems help us identify, mitigate and eradicate risks throughout the value chain, and support continuous improvement.

The robust quality management systems at all our production plants – and research and development centres – are certified to the international ISO 9001 standard. All our production plants are also certified according to the Brand Reputation Compliance Global Standards (BRCGS)[1] packaging standard. Plants undergo independent audits to retain their certifications each year.

In addition, the SIG combiLab in our European Tech Centre, which enables customers to test filling their products in our packs and supports our **SIG**CUBATOR programme, is certified to the International Featured Standards (IFS) Food Standard. Food products used for some forms of testing that cannot be sold, such as those used to test shelf life, are recovered for use as fuel for renewable biogas plants.

1 Formerly known as the British Retail Consortium (BRC).

Our production teams complete annual training, and we reinforce a culture of quality and product safety through regular communication, monitoring and internal audits. We also apply recognised methods such as hazard analysis and critical control points (HACCP) and risk analysis tools, such as failure mode and effects analysis (FMEA).

We extend quality requirements to suppliers of the materials that go into our packs and machines, and we monitor their compliance through our supplier audit and evaluation process (see > page 304). We also work with customers to make sure product safety and quality are maintained when our packs are assembled and filled in their factories.

Our integrated complaint and claim management process provides clear guidance on how customer complaints are managed and our CEO is kept informed about customer complaints, critical incidents or internal quality issues should they arise. We also have procedures in place to manage any potential major incidents or product recalls.

Minimising food loss from filling our packs

The biggest impacts we have on reducing food loss are by offering very high sterility rates in our packaging systems to prevent contamination of the food inside, and by minimising the amount of packs wasted and food products lost during the filling process at our customers' factories. Our robust quality standards help to prevent food loss by minimising the risk of faulty packs that cannot be sold.

INDUSTRY LEADER Our highly efficient filling machines have a waste rate of 0.5% or less. This is the lowest waste rate in the industry and we aim to reduce this further with each new generation of our machines. The waste rate relates to the amount of packs going to waste during the filling process, for example during testing at the start of production runs.

When the packs cannot be used, the food products inside may be lost too. With customers filling billions of our packs every year, our low waste rate can prevent a substantial amount of food loss compared with our competitors.

Our technical service solutions support further reductions in food loss at our customers' factories by making our existing machines even more efficient. These include:

- Regular preventative maintenance that helps to reduce waste of packs and loss of the food products that go into them by helping identify and fix potential faults that could generate faulty packs that can't be sold.
- A sterile product changeover upgrade kit that keeps the filling machine sterile during changeovers from one product to another, reducing downtime and maximising filling of the residual product in the tank into saleable packs. This can reduce food loss by up to 80% during changeovers.
- Product flowmeters that increase precision to reduce overfilling and prevent up to 100,000 litres of product being overfilled per machine per year.[2]

We are also exploring ways to redesign our packs and closures to reduce the amount of food waste from the residue left inside our packs when consumers empty them.

2 Based on a mid-size machine filling 50 million packs/year with 2 grammes less deviation.

Partnering to turn food loss into safe nutrition for those most in need

Through the SIG Way Beyond Good Foundation, we are creating innovative models to extend our support for delivering high-quality, safe nutrition to the people who need it most.

Cartons for Good, the Foundation's flagship project, helps to prevent food loss and malnutrition by using our expertise in packaging and filling to help communities preserve surplus crops locally – and turn them into highly nutritious meals for people in need.

The project is being piloted in Bangladesh, where almost half the children are malnourished. After harvest time, we buy surplus crops from farmers that they can't otherwise sell – or when there is no post-harvest food loss in the fields, we use vegetables from wholesale markets that would otherwise go to waste. Members of the community boost their livelihoods by lending a hand to prepare and cook the vegetables into meals, using local recipes such as khichuri.

Trained local teams use our specially designed Cartons for Good food filling unit to preserve the meals in our long-life carton packs. Together with our NGO partner, BRAC, we then distribute the filled packs to schools, where the contents are heated up to provide meals for underprivileged children to keep them well-nourished and enable them to stay in school rather than going out to work to pay for food. The empty packs are then recycled after use.

In a full month of operation, the Cartons for Good filling unit can turn up to two tonnes of food that would otherwise have been lost into 6,000 meals preserved in SIG packs.

As SIG packs are able to preserve and distribute ready meals not just drinks, we are able to deliver more nutrition per pack. A Cartons for Good portion of vegetable pumpkin khichuri can provide a child with nearly three times as much nutrition as a 200ml carton of milk.

We provide the technology and expertise for Cartons for Good. For the pilot, we are also funding the purchase of food from farmers and paying the wages of local people supporting the project through the SIG Way Beyond Good Foundation. We are exploring how to develop a self-sustaining model to bring this innovative solution to more communities across Bangladesh and beyond.

OUR CARTONS FOR GOOD MODEL

1
Farmers bring their surplus crops to sell at harvest time.

2
The crops are turned into nutritious meals and preserved in SIG packs using our specially designed mobile filling unit.

3
Local schools give the packs to children so they don't have to drop out of school to pay for food.

4
After use, the packs are sent for recycling locally.

Performance in 2021

Delivering nutrition

- The packs we sold helped customers deliver 18 billion litres of food and beverages to consumers around the world in 2021.
- We have begun tracking and reporting the amount of food and beverages that helps contribute to a balanced diet and lead to better health (as defined by the independent Health Star Rating System) filled in our packs to better understand the role of our packaging solutions in delivering nutrition to people around the world.
- Our packaging systems enabled customers to bring 10.6 billion litres of nutritious food and beverage products to consumers in SIG packs in 2021, an increase of more than 5% from 10.0 billion litres in 2020. We have set a target for 2030 to increase this volume by 50% from 2020.

- Three more start-ups used our new **SIG**CUBATOR programme to gain advice, consumer insights and access to our filling machines to pack nutritious new products on a small scale, including nutritious plant-based milk alternatives and protein drinks. For example, Belgian start-up Tiptoh partnered with SIG and our customer Olympia Dairy to bring a new range of pea protein beverages to the Belgian market in packs using our **SIG**NATURE FULL BARRIER solution, filled on SIG machines at Olympia Dairy's factories. UK-based GROUNDED, one of the first two start-ups to use the programme in 2020, has now launched its range of plant-based protein shakes aimed at health-conscious consumers.
- Some of our local teams also donated food to people in need as part of our community engagement programmes (see > page 333).

Maintaining food quality and safety

- We maintained our group-wide certification to the revised ISO 9001:2015 standard in 2021.
- All our production plants have achieved AA Grade certification to the current issue of the BRCGS Packaging standard, Issue 6.
- The SIG combiLab at our Tech Centre Europe maintained certification to the International Featured Standards (IFS) Food Standard.
- There were no incidents of non-compliance concerning the health and safety impacts of products and services in 2021.

Minimising food loss from filling and using our packs

- We maintained the industry-leading waste rate of our filling machines – 0.5% or less – and launched our next generation machine, SIG NEO, which is designed to cut this even further.
- The combivita pack and truTwist closure created for use with our next generation filling machine are designed to improve pourability to reduce the amount of food residue left in a pack after use.
- We have introduced a solution that reduces the amount of food that has to be destroyed after safety testing by filling sample packs – packs that are filled, stored and sent to laboratories for mandatory food safety tests – half full rather than completely full.

Partnering to turn harvest food loss into safe nutrition for those most in need

- Following a hiatus due to school closures and COVID-19 restrictions, the pilot of Cartons for Good restarted in Bangladesh in August 2021, turning farmers' food loss into more than 6,900 nutritious meals delivered to schools for 180 children in the urban slums of Dhaka by the end of the year.
- During school closures, we maintained our support by delivering more than 500 regular aid packages of a month's food supply and other essentials to support the families of the children who normally receive school meals through Cartons for Good. We also extended food parcels to the local workers who usually support the project.
- We continued to explore ways to create a self-sustaining model to scale up the Cartons for Good pilot, including an option to turn food loss into nutritious meals that can be sold in our packs, using the proceeds to fund the Cartons for Good school meals programme. We created several recipes, such as vegetable curries, using food that would otherwise be wasted. These were well received by consumers in initial testing, which showed there is a market for such readymade meals in Bangladesh. Unlike other readymade meals on the market, these last for several months without needing to be refrigerated.

SUSTAINABLE INNOVATION

Material issue

Sustainable packaging innovation

Significant impact

Sustainable packaging innovation
(environmental, societal, economic)

Key performance indicators

Environmental GRI 301-1

- Food packed in **SIG**NATURE portfolio packaging material innovations
- ASI-labelled packs sold
- Impact mitigation potential of innovations related to current standard product (tonnes polymer saved by RS Structure)

Key policies

- Product Stewardship Policy
- Global R&D Process Handbook
- Policy on Reuse and Disposal of Used Equipment

Relevant SDGs

Responsible

Global Technology, Global Research and Development and Global Engineering & Application teams, with support from Global Marketing and our Chief Technology Officer who sits on the Group Executive Board

Evaluation of management approach

Independent life-cycle assessments, internal audits and regular reviews of progress by our Responsibility Steering Group and our Group Executive Board, ASI certification audits (on product stewardship related to products containing aluminium foil)

Grievance mechanism

Ethics & Compliance Hotline

Why is this material for SIG?

Sustainable innovation in packaging can support the transition to a low-carbon, circular economy. As stakeholder interest in the environmental impacts of packaging grows, our packs' strong sustainability credentials also offer an increasingly important differentiator across our markets.

Through our sustainable product innovation, we are raising the bar for the industry while helping customers and retailers respond to new regulatory requirements and achieve their own targets on sustainable packaging.

By innovating to make our filling machines more efficient, we can also enable customers to reduce resource consumption, emissions and running costs from packing products in their factories.

Our commitment

We aim to be the leader in sustainable packaging. We are committed to investing in research and development to better meet the needs of customers and consumers, including enhancing the environmental performance of our packaging solutions.

Our sustainable product innovation supports our commitments to reduce the carbon footprint of our packs and filling machines (see > Climate+, page 268), regenerate resources and contribute to a circular economy (see > Resource+, page 282), use more materials from sustainably managed forests (see > Forest+, page 264), and minimise food loss and waste (see > Food+, page 290).

Our goals

2025 target	Progress tracker
Launch a full barrier carton linked to 100% renewable materials[1] (also a target for Resource+, see > page 282)	ON TRACK
Launch a pack made with 100% recycled content (also a target for Resource+, see > page 282)	DISCONTINUED
Reduce energy use by 20%, hydrogen peroxide use by 35% and water use by 25% per hour of runtime in our next generation filling machine for mid size format packs (**by 2021**)	TIMELINE EXTENDED 2022 [2]
Reduce use of consumables by 25% for the next generation filling machine for small format packs	ON TRACK

1 Target changed from 'Launch a pack made of 100% renewable materials'.
2 Target date extended from 2021 to 2022 due to delays in starting field testing.

Management overview

Sustainability criteria are systematically integrated as core value drivers in our product development, alongside product safety and commercial considerations. We consider the environmental impacts of our packaging innovations through robust life-cycle assessments (LCAs) carried out by independent experts using the ISO 14040 international standard and critically reviewed by an independent panel. See life-cycle graphic below.

Taking a life-cycle approach

Independent LCAs show that beverage cartons offer significant reductions in life-cycle environmental impacts compared with other types of packaging, such as glass, plastic bottles or cans. Our most sustainable packaging material innovations – our **SIG**NATURE portfolio – offer significant further improvements to the life-cycle impacts of our packs (see > page 273).

All our packs are designed to be fully recyclable (see > page 282).

REDUCING OUR CARBON FOOTPRINT AT EVERY STAGE OF THE LIFE-CYCLE (% of life-cycle carbon footprint[1])

Design
Minimising the life-cycle impacts of our packaging solutions starts with design. Environmental factors are core value drivers in our product development. All our new packaging designs must demonstrate optimised resource use compared with previous models. And we are cutting carbon further through sustainable innovation.

60%
Sourcing
Our packs are made mainly from renewable liquid packaging board from certified sources that support sustainable forestry. We partner with suppliers on innovative solutions for renewable and recycled polymers, and we aim to source all our main materials from certified responsible sources, including aluminium foil certified to the ASI standard that requires smelters to limit their carbon emissions. See > page 264 and > page 304.

8%
Manufacturing
We make our sleeves and closures using 100% renewable energy, and our ISO 14001 certified environmental management systems support continuous improvement in energy use and emissions at our plants. See > page 268 and > page 328.

16%
Transport
We reduce transport emissions by delivering our carton sleeves in flat-packed form and filling trucks fuller for fewer journeys and less fuel use. Our lightweight packs also help customers cut emissions from distributing their products and avoid the need for refrigeration. See > page 268.

6%
Filling
We improve the efficiency of our filling machines with every new generation, and our technical service teams help customers minimise the energy needed to operate our existing machines. See > page 268.

10%
Recycling
We make sure all our packs are designed to be fully recyclable, and we partner with stakeholders to raise consumer awareness and support efforts to improve local collection and recycling. See > page 282.

1 Indicative figures referring to the climate impact of an average 1 litre SIG pack in EU28 based on our LCA tool.

Leading the industry on sustainable innovation

Our strong focus on sustainable innovation has enabled us to achieve a host of industry firsts:

- The world's first aluminium-free packaging material for aseptic cartons, combibloc **ECO**PLUS, made with 82% renewable liquid packaging board, for use with dairy products.
- The world's first bottle-shaped aseptic carton, combidome, which looks and pours like a bottle with the environmental benefits of a carton.
- The world's first aseptic carton packaging material linked to 100% renewable materials, the aluminium-free **SIG**NATURE 100, made with polymers linked to forest-based residues from papermaking.[1] The **SIG**NATURE FULL BARRIER option includes an ultra-thin aluminium barrier layer for use with products such as orange juice that are more sensitive to light and oxygen.
- The world's first paper straw solutions for use with aseptic carton packs – straight, U- and telescopic. Our paper straws are made with FSC™-certified paper.
- The world's first aseptic carton packaging material, **SIG**NATURE CIRCULAR, with polymers linked to 100% post-consumer recycled plastics.[2]
- The world's first aseptic carton packaging materials with ASI-certified aluminium foil and the only cartons that can carry the ASI label.

The latest innovation in our **SIG**NATURE portfolio – **SIG**NATURE EVO, to be launched in early 2022 – will offer the world's first full barrier aluminium-free solution for use with both liquid dairy and oxygen-sensitive products such as fruit juices, nectars, flavoured milk or plant-based beverages.

Going 100% renewable

Liquid packaging board gives our packs their robust structure. Polymers provide a barrier to contain the liquid contents of the pack and prevent moisture getting in. And an ultra-thin layer of aluminium protects the contents from oxygen, external odours and light.

Our standard packs are already made from around 70–80% renewable liquid packaging board on average. An important focus of our sustainable innovation is on increasing the renewable content of our cartons even further by looking for renewable alternatives for the polymer and aluminium barrier layers.

The polymers used in our **SIG**NATURE 100 and **SIG**NATURE FULL BARRIER packaging materials are linked to renewable materials via a certified mass balance approach. This ensures the amount of forest-based raw materials we need is mixed in with conventional fossil-based feedstock to produce polymers to the required grade.

The mass balance system supports a transition from fossil to renewable raw materials within the conventional and highly efficient polymer industry. It is endorsed by The Ellen MacArthur Foundation as a valid way to support the circular economy.[3]

We led the industry with the first aluminium-free solutions for aseptic cartons – combibloc **ECO**PLUS and **SIG**NATURE 100. Both of these packaging materials are for use with oxygen insensitive products, such as white UHT milk, only.

1 Linked to wood residues from paper making via an independently certified mass balance system.
2 Via an independently certified mass balance system.
3 The Ellen MacArthur Foundation Mass Balance White Paper.

Developing an aluminium-free pack that maintains the full barrier properties required to preserve oxygen sensitive products, such as juices, was more challenging because it is difficult to find an alternative material with the same protective properties as the ultra-thin layer of aluminium foil in our standard packs.

Our microwavable Heat&Go packs, launched in 2018, offer an enhanced barrier film to protect the contents from oxygen, flavour migration and moisture, as well as a pigmented laminated layer to block light.

SIGNATURE EVO, our latest aluminium-free innovation, continues this evolution. To be launched in early 2022, it will provide comparable barrier properties to our packaging materials that include an aluminium foil barrier layer so it can be used with oxygen-sensitive products, such as juices, as well as liquid dairy. We plan to launch a **SIG**NATURE EVO 100 version of this aluminium-free full barrier carton in future, which will be linked to 100% renewable materials by linking the polymers to forest-based renewable materials via a certified mass-balance system.

Optimising use of materials

Our standard procedures mandate that new packaging designs must demonstrate optimised resource use compared with previous models, while continuing to deliver the quality and functionality that customers and consumers demand.

One innovation that has come out of this requirement is the combibloc RS structure, which not only reduces the amount of polymer required to make our packs but improves robustness during processing and distribution by our customers. It's also lighter to transport.

Maximising efficiency of our filling machines

Our highly-efficient filling machines offer the lowest waste rate in the industry. On average, just 0.5% of packs or less are wasted during the filling process, which also helps to minimise loss of the food products inside.

We aim to improve efficiency with each new generation by reducing the amount of resources needed to run the machines at our customers' factories. This includes energy for heating and sealing the packs, and compressed air, hydrogen peroxide and water used in cleaning, sterilisation and packaging processes.

Filling machines often remain in use for decades at customer facilities. Our technical service teams offer a range of options to help optimise the operational and resource efficiency of existing machines, and minimise downtime for repairs. These range from regular preventative maintenance to upgrade kits that can be retrofitted to existing machines, for example to reduce their energy or water use.

Many of our technical service solutions help customers improve environmental performance at their factories. We monitor how many we help through sustainability criteria in our customer relationship management tool. We also work with customers to ensure that our filling machines, and their parts, are recycled or disposed of responsibly at end of life.

In addition, our remote and digital service solutions help to prevent downtime and reduce greenhouse gas emissions from our technical service engineers travelling to customer sites.

Driving uptake of our most sustainable solutions

Marketing and sales teams also have an important role to play to help increase customer uptake of our most sustainable solutions – including our **SIG**NATURE portfolio packaging materials, our paper straw solutions, and our energy and water-saving upgrade kits for filling machines. As uptake of these solutions grows, this will help us reduce the overall impact of the packaging systems we sell.

"We have developed a tasty, fun and healthy water drink for our little monsters, with our kids helping us to create the taste and characters. The name WaWaah came from a friend who could never pronounce water correctly as a child. Having created a drink which contains only the best for our kids, we turned to SIG for the most sustainable packaging solution. Finding a package which helps to protect the future planet of our children was essential and SIG carton packs with **SIG**NATURE FULL BARRIER packaging material are the perfect fit for WaWaah Water."

Philippe Deben,
Co-founder of The Happy Healthy Kids Company

"Sustainable development is a top priority for both our company and our consumers. By using **SIG**NATURE FULL BARRIER packaging material for our Les Éleveurs vous disent MERCI! Juice, four tonnes of virgin plastic will be saved based on half a million packs purchased. We want to give our consumers the best opportunity to do their own part in acting responsibly and offering one of the most sustainable packaging is the perfect solution for our socially responsible brand."

Alain Plougastel
Adhérent, Intermarché

Performance in 2021

Driving sustainable innovation in our packs

- Environmental considerations informed all our product development and were the main value driver for 58% of our innovation projects in 2021 (up from 38% in 2020).
- We developed the world's first full barrier aluminium-free solution for aseptic carton packs that provides comparable barrier properties to our packaging with aluminium foil, extending our lower-carbon aluminium-free packaging materials – already available for plain white milk – for use with oxygen-sensitive products such as fruit juices, nectars, flavoured milk or plant-based beverages. **SIG**NATURE EVO will be launched in early 2022 in our combiblocMini portion-sized format and will later be extended to other formats.
- We extended our aluminium-free combibloc **ECO**PLUS solution to a second pack format, our combiblocMidi family format, enabling dairy customers to choose this fast-growing squarish pack and tap into demand for more sustainable packaging at the same time. This format is also available as **SIG**NATURE 100 linked to 100% renewable materials.[4]
- We launched our combivita packs for use with our next generation filling machine (see below). Available in 500ml, 750ml and 1 litre format, combivita is the result of extensive research and development to optimise convenience, pourability and sustainability. Combivita comes with a truTwist closure that features a tethered cap. It can be used with our **SIG**NATURE FULL BARRIER and **SIG**NATURE CIRCULAR solution to further enhance its environmental credentials.
- We have developed our first tethered cap solution for SIG packs to ensure the cap is kept together with the carton for recycling. The truTwist closure, launched in early 2022, is for our new combivita packs. Over the next two years, we will introduce tethered cap solutions for all other SIG pack formats, ahead of EU regulatory requirements that are due to come into force in 2024.
- We continued to explore options to increase the recycled content of our packs, building on last year's launch of **SIG**NATURE CIRCULAR, the world's first aseptic carton pack with polymers linked to 100% post-consumer recycled plastics.[5] However, we have now discontinued our target to launch a pack made with 100% recycled content and will focus on using more renewable materials.

Growing uptake of our most sustainable innovations

- Sales of our **SIG**NATURE portfolio packaging materials increased by 21% this year, with increased sales in Europe and market debuts in Asia and Eastern Europe (see below). We have now sold enough packs with these solutions to fill 2.1 billion litres of food.[6]
- In 2021 alone, 554.6 million litres of food were packed in SIG packs with **SIG**NATURE portfolio packaging materials. This accounted for 3.6% of the food packed in SIG packs worldwide – and 7.3% in Europe.
- Our **SIG**NATURE portfolio made its market debut in Asia this year with the Dairy Farming Promotion Organization of Thailand (DPO) choosing **SIG**NATURE FULL BARRIER for its new National Milk product range.
- **SIG**NATURE portfolio solutions hit the shelves in Eastern Europe for the first time this year when Euromilk switched from PET bottles to SIG cartons featuring combibloc **ECO**PLUS, **SIG**NATURE 100 or **SIG**NATURE FULL BARRIER for various products in its Kukkonia UHT milk range in Slovakia.
- Other brands taking up **SIG**NATURE FULL BARRIER this year include: Belgian start-up The

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

5 Via an independently certified mass balance system.

6 Via an independently certified mass balance system.

Happy Healthy Kids Company's WaWaah water; Olympia's milk products in Belgium; Coca-Cola's Fuze Tea in the BeNeLux region; Juustoportti's free range organic cow milk in Finland; and Intermarché's socially responsible brand Les Éleveurs vous disent MERCI! (The Farmers say Thank You!) for its 100% apple juice in France.

- Leche Celta in Spain was the first to launch combibloc **ECO**PLUS in our combiblocMidi family format.
- We remain the only carton producer to offer packs with ASI-certified aluminium and we have now sold over 660 million SIG packs with the ASI label as more customers have opted to include the ASI label on their packs to demonstrate and raise awareness of responsible aluminium sourcing, including Coca-Cola's Fuze Tea range in the BeNeLux region, Unilever's Knorr soups in Belgium and France, start-up The Happy Healthy Kids Company's WaWaah Water brand in Belgium and NutiFood's milk in Vietnam.
- We have now sold over 900 million small format on-the-go packs with our paper straw solutions. Our paper U-straw made its commercial debut this year on CAPSA Food's Central Lechera Asturiana whole milk in Spain. Other customers taking up our paper straw solution in 2021 include Lactogal in Europe, using our paper U-straw for its milk and milkshakes. We also expanded our paper straw portfolio to include our new and patented telescopic paper straw option.
- Our RS structure reduced the amount of polymers used in our packs by more than 9,803 tonnes in 2021.

UPTAKE OF SIGNATURE PORTFOLIO PACKAGING MATERIALS (million litres of food packed)

	2020	2021	Total since launch
combibloc **ECO**PLUS (launched 2010)	329.4	369.4	**1,762.5**
SIGNATURE 100 (launched 2017)	86.9	102.4	**207.4**
SIGNATURE FULL BARRIER (launched 2018)	40.9	82.8	**162.0**
All SIGNATURE **portfolio**	**457.2**	**554.6**	**2,131.9**

Making our filling machines more efficient

- Launched in late 2021, our next generation filling machine SIG NEO is the world's fastest filling machine for family size carton packs. It offers significant improvements in efficiency and sustainability for our customers by reinventing key elements of the folding, sterilising and filling process. SIG NEO reduces our industry-leading waste rates even further, with almost no waste during production, and it is designed to reduce water consumption by 60% and overall use of utilities (hydrogen peroxide, compressed air and water) by 30%. By reducing energy use, it is designed to offer a 25% lower carbon footprint for the filling and packaging process per pack compared with our third generation filling machines. Field tests in 2022 will confirm whether we have met our reduction targets on energy, hydrogen peroxide and water use per hour of runtime.
- We began work on the development of our next generation filling machine for small format packs, which will be designed to reduce use of consumables by 25%. We aim to have a prototype ready for testing in 2022.
- Technical service upgrade kits that offer sustainability improvements are now installed on 39 of our third generation filling machines.

- Customers installed our water reduction upgrade kit on a further 17 filling machines this year. Now installed on 61 of our third generation filling machines, the kit is designed to cut water consumption during production by up to 50% and one of our customers in Algeria, Tchin Lait, reported a reduction of 60%.
- We rolled out our SureBrite semi-automated cleaning machine for use with six filling machines in 2021. SureBrite can cut water use by 54% and energy use by up to 82% compared with manual cleaning of our filling machines, as well as reducing labour time. Customers are now using this solution with 19 of our third generation filling machines.
- We continued work to develop upgrade kits designed to deliver reductions in energy use and compressed air, which we aim to offer to customers in 2022.
- We continued to support customers in identifying ways to improve the sustainability of their filling lines and factories as part of our Fill Beyond Good initiative.

RESPONSIBLE CULTURE: OUR SUPPLY CHAIN

Material issue
- Responsible suppliers
- Sustainable raw materials

Significant impact
Sustainable raw materials (environmental, societal and economic)

Key performance indicators
Environmental GRI 301-1 | Environmental GRI 308-1 | Social GRI 414-1
% A-materials from certified sources

Key policies
- SIG Business Ethics Code for Suppliers
- Responsible Sourcing Policy & Directive
- Liquid Packaging Board, Polymer and Aluminium Purchasing Policies
- Supplier Qualification (Equipment) Process

Relevant SDGs
8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 15 LIFE ON LAND; 17 PARTNERSHIPS FOR THE GOALS

Responsible
VP of Global Sourcing and Procurement and, for Global Assembly suppliers, the Global Equipment Team

Evaluation of management approach
- Quarterly reviews by the VP of Global Sourcing and Procurement who reports to the Responsibility Steering Group twice a year
- SEDEX SMETA audits and EcoVadis assessments
- Certification audits for FSC™ Chain of Custody, ASI Chain of Custody and ASI Performance Standard

Grievance mechanism
Ethics & Compliance Hotline

Why is this material for SIG?

We spend close to €1.5 billion a year with approximately 6,500 suppliers around the world on the materials, goods and services we need to make our packs and filling machines and to run our business.

Making sure that all our suppliers uphold high standards on ethical, labour, safety and environmental issues is an important part of our responsibility culture and one of the ways we can have a positive impact on society and the environment across our value chain.

Demonstrating that we work with responsible suppliers also enables us to meet customer and investor sustainability requirements – which increasingly reach beyond our own operations – and avoid ethical breaches in our supply chain that could affect our reputation or cause disruptions to supply.

Around 56% of our purchasing spend goes on the raw materials for our packs: liquid packaging board, polymers, aluminium, ink and solvents. Sourcing these 'A-materials' sustainably enhances the environmental credentials of our packs and helps us secure supplies to meet the needs of our customers now and in the future.

Our efforts to source more sustainable raw materials also play a critical role in driving progress in The Way Beyond Good action areas of Forest+, Resource+ and Climate+, and our overarching ambition to have a net positive environmental impact across the value chain.

Our commitment

We are committed to working with suppliers that meet our responsibility requirements, and to monitoring their compliance to assess and mitigate social and environmental risks in our supply chain. We are committed to sourcing our A-materials from certified responsible sources, and we strive to increase use of renewable and recycled materials to replace virgin and fossil-based materials.

Where feasible, we also aim to source locally within each region to support local economies and communities, and reduce environmental impacts from transporting goods over long distances. Working with suppliers that manage forests sustainably and reduce greenhouse gas emissions in our supply chain also supports our Forest+ (see > page 264) and Climate+ (see > page 268) ambitions.

Our goals

2025 target	Progress tracker
Ensure 100% of significant suppliers accept our Business Ethics Code or have an equivalent code in place	MORE WORK TO DO
Audit 50% of high-risk suppliers each year	ON TRACK
Provide regular training (at least every two years) on ethical supplier standards and sustainable sourcing to all employees who interact frequently with suppliers	ON TRACK
100% A-materials[1] from certified sources	MORE WORK TO DO
Maintain 100% FSC™-certified supply of liquid packaging board for our packs (also a target for our Forest+ action area, > page 264)	ON TRACK
Transition to 100% bioethanol or other bio-materials for printing (also a target for our Climate+ action area, > page 268)	ON TRACK

1 A-materials are those that go directly into our packs – paperboard, polymers, aluminium foil and ink.

Management overview

Working with responsible suppliers[1]

The SIG Business Ethics Code for Suppliers, based on the Ethical Trading Initiative Code, sets out our requirements on business integrity, labour, safety and environmental management. We expect all suppliers to comply with the Code, or have an equivalent code in place, and we screen all suppliers on social and environmental criteria as part of our onboarding process.

Around 450 suppliers are considered the most significant to our business based on their potential to affect our ability to meet customer needs, the high volumes we purchase from them, or sustainability risks identified in the supply chain. Together, these significant suppliers account for around 63% of our total spend. They include:

1 Reporting on our responsible sourcing programme excludes our paper mill in New Zealand (sold in June 2021) and our plant in Australia (which ceased production in June 2021). Our Middle East and Africa operations, which we took majority ownership of in 2021, are also excluded but we are working to integrate them into our reporting in 2022.

- direct suppliers that provide raw materials for our packs and secondary packaging, and manufacture the spouts used on our packs
- indirect suppliers of facilities management, HR and logistics services.

All active significant suppliers must formally accept the SIG Business Ethics Code for Suppliers. We conduct more in-depth assessments of significant suppliers at least every three years through self-assessments, external audits or assessments such as SEDEX and EcoVadis, and our own on-site audits of high-risk suppliers.

Certain categories of suppliers for our filling machine production are also identified as key and they are managed through a similar but separate supplier management process run by our Global Assembly business. For parts sourced for filling machines, we expect suppliers to confirm that no conflict minerals sourced from conflict-affected or high-risk areas are included in the product.

If any non-compliance is identified, we engage with suppliers to help them improve through corrective action plans. If a supplier fails to respond to our requests or shows no willingness to improve, we reserve the right to terminate our business relationship with them in accordance with our contracts.

Our procurement teams are trained on our Responsible Sourcing Directive and we have a team of experts to conduct in-depth site audits.

We also collaborate with others to promote responsible sourcing practices and sustainable supply chains through our membership of AIM-PROGRESS, a global forum of leading fast moving consumer goods manufacturers and common suppliers.

In addition, we engage with suppliers to understand and reduce our value chain climate impact, including gathering supplier-specific data on greenhouse gas emissions and encouraging suppliers to reduce emissions (see > page 268).

Sourcing sustainable raw materials

In addition to signing up to the SIG Business Ethics Code (or equivalent code), our A-material suppliers must also meet specific social and environmental requirements set out in our purchasing policies for liquid packaging board, aluminium foil and polymers.

Certifications to rigorous external standards, audited by independent third parties, are central to our approach to sourcing sustainable raw materials. The following certification standards enable us – and our customers – to trace our raw materials back through the supply chain to responsible sources:

INDUSTRY LEADER **Forest Stewardship Council™ (FSC™):** We have maintained FSC™ Chain of Custody certification at our production sites and sales offices since 2009 and, as of January 2021, 100% of the liquid packaging board for our packs is purchased with FSC™ certification. This means that all our board is made with fibres sourced from FSC™-certified sustainable forests and other FSC™-controlled sources. FSC™ certification is an important element of our support for thriving forests through our Forest+ ambition (see > page 264).

INDUSTRY LEADER **Aluminium Stewardship Initiative (ASI):** We were the first in the industry to achieve certification to the ASI Performance Standard and ASI Chain of Custody Standard for responsible aluminium sourcing in 2018, soon after these standards were introduced, and we are the first and only carton producer with ASI-labelled products on the market. We require all our aluminium foil suppliers to meet ASI requirements and complete ASI certification. This also supports our Climate+ ambition as aluminium makes up a significant portion of our supply chain emissions and ASI sets strict limits for greenhouse gas emissions from the energy-intensive smelting process (see > page 268).

International Sustainability & Carbon Certification (ISCC) PLUS: The polymers used for our **SIG**NATURE 100 and **SIG**NATURE FULL BARRIER solutions are linked to forest-based renewable materials covered by the ISCC PLUS certification (or REDcert[2] in some cases) via a mass balance system. The same certification is used for tracing, controlling and mass-balancing the post-consumer recycled polymers used for our **SIG**NATURE CIRCULAR solution.

Our support for these certifications – in their development and uptake – has a wider positive impact by encouraging our suppliers, and others in our industry and beyond, to adopt the certifications and the rigorous standards on which they are based. We also encourage our customers to include third party, NGO-supported certification labels on their packs to demonstrate to consumers that their packs are made from responsibly-sourced materials, and raise awareness of and demand for such materials in other packaging or products.

INDUSTRY LEADER Having certifications in place for our liquid packaging board, aluminium foil and renewable polymers means that, with our **SIG**NATURE FULL BARRIER solution, we are able to offer the only aseptic cartons available with the three main raw materials made entirely from certified responsible sources.

KEY CHALLENGE However, there are currently no suitable recognised certifications for the fossil-based polymers used in many of our packs or for the inks we use to print customers' designs on our packs. We are instead focusing on extending the use of renewable alternatives.

The polymers used in our **SIG**NATURE 100 and **SIG**NATURE FULL BARRIER solutions are linked to renewable materials via an independently certified mass balance approach. To avoid competition for use of limited agricultural land, we chose tall oil for the renewable feedstock as it is a by-product of the paper industry rather than a crop grown on land that could otherwise be used for growing food.

Forest-based raw materials are mixed in with conventional fossil-based raw materials to produce polymers to the grade we need. External certifications ensure that enough renewable material is fed into the mix to make the amount of polymers we use in our **SIG**NATURE 100 and **SIG**NATURE FULL BARRIER solutions.

We opted for a mass balance approach because it supports a broader transition from fossil to plant-based raw materials within the conventional and highly efficient polymer industry that offers security of supply, leaner production and reliable quality for our customers. An independent critically reviewed ISO-conformant life-cycle assessment – the world's first for a mass balance product – showed that the environmental benefits of the renewable feedstock are maintained through this approach.

We also use a certified mass balance system to link the polymers used in our **SIG**NATURE CIRCULAR solution to post-consumer recycled plastic.

Our supply chain

We source A-materials from around 45 suppliers, ranging from local paper mills that source wood from their own forests to major multinational mining and chemical companies.

1 For part of the year, we also sourced liquid packaging board from our own paper mill in New Zealand, which we sold in June 2021.

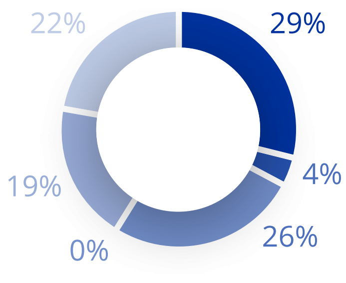
Performance in 2021

Working with responsible suppliers

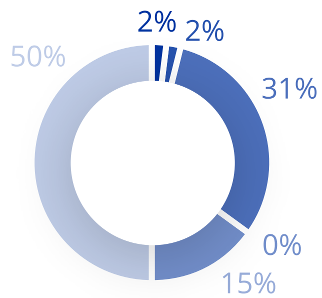
- We asked 468 significant suppliers (182 direct and 286 indirect) to respond to a self-assessment on our responsibility requirements – 143 (78%) of the direct suppliers responded and 144 (50%) of the indirect suppliers responded (see charts on next page for results).
- 61% of significant suppliers have accepted the SIG Business Ethics Code for Suppliers or have an equivalent code in place, and we are engaging with those currently under review to bring this up to 100%.
- No suppliers were identified as high-risk in 2021 as all those completing assessments have signed our ethics code or provided evidence of EcoVadis assessments, SEDEX audits or equivalent third-party programmes.
- We revised our Responsible Sourcing Directive to integrate our newly acquired Middle East and Africa region, updated the risk assessment criteria for indirect suppliers, and extended the validity of a supplier's 'accepted' or 'compliant' status from one to two years following their assessment to support improvement processes.
- We trained all our global, regional and local procurement teams to introduce them to the updated Responsible Sourcing Directive and test their knowledge on key topics.
- Of the 84 global equipment key suppliers supporting our Global Assembly function in 2021, 80 have signed up to our Business Ethics Code or equivalent and four have achieved certification to recognised external standards (EcoVadis or SEDEX).
- We became the first in our industry to join AIM-PROGRESS, a global forum of leading fast moving consumer goods manufacturers and common suppliers that aims to enable and promote responsible sourcing practices and sustainable supply chains.

RATING SIGNIFICANT SUPPLIERS ON ETHICAL STANDARDS

% direct significant suppliers



% indirect significant suppliers



- **Advanced**
  Demonstrated strong performance through SEDEX audit findings, EcoVadis Silver/Gold/Platinum or equivalent evidence (status valid for up to three years)
- **Compliant**
  Demonstrated compliance through SEDEX audit, or EcoVadis Bronze or equivalent evidence (status valid for two years)
- **Accepted**
  Signed up to the SIG Business Ethics Code and achieved minimum standard in our assessment. Depending on the type of supplier, some are expected to submit plans to achieve certification to recognised standards or third-party assessments (status valid for two years)
- **High risk (none in 2021)**
  Failed to sign up to the SIG Business Ethics Code (or equivalent code) or provide evidence of third-party assessments (status valid for one year)
- **CSR re-assessment running**
  Currently undergoing re-assessment
- **Under review**
  Currently undergoing initial assessment

Sourcing sustainable raw materials

- We continued to offer the world's first and only packaging material (**SIG**NATURE FULL BARRIER) for aseptic cartons with all three main materials – liquid packaging board, polymers and aluminium – from certified sources.
- We increased the proportion of A-materials from certified sources to 70% (by volume) in 2021 as we increased the amount of liquid packaging board purchased with FSC™ certification to 100%, secured more ASI-certified aluminium and increased sales of our **SIG**NATURE 100 and **SIG**NATURE FULL BARRIER solutions that use polymers certified[2] to ISCC PLUS or REDcert[2]. In light of significant fluctuations in commodity market prices, this indicator is now reported by volume of materials rather than spend to provide a more meaningful indication of progress towards our 100% target.
- 69% of our A materials (by volume) came from renewable sources in 2021, mostly liquid packaging board.

Liquid packaging board

- As of January 2021, 100% of the liquid packaging board we source for use in our packs is purchased with FSC™ certification – an industry first. This means that all our board is made with fibres sourced from FSC™-certified sustainable forests and other FSC™-controlled sources. As we used up remaining supplies purchased the previous year, 97% of the liquid packaging board we used to produce our packs during 2021 was purchased with FSC™ certification (up from 83% in 2020).
- We sold over 40 billion FSC™-labelled packs – 98% of the SIG packs sold in 2021 – and customers can put the FSC™ label on any of our packs.
- We obtained FSC™ Chain of Custody certification at our newly opened second plant in Suzhou (China) and all our other plants have maintained their existing certification.

2 Via an independently certified mass balance system.

Polymers

- Growing customer demand for our **SIG**NATURE 100 and **SIG**NATURE FULL BARRIER solutions has increased our use of ISCC PLUS or RedCert[2]-certified polymers linked to 100% renewable materials[3] this year, although the overall amount is so far still low compared with the amount of fossil-based polymers we source.
- All our plants maintained certification to control ISCC PLUS materials, except for our new plant in China and our newly acquired plant in Riyadh (Saudi Arabia), which plan to complete certification audits in early 2022.

Aluminium foil

- We remain the only carton producer to offer packs with ASI-certified aluminium.
- We have now sold over 660 million SIG packs with the ASI label as more customers have opted to include the ASI label on their packs to demonstrate and raise awareness of responsible aluminium sourcing (see > page 302).
- We have nearly doubled our use of ASI aluminium globally over the last year. We are progressively including ASI aluminium as standard for all SIG packs in Europe and North America whenever customers launch new products or change pack designs.
- We maintained our Group certification to the ASI Performance Standard and Chain of Custody Standard. Our new plant in China joined our other plants worldwide in gaining ASI Chain of Custody certification and our newly acquired plant in Saudi Arabia plans to complete a certification audit in early 2022.
- Five of our aluminium foil suppliers in Brazil, China and Europe – representing over 70% of our global aluminium foil supply – have now achieved ASI certification, up from three last year.

Inks

- We have switched from fossil-based solvents to plant-based bioethanol for our printing processes at six of our production plants – including our newly opened second plant in Suzhou (China) – and we are working with suppliers to complete this transition worldwide.

Secondary packaging

- We sourced 100% of the corrugated cardboard boxes we use in Europe, Latin America and Asia Pacific South from FSC™-certified sources.

SOURCING OUR A-MATERIALS

	2016	2017	2018	2019	2020	2021
Raw materials purchased (tonnes of liquid packaging board, aluminium and polymers)	550,000	533,000	550,000	582,000	594,000	666,000
% A-materials from renewable sources (by volume)	70%	71%	72%	73%	72%	69%
% A-materials from certified sources (by volume)	53%	63%	64%	63%	62%	70%

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

RESPONSIBLE CULTURE: OUR PEOPLE

Material issue
- Diversity, equity and inclusion
- Talent development
- Employee satisfaction
- Fair labour practices

Significant impact
No

Key performance indicators
Social GRI 404-1 | Social GRI 405-1

- Sustainable engagement score
- Number of plants with SEDEX Members Ethical Trade Audit (SMETA)

Additional GRI indicators reported
General Disclosures GRI 102-7 | General Disclosures GRI 102-8 | General Disclosures GRI 102-41 | Social GRI 401-1 | Social GRI 405-1 | Social GRI 412-1

Key policies
- SIG Code of Conduct
- Human Rights, Labour and Community Engagement Policy
- Human Resources Framework

Relevant SDGs
8 DECENT WORK AND ECONOMIC GROWTH

Responsible
Global Human Resources, supported by local Human and Resources teams

Evaluation of management approach
Biennial companywide engagement survey, regular dialogue with employees, SEDEX SMETA site audits and EcoVadis assessments

Grievance mechanism
Via line managers, the Global Legal and Compliance team or Ethics & Compliance Hotline

Why is this material for SIG?

Fostering a winning team is one of the three main business goals in our Corporate Compass. We employ more than 6,100 employees globally[1]. Their success – and ours – depends on:

- **Diversity, equity and inclusion** – Creating an inclusive culture helps to engage our people. Building a diverse workforce supports our customers in global diverse markets and fosters innovation by bringing different perspectives and new ideas to our business. Investors and other stakeholders also increasingly expect companies to demonstrate a strong commitment to diversity, equity and inclusion.
- **Talent development** – Investing in and developing employees to help them achieve their goals and build their careers with SIG helps us support them and create a workforce that meets the needs of our business now and in the future.
- **Employee satisfaction** – Listening and responding to our people, recognising the work they do and rewarding them based on performance helps us sustain strong levels of job satisfaction, motivation and engagement. This helps us recruit and retain the best people and maintain a productive workforce.
- **Fair labour practices** – We believe that fundamental rights ensuring people's dignity, freedom and justice are crucial to societal development and are ultimately required to help businesses thrive in the future. Upholding labour rights and providing fair working conditions is a fundamental responsibility as an employer and part of our commitment to respecting human rights. It is critical to maintain the trust of our employees and other stakeholders, and to comply with regulations.

1 All 2021 data related to employees excludes our paper mill in New Zealand which was sold in June 2021.

At SIG, we believe in a strong and supportive 'we culture' where people feel empowered to dream big, go beyond and make the impossible possible.

Our commitment

We strive to have a positive impact on our employees through our commitment to:

- **Diversity, equity and inclusion** – We are committed to providing an inclusive working environment for our employees. We do not tolerate discrimination based on race, religion, national origin, political affiliation, gender, sexual orientation, disability, age or any other relevant category. Improving gender balance, particularly at senior levels of the business, is a priority and we aim to do so through enhanced efforts to attract and develop female employees and leaders.
- **Talent development** – We are committed to providing opportunities for career development, and strive to lead the industry in our investment in training and development. We are continually working to improve the frequency and quality of feedback and appraisal sessions to support engagement, development and performance of employees.
- **Employee satisfaction** – We are committed to creating an open, engaging and energising work environment where our people feel that their ideas, needs and concerns are heard and valued, they are recognised for what they do and they understand how their work contributes to the success of the business.
- **Fair labour practices** – We strive to identify, prevent and manage actual and potential human rights impacts in our operations, supply chain and with respect to our major business relationships. We are committed to promoting fair labour practices and upholding labour rights for our employees. This includes the provision of fair pay and decent working conditions, recognising the right to freedom of association and collective bargaining, and preventing discrimination, child labour and modern slavery (human trafficking, forced and compulsory labour, bonded labour and slavery). We are committed to adhering to the labour standards encompassed within the International Bill of Human Rights, the International Labour Organization core labour standards, the Ethical Trading Initiative Base Code and the United Nations Global Compact. We also extend these requirements to our suppliers to protect supply chain workers (see > page 304).

Our goals

2025 target	Progress tracker
Sustain our training and development investment above industry benchmark	MORE WORK TO DO
Ensure 100% of key talent (current and future business leaders for critical positions) have a defined development plan	MORE WORK TO DO
Achieve engagement level above industry benchmark	ON TRACK
Increase % of employees who feel we have responded to their feedback based on the last survey	MORE WORK TO DO
Maintain survey score linked to inclusive environment above industry benchmark	NEW TARGET
Increase percentage of women in leadership positions to 30%	MORE WORK TO DO
Increase % of employees who feel SIG makes adequate use of recognition and reward other than money	ON TRACK
Advance our human rights risk identification and assessment processes in our own operations and supply chain to define salient human rights issues	NEW TARGET
Conduct assessments of potential human rights risks and impacts in 50% of our own plants every two years	NEW TARGET
Maintain SEDEX Members Ethical Trade Audit (SMETA) at all production sites	ON TRACK

Management overview

Embracing diversity, equity and inclusion

The SIG Code of Conduct includes a strict policy against discrimination on any grounds and we strive to create an inclusive workplace where a range of nationalities and cultures are represented, and where everyone is treated with respect and has equal opportunities regardless of their age, gender, ability or cultural background.

We have publicly committed to promote diversity throughout our organisation as a signatory of the German Diversity Charter (Charta der Vielfalt). Our employee-led Diversity, Equity & Inclusion Focus Group – made up of a diverse group of employees from across the business – helps to inform and drive our strategy in this area.

Our leaders are trained on diversity and inclusion to increase awareness and drive behaviour change. Diversity criteria are also included in management tools that support employee retention, development and engagement.

One of our main priorities is to improve gender balance by attracting and developing more women, particularly in leadership roles. We are doing this by engaging women and minorities better in our recruitment processes, and defining requirements in our internal career development processes to help us select the best candidates from a diverse pool of internal and external applicants. In addition, we are creating a working environment that strengthens our ability to attract and retain women, for example by offering more flexible working options where feasible (see > page 327).

We also encourage employees to take international roles to enhance the diversity of perspectives and experiences in our teams.

Enabling talent development

Employees create individual development plans and review their goals and progress as part of their twice-yearly performance reviews with managers. We monitor the number of employees with an agreed development plan in place, and have a tool to support people in asking for additional feedback from colleagues and managers outside their formal reviews. We also encourage individuals, including managers, to gain more personal insights from others through a 360° feedback tool.

Our approach to learning and development is built on the 70/20/10 formula: 70% from on-the-job experience; 20% from mentoring, coaching and interactions with colleagues; and 10% from formal training. Our online Learning Centre offers access to in-person and virtual training courses on topics including leadership, professional, technical, functional and language skills.

We identify and support people with high potential through our talent and succession management programme to build our leadership pipeline. Leadership programmes include our Transformational Leaders programme to develop the right leadership mindset for developing others, as well as our Operational Leaders Development and Commercial Excellence programmes to enhance development opportunities for leaders in specific functions. We also offer international assignments to promote career mobility.

Fostering employee satisfaction

Our employer value proposition, 'Believe in More', sets out the difference SIG makes for existing and prospective employees. It emphasises that SIG is a place where they can feel free to believe in more – more for them, more for us, and more for our customers, consumers and the planet. We also engage employees in the business through townhall meetings, smaller group sessions and virtual 'Qs to SIG' with responses from our CEO and other executives as well as experts on specific issues.

In addition to engagement in the business, an inclusive working environment and development opportunities, reward and recognition also play an important role in overall satisfaction. We benchmark salaries and benefits with other companies to check we offer competitive reward packages in each of our markets. Employee benefits vary by region and country. These can include parental benefits and leave, retirement benefits, and life and health insurance.

We want to make sure our people feel that their individual efforts are recognised. Our reward structure is based on grading of roles and corresponding salary bands – or agreed through local collective bargaining agreements for some employees – and includes performance-based incentives too. We also recognise employees' achievements and contributions to the business through our global Shine Awards and local reward and recognition schemes across our regions.

Employees can provide feedback through regular dialogue with their managers. We run a global employee engagement survey every two years to gauge levels of employee satisfaction and understand how we can improve as an employer. We are committed to act on the results.

Upholding labour and human rights

Employees are trained on the SIG Code of Conduct, which includes our requirements on human rights and fair labour practices. We take any reports of unfair labour practices or other breaches of the Code very seriously and investigate all issues reported (see > page 334).

We respect the right to collective bargaining and consult with employees and their representatives (according to local regulations) on issues such as pay, health and safety, and working conditions. Terms and conditions of employment, including pay, are negotiated through collective bargaining with recognised trade unions for a significant portion of our employees.

Regular internal or third-party assessments of our operations help us identify, prevent and mitigate risks related to human rights and fair labour practices. We conduct SEDEX Members Ethical Trade Audits (SMETA), which include human and labour rights criteria, at each of our production sites every two years as well as assessments of our global policies and performance by EcoVadis. Fair labour practices also form part of our supplier assessments and audits of high-risk suppliers as we extend our commitment through our supply chain through the SIG Code of Business Ethics (see > page 304).

We strive to apply a systematic implementation process, informed by a gap analysis of our existing measures, structures and responsibilities within our own operations and supply chain activities. Our existing high-level analysis of potential human rights risks will inform our planned in-depth analysis as we work to identify salient human rights issues in our own operations and supply chain and strengthen our due diligence framework.

Through the processes we are developing to identify, prevent and manage actual and potential human rights impacts, we can contribute to global respect for human rights and meet our ambition to have a scalable, systemic net positive impact. Our approach is guided by the United Nations Guiding Principles on Business and Human Rights and the relevant Organisation for Economic Co-operation and Development frameworks.

Any grievances can be reported through our Ethics & Compliance Hotline. We investigate all reported issues and seek to find solutions with the affected person.

Performance in 2021

Embracing diversity, equity and inclusion

- In January 2021, we welcomed our first female member of the Group Executive Board (GEB) – José Matthijsse, President and General Manager Europe – and two more female GEB members have been appointed from January 2022. In 2021, seven nationalities were represented on the GEB.
- Women represented 20% of our leaders in 2021, up from 18% last year. The integration of our Middle East and Africa operations – where only around 12% of all employees are women – has offset higher increases in other regions. But we remain on track with our roadmap to achieve our target to increase women in leadership to 30% by 2025. This year, we ran our first global talent conference specifically to identify and present female talent at SIG to support progress towards our target.
- We launched our Women Acceleration Programme, sponsored by GEB member José Matthijsse, for 16 female leaders from around the world. The new programme includes virtual learning, coaching, mentoring and project challenges over a period of nine months.
- Participants from a variety of functions joined our leadership development programmes to promote cross-functional collaboration and inclusive leadership.

- We continued the roll out of mandatory diversity and inclusion training on unconscious bias and inclusion to leaders across the business.
- In Switzerland, we completed a fair pay analysis ahead of the new requirements of the Swiss Federal Act on gender equality, which confirmed that we are fully compliant with Swiss equal pay standards.
- We updated our Recruitment Directive to include targets to promote diversity by eliminating all-male shortlists and all-male selection panels from our recruitment processes.
- As part of our collaboration with RWTH Aachen University in Germany to attract more female engineering students to join SIG, we surveyed students to understand what drives them in selecting potential employers. The majority of respondents – both male and female – said that a company's commitment to promoting diversity is very important in their decision to apply for a job there.
- Our employee-led Diversity, Equity & Inclusion Focus Group met monthly to drive our diversity, equity and inclusion strategy. Initiatives this year included a cultural agility week (see below), and a workshop to define priorities and ways to measure progress on strategic initiatives related to gender balance.
- We organised a week of activities to raise awareness of other cultures in celebration of the United Nations World Day for Cultural Diversity in May 2021. More than 260 people joined virtual talks from over 20 senior leaders and other speakers, representing 16 nationalities, sharing their experiences and reflecting on various aspects of working in a multicultural environment. We also encouraged colleagues to showcase their cultures by sharing a local recipe, song or book.
- On International Women's Day in March 2021, we encouraged employees around the world to follow the lead of our GEB members by posting a photo on social media with their hand raised in solidarity with the campaign theme urging people to #ChooseToChallenge gender bias and inequality.

WOMEN IN MANAGEMENT (%)

	2018[1]	2019[1]	2020[1]	2021
Women in leadership positions[2] (target 30% by 2025)	–	17%	18%	20%
Group Executive Board	0	0	0	14% (1 of 7)
Senior management	15%	13%	22%	16%
Middle management	17%	18%	18%	20%
Junior management	21%	25%	24%	25%
All management	17%	18%	19%	22%
All employees	18%	19%	19%	19%

1 Data not assured for previous years, except for 'all employees', as we have changed the categorisation of managers.

2 Includes Group Executive Board, senior and middle management roles.

Talent development

- With COVID-19 restrictions continuing to make in-person training difficult, we introduced more new online training offerings this year – including courses focused specifically on virtual leadership, presentation and negotiation skills to help employees adapt to working from home and support managers in leading their teams remotely.
- We invited 250 colleagues to pilot use of the LinkedIn Learning platform which offers access to over 15,000 online courses. They completed over 1,020 hours of training on the platform this year on topics ranging from leadership and communication to project, time and career management. Some teams in China completed online learning together to help create a group learning experience. We also provided access to an external platform to enhance English language skills.
- We introduced a new tool to guide employees through the steps for setting an effective development plan and ran training sessions for managers on how to support team members in creating their plans.
- By the end of 2021, 24% of key talent (current and future business leaders for critical positions) recorded that they have a formal development plan in place.
- In December 2021, 70 of our leaders began our renewed Transformational Leaders training programme which has been strengthened to include more mentoring and hands-on experience, and to help participants put what they have learned into practice within their own teams. We aim to roll this one-year programme out to all SIG leaders over the next three years.
- A second cohort of 16 employees from around the world began our 18-month Operations Leaders Development Programme, which is designed to support a career development programme for talented people in our production teams. It includes individual coaching, international experience and intensive training in entrepreneurial and leadership skills. We also piloted a programme specifically to develop technical, leadership and management skills for around 50 leaders in production roles at our plant in Saalfelden (Austria).
- A new platform, launched this year, enables employees to access coaching and mentoring more easily by pairing them with more than 800 trained coaches and suitable mentors within the business – including mentoring from GEB members for top talent.
- We began developing a new global mobility policy, to be introduced in 2022, designed to promote career mobility by centrally coordinating international assignments, creating a simpler, more consistent approach across the business, and offering support in relation to critical topics such as remuneration, benefits, social security and taxation. We are also exploring opportunities for employees to enhance cross-functional experience through short-term assignments on specific projects.
- Overall, we provided an average of 20.5 hours of training per employee in 2021, slightly higher than last year but still falling short of the pre-pandemic industry benchmark of 24.0 hours. We provided an average of 20.2 hours per employee for men and 21.7 hours for women.

AVERAGE HOURS OF TRAINING (per employee)

Employee category	2015	2016	2017	2018	2019	2020	2021
Management	39.4	37.9	33.5	31.7	35.5	26.3	24.8
Non-management	32.8	28.0	24.1	22.4	22.7	18.4	19.9
Total	**33.5**	**29.0**	**25.1**	**23.4**	**24.3**	**19.4**	**20.5**

Fostering employee satisfaction

- The results of our last biennial employee survey in 2020 showed a high level of engagement with a score of 87% overall (seven points higher than the industry benchmark of 80%) and improvements across all 13 categories, significantly outperforming industry peers in all categories. This year, we continued to look for ways we can improve further in priority areas identified by the survey, including:
  - Making more use of non-monetary recognition – Following a delay due to COVID-19, we ran our second annual Shine Awards in March 2021 to recognise individuals and teams making outstanding contributions to the business and The Way Beyond Good. We also introduced more non-monetary recognition programmes across our regions, including thank you cards from managers, prizes for employee contributions in specific categories (nominated by leaders or peers), praise at townhalls highlighting great work by specific teams and recognition for long-serving employees.
  - Communicating long-term goals better – We held three virtual townhall meetings this year, led by our CEO and other GEB members, to communicate SIG's goals, present key initiatives and give employees an opportunity to ask questions on topics of interest to them. Each meeting was held across two time slots to enable all employees to participate, whatever time zone they are in. The GEB also held additional meetings with leaders who then cascaded information to their teams.
  - Clarifying possible career paths – We have enhanced guidance to help employees create effective development plans and ensure career development opportunities are discussed as part of their twice-yearly performance reviews with managers. Additional local initiatives include surveying employees in Asia Pacific South to better understand their expectations in this area, building career paths for technical service employees in the Americas and holding one-to-one sessions with employees in Romania to discuss possible career paths.
  - Improving physical working conditions at some sites – At our plant in Linnich (Germany), for example, employees identified opportunities to enhance physical working conditions by improving sanitary facilities and air conditioning. In response, we have developed a local action plan to renovate the locker room and install summer doors with insect screens to improve ventilation in hot weather.
- Local teams also ran Result to Action workshops for employees and managers to discuss priority areas identified from the survey feedback, and create and implement tailored local improvement plans together. For example, we introduced a new model for our pension scheme in Germany in response to feedback from employees.
- We received external recognition for our efforts on employee satisfaction this year:
  - SIG South America was named one of the best companies to work for and received a Great Place to Work Certification™, the global benchmark for identifying and recognising outstanding employee experience.
  - SIG Combibloc China was honoured with the title of Greater Suzhou Best Employer in 2021 in an assessment that included both employee perception and expert evaluation.
  - Our Rayong Plant in Thailand was awarded 2021 Excellent Establishment on Labour Relations and Welfare Awarded (National Level) from the Ministry of Labour, following an award at provincial level in 2020.
- We enhanced employee engagement this year through social media channels, including a new Social Media Ambassador Club encouraging SIG employees to tell their story as a #SIGer. We also launched five Life@SIG LinkedIn pages, each offering local insights on working at SIG and highlighting our company culture.

- Employees helped us celebrate significant anniversaries at several of our sites this year. Curitiba (Brazil) celebrated the plant's 10th anniversary with personal video testimonials, interviews with long-standing employees and a game of SIG 'Top Trumps' where each card includes information on our packaging. Neuhausen (Switzerland) marked the plant's 20th anniversary with cultural and social events including a film of long-serving employees talking about their time at SIG. Saalfelden (Austria) held its postponed 40th anniversary event with employees and guests from other leading companies. We also ran a competition that encouraged people to get involved and be creative as part of our celebration of the fifth anniversary of our operations in Cluj (Romania).
- Our Way Beyond Good Champions continued to engage employees through interactive campaigns and our community engagement programme (see > page 332).
- The voluntary turnover rate was 4.8% in 2021.

BIENNIAL EMPLOYEE SURVEY RESULTS (next biennial survey due in 2022)

	2016 survey	2018 survey	2020 survey	Comparison with 2020 industry benchmark
Sustainable engagement score	74%	78%	87%	+7

BASELINES FOR OUR TARGETS FROM BIENNIAL SURVEY IN 2020

	SIG score in 2020 survey	Comparison with 2020 industry benchmark[1]
% employees who feel we have responded to their feedback based on the last survey	61%	+8
% employees who feel SIG makes adequate use of recognition and reward other than money	63%	+5

1 Industry benchmark defined as norms for manufacturing companies participating in Willis Towers employee engagement survey.

Managing change

- In 2021, we supported employees through several major changes to the business:
  - Middle East and Africa: Integration of our former joint venture in the Middle East and Africa, now fully owned by SIG, began with alignment on compliance policies and processes, and includes cultural integration of the 509 employees in the region through a focus on change management and employee engagement.
  - China: We welcomed 83 new employees to our newly built second production plant in Suzhou, with support and training from teams at our existing Suzhou plant.
  - New Zealand: Having given staff at our Whakatane paper mill notice that the site would be closed in 2021, we then secured an offer from a buyer and worked with them to avoid closure of the mill. The offer included new terms and conditions together with a one-time payment to employees, which was accepted following consultation with union representatives. Around 80% of the staff have remained at the mill under new ownership.
  - Australia: Following consultation with employees and union representatives, 84 employees were made redundant as a result of the closure of our production plant in Melbourne, which was acquired through our acquisition of Visy Beverage Cartons in 2019. We held one-to-one sessions with all affected employees to discuss their concerns and provide details of outplacement support programmes to assist them in finding new roles or taking early retirement. We also offered support through our Employee Assistance Programme and financial advice sessions.

Upholding labour and human rights

- We strengthened our Human Rights, Labour and Community Engagement Policy to more explicitly address human rights due diligence and grievance processes.
- We set new commitments – to advance our human rights risk identification and assessment processes in our operations and supply chain to define salient human rights issues by 2025, and to conduct assessments of potential human rights risks and impacts in 50% of our own plants every two years.
- All our production sites completed SEDEX SMETA audits – which include labour standards as one of the four pillars – this year, with the exception of our New Zealand paper mill, which was sold in June 2021. Our office site in Mexico and several of our legal entities in Germany and Switzerland also completed SMETA audits this year.
- Globally, around 51% of our employees were covered by collective bargaining agreements in 2021.
- Topics covered in formal consultations with employee representatives varied by region. Examples included discussions related to managing change (see above), retirement benefits, new homeworking policies and support for employees through COVID-19.
- There were no reported incidents of discrimination in 2021.

See > page 304 for more on upholding labour and human rights in our supply chain.

OUR WORKFORCE

	Asia Pacific	Americas	Europe	Middle East and Africa	Total
Total number of employees:	**1,983**	**741**	**2,929**	**509**	**6,162**
Male	1,554	529	2,422	459	**4,964**
Female	429	212	507	50	**1,198**
Employees with a permanent contract:	**1,408**	**705**	**2,710**	**507**	**5,330**
Male	1,158	516	2,240	457	**4,371**
Female	250	189	470	50	**959**
Aged up to 30	156	219	315	67	**757**
Aged 31 to 50	1,116	446	1,319	392	**3,273**
Aged above 50	136	40	1,076	48	**1,300**
Full-time employees:	**1,402**	**700**	**2,571**	**507**	**5,180**
Male	1,156	514	2,178	457	**4,305**
Female	246	186	393	50	**875**
Part-time employees:	**6**	**5**	**139**	**0**	**150**
Male	2	2	62	0	**66**
Female	4	3	77	0	**84**
Employees with a fixed-term contract:	**575**	**36**	**219**	**2**	**832**
Male	396	13	182	2	**593**
Female	179	23	37	0	**239**
Thereof Apprentices	**0**	**18**	**137**	**0**	**155**

GOVERNANCE BODIES BY AGE GROUP

Group Executive Board	
Aged up to 30	0 of 7 (0%)
Aged 31 to 50	4 of 7 (57%)
Aged above 50	3 of 7 (43%)

NEW HIRES

	Asia Pacific	Americas	Europe	Middle East and Africa	Total
Total number of new hires:	**75**	**121**	**156**	**37**	**389**
Male	55	85	102	23	**265**
Female	20	36	54	14	**124**
Aged up to 30	29	52	61	12	**154**
Aged 31 to 50	44	69	86	24	**223**
Aged above 50	2	0	9	1	**12**
Rate of new hires:	**5%**	**17%**	**6%**	**7%**	**7%**
Male	4%	12%	4%	5%	**6%**
Female	1%	5%	2%	3%	**13%**
Aged up to 30	19%	24%	19%	18%	**20%**
Aged 31 to 50	4%	15%	7%	6%	**7%**
Aged above 50	1%	0%	1%	2%	**1%**

EMPLOYEE TURNOVER

	Asia Pacific	Americas	Europe	Middle East and Africa	Total
Total employee turnover	**9%**	**14%**	**8%**	**13%**	**9%**
Voluntary employee turnover rate	**4%**	**8%**	**3%**	**10%**	**4.8%**
Total employee turnover:	**126**	**98**	**212**	**64**	**500**
Aged up to 30	7	31	44	18	**100**
Aged 31 to 50	80	62	90	38	**270**
Aged above 50	39	5	78	8	**130**
Male	100	76	158	56	**390**
Female	26	22	54	8	**110**

RESPONSIBLE CULTURE: HEALTH, SAFETY AND WELLBEING

Material issue
Employee health, safety and wellbeing

Significant impact
No

Key performance indicators
Social GRI 403-9

Additional GRI indicators reported
Social GRI 403-1 | Social GRI 403-2 | Social GRI 403-3 | Social GRI 403-4 | Social GRI 403-5 | Social GRI 403-6 | Social GRI 403-7

Key policies
- Environment, Health and Safety Policy

Relevant SDGs
8 DECENT WORK AND ECONOMIC GROWTH

Responsible
Group Corporate Responsibility team and Group Human Resources

Evaluation of management approach
- Monthly review of health and safety metrics by Group Executive Board
- Safety performance highlighted on quarterly CEO calls with executives
- Annual site self-assessments (based on OHSAS 18001) and internal audits
- SEDEX SMETA site audits and EcoVadis assessments

Grievance mechanism
Via line managers or Ethics & Compliance Hotline

Why is this material for SIG?

Enabling employees to stay safe and healthy at work is a prerequisite for any responsible company. Empowering our people to adopt safe behaviours at work can also have a wider positive impact when they take the same safe behaviours home to their families.

By preventing injuries and promoting health and wellbeing, we are not only supporting our people but also the success of our business by reducing lost time, enhancing productivity and improving employee engagement. We believe that engaged, enabled, energised, safe and healthy employees outperform and strongly contribute to our success.

Our commitment

Nobody comes to work to get hurt or ill, and we strive to ensure everyone can go home safe and well every day. We are responsible for safety in the workplace and support our employees to take proper care of their physical health. We aim to prevent work-related incidents and illnesses by adopting a preventative health and safety strategy.

We take a holistic approach to supporting mental, emotional and social wellbeing to enable our employees to lead fuller, more productive lives both at work and at home. We strive to help our employees cope with information, emotions, feelings, desires and stressors in a healthy and balanced way. We also encourage employees to build personal and professional relationships and connections, as well as to foster relationships with the communities where they live and work.

Our goals

2025 target	Progress tracker
Zero recordable cases[1]	ON TRACK
Achieve a lost-time case rate in the top 20% of industry peers[2]	MORE WORK TO DO
Define a holistic strategy and roadmap to foster wellbeing at SIG	MORE WORK TO DO

1 Target expanded from zero lost-time cases to zero recordable cases, which includes medical treatment and restricted work cases as well as lost-time cases.

2 Based on latest published lost-time cases for companies listed in our industry in the Dow Jones Sustainability Index.

Management overview

Everyone at SIG is expected to take responsibility for their own health and safety – and the health and safety of those around them – as part of our Take Care culture.

Managing key risks

We have robust health and safety management systems that follow similar criteria to the internationally recognised ISO 45001 standards at all our production sites as well as our global assembly, global technology and technical service functions.

These systems help us identify and manage risks and promote continuous improvement. To support implementation, our health and safety teams, and other key personnel, are trained in ISO 45001. Our production plant in Riyadh (Saudi Arabia) is already certified to ISO 45001 and we are working towards certification at our other plants.

We conduct risk assessments across our global operations and implement the STOP (substitute – technical – organisational – personal protection) hierarchy of control measures. Line managers are required to update risk assessments annually. We share key findings and best practices through a dedicated platform to help plants learn from each other and enable them to identify, manage and educate employees about key safety risks quickly and effectively.

Workers at our production sites, where our biggest risks lie, are encouraged to report unsafe working conditions via safety opportunity cards and at-risk behaviours through our behaviour-based safety process.

Our life-saving rules target the biggest risks to our people, including working with electricity, at height or in confined spaces, and road safety (see next page). They apply to everyone working with us or visiting our sites. The Golden Rule empowers employees to stop any at-risk behaviour or situation.

All new employees are trained on health and safety as part of their induction. We also provide training to ensure our people understand how to manage risks relevant to their specific roles – from using fall protection measures for production teams working at height to ensuring appropriate ergonomics for office workers. Our Technical Service teams also receive training relevant to their work at our customers' sites.

Our life-saving rules

1. Work with a valid work permit when required
2. Check equipment is isolated before work begins
3. Obtain a permit for entry into a confined space
4. Use fall protection when working at height
5. Wear a seatbelt in motor vehicles when provided

The Golden Rule: Intervene to stop work if conditions or behaviour are unsafe.

Embedding safe behaviour

Unsafe behaviour is the root cause of most incidents at our sites. Our increasingly advanced behaviour-based safety programmes encourage colleagues to recognise and report at-risk behaviours. The aim is to raise awareness of unsafe behaviours through positive, constructive feedback, and remove barriers to safe behaviour by helping us better understand and manage risks in specific areas of the business.

These programmes are run by health and safety steering committees that include management and employee representatives. Local workers' councils or committees meet regularly to discuss health and safety matters. We encourage employees to make suggestions on ways we can improve health and safety and involve them in the implementation of improvements.

We conduct regular training on behaviour-based safety. Each production plant must ensure that at least 15% of employees have completed the training – with some sites targeting 100% – and we track progress as part of our monthly health and safety metrics. As well as encouraging employees to observe each other's behaviour, managers also look out for at-risk behaviours as part of their regular plant walks.

We monitor incidents and near misses, analyse their root causes and target improvements through local corrective action plans. All incidents must be reported following our standard operating procedure. For incidents that have a high potential to cause severe injury, we issue a global alert across the business to raise awareness and prevent similar incidents occurring elsewhere.

Our Safety Awards scheme recognises sites that have achieved exceptionally strong safety performance. Platinum, gold, silver or bronze awards are linked to specific safety milestones such as years or millions of hours with zero recordable or lost-time cases, or exceptionally strong employee engagement in behaviour-based safety programmes.

Promoting employee health and wellbeing

We are extending the behaviour-based model we use for safety to occupational health issues. Our initial focus is on ergonomics and musculoskeletal health issues, such as back problems, which can be an indicator of wider health and wellbeing issues such as workload and stress. Many of our larger sites offer access to medical professionals, such as doctors and physiotherapists, for employees.

Our wider support for employee health and wellbeing includes programmes to promote work–life balance, healthy lifestyles, mindfulness and smart time management to combat stress and build resilience, particularly for people working from home during the COVID-19 pandemic. We also aim to create an open environment where people feel able to ask for help.

Support and benefits vary locally depending on the regional, legal and cultural context. Examples include health insurance, health check-ups, fitness programmes, flexible working arrangements, parental benefits and leave, and access to counselling services to address problems at work or at home through employee assistance programmes.

Performance in 2021[1]

Preventing injuries

- There were a total of 31 recordable cases worldwide in 2021 (down from 33 last year). This included 17 cases leading to lost working time, six requiring medical treatment and eight resulting in restricted work.
- Our total lost-time case rate remained low at 0.33 lost time cases per 200,000 hours worked in 2021, placing us among the top 50% of industry peers.[2] However, this rate has increased from 0.31 last year and we are stepping up our behaviour-based safety programme to counter this trend.
- Six of our sites achieved zero recordable cases in 2021, showing that our target of zero recordable cases is possible.
- The rate of severity[3] of lost-time cases was 0.395 in 2021. We maintained our track record of zero fatalities.
- In addition to our employee safety data, we have begun reporting data on contractor safety for the first time. There were three recordable cases, all resulting in lost time, among the 720 contractors working on our sites this year.
- We recorded 314 near misses in 2021 and a frequency rate of 6.1 near misses per 200,000 working hours.
- All our production sites maintained a minimum score of 98% for management of life-critical safety elements.
- We continued to update risk assessments across our operations and conducted an in-depth risk assessment at Curitiba (Brazil). Following similar in-depth risk assessments in 2020, our plants in Linnich and Wittenberg (Germany) and Saalfelden (Austria) began implementing site-specific action plans to address key risks, with progress monitored regularly.
- We continued to invest in business-wide improvements with a particular focus on risks of injury to hands and fingers (59% of recordable cases in 2021). For example, we are investing in additional safety housing on machinery to prevent risk of injury to hands or fingers from contact with moving parts.
- We have behaviour-based safety programmes at all our production sites, except our newly opened second site in Suzhou (China), to encourage employees to observe colleagues' unsafe behaviours and provide feedback to correct them. Despite COVID-19 social distancing hampering these efforts, 17% of employees across our plants observed and reported at-risk behaviours this year. Together, they made a total of almost 33,000 observations, which each led to an average of at least one colleague receiving feedback to prevent unsafe behaviour.

1 Safety data includes our paper mill in New Zealand for the first part of the year until it was sold in June 2021.
2 Based on latest published lost-time cases for companies listed in our industry in the Dow Jones Sustainability Index.
3 Severity rate based on number of days away from work x 1,000 / 1,000,000.

- Employees' observations of at-risk behaviour enabled us to remove over 1,600 barriers to safe behaviour this year – from removing trip hazards and clearly marking safe walkways to reminding colleagues to wear appropriate personal protective equipment (PPE) for each task.
- We began a pilot of a new advanced behaviour-based safety process at our plant in Linnich (Germany) and presented the methodology to health and safety teams worldwide in preparation for rollout to more of our plants next year. The advanced process aims to establish a list of specific behaviours for departments at each site to focus on based on previous incidents and near misses, and set targets for safe behaviour.
- We maintained our internal standards in line with OSHAS 18001 at our existing production plants and continued preparation to transition to ISO 45001 – already achieved at Riyadh (Saudi Arabia) – at all our plants in 2022, including our newly built second plant in Suzhou (China).
- All our production sites completed SEDEX SMETA audits – which include health and safety as one of the four pillars – this year, with the exception of our New Zealand paper mill, which was sold in June 2021.
- Several of our sites celebrated safety milestones without a lost-time case this year (so-called safe manhours), including: 3 million hours at Rayong (Thailand) and our original production plant in Suzhou (China), 1 million hours in Wittenberg (Germany), 11 years at the Suzhou Assembly plant (China), three years at Aachen (Germany), four years at Neuhausen (Switzerland) and two years for our field service engineers in China.
- Our plant in Rayong received the Outstanding Award for 2021 Excellent Establishment on Occupational Safety and Health on National Level from the Ministry of Labour in Thailand.

Promoting good health

- Our health rate declined to 95.4%[4] in 2021 (down from 96.4% in 2020), mainly due to days taken for isolation/quarantine during the COVID-19 pandemic. Our main focus this year was on supporting employees through the challenges of the pandemic.
- We maintained robust COVID-19 prevention measures, in line with regional and local regulations, to help prevent the virus spreading among our employees. Measures at our plants include access restrictions, health questionnaires, temperature checks, monitoring of indoor CO_2 concentrations to ensure adequate ventilation and fresh air intake, physical distancing, more frequent handwashing, additional PPE, segregation of teams and regular communications on guidance. Meetings continued to be conducted virtually wherever possible and, for business-critical in-person meetings, all participants must have a negative COVID-19 test beforehand. We also strongly recommended vaccination and made it clear that we expect employees to behave safely and follow external health guidelines when outside work to help them stay safe at home and avoid bringing the virus to their colleagues.
- We implemented a contract tracing system to help us identify who had been in close contact and ask them to quarantine if a case of COVID-19 was reported by one of their colleagues. We enabled employees needing to quarantine or isolate at home – as a result of contracting the virus or being in close contact with someone testing positive either at work or at home – to do so without loss of pay if they are fully protected (recovered or fully vaccinated).
- Many employees continued to work from home this year if their role allowed them to do so, and we offered wellbeing initiatives to support them (see next page). At sites where the risk level was low, we invited people to return to the office, in consultation with their line managers. Before returning to the office, they received training on the new health and safety guidelines to prevent the spread of COVID-19 in the workplace.

4 Based on a sickness absence rate of 4.6% (sick days per total days worked). Sickness absence and health rates are based on available data covering more than 90% of employees.

Promoting wellbeing

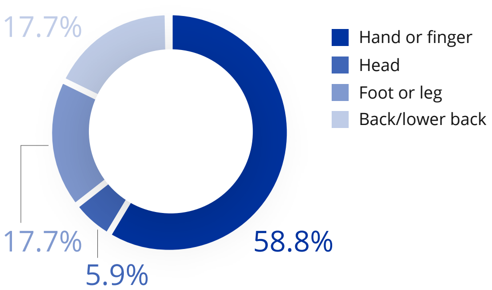
- We have begun work to define a holistic strategy and roadmap to foster wellbeing, create a work environment where our employees feel healthier and more connected, and improve overall satisfaction. This year, progress in the three key focus areas – physical, emotional and social health – was delayed by the COVID-19 pandemic.
- We extended homeworking policies and guidelines in all regions, except China, to support more flexible working for eligible roles. The guidelines recommend a mix of office and homeworking to be agreed between employees and their managers.
- Teams across our regions continued to implement local wellbeing initiatives this year, including:
  - **Asia Pacific South:** We raised awareness through regular communication and talks on topics such as financial and mental health, and the do's and don'ts of homeworking. Our team in Australia also participated in a national mental health campaign asking 'Are you OK?'.
  - **Europe:** The planned on-site sports programme at Linnich (Germany) was delayed due to COVID-19, but we offered online exercise courses for homeworkers to do in their lunch breaks. In Cluj (Romania), we ran webinars on topics such as work–life balance and COVID-19 prevention, conducted pulse surveys to check in on employee wellbeing through the year and provided ergonomic chairs for homeworkers.
  - **Latin America:** We launched a programme to promote physical and social health by encouraging groups of employees to team up to win prizes by running or walking the furthest. Together, they clocked up over 3,000km in the first month alone.
  - **Middle East and Africa:** Over 100 people joined our webinars on health topics such as managing stress.
  - **North America:** We hosted a wellness day to raise awareness of health and wellbeing topics, held talks and webinars on topics such as nutrition and saving for retirement, and ran a step counting competition with donations to a local children's hospital offered for the most steps achieved.

RECORDABLE AND LOST-TIME CASES

	2015	2016	2017	2018	2019	2020	2021
Total recordable cases[1]	53	51	41	43	39	33	31
Lost-time cases[2]	23	26	16	20	17	13	17
Lost-time case rate (per 200,000 hours worked)	0.55	0.62	0.38	0.49	0.43	0.31	0.33
Severity rate of lost-time cases[3]	0.414	0.675	0.934	0.785	0.628	0.204	0.395

1 Total recordable cases include medical treatment and restricted work cases as well as lost-time cases.
2 A lost-time case rate is defined as one or more shift absence or loss of one (or more) working day(s).
3 Severity rate based on number of days away from work x 1,000 / 1,000,000.

RECORDABLE INJURIES BY TYPE IN 2021 (%)



RESPONSIBLE CULTURE: ENVIRONMENTAL MANAGEMENT

Material issue
N/A

Additional strategic topic
Minimising production waste

Key performance indicators
Environmental GRI 306-1 | Environmental GRI 306-2 | Environmental GRI 306-3 | Environmental GRI 306-4 | Environmental GRI 306-5 | Plants with ISO 14001 certification

Additional GRI indicators reported
Environmental GRI 303-5

Key policies
- Environment, Health and Safety Policy

Relevant SDGs
12 Responsible consumption and production

Responsible
Group Corporate Responsibility team

Evaluation of management approach
ISO certification audits, annual internal environment, health and safety (EHS) audits, SEDEX SMETA audits, EcoVadis assessments, ASI certification audits (in relation to product stewardship)

Grievance mechanism
Via line managers or Ethics & Compliance Hotline

Why is this strategic for SIG?

Our environmental responsibility starts with our own operations. In addition to our strong focus on operational greenhouse gas emissions, carbon neutral production, climate risks and opportunities (see > page 268), we strive to have a positive impact in other areas related to environmental management.

In particular, we aim to lead by example by using resources efficiently, minimising waste and reusing or recycling materials wherever possible in our production operations to conserve natural resources. This also delivers business benefits by reducing costs and supporting lean and efficient production.

Demonstrating strong environmental management is also important to meet customer requirements and ensure compliance with relevant regulations.

Our commitment

We are committed to monitoring and managing environmental impacts from our operations – including minimising energy use, greenhouse gas emissions, water consumption and waste (including raw materials, hazardous and electronic waste), and working to eliminate waste sent to landfill.

Environmental management in our operations also supports our wider Climate+ (see > page 268) and Resource+ (see > page 282) ambitions.

Our goals

2025 target	Progress tracker
25% reduction in grams of waste per m² of packaging material (from 2016)	MORE WORK TO DO
Zero landfill – all waste to be recycled or used as renewable biofuel	MORE WORK TO DO
Maintain certification to ISO 14001:2015 at all production plants	ON TRACK

See > page 271 for targets on operational greenhouse gas emissions.

Management overview

We have robust environmental management systems in place that promote continuous improvement. All our production, assembly and research and development sites have environmental management systems certified to the international ISO 14001 standard. New sites are designed to minimise environmental impacts in line with sustainable buildings standards, such as LEED (Leadership in Energy and Environmental Design).

In addition, our sites in Linnich and Wittenberg (Germany) and Saalfelden (Austria) have energy management systems certified to ISO 50001 that support improvements in energy efficiency. This is just one of the ways we are reducing the carbon footprint of our operations (see > page 271).

A range of initiatives are in place to reduce waste at our production plants by using more efficient processes and increasing opportunities to reuse and recycle materials – including returning certain types of waste to suppliers for reuse. These efforts also contribute to our wider efforts to support a circular economy through our Resource+ action area (see > page 282).

Where it is not feasible to reuse or recycle waste, we work with our waste management service providers to choose the next best option, such as energy recovery, to avoid sending waste to landfill wherever possible. We also implement responsible disposal options for hazardous and electronic waste to avoid environmental harm and ensure hazardous waste does not end up in landfills.

We use relatively little water in our operations and water use is not considered a material impact for SIG. However, we recognise that water is an increasingly important issue for stakeholders, particularly in water-scarce regions. Our production processes do not require water, but we monitor and aim to minimise water use for hygiene and catering at our sites, including those in water-stressed areas. Our main focus for reducing water use is on improving the efficiency of our filling machines which are owned and operated by our customers (see > page 299).

Our own operations do not have a significant impact on biodiversity, and we minimise any potential impacts through our environmental management systems. The main biodiversity impact of our business is in the forests we source raw materials from and we manage this by setting strict standards for suppliers through FSC™ certification (see > page 264).

Performance in 2021

Maintaining environmental management certifications

- Our three European sleeve production plants demonstrated further year-on-year energy reductions to maintain their certification to ISO 50001.
- We maintained our global certification to ISO 14001:2015 with audits this year of our plants in Suzhou (China) and Linnich (Germany).
- Our newly built second plant in Suzhou (China), achieved LEED Gold certification and the Dubai headquarters of our Middle, East and Africa operations was awarded LEED Platinum certification. We are also integrating LEED criteria in the design of the new plant we have begun building in Mexico.
- All our production sites completed SEDEX SMETA audits – which include environmental management as one of the four pillars – this year, with the exception of our New Zealand paper mill, which was sold in June 2021.

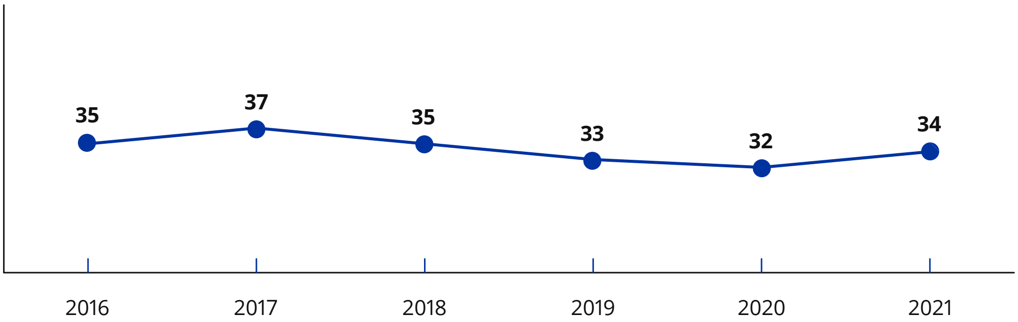
Minimising production waste

- Our focus is increasingly on eliminating waste to landfill by either reusing or recycling waste, or converting it to renewable biofuel. In 2021, 97.7% of waste was reused or recycled, 2% was recovered for energy and only around 0.3% of waste went to landfill.
- We have achieved zero waste to landfill at several of our plants, including Linnich and Wittenberg (Germany), both plants at Suzhou (China), Neuhausen (Switzerland) and Saalfelden (Austria).
- The total amount of waste generated at our production sites increased by 24% to 66,261 tonnes, mainly as a result of more frequent product changeovers to meet customer demand for smaller lots. Our waste rate rose by 6% in 2021 to 34 grams per m^2 of packaging material.
- Total production waste included 1,458 tonnes of hazardous waste that was disposed of by certified waste management contractors.
- We continue to seek ways to minimise production waste. Local initiatives to reduce waste this year include establishing reverse logistics to improve circularity by returning scrap aluminium and pallets from our plant in Curitiba (Brazil) to suppliers for reuse.

Monitoring water use

- Our assessment of water risk across our operations, using the World Resources Institute water risk atlas, found that our plants in Linnich (Germany), Riyadh (Saudi Arabia) and Suzhou (China) are in water-stressed areas, as well as our plant in Melbourne (Australia) which ceased production of aseptic cartons in mid-2021. Together, these plants accounted for 30% of our production plants and 51% of the cost of goods we sold in 2021.
- We continued to implement measures to reduce water use at sites in water-stressed areas. Our new LEED Gold-certified second plant in Suzhou is saving around 28 million litres of tap water a year by collecting and recycling rainwater for irrigation and toilet flushing. And our LEED Platinum-certified offices in Dubai have introduced systems to reduce water wastage and raise awareness of measures employees can take to conserve water.
- We used a total of 287.3 million litres of water in 2021, including 73.8 million litres in water-stressed areas.

WASTE RATE[1] (grams of waste per m² of sleeves produced)



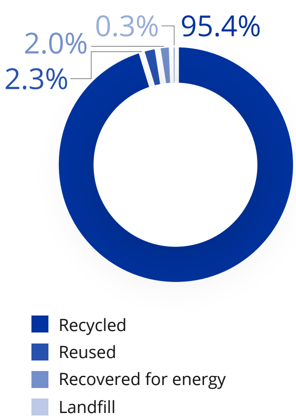
PRODUCTION WASTE BY TYPE[1] (thousand tonnes, by type)

	2016	2017	2018	2019	2020	2021
Raw and laminated carton	44.7	47.2	46.5	48.3	48.4	58.3
Polyethylene	2.3	1.7	1.6	1.6	1.6	3.5
Hazardous waste	2.7	2.7	2.8	2.7	2.9	3.7
Aluminium (<1%)	–	–	–	–	–	–
Total	**49.9**	**51.6**	**51.0**	**52.7**	**53.1**	**65.5**

PRODUCTION WASTE BY DISPOSAL METHOD IN 2021[1] (tonnes)

	Non-hazardous waste	Hazardous waste	Total waste
Reused	1,037	515	1,552
Recycled	62,897	293	63,190
Recovered for energy	737	560	1,297
Landfill	132	90	222
Total waste	**64,803**	**1,458**	**66,261**

PRODUCTION WASTE BY DISPOSAL METHOD IN 2021[1] (tonnes)



1 Production waste and waste rate are for sleeves production only, and exclude our paper mill in New Zealand and our closures plant in Switzerland.

RESPONSIBLE CULTURE: COMMUNITIES

Material issue
N/A

Additional strategic topic
Thriving communities

Key performance indicators
Impact of community engagement programmes

Key policies
Human Rights, Labour and Community Engagement Policy

Responsible
Way Beyond Good Champions and SIG Way Beyond Good Foundation

Evaluation of management approach
Annual community engagement impact assessment and quarterly review by the Board of Trustees (including members of our Group Executive Board and senior management) of Foundation activities

Grievance mechanism
Ethics & Compliance Hotline

Relevant SDGs
1 No poverty; 2 Zero hunger; 3 Good health and well-being; 4 Quality education; 10 Reduced inequalities; 11 Sustainable cities and communities; 12 Responsible consumption and production; 13 Climate action; 15 Life on land; 17 Partnerships for the goals

Why is this strategic for SIG?

Supporting thriving communities helps us strengthen our business by being a good neighbour and an employer of choice, enhancing our corporate image, and exploring new models and markets. Support for local communities is just one of the ways we have a positive impact on people's lives. Delivering societal benefits is inherent in our purpose to partner with our customers to bring food products to consumers around the world in a safe, sustainable and affordable way.

Our commitment

We are committed to engaging with local communities where we operate to understand how we can make a meaningful positive impact to help them thrive. We contribute through local partnerships and employee volunteering. We channel our support for wider communities through the SIG Way Beyond Good Foundation (see > page 251), which focuses on projects that strengthen civil society and create positive impacts for the environment.

Our goals

2025 target	Progress tracker
Increase the impact of community engagement programmes by 50% (from 2020)	More work to do
Create self-sustaining, scalable models for the Way Beyond Good Foundation's Cartons for Good project.	More work to do
Scale up and expand our community recycling model.	On track

Management overview

Our Way Beyond Good engagement programme is led by our network of Way Beyond Good Champions who run themed campaigns to raise awareness of responsibility topics with the help of local action groups of employee volunteers. The Champions in each location have an allocated budget each year to run community projects. We focus on projects that meet the needs of local stakeholders, harness the skills of our people and have a positive impact within our communities.

We measure the impact of our community programmes based on an assessment by the employees and communities involved. Impact is assessed based on who benefits from the project, the type of impact it has and its potential to contribute to the United Nations Sustainable Development Goals. The resulting score enables us to consistently measure and track the overall impact of our community engagement programmes worldwide.

We also contribute to communities through the SIG Way Beyond Good Foundation which is focusing on projects related to our Food+ (see > page 290) and Resource+ (see > page 282) action areas.

Performance in 2021

Delivering positive impact through community engagement

- Despite COVID-19 continuing to restrict activities, we achieved an impact score of 17,338 through 38 community engagement programmes around the world in 2021, up by 1% from 17,096 in 2020.
- Local teams used our Way Beyond Good Champions engagement campaigns to support communities, while learning about the featured topics of climate (see > page 276) and forests (see > page 267). For example, more than 100 colleagues in Brazil completed a series of climate-related challenges to earn points that were then converted into meals donated to 52 homeless people in São Paulo and over 800kg of food donated to 220 families affected by COVID-19 in Curitiba. And, in Romania, each correct answer in our climate quiz for employees earned a donation to a charity that helped families affected by flooding to rebuild their lives.
- Other local community programmes focused on providing food for those in need, including 1,000 iftar meals donated in the United Arab Emirates during Ramadan, 3,000 packs of milk contributed to COVID-19 relief efforts in South Korea in partnership with Seoul Dairy, and a donation to support Feeding America's campaign to fight hunger in the USA.
- Our team in Linnich (Germany) raised money to support local communities affected by flooding, with matched funding from SIG doubling their contributions.
- In Brazil, we celebrated our Curitiba plant's 10th anniversary by supporting local schools in creating a book of stories on the history of the city of Campo Largo, where the plant is based. The book provides a useful teaching resource for local schools, encouraging students to learn about the city's cultural, historical and environmental heritage.

Contributing through the SIG Way Beyond Good Foundation

- We contributed €355,000 in grants to support the work of the SIG Way Beyond Good Foundation in 2021.
- Through the SIG Way Beyond Good Foundation, we continued to explore ways to create a self-sustaining model to scale up our flagship Cartons for Good project (see > page 294) and began work to extend our successful community recycling model to Indonesia (see > page 288).
- We directed our annual corporate festive donation via the SIG Way Beyond Good Foundation to **BGBJ**, an NGO in Indonesia that supports vulnerable people who make a small living by salvaging reusable or recyclable materials from South East Asia's largest landfill.

RESPONSIBLE CULTURE: GOVERNANCE AND ETHICS

Material issue
N/A

Additional strategic topic
Fair business practices

Additional GRI Indicators reported
General Disclosures GRI 102-16 | General Disclosures GRI 102-17 | Economic GRI 205-2 | Social GRI 406-1 | Social GRI 412-2

Key policies
- SIG Code of Conduct
- Corporate Governance Policy
- Cyber Security Policy

Relevant SDGs
8 DECENT WORK AND ECONOMIC GROWTH

Responsible
General Counsel and Chief Compliance Officer

Evaluation of management approach
Regular review by Audit and Risk Committee, SEDEX SMETA site audits and EcoVadis assessments

Grievance mechanism
Via line managers, Human Resources partners, global and regional Legal and Compliance officers or Ethics & Compliance Hotline

Why is this strategic for SIG?

Acting with integrity and implementing fair business practices is fundamental to our responsible culture, essential to comply with regulations, and critical to protect our reputation and maintain stakeholder trust.

Our commitment

We are committed to act professionally and with integrity in everything we do, abiding by the ethical principles set out in our Code of Conduct which include:

- Ethical and legal behaviour
- Fair, courteous and respectful treatment of fellow employees and others with whom we interact
- Fair and appropriate consideration of the interests of other stakeholders (customers, business partners, government authorities and the public) as well as of the environment
- Professionalism and good business practice.

We have a zero tolerance policy on bribery or corruption in any form.

Our goals

2025 target	Progress tracker
Mandatory annual Code of Conduct training for all employees	ON TRACK

Management overview

We expect everyone working with us to be guided by our values and comply with the SIG Code of Conduct.

The Code is approved by the SIG Board of Directors. It includes clear guidance on topics such as anti-bribery and anti-corruption, avoidance of conflicts of interest, anti-trust and fair business practices, privacy and data protection, human rights compliance, equal employment opportunity, anti-harassment and anti-discrimination, and political and charitable activities. It is available in 18 languages.

Our anti-corruption policy is included in our Code of Conduct and reinforced through training.

All employees are trained on the Code as part of their induction when they join the business and are expected to complete a refresher on the Code as part of our mandatory annual compliance training every year. We track completion rates and provide regular updates to managers, as well as quarterly reports to the Group Executive Board. We make clear that any employees failing to complete annual compliance training may face disciplinary measures.

We also offer in-depth training for people working in high-risk roles (such as sales, purchasing and finance) to help them understand how to apply the SIG Code of Conduct to real-life situations they may face. Further guidance is provided in our accompanying Gifts Policy. All employees must report any potential or actual conflict of interest. People working in management and high-risk roles must complete a conflict of interest questionnaire annually.

We encourage people to speak up if they have any concerns about unethical behaviour, without fear of retaliation. Employees can seek advice or raise concerns through their line managers, Human Resources teams, global and regional Legal and Compliance officers, or our confidential Ethics & Compliance Hotline. Concerns can be raised via the hotline by email or phone 24 hours a day in local languages and anonymously (where permitted by local legislation).

We investigate all concerns and take appropriate action including, but not limited to, disciplinary measures.

Performance in 2021

Updating our Code of Conduct and policies

- We have updated our Code of Conduct to make it easier for employees to find guidance on key topics such as human rights compliance, privacy and data protection, and equal employment opportunity.
- Available in 18 languages, the updated Code includes clear and simple checklists on employees' responsibilities in relation to each topic. It will be rolled out to employees through their annual refresher training next year.
- We published the updated **Code of Conduct**, as well as detailed **policies** on related topics such as corporate governance and cyber security on our website.

Training our people

- 99% of employees completed their annual refresher certification on our Code of Conduct in 2021 – including 100% of employees in our Middle, East and Africa region as part of the integration of our former joint venture.
- In addition to refreshing employees' overall understanding of the Code of Conduct, our mandatory annual global compliance curriculum also covered specific topics such as our gifts policy, data privacy and security awareness.
- We conducted additional face-to-face training (mainly virtually due to the COVID-19 pandemic) on the Code of Conduct for around 4,000 employees in specific parts of the business. Employees in high-risk roles completed training on topics such as anti-bribery, anti-trust, data privacy, insider trading and anti-harassment.
- We continued to raise awareness on ethics and compliance topics through various channels, including our internal newsletter, posters, emails and a video of SIG people around the world sharing key messages on Acting with Integrity, Always. We also used these communications to advertise our Ethics & Compliance Hotline and encourage people to speak up if they have any concerns.

Investigating and acting on concerns

- Concerns reported via our Ethics & Compliance Hotline and other channels in 2021 mainly related to human resources issues and potential conflicts of interest.
- We investigated all concerns and took disciplinary action, including reprimands and dismissals, where appropriate.

Maintaining ethical standards

- All our production sites completed SEDEX SMETA audits – which include business ethics as one of the four pillars – this year, with the exception of our New Zealand paper mill, which was sold in June 2021.

PERFORMANCE SUMMARY

KEY PERFORMANCE INDICATORS

The table below provides a summary of the key performance indicators we use to measure our performance on our most material CR issues.

In the table below, data for 2021 has been assured with limited assurance by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, except where otherwise noted. KPI data was assured in previous years as part of our CR reporting process (see **previous years' CR Reports** for details of assured data and assurance scope). However, some data for previous years has been restated in this report in line with changes to our business to enable a better understanding of performance trends on a like for like basis (see footnotes). The restated data for 2016–2020 in the table below has not been assured.

Unless otherwise stated, the scope of data is as follows. It includes all our fully-owned global operations, including our newly opened second production site in China, our former joint ventures in the Middle East and Africa for the first time, and our production plant in Melbourne (Australia) and performance relevant to its production volumes which moved to other plants after it ceased production of aseptic cartons in mid 2021. It excludes our paper mill in New Zealand, which was sold in June 2021, and our joint venture in Japan.

Material issue	Metric	2016	2017	2018	2019	2020	2021
Tackling climate change	Total Scope 1 and 2 greenhouse gas emissions (thousand tonnes CO_2 equivalent)[1, 18]	113.1	67.1	66.9	62.3	53.9	29.8
	Total Scope 3 greenhouse gas emissions (million tonnes CO_2 equivalent)[1, 3]	1,544.8	1,463.2	1,533.1	1,578.7	1,536.1	1,587.2
	Scope 1, 2 and 3[4] greenhouse gas emissions (grams CO_2 equivalent/litre of food packed)[1]	99	92	93	90	82	79
	Scope 1 greenhouse gas emissions for pack production[5] (thousand tonnes CO_2 equivalent)[1]	29.1	38.5	34.4	34.5	31.1	29.7
	Scope 2 greenhouse gas emissions for pack production (market based) (thousand tonnes CO_2 equivalent)[1]	84.0	28.6	32.5	27.9	22.9	0
	Scope 1 and 2 greenhouse gas emissions intensity for pack production[5] (tonnes CO_2 equivalent/million m^2 of sleeves produced)[1]	68	42	40	35	17	15
	Energy in production plants from renewable sources (power purchase agreements or certified guarantees of origin) or compensated using Gold Standard CO_2 offset (%)	22.6	58.4	100	100	100	100
	Operational energy use for pack production (GWh)[1]	335	363	386	386	383	402
	Energy intensity for pack production[5] (MWh/million m^2 of sleeves produced)[1]	194	216	223	210	201	197
Minimising production waste[6]	Waste rate for pack production[5] (grams of waste per m^2 of packaging material)[7]	35	37	35	33	32	34
Health, safety and wellbeing	Total recordable cases[2, 8, 9]	51	41	43	39	33	31
	Lost-time cases[9, 10]	26	16	20	17	13	17
	Lost-time case rate (per 200,000 hours worked)[9, 10]	0.62	0.38	0.49	0.43	0.31	0.33
Employee satisfaction	Sustainable engagement score (% favourable responses)	74	–	78	–	87	–
Talent development	Training and development investment (average training hours/employee)	29.0	25.1	23.4	24.3	19.4	20.5

Material issue	Metric	2016	2017	2018	2019	2020	2021
Fair labour practices	Plants completed SEDEX Members Ethical Trade Audit (of total number of plants)	7 of 7	7 of 7[11]	8 of 8[11]	8 of 8[11]	8 of 9[11]	9 of 9
Diversity, equity and inclusion	Diversity of governance bodies and employees (women in management)	–	–	See > 2018 CR Report, page 34	–	See > 2020 CR Report, page 67	See > page 316
Sustainable raw materials	A-materials[13] from certified sources (% by volume)	53%[15]	63%[15]	64%[15]	63%[15]	62%[15]	70%
Thriving forests	Packs sold labelled with FSC™ logo (%)	56	80	93	96	97	98
Responsible suppliers	New suppliers screened using social responsibility criteria (%)[16]	100	100	100	100	100	100[14]
Sustainable packaging innovation	Food packed in SIG packs with **SIG**NATURE portfolio packaging materials (million litres)	199.7[2]	198.8[2]	227.3[2]	334.8[2]	457.2[2]	554.6
	Food packed in SIG packs with **SIG**NATURE portfolio packaging materials (% of total litres packed in SIG packs)	1.5%[2]	1.5%[2]	1.7%[2]	2.3%[2]	3.1%[2]	3.6%
	Packs sold labelled with ASI logo (million packs)	–	–	–	3.4[2]	80.0[2]	577.0
	Impact mitigation potential of innovations related to current standard product (polymer savings from RS structure per year, tonnes)	–	750[2]	4,850[2]	6,500	7,800	9,803
Recycling and circular economy	SIG packaging portfolio that is recyclable (%)	100	100	100	100	100	100
Safe food supply	Nutritious[17] food and beverage products brought to consumers in SIG packs (billion litres)[2]	–	–	–	–	10.0	10.6
	Significant product and service categories for which health and safety impacts are assessed for improvement (%)	100	100	100	100	100	100
	Non-compliance concerning the health and safety impacts of products and services (number of incidents)	0	0	0	0	0	0

1 Data for previous years adjusted in line with methodologies used and revised scope of reporting resulting from changes to the business.
2 Not assured.
3 See > page 359 for a breakdown of Scope 3 categories.
4 Includes most material Scope 3 categories only: goods and services, use of our products (filling machines) and end-of-life treatment (cartons).
5 Sleeves production only. Excludes our closures plant in Switzerland.
6 Additional strategic topic (not a material issue).
7 Metric changes in line with the wording of our 2025 target, but data from previous years are still correct.
8 Total recordable cases include medical treatment and restricted work cases as well as lost-time cases.
9 Data includes our paper mill in New Zealand for the first part of the year until it was sold in June 2021.
10 A lost-time case is defined as one or more shift absence or loss of one (or more) working day(s).
11 Data restated to include production plants only, not office sites.
12 Newly acquired production site in Melbourne (Australia) completed its first SEDEX audit in 2021 as part of the two-yearly audit cycle.
13 A-materials are those that go directly into our packs – paperboard, polymers, aluminium foil and ink.
14 Excludes Middle East and Africa region.
15 Data from 2016–2020 has been restated in line with change in indicator from 'by spend' to 'by volume'.
16 % of significant direct suppliers.
17 For definition of 'nutritious' please refer to > page 292.
18 We have invested in Gold Standard®-certified projects to offset our Scope 1 emissions to achieve carbon neutral production for all our fully-owned plants since 2018 (including our former joint venture in Middle East and Africa from 2021).

PROGRESS TOWARDS OUR 2025+ TARGETS

The Way Beyond Good action area	Material issue	2025 target	Progress tracker	2021 performance
Forest+	**Thriving forests**	Partner to bring at least 650,000 additional hectares of forest into sustainable management beyond what we need to make our products **by 2030**[1]	More work to do	We have entered into partnerships with NGOs to help us deliver and measure progress towards this target, including identifying suitable projects to invest in, using life-cycle assessment techniques to measure additional forests brought into sustainable management and developing ways to understand how to deliver transformative change on the ground.
		Establish a partnership with Brainforest, an NGO, to contribute to restoring or creating resilient and sustainable forests	On track	We began working with Brainforest – a Swiss for-impact Venture Studio for forests and climate, co-founded by WWF Switzerland and made possible by the Migros Pioneer Fund – and its venture Xilva AG to help us identify potential projects that we can invest in to support our forest restoration target. We are looking for science-based projects that are designed to create resilient forest ecosystems to improve biodiversity and store carbon to unlock the full climate potential of forests.
		Partner with an NGO to develop a methodology to measure the impact of FSC™ certification	More work to do	We are working with the Institute for Energy and Environmental Research (IFEU) to measure the impact of sourcing FSC™-certified raw materials using life-cycle assessment techniques focusing on carbon and biodiversity.
		Work with customers to include the FSC™ label on 100% of the packs we sell, closing the remaining 3% gap	On track	98% of the packs we sold in 2021 carried the FSC™ label (up from 97% in 2020). We aim to close the remaining 2% gap by continuing to promote the benefits of FSC™ labelling to our customers.
		Maintain 100% FSC™-certified supply of liquid packaging board for our packs *(also a target for Our supply chain)*	On track	As of January 2021, 100% of the liquid packaging board we source for use in our packs is purchased with FSC™ certification – an industry first. As we used up remaining supplies purchased the previous year, 97% of the liquid packaging board we used to produce our packs during 2021 was purchased with FSC™ certification (up from 83% in 2020).
Climate+	**Tackling climate change**	Reduce Scope 1, 2 and 3[2] greenhouse gas emissions by 25% per litre of food packed **by 2030** (from 2016)	On track	We have reduced our Scope 1, 2 and 3 emissions per litre of food packed by a further 3% in 2021 – and by 20% overall from the 2016 baseline.
		Reduce Scope 1 and 2 greenhouse gas emissions by 50% by 2025 and by 60% **by 2030** (from 2016)	On track	We have reduced our Scope 1 and 2 emissions by 45% in 2021 – and by 74% from the 2016 baseline. The significant reduction this year is as a result of our newly acquired operations in the Middle East and Africa switching to 100% renewable energy, in line with the rest of our global production which has been carbon neutral since 2018. We are on track to meet our 2030 target based on the year-on-year projections we have modelled.
		Maintain 100% renewable energy and Gold Standard CO_2 offset for all non-renewable energy (at production plants)	On track	We have maintained our carbon neutral production with 100% renewable energy and Gold Standard CO_2 offset for all non-renewable energy at our production plants, including our now fully-owned former joint venture in the Middle East and Africa.
		Expand use of on-site solar power to meet at least 10% of our global electricity use as part of overall renewable power purchase agreements to meet 25% of our global electricity use	On track	We installed further on-site solar arrays in Brazil, China and Thailand, and extended our direct investment in renewable capacity outside our own sites for the first time through a power purchase agreement in Germany. On-site solar power met 2% of our global electricity use in 2021 and power purchase agreements (including both on-site and off-site) met 3%.
		Transition to 100% bioethanol or other bio-materials for printing *(also a target for Our supply chain)*	On track	We have switched from fossil-based solvents to plant-based bioethanol for our printing processes at six of our production plants – including our newly opened second plant in Suzhou, China – and we are working with suppliers to complete this transition worldwide.
		Reduce CO_2 emissions from inbound and outbound logistics by 25% (from 2016)	More work to do	Overall, upstream logistics emissions (covering SIG's inbound and outbound transportation) have increased by 23% from the 2016 target baseline, largely as a result of our 2020 acquisition that included a production plant in Australia. However, we reduced these emissions by 4% following the closure of the Australian plant in June 2021.

The Way Beyond Good action area	Material issue	2025 target	Progress tracker	2021 performance
Resource+	**Recycling and circular economy**	Partner with stakeholders to implement dedicated and country specific roadmaps to support increased collection and recycling of beverage cartons	ON TRACK	We have roadmaps in place for 24 priority countries and we continued to work with industry partners, governments, municipalities, customers and communities to implement country-specific programmes to support increased collection and recycling – including the expansion of successful collection programmes in Brazil, new recycling facilities in Germany and Australia, and consumer awareness and collection programmes in China, Indonesia, Thailand and the UK. In Europe, we have also committed to ambitious industry targets for collection and recycling set by the Alliance for Beverage Cartons and the Environment's new roadmap for 2030.
Food+	**Sustainable food supply**	Use SIG's position within a more sustainable food supply system to create demonstrable positive impacts on nutrition and hydration	ON TRACK	We have begun tracking and reporting the amount of food and beverages that helps contribute to a balanced diet and lead to better health (as defined by the independent Health Star Rating System) filled in our packs to better understand the role of our packaging solutions in delivering nutrition to people around the world. Our packaging systems enabled customers to bring 10.6 billion litres of nutritious food and beverage products to consumers in SIG packs in 2021, an increase of more than 5% from 10.0 billion litres in 2020 towards our new target of 50% by 2030.
		Increase the total volume of nutritious food and beverage products brought to consumers in SIG packs by 50% **by 2030** (from 2020)	NEW TARGET	
		Support two start-ups per year through our **SIG**CUBATOR programme to share unused aseptic filling capacity to deliver nutritious food safely and efficiently	ON TRACK	Three more start-ups used our new **SIG**CUBATOR programme to gain advice, consumer insights and access to SIG filling machines at our Tech Centres or at our customers' facilities to pack nutritious new products on a small scale, including nutritious plant-based milk alternatives and protein drinks.
		Maintain certification to ISO 9001:2015 at all production plants	ON TRACK	We maintained our group-wide certification to the revised ISO 9001:2015 standard in 2021.
		Maintain BRCGS AA Grade certification at all sleeves and spout production plants[3]	ON TRACK	All our production plants have achieved AA Grade certification to the current issue of the BRCGS Packaging standard, Issue 6.
Sustainable innovation	**Sustainable packaging innovation**	Launch a full barrier carton linked to 100% renewable materials[4] *(also a target for Resource+)*	ON TRACK	Our **SIG**NATURE 100 solution for dairy products eliminates the need for aluminium and uses a certified mass balance approach to link the polymers to 100% renewable forest-based materials (residues from the paper making process). This year, we developed the world's first full barrier aluminium-free solution for aseptic carton packs. **SIG**NATURE EVO, to be launched in early 2022, will provide comparable barrier properties to our packaging materials that include an aluminium foil barrier layer so it can be used with oxygen-sensitive products, such as juices, as well as liquid dairy. We plan to launch a **SIG**NATURE EVO 100 version of this aluminium-free full barrier carton in future with all materials 100% linked to forest-based renewable sources via a certified mass-balance system, which will achieve our goal to launch a full barrier carton linked to 100% renewable materials. We changed the target this year as we are no longer seeking to create a pack made directly with 100% renewable materials because we are confident our use of a certified mass balance system to link the polymers in our packs to renewable raw materials is a more effective way to support the transition from fossil to renewable raw materials within the conventional and highly efficient polymer industry.
		Launch a pack made with 100% recycled content *(also a target for Resource+)*	DISCONTINUED	We continued to explore options to increase the recycled content of our packs, building on last year's launch of **SIG**NATURE CIRCULAR, the world's first aseptic carton pack with polymers linked to 100% recycled plastics.[8] However, we have now discontinued this target and will focus on using more renewable materials.
		Reduce energy use by 20%, hydrogen peroxide use by 35% and water use by 25% per hour of runtime in our next generation filling machine for mid size format packs (**by 2021**)	TIMELINE EXTENDED 2022[5]	We launched our next generation filling machine SIG NEO in late 2021. It is designed to reduce use of energy, hydrogen peroxide and water, and field testing in 2022 will confirm whether we have met our reduction targets.
		Reduce use of consumables by 25% for the next generation filling machine for small format packs	ON TRACK	We began work on the development of our next generation filling machine for small format packs, which will be designed to reduce use of consumables by 25%. We aim to have a prototype ready for testing in 2022.

The Way Beyond Good action area	Material issue	2025 target	Progress tracker	2021 performance
Responsible culture				
Our supply chain	**Responsible suppliers**	Ensure 100% of significant suppliers accept our Business Ethics Code or have an equivalent code in place	MORE WORK TO DO	61% of all active significant suppliers (78% direct and 50% indirect), including suppliers of our key raw materials, have accepted the SIG Business Ethics Code for Suppliers or have an equivalent code in place and we are engaging with those due to be reassessed or currently under review to bring this up to 100%.
		Audit 50% of high-risk suppliers each year	ON TRACK	No suppliers were identified as high-risk in 2021 as all those completing assessments have signed up to our ethics code or provided evidence of EcoVadis assessments, SEDEX audits or equivalent third-party programmes.
		Provide regular training (at least every two years) on ethical supplier standards and sustainable sourcing to all employees who interact frequently with suppliers	ON TRACK	We trained all our global, regional and local procurement teams to introduce them to our updated Responsible Sourcing Directive and test their knowledge on key topics.
	Sustainable raw materials	100% A-materials[6] from certified sources	MORE WORK TO DO	We increased the proportion of A-materials from certified sources to 70% (by volume[7]) in 2021 (up from 62% in 2020) as we increased the amount of liquid packaging board purchased with FSC™ certification to 100%, secured more ASI-certified aluminium and grew sales of our **SIG**NATURE 100 and **SIG**NATURE FULL BARRIER solutions that use polymers certified[8] to ISCC PLUS or REDcert[2]. We continue to offer the only packaging material (**SIG**NATURE FULL BARRIER) for aseptic cartons with all three key materials – liquid packaging board, polymers and aluminium – from certified sources.
Our people	**Diversity, equity and inclusion**	Maintain survey score linked to inclusive environment above industry benchmark	NEW TARGET	We have set this target to support our focus on inclusion and will measure progress through our next biennial survey in 2022.
		Increase percentage of women in leadership positions to 30%	MORE WORK TO DO	Women represented 20% of our leaders in 2021, up from 18% last year. The integration of our Middle East and Africa operations – where only around 12% of all employees are women – has offset higher increases in other regions. But we remain on track with our roadmap to achieve our 2025 target of 30%.
	Talent development	Sustain our training and development investment above industry benchmark	MORE WORK TO DO	We provided an average of 20.5 hours of training per employee, slightly higher than last year but still falling short of the pre-pandemic industry benchmark of 24.0 hours. With COVID-19 restrictions continuing to make in-person training difficult, we introduced more online training offerings this year.
		Ensure 100% of key talent (current and future business leaders for critical positions) have a defined development plan	MORE WORK TO DO	By the end of 2021, 24% of employees classified as key talent recorded that they have a formal development plan in place.
	Employee satisfaction	Achieve engagement level above industry benchmark	ON TRACK	In our last biennial survey in 2020, we achieved an overall engagement level of 87%, seven points higher than the industry benchmark of 80%. Our next survey will be in 2022.
		Increase % of employees who feel we have responded to their feedback based on the last survey	MORE WORK TO DO	In our 2020 survey, 61% of employees felt we had responded to their feedback in the last survey. We have introduced measures to address their 2020 feedback at global and local level, and will measure progress against this target through our next biennial survey in 2022.
		Increase % of employees who feel SIG makes adequate use of recognition and reward other than money	ON TRACK	In our 2020 survey, 63% of employees felt SIG makes adequate use of recognition and reward other than money. This year, we ran our second global Shine Awards and introduced more non-monetary recognition programmes across our regions. We will measure progress against this target through our next biennial survey in 2022.
	Fair labour practices	Advance our human rights risk identification and assessment processes in our own operations and supply chain to define salient human rights issues	NEW TARGET	We have set these new targets to advance our human rights risk identification and assessment processes in our operations and supply chain to define salient human rights issues by 2025.
		Conduct assessments of potential human rights risks and impacts in 50% of our own plants every two years	NEW TARGET	
		Maintain SEDEX Members Ethical Trade Audit (SMETA) at all production sites	ON TRACK	All our production sites completed SEDEX SMETA audits this year, with the exception of our New Zealand paper mill, which was sold in June 2021.

The Way Beyond Good action area	Material issue	2025 target	Progress tracker	2021 performance
Health, safety and wellbeing	**Employee health, safety and wellbeing**	Zero recordable cases[9]	ON TRACK	There were 31 recordable cases in 2021 (down from 33 in 2020).[10] We continued to embed our behaviour-based safety programme to target unsafe behaviours across the business.
		Achieve a lost-time case rate in the top 20% of industry peers[11]	MORE WORK TO DO	Our total lost-time case rate remained low at 0.33 lost-time cases per 200,000 hours worked in 2021, placing us among the top 50% of industry peers. However, this rate has increased from 0.31 last year and we are stepping up our behaviour-based safety programme to counter this trend.
		Define a holistic strategy and roadmap to foster wellbeing at SIG	MORE WORK TO DO	Following delays due to COVID-19, we have begun work to define a holistic strategy and roadmap to foster wellbeing, create a work environment where our employees feel healthier and more connected, and improve overall satisfaction. This year, we set out three key focus areas – physical, emotional and social health – with a clear vision for each.
Environmental management	**Minimising production waste**	25% reduction in grams of waste per m^2 of packaging material (from 2016)	MORE WORK TO DO	Our waste rate increased by 6% in 2021 to 34 grams per m^2 of packaging material. We continue to seek ways to minimise production waste.
		Zero landfill – all waste to be recycled or used as renewable biofuel	MORE WORK TO DO	In 2021, 97.7% of waste was reused or recycled. Only around 0.3% of waste went to landfill and six of our plants achieved zero landfill.
	Minimising production waste **Tackling climate change**	Maintain certification to ISO 14001:2015 at all production plants	ON TRACK	We maintained our global ISO 14001 certification in 2021, including certification of our newly opened second plant in Suzhou (China).
Communities	**Thriving communities**	Increase the impact of community engagement programmes by 50% by 2025 (from 2020)	MORE WORK TO DO	Despite COVID-19 continuing to restrict activities, we achieved an impact score of 17,338 through 38 community engagement programmes led by our Way Beyond Good Champions around the world in 2021, up by 1% from 17,096 in 2020.
		Create self-sustaining, scalable models for the Way Beyond Good Foundation's Cartons for Good project.	MORE WORK TO DO	Through the SIG Way Beyond Good Foundation, we continued to explore ways to create a self-sustaining model to scale up our flagship Cartons for Good project.
		Scale up and expand our community recycling model.	ON TRACK	We expanded our so+ma partnership in Brazil and, through the SIG Way Beyond Good Foundation, we began work to extend this community recycling model to Indonesia.
Governance and ethics	**Fair business practices**	Mandatory annual Code of Conduct training for all employees	ON TRACK	99% of employees completed their mandatory annual refresher certification on our Code of Conduct in 2021 – including 100% of employees in our Middle, East and Africa region as part of the integration of our former joint venture.

1 The previously published target has been amended to extend the timeline from 2025 to 2030 and revise the wording to clarify meaning.
2 The value chain target covers our most significant Scope 3 emissions – from our supply chain, use of our filling machines and recycling or disposal of packs.
3 BRCGS was formerly known as the British Retail Consortium (BRC). Additional 2025 target to achieve certification to BRCGS Packaging Issue 7 discontinued at this point as it is unclear if Issue 7 will be released before 2025.
4 Target changed from 'Launch a pack made of 100% renewable materials'.
5 Target date extended from 2021 to 2022 due to delays in starting field testing.
6 A-materials are those that go directly into our packs – paperboard, polymers, aluminium foil and ink.
7 Due to fluctuations in commodity market prices, this indicator is now reported by volume of materials rather than spend to provide a more meaningful indication of progress towards our 100% target.
8 Via an independently certified mass balance system.
9 Target expanded from zero lost-time cases to zero recordable cases, which includes medical treatment and restricted work cases as well as lost-time cases.
10 Safety data includes our paper mill in New Zealand for the first part of the year until it was sold in June 2021.
11 Based on latest published lost-time cases for companies listed in our industry in the Dow Jones Sustainability Index.

ABOUT OUR REPORTING

UNITED NATIONS GLOBAL COMPACT: COMMUNICATION ON PROGRESS 2021

We support the United Nations Global Compact's 10 principles on human rights, labour, environmental protection and anti-corruption.

This report is our annual Communication on Progress for 2021. The table below sets out our approach to upholding each of the principles, highlighting specific progress and outcomes in 2021 where applicable. For more information on our contribution to the United Nations Sustainable Development Goals, see > page 255.

UN GLOBAL COMPACT
COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Global Compact principle	Our approach	Find out more
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	We are committed to respecting human rights in our business and our supply chain through our Code of Conduct and our Business Ethics Code for suppliers. SEDEX Members Ethical Trade Audits (SMETA) of our production plants every two years help to ensure that we uphold high standards on human rights. All our production sites completed SMETA audits this year.	• Code of Conduct • Business Ethics Code for suppliers • Human Rights, Labour and Community Engagement Policy • See > pages 315 and 320.
Principle 2: Businesses should make sure that they are not complicit in human rights abuses		
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	We respect the right to freedom of association and collective bargaining, and our Business Ethics Code for suppliers requires suppliers to uphold these rights too. A significant proportion of our employees are covered by collective labour agreements and, in Europe, many are represented by works councils.	• Human Rights, Labour and Community Engagement Policy • Business Ethics Code for suppliers • See > pages 315 and 320.
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour	We do not tolerate forced, compulsory or child labour and we require the same commitment from suppliers through our Business Ethics Code for suppliers.	• Code of Conduct • Business Ethics Code for suppliers • Human Rights, Labour and Community Engagement Policy
Principle 5: Businesses should uphold the effective abolition of child labour		

Global Compact principle	Our approach	Find out more
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation	We do not tolerate discrimination against employees or suppliers' workers based on race, religion, national origin, political affiliation, gender, sexual orientation, disability, age or any other relevant category. In 2021, we continued to roll out mandatory training on unconscious bias and inclusion to leaders across the business, our employee-led Diversity, Equity & Inclusion Focus Group ran awareness campaigns on gender and cultural diversity, and we updated our Recruitment Directive to include targets to eliminate all-male shortlists and all-male selection panels from our recruitment processes.	• Code of Conduct • Business Ethics Code for suppliers • Human Rights, Labour and Community Engagement Policy • See > pages 313 and 316.
Principle 7: Businesses should support a precautionary approach to environmental challenges	We comply with applicable environmental legislation across our operations and we require our suppliers to do the same. We take a precautionary approach to environmental challenges such as climate change by proactively identifying and managing emerging risks. This applies across our value chain and specific policies also address environmental risks associated with the sourcing of our three key raw materials: liquid packaging board, polymers and aluminium.	• Code of Conduct • Business Ethics Code for suppliers • Liquid Packaging Board Purchasing Policy • Environment, Health and Safety Policy • Product Stewardship Policy • Responsible Sourcing Policy • See > pages 275 and 328.

Global Compact principle	Our approach	Find out more
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility	Environmental responsibility is an integral part of our business strategy. We aim to minimise our environmental footprint and deliver a net positive impact by contributing more to the environment than we take out across our value chain, and we have set stretching targets to drive action in four key areas: Forest+, Climate+, Resource+ and Food+. Ahead of the COP26 climate conference in Glasgow this year, we joined other leading businesses in supporting a call to action led by We Mean Business urging G20 leaders to go all in to keep the Paris Agreement's 1.5°C goal within reach. Our carbon reduction targets have been approved by the Science-Based Targets initiative (SBTi) as in line with the latest science to keep global warming below 1.5°C – and we pledged our support for the SBTi's Business Ambition for 1.5°C this year. In 2021, we cut our operational (Scope 1 and 2) greenhouse gas emissions by a further 45%, largely as a result of our newly acquired operations in the Middle East and Africa (formerly a joint venture) switching to 100% renewable energy, in line with the rest of our global production which has been carbon neutral since 2018. We have also reduced our Scope 1, 2 and 3[1] emissions per litre of food packed by 20% from the 2016 baseline. We demand high standards of environmental responsibility from our suppliers. Our Business Ethics Code for suppliers requires them to run their business in a way that protects and preserves the environment. We are also helping to drive environmental improvements in the supply chain of our key raw materials through certifications such as FSC™, ASI and ISCC PLUS. Sustainability is a core driver for innovation in our packaging systems, and we share data on the environmental impact profiles of our packaging, including publicly available independent life-cycle assessments following ISO 14040 for our product innovations and for the market segments we are serving. We also support customers in enabling consumers to make a more responsible choice by offering a range of substantiated environmental claims, for example in relation to carbon footprint reductions or responsible sourcing certifications such as ASI and FSC™, which we encourage customers to include on their packs. We are founding members of industry recycling partnerships, such as the Global Recycling Alliance for Beverage Cartons and the Environment, EX:TRACT and 4evergreen. We also partner with NGOs, customers and industry on local and regional projects to support collection and recycling of used beverage cartons. Examples in 2021 include the expansion of successful collection programmes in Brazil, new recycling facilities in Germany and Australia, and consumer awareness and collection programmes in China, Indonesia, Thailand and the UK. In Europe, we have also committed to the 10 industry targets set by the Alliance for Beverage Cartons and the Environment's new roadmap for 2030. Our sustainable innovation also supports greater environmental responsibility (see principle 9 on next page).	• Code of Conduct • Business Ethics Code for suppliers • Environment, Health and Safety Policy • Product Stewardship Policy • Responsible Sourcing Policy • sciencebasedtargets.org/companies-taking-action/ • See > pages 264, 268, 282, 290 and 328.

Global Compact principle	Our approach	Find out more
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	Our corporate purpose sets out our commitment to partner with customers to deliver food and beverages to consumers across the world in a sustainable way. We aim to offer the most sustainable food packaging solutions on the market. In 2021, customer uptake has continued to grow for our most sustainable innovations – such as our combibloc **ECO**PLUS, **SIG**NATURE 100 and **SIG**NATURE FULL BARRIER packaging materials, and our paper straw solutions. We offer the only aseptic carton packaging material (**SIG**NATURE FULL BARRIER) with all three main materials from certified sources – FSC™ paperboard, ISCC PLUS forest-based polymers and ASI aluminium foil – and we have increased our supply of ASI-certified aluminium. Our filling machines have the lowest waste rate in the industry and our next generation filling machine is designed to reduce energy and water use for the filling and packaging process compared with our third generation filling machines. We have continued to develop and roll out technical service upgrade kits that help customers reduce energy and water use for filling in their factories. Our tech centres in Germany and China support optimisation of food packaging systems. We are leading by example with our on-site solar installations and we are engaging with suppliers and customers to encourage them to invest in their own on-site solar installations to promote further uptake of renewable energy.	• Product Stewardship Policy • See > page 296.
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	We have zero tolerance for bribery or corruption in any form. Our anti-corruption policy is included in our Code of Conduct and reinforced through regular training. We encourage people to report any concerns about bribery, corruption or any other ethical issues via our Ethics & Compliance Hotline. We investigate any suspected breaches and take disciplinary action if appropriate.	• Code of Conduct • Corporate Governance Policy • See > page 334.

1 The value chain emissions rate and associated target covers our most significant Scope 3 emissions – from our supply chain, use of our filling machines and recycling or disposal of packs.

GLOBAL REPORTING INITIATIVE INDEX

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The index below shows which indicators are material to SIG, which are reported and where to find more information.

SIG material topic	GRI Number	Disclosure	Where to find it in the report
Thriving forests	**103-1**	Explanation of the material topic and its Boundary	See > Our priorities, page 259.
	103-2	The management approach and its components	See > Forest+, page 264.
	103-3	Evaluation of the management approach	
Tackling climate change	**103-1**	Explanation of the material topic and its Boundary	See > Our priorities, page 259.
	103-2	The management approach and its components	See > Climate+ on page 268.
	103-3	Evaluation of the management approach	
Recycling and circular economy	**103-1**	Explanation of the material topic and its Boundary	See > Our priorities, page 259.
	103-2	The management approach and its components	See > Resource+, page 282.
	103-3	Evaluation of the management approach	
Safe food supply	**103-1**	Explanation of the material topic and its Boundary	See > Our priorities, page 259.
	103-2	The management approach and its components	See > Food+, page 290.
	103-3	Evaluation of the management approach	
Sustainable packaging innovation	**103-1**	Explanation of the material topic and its Boundary	See > Our priorities, page 259.
	103-2	The management approach and its components	See > Sustainable innovation, page 296.
	103-3	Evaluation of the management approach	
Sustainable raw materials **Responsible suppliers**	**103-1**	Explanation of the material topic and its Boundary	See > Our priorities, page 259.
	103-2	The management approach and its components	See > Our supply chain, page 304.
	103-3	Evaluation of the management approach	
Diversity, equity and inclusion **Talent development** **Employee satisfaction** **Fair labour practices**	**103-1**	Explanation of the material topic and its Boundary	See > Our priorities, page 259.
	103-2	The management approach and its components	See > Our people, page 311.
	103-3	Evaluation of the management approach	
Health, safety and wellbeing	**103-1**	Explanation of the material topic and its Boundary	See > Our priorities, page 259.
	103-2	The management approach and its components	See > Health, safety and wellbeing, page 322.
	103-3	Evaluation of the management approach	

Topic	Number	Disclosure	Material (Y/N)	Required for core	Reported (Yes/No/ Partial)	Reason for omission	More information
		General Disclosures 102					
Organisational profile	**102-1**	Name of the organisation		Y	Y		SIG Combibloc Group AG and its affiliates (together "SIG")
	102-2	Activities, brands, products, and services		Y	Y		SIG's primary brand as an integrated packaging systems supplier is the SIG brand. Our primary products and services are food and beverage carton packages and closures, filling machines and secondary packaging machines (downstream), and technical services including spare parts. We combine and apply our various products and services into integrated customer solutions. See > pages 32–33.
	102-3	Location of headquarters		Y	Y		Neuhausen, Switzerland. See > page 102.
	102-4	Location of operations		Y	Y		See > AR 2021.
	102-5	Ownership and legal form		Y	Y		The parent company of the SIG Group is SIG Combibloc Group AG, with domicile in Neuhausen, Switzerland. SIG is listed on the SIX Swiss Exchange. See > page 79.
	102-6	Markets served		Y	Y		See > pages 73 and 51–59.
	102-7	Scale of the organisation		Y	Y		See > pages 72–73 and 320.
	102-8	Information on employees and other workers		Y	Y		See > page 320 for a detailed breakdown of our workforce by gender, age and contract type.
	102-9	Supply chain		Y	Y		See > page 304.
	102-10	Significant changes to the organisation and its supply chain		Y	Y		In 2021, we took full ownership of our Middle East and Africa joint venture SIG Combibloc Obeikan and it is included in the scope of our CR reporting for the first time this year. We also began operating our newly-built second production site in China, sold our paper mill in New Zealand and closed our production plant in Australia.
	102-11	Precautionary Principle or approach		Y	Y		See United Nations Global Compact Communication on Progress, > page 346.
	102-12	External initiatives		Y	Y		We support the United Nations Global Compact (see > page 345) and the United Nations Sustainable Development Goals (see > page 255). SIG is a member of the Supplier Ethical Data Exchange (SEDEX), is rated Platinum by EcoVadis, and is certified to recognised standards such as ISO 9001 and ISO 14001. Our science-based climate targets are approved by the Science Based Targets initiative (SBTi). We also participate in certification initiatives run by the Forest Stewardship Council™ (FSC), the Aluminium Stewardship Initiative (ASI) and the International Sustainability & Carbon Certification (ISCC) PLUS. We support the HolyGrail 2.0, an initiative launched by AIM (the European Brands Association), as well as various initiatives that aim to increase recycling and collection of used beverage cartons through our membership of associations (see next page).

Topic	Number	Disclosure	Material (Y/N)	Required for core	Reported (Yes/No/ Partial)	Reason for omission	More information
Organisational profile	**102-13**	Membership of associations		Y	Y		SIG is a member of various industry associations and alliances. Key organisations include: AIM-PROGRESS; Alliance for Beverage Cartons and the Environment (ACE); Aluminium Stewardship Initiative (ASI); the Coalition of Action on Plastic Waste (coalition of leading companies from within The Consumer Goods Forum); The Consumer Goods Forum; European Bioplastics Association; European Organisation for Packaging and the Environment (EUROPEN); EXTR:ACT; Forum for the Future; Forest Stewardship Council™ (FSC) International; 4evergreen; Global Recycling Alliance for Beverage Cartons and the Environment (GRACE). In addition, SIG is a member of numerous national alliances and initiatives in our core markets.
Strategy	**102-14**	Statement from senior decision-maker		Y	Y		See > page 29.
	102-15	Key impacts, risks, and opportunities		N	Y	Not required for core	CR topics are integral to several of the main business risks identified in our latest corporate risk assessment (see > page 246). See > page 71 for more on our corporate risk management. Our most significant impacts are listed in 'Our priorities' on > page 259. The 'Why is this material' sections on each material issue also cover impacts risks and opportunities.
Ethics and integrity	**102-16**	Values, principles, standards, and norms of behaviour		Y	Y		See > page 245 and > page 334.
	102-17	Mechanisms for advice and concerns about ethics		N	Y		See > page 335.
Governance	**102-18**	Governance structure		Y	Y		See > page 247.
	102-19 to 102-39			N	N	Not required for core	
Stakeholder engagement	**102-40**	List of stakeholder groups		Y	Y		See > page 257.
	102-41	Collective bargaining agreements		Y	Y		See > page 315 and > page 320.
	102-42	Identifying and selecting stakeholders		Y	Y		We identified relevant stakeholders and considered the topics that are most important to them through our materiality process. The list of stakeholders we engage most with is included on > page 257.
	102-43	Approach to stakeholder engagement		Y	Y		See > page 257.
	102-44	Key topics and concerns raised		Y	Y		See > page 257.

Topic	Number	Disclosure	Material (Y/N)	Required for core	Reported (Yes/No/ Partial)	Reason for omission	More information
Reporting practice	**102-45**	Entities included in the consolidated financial statements		Y	Y		See > page 190.
	102-46	Defining report content and topic Boundaries		Y	Y		See > page 261.
Reporting practice	**102-47**	List of material topics		Y	Y		See > pages 260–262.
	102-48	Restatements of information		Y	Y		Previous years' data has been restated in relation to several indicators in line with protocols and standards, reporting scope (due to changes in the business) and indicators. See footnotes to KPI performance summary on > page 339.
	102-49	Changes in reporting		Y	Y		We have included our corporate responsibility (CR) reporting in our Annual Report to reflect the increasing importance put on environmental, social and governance (ESG) topics by investors. In this CR Report, we continue to provide detailed information in accordance with the GRI Standards: Core option. Scope of our CR reporting: Unless otherwise stated, data in this CR Report covers the 2021 calendar year and all our fully-owned global operations – including our newly opened second production site in China and our former joint ventures in the Middle East and Africa for the first time. Data includes our production plant in Melbourne (Australia) and performance relevant to its production volumes which moved to other plants after it ceased production of aseptic cartons in mid 2021. It excludes our paper mill in New Zealand, which was sold in June 2021, and our joint venture in Japan.
	102-50	Reporting period		Y	Y		See > page 242.
	102-51	Date of most recent report		Y	Y		Our last full report in accordance with the GRI Standards: Core Option was for the calendar year 2020.
	102-52	Reporting cycle		Y	Y		We publish a full GRI report every year (beginning in 2020). Prior to that, we have published a full GRI report every two years from 2016 to 2020, with shorter performance updates in the interim years.
	102-53	Contact point for questions regarding the report		Y	Y		See > page 242.
	102-54	Claims of reporting in accordance with the GRI Standards		Y	Y		We report in accordance with the GRI Standards: Core Option. See > page 349.
	102-55	GRI content index		Y	Y		See this GRI content index.
	102-56	External assurance		Y	Y		Data points related to our key performance indicators (listed on > page 338) have been externally assured with limited assurance by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft. See Assurance statement on > page 362.

Topic	Number	Disclosure	Material (Y/N)	Required for core	Reported (Yes/No/ Partial)	Reason for omission	More information
		201: Economic Performance					
Economic performance	**201-1**	Direct economic value generated and distributed	NM	N	N	Not material	
	201-2	Financial implications and other risks and opportunities due to climate change	NM	N	P	Not material	Our most material CR risks – including climate-related risks – are integrated into our annual corporate risk management process which assesses risks based on potential financial implications for the business. We have identified risks and opportunities for our business due to climate change that could substantively impact our operations and have a strategic or financial implication. These include physical and transition risks such as the impact of changing consumer demands for packaging, more extreme weather patterns affecting forest resources, and the availability and price of raw materials such as energy and water. Opportunities include consumer and customer demand for non-fossil raw materials and reduced exposure to fossil fuel price increases from reduced energy demands. We disclose climate-related risks and opportunities through the CDP each year. See > page 275.
	201-3 to 204		NM	N	N	Not material	
Anti-corruption	**205-1**	Operations assessed for risks related to corruption	NM	N	N	Not material	
	205-2	Communication and training about anti-corruption policies and procedures	NM	N	P	Not material	See > pages 335–336.
	205-3	Confirmed incidents of corruption and actions taken	NM	N	Y		No significant risks of corruption and no cases of corruption were identified in 2021.
Anti-competitive Behaviour	**206-1**	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	NM	N	Y		No legal actions for anti-competitive behaviour, anti-trust or monopoly practices in 2021.
Tax	**207**	Approach to tax	NM	N	N	Not material	
	207-2	Tax governance, control and risk management	NM	N	N	Not material	
	207-3	Stakeholder engagement and management of concerns related to tax	NM	N	N	Not material	
	207-4	Country-by-country reporting	NM	N	N	Not material	

Topic	Number	Disclosure	Material (Y/N)	Required for core	Reported (Yes/No/ Partial)	Reason for omission	More information
		301: Environmental performance					
Materials	**301-1**	Materials used by weight or volume	M	Y	Y		See > page 310.
	301-2	Recycled input materials used	M	N	N	Not required for core	
	301-3	Reclaimed products and their packaging materials	NM	N	N	Not material	
Energy	**302-1**	Energy consumption within the organisation	M	Y	Y		See > page 281.
	302-2	Energy consumption outside of the organisation	NM	N	N	Not material	
	302-3	Energy intensity	M	Y	Y		See > page 281.
	302-4	Reduction of energy consumption	M	Y	Y		See > pages 277, 281 and 338.
	302-5	Reductions in energy requirements of products and services	M	N	P	Not required for core	See > page 302.
Water and effluents	**303-1**	Interactions with water as a shared resource	NM	N	N	Not material	
	303-2	Management of water discharge-related impacts	NM	N	N	Not material	
	303-3	Water withdrawal	NM	N	N	Not material	
	303-4	Water discharge	NM	N	N	Not material	
	303-5	Water consumption	NM	N	Y		See > page 330.
Biodiversity	**304**		NM	N	N	Not material	Our own operations do not have a significant impact on biodiversity, and we minimise any potential impacts through our environmental management systems (see > page 329). The main biodiversity impact of our business is in the forests we source raw materials from and we manage this by setting strict standards for suppliers through FSC™ certification (see > page 264).
Emissions	**305-1**	Direct (Scope 1) GHG emissions	M	Y	Y		See > page 279.
	305-2	Energy indirect (Scope 2) GHG emissions	M	Y	Y		See > page 279.
	305-3	Other indirect (Scope 3) GHG emissions	M	Y	Y		See > pages 279 and 361.
	305-4	GHG emissions intensity	M	Y	Y		See > page 280.
	305-5	Reduction of GHG emissions	M	Y	Y		See > pages 276–277 and 338.
	305-6	Emissions of ozone-depleting substances (ODS)	NM	N	N	Not material	

Topic	Number	Disclosure	Material (Y/N)	Required for core	Reported (Yes/No/ Partial)	Reason for omission	More information
Emissions	**305-7**	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	NM	N	N	Not material	
Waste	**306-1**	Waste generation and significant waste-related impacts	NM	N	Y		See > pages 282 and 331.
	306-2	Management of significant waste-related impacts	NM	N	Y		See > pages 282 and 329.
	306-3	Waste generated	NM	N	Y		See > page 331.
	306-4	Waste diverted from disposal	NM	N	Y		See > pages 282 and 330–331.
	306-5	Waste directed to disposal	NM	N	Y		See > pages 331–332.
Environmental Compliance	**307-1**	Non-compliance with environmental laws and regulations	M	Y	Y		No significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations in 2021.
Supplier Environmental Assessment	**308-1**	New suppliers that were screened using environmental criteria	M	Y	Y		See > page 305.
	308-2	Negative environmental impacts in the supply chain and actions taken	M	N	N	Not required for core	
		400: Social Performance					
Employment	**401-1**	New employee hires and employee turnover	M	Y	Y		See > page 321.
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	M	N	N	Not required for core	
	401-3	Parental leave	M	N	N	Not required for core	
Labour/ Management Relations	**402-1**	Minimum notice periods regarding operational changes	M	N	N	Not required for core	
Occupational Health and Safety	**403-1**	Occupational health and safety management system	M	Y	Y		See > pages 323–324.
	403-2	Hazard identification, risk assessment, and incident investigation	M	Y	Y		See > page 323.
	403-3	Occupational health services	M	Y	Y		See > pages 324–325.
	403-4	Worker participation, consultation, and communication on occupational health and safety	M	Y	Y		See > page 324.

Topic	Number	Disclosure	Material (Y/N)	Required for core	Reported (Yes/No/ Partial)	Reason for omission	More information
Occupational Health and Safety	**403-5**	Worker training on occupational health and safety	M	Y	Y		See > pages 324–326.
	403-6	Promotion of worker health	M	Y	Y		See > pages 324–327.
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	M	Y	Y		See > page 323.
	403-8	Workers covered by an occupational health and safety system	M	N	N	Not required for core	
	403-9	Work-related injuries	M	Y	Y		See > pages 325 and 327.
	403-10	Work-related health	M	N	N	Not required for core	
Training and Education	**404-1**	Average hours of training per year per employee	M	Y	Y		See > page 317.
	404-2	Programmes for upgrading employee skills and transition assistance programmes	M	N	N	Not required for core	
	404-3	Percentage of employees receiving regular performance and career development reviews	M	N	P	Not required for core	See > page 317.
Diversity and Equal Opportunity	**405-1**	Diversity of governance bodies and employees	M	Y	Y		See > pages 315–316 and 320–321.
	405-2	Ratio of basic salary and remuneration of women to men	M	N	N	Not required for core	
Non-discrimination	**406-1**	Incidents of discrimination and corrective actions taken	M	N	Y		No reported incidents of discrimination in 2021.
Freedom of Association and Collective Bargaining	**407-1**	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	M	N	N	Not required for core	
Child Labour	**408-1**	Operations and suppliers at significant risk for incidents of child labour	M	N	N	Not required for core	
Forced or Compulsory Labour	**409-1**	Operations and suppliers at significant risk for incidents of forced or compulsory labour	M	N	N	Not required for core	

Topic	Number	Disclosure	Material (Y/N)	Required for core	Reported (Yes/No/Partial)	Reason for omission	More information
Security Practices	**410-1**	Security personnel trained in human rights policies or procedures	NM	N	N	Not material	
Rights of Indigenous Peoples	**411-1**	Incidents of violations involving rights of indigenous peoples	NM	N	Y		No reports of incidents of violations involving rights of indigenous people in 2021.
Human Rights Assessment	**412-1**	Operations that have been subject to human rights reviews or impact assessments	M	N	Y		Human rights criteria are included in SMETA audits of our production sites. See > pages 315 and 320.
	412-2	Employee training on human rights policies or procedures	M	N	P	Not required for core	The SIG Code of Conduct, and accompanying compliance training, addresses various aspects of human rights that are relevant to SIG's operations. See > pages 335–336.
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	NM	N	N	Not required for core	
Local Communities	**413-1**	Operations with local community engagement, impact assessments, and development programmes	NM	N	N	Not material	
	413-2	Operations with significant actual and potential negative impacts on local communities	NM	N	N	Not material	
Supplier Social Assessment	**414-1**	New suppliers that were screened using social criteria	M	Y	Y		See > page 305.
	414-2	Negative social impacts in the supply chain and actions taken	M	N	N	Not required for core	
Public Policy	**415-1**	Political contributions	NM	N	N	Not material	
Customer Health and Safety	**416-1**	Assessment of the health and safety impacts of product and service categories	M	Y	Y		See > pages 292 and 339.
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	M	N	Y		See > pages 295 and 339.

Topic	Number	Disclosure	Material (Y/N)	Required for core	Reported (Yes/No/ Partial)	Reason for omission	More information
Marketing and Labelling	**417-1**	Requirements for product and service information and labelling	NM	N	N	Not material	
	417-2	Incidents of non-compliance concerning product and service information and labelling	NM	N	N	Not material	
	417-3	Incidents of non-compliance concerning marketing communications	NM	N	N	Not material	
Customer Privacy	**418-1**	Substantiated complaints concerning breaches of customer privacy and losses of customer data	NM	N	N	Not material	
Socioeconomic Compliance	**419-1**	Non-compliance with laws and regulations in the social and economic area	NM	N	Y		No significant fines or non-monetary sanctions for non-compliance with laws and regulations in 2021.

GREENHOUSE GAS EMISSIONS BASIS FOR REPORTING

Our greenhouse gas (GHG) emissions reporting is closely linked to our management approach and progress which is documented in the Climate+ section (see > page 268).

This section provides a detailed description of GHG reporting boundaries and other relevant aspects including a breakdown of emissions by reporting category.

Accurate and transparent GHG reporting is also an essential prerequisite to meet the criteria of the Science Based Targets initiative. Our GHG emissions are reported in accordance with the GHG protocol.

Reporting boundaries

The reporting boundary for our Scope 1, 2 and 3 GHG emissions covers all production facilities under SIG's operational control, excluding smaller production units such as our special filling machine parts plant in Aachen (Germany), joint ventures and offices (unless they are directly attached to a production facility).

In line with the GHG Protocol, we have restated our GHG emissions data for previous years based on significant changes to the business this year:

- Our paper mill in New Zealand was sold in June 2021. As it produced liquid packaging board for use in our packs, the emissions related to the mill that were previously reported under Scope 1 and 2, and corresponding Scope 3 categories, have been merged and are now reported under Scope 3 in category 1 (purchased goods and services).
- We took full ownership of our former joint venture in the Middle East and Africa, and we have integrated data related to production in this region into our reporting on Scope 1 and 2 and all categories of Scope 3.

Scope 2 emissions from purchased electricity are reported using a market-based approach. We also report Scope 2 emissions according to the location-based approach using grid average emission factors for each country (see > page 279). Throughout this report, the data relating to emissions from energy use are accurate to within a tolerance of 0.5 thousand tonnes.

SCOPE 1 AND 2 EMISSIONS (tonnes CO_2 equivalent)

	2016	2017	2018	2019	2020	2021
Scope 1	29.1	38.5	34.4	34.5	31.1	29.8
Scope 2 (market based)	84.0	28.6	32.5	27.9	22.9	0

Our data collection and calculation procedures for Scope 3 are informed by a materiality assessment of our GHG emissions and we have refined these to meet the requirements of the GHG Protocol.

To help us further improve the accuracy of our reporting, we have a policy for recalculating our GHG emissions. This is designed to distinguish changes that reflect actual reductions in the totals from changes that are simply data improvements.

The inventory boundaries of SIG's GHG accounting were chosen considering all the relevant GHG Protocol standards. SIG's GHG accounting includes all six GHGs covered by the Kyoto Protocol as required by the GHG Protocol: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6), and nitrogen trifluoride (NF_3). These are typically included in the emission factors we use and converted using IPCC 2013 conversion factors.

For emissions related to recycling, we use the A 0:100 allocation as recommended by the GHG Protocol, which means that recycled materials such as production waste (category 5) or used products (category 12) are cut off at the sorting plant/next processing step. The same applies to waste that is incinerated for energy recovery. Biogenic carbon emissions can be released from the liquid packaging board in our cartons, depending on their treatment after use, and these are reported separately.

The following categories are included in SIG's Scope 3 emissions:

Category 1: Purchased goods and services

Category 1 emissions account for the largest share of SIG's value chain GHG emissions. This category includes all materials used to produce and ship our cartons (including closures and straws), the materials used to produce the liquid packaging board that goes into our packs, and the materials used to manufacture our filling machines. Services, ICT and items such as office equipment are excluded as they represent a very small share in this category.

We aim to increase the share of specific emissions factors from suppliers. In 2021, 68% of our reported Category 1 Scope 3 emissions are based on specific data (up from 54% in 2020).

Category 3: Fuel and energy-related activities

Category 3 covers the upstream emissions related to purchased electricity and energy carriers at the production facilities that are reported under Scope 1 and 2. Purchased electricity is reported under Scope 2. All other energy carriers, including small amounts of diesel purchased to fuel our own trucks and cars, are reported under Scope 1.

Category 4: Upstream transportation and distribution

Category 4 covers all transportation activities for materials delivered to the production plants and all purchased outbound transport. Intercompany transportation is considered to be negligible. SIG packs are shipped as empty sleeves to SIG customers. This is usually managed by SIG's Supply Chain Management (SCM). In some cases, SIG customers arrange transport themselves and the resulting emissions are reported in Category 9. Deliveries other than packed sleeves (straws, closures, machines and spare parts) do not contribute significantly to this category and are not reported.

Category 5: Waste generated in operations

Category 5 includes emissions related to recycling, thermal treatment or landfill of waste from our operations (measured as non-product output) and hazardous waste. All production wastes (>99%) undergo further treatment and recycling as they are well sorted. Emissions related to the transportation of waste material from our plants to waste processing facilities are included.

Category 6: Business travel

Category 6 includes flights, public transport and the use of rental cars for business travel. Data on business travel is well documented in Europe but less so in other regions. Therefore, the number of employees per region is used as a basis for extrapolation. Flights are relatively well documented and account for around 98% of emissions from business travel.

Category 9: Downstream transportation and distribution

Category 9 covers transportation of SIG carton packs from our plants to customers' facilities that is not purchased by SIG, the distribution of filled packs from customers' facilities to retailers, and onward transportation from retailers to end consumers. Distribution of filled packs includes only the emissions related to SIG products. Pallets, trays or foil are therefore omitted due to their small share.

Category 11: Use of sold products

Category 11 covers the use of SIG's filling machines and applicators to mount closures to the filled cartons, which occur in customers' facilities. All new and refurbished filling machines that are manufactured and sold by SIG for the reporting year are characterised by average electricity demand and the need for pressurised air, steam and hydrogen peroxide for the estimated lifetime capacity of the machine/device using the emission factors of the reporting year. Filling machines that are installed in SIG service centres for demonstration purposes are not included. Machines sold to customers with a publicly available RE100 or Science Based Target initiative 1.5° pledge are subtracted from the inventory for the difference of the lifetime and the customer's target year for achieving 100% renewable electricity. Emissions from the use phase of our cartons relate primarily to the food products inside the cartons and are excluded.

Category 12: End-of-life treatment of sold products

Used beverage cartons usually end up in household waste streams or recycling schemes, which both vary locally. For each country that SIG cartons are shipped to, we compile data covering recycling rates, landfill rates (managed or unmanaged) and incineration rates (with or without energy recovery). The amount of waste is allocated to different forms of treatment based on the weight of delivered packages and spouts per country and the rates for the respective country. Biogenic greenhouse gas emissions related to the different end-of-life treatments for the liquid packaging board in our cartons are determined and reported separately.

SIG filling machines are generally in use for decades and used filling machines are mainly refurbished or recycled so their contribution to this category is considered to be negligible.

SCOPE 3 EMISSIONS (TONNES CO_2 EQUIVALENT) BY CATEGORY

Category	2016	2017	2018	2019	2020	2021
1 Purchased goods and services	999,235	906,199	961,809	995,727	1,001,506	1,039,813
3 Fuel and energy related activities	26,380	8,149	7,537	7,531	11,970	7,444
4 Upstream transportation and distribution	98,343	93,792	95,628	103,502	126,297	120,945
5 Waste generated in operations	545	570	564	581	584	672
6 Business travel	10,698	10,884	17,175	18,457	7,678	7,037
9 Downstream transportation and distribution	57,774	57,260	54,675	59,289	50,782	52,426
11 Use of sold products	131,395	161,853	165,082	144,981	127,033	137,365
12 End-of-life treatment of sold products	220,445	224,509	230,647	248,657	210,209	221,488
12 Biogenic carbon	*138,463*	*139,515*	*146,076*	*158,663*	*137,813*	*145,361*

ASSURANCE STATEMENT

Independent Practitioner’s Report on a Limited Assurance Engagement on Sustainability Information.

To SIG Combibloc Group AG, Neuhausen am Rheinfall, Switzerland

We have performed a limited assurance engagement on the disclosures denoted with “ ” in the Corporate Responsibility Report of SIG Combibloc Group AG, Neuhausen am Rheinfall, Switzerland (hereinafter “the Company”), for the period from 1 January to 31 December 2021 (hereinafter the “Report”). Our engagement in this context relates solely to the disclosures denoted with the symbol “ ”.

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Report in accordance with the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter the “GRI-Criteria”) and for the selection of the disclosures to be evaluated.

This responsibility of Company’s executive directors includes the selection and application of appropriate methods of sustainability reporting as well as making assumptions and estimates related to individual sustainability disclosures, which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as they have considered necessary to enable the preparation of a Report that is free from material misstatement whether due to fraud or error.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors (“Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer”: “BS WP/vBP”) as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner’s Responsibility

Our responsibility is to express a limited assurance conclusion on the disclosures denoted with “ ” in the Report based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions, referred to in the Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the disclosures denoted with "" in the Company's Report for the period from 1 January to 31 December 2021 have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria. This does not mean that a separate conclusion is expressed on each disclosure so denoted.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organisation and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Report
- Identification of the likely risks of material misstatement of the Report under consideration of the GRI-Criteria
- Analytical evaluation of selected disclosures in the Report
- Performance of web conferences as part of the inspection of processes and guidelines for data collection at the following locations: Linnich (Germany), Wittenberg (Germany), Suzhou (China)
- Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report
- Evaluation of the presentation of the selected disclosures regarding sustainability performance

Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures denoted with "" in the Company's Report for the period from 1 January to 31 December 2021 have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement. The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely toward the Company. We do not assume any responsibility towards third parties.

Munich, 24 February 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Hendrik Fink
Wirtschaftsprüfer
(German Public Auditor)

ppa. Juliane v. Clausbruch

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). For any factors that could cause actual results to differ materially from the forward-looking statements contained in this Annual Report, please see 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 SIG and their related reconciliations are posted under the following link: **https://www.sig.biz/investors/en/performance/definitions**

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.