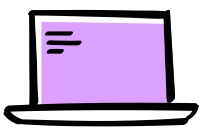
Packaging for better

Packaging **for better**



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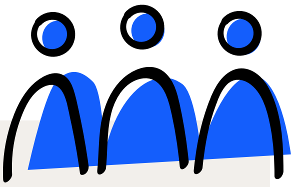
Growing demand for packaged food and beverages

SIG Annual Report 2022

The world needs more food

There are 8 billion people on Earth and every year the global population increases by another 50 million people – most of them in emerging markets and big cities. By 2030, it is forecast that the world will have a population of 8.5 billion people[1].

1 Food | United Nations.



8.5 billion

people will live on the planet by 2030[1].

750 million

people are going hungry every year

There is growing and urgent demand for access to nutritious food and beverages. Two billion people lack regular access to safe, healthy and sufficient food[2], and it is estimated that approximately 750 million people are going hungry every year. Yet, at the same time, there is enormous food loss from farmers to manufacturers and from retailers to consumers, as edible and valuable food is unnecessarily discarded or improperly stored.

Better packaging is part of the solution. SIG's aseptic packs retain the nutrients and vitamins of their contents over many months without the addition of preservatives. The availability of different pack sizes helps the consumer to avoid overbuying. In addition, food and beverages can be transported and stored in ambient conditions, avoiding the need for energy-intensive cold chains.

1 UN projects world population to reach 8.5 billion by 2030, driven by growth in developing countries.

2 Healthy diet (who.int).

SIG provides aseptic packaging solutions for affordable, long-life, portable and – most importantly – nutritious liquid food and beverages. Around 60% of the Group's sales are packaging solutions for white milk and other liquid dairy products. This represents efficient, readily available protein for a growing world population.

Customers in growth regions are increasingly recognising the advantages of aseptic carton packaging.

"Milky Mist is a front runner in deploying the latest, next-generation, state-of-the-art technologies and was exploring differentiated packs in the UHT category. That's where we came across SIG's unique aseptic filling technology. Together with its innovative on-the-go combismile packaging, it was a perfect fit to provide our customers with a long-life product offering that maintains the nutritional content of the product. We're proud to state that our association with SIG has given us an opportunity to be a first mover in the dairy drinks category in the Indian market."

Dr. Rathnam
CEO, Milky Mist

SIG PACKAGING IS PART OF THE SOLUTION

Long-life, shelf-stable protection

Lowest carbon choice

Best package-to-product ratio

Designed for circularity

All our packaging solutions have the lowest carbon footprint compared with competing substrates. We continuously improve our offering through innovation and R&D.

SIG's aseptic carton packaging solutions are at the forefront of better packaging:

- 75–80% of our standard aseptic carton packs come from renewable resources. We were the first in the industry to have 100% FSC™-certified paperboard.
- We were the first in the aseptic carton industry to eliminate the layer of aluminium foil – cutting CO_2 per pack by up to 58%.
- We were the first to use packaging material with polymers that are 100% linked to forest-based, renewable materials via a certified mass-balance system.
- Our aseptic carton production is carbon neutral and uses 100% renewable electricity.
- We were the first aseptic carton maker to introduce paper straws.
- We were the first to offer carton packs made with recycled polymers produced from post-consumer plastic waste.

But we need to go further and we are on a journey to create "The Perfect Pack". A pack that gives more to people and planet than it takes. A pack that ultimately has a net positive impact on the world in which we live.

The perfect pack does not exist… yet. But one day it will, and it will:

- Remove more carbon from the atmosphere than is emitted during its life-cycle.
- Be made from endlessly renewable materials and end the use of aluminium.
- Bring safe, healthy nutrition to everyone.
- Be fully and easily recyclable – anywhere in the world.

For more information, see pages 9–23, "Widening our portfolio of sustainable packaging solutions".

Widening our portfolio of sustainable packaging solutions

Our aseptic carton portfolio offers customers unrivalled flexibility across a wide range of products. In 2022, we expanded our packaging portfolio through the acquisitions of Evergreen Asia and Scholle IPN, allowing us to serve more customers and consumers across more categories.

Serving demand for milk in China

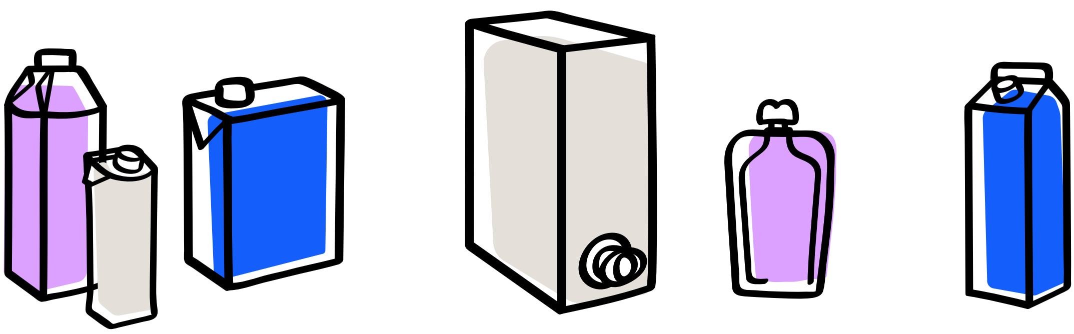
The acquisition of the Evergreen Asia business enables us to serve the entire Chinese milk market, building on our established expertise in liquid dairy. Per capita consumption of milk in China is rising, and chilled milk is a popular choice among more affluent consumers in urban areas. Many of these consumers drink milk at breakfast or another mealtime, often in family-sized packs. This opens up a new market segment for us, as our aseptic cartons in China are largely single-serve and for on-the-go consumption.

A broader universe of opportunity

The spouted pouch and bag-in-box solutions acquired with Scholle IPN are enabling us to reach more customers and consumers globally through more channels – and to pack a much greater variety of products. In doing so, we aim to offer the most sustainable substrates across categories and product sizes.

76% of 2022 pro forma revenue

24% of 2022 pro forma revenue



Aseptic cartons:
format flexibility

80 ml – 2 L

Bag-in-box:
large sizes for retail, industrial and institutional use

2 L – 1,300 L

Spouted pouch:
small sizes for on-the-go

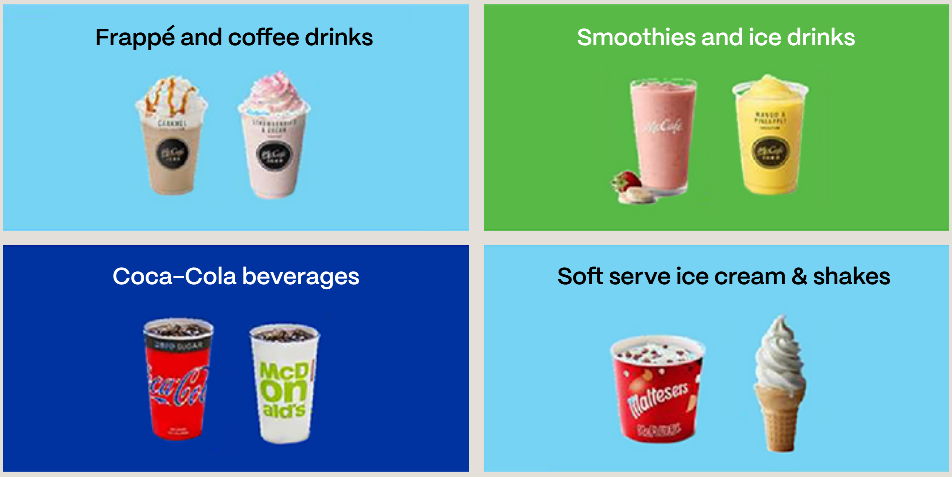
50 ml – 500 ml

Chilled cartons:

1 L

Spouted pouches are used for small quantities of liquid of up to 500 ml and are ideal for contents such as baby food, fruit purées, yoghurts and puddings. They are easy to carry around so that hungry infants and toddlers can be fed whenever needed. The structure of the pouch and spout enables the last drops of liquid to be squeezed out, reducing food waste.

Bag-in-box is suitable for quantities ranging from 2 to 1,300 litres and therefore taps into markets that would be inaccessible for carton. It greatly expands our food service presence, taking us into beverage concentrates, milk shakes and ice cream for fast-food and dine-in restaurants.



These outlets are supplied with the aid of our specialised dispenser connections, which offer the customer convenience and security, and underpin longstanding customer relationships. In the industrial segment, we serve large food and vegetable processors, providing them with a safe, high-quality package that protects their valuable crops as they are transported across the world from grower to processor.

Sustainability at the heart of our portfolio

Sustainability will continue to be a key focus area across our enlarged portfolio. We have succeeded in reducing the quantity of material needed for our aseptic cartons while maintaining their protective qualities. Bag-in-box has been steadily replacing rigid plastic: for water, it can represent an 86% reduction in plastic use compared with a premium PET bottle. Ours was the first bag-in-box package recognised as 100% recyclable by the Association of Plastic Recyclers.

APR-recognised recyclable bag-in-box

First-ever bag-in-box package recognised as **100% recyclable** by the Association of Plastic Recyclers

Our mono-material pouches are fully recyclable and can be formed at speed using our patented induction sealing technology, providing a cost-efficient alternative to multi-material pouches.

> Combined with our aseptic carton in-line sterilisation expertise, we plan to industrialise the output of high-speed aseptic mono-material spouted pouches.

The Scholle IPN expertise in mono-material structures and barrier technology will accelerate our aluminium-free journey in aseptic carton, and we have a line of sight to achieve cost parity with standard aluminium structures.

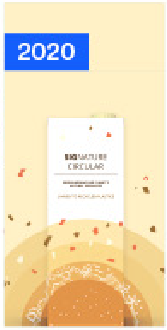
This journey began in 2010 with the world's first aluminium-layer-free carton and has continued apace with further innovations, including the first carton made entirely from renewable materials. Today, these formats are used by a number of food and beverage companies who want to underline the sustainability of their products. In order to enable mass-market adoption of aluminium-layer-free structures, we need to develop cost-efficient barrier films to replace aluminium. Scholle IPN's mono-material technologies are a major stepping stone in this direction. And as we increase the fibre content of our cartons, a fibre-based pouch could become a reality.

World's first with no aluminium foil (aseptic carton)

World's first aseptic carton 100% linked to forest-based materials

World's first aseptic carton with all main raw materials from responsible sources

World's first paper straw for aseptic carton packs



World's first aseptic carton with polymers 100% linked to recycled plastics

World's first full barrier aseptic carton with no aluminium foil

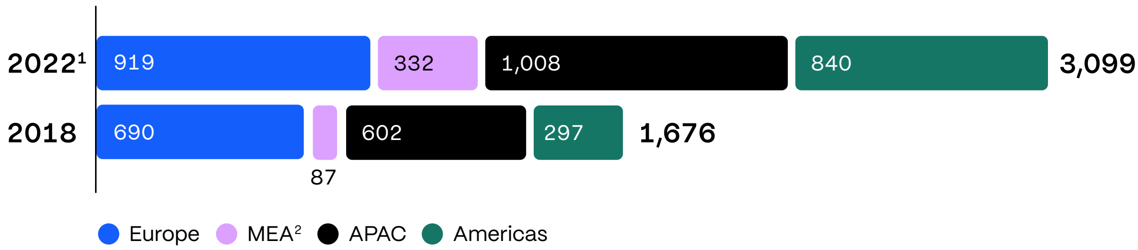
Cost parity of aluminium-layer-free cartons with standard alu structures

Aseptic carton made with **90% fibre content** ready to go into the paper recycling stream

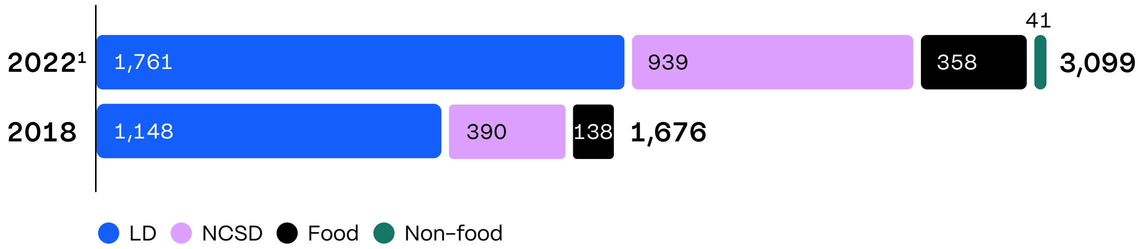
"The Perfect Pack"

Overview of expanded SIG Group

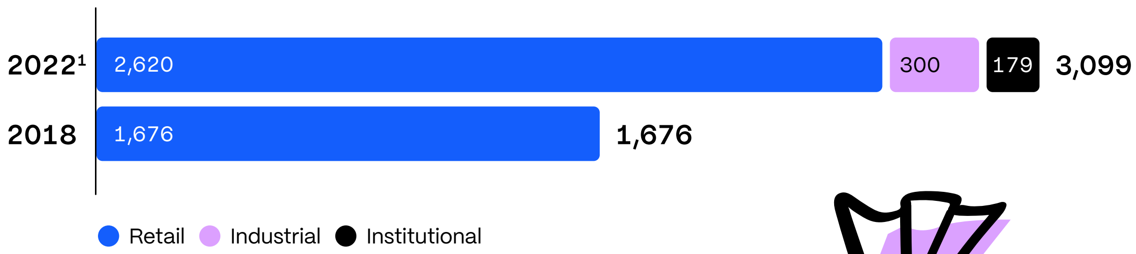
Revenue by region (in € million)



Revenue by end market (in € million)



Revenue by sales channel (in € million)



1 Incl. Scholle IPN and Evergreen Asia pro forma (12 months).

2 2018 MEA revenue represents sales from SIG to its former joint ventures, which since 2021 are fully consolidated by SIG.

Visit the online report for more information about revenue breakdown: https://reports.sig.biz/annual-report-2022

Demonstrating our packs' environmental credentials

By bringing carton, bag-in-box and spouted pouch together in our portfolio, we have further strengthened our ability to support customers in their transition to more sustainable packaging across a wide range of market applications – from dairy and fruit juice to water, wine and baby food – in retail, food service and industry settings.

This opens up even greater potential for our business to deliver a **net positive impact** on people and the planet by helping customers get more food to consumers around the world in more settings – all in a safe, sustainable and affordable way.

Aseptic cartons

Our aseptic cartons help customers deliver billions of litres of food to consumers around the world every year, keeping food safe for months without the need for refrigeration or preservatives.

Critically reviewed life-cycle assessments, conducted in line with recognised international standards, show that SIG's aseptic cartons have a 28–70% lower carbon footprint than alternative packaging such as plastic and glass bottles and aluminium cans for dairy, non-carbonated soft drinks and food.

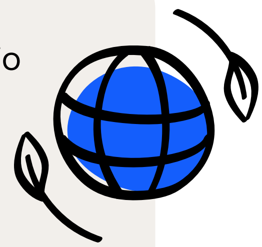
Our most sustainable innovations **cut this even further.** Packaging materials in our **SIG**NATURE portfolio cut carbon by up to 58% compared with standard SIG aseptic cartons.

SIG standard aseptic cartons offer

28–70%

less CO_2 than plastic and glass bottles, or cans

Our **SIG**NATURE portfolio cuts CO_2 by up to



58%

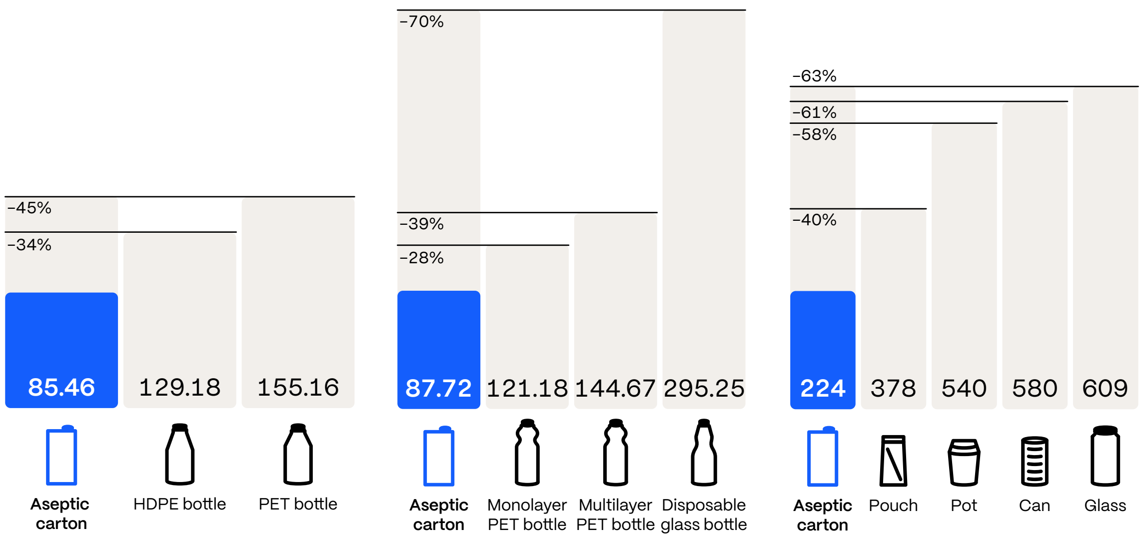
compared with our standard aseptic cartons

Carbon footprint: how aseptic beverage cartons compare[1]

Liquid dairy
kg CO_2 equivalent per packaging required for 1,000 litres UHT milk

Non-carbonated soft drinks
kg CO_2 equivalent per packaging required for 1,000 litres non-carbonated soft drinks

Food
kg CO_2 equivalent per packaging required for 1,000 litres food

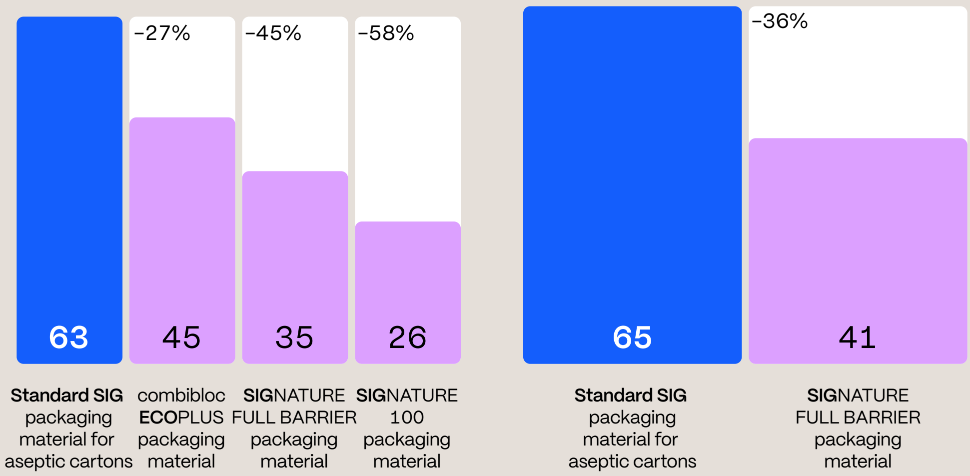


1 Based on life-cycle assessments for UHT milk, non-carbonated soft drinks and long-life food.

Carbon footprint: additional savings with our SIGNATURE portfolio for aseptic cartons

Milk
kg CO_2 equivalent per packaging required for 1,000 litres of milk in 1 litre cb3 pack format (with cSwift)[1]

Fruit juice
kg CO_2 equivalent per packaging required for 1,000 litres of fruit juice in 1 litre cb2 pack format (with cSwift)[2]



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.

"Being the first to offer Dutch consumers such a great, convenient and sustainable packaging solution for our on-the-go juices is an important step forward for Riedel. We conducted an independent life-cycle assessment, and the positive results show SIG's combismile pack has 75% less CO_2 emissions than our previous PET bottles. On the one hand we are following our carton pack roots, while on the other bringing true innovation with combismile and **SIG**NATURE FULL BARRIER, as our busy consumers gravitate towards more sustainable and convenient packaging options."

Julie van Bergen
Marketeer, Riedel

Bag-in-box and spouted pouch

Our newly acquired bag-in-box and spouted pouch packaging solutions offer significant sustainability benefits by design.

Both offer strong product-to-packaging ratios, optimising material use while still effectively protecting the food inside. The protection they offer also helps to avoid potential food waste from spoilage and the extra pressure this puts on resources.

Preliminary results of a life-cycle assessment – conducted in line with recognised international standards and to be confirmed through an independent critical review process – show **significant carbon savings** compared with alternative types of packaging.

Bag-in-box for wine offers an approximate 80% smaller carbon footprint than glass bottles. Meanwhile, mono-material spouted pouches for baby food offer an 11% reduction in carbon footprint compared with plastic tubs and a 59% reduction compared with glass jars.

Noah Buscher/Unsplash

Sustainable innovation

SIG's standard packs – cartons, bag-in-box and pouches – already offer the most sustainable packaging solutions in each relevant market segment. We are innovating to make them even more sustainable as part of our commitment to go Way Beyond Good for people and planet.

The **SIG**NATURE portfolio of our most sustainable solutions for aseptic cartons continues to grow. **SIG**NATURE EVO, launched this year, is the latest development from SIG's sustainable innovation pipeline. The world's first full barrier solution for aseptic cartons with no aluminium layer, it extends our aluminium-free[1] aseptic carton portfolio beyond dairy to more oxygen-sensitive products such as fruit juices. It follows the recent launch of SIG NEO, our next-generation filling machine, which further reduces the environmental footprint of filling.

In our bag-in-box and spouted pouch businesses, innovations are focused on increasing the recyclability of these types of packaging and exploring alternatives to virgin fossil-based plastics. We already offer the first APR[2]-recognised recyclable bag-in-box. Other innovations include recycle-ready mono-material spouted pouches and the world's first bag-in-box linked to post-consumer recycled content – both being trialled by major customers.

We see great potential to catalyse sustainable innovation across our portfolio by harnessing complementary know-how and experience across our carton, bag-in-box and spouted pouch businesses to go Way Beyond Good.

See > page 126 for more on our sustainable innovation.

1 With no aluminium layer.
2 Association of Plastic Recyclers.

Creating more thriving forests

Our planet depends on forests

They maintain climate and rainfall patterns, store carbon and provide a home to most of the Earth's land-based biodiversity.

For over a decade, we have led the industry in sustainable sourcing of liquid packaging board, the main raw material in our packs, through FSC™ certification. Now, we are going even further on The Way Beyond Good.

Not only will we continue to protect 100% of the sustainable forests that supply the wood fibres we need to make SIG packs now and in future, but by 2030 we will also create, restore, protect or improve the management of an additional 650,000 hectares of biodiverse sustainable forest area. That's the equivalent forest area needed to produce all the packs we made in 2020 all over again.

100%

of the liquid packaging board for our aseptic packs is procured with FSC™ certification

650,000 ha

of additional forests to be created, restored, protected or improved by 2030

Pioneering partnership

In a major new partnership, SIG is joining forces with WWF Switzerland to invest directly in field projects to protect, restore or improve thousands of hectares of forests, with a strong focus on enhancing our positive impact on biodiversity.

Over the next five years, we will work together to help build resilient forest ecosystems globally by strengthening and expanding sustainable forest management, protection and landscape restoration.

We have also joined WWF's Forests Forward programme, publicly committing to a series of actions designed to scale up our impact by engaging with suppliers, customers and others to boost the industry's commitment to sustainable forestry and contribute to global goals.

"SIG's strong commitment on thriving forests aligns well with our Forests Forward vision. Our new partnership will enable us to work together to deliver targeted support for at-risk forests in biodiversity hotspots and deforestation fronts. These projects will help forests thrive, together with the wildlife and people who depend on them."

Thomas Vellacott
Chief Executive Officer, WWF Switzerland

Restoring forest ecosystems in Mexico

Our first project on the ground with WWF Switzerland will help support some of Mexico's richest natural landscapes. The Central Pacific Landscape on the country's western coast holds key ecosystems and biodiversity and provides a critical corridor for jaguars to move across forest and mangrove habitats.

Through Forests Forward, SIG and WWF will work with local communities to improve the management of **100,000 hectares** of forest landscape and restore **750 hectares** of degraded forest.

The project will help secure threatened ecosystems, promote sustainable productive practices, and support habitable conditions in productive areas, as well as allowing jaguars and other wildlife to move through them.

WWF | Together supporting thriving forests | SIG

© WWF, Nick Hawkins

Leading the industry on sustainable forestry

Our pioneering partnership with WWF reinforces SIG's bold Forest+ ambition and leadership within the beverage carton industry. We have a strong commitment to FSC™ certification and all the liquid packaging board for our aseptic cartons is procured with FSC™ certification – one of many industry firsts for SIG on forests. See > page 105 for more on our Forest+ commitments and progress.

FSC FORESTS FOR ALL FOREVER®

"SIG is a good example of going Way Beyond Good. They have led the industry in terms of getting FSC™ certification of their products. Already in 2009, they had worldwide Chain of Custody certification and since 2021 they have 100% of their liquid packaging material FSC™-certified. This is impressive and, I think, a very good example for the rest of the industry."

Kim Carstensen
Director General, Forest Stewardship Council

2009

First in the industry to establish FSC™ Chain of Custody certification at all the paper mills we source from and all our production plants, procurement and sales units

2009–2011

First to introduce the FSC™ label in high volumes for dairy and non-carbonated soft drink cartons – in Germany in 2009, China in 2010 and Thailand in 2011

2016

First aseptic carton provider to enable customers to include the FSC™ label on any of our packs

2017

Helped launch the FSC™'s Vancouver Declaration encouraging companies to pledge support for the United Nations Sustainable Development Goals through FSC™ certification

2018

Passed the milestone of **100 billion** SIG packs sold with FSC™ label

2020

Set ambitious new target not only to protect the forests we source from, but to create, restore, protect or improve the management of an additional **650,000** hectares of thriving forests

2021

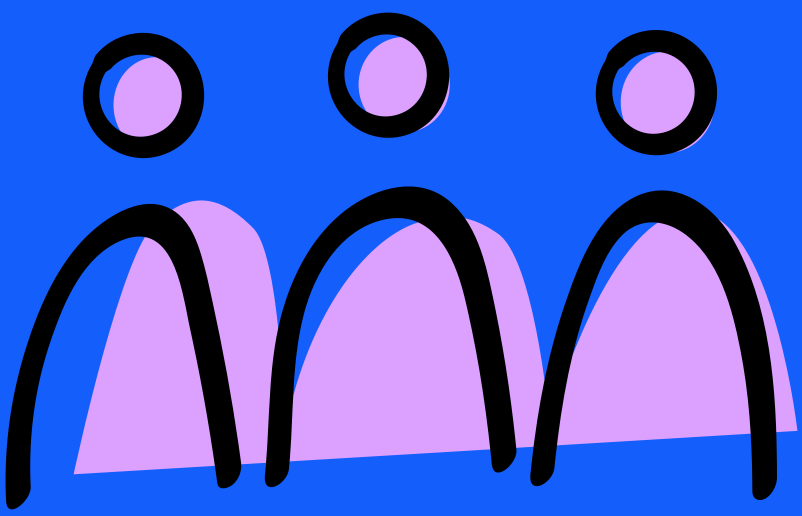
First in the industry to purchase **100%** of our liquid packaging board with FSC™ certification for our aseptic cartons

2022

Launched five-year partnership with WWF Switzerland to protect, restore or improve thousands of hectares of forests

WWF | Together supporting thriving forests | SIG

Our Company



Letter from the Chair and the Chief Executive Officer

Andreas Umbach
Chair

Samuel Sigrist
Chief Executive Officer

Strongly positioned for future growth

2022 was an eventful year for SIG. In line with our ambition to be the global leader in sustainable packaging for liquid food and beverages, we expanded our offering of systems and solutions to include – in addition to aseptic carton – bag-in-box and spouted pouch, as well as chilled carton in Asia.

In our aseptic carton business, which represented 85% of our revenue in 2022, we achieved excellent organic revenue growth of 8.0% for the year compared with 2021. This included both price and volume gains. Higher volumes were achieved through continued geographic, category and channel expansion, allowing us to achieve market share gains in multiple markets.

One of our most successful expansions during the year was in India, where we won a significant number of new filling machine contracts, securing our presence with the leading dairy and NCSD players. Over the next two years we expect to deploy approximately 35 new filling machines. In response to this rapid growth, we will commence the first phase of construction of a local aseptic carton packaging plant in 2023, with completion expected in 2024. The plant will initially provide printing and finishing capabilities.

Robust revenue growth and profitability

Group revenue of €2.8 billion in 2022 reflected growth of 27.4% including the contribution from acquisitions (constant currency), with strong organic growth of 8.0% (constant currency) in the aseptic carton business. Adjusted EBITDA for the year was €652 million, an increase of 14% compared with the prior year. The adjusted EBITDA margin of 23.5% reflected dilution from the Scholle IPN and Evergreen Asia acquisitions, higher raw material, energy and freight costs, and a mathematical compression from price increases, which did, however, help to offset the rising costs in absolute terms. The ability to offset inflationary pressures through price increases, albeit with a lag, is testimony to the strength of our business model.

Adjusted net income was €287 million (2021: €266 million) and diluted adjusted EPS was stable at €0.79, against the backdrop of an increase in the number of shares following the Scholle IPN and Evergreen Asia acquisitions. Free cash flow was €263 million (2021: €258 million) despite acquisition-related costs. Capital expenditure was below the guided range of 7–9% of revenue, even with continuing investment in our first aseptic carton production plant in Mexico – which commenced commercial production in mid-February 2023 – and a high level of filling machine investments. Given the increased number of shares outstanding, the Company has undertaken to deliver a progressive increase in the dividend per share. We are therefore proposing to increase the dividend to CHF 0.47 per share, compared with CHF 0.45 per share in 2021. This represents 64% of adjusted net income.

Both Standard and Poor's and Moody's have reaffirmed their ratings of the Company, confirming our strong credit profile. This has enabled us to secure long-term financing for the acquisitions on attractive terms. Net leverage at the end of 2022 was 3.1x, and we remain committed to a ratio of towards 2x mid-term, with a milestone of 2.5x by the end of 2024.

Strong pipeline sustaining future growth

We are delighted to report that we placed 91 aseptic carton filling machines during the year. This is an exceptionally high number, which will drive mid-term market share gains. We also have a strong pipeline for 2023 showing that, even in periods of high inflation and economic uncertainty, customers are willing to invest in growth. Our customers are attracted by the volume flexibility of our filling machines, which in the current environment allows them to switch to smaller sizes in order to maintain affordability. They also appreciate the ability to fill particulates, fuelling the trend for healthy innovative drinks post-COVID-19. Additionally, our aluminum-layer-free packaging solution, which reduces the carbon footprint of a carton by up to 58%, enables customers to respond to increasing pressure from consumers to reduce their carbon footprint.

Broadening our reach and our resilience

Since the IPO in 2018, SIG has consistently met or exceeded its constant currency revenue growth guidance of 4–6%. We are committed to sustaining above-market growth along with best-in-class margins and strong recurring cash flows. The acquisitions made in 2022 continue a strategy of geographic expansion implemented over many years, which has increased the level of sales outside Europe from less than 25% in 2008 to around 70% today on a pro forma basis. These acquisitions also accelerate our category and channel expansions.

Scholle IPN broadens our growth platform

Scholle IPN enjoys competitive advantages due to its know-how and intellectual property in barrier films and fitments. Its engineering solutions are deeply embedded within the customer's value chain, contributing to the development of longstanding customer relationships that generate recurring revenue.

Scholle IPN strengthens our foothold in the Americas market and provides access to the leading global beverage and quick-service restaurant customers in the world. This provides meaningful opportunity for growth, especially through SIG's well-established emerging market platform, as we launch bag-in-box and spouted pouch solutions in Asia Pacific, South America, and the Middle East and Africa.

Together, the R&D capabilities of SIG and Scholle IPN will accelerate our journey towards a full barrier aluminium-layer-free carton portfolio at cost parity with our standard cartons.

Drawing on SIG's core technical competences of aseptic high-speed filling will allow us to develop high output solutions for spouted pouch customers, reducing the total cost of ownership for our clients. Combined with Scholle's proprietary sealing equipment and its mono-material packaging substrates, we aim to deliver an industry leading solution which is fully recyclable, has improved nutrient preservation and reduces food waste.

We see opportunities to increase the margins of spouted pouch and bag-in-box through geographic expansion, an increased share of aseptic sales and the further development of systems and solutions. With our FMCG expertise and state-of-the art technology centres, we will be able to drive joint innovation together with customers.

We are pleased that we can already report initial revenue synergy wins in Europe, MEA, Thailand, Indonesia and Brazil.

Category expansion with Evergreen Asia

The acquisition of Evergreen Asia's chilled milk business complements SIG's aseptic carton platform in Asia. Based on an increasingly developed cold chain in China's urban centres, the chilled and extended shelf-life milk category is experiencing robust growth. This creates a significant opportunity for cross-selling as SIG aims to increase share of wallet with existing key customers in Asia. Evergreen Asia also provides access to many dynamic regional dairies in China, which primarily focus on chilled milk. Drawing on SIG's core technical competences, we plan to accelerate new product development and drive future market share gains in the category.

Corporate responsibility and sustainability at our core

Our net positive ambition is encompassed in our commitments around Forest+, Climate+, Resource+ and Food+. You can read more about these key areas in this Annual Report: https://reports.sig.biz/annual-report-2022/the-way-beyond-good/approach-and-performance. To touch briefly on two of them:

Forests are at the heart of our business, with 75% or more of our cartons made from liquid packaging board sourced from responsibly managed forests. We have a long history of Forest Stewardship Council (FSC™) certification, and since 2021 all the liquid packaging board we use has been FSC™-certified. Our commitment to create more thriving forests goes way beyond our own supply – it recognises their importance for humanity as a carbon sink and a habitat for wildlife. This commitment was instrumental in SIG qualifying as a partner to WWF Switzerland, and together we are committed to accelerating progress in forest management and restoration.

Our aseptic carton production has been carbon neutral since 2018, and in 2022 we announced that we would further extend our use of renewable electricity, currently in use in Thailand, Brazil, China and Germany, via the construction of a new vast solar installation at our production sites in Linnich and Wittenberg, Germany. Further installations are planned globally, as we focus on reducing our carbon emissions for our business and our customers.

We use the EcoVadis ratings platform to measure our progress on sustainability on an annual basis as it 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. In 2022, we once again achieved a platinum rating from EcoVadis, putting SIG in the top 1% of all businesses participating in the sustainability assessment.

We were delighted to be included as a constituent of the FTSE4Good index following the December 2022 Index review. We believe this is recognition of our ESG commitment and how sustainability remains at the core of our business.

We are extending our sustainability strategy across our entire operations and supply chain as we integrate the acquired businesses. We have set ambitious new targets to reduce scope 1, 2 and 3 emissions across the enlarged group by 52% per litre packed by 2030. We are currently awaiting approval of our targets from the Science Based Target initiative.

Fostering diversity and an inclusive culture

Management and the Board of Directors are firmly committed to increase the number of women on the Board and in leadership positions within the Company. In 2022, we made further progress towards our ambitious targets, with the percentage of women in leadership positions increasing to 23% compared with 20% in 2021. Women on our Board of Directors currently represent one third of the members and we remain committed to at least maintaining that level. Management continuously consults with employees in order to monitor whether we are taking the right measures and sustaining our culture.

Appreciation for our people

This year, SIG welcomed approximately 2,900 new employees, taking our Group total to around 9,000 people. We are pleased to observe a common sense of purpose and a shared passion for our business. We would like to thank all our employees, from those who have recently joined to those who have been with us for many years, for their exceptional performance in driving the business forward at a time of change and in a challenging environment. We look forward to continuing to build on our combined energy and enthusiasm.

Andreas Umbach
Chair

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, including our newly expanded packaging substrates. Together with our smarter factories and connected packs, we aim all to address the ever-changing needs of consumers.

INPUTS

People

~9,000 employees of >80 nationalities	**141,368** hours of training[1]	A focus on diversity, equity and inclusion

Environment

100% of paperboard purchased has FSC™ certification	**100%** renewable electricity for aseptic carton production	**100%** of aluminium for aseptic cartons purchased with ASI certification[2]

Financial

€1,668m property, plant & equipment	**€36m** net filler capital expenditure	**€60m** investment in R&D

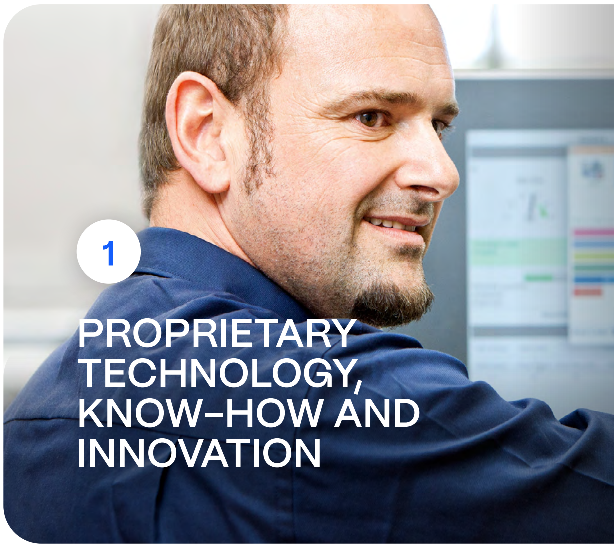
Operations

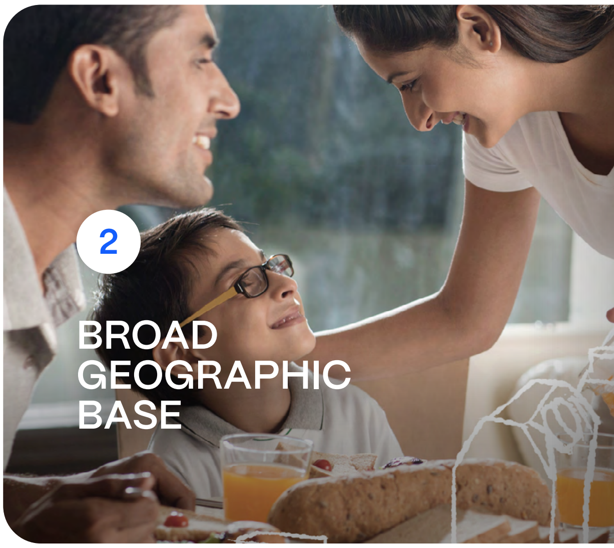
27 production plants	**6** equipment assembly plants	**1,359** aseptic carton filling machines in the field

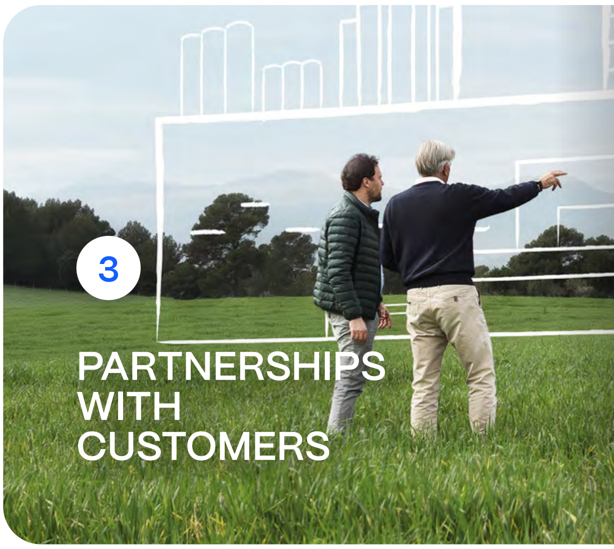
1 Excludes Scholle IPN.
2 From January 2023.

The full interactive version of our business model can be found online at https://reports.sig.biz/annual-report-2022/our-company/our-business-model.html

THE SIG DIFFERENCE







1 Proprietary technology, know-how and innovation

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. Our new packaging formats and substrates broaden our ability to offer the most flexible and sustainable packaging solutions for liquid food and beverages. We intend to combine our engineering expertise to increase output of aseptic bag-in-box and spouted pouches and to expand the use of recyclable mono-materials.

2 Broad geographic base

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. With the acquisitions of Evergreen Asia and Scholle IPN, we have further increased our presence in Asia Pacific and in the Americas. We have also created new opportunities for growth in emerging markets. We operate production facilities 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 Partnerships with customers

Our systems and solutions-based approach underpins our customer partnership model. Our aseptic filling and packaging technology is at the heart of our customers' operations and the co-development of fitment solutions and unique connectors for bag-in-box supports long-term customer relationships. 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.

OUTPUTS

People

23 %	**0.35**	**6.6** %
women in leadership positions	lost-time case rate[1]	voluntary turnover rate[2]

Environment

	12.1 bn litres	**25** %
All aseptic cartons designed to be fully recyclable	of nutritious[3] food and drinks delivered by our customers in SIG aseptic and chilled cartons	lower carbon footprint for SIG NEO filing machines

Financial

8.0 %	**27.3** %	€ **263** m
organic revenue growth[1] at constant currency	ROCE	free cash flow

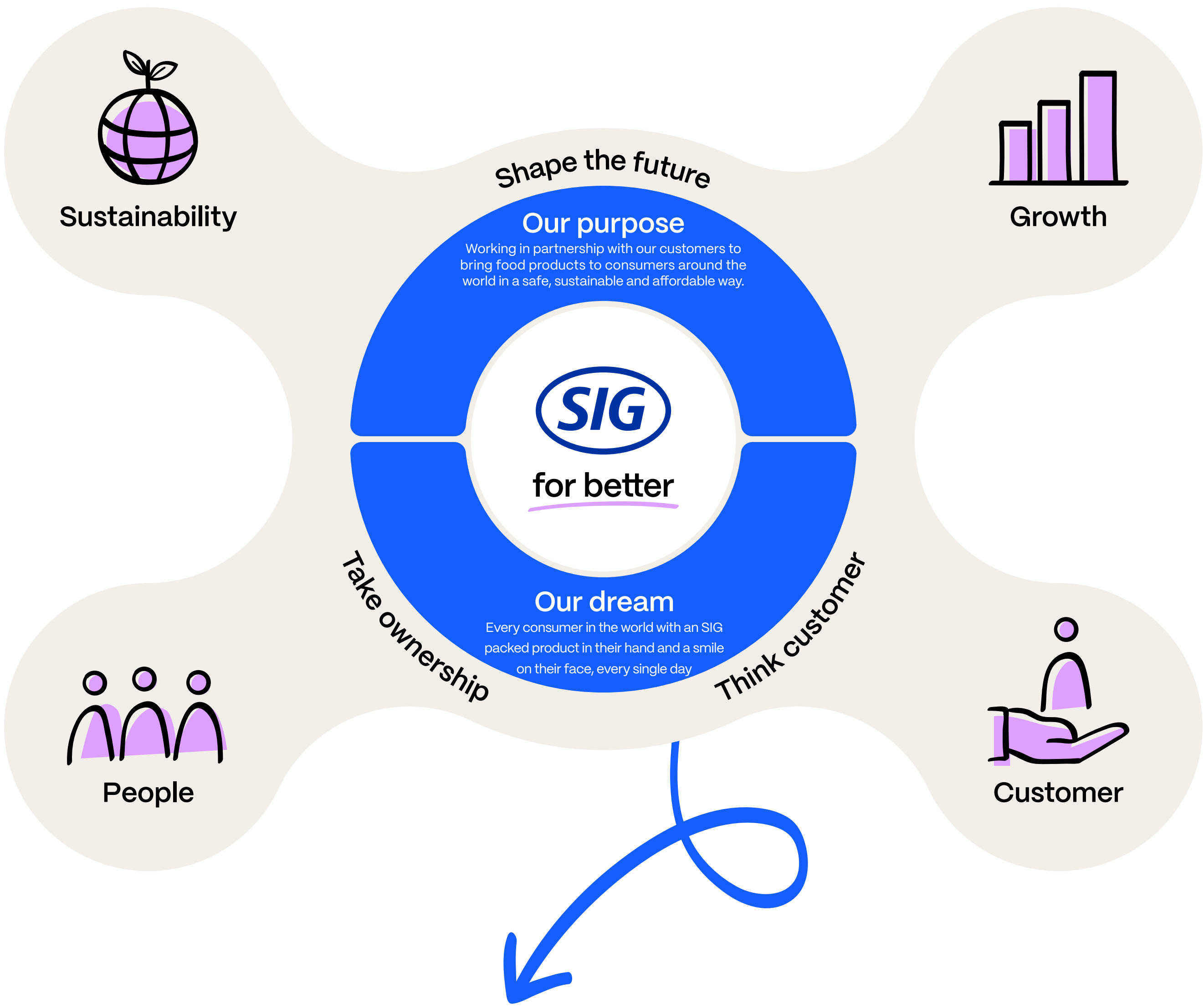
Operations

~49 bn	up to **1,300** L	**>10,000**
packs produced in 2022	per pack	different products filled

1 Excludes Scholle IPN and Evergreen Asia.

2 Excludes Scholle IPN.

3 Defined by the independent Health Star Rating System as food and drinks that contribute to a balanced diet and lead to better health.

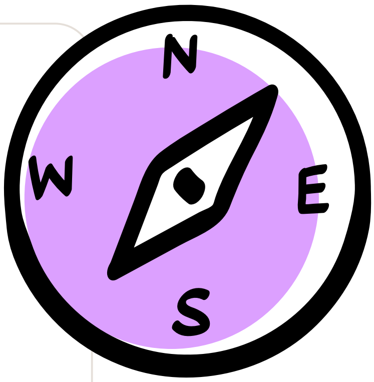


Our strategy

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 packed product in their hand and a smile on their face, every single day.

Our Corporate Compass

For better, our dream and our purpose are at the heart of our Corporate Compass – a strategy made for growth. Founded on three clear principles, our compass guides the choices we make every day. The choices for our people, who always strive for better. For our customers, who can expect packaging solutions for better, every time. For more growth to come closer to our dream and to create sustainable value for our stakeholders. For creating food packaging that makes the world a better place.



Our dream

Every consumer in the world with an SIG packed product 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 principles

Shape the future.
Think customer.
Take ownership.

READ MORE

GROWTH
CUSTOMER
PEOPLE
SUSTAIN-ABILITY

Growth

Our strategic priorities

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

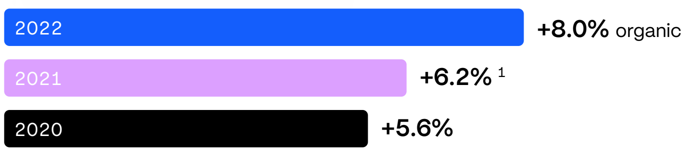
Win **new customers** by bringing choice, differentiation and added value through our unique packaging systems in chilled and aseptic carton, bag-in-box and spouted pouch.

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

Leverage the environmental benefits of the beverage carton, bag-in-box and spouted pouch and SIG's innovative edge in **sustainability**.

Our progress

Revenue at constant currency:



1 Like-for-like.

Our achievements

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

We placed 91 aseptic carton filling machines during the year, an exceptionally high number which will drive mid-term market share gains.

In India, we won 22 new filling machine contracts during the year, securing our presence with the leading dairy and NCSD players. In Europe, our plant-based category continued to expand with 60 new SKUs launched during the year.

In North America, bag-in-box achieved strong market share gains.

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GROWTH
CUSTOMER
PEOPLE
SUSTAIN-ABILITY

Customer

Our strategic priorities

Create total customer satisfaction and increase our Net Promoter Score (NPS) at all touchpoints.

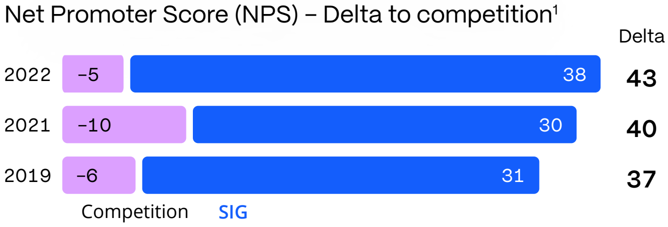
Continuously improve customer experience through **operational excellence** by rigorously executing the SIG Excellence System (SES).

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

Around 80% of our aseptic carton volumes are processed on filling machines that are connected, allowing us to collect data on the performance of the filling machine, the number of packs produced and also the asset condition. This enables preventative and condition-based maintenance, and improves the productivity of our filling machines at customers' sites.

Our **PAC.**TRUST solution provides customers with complete visibility of the production process, from arrival of raw materials to delivery of the finished product at the point of sale. Full product traceability within minutes increases customer efficiency and offers added security for retailers and consumers.

Until recently, technical challenges have meant that almost all spouted pouch launches in the industry have consisted of multi-layer polymer materials, impeding recycling. Mono-materials are key to enabling recycling. In 2022, we began trialling our mono-material pouches with two large customers in Europe.

The roll-out of our on-the-go formats in Europe has enabled the region to reach more customers and consumption occasions, as the focus in Europe has traditionally been on the one litre at-home market. Conversely, in South-East Asia, nine of the filling machine contracts won during the year were for one-litre formats, providing further traction in a market which has traditionally focused on on-the-go consumption.

READ MORE

GROWTH
CUSTOMER
PEOPLE
SUSTAIN-ABILITY

People

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.

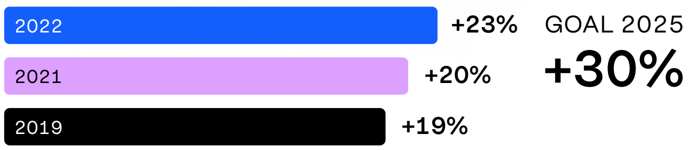
Employee satisfaction
Listening and responding to our people, recognising the work they do and rewarding performance. This helps us to sustain high levels of job satisfaction, motivation and engagement.

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



Our achievements

Women now represent a third of our Group Executive Board. Female representation at leadership level is at 23% in 2022, up from 20% in 2021, and we remain on track to achieve our target to increase women in leadership positions to 30% by 2025.

Coaching and mentoring continue to have a high take-up in the organisation with 58 mentors and 54 mentees actively participating in 2022. Other programmes offered included Transformational Leadership, Operations Leadership and new leader programmes as well as on-demand training through Bookboon e-library.

We already integrated Scholle IPN and Evergreen Asia into our emerging market teams.

In our biennial employee survey, we significantly outperformed industry benchmarks on corporate responsibility, equal opportunities and inclusion, learning and development (particularly career advancement opportunities), fairness of pay and retention. We achieved Great Place to Work™ certification in South America for the second time and in North America for the first time (for both Mexico and the USA).

READ MORE

Sustainability

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 for our aseptic carton production

(thousand tonnes CO_2 equivalent)

–78%
(from 2016)

Our achievements

SXI Switzerland Sustainability 25® Index – We maintained our position among the top 25 most sustainable companies listed on SIX Swiss Exchange based on a third-party assessment.

FTSE4Good – SIG Group AG is now a constituent of the FTSE4Good index series, which is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.

Ecovadis Platinum – Our 2022 Platinum rating from EcoVadis again puts SIG in the top 1% of businesses participating in its latest sustainability assessment.

We have cut our value chain carbon footprint by 20% in Scope 1, 2 and 3 greenhouse gas emissions per litre packed for our aseptic carton business since 2016. We have set a new target for a 52% reduction by 2030 (from 2020) for SIG Group (including aseptic and chilled carton, bag-in-box and spouted pouch).

Renewable, fibre-based packaging solutions – 100% liquid packaging board for our aseptic cartons purchased with FSC™ certification, and our major new partnership with WWF Switzerland is driving progress on our Forest+ ambitions.

READ MORE

Our team

The best place to turn your dreams into reality

We aim to create an environment where all of our approximately 9,000 employees worldwide feel free to believe in more by helping our Company to explore new paths and create what's next. We believe that by fostering an inclusive culture, supporting fair and equal opportunities for everyone and creating a working environment free of biases, we enable our employees to develop their full potential and to feel recognised and rewarded.

Talent development

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

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

Employee satisfaction

By creating an engaging and energising working environment, we aim to enable our employees to realise 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 town hall meetings and smaller group sessions with SIG C-level executives. Our employee value proposition, "Believe in More", encourages our employees to create what's next, inspire real change and make a positive impact. As a result, our sustainable engagement score was very close to the industry benchmark in the 2022 survey.

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 (eg. 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.

We have received external recognition for our efforts on employee satisfaction, achieving Great Place to Work™ certification – the global benchmark for outstanding employee experience based on employee surveys – in South America for the second time and in North America for the first time.

Employment and labour rights

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

We have continued to review and strengthen our human rights due diligence by assessing our operations and supply chain against upcoming regulatory requirements.

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 collaborating with universities to attract female engineers, engaging women and minorities better in our recruitment processes, 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, eg. 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.

Technology and innovation

Through our proprietary technology, know-how and continuous innovation, we aim to deliver benefits to consumers and attractive returns for our customers. Sustainability is a key priority, and we devote significant resources to driving our net positive ambition. Our extensive internal R&D competences are augmented through external partnerships with innovative suppliers to the packaging and food and beverage industries.

Product development: extending aluminium-layer-free solutions to more products

SIGNATURE EVO provides full barrier protection, without an aluminium layer, for oxygen sensitive products such as fruit juices, flavoured milk and plant-based beverages.

In 2022, SIG continued to lead the industry with our pioneering **SIG**NATURE portfolio of full barrier aseptic cartons without an aluminium layer. Our **SIG**NATURE portfolio reduces the CO_2 footprint of a carton by up to 58% compared with our standard carton structures. In January, we launched **SIG**NATURE EVO, which expands this offering – already available for plain white milk – to oxygen-sensitive products such as fruit juices, nectars, flavoured milk and plant-based beverages.

Our packaging protects these products over long periods of time without the need for refrigeration and without preservatives. This enables our customers to bring low-impact packaging solutions to more categories and more consumers around the world, supporting their public commitments to reduce CO_2 emissions. Our **SIG**NATURE EVO sleeves are compatible with our installed base of filling machines and, like all our packs, **SIG**NATURE EVO is fully recyclable in existing recycling streams.

The next phase of product development for our aluminium-layer-free portfolio is to further optimise its cost structure to reach levels in line with our standard carton structures containing aluminium. This will ensure aluminium-layer-free solutions are more affordable and more widely available. Our acquisition of Scholle IPN is contributing significantly to this area, bringing in-depth expertise in barrier films. Technical feasibility studies using Scholle IPN barrier technologies in our extrusion process commenced in 2022 and will continue in 2023.

Leveraging technologies across the portfolio

Building on our longstanding expertise in aseptic carton, we aim to develop high-speed aseptic filling machines with in-line sterilisation for our spouted pouch offering. Our first in-line aseptic prototype will be installed in Costa Rica in the first quarter of 2023 for a large banana producer.

Until recently, technical challenges have meant that almost all spouted pouch launches in the industry have consisted of multi-layer polymer materials, impeding recycling. Mono-materials are key to a circular economy, and Scholle IPN has met this challenge with its proprietary Induction Bossar Motion Series (iBMS) capability – a revolutionary technology using induction sealing that allows mono-material pouches to be formed at a high production speed. Our patented diamond-shaped fitment provides improved sealability, and our fully recyclable RecShield™ mono film will ensure product quality and long shelf life.

In 2022, we began trialling our mono-material pouches with two large customers in Europe.

By leveraging our aseptic capabilities, we plan to industrialise the output of high-speed aseptic mono-material pouches. Ultimately, we aim to revolutionise the aseptic carton market with a mono-material carton that can be recycled entirely in the paper stream.

Fast-track consumer-centric innovation: benefits for customers and consumers

SIG has three major Tech Centres located in Germany, China and Dubai, where we conduct consumer-led research, enabling us to meet the needs of consumers in each region. We work with our customers to co-create innovative recipes that can be piloted on processing equipment and then on our filling lines. The Tech Centre in Germany is food-certified, allowing us to produce initial small batches that are launched into the market for testing. This reduces time to market for our customers and speeds up their innovation cycle.

Our **SIG**CUBATOR programme targets start-ups and small companies that do not have the means to manufacture at scale. Prototype testing takes place at a Tech Centre and is supported by expert advice and consumer-focused insights. The commercial launch of the product is facilitated through our global network of food and beverage companies. This programme has helped start-ups such as GROUNDED and The Good Pea Co. bring cutting-edge innovations to market.

Innovative filling machines with high levels of flexibility

The perfect package is delivered through a solution-based approach that includes filling technology and technical service. The size flexibility of our aseptic carton-filling machines contributes to an attractive total cost of ownership by reducing changeover times and enabling the customer to respond to changing retailer and consumer requirements more quickly. This includes the ability to reduce carton size to ensure that customers are able to maintain an important psychological price point for consumers during inflationary periods, especially in emerging markets.

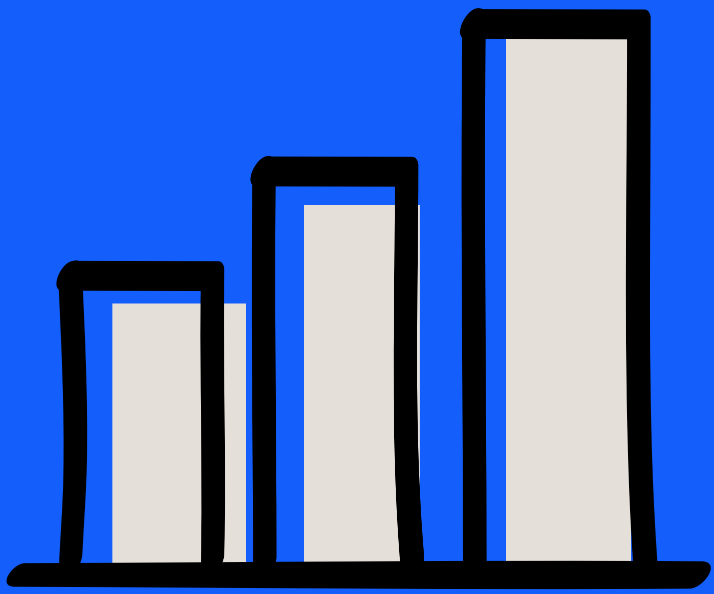
Digital solutions further increasing customer efficiency

Around 80% of aseptic carton volume is processed on filling machines that are connected, allowing us to collect data on the performance of the filling machine, the number of packs produced and also the asset condition. We have developed a Smart Maintenance programme with GE Digital to leverage that data connectivity. The programme includes two software applications: Asset Performance Management and Field Service Management. These applications enable preventative and condition-based maintenance, and improve the productivity of our field service engineers.

Our **PAC.**TRUST solution provides the customer with complete visibility of the production process, from arrival of raw materials to delivery of the finished product at the point of sale. Full product traceability within minutes increases customer efficiency and offers added security for retailers and consumers.

This year, our highly intuitive user interface, SIG CRUISER, won two prestigious awards – the iF DESIGN AWARD 2022 Gold and a Red Dot Award Brands & Communication Design 2022. Developed as part of our next-generation SIG NEO filling technology, SIG CRUISER enables customers to set their complete production process and makes handling much easier for the operator, reducing the need for training or experience.

Business review



Regional review

Europe

Revenue 3rd	Revenue growth[1]	Organic growth[2]
€849m	+15.9%	+4.4%

Introduction

In Europe, we have a strong focus on productivity, high output, flexibility and low waste rates. We deliver a superior cost of ownership to our customers and continue to invest in connected machines and reliability centres to further improve our operational efficiency. R&D is conducted at our Tech Centre in Linnich, Germany, which includes a consumer testing facility where we co-develop recipes and formats for new and growing categories such as plant-based milk alternatives. The region is at the forefront of sustainable packaging structures, driving demand for our aluminium-layer-free sleeves.

2022 overview

Our business in Europe continued to show solid growth in 2022 despite the return of at-home consumption to more usual levels, as more time was spent out of the home following the recovery from the COVID-19 pandemic. Volume growth was supplemented by price increases, which took effect from the second quarter onwards. In retail, many of our customers provide non-discretionary products for daily consumption, where demand remains resilient.

Performance highlights

In 2022, we placed 15 new aseptic carton filling machines with Hochwald, a leading German dairy co-operative. These machines ramped up during the course of the year and made a significant contribution to growth. Hochwald's choice of SIG reflects a number of advantages, including a competitive total cost of ownership and a track record of efficiency and product safety. Waste rates are low, which not only improves profitability but also resonates with the increasing concern for sustainability. The flexibility of the system allows the customer to respond rapidly to changing market needs.

1 At constant currency.

2 At constant currency, excluding the impacts of the Scholle IPN acquisition and adjusting for the consolidation of the former Middle East joint ventures.

Entering new categories and growing our customer base

Hochwald is partnering with SIG to test our latest-generation filling machine, SIG NEO, with combivita cartons to fill plant-based milk alternatives – an example of the latest technology being deployed in a rapidly growing market segment.

Also within plant-based milk alternatives, Framptons, in the UK, launched eight brands with SIG cartons.

Traditionally our European business has been focused on litre packs, and these remain a mainstay of consumer demand. However, the roll-out of combismile in Europe has continued and is enabling us to serve demand for smaller packs, often for on-the-go consumption. Danone, which first launched combismile for flavoured waters under the Volvic brand, has expanded the offer to still water.

Furthermore, our most sustainable packs continue to gain traction. Olympia Dairy became the first company in Belgium to fill products in SIG aseptic carton packs with **SIG**NATURE 100 packaging material with no aluminium layer and with no fossil-based plastics. 100% of the carton packaging is linked to forest-based renewable materials. As such, **SIG**NATURE 100 lowers the carbon footprint of our carton packs even further.

In the Netherlands, Riedel is combining combismile with **SIG**NATURE FULL BARRIER, linked to forest based renewable materials, for its range of juices, and Unilever has switched to **SIG**NATURE FULL BARRIER for Lipton Iced Tea, in line with its commitment to a circular economy.

All our packs, including the standard structures, offer an attractive environmental profile with the lowest CO_2 footprint compared with other packaging substrates. In addition, the cost competitiveness of carton is playing an increasing role in a context of higher commodity prices, with some customers considering changing from metal cans to carton for food products.

Olympia Dairy has taken a big step forward in sustainability as it becomes the first company in Belgium to fill products in SIG aseptic carton packs with **SIG**NATURE 100 packaging material with no aluminium layer. 100% linked to forest-based renewable materials, **SIG**NATURE 100 lowers the carbon footprint of carton packs even further.

Looking ahead

Our new bag-in-box and spouted pouch substrates offer additional opportunities in Europe. Existing liquid dairy customers are excited by the expansion of our packaging range, while industrial bag-in-box opens new avenues to access processors of fresh produce in Europe.

In aseptic carton, we will continue to deploy filling machines over the coming years. This includes deployment of the first SIG NEO lines with our customers in 2023, and we expect to see continuing demand for our aluminium-layer-free carton structures.

Middle East and Africa

Revenue 3rd	Revenue growth[1]	Organic growth[2]
€332m	+22.6%	+12.1%

Introduction

The Middle East and Africa (MEA) region has the fastest-growing populations in the world. With GDP per capita also on the rise, there is enormous potential for increasing the consumption of processed and packaged food. There is an urgent need to provide affordable and nutritious food and beverages to a growing population with income levels that are still relatively low. As cold chains are lacking in many parts of the region, aseptic carton packaging solutions are sought after as a way of bringing more products to more people. The addition of bag-in-box and spouted pouches to the SIG portfolio presents new opportunities for the safe delivery of a wider range of products.

2022 overview

The ending of COVID-19 restrictions – in particular the re-opening of schools – contributed to strong revenue growth for SIG, with in particular a rebound in portion packs of non-carbonated soft drinks. The placing of new aseptic carton filling machines and the ramping-up of machines placed in earlier periods also played a significant role.

Given that disposable incomes in MEA remain relatively low compared with international standards, the need for affordability becomes even more acute, especially in an inflationary environment. The flexibility of SIG filling machines enables our customers to respond to consumer needs by switching to smaller formats, thereby limiting the need for consumer price rises.

Performance highlights

Seizing the dairy opportunity

Several years ago, SIG initiated a strategy to increase the weighting of liquid dairy in its portfolio. We did so in the knowledge that, while the demand for milk as a cheap source of protein is growing, per capita milk consumption in the region remains very low – around one tenth of the level in Europe. Our strategy has led to an expansion of liquid dairy volumes from 54% in 2018 to 64% in 2022. This has been accompanied by a strengthening of our position with key customers. We have expanded our liquid dairy share in South Africa with new installations at Lactalis and FairCape Dairies. We have also seen market share gains in liquid dairy in Saudi Arabia and Egypt.

1 At constant currency.

2 At constant currency, adjusted for the consolidation of the former Middle East joint ventures.

"It was vital for us to find a premium packaging which complemented the superior quality, modern image and innovative ingredients of our existing liquid dairy product. We were looking to relaunch in the Saudi Arabian market with a new look and feel. Following our close cooperation with the team at SIG, we quickly found an innovative solution that allows us to offer additional benefits to our consumers. combismile not only ensures differentiation on the shelf due to its unique shape and modern look, but it also clearly shows the high product quality and offers our mobile consumers unmatched on-the-go convenience."

Hisham Ezz El-Arab
Chief Executive Officer (CEO) at Al Safi Danone

Innovation and service excellence

In MEA, food is a relatively new category for aseptic carton and one where we are also growing our presence with customers such as Arla and Baladna.

It is not just about the quality of our packs and the innovation that lies behind them. Service is a key component of our offering and is tailored to the needs of our customers. Our 24/7 remote service, provided through our Reliability Centre, provides immediate and efficient problem-solving for customers in hard-to-reach areas and makes the best use of the expertise we have available.

Pioneering in sustainability

We welcome the increasing interest in sustainability that is spreading across the region. We are not just promoting the environmental benefits of our cartons – we are taking an active role in promoting a circular economy. In Egypt, we have launched "Recycle for Good", an innovative recycling initiative to enable households to arrange direct collection of used aseptic carton packs using a mobile app. The programme, in partnership with Tagaddod, is the first of its kind in the Egyptian market.

Looking ahead

SIG's business in MEA covers 18 countries, yet the region comprises 70 countries, offering significant scope for expansion. Our expansion strategy is to establish a foothold in one country and use it as a base to serve neighbouring countries. For example, from Mauritania we can reach into Mali, Chad, Niger and Senegal.

The Middle East and Africa represent unexplored markets for Scholle IPN. That is already starting to change. Our Centre of Excellence at the Dubai Silicon Oasis is now demonstrating to customers the expanded range, including bag-in-box and spouted pouch as well as carton.

Asia Pacific (APAC)

Revenue 3rd	Revenue growth[1]	Organic growth[2]
€900m	+19.1%	+7.8%

Introduction

The Asia Pacific region covers a vast range of customer requirements, ranging from the developed markets of Australia and Japan to the emerging consumers of India. In the developing countries of the region, an increasing focus on health, convenience and sustainability is running alongside an ongoing need for affordability, particularly at a time of inflationary pressures.

2022 overview

The start of the year saw strong demand as many South-East Asian countries recovered from COVID-19 restrictions. Later in the year, headwinds emerged with the renewed lockdowns in China and milk shortages in Indonesia and Thailand due to higher feedstock costs. The resilient performance of the aseptic carton business reflected volume and price gains, the ramp-up of new filling machines across the region, and continuing expansion in countries such as India. The region won a record number of new filling machine contracts in 2022, primarily in India and South-East Asia. Customers recognise the superior flexibility of our filling machines, which allows for downsizing in an inflationary environment.

In China, the team produced a record 10.6 billion aseptic carton sleeves in 2022, which was a resilient performance in a market effected by COVID-19 lockdown measures.

Evergreen Asia: building on our strong position in liquid dairy in China

SIG announced the acquisition of Evergreen Asia early in 2022 and the business was consolidated from the beginning of August. Evergreen Asia supplies filling machines, cartons, closures and after-sales service to customers in the chilled segment, mainly for milk. It is the market leader in China, where demand for milk is robust, driven by awareness of its health benefits. As chilled milk is mainly consumed at home, the acquisition broadens our offering with an increase in litre-sized packs, complementing our on-the-go range.

Our aseptic team in China is able to leverage its marketing and technical expertise into chilled and extended shelf-life packaging while also bringing innovation to this segment of the market. Initial innovations will focus on a one-stop opening spout to improve pouring, while we also plan to upgrade filling machine performance to increase output per hour. The acquisition is already generating new cross-selling opportunities with existing aseptic customers.

1 At constant currency.
2 At constant currency, excluding the impacts of the paper mill divestment and the Scholle IPN and Evergreen Asia acquisitions.

Performance highlights

Outperforming in India

In 2022, the expansion of our business in India accelerated. India is the largest aseptic carton market in APAC and is growing by around 12% annually – twice the average growth rate for the region. In India, SIG has grown from just two filling machines in 2018 to 35 filling machines in 2022 and we are partnering with all the top liquid dairy and non-carbonated soft drinks companies. Our format flexibility ensures that our customers can achieve the price points which local consumers can afford.

"In a dynamic market like India, where there is constant evolution in consumer preferences, trends and behaviour patterns, it is essential for the FMCG industry to be agile and respond quickly to market changes. In order to swiftly cater to the continually changing trends, we've joined hands with SIG Group. With their cutting-edge Swiss packaging technology, we have high flexibility to introduce our beverages in a variety of pack sizes and price points to match the buying power of our consumers – from affordable to premium. The goal is to build the Indian beverage market, unlock its full potential and hit new levels of growth with strong partners who are as invested as us in making this vision happen. Moreover, SIG shares our organisation principle of sustainable growth and expansion."

Nadia Chauhan
Joint Managing Director of Parle Agro Pvt Ltd

Premiumisation and sustainability

Elsewhere in APAC, health awareness is increasing and there is a trend towards premium products with high-quality and innovative ingredients. Roots in Taiwan launched its first plant-based drink, using apricot kernels from Asian apricot trees. TH in Vietnam adopted SIG's drinksplus technology to create a pioneering healthy snack drink containing milk, oats and nuts.

Sustainability is becoming a driving force across the region – and SIG is at the forefront. In China, we have set ourselves the ambitious goal of upgrading all our portion packs to aluminium-free structures by 2026. In December, we received our first commercial order for our aseptic aluminium-free packaging for Yili's premium white milk product, Satine.

In Australia, Massel has introduced its liquid stock range in SIG **SIG**NATURE FULL BARRIER packaging formats.

"We always strive to develop benefits through innovation. Starting 2022 with an Australian first by offering consumers of our popular liquid stock range one of the most sustainable packaging solutions continues our longstanding commitment to improving the overall sustainability of our products."

Michael Caine
Managing Director of Massel

In Australia, Massel became the first company to launch **SIG**NATURE FULL BARRIER for its plant-based range of cooking stocks.

Category growth in China

In 2022, the Chinese team extended its packaging portfolio to include plant-based milk alternatives in both the ambient and chilled market segments, with packs for oat milk and buffalo milk.

Looking ahead

We do not have to look far ahead to see the benefits of SIG's expanded portfolio in the Asia Pacific region. Chilled carton enhances our relationship with existing customers and gives us access to new customers, including regional and city dairies. Bag-in-box and spouted pouch establish SIG as a strategic partner providing total filling solutions, enabling our customers to serve wider consumer needs. Cimory in Indonesia, which has chosen SIG as a partner for its new aseptic carton factory, already had a relationship with our acquired chilled and spouted pouch businesses. This illustrates the signficant cross-selling opportunities for our broadened portfolio.

Americas

Revenue 3rd	Revenue growth[1]	Organic growth[2]
€697m	+66.4%	+11.5%

Introduction

With the acquisition of Scholle IPN, SIG has expanded its customer base in North America while opening up new opportunities in South America. Large US beverage and quick-service restaurant customers have been added to the co-packers who have traditionally been at the heart of SIG's US business. These co-packers serve not only food service producers but also small start-up companies in areas such as plant-based beverages and nutritional drinks. A joint market approach for our expanded portfolio has been adopted to leverage client relationships. Strategic customer engagement sessions have resulted in a pipeline of new projects in the food service and food and beverage space.

Mexico is a fast-growing milk market where the leading dairies play a key role. South America is led by Brazil, the second-largest aseptic carton market in the world, where we continue to gain market share. Smaller markets, such as Chile and Ecuador, are becoming increasingly important too, with global food and beverage companies stepping up investment.

2022 overview

The Americas registered another strong performance in 2022. Growth in Brazil was driven by price and volumes, augmented by the contribution of new filling machines. In the USA, food service demand was strong as consumers stepped up their use of quick-serve restaurants. Bag-in-box was able to increase its supply of syrup to existing and new customers.

Performance highlights

Building on our strong position in Brazil

In Brazil, innovative formats, volume flexibility and high-output filling machines are driving growth with major clients in categories such as flavoured milk, sweetened condensed milk and non-carbonated juices. We are also expanding into new South American markets outside Brazil, including Peru, Ecuador and Columbia, enabling us to leverage our production capabilities in Brazil.

1 At constant currency.

2 At constant currency, excluding the impacts of the Scholle IPN acquisition.

Partner of choice in Mexico

In Mexico, SIG has strong relationships with leading dairies, including Santa Clara, which is owned by The Coca-Cola Company. Santa Clara's white and flavoured milks have grown continuously, leading to a need for more capacity. Santa Clara chose SIG for the installation of three new filling machines to help achieve its objective of becoming the leading dairy brand in Mexico.

"I'm confident that the reliable technology offered by SIG and the very talented and passionate teams of both companies have been and will continue to be the perfect combination to write a unique, successful story within the Coca-Cola system worldwide."

Eduardo Ramírez
Commercial Director of Jugos Del Valle Santa Clara

Broad digital capability

The value of our offer to customers continues to be enhanced by the range of services we provide, including our digital offering. The SIG Reliability Centre, a state-of-the-art remote solutions centre located at the Company's industrial complex in Paraná, Brazil, coordinates the deployment of solutions such as our Plant 360 Remote Services and Plant 360 Asset Health Monitoring. Our **PAC.**TRUST solutions enable customers to offer consumers full transparency on the origin and processing of their products.

Mococa Produtos Alimentícios, a well-known company for dairy products in Brazil, has chosen to leverage the technological capabilities of SIG's **PAC.**TRUST solution to sustain growth and prepare for future expansion. Already an important partner of SIG, the company relies on SIG's solutions and technologies for the aseptic filling of its products.

Brazil: Mococa expands partnership with SIG with adoption of PAC.TRUST digital solution

Mococa Produtos Alimentícios, a well-known company for dairy products in Brazil, has chosen the technological capabilities of SIG's **PAC.**TRUST solution. The Company has four aseptic carton filling machines currently in operation.

Through SIG's **PAC.**TRUST digital solution, Mococa will have complete visibility of its production process, from the arrival of raw materials at the production plant to confirmation of delivery of finished products at the point of sale. This ensures real-time monitoring and control, and full traceability in minutes, resulting in increased factory efficiency.

For Mococa Information Technology Manager Marcos Godinho, SIG's technology now makes the company's internal processes even more agile:

"With PAC.TRUST, it will be possible to reduce manual operations, make the processes even more reliable, and provide our management team with information in real time. The team has information in the palm of their hands, making our decision-making process even more accurate, reinforcing Mococa's commitment to deliver accessible and high-quality products to its consumers."

The partnership between Mococa and SIG began in 2021 with filling machines from SIG for filling dairy blends. Today, Mococa fills cream, culinary cream and dairy blends into aseptic carton packs from SIG.

Environmental and social proof points

Sustainability is becoming increasingly important across the region. In North America, co-packer Leahy became the first to offer aseptic cartons with **SIG**NATURE FULL BARRIER packaging material in food service for the All Friends brand. Nutpods, the plant-based creamer brand, also launched its first line of zero-sugar Barista oatmilks for home espresso drinks using the **SIG**NATURE FULL BARRIER combifitMidi carton packs. In September, Dos Pinos announced the migration of all its products to paper straws. SIG replaced the straws with 100% natural, degradable and compostable fibre straws, which disintegrate in 12 weeks without harming the environment.

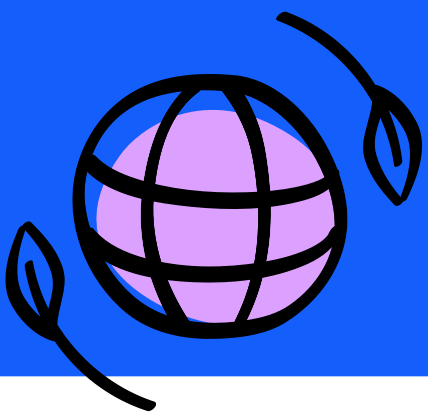
"This initiative is part of a series of actions that we developed within the framework of our 2020–2024 Sustainability Strategy to become a manager of sustainable development and eliminate single-use plastics."

Luis Mastroeni
Director of Corporate Relations and Sustainability, Dos Pinos

Bag-in-box and spouted pouch also fit perfectly into the trend of sustainable packaging with its history of replacing rigid packaging with lighter structures that present a significant reduction in greenhouse gas emissions compared with alternative substrates.

SIG invests in innovative recycling technology to increase value of recycled aseptic cartons in Brazil

SIG recently announced a BRL 10 million investment in innovative recycling technology that will enable polymers and aluminium from used aseptic carton packs to be recovered and sold separately for the first time on an industrial scale in Brazil. By expanding the range of applications for recycled materials from used aseptic cartons, SIG expects to increase their value by more than 50%.



"We're excited to introduce a new technology in Brazil that will enable separation of aluminium and polyethylene layers from carton packs, thereby expanding the market for these materials and generating more value from the separated waste," says Ricardo Rodriguez, President and General Manager of the Americas region. **"This project is the latest in a series of innovative collaborations led by SIG to boost collection and recycling rates for used aseptic cartons and grow the recycling chain in a sustainable way."**

The new recycling plant is currently under construction in the state of Paraná. It is expected to begin operating in 2024 with an initial production capacity of 200 tonnes per month. Together with industry partners, SIG has also invested in a plant that went into production in Germany in 2021 to separate polymers and aluminium from PolyAl.

Looking ahead

Our first aseptic carton packaging plant in Mexico.

The construction of our new aseptic carton packaging plant in Mexico proceeded as planned in 2022. Commercial production commenced mid-February 2023. The plant will support our ongoing growth trajectory in North America, allowing our team to respond to market demand with greater agility and flexibility as well as offering improved lead times and higher levels of service.

Santa Clara, an important strategic customer, participated in the start-up of the production plant and witnessed the deployment of our technology in the manufacture of its sleeves. Additional customer visits are scheduled to see our technology in action.

Mexico, the USA and Canada are poised for growth in several market segments. For example, we are entering the school milk sector having recently secured several contracts for the supply of aseptic single-serve cartons to schools. In collaboration with a co-packer, multiple lines are being installed to take advantage of this growing opportunity.

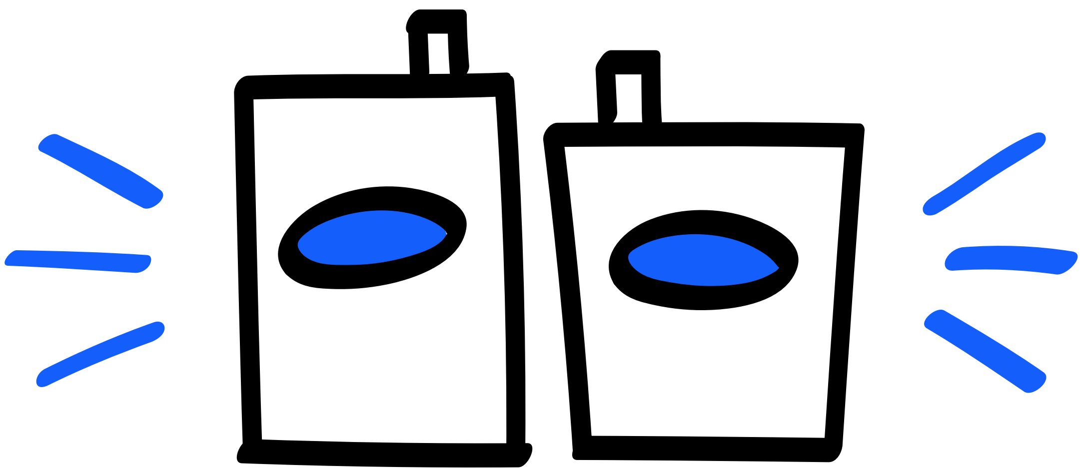
There are many exciting new opportunities for our bag-in-box and spouted pouch business in South America, such as fruit purée pouches in Chile and bag-in-box for agriculture solutions in Brazil.

In the USA, strong demand for bag-in-box from major market players has led to market share gains. We were very pleased to sign Keurig Dr Pepper as our latest customer for bag-in-box during the year. We are also seeing robust demand for spouted pouch.

Key performance highlights

Revenue €2.78bn 2021: €2.06bn	**Revenue growth**[1] 27.4%	**Adjusted EBITDA** €652m 2021: €571m
Adjusted net income €287m 2021: €266m	**ROCE** 27.3% 2021: 31.0%	**Adjusted EBITDA margin** 23.5% 2021: 27.7%
Adjusted EPS diluted €0.79 2021: €0.79	**Free cash flow** €263m 2021: €258m	**Leverage** 3.1x 2021: 2.5x

1 At constant currency.



Financial review

Resilient business model delivering strong revenue growth

The aseptic carton business delivered robust organic growth of 8% for the year, a combination of volume and price, with share gains in multiple markets. Our customers continue to invest in new filling machines even in an uncertain economic environment, and this will underpin our growth for many years to come.

Key events in 2022 impacting the performance of the Group

Acquisition of Scholle IPN

On 1 June 2022, the Group acquired 100% of the shares of Clean Flexible Packaging Holding B.V. (together with the acquired subsidiaries, "Scholle IPN") from CLIL Holding B.V. ("CLIL"). CLIL is controlled by Laurens Last and has subsequently been renamed Clean Holding B.V. Scholle IPN provides packaging solutions for beverage, food and non-food products.

The cash consideration for Scholle IPN amounted to €424.3 million. The Group also transferred 33.75 million newly issued SIG shares with a fair value of €686.8 million to CLIL as part of the consideration. In addition, there is contingent consideration of a maximum of $300 million (with an estimated fair value of €113.2 million as of 31 December 2022). The Group also repaid the external loans of Scholle IPN at the closing. The goodwill from the acquisition accounting is estimated at approximately €930 million as of 31 December 2022. For additional information about the acquisition, see note 27 of the consolidated financial statements.

The operating performance presented below includes the consolidation of Scholle IPN for seven months.

Acquisition of Evergreen's chilled carton business in Asia Pacific ("Evergreen Asia")

On 2 August 2022, the Group acquired Evergreen Asia from Evergreen Packaging International LLC ("Evergreen"). Evergreen Asia offers chilled carton packaging solutions in Asia.

The Group paid €329.5 million in cash (subject to customary closing adjustments) at the time of the closing as consideration for Evergreen Asia. The goodwill from the acquisition accounting is estimated at approximately €130 million as of 31 December 2022. For additional information about the acquisition, see note 27 of the consolidated financial statements.

The operating performance presented below includes the consolidation of Evergreen Asia for five months.

Financing of the acquisitions

The initial cash portion of the consideration for Scholle IPN and the repayment of the external loans of Scholle IPN were initially financed by proceeds from an unsecured bridge loan facility. A large portion of this unsecured bridge loan facility was repaid on 30 June 2022 using proceeds from an unsecured *Schuldscheindarlehen* ("SSD", a private German debt placement). The remaining proceeds from the unsecured SSD, together with proceeds received from a placement of newly issued SIG shares, were used to finance the consideration for Evergreen Asia. On 28 July 2022, the Group entered into a US Dollar-denominated term loan. The major part of the proceeds from the term loan was used to repay the remaining portion of the unsecured bridge loan facility.

The impact on the Group's financial position of these financing transactions, including the SIG shares issued and transferred to CLIL as part of the consideration for Scholle IPN, is described in more detail in notes 22 and 24 of the consolidated financial statements.

Financial performance

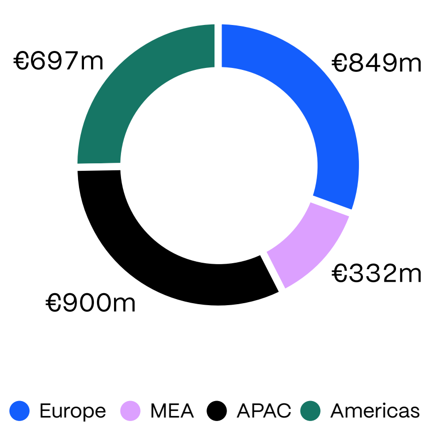
Revenue

Total revenue increased by 27.4% on a constant currency basis (34.8% as reported) to reach €2,779.9 million (2021: €2,061.8 million). The organic revenue growth was 8.0% at constant currency, approximately 4.5% of price increases, and 120 basis points negative impact from the loss of aseptic carton sales to Russia. Organic growth of the Group represents SIG revenue growth excluding the impacts of the acquisitions of Scholle IPN and Evergreen Asia in 2022.

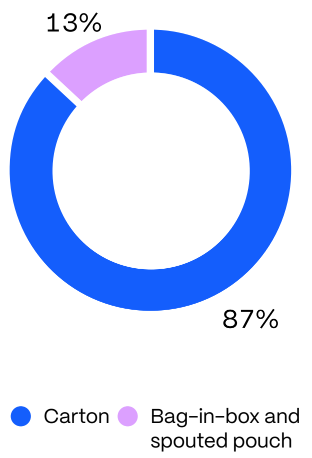
Scholle IPN contributed €362.6 million of incremental revenue to the Group in 2022, while Evergreen Asia contributed €60.2 million (total contributions of €422.8 million).

Revenue growth in the segments

Revenue 3rd 2022
by segment



Revenue by product 2022
Carton vs bag-in-box and spouted pouch



In **Europe**, the ramp-up of 15 filling machines recently placed at a large German customer, together with market share gains in Spain, drove liquid dairy sales. Growth of non-carbonated soft drinks was driven by the launch of formats for on-the-go consumption. Overall, Europe was impacted by the loss of sales to Russia which reduced the European growth rate by approximately 300 basis points for the year. Customer market share gains in Poland drove volume improvements through the launch of new products. The contribution from price increases accelerated during the year. The acquisition of Scholle IPN contributed €87.7 million to the European constant currency revenue growth of 15.9% in 2022. Organic growth, excluding the impacts of the Scholle IPN acquisition and adjusting for the impacts of the consolidation of the former Middle East joint ventures, was 4.4% at constant currency.

The **Middle East and Africa ("MEA")** saw strong growth compared with 2021, which was adversely impacted by COVID-19 and by drought in South Africa. A strategic push to increase SIG's presence in liquid dairy packaging has been very successful, with share gains in South Africa and Saudi Arabia as well as new business in Egypt. SIG is also leading sustainability in the region with the launch of Recycle for Good in Egypt, the first such initiative in this country. For the year ended 31 December 2022, revenue growth for MEA was 22.6% at constant currency and 12.1% adjusting for the impacts of the consolidation of the former Middle East joint ventures.

In **Asia Pacific ("APAC")**, the aseptic carton business in China was resilient in a market affected by COVID-19 lockdown measures. Sales of soy milk contributed to revenue growth and there were launches of new plant-based milk alternatives. In 2022, there were 42 filling machine wins in APAC, which included further gains in India, where SIG now serves all the leading customers for dairy and non-carbonated soft drinks. The acquisitions of Scholle IPN and Evergreen Asia contributed €105.2 million to the revenue growth in APAC in 2022. For the year ended 31 December 2022, revenue growth for APAC was 19.1% at constant currency. Organic growth, excluding the impacts of the Scholle IPN and Evergreen Asia acquisitions and the paper mill divestment, was 7.8% at constant currency.

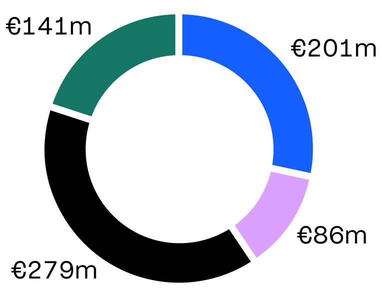
Strong organic revenue growth in the **Americas** was driven by price increases and ongoing volume momentum, especially for liquid dairy in Brazil and Mexico. In the USA and Canada, there was high demand for broths in aseptic carton, and bag-in-box gained market share in a buoyant food service market. The acquisition of Scholle IPN contributed €229.9 million to the revenue growth in the Americas in 2022. Scholle IPN achieved strong revenue growth in the Americas, reflecting bag-in-box market share gains in food service and processed fruit as well as price pass-throughs to offset higher polymer costs. For the year ended 31 December 2022, revenue growth for the Americas was 66.4% at constant currency. Organic growth, excluding the impacts of the acquisition of Scholle IPN, was 11.5% at constant currency.

Revenue split 2022

Seasonality

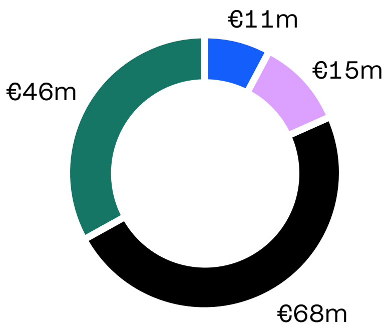
The Group's aseptic carton business experiences moderate seasonal fluctuations, primarily due to seasonal consumption patterns and performance incentive programmes relating to sleeves that generally end in the fourth quarter. Customers tend to purchase additional sleeves prior to the end of the year 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. The chilled carton and the bag-in-box and spouted pouch businesses are not significantly exposed to seasonality.

Adjusted EBITDA 2022
by segment



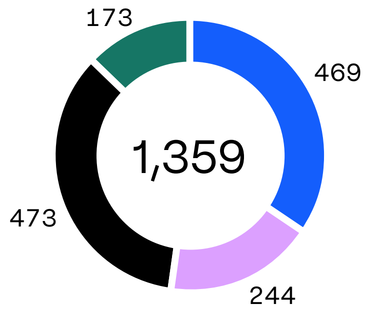
Europe MEA APAC Americas

Net capex 2022
by segment



Europe MEA APAC Americas

SIG aseptic filling machines 2022
by segment



Europe MEA APAC Americas

EBITDA

Adjusted EBITDA margin[1]

	As of 31 Dec. 2022	As of 31 Dec. 2021
EMEA	–	32.2%
Europe	23.7%	33.1%
MEA	26.0%	31.1%
APAC	31.0%	30.0%
Americas	20.2%	26.5%
SIG Group	**23.5%**	**27.7%**

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

Adjusted EBITDA increased by €81.6 million, from €570.6 million in 2021 to €652.2 million in 2022. The increase was mainly driven by top-line contribution of €130.4 million. Adjusted EBITDA includes initial contributions from acquisitions (€83.1 million) and foreign currency tailwinds (€52.8 million). These positive impacts were partially offset by year-on-year increases in raw material-related (€147.9 million) and production-related costs, including energy and freight, of €50.1 million. Excluding the impacts of the acquisitions and foreign currency movements, SG&A costs reduced by a marginal amount and as a percentage of revenue decreased to 11.2% in 2022 compared with 13.2% in 2021.

EBITDA decreased by €80.9 million to €481.5 million (2021: €562.4 million). The decrease was largely due to changes in the unrealised hedging positions (€47.3 million), negative year-on-year movements in acquisition- and divestiture-related costs (€31.4 million) as well as an incremental expense in the fourth quarter related to an increase of €74.0 million in the fair value of the contingent consideration for Scholle IPN (see further note 33 of the consolidated financial statements).

The adjusted EBITDA margin was 23.5% (2021: 27.7%) reflecting higher raw material, energy and freight costs as well as the consolidation of Scholle IPN and Evergreen Asia. The successful implementation of price increases to compensate for the higher absolute input costs also had a dilutive effect on the margin.

The adjusted EBITDA margin in Europe was positively impacted by top-line contribution. These impacts were more than offset by higher Input costs and, to a lesser extent, by the acquisition of Scholle IPN. In 2021, the Europe adjusted EBITDA margin included positive hedging results in the procurement entity, relating to other segments of the business, which did not recur in 2022. The MEA adjusted EBITDA margin had strong contributions from top-line and foreign currencies, which were more than offset by higher input costs. The Americas adjusted EBITDA margin was impacted by higher input costs (notably freight) and by dilution from the acquisition of Scholle IPN, which has a large presence in the Americas. These were only partially offset by positive top-line contribution and foreign currency tailwinds. APAC benefited from positive top-line contribution, offset by the contribution from the acquisitions of Scholle IPN and Evergreen Asia and raw material cost inflation. Raw material cost inflation was less pronounced in the segment due to more localised sourcing. The APAC margin in the prior year was also negatively impacted when hedging benefits relating to the segment were included in the Europe segment.

Net income

Adjusted net income in 2022 was €286.8 million compared with €265.7 million in 2021. The increase of €21.1 million was primarily due to higher adjusted EBITDA, partly offset by incremental depreciation and higher interest expense.

Net income was €37.8 million in 2022 compared with €172.1 million in 2021. The decrease of €134.3 million was mainly due to the movements in EBITDA described above, notably the expense recognised relating to the contingent consideration for Scholle IPN, and to incremental depreciation and amortisation.

The effective tax rate increased from around 23% in 2021 to around 57% in 2022. The increase is primarily related to the contingent consideration expense recognised in the fourth quarter. The adjusted effective tax rate increased slightly from around 23% in 2021 to around 24% in 2022; the acquisitions of Scholle IPN and Evergreen Asia had a minor negative impact on the effective tax rate. 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.

(In € million)	Year ended 31 Dec. 2022	Year ended 31 Dec. 2021
Profit for the period	**37.8**	**172.1**
Non-cash foreign exchange impact of non-functional currency loans and realised foreign exchange impact due to refinancing	(4.6)	(10.6)
Amortisation of transaction costs	7.0	3.6
Net change in fair value of financing-related derivatives	(9.0)	–
Realised gain on settlement of deal-contingent derivative (relating to repayment of loan)	(15.5)	–
PPA depreciation and amortisation – Onex acquisition	103.5	103.1
PPA amortisation – other acquisitions[1]	34.1	14.1
Net effect of early repayment of loans	1.0	3.7
Interest on out-of-period indirect tax recoveries	–	(3.1)
Adjustments to EBITDA:		
Unrealised loss/(gain) on operating derivatives	39.5	(7.8)
Replacement of share of profit or loss of joint ventures with cash dividends received from joint ventures	–	1.6
Restructuring costs, net of reversals	4.9	26.0
Loss on sale of subsidiary	–	12.1
Transaction- and acquisition-related costs	24.1	16.5
Integration costs	17.1	2.5
Realised gain on settlement of deal-contingent derivatives	(16.6)	–
Fair value adjustment on inventories	20.6	10.4
Change in fair value of contingent consideration	74.0	–
Gain on pre-existing interest in former joint ventures	–	(48.8)
Out-of-period indirect tax recoveries	–	(10.3)
Impairment losses	6.3	4.4
Other	0.8	1.6
Tax effect on above items	(38.2)	(25.4)
Adjusted net income	**286.8**	**265.7**

1 For the year ended 31 December 2022, the Group has adjusted out of net income all PPA amortisation (net of tax) related to acquisitions. See note 9 of the consolidated financial statements.

Return on capital employed

Post-tax ROCE, computed at an unchanged reference tax rate of 30%, decreased by 370 basis points in 2022 to 27.3% (31.0% in 2021). At the adjusted effective tax rate of 23.7% in 2022, ROCE was 29.7% (34.0% in 2021). The decrease is primarily attributable to higher PP&E in 2022 due to higher capital expenditure and consolidation of the acquired businesses.

ROCE

27.3%

Capital expenditure[1]

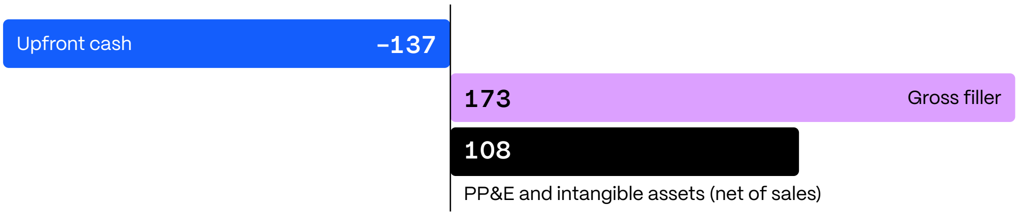
Net capital expenditure was €144.0 million in 2022 (2021: €142.7 million), representing 5.2% of revenue (6.9% in 2021). Investments in property, plant and equipment ("PP&E") included the ramp-up of our first aseptic carton plant in Mexico, which started commercial production in February 2023. This was offset by the sale of a production-related building as part of

1 For the year ended 31 December 2022, the Group also considers proceeds from sales in its calculation of capital expenditure for PP&E (excluding filling lines and other related equipment) and intangible assets. See note 11 of the consolidated financial statements.

a footprint rationalisation in the Americas. Capital expenditure also included investments by the acquired companies and innovation-related development costs. High upfront cash payments from customers in the period reduced the level of net capital expenditure.

We placed 91 aseptic carton filling machines in the field in 2022. Taking account of withdrawals, the number of SIG aseptic carton filling machines globally reached 1,359, a net increase of 64.

Net capex 2022



Cash flows

Free cash flow

€263.1m

Our strong cash flow generation continued in 2022, with net operating cash inflows of €578.2 million (€47.3 million higher than in 2021) and free cash flow[1] of €263.1 million (€4.8 million higher than in 2021).

Net cash from operating activities was positively impacted by contributions from Scholle IPN and Evergreen Asia. These positive contributions were offset by acquisition-related costs, including higher interest due to the acquisition financing. Strong upfront cash collection in the period and net working capital movements, including an expansion of our securitisation programme, led to an increase in operating cash inflows.

Cash used in investing activities increased in 2022 due to the acquisitions of Scholle IPN and Evergreen Asia (cash outflow of €700.4 million, net of cash acquired). This increase was partially offset by the cash inflow resulting from the settlement of deal-contingent derivatives that were entered into to manage the foreign currency exposure on the acquisitions. The cash inflows of €76.6 million from these derivatives have been presented in investing (€61.1 million) and financing (€15.5 million) cash flows. See note 27 of the consolidated financial statements for further information on these deal-contingent derivatives.

Gross capital expenditure increased with the consolidation of Scholle IPN and Evergreen Asia, innovation-related development costs (primarily relating to the ongoing development of the next-generation SIG NEO VITA aseptic carton packaging filling line) and our investments in filling lines and other related equipment. This increase was offset by the cash inflows from the sale of a production-related building in the Americas.

Net cash from financing activities increased in 2022. This increase reflects impacts from the acquisition financing (net cash inflow of €521.0 million), gross proceeds from the issue and placement of shares (€203.5 million) and the settlement of a deal-contingent derivative as described above. This was partially offset by an increased dividend payment in 2022 and the purchase of treasury shares to settle obligations under equity-settled employee share-based payment plans.

1 For the year ended 31 December 2022, the Group also considers proceeds from sales of PP&E, other than filling lines and other related equipment, and intangible assets in its calculation of free cash flow. See note 11 of the consolidated financial statements.

Net debt and leverage

(In € million)	As of 31 Dec. 2022[1]	As of 31 Dec. 2021[2]
Gross debt	2,684.1	1,732.4
Cash and cash equivalents	503.8	304.5
Net debt	**2,180.3**	**1,427.9**
Net leverage ratio	**3.1x**	**2.5x**

1 In the calculation of the net leverage ratio as of 31 December 2022, adjusted EBITDA includes the adjusted EBITDA of Scholle IPN and Evergreen Asia from 1 January 2022.
2 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.

Net leverage ratio

3.1x

Leverage increased compared with 31 December 2021 due to the financing of the Scholle IPN and Evergreen Asia acquisitions. The issue of the SSD totalling €650 million in June 2022 and the term loan for $270 million agreed in July 2022, together with higher lease liabilities, have resulted in an increase of the Group's net debt and net leverage ratio.

The new borrowings, together with the proceeds of €204 million from the placement of new shares in May 2022, secured the long-term financing of the acquisitions and enabled the repayment or cancellation of the acquisition bridge loan facilities.

The Group signed a €400 million unsecured bridge loan facility agreement on 9 January 2023. The facility may be accessed in June 2023, when €450 million of the Group's senior unsecured notes are due for repayment.

Debt rating

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

Other

Dividend

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

Dividend per share

CHF 0.47

At the Annual General Meeting to be held on 20 April 2023, the Board of Directors will propose a dividend of CHF 0.47 per share (2021: CHF 0.45 per share), totalling CHF 179.7 million (equivalent to €182.5 million as per the exchange rate as of 31 December 2022). This represents a dividend pay-out ratio of 64% of adjusted net income. If approved by the shareholders, the dividend will be paid from the foreign capital contribution reserve.

The first aseptic carton production plant in India

The Group announced in February 2023 that it will construct its first aseptic carton production plant in India. Operations are planned to start in 2024. SIG will invest around €60 million to reach a production capacity of up to four billion packs. In addition, land and buildings will be financed through a long-term lease with a net present value of approximately €30 million.

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 the 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 Euros, and a number of our key raw material suppliers charge us for raw materials in Euros or US Dollars. As a result, a greater portion of our costs is denominated in Euros and, to a lesser extent, US Dollars compared with 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 through the opening and expansion of local production facilities in certain markets, ongoing efforts to qualify local suppliers and by using foreign currency derivatives.

Outlook

For 2023, the Company expects revenue growth of 20–22% at constant currency. Scholle IPN and Evergreen Asia will be consolidated for an additional five months and seven months respectively. Organic revenue growth is expected to be 7–9%. Price increases in the carton business are expected to continue to contribute to top-line growth (resin escalators for the bag-in-box and the spouted pouch businesses are not included in the guidance).

The adjusted EBITDA margin is expected to increase by 50–150 basis points, implying a range of 24–25%. The expected improvement compared with 2022 is subject to input cost and foreign currency volatility.

Net capital expenditure is forecast to be within a range of 7–9% of revenue and the dividend pay-out ratio is expected to be within 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 pay-out ratio is expected to be within a range of 50–60% of adjusted net income. SIG's business is expected to 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.

Share information

for the year ended 31 December 2022

Market capitalisation[1] (CHF million)	7,721.4
Number of shares (in million)	382.3
Share price (in CHF)	20.20
Total shareholder return	(18.9%)
Share price closing high (in CHF)	25.92
Share price closing low (in CHF)	18.46
Average daily volume	902,934

1 Excludes treasury shares.

Alternative performance measures

Additional information about alternative performance measures used by management (including reconciliations to measures defined in IFRS and the refined definitions of adjusted net income, free cash flow and net capital expenditure) is included in the consolidated financial statements for the year ended 31 December 2022.

Definitions of the Group's alternative performance measures can be found via the following link: https://www.sig.biz/investors/en/performance/definitions

Enterprise risk management

The Group's enterprise risk management process is designed to identify, assess and mitigate actual and potential, as well as emerging risks to our business in order to protect the Group from negative financial and/or reputational impact. Furthermore, the risk management process facilitates the disclosure of risks to key stakeholders. It also raises internal awareness and provides a basis for informed decision-making. The process, which is periodically reviewed by the Audit and Risk Committee and approved by the Board of Directors, is led by the Group General Counsel & Chief Compliance Officer.

Our risk management process is carried out in conformity with the Swiss Code of Best Practice for Corporate Governance. In addition, climate change-related risks and opportunities are identified following the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD), see > page 366. Our approach to addressing climate-related risks and opportunities is integrated in our risk management process and includes transition risks in fast moving consumer goods markets and physical risks for our supply chain as well as opportunities related to our low carbon footprint innovations. For more information on identified climate-related risks and opportunities see > page 96.

Management is responsible for identifying and reporting risks and for implementing and tracking mitigation measures. Each top risk is owned by a member of the Group Executive Board. Each mitigation action has an owner at Group level who works closely with the respective regional functions to ensure local implementation. The mitigation actions are frequently reviewed as part of our strategic initiatives and management processes throughout the year.

At least annually, we review our top risks and mitigation actions in workshops with our regional and functional leadership teams. The results of these workshops are then discussed with the Group Executive Board. The top risks and mitigation actions are subsequently reviewed by the Audit and Risk Committee and ultimately by the Board of Directors. The Audit and Risk Committee also reviews the implementation of the risk management system and the integrity and accountability of the risk management function on an annual basis. As part of the enterprise risk management process, the Audit and Risk Committee also 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 Audit and Risk Committee periodically reviews 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 assesses the effectiveness thereof. The Audit and Risk Committee also discusses with the Group CFO and the Group General Counsel & Chief Compliance Officer 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 reports material matters to the Board of Directors on a regular basis.

The risks that we may be exposed to are particularly in the areas of strategy, operations, sustainability, regulatory, legal and compliance, as well as finance.

Strategic risks

Description

We are exposed to several strategic risks, such as:

- The risk that our business model no longer adequately addresses the needs of customers and consumers.
- The risk of changing customer or consumer preferences.
- The risk of existing competitors or new market players.
- The risk that we do not keep up with new technology trends.

How we mitigate risk

- We regularly review our strategy.
- We monitor and assess the competitive landscape.
- We constantly seek feedback from our customers, suppliers and other stakeholders.
- We monitor technology trends and invest in development of new technology.
- Our business is geographically diversified.

How we turn risk into opportunity

- We adapt our strategy where appropriate to be a pioneer in our industry.
- We explore new markets and business opportunities to expand our business.
- We implement new technology to meet and exceed customer and consumer expectations.

Operational risks

Description

We are exposed to several operational risks, such as:

- The risk that our supply chains are disrupted.
- The risk that we are not able to attract and retain employees, resulting in limitations to maintaining, developing and growing the business.
- The risk that our operations may have a negative impact on the environment or communities.
- The risk that we do not meet our high standards to ensure the health and safety of our employees.
- The risk that our employees cannot perform their duties due to events such as a pandemic.
- The risk of loss of or damage to key manufacturing facilities (incl. IT failures).

How we mitigate risk

- We expand our supply base where appropriate, including new suppliers and materials.
- We take measures and foster a culture that prevents people incidents and work-related illness.
- We have implemented processes to ensure business continuity planning, including a pandemic contingency plan.
- We constantly monitor cybersecurity risks and have implemented an information security management system to prevent security incidents (including cyber attacks).
- We take care of the wellbeing of our employees to be an employer of choice.

How we turn risk into opportunity

- Our responsible sourcing programme as part of our Way Beyond Good offers opportunities to develop sustainable suppliers that are more resilient towards climate change impacts.
- Our employer branding and employee wellbeing programmes help us become an employer of choice for our existing and new talent.

ESG risks

Description

We are exposed to several sustainability risks, such as

- The risk that acute or chronic impacts resulting from climate change affect forests and thus the availability of and costs for wood, one of our key raw materials.
- The risk that regulators introduce stricter climate-related regulations, such as GHG taxes or requirements regarding the environmental performance of our products.
- The risk of potential negative impacts on human rights of our own operations, our supply chain or with respect to our major business relationships.

How we mitigate risk

- We have set GHG reduction targets in line with the Science Based Targets initiative.
- We drive innovation to further reduce the carbon footprint of our packaging solutions.
- Through our partnerships, we help to mitigate negative environmental impacts and enhance positive impacts, including for example initiatives to create additional sustainably managed forest land, and foster the collection and recycling of used beverage cartons in priority markets.
- We source 100% of our aseptic carton paperboard from FSC™-certified suppliers.
- We engage with our suppliers to further reduce the climate impact of key raw materials.
- We source 100% of the aluminium for our aseptic carton packs from ASI-certified suppliers.
- We are a signatory to the United Nations Global Compact and committed to adhering to the standards encompassed within the International Bill of Human Rights, the International Labour Organization's core labour standards and the Ethical Trading Initiative Base Code.
- We conduct human rights due diligence.

How we turn risk into opportunity

- We invest in research and development to better meet the needs of customers and consumers, including enhancing the environmental performance of our packaging solutions.
- We are committed to reducing the carbon footprint of all our packaging and pioneer carbon negative packaging concepts.
- An increasing demand for sustainable products offers great business opportunities.

Regulatory, legal & compliance risks

Description

We are exposed to several regulatory, legal and compliance risks, such as

- The risk of increasing regulatory requirements regarding, for example, the environmental performance of our products.
- The risk of stricter trade restrictions, including economic sanctions and export controls, prohibiting or restricting us from doing business in certain countries or with certain designated persons.
- The risk that managers or employees fail to act with integrity, in compliance with applicable laws and regulations or in accordance with our internal policies and processes, which could result in reputational and financial impact for the Group.
- The risk of legal disputes.

How we mitigate risk

- We maintain a compliance management system, including regular compliance risk assessments and process-oriented controls.
- We provide guidance to our employees on acting with integrity through our compliance policies and training.
- We have implemented control systems to ensure compliance with applicable trade restrictions.
- We operate a grievance mechanism for reporting any compliance issues or concerns.
- We monitor legislative developments and take action to comply with upcoming applicable laws and regulations.

How we turn risk into opportunity

- Acting with integrity, also beyond compliance with applicable laws and regulations, and conducting business based on values, enhances our Group's reputation.
- We invest in research and development of sustainable and environmentally friendly products to meet and exceed regulatory requirements and customer expectations.

Financial risks

Description

We are exposed to several financial risks, such as

- The risk of increased costs (including commodity, freight, energy and other input costs) due to, for example, inflation.
- The risk of fluctuations in exchange rates.
- The risk that our financial reporting is inadequate.
- The risk of increasing interest rates.
- The risk that we do not have sufficient financial resources and liquidity.

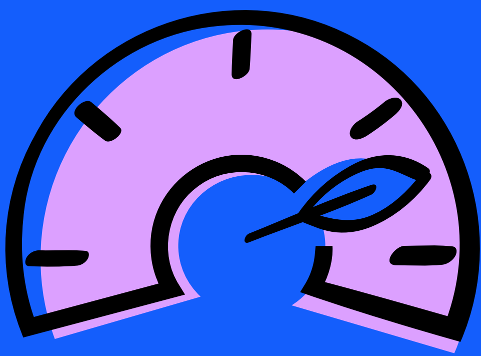
How we mitigate risk

- We have implemented an internal control system for financial reporting.
- We have established treasury policies that identify risks faced by the Group and set out policies and procedures to mitigate those risks.
- We maintain a broad network of financing sources, including bank financing and debt capital markets, in different geographies, and we maintain adequate cash and liquidity reserves.
- We have implemented hedging policies to manage the risk of fluctuations in exchange rates and commodity prices.
- We have processes in place to monitor and manage our costs.

How we turn risk into opportunity

- Our reporting of risks and opportunities adds transparency, permitting investors to make informed decisions.

The Way Beyond Good



Strategy and governance

Introduction to our CR Reporting

We're on a journey to create the perfect pack – a pack that gives more to people and planet than it takes out.

The perfect pack does not exist... yet.

But one day it will, and it will:

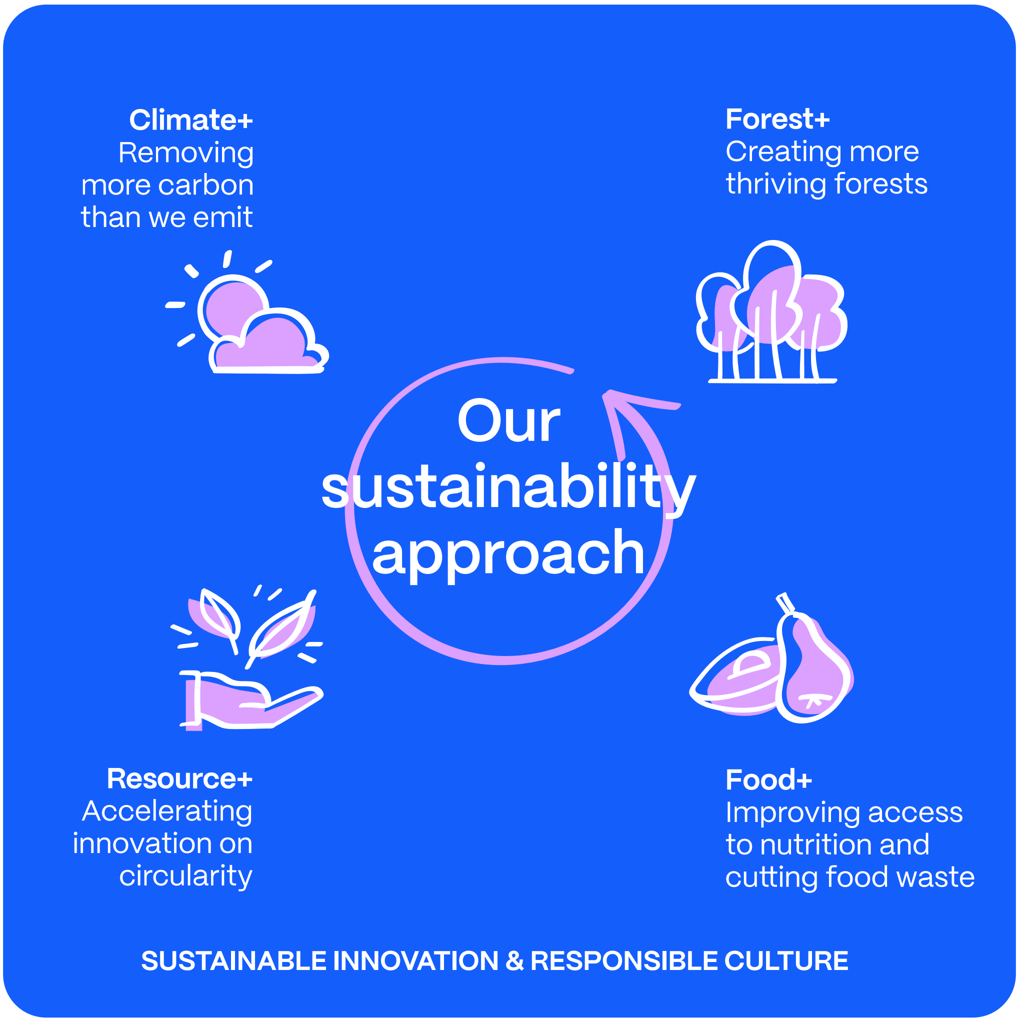
- Remove more carbon from the atmosphere than is emitted during the pack's life-cycle.
- Be made from endlessly renewable materials and end the use of aluminium.
- Bring safe, healthy nutrition to everyone.
- Be fully and easily recyclable – anywhere in the world.

Getting there will stretch us further than we have ever gone. But we have already started that journey. We call it The Way Beyond Good.

The Way Beyond Good sets out industry-leading goals in four interconnected action areas – Climate+, Forest+, Resource+ and Food+ – all underpinned by our commitment to sustainable innovation and our responsible culture. These priorities are informed by an assessment of our most material environmental and social topics (see > pages 390–391).

Together, our actions in each of these areas will produce lasting change and a net positive impact on people and the planet as we strive to give back more than we take.

The Way Beyond Good



About our CR reporting

Our corporate responsibility (CR) reporting on environmental, social and governance (ESG) topics is included within SIG's Annual Report.

This Way Beyond Good chapter provides an overview of CR governance, progress towards our Way Beyond Good ambitions, and performance on our most material environmental and social topics. Further ESG disclosures can be found in the appendix (see > pages 371–372).

Reporting standards

We report in accordance with the Global Reporting Initiative (GRI) Standards and a GRI content index is included in the appendix (see > pages 387–410). We also align our CR reporting and ESG disclosures with various other recognised external frameworks (see > pages 371–372), including the United Nations Global Compact, the United Nations Sustainable Development Goals, the Task Force on Climate-related Financial Disclosures (TCFD) framework and the EU Taxonomy.

Assurance

Key performance indicators (summarised on > pages 167–169) have been externally assured with limited assurance by Pricewater-houseCoopers GmbH Wirtschaftsprüfungs-gesellschaft. See assurance statement on > pages 411–413.

Scope of our CR reporting

Our CR reporting covers the 2022 calendar year. Unless otherwise stated, CR data in this report: covers all operations globally that were fully owned by SIG at the start of 2022, which includes all operations related to our aseptic carton business (including research and development, sleeve and spout production, filling machine assembly, technical service and offices); and excludes our new bag-in-box and spouted pouch business (formerly Scholle IPN) and our new chilled carton business (acquired from Evergreen Asia) – both acquired mid-way through 2022 – as well as our joint venture in Japan.

Find out more about our approach to ESG topics

We publish detailed policies, including 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 publicly available summary is supported by an in-depth internal ESG Policy Manual to guide our approach across the business.

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.

External recognition for CR performance and disclosure

EcoVadis Platinum

Our Platinum rating from EcoVadis again puts SIG in the top 1% of businesses participating in its latest sustainability assessment.

MSCI AA

Our AA rating from MSCI places SIG as an industry leader on ESG criteria.

Sustainalytics

We further improved our ESG Risk Rating score from Sustainalytics this year from 13.4 to 13.3 out of 100, positioning SIG as low-risk for investors.

SXI Switzerland Sustainability 25® Index

We maintained our position among the top 25 most sustainable companies listed on the SIX Swiss Exchange based on a third-party assessment.

FTSE4Good Index Series

SIG Group AG is a constituent of the FTSE4Good Index Series following the FTSE4Good Index Series December 2022 review. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong ESG practices.[1]

The Sustainability Yearbook 2023

SIG received the distinction of becoming a member of The Sustainability Yearbook 2023 based on the S&P Global Corporate Sustainability Assessment survey (used to inform the Dow Jones Sustainability Indices, DJSI), which we responded to for the second time. We performed in the top decile of the Containers & Packaging Industry with a score of 74, reflecting an improvement of seven points compared with the previous year.[2]

1 FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that SIG Group AG has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

2 As at 31 December 2022.

Responsibility built in

Sustainability is built into our Corporate Compass – our business strategy, which guides our business decisions at every level – as one of four key business priorities (see > pages 37–42).

The Way Beyond Good drives our progress on sustainability, as well as supporting our other three business priorities on growth, customer and people. It is also fundamental to our purpose – to partner with customers to bring food products to consumers around the world in a safe, sustainable and affordable way.

Governance

The Nomination & Governance Committee (NGC) oversees the Company's strategy and governance on corporate responsibility for ESG matters, in particular regarding key issues that may affect the Company's business and reputation. The NGC advises the Board of Directors (BoD) on such matters, and reviews and recommends to the BoD the Company's public reporting on ESG. The Group CR Director provides to the Committee, and subsequently to the BoD, twice-yearly updates on ESG strategy and performance, as well as presenting to the BoD in its annual strategy meeting.

Ultimate accountability for our performance and progress on The Way Beyond Good lies with our CEO and Group Executive Board (GEB) – and this is built into their remuneration via our Short-Term Incentive Plan. Every GEB meeting includes standing items on responsibility topics. GEB members are part of our Responsibility Steering Group (RSG), which meets twice a year to review progress and ensure alignment across the business.

Each of the Way Beyond Good action areas and enablers is owned by a member of the RSG – which includes senior representatives of key functions and each region – 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.

Our network of local Way Beyond Good Champions gets employees involved through regular campaigns and local community engagement programmes (see > pages 160–162). In our latest employee survey, we achieved outstanding results on CR, significantly outperforming both industry and high-performance benchmarks.[1] Of the employees who participated, 82% are pleased with the contribution SIG is making towards community and society (Way Beyond Good) and 89% believe SIG does a good job promoting environmental responsibility (with our products) in the packaging industry.[2]

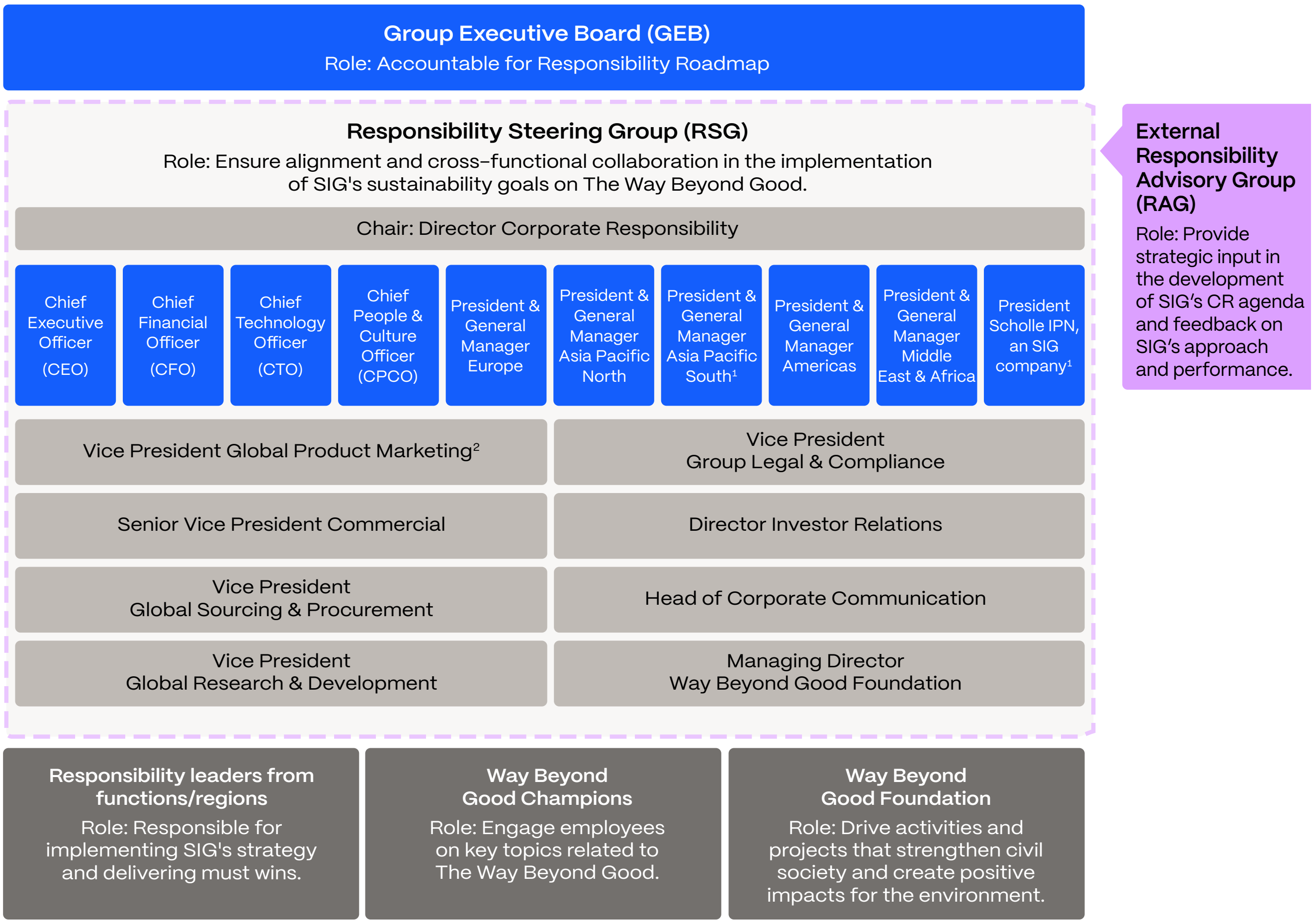
The SIG Way Beyond Good Foundation supports our ambitions through targeted charitable projects and partnerships that strengthen civil society and create positive impacts for the environment (see > pages 160–162). Members of our GEB and senior management sit on the Foundation's Board of Trustees.

We also collaborate with partners, such as Forum for the Future and the Sustainability and Health Initiative for NetPositive Enterprise (SHINE), to drive the wider net positive agenda and catalyse transformative change – beyond our own business and value chain – to create wider benefits for society and the environment (see > pages 373–375).

1 Industry benchmark defined as norms for manufacturing companies participating in the Willis Towers Watson employee engagement survey.

2 Includes employees joining SIG from Scholle IPN and Evergreen Asia.

Responsibility governance structure



1 Joined the GEB and RSG as of 1 June 2022.

2 Joined the RSG as of 1 July 2022 in place of Senior Vice President Innovation / Vice President Global Marketing.

Integrating external insight

Members of our C-suite meet twice a year with our independent Responsibility Advisory Group (RAG), a group of external experts who provide strategic input to our RSG and GEB and challenge us to improve. This year, we discussed opportunities for our business in the context of a rapidly evolving ESG environment and the integration of our newly acquired bag-in-box and spouted pouch business.

RAG members emphasised the importance of focusing on positive impact across our Way Beyond Good targets and communications, and supported our focus on increasing positive impact in the Food+ action area – by helping customers deliver more nutritious food to people who need it most around the world – as part of our net positive ambition.

All five RAG members, including new members from SATS and WWF, offer their views on the following pages.

Greg Norris (RAG Chair)

Co-Director of the Sustainability and Health Initiative for NetPositive Enterprise (SHINE)

"Discussions at the RAG meetings remained strong this year and we welcomed two new members who bring really valuable NGO and food sector perspectives to the group.

I continue to be impressed by the level of participation from SIG's CEO and other executives, and their genuine openness to critical challenge. The focus is very much on what we, as independent advisors, think they need to hear, not on what they might want to hear.

SIG's aspiration to be net positive is highly ambitious. When combined with science-based footprint reduction targets, that's really as ambitious as it gets. This powerful combination has already helped SIG gain significant momentum on climate action and offers great potential to help the company drive progress on forests and biodiversity.

The COP15 global biodiversity summit made clear that preserving natural habitats must be a top priority and SIG's exciting new partnership with WWF Switzerland will support this. I also see an opportunity for SIG to build on its contributions to net positive and handprinting methodologies on climate by pioneering the development of state-of-the-art assessments on biodiversity that can help show companies the way to becoming truly regenerative."

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 deeply committed to its mission to offer the most sustainable packaging solution for liquid food. This mission is embedded in the purpose of the company and SIG's executives are driving progress in their functions and regions.

The Way Beyond Good sets out ambitious targets to tackle major global challenges and the new WWF partnership raises SIG's level of ambition further on forests. I believe SIG has the heart, commitment and resources to turn these commitments into action, and is nimble enough to disrupt the market and help shape the future of liquid food packaging.

Acquisitions this year offer great potential for SIG to expand its contribution to food availability by, for example, using bag-in-box solutions for bulk storage to avoid harvest food loss in emerging markets. A strong focus on innovation, in partnership with customers, will be vital for SIG to develop solutions that can be scaled up quickly to get more nutrition to the people who need it in a sustainable way and at an affordable price.

Going forward, I want to see SIG think deeply about what its ideal packaging portfolio would be in 20 years' time in terms of its contribution to society, climate action, biodiversity and waste management – not only taking a global view, but also looking at specific local impacts in the places where the company operates, sources from and serves."

Matt Sherwood

Chief Executive Officer,
WeVidIt

"SIG's Way Beyond Good targets are way beyond ambitious and, as they deliver, the company is continually moving the goalposts to go even further. A strong focus on ESG and exciting new acquisitions put SIG in a phenomenal position to grow its business and its positive impact on society.

On top of a great environmental track record, SIG has made impressive strides in its social responsibility by creating a great place to work for employees at all levels of the business through its focus on education, high quality working standards, inclusion and gender equality. This culture is supporting retention by empowering people to advance their careers at SIG and will help secure the buy-in needed for a smooth integration of newly acquired businesses.

The latest acquisitions make great business sense. Adding bag-in-box and pouch solutions to SIG's portfolio will unlock value for shareholders by moving into new verticals where the company has the right intellectual capital, clients and consumers to accelerate revenue growth exponentially. It's also a game-changer for the industry as SIG is miles ahead on sustainability. Improving recyclability of bag-in-box bags and pouches is a huge challenge and SIG is already getting ahead on this through innovation in mono-materials."

Thomas Vellacott

Chief Executive Officer,
WWF Switzerland

"SIG's targets offer the level of ambition that we need to meet global challenges, including science-based climate targets to achieve a 1.5°C scenario. The breadth of its ambition, integrating climate, forest, resource and food, really sets SIG apart from other companies.

SIG also has an impressive track record of putting its commitments into action. Sourcing 100% FSC™-certified liquid packaging board is a huge achievement in itself and the company is now going further on forest management and restoration to support biodiversity.

We are seeing growing interest in biodiversity, but SIG is one of very few companies that are taking large-scale action on this. Its commitment to restore, protect or improve the management of 650,000 hectares of forest by 2030, and its partnership with WWF Switzerland to drive progress on this, goes way beyond what others are doing. This is the kind of pioneering role SIG can play, setting the benchmark for what a credible commitment looks like.

Pioneers like SIG play an important role in showing that what many consider impossible is in fact possible and can be done profitably. The next big challenge – and opportunity – is to magnify SIG's positive impact beyond its own business by engaging suppliers, customers and peers to deliver at scale across the sector as a whole."

Veronique Cremades-Mathis

Chief Strategy & Commercial Officer, SATS

"SIG is clearly taking sustainability to heart by leveraging its relationships and know-how to be the best contributor to society in its field. The company is ambitious, but it is realistically ambitious with tangible plans to translate ambition into action. This is a vital distinction because good intentions alone cannot change the world.

Aseptic packaging plays a key role in protecting food, ensuring effective distribution and avoiding food waste through long-life ambient storage.

Simplifying packaging materials for its cartons through aluminium-free[1] solutions is SIG's key achievement on The Way Beyond Good to date, made all the more impressive because this innovation has not been driven by regulations but by purpose. Now SIG has an opportunity to use its know-how to simplify materials and increase recyclability of its newly acquired bag-in-box packaging, which offers the ability to preserve food on a bigger scale.

It's also important to remain vigilant on the social and governance aspects of ESG. SIG takes great pride in its commitment to diversity and inclusion, and there is an opportunity to look beyond aspects such as gender to lead on economic inclusion, through a focus on living wages not just for SIG employees but for workers in the packaging value chain, such as those who are involved in waste collection and recycling."

1 With no aluminium layer.

Embedding corporate responsibility in core business processes

CR is built into the way we do all aspects of our business. For example:

- **Solutions selling:** Sustainability is a key value driver for our packaging solutions. Sales teams are trained to make this part of every conversation with customers. We include our **SIG**NATURE portfolio and other sustainable innovations in our marketing globally, and our Fill Beyond Good programme helps customers improve the sustainability of their factories.
- **Product innovation:** The Way Beyond Good ambitions are driving specific sustainable innovation workstreams, and environmental performance is one of the core value drivers for our product innovation, alongside product safety and commercial considerations.
- **Manufacturing:** The safety of our people and 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 we train the teams involved.
- **People and culture:** Way Beyond Good goals on topics such as diversity, equity and inclusion, talent development and employee satisfaction support our people and culture strategy to foster a winning team.

- **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. For certain teams, such as procurement, we also link their remuneration to specific ESG performance indicators related to their roles.
- **Investor relations:** Interest in ESG topics continues to grow in the investment community. Our investor engagement includes dedicated ESG meetings and we publish detailed policies and commitments on our website. SIG has continued to score well in recognised ESG ratings (see > page 83) and we have raised further finance based on ESG credentials this year (see box below).

Securing further ESG-linked finance

SIG issued a €650 million *Schuldschein* sustainability-linked loan in 2022. The high level of demand from a wide range of investors resulted in the transaction being upsized from a launch amount of €300 million.

The *Schuldschein* is linked to the Company's ESG performance as assessed by EcoVadis, with the margins adjusted up or down accordingly. Achieving its target EcoVadis score therefore results in a reduction in overall funding costs.

This sustainability-linked *Schuldschein* adds to existing loan facilities that are linked to our EcoVadis score and to reductions in Scope 1 and 2 greenhouse gas emissions.

In line with our ambition to have a net positive impact on people and the planet, we track and report our progress through external assessments. Ecovadis is a global independent sustainability ratings provider that analyses our performance within the categories of environment, labour and human rights, ethics and sustainable procurement. This year, we were again awarded a Platinum rating, putting us, for the sixth consecutive year, in the top 1% of businesses participating in the assessment. SIG's specific strengths include our purchase and generation of renewable energy, actions to promote gender inclusion in the workplace, and comprehensive reporting on sustainable procurement issues.

- **Risk management:** Our most material ESG risks – including climate-related risks (see > page 96) – are integrated into our annual enterprise risk management process, which assesses risks based on potential financial and reputational implications for the business. ESG topics are integral to several of the main business risks identified in our latest enterprise risk assessment (see next page). See > pages 73–77 for more on our enterprise risk management. Each key ESG 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 and raw materials; shift in public opinion regarding carton packaging.
- **Supply** – risks of disruptions in the supply chain, 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 environment, health and safety, human rights, unfair competition, insider trading, tax, sanctions, fraud/embezzlement or money laundering.
- **Information security** – risks of cyber attacks 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.

Managing ESG through certification to recognised standards

We use independent third-party certifications to recognised external standards to demonstrate our robust management of ESG topics and support continuous improvement in line with best practice. These include:

- **ASI (Aluminium Stewardship Initiative):** ASI Performance Standard certification is in place for our aseptic carton business, all related SIG production plants have ASI Chain of Custody certification and, from January 2023, all aluminium foil for our aseptic cartons is purchased with ASI certification.
- **BRCGS (Brand Reputation Compliance Global Standards) packaging standard (Issue 6):** AA Grade certification maintained at all our aseptic carton production plants.
- **FSC™ (Forest Stewardship Council™):** Chain of Custody certification in place at all our carton production plants – including the three chilled carton production plants acquired in 2022 – and related sales offices (licence code FSC™ C020428). All our liquid packaging board is purchased with FSC™ certification.
- **ISCC PLUS:** Certification to control ISCC PLUS materials is in place at all our aseptic carton production plants and two bag-in-box production plants to handle polymers linked to renewable or recycled material via an independently certified mass balance system that we use in some of our packaging solutions.
- **ISO 14001:** Global certification for environmental management is in place for our aseptic carton business, with certification planned for SIG Group, including our newly acquired bag-in-box and spouted pouch business and chilled carton business, in 2023.
- **ISO 14040 and ISO 14044:** Independent experts use these standards to carry out ISO-conformant life-cycle assessments of our packaging solutions that are critically reviewed by an independent panel for additional verification.
- **ISO 27001:** Certification achieved for information security management at SIG IT in China, Germany and Romania.
- **ISO 45001:** Global certification achieved for health and safety management for our aseptic carton production plants, and at our chilled carton production plant in Taiwan.

- **ISO 50001:** Certification for energy management maintained at four of our aseptic carton sleeve production plants (all three plants in Europe and our plant in Rayong, Thailand).
- **ISO 9001:** Global certification for quality management is in place for our aseptic carton business.
- **LEED:** Platinum certification for sustainable buildings achieved at SIG's Middle East and Africa headquarters in Dubai. Gold certification achieved at SIG's second plant in Suzhou (China) and planned for the new SIG plant in Mexico.
- **SEDEX Members Ethical Trade Audits (SMETA):** Audits completed at all our aseptic carton production plants, as well as our office site in Mexico and several SIG legal entities in Germany and Switzerland, on a two-yearly cycle. The next scheduled audits in 2023 will also include the production plants we acquired this year.

Integrating new businesses

During 2022, we welcomed our new bag-in-box, spouted pouch and chilled beverage carton businesses to SIG Group through the acquisitions of Scholle IPN and Evergreen Asia's chilled carton business. We are working to integrate these businesses into our established ESG governance, policies and processes – including relevant Way Beyond Good ambitions.

Completing this integration will take time and for this reason the newly acquired businesses are excluded from the scope of our CR reporting in 2022, except where otherwise stated. But we have already made progress in some areas.

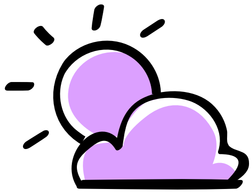
In 2022, Ross Bushnell, President Scholle IPN, joined our GEB and RSG to represent our bag-in-box and spouted pouch business as complementary packaging solutions to SIG's beverage cartons. The new chilled carton business – which includes three production plants in China, South Korea and Taiwan – is represented on both the GEB and RSG by SIG's President & General Manager Asia Pacific North as part of our carton business in this region.

Our Code of Conduct was communicated from day one of the integrations and virtually all new colleagues have completed training on ethical compliance. We are working to fully integrate newly acquired operations into our established health and safety management systems, and we have already trained the approximately 2,100 employees joining us from Scholle IPN on our Life Saving Rules that form the cornerstone of our health and safety programme. We also invited colleagues joining us through the acquisitions to participate in our latest Group-wide employee survey.

We have incorporated the new businesses into our greenhouse gas emissions accounting and Net Zero pathway, and begun work to include them in our Group-wide ISO 14001 environmental management certification in 2023. The three new plants that use liquid packaging board have also achieved FSC™ Chain of Custody certification this year.

Approach and performance

Climate+



We are committed to keep reducing our carbon footprint until we capture more carbon from the atmosphere than we emit.

Limiting global warming to 1.5°C is critical to prevent catastrophic climate change. To do this, the world needs to reach Net Zero – the point at which we achieve a balance between emissions that may not be avoided and emissions removed from the atmosphere – by 2050. Everyone has a part to play in this, including us.

Our aseptic cartons play a key role in minimising carbon emissions by keeping food safe and fresh for long periods without the need for refrigeration in the supply chain. They have a 28–70% lower carbon footprint than other packaging formats, such as plastic and glass bottles or aluminium cans – and solutions in our innovative **SIG**NATURE portfolio offer even further reductions of up to 58%. They are made mainly from renewable materials and we source the fibre used to make their main raw material, liquid packaging board, from sustainably managed forests that act as important carbon sinks. The electricity used to produce our aseptic carton packs is 100% renewable and we offset all emissions from non-renewable energy through Gold Standard CO_2 offset.

Tackling climate change helps us mitigate risks (physical and transitional), meet growing expectations from stakeholders on climate action and harness opportunities for our business.

We are well positioned to grow our market share in a low carbon economy as our solutions provide a strong differentiator for customers seeking to meet growing consumer demand for low carbon products and packaging. The addition of spouted pouches and bag-in-box (see > pages 11–12 and > page 22), as well as chilled cartons, to our portfolio through acquisitions in 2022 extends our range of low carbon solutions across further market segments.

Our commitment

We are committed to reducing our greenhouse gas emissions to the levels demanded by science to keep global warming below 1.5°C. Our goal is to achieve Net Zero greenhouse gas emissions by 2050.

Building on our current 1.5°C science-based target that was approved by the Science Based Targets initiative in 2019, we are now going further with even more stretching 2030 emissions reduction targets for our operations and our value chain (see targets table on > page 97). At the same time, we are committed to pioneering even lower carbon packs to bring our customers the lowest carbon packaging solutions.

We have developed a series of workstreams to support progress on our path to Net Zero – including a strong alignment with other focus areas of Way Beyond Good, such as sustainable innovation and supply chain, that support our Climate+ targets. Together, these workstreams will help us meet our science-based targets and expand our positive impact by delivering greenhouse gas emissions reductions across the value chain and beyond. Areas of focus include:

Our operations

- 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[1]
- 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 offset certificates)
- Replacing solvent-based printing with water-based inks.

Our value chain

- Encouraging suppliers to set their own science-based targets and take action to cut their greenhouse gas emissions
- Reducing our use of carbon-intensive raw materials, such as fossil-based polymers and aluminium foil
- Supporting carbon storage by sourcing from sustainably managed forests
- Working with suppliers and logistic providers to reduce emissions from inbound and outbound logistics
- Helping customers cut emissions from their factories by reducing energy requirements for our next-generation filling machines and offering upgrade kits to cut energy use in existing filling machines
- Increasing collection and 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

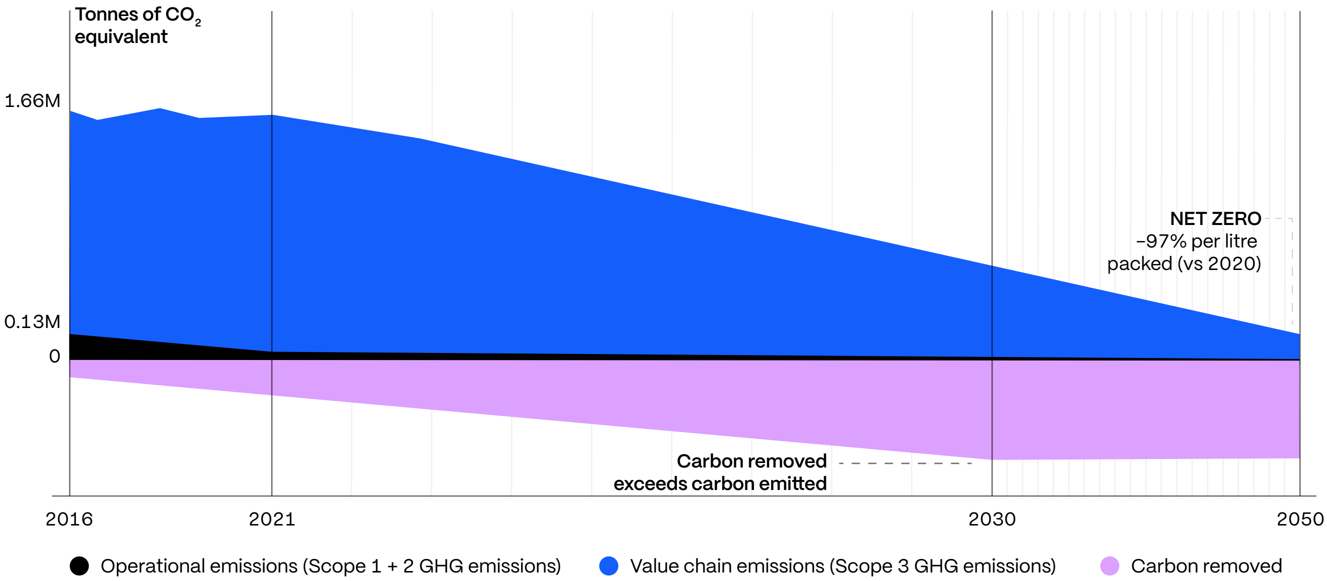
- Continuing to offer the lowest carbon alternative to other types of packaging and increase uptake of our lowest carbon solutions, supported by critically reviewed life-cycle assessments based on the ISO 14040 and 14044 international standards
- Mitigating food loss and waste (and associated greenhouse 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 (ASI) which includes strict requirements for carbon reductions in the production of aluminium[2]
- Enabling carbon capture by accelerating efforts to restore or create additional hectares of thriving forests beyond those we need to provide raw materials for our cartons
- Using recycled materials from used beverage cartons to create a low carbon alternative to carbon-intensive materials, such as materials for construction.

1 We currently purchase renewable electricity through guarantees of origin and international renewable energy certificates, as well as directly through on- or off-site power purchase agreements, to maintain 100% renewable electricity for production of our aseptic cartons.

2 ASI-certified smelters must achieve a level of Scope 1 and 2 greenhouse gas emissions below 8 tonnes of CO_2 equivalent per tonne of aluminium produced by 2030 (or immediately for smelters starting production after 2020). This is a significant reduction from the current global average of 12 tonnes of CO_2 equivalent per tonne of aluminium ingot produced.

We have extended our greenhouse gas accounting and ambitions to include our new bag-in-box, spouted pouch and chilled carton businesses, which joined SIG Group through acquisitions this year. See > pages 380–386 for more on our greenhouse gas emissions basis for reporting. We will use the data we gathered to integrate these businesses into our workstreams to reduce greenhouse gas emissions across all our operations and along our broadened value chain.

Our path to Net Zero



Reducing the carbon footprint of our packaging at every stage of the life-cycle

(% life-cycle carbon footprint of an aseptic beverage carton[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 105 and > page 135.

8% Manufacturing

We make our sleeves and closures using 100% renewable electricity, and our environmental management systems, certified to ISO 14001 for our aseptic carton business, support continuous improvement in energy use and emissions at our plants. See > page 94 and > page 101.

16% Transport

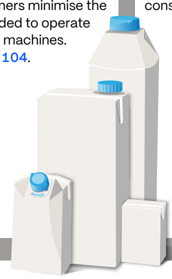
We reduce transport emissions by delivering our carton sleeves in flat-packed form and filling trucks fuller for fewer journeys and less fuel use. Our lightweight packs also help customers cut emissions from distributing their products and avoid the need for refrigeration. See > page 104.

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 104.

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 109.



1 Indicative figures referring to the climate impact of an average 1 litre SIG pack in EU28 based on our LCA tool.

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 on 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.

We disclose further information on climate risks and opportunities for our business – including potential financial impact – through our CDP Climate and DJSI responses. This year, we have also aligned our public reporting with the elements of the TCFD framework, including scenario analysis, to address climate-related risks and opportunities and related impacts (see > pages 366–369).

Our targets

2025 target	Progress tracker
Net Zero value chain greenhouse gas emissions **by 2050**[1]	New target
Reduce Scope 1 and 2 greenhouse gas emissions by 50% by 2025 and by 60% **by 2030** (from 2016)	On track
Reduce Scope 1 and 2 greenhouse gas emissions by 42% **by 2030** – and by 90% **by 2050** (from 2020)[1]	New target
Reduce Scope 1, 2 and 3[2] greenhouse gas emissions by 25% per litre of food packed **by 2030** (from 2016)	On track
Reduce Scope 1, 2 and 3 greenhouse gas emissions by 52% per litre packed **by 2030** (from 2020)[1]	New target
Reduce Scope 3 greenhouse gas emissions by 97% per litre packed **by 2050** (from 2020)[1]	New target
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 (PPAs) to meet 25% of our global electricity use	On track
Transition to 100% bioethanol or other bio-materials for printing (also a target for Supply chain, see > pages 135–140)	On track
Reduce CO_2 emissions from inbound and outbound logistics by 25% (from 2016)	More work to do

1 Our new targets were developed in line with the latest guidance of the Science Based Targets initiative (SBTi) and in support of its Business Ambition for 1.5°C and the United Nations-led campaign Race to Zero. Now also included are our new bag-in-box, spouted pouch and chilled carton businesses, which joined SIG Group through the acquisitions of Scholle IPN and Evergreen Asia in 2022.

2 This 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.

Our progress

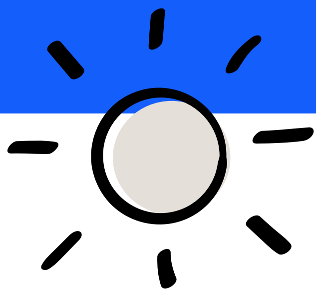
We have formally committed to achieving Net Zero greenhouse gas emissions by 2050 and set stretching targets to help us get there. We maintained carbon neutral production for our aseptic carton packs with 100% renewable electricity and Gold Standard CO_2 offset for all non-renewable energy. We also invested in more on-site solar installations and power purchase agreements that support further investment in renewable energy as part of the global energy mix. Sales of our lowest carbon packaging materials – our **SIG**NATURE portfolio – grew by a further 13% this year and we launched the world's first full barrier solution for aseptic carton packs for use with products such as juices, as well as liquid dairy.

Extending SIG's industry lead on renewable energy with physical PPAs

We have used 100% renewable electricity to make our aseptic carton packs since 2017. Initially, we sourced renewable power mainly through Guarantees of Origin certificates. Now we are going further by sourcing more directly through power purchase agreements (PPAs) that support further investment in renewable energy as part of the global energy mix.

We have now secured physical PPAs to power 100% of our carton packaging production in Germany from January 2023. These include a combination of on-site solar installations, renewable electricity from on-shore wind turbines in Germany on a real-time supply basis and a flexible top-up of hydropower.

And we're not stopping there. Two vast solar arrays at our plants in Linnich and Wittenberg, currently in construction, will enable us to power more of our production with renewable power generated at our own sites. Together with planned installations in Mexico and Saudi Arabia, these will triple our total on-site energy generation worldwide.



Performance in 2022

Integrating new businesses

- We have integrated our new bag-in-box, spouted pouch and chilled carton businesses, which joined SIG Group through the acquisitions of Scholle IPN and Evergreen Asia in 2022, into our greenhouse gas inventory (see > pages 380–386) and relevant activities related to our Net Zero pathway. These new acquisitions are also included in the scope of our new targets on Scope 1, 2 and 3 greenhouse gas emissions and related reporting of data for SIG Group from 2020 to 2022.

Value chain emissions

- Since 2016, we have reduced Scope 1 and 2 emissions and our most significant Scope 3 emissions[3] from our aseptic carton business by 20% from the 2016 baseline, putting us on track to meet our science-based target to cut these relative emissions by 25% by 2030.
- We have set a new and expanded target to reduce Scope 1, 2 and 3 greenhouse gas emissions – including all Scope 3 categories – by 52% per litre packed by 2030 from a 2020 baseline for SIG Group (including our new bag-in-box, spouted pouch and chilled carton businesses). Once approved by the SBTi, this target will replace our current value chain target. SIG Group's Scope 1, 2 and 3 emissions per litre packed have decreased slightly from 2020 to 2022, and we aim to drive progress towards this new target through our Net Zero workstreams.

3 Includes Scope 3 emissions from our supply chain, use of our filling machines and recycling or disposal of our cartons.

- Cutting our Scope 3 emissions is central to our path to Net Zero and we have set a target to achieve a 97% reduction per litre packed by 2050 (from a 2020 baseline) for SIG Group. SIG Group's total Scope 3 emissions remained at a steady level from 2020 to 2022, and we aim to drive progress towards this new target through our Net Zero workstreams.

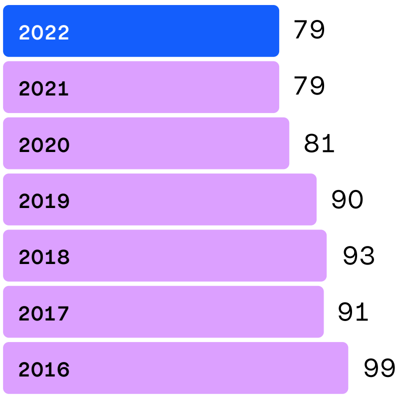
Value chain carbon footprint for our aseptic carton business[1]
(thousand tonnes of CO_2 equivalent)

	2016	2017	2018	2019	2020	2021	2022
Scope 1	29.1	38.5	34.4	34.5	31.1	29.8	25.1
Scope 2 (market based)[2]	84.0	28.6	32.5	27.9	22.9	0	0
Scope 3	1,541.9	1,461.1	1,530.6	1,575.4	1,534.1	1,572.4	1,602.1
Total	**1,655.0**	**1,528.2**	**1,597.5**	**1,637.8**	**1,588.1**	**1,602.1**	**1,627.2**

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 Location-based emissions (based on the electricity grid average amount) totalled 103.1 thousand tonnes of CO_2 equivalent in 2022 for our aseptic carton business.

Value chain emissions rate for our aseptic carton business[1]
(grams CO_2 equivalent/ litre of food packed)



1 Includes Scope 1 and 2 greenhouse gas emissions, and most material Scope 3 emissions (from our supply chain, use of our filling machines and recycling or disposal of our cartons).

Value chain carbon footprint for SIG Group[1]
(thousand tonnes of CO_2 equivalent)

	2020	2021	2022
Scope 1	32.4	31.3	26.6
Scope 2 (market based)[2]	64.5	41.0	48.8
Scope 3	1,863.7	1,901.9	1,927.5
Total	**1,965.6**	**1,979.2**	**2,022.9**

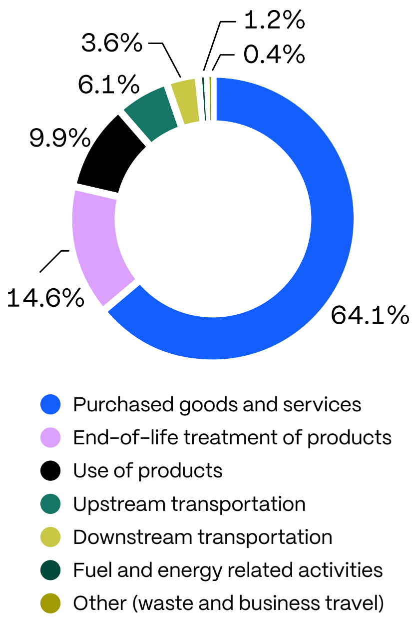
1 Includes our new bag-in-box, spouted pouch and chilled carton businesses, which joined SIG Group through the acquisitions of Scholle IPN and Evergreen Asia in 2022.

2 Location-based emissions (based on the electricity grid average amount) totalled 151.7 thousand tonnes of CO_2 equivalent in 2022 for SIG Group.

Value chain emissions rate for SIG Group[1]
(grams CO_2 equivalent/
litre of food packed)

1 Includes our new bag-in-box, spouted pouch and chilled carton businesses, which joined SIG Group through the acquisitions of Scholle IPN and Evergreen Asia in 2022.

Scope 3 emissions by category in 2022 for SIG Group[1]



Raw materials

- We continued to work with suppliers to cut emissions from the production of the main raw materials for our aseptic cartons. We engaged with aluminium suppliers to encourage more of them to achieve ASI Chain of Custody certification, which includes strict requirements on carbon reductions in the smelting process, and secured further supplies of ASI-certified aluminium to enable us to procure 100% of the aluminium foil for our aseptic carton packs with ASI certification from January 2023 (see > page 137). We sourced a considerable amount of low-density polyethylene from INEOS Olefins and Polymers Europe, made with certified renewable power, which reduces the carbon footprint by 21%. And we held top management-level discussions on emissions reductions plans with Stora Enso, one of our main liquid packaging board suppliers.
- 71% (by volume) of the A-materials[4] for our aseptic cartons came from renewable sources in 2021 – mostly liquid packaging board as well as the polymers linked to 100% renewable materials[5] for the growing number of packs sold with our **SIG**NATURE 100 and **SIG**NATURE FULL BARRIER solutions.
- Seven of our eight aseptic carton production plants have already moved from fossil-based solvents to plant-based bioethanol for our printing processes and we are continuing to explore how to extend the switch to renewable alternatives worldwide. The plant-based ethanol we use is made from agricultural residues, not food crops.

Operations

- We have cut Scope 1 and 2 emissions from our aseptic carton business by 78% from the 2016 baseline, putting us on track to meet our current science-based target to reduce these emissions by 60% for 2030. Switching to renewable electricity to power 100% of our production in 2017 made the biggest contribution to this progress.
- We are now going further by targeting a reduction of 42% by 2030 – and 90% by 2050 – for SIG Group (including our new bag-in-box, spouted pouch and chilled carton businesses) from a baseline of 2020, when we had already moved to 100% renewable electricity at all the plants we owned then. Once approved by the SBTi, this target will replace our current science-based target. We cut our total Scope 1 and 2 emissions by 22% from the 2020 baseline for the new target.[6]
- We maintained carbon neutral production for our aseptic carton packs by using 100% renewable electricity for production and offsetting non-renewable energy through Gold Standard CO_2 offset. Since we first achieved this milestone in 2018, this has avoided over 246,000 tonnes of CO_2 equivalent emissions.
- Our existing 11.3 MWp of on-site solar power met 2.6% of global electricity use for our aseptic carton business in 2022. More is in development, including two huge roof and ground-mounted arrays at our sites in Wittenberg and Linnich (both in Germany) as well as installations in Mexico and Saudi Arabia. Together, these will triple total on-site energy generation for production of our aseptic cartons. Three of our newly acquired sites – in Australia, China and the USA – have rooftop solar arrays and we have begun feasibility studies to develop new on-site solar at others.

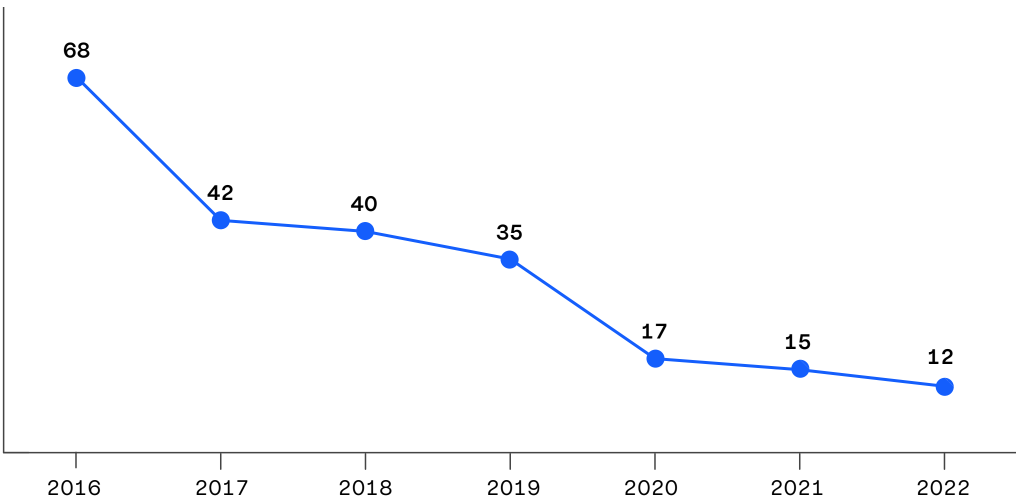
4 A-materials are those that go directly into our packs – paperboard, polymers, aluminium foil and ink.

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

6 Includes our new bag-in-box, spouted pouch and chilled carton businesses, which joined SIG Group through the acquisitions of Scholle IPN and Evergreen Asia in 2022.

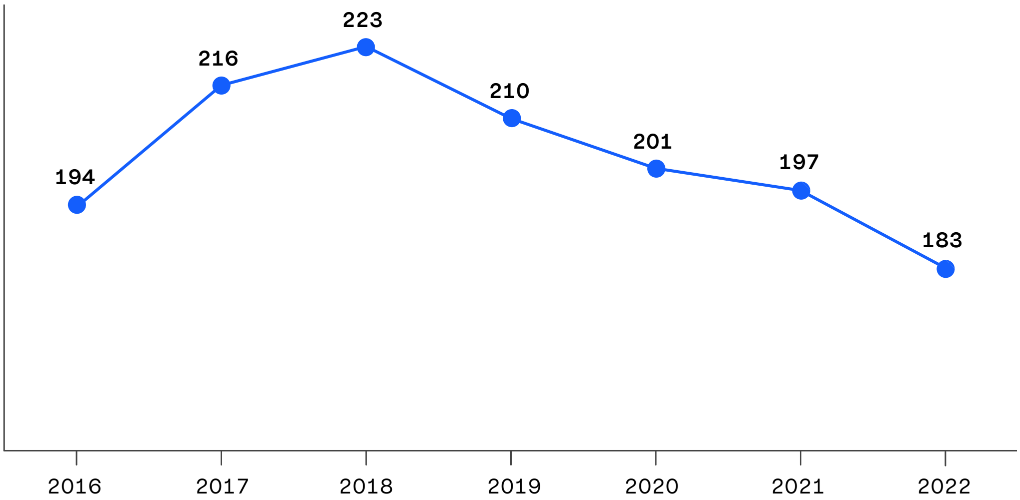
- We continued to increase the positive impact we deliver through our sourcing of renewable power by securing more physical power purchase agreements (PPAs) that support further investment in renewable energy as part of the global energy mix. PPAs met 12% of global electricity use for our aseptic carton business in 2022 and we have secured PPAs that are expected to increase this to 29% in 2023, including enough to power 100% of our aseptic carton production in Germany (see case study on > page 98).
- The greenhouse gas emissions intensity of our aseptic carton production decreased by a further 19% to 12 tonnes CO_2 equivalent/million m^2 of sleeves produced in 2022.
- Energy conservation programmes contributed to a 7% reduction in the energy intensity of our aseptic carton production to 183 MWh/million m^2 of sleeves produced in 2022. Our three aseptic carton production plants in Europe continued to demonstrate annual energy reductions to maintain their certification to ISO 50001, and our plant in Rayong (Thailand) achieved this certification for the first time.
- We continued to explore ways to cut emissions from generation of thermal energy by reducing or replacing use of fossil fuels. A new system to recover heat from production processes at Saalfelden (Austria) is expected to reduce the site's natural gas consumption by 45%, avoid an estimated 790 tonnes of CO_2 emissions per year and deliver annual savings of around €30,000 in energy costs. We are also exploring the feasibility of green hydrogen and carbon capture technologies in the longer term.
- We completed construction of our new plant in Querétaro (Mexico), which has been designed in line with criteria set by the LEED sustainable buildings standard (targeting Gold level) and will feature solar panels on its rooftop.
- We maintained our global ISO 14001 certification for our aseptic carton business – and began work to extend it to newly acquired sites in 2023 – for our environmental management systems that include management of energy use and greenhouse gas emissions. We also designed and launched new interactive online training on ISO 14001 to help employees understand how our environmental management systems can help us cut environmental impacts and how they can do their part to help. Initially rolled out to colleagues in our new bag-in-box and spouted pouch business, we plan to roll out this training across SIG Group in the coming year through our established learning and development channels.

Scope 1 and 2 greenhouse gas emissions intensity from aseptic carton production[1]
(tonnes CO_2 equivalent/million m^2 of sleeves produced)



1 Energy use, 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.

Energy intensity of aseptic carton production[1] (MWh/million m^2 of sleeves produced)



1 Energy use, 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.

Energy use for aseptic carton production[1] (GWh, by type)

	2016	2017	2018	2019	2020	2021	2022
Natural gas	96	123	132	134	133	133	112
Liquified natural gas	12	12	10	8	6	7	6
Diesel	0	0	0	0	1	1	1
Electricity (non-renewable)	157	40	45	41	34	0	0
Electricity (renewable)	71	189	198	201	209	261	269
Total	**335**	**363**	**386**	**385**	**383**	**402**	**388**

1 Energy use, 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.

Packs

- Sales of our lowest carbon packaging materials – combibloc **ECO**PLUS, **SIG**NATURE 100 and **SIG**NATURE FULL BARRIER – increased by 13% this year, with 611.6 million litres of food packed in SIG aseptic cartons with these three **SIG**NATURE portfolio packaging materials in 2022. We have now sold enough packs with **SIG**NATURE portfolio solutions to fill more than 2.7 billion litres of food. Together, these products have saved an estimated 56,000 tonnes of CO_2 equivalent emissions compared with standard SIG aseptic carton packs. As sales of these sustainable innovations grow, so will the associated carbon reductions.
- We launched **SIG**NATURE EVO, the world's first full barrier solution for aseptic carton packs with no aluminium layer that can be used with oxygen-sensitive products, such as juices, as well as liquid dairy. This aluminium-free[7] solution provides comparable barrier properties to our standard aseptic carton solutions that include a layer of aluminium foil. **SIG**NATURE EVO was launched in early 2022 in our combiblocMini portion-sized format and will 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 aseptic carton pack, with results expected in 2023.

7 With no aluminium layer.

- An independent life-cycle assessment with Riedel found that our new combismile pack with **SIG**NATURE FULL BARRIER offers a carbon footprint reduction of 75% or more compared with the PET bottles that Riedel was using previously for its on-the-go juices (see > page 21).
- We remain the only carton producer to offer packs with ASI-certified aluminium and, from January 2023, we are sourcing 100% ASI-certified aluminium foil. We sold over 8.6 billion SIG packs in 2022 with the ASI code, showing that ASI-certified aluminium foil was sourced for their production. Of these, nearly 1.4 billion feature the ASI label – almost three times the number in 2021 as more customers opt to include the ASI label on their packs to demonstrate and raise awareness of responsible aluminium sourcing.
- We commissioned the Institute for Energy and Environmental Research (IFEU) to conduct independent ISO-conformant life-cycle assessments for our newly acquired bag-in-box and spouted pouch solutions. Preliminary results, to be confirmed through an independent critical review process, show significant carbon savings compared with alternative types of packaging: bag-in-box solutions for wine offer an 80% lower carbon footprint compared with glass bottles; and mono-material spouted pouches for baby food offer an 11% reduction in carbon footprint compared with plastic tubs and a 59% reduction compared with glass jars.

See > pages 126–134 for more on our **SIG**NATURE portfolio, our latest sustainable innovation developments and uptake of the lowest carbon solutions for our packs.

Logistics

- We continued efforts to cut emissions from logistics by reducing the distances our raw materials and finished packaging need to travel, working to qualify more suppliers in the regions where we operate and increasing local aseptic carton production capacity to serve the Americas with our new plant in Mexico.
- Emissions from outbound logistics decreased by 21% in 2022 to 51,382 tonnes of CO_2 equivalent. This reduction was supported by moving production for some of our customers in Asia that previously received cartons from our former plant in Australia, to instead deliver from our plants in China and Thailand. We also maintained a high rate of full truck loads (95%) for delivery to our aseptic carton customers.
- Overall, upstream logistics emissions (inbound and outbound transportation) for our aseptic carton business have increased by 7% from the 2016 target baseline.

Filling machines

- Our next-generation filling machine for SIG aseptic cartons, SIG NEO, launched at the end of 2021, is designed to cut energy use and offer a 25% lower carbon footprint for the filling and packaging process per pack compared with our third-generation filling machines. Field testing planned for 2022 has been delayed and we now expect to report on carbon reductions achieved by customers in practice in 2024.

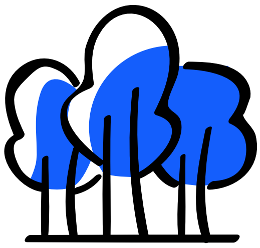
Recycling

See > pages 109–120 for information on how we are supporting efforts to increase recycling of used beverage cartons.

Removing carbon from the atmosphere

See > pages 105–108 for information on how we are taking carbon out of the atmosphere by supporting thriving forests.

Forest+



We aim to create more thriving forests than it takes to make our products.

The world's forests play a critical role in regulating the climate as well as supporting biodiversity, ecosystem functions and communities. They can provide a wealth of resources and materials that can be continually renewed – including the wood fibres used to produce the liquid packaging board that makes up an average of 75% (and up to 82%) of SIG's carton packs, as well as the polymers used to link some of our **SIG**NATURE solutions to up to 100% renewable materials.[1]

Forestry operations must be managed sustainably to protect biodiversity, maintain ecosystem services and carbon storage, avoid forest degradation or deforestation, respect the rights of workers, local communities and indigenous peoples, and ensure a sustainable supply of raw materials now and in the future.

Forest Stewardship Council™ (FSC™) certification assures us and our customers that all the liquid packaging board we use in our carton packs comes from sustainably managed forests and other controlled sources. The FSC™ label, which can be included on all SIG cartons, enables customers to confidently communicate to consumers that the board used in their packaging contains material from forests that are continually regrown.

Our ambitious commitments to protect and regenerate our planet's forests contribute to wider global goals – reinforced at the COP15 biodiversity conference in 2022 – to conserve, protect, restore and sustainably manage biodiversity and ecosystems for the next decade.

Our commitment

We are committed to protecting 100% of the sustainable forests we source from by purchasing all our liquid packaging board with FSC™ certification. We maintain our Chain of Custody certification at all our carton production sites and sales offices to enable the board used in our packs to be traced through the supply chain to sustainably managed forests.

On top of this, for every hectare that we sourced from in 2020, we will create, restore, protect or improve management of an additional hectare of healthy forest by 2030. That's an additional 650,000 hectares of thriving forest by 2030 – the equivalent forest area needed to continually generate the wood needed to produce all the packs we made in 2020 all over again.

This commitment is based on the area of FSC™-certified forest (in hectares[2]) that would be needed to regrow the estimated 2 million m^3 of wood that it took to produce the 400,000 tonnes[3] of liquid packaging board we used to make our packs in the year that we set the commitment (2020). WWF has confirmed that this is a rigorous commitment and rationale.

1 Polymers are linked to wood residues from paper making via an independently certified mass balance system.
2 Based on 1 hectare of Swedish FSC™-certified forest (where SIG mainly sources from) producing an estimated 3 m^3 of wood.
3 Based on an estimated 5 m^3 of wood to make 1 tonne of liquid packaging board.

We will achieve the 650,000 hectare commitment by partnering with NGOs, such as WWF and Brainforest, to identify and deliver forestry projects, and by seeking opportunities to undertake joint projects with our suppliers and customers. Support from expert agricultural scientists, botanists and foresters will help to ensure this work is grounded in science.

In addition, we will continue to empower and encourage our customers to put the FSC™ label on any SIG carton pack to champion packaging that helps create more thriving forests and raise consumer awareness of sustainable forestry.

We also aim to reduce pressure on forest resources by designing our packs to minimise use of materials, and by fostering recycling of beverage cartons after use to reclaim the fibres so they can be used again to create new paper and board products (see > pages 109–120).

In 2022, we began using the Taskforce on Nature-related Financial Disclosures (TNFD) framework to inform our assessment of risks and opportunities for our business. We also updated our policies on Responsible Sourcing, Environment, Health and Safety, and Product Stewardship to better reflect our commitment to uphold biodiversity.

Our targets

2025 target	Progress tracker
Partner to create, restore, protect or improve management of at least 650,000 additional hectares of forest beyond what we need to make our products **by 2030**[1]	On track
Establish a partnership with Brainforest, an NGO, to contribute to restoring or creating resilient and sustainable forests by 2025	Completed
Partner with an NGO to develop a methodology to measure the impact of FSC™ certification by 2025	More work to do
Work with customers to include the FSC™ label on 100% of the packs we sell, closing the remaining 3% gap by 2025	On track
Maintain 100% FSC™-certified supply of liquid packaging board for our packs (also a target for Supply chain, see > pages 135–140)	On track

1 Target wording amended for clarity.

Our progress

We continued to purchase 100% of the liquid packaging board for our aseptic cartons with FSC™ certification – an industry first – and sold more than 42 billion FSC™-labelled packs in 2022. We launched a major new partnership with WWF Switzerland to directly invest in projects designed to protect, restore or improve thousands of hectares of forests, starting with a project in Mexico to secure critical habitat for jaguars. We also joined WWF's Forests Forward programme and made a series of public commitments to drive progress towards our Forest+ ambitions and directly contribute to global goals on restoration of forests and biodiversity.

Championing sustainable forestry at the FSC™ General Assembly

SIG was the top 'Green Sponsor' of the FSC™ General Assembly in 2022, reinforcing our longstanding partnership with the FSC™ and our commitment to its rigorous certification standard.

Our sponsorship helped ensure diverse social, environmental and economic interests were represented in critical discussions on forest management and sustainability by enabling FSC™ members who would otherwise lack sufficient resources to attend.

During the General Assembly, we announced our partnership with WWF Switzerland to directly invest in projects that will protect, restore or improve thousands of hectares of forest (see > **page 27**).

Performance in 2022

Sourcing FSC™-certified board

- We continued to purchase 100% of the liquid packaging board for our aseptic cartons with FSC™ certification – first achieved in January 2021. SIG is the only beverage carton producer to have achieved this.
- More than 42 billion (99%) of the aseptic carton packs we sold in 2022 carried the FSC™ label, raising awareness of certified sustainable forest management by bringing the FSC™ label to consumers around the world. To close the remaining gap to our target of 100%, we are continuing to promote the benefits of FSC™ labelling and encouraging our customers to include the FSC™ label in décor designs for new products. This year, we conducted an analysis of which existing customer product décors do not yet include the FSC™ label and we plan to work with the relevant customers to integrate the label in their next planned design change to avoid unnecessary waste of printing cylinders.
- We maintained FSC™ certification across SIG aseptic carton production sites, and added our newly acquired chilled carton production sites in China, South Korea and Taiwan to the SIG FSC™ multi-site certificate.
- Building on our longstanding work with the FSC™ to develop the certification scheme, we sponsored its 2022 General Assembly, an event that sets the direction of the organisation for the coming years (see case study above).
- We are working with the Institute for Energy and Environmental Research (IFEU) on a project to measure the impact of sourcing FSC™-certified raw materials using life-cycle assessment techniques focusing on carbon and biodiversity. This year, we worked together to refine our approach and agreed a plan to help develop a methodology.

Partnering to expand sustainable forestry

- We launched a five-year partnership with WWF Switzerland to directly invest in projects designed to protect, restore or improve thousands of hectares of forests. The first joint project on the ground aims to improve forest management of 100,000 hectares and restore a further 750 hectares of forest to secure a landscape in Mexico that serves as a critical jaguar habitat. Read more about our partnership with WWF on > pages 26–29.
- Through our partnership with WWF Switzerland, we joined WWF's Forests Forward programme, which brings together businesses, local communities and other key forest stakeholders to transform the way forests are valued, managed, protected and restored for the benefit of nature, people and climate. As a member of the programme, we have made a series of public commitments (see box below) that are designed to contribute to specific UN Sustainable Development Goals (SDGs) as well as supporting our own Forest+ ambitions.
- We began engaging with customers and suppliers to explore the potential to amplify our positive impact by working together on joint forest projects, including inviting them to join our partnership with WWF Switzerland. We also partnered 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 projects that would be suitable for SIG to undertake jointly with customers or suppliers. 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.
- Following our Way Beyond Good Champions' Forest+ campaign in 2021, some of our local teams continued to support efforts on the ground to restore or create forests in their communities this year. In Switzerland, a group of SIG volunteers planted around 230 saplings to restore parts of the forest near our Neuhausen site that had been destroyed by bark beetle. In Romania, almost 100 colleagues from our Cluj site planted an "SIG forest" of around 1,200 trees on a hill near the city in a teambuilding event organised in partnership with a local NGO. In Germany, new trainees joining our team at Wittenberg were introduced to The Way Beyond Good and our focus on Forest+ through a trip to the Mittlere Elbe biosphere reserve, where they learned about nature conservation and helped out with tree protection measures.

Our Forests Forward commitments

Commitment	UN Sustainable Development Goals supported[1]
Maintain achievement of SIG's 100% FSC™ sourcing goal (first reached in 2021)	12 Responsible consumption and production: 12.6 & 12.7
By end of 2024, key liquid packaging board suppliers move forest sourcing from FSC™-controlled wood to FSC™ forest management certification	
By end of 2024, at least two of SIG's major suppliers engage in afforestation or restoration of additional forest area beyond direct purchase by co-financing relevant forest projects	15 Life on land: 15.7
SIG shows the way in this partnership for key customers, investors and peers to contribute and join efforts to facilitate market shift	
SIG and WWF co-develop SIG's comprehensive approach to support thriving forests, building upon SIG's 100% FSC™ sourcing achievements	15 Life on land: 15.2
By 2025, invest in forest restoration in at least three ecologically important landscapes	

1 See > pages 376–379 for more detail on UN Sustainable Development Goals supported.

Resource+

We aim to lead the way towards a fully circular packaging system.

Our planet's resources are finite and its capacity to absorb waste is limited. As a society, we need to move towards a circular economy that stops producing waste and strengthens natural systems. We know SIG can play a big part in this.

SIG cartons contribute to the circular economy from the start of their life because they are made mainly from renewable materials that are naturally regenerated. They are designed to be fully recyclable after use, which helps to keep high-quality materials in circulation and avoid uncontrolled waste entering the world's oceans as litter that can harm wildlife.

Our packaging solutions, including sustainable innovations such as our paper straws and tethered caps, help our customers comply with growing regulations and fulfil their ambitions to reduce the environmental impact of packaging.

We work with customers and others in our industry to extend recycling infrastructure and collection systems around the world as part of our shared responsibility to enhance the rate of cartons that are recycled. Many of the programmes we support have a wider positive impact by increasing collection and recycling of other types of packaging, and by adopting ethical standards and innovative models that support underprivileged people.

Optimising our packs and cutting waste in our own operations helps us minimise material use and enhance the efficiency of our production processes. Certified environmental management systems help to preserve water resources in our operations and supply chain, and our innovative filling technology helps customers to reduce water use at their factories.

Our commitment

Our goal is to design cartons that support increased circularity by stepping up our use of renewable or recycled materials and fostering recycling to turn more used packs into valuable resources that can be used again.

We are committed to the principles of the circular economy, set out by the Ellen MacArthur Foundation, to design out waste, regenerate natural systems and keep products and materials in circulation, underpinned by use of renewable energy (see > pages 93–104).

In Europe, we are also fully committed to the ten industry commitments set out in the ambitious 2030 roadmap set by the Alliance for Beverage Cartons and the Environment (ACE), of which SIG is a member (see box on the next page).

ACE 2030 roadmap: industry commitments in Europe

Through ACE, together with others in our industry, by 2030 we are committed 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.

Partnering to foster collection and recycling

We are committed to collaborating through industry associations (see box on the next page), and with other stakeholders, to significantly increase recycling rates for used beverage cartons globally.

The high-quality fibre that makes up the majority of our cartons can be separated and recycled relatively easily for reuse at paper mills, so our main focus for investment to increase recycling capacity is on more facilities to recycle the remaining polymer and aluminium – either together as a robust PolyAl material for roof tiles or furniture, or separately to enable wider applications for the recycled materials. Through EXTR:ACT, we keep apprised of new recycling technologies and facilities being developed independently and through industry associations. We also strive to increase demand for recycled materials from used beverage cartons by showcasing potential uses.

Used beverage cartons must be collected before they can be recycled. To support this, we advocate for enabling regulatory frameworks (including extended producer responsibility legislation), raise consumer awareness to support collection of used beverage cartons for recycling, and develop innovative models for collection that provide additional societal benefits for underprivileged people.

Our tailored local Going Circular roadmaps are designed to catalyse collection and recycling, and to promote the beverage carton as a sustainable packaging option, in 25 priority countries that together account for around 90% of our global carton sales (by weight).

We are also embarking on plans to enhance collection and recycling systems for our newly acquired bag-in-box and spouted pouch solutions. Some of the industry partnerships that SIG supports in relation to beverage cartons, such as the Consumer Goods Forum, already include collection and recycling of these types of packaging.

Industry partnerships

We are advocating and driving initiatives to increase collection and recycling of used beverage cartons through industry partnerships, including:

We are also 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, Malaysia, New Zealand, South Korea, Thailand, Vietnam and the USA.

Designing for circularity

We are committed not just to increasing collection and recycling rates for cartons as they are designed today, but to designing our cartons to support increased circularity in the future. Our standard procedures mandate that all new carton packs must be fully recyclable by design.[1]

Through our focus on sustainable innovation (see > pages 126–134), we have developed circular solutions, such as paper straws for on-the-go cartons and tethered closures that ensure the cap stays with the rest of the pack for recycling. We are also innovating to increase use of renewable or post-consumer recycled materials across our packaging portfolio – particularly to replace virgin fossil-based polymers.

Our industry-leading aluminium-free[2] solutions for aseptic cartons offer the potential to simplify the recycling process for beverage cartons, with just two materials to separate rather than three, and to enhance the quality of the recycled polymers recovered – in addition to further reducing the carbon footprint of our cartons (see > pages 93–104).

The box that makes up the majority of the materials in all our bag-in-box solutions can already be recycled through widely available paper recycling streams. We are working to make more of the bags in these solutions, as well as our spouted pouches, fully recyclable by design (see > pages 126–134).

1 Our evaluation of recyclability is based on the relevant EN643 standard.

2 With no aluminium layer.

Optimising resource use in filling

SIG filling machines have an industry-leading waste rate that means less than 0.5% of our packs are wasted during the filling process. We are committed to designing each next-generation machine to help customers further optimise the amount of resources – including water, energy and hydrogen peroxide for sterilisation – they need to fill our carton packs at their factories compared with previous models (see > pages 126–134). We also work with customers to ensure that our filling machines, and their parts, are recycled or disposed of responsibly at end of life.

Minimising waste and water use in production

We are committed to monitoring and managing environmental impacts from our operations – including minimising waste and use of resources such as water. Robust environmental management systems, certified to ISO 14001 at all our sleeve and spout production plants for our aseptic cartons, support continuous improvement across our operations.

Our main focus is on eliminating waste to landfill by reusing or recycling waste – or, where this is not feasible, by choosing the next best option, such as energy recovery. We also implement responsible disposal options for hazardous and electronic waste to avoid environmental harm and ensure hazardous waste does not end up in landfill.

We use relatively little water in our operations, but we monitor and aim to minimise water use where feasible. All our sites in water-stressed areas are required to have a water management system.

Sourcing sustainable materials

We aim to source all our raw materials with certifications to rigorous external standards that ensure the resources we purchase are produced responsibly (see > pages 135–140).

The liquid packaging board that makes up 75% of our cartons on average comes from renewable wood fibre and is procured with FSC™ certification, which requires forest operations to be sustainably managed so nature is protected and natural resources are continually regenerated. FSC™ certification also requires forest operations to protect and restore natural water sources and avoid or mitigate any negative impact on water quality or quantity. We also cover relevant sustainability topics through our working groups with liquid packaging board suppliers, including checking that they have water management systems in place.

Our targets

2025 target[1]	Progress tracker
Launch a full barrier carton linked to 100% renewable materials (see Sustainable innovation on > pages 126–134)	On track
Further reduce the amount of non-fibre materials in our carton packs to increase the share of renewable materials and to enable SIG cartons to go into paper recycling streams where relevant by 2030 (see Sustainable innovation on > pages 126–134)	New target
Partner with stakeholders to implement dedicated and country-specific roadmaps to support increased collection and recycling of beverage cartons	On track
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

1 A target, and accompanying KPI, for the newly identified material issue of water is in development.

Our progress

We made further strides on the road to circularity for our cartons this year with new industry guidelines on design for recycling developed through ACE in Europe and expansion of our innovative Recycle for Good social models for collection of used beverage cartons in several countries around the world. A new recycling facility we funded with partners opened in Australia to boost recycling capacity and create a new market for recycled cartons by turning them into innovative construction materials. The latest launches from our sustainable innovation pipeline bring further benefits for circularity by expanding our range of aluminium-free[3] solutions for our aseptic cartons, introducing a paper blister for our paper straw solution and reducing resource use during filling – as well as introducing recycled content and enhancing recyclability of our newly acquired bag-in-box and spouted pouch solutions.

The Cidade+Recicleiros programme in Brazil enables cities, companies and communities to establish effective municipal systems to collect and separate consumer waste and ensure decent working conditions for waste pickers. SIG is leading business support for the project.

3 With no aluminium layer.

Recycle for Good in Egypt

We extended our Recycle for Good programme this year with two innovative recycling initiatives in Egypt, where there is currently no segregation of waste at household level. Both use technology to offer full traceability to show the volumes of materials recycled and offer wider societal benefits, including verifying ethical working conditions for waste collectors.

Our partnership to collect used beverage cartons with Tagaddod – the first company in Egypt to enable direct household and food service waste collection through tech-based solutions – builds on its existing app solution, logistics network and operations to collect other recyclable waste. People in Cairo can now use the app to arrange for used cartons to be collected from their home or workplace, and we can use it to trace the cartons to a specific waste collection point and recycler and check ethical working conditions for waste collectors. Households and businesses can earn points for each carton collected, which can be exchanged for rewards such as food products or a donation to local charities. We are raising awareness of the programme through a campaign targeting 3 million households.

In a second programme, with the international organisation Plastic Bank, we are piloting the use of blockchain technology to verify ethical working conditions and enable full traceability of the volume of used beverage cartons and other waste removed from the environment.

By the end of 2022, around 100 tonnes of used beverage cartons had been collected and tracked in just three months. The pilot, in a coastal area of Egypt on the Red Sea, aims to empower waste pickers by ensuring they receive appropriate personal protective equipment, training and pay for their work. An app enables them to log each piece of waste they collect and receive their choice of payment in exchange – either cash (via an online wallet), food products or school fees. More than 60 workers have participated so far.

Boosting recycling capacity for beverage cartons in Australia

In December 2022, the first batch of innovative new construction materials rolled off the production line at the saveBOARD recycling facility in Sydney, Australia – made from recycled SIG beverage cartons.

These high-performance recycled board materials are designed for use in building interiors and exteriors as a low carbon alternative to products such as plasterboard and particle board. They are suitable for use in homes and commercial buildings. They also offer benefits for indoor air quality, with zero volatile organic compounds, because they are bonded using heat and compression rather than glues or chemicals.

Together with partners, SIG has provided funding support for this innovative recycling facility, which will process more than 4,000 tonnes of material a year. It will help create a new market for post-consumer recycled materials made from beverage cartons and paper cups by producing high-performance construction materials. The facility has also been awarded public grants through the Australian Government's Recycling Modernisation Fund and the New South Wales Government's Waste Less, Recycle More initiative.

The initiative builds on advocacy efforts over the last two years via the GRACE partnership, which we have worked together to expand this year with other applications for government funding for additional recycling capacity. Further funding has already been secured for the construction of a second saveBOARD recycling facility in Victoria. These concrete achievements demonstrate the value of sector cooperation to deliver system-level solutions.

Performance in 2022

Designing for circularity

See > pages 126–134 for information on how we are designing for circularity through our focus on sustainable innovation.

Partnering to foster collection and recycling

- Through the platforms we are part of, we continued to work together with others in our industry this year on practical guidelines to reinforce our collective commitment to increase recycling rates:
  - **ACE:** We were instrumental in the development of ACE's Design for Recycling Guidelines that provide producers of beverage cartons with technical guidance to identify materials in the packaging that are compatible with existing recycling processes and how the recyclability of beverage cartons can be optimised. Development of these guidelines fulfils an important commitment of the ACE 2030 roadmap for the industry.
  - **4evergreen:** We supported the development of guidance published by 4evergreen in 2022 on improved collection and sorting for recycling and circularity by design for fibre-based packaging. We are now working to develop further guidance on circularity and recycling processes, including recommendations specifically for beverage cartons.
  - **Consumer Goods Forum:** With the addition of bag-in-box and spouted pouch solutions to our portfolio for the first time this year, we have now committed to the Consumer Goods Forum's Golden Design Rule to increase recycling value in flexible consumer packaging. This follows our previous commitment in 2021 to the two Golden Design Rules that are relevant to SIG's cartons – to remove elements from packaging that could lower recyclate value and reduce virgin plastic use in business-to-business plastic packaging.
- We added five additional priority countries for our local Going Circular roadmaps in 2022 – four from our Middle East and Africa region (fully owned by SIG since 2021) plus India. Going Circular roadmaps have been developed for each.
- We launched and expanded innovative new programmes this year that offer social benefits as well as boosting collection of used beverage cartons:
  - **Egypt:** Two new Recycle for Good partnerships using technology to collect and trace recycled materials are enabling collection of used beverage cartons, while improving working conditions for waste pickers (see case study on > page 114).
  - **Indonesia:** Building on our successful co-operation in Brazil, the SIG Way Beyond Good Foundation is working with the NGO so+ma to develop a rewards-based community recycling programme in Jakarta. In 2023, a Recycle for Good container will be set up for people to return their used packaging in exchange for rewards.
  - **Brazil:** Our pioneering programmes in Latin America expanded this year with significant increases in the amount of waste collected, rewards for communities and support for workers. Five collection points have now been established in Brazil through our partnership with social enterprise so+ma and we plan to extend this to Chile. More than 1,300 families are participating in the so+ma vantagens rewards programme. Over the last four years, they have collected 306 tonnes of waste in exchange for rewards such as training courses and essential food products, including products provided by SIG customers. New so+ma activations in municipalities where Recicleiros Cidades is in place will enable us to integrate these two flagship programmes for the first time. The Recicleiros Cidades partnership to boost

municipal recycling programmes and ensure decent working conditions for waste pickers – through seed investment from SIG and targeted support from more than 60 businesses that also helps them meet their regulatory requirements in relation to recycling – is now operational in 14 municipalities. A further two municipalities have joined the programme and we aim to reach 60 by 2027. The programme has collected more than 6,300 tonnes of waste, reached 847,000 citizens and created 239 jobs for waste pickers over the last five years. SIG teams also offered their expertise to help the waste pickers' cooperative in Campo Largo enhance safety, ergonomics and work protocols and make production processes more efficient. The results will be shared with other cooperatives across Brazil through the Recicleiros Waste Pickers' Academy.

- Capacity to recycle beverage cartons and PolyAl continued to increase in 2022:
  - **Australia:** The new saveBOARD recycling facility established with support from SIG and our GRACE industry partnership went into production at the end of 2022, making high-performance construction materials from used SIG beverage cartons (see case study on > page 115). We also supported the successful government grant application for a second saveBOARD facility in Victoria .
  - **Brazil:** We began construction of a new recycling plant for beverage cartons that is expected to begin operating in 2024 with an initial capacity to process 200 tonnes of PolyAl per month. The plant will use innovative technology that makes it possible to separate the polyethylene from the aluminium in PolyAl to create a wider market and demand for these recycled materials, increasing their value by more than 50%. Developed over five years with project partner ECS Consulting, the new technology has already undergone a pilot project that proved the effectiveness of the chemical recycling process.
  - **Germany:** The Palurec facility, in which SIG is a major investor together with two industry partners, has increased its capacity for recovering polymers and aluminium from PolyAl and enhanced the quality of the recovered polymers to expand the range of products they can be used for. Through FKN, the German packaging association, we also welcomed the prototype flexible packaging developed and presented by Saperatec as a potential new application for recycled PolyAl.
- Through EXTR:ACT, we are keeping apprised of new recycling technologies and facilities being developed independently and through industry associations – including initiatives in Czechia, Italy, the Netherlands and Poland. 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.
- Local programmes launched this year to raise awareness of the importance of recycling among consumers and facilitate the return of used beverage cartons include:
  - **Austria:** We partnered with industry peers to run a communications campaign to emphasise to consumers, including schoolchildren, that used beverage cartons are a valuable resource, and to encourage people to put them in the appropriate bin or bag to be recycled.
  - **Brazil:** We began working with Menos 1 Lixo, an online sustainability platform focused on reducing waste that has over 600,000 Instagram followers, to raise awareness of our recycling programmes.
  - **Dominican Republic:** We collaborated with SIG customer Nestlé and major retailer Grupo Ramos to establish 40 collection points for used beverage cartons.
  - **Indonesia:** We launched a programme with SIG customer Frisian Flag Indonesia to install collection points in 13 stores in the Greater Jakarta area and enable consumers to collect stamps for returning used beverage cartons that they can redeem for rewards in store.

- **Mexico:** We completed research in preparation for a pilot of an innovative system that offers credits for collection, transportation and sorting of used beverage cartons that supports integration of the hotel, restaurant and catering (HORECA) sector as a major driver for achieving national recycling targets. We also promoted collection of used beverage cartons at more than 100 schools and used the recycled materials to support social organisations, including partnering with SIG customer Alpura to collect enough used beverage cartons from schools to build a PolyAl roof for an orphanage.
- **Thailand:** We extended our collaboration with other packaging manufacturers – and began partnering with the largest chain of convenience stores in Thailand – to raise awareness and provide guidance on how to sort used packaging for collection and recycling through the Beverage Carton Recyclable Project (BECARE) in 20 provinces across the country. We also launched a new project to educate children at 13 international schools on recycling.
- **Vietnam:** Through the national PRO, we are supporting a one-year pilot in Ho Chi Minh City that aims to collect and deliver 800 tonnes of used beverage cartons for recycling by March 2023. Working with aggregators and a recycler, the pilot will test out a system to certify and audit the volume of cartons that are collected and recycled to support compliance with regulations on extended producer responsibility that will come into force in January 2024.

- Through industry organisations, we continued to advocate for enabling regulatory frameworks to support collection and recycling of packaging. In Europe, ACE called for a mandatory beverage carton collection target for EU Member States, and in the USA the Carton Council supported new extended producer responsibility legislation that has been rolled out in several states this year.
- Our Way Beyond Good Champions, together with local teams, ran a global campaign in 2022 to get employees and communities involved in activities to support our Resource+ action area. In Linnich (Germany), they joined a local clean-up activity in the city and organised a donation of unwanted clothes for reuse to help Ukrainian refugees. In Neuhausen (Switzerland), they cleared litter from the banks of the River Rhine and partnered with WWF Switzerland to raise awareness about correct disposal of waste to support recycling. In Cairo (Egypt), they organised a clean-up of part of the River Nile, as well as sponsoring the removal of two tonnes of packaging waste from the river in collaboration with a local NGO. And in Melbourne (Australia), they donated electronic waste to a local charity that repairs and resells equipment to disadvantaged members of the community or uses it to train job seekers.

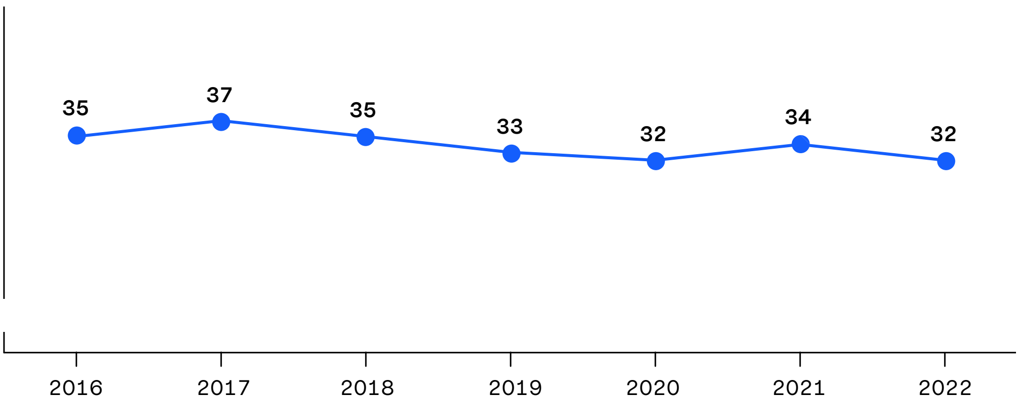
Optimising resource use in filling

- We sold a further 21 water reduction kits, designed to cut water consumption during production by up to 50%, to upgrade existing third-generation filling machines that are already in use in customers' factories. We have also extended our water reduction kit to another SIG filling machine format and almost all new filling machines are now sold with water reduction upgrade kits already installed.
- Our SIG NEO next-generation filling machine for family-size carton packs, launched in late 2021, is designed to reduce overall use of utilities (hydrogen peroxide, compressed air and water) by 30% on average. Field tests with customers planned for 2022 have been delayed and we now expect to be able to confirm actual reductions in 2024.

Minimising waste and water use in production

- We maintained our global ISO 14001 certification for our aseptic carton business – and began work to extend it to newly acquired sites in 2023 – for our environmental management systems, which help to drive continuous improvements in waste management and water management. We also designed and launched new interactive online training on ISO 14001 to help employees understand how our environmental management systems can help us cut environmental impacts and how they can do their bit to help. Initially rolled out to colleagues in our newly acquired bag-in-box and spouted pouch business, we plan to roll out this training across SIG Group in the coming year through our established learning and development channels.
- We generated a total of 64,724 tonnes of waste at our aseptic carton production sites in 2022, including 1,521 tonnes of hazardous waste that was disposed of by certified waste management contractors. Our waste rate for production of aseptic cartons decreased by 6% to 32 grams per m² of packaging material.
- In 2022, 91.6% of waste from production of our aseptic carton packs was reused or recycled, 1.5% was recovered for energy and only around 0.2% went to landfill. We have achieved zero waste to landfill at six of our aseptic carton production plants in China, Europe and Saudi Arabia.
- We continue to seek ways to minimise production waste through local initiatives. For example, the team at Suzhou (China) introduced closer monitoring of the extrusion process to avoid excess polymer being used in the lamination process. They also introduced a new process to treat and recycle ethanol from printing processes, previously disposed of as hazardous waste, for reuse in production processes, saving over 20 tonnes of ethanol in 2022. In Rayong (Thailand), waste polyethylene was recycled into robust, hardwearing pallets.
- Our operations do not require a lot of water, but we continued to ensure that water management systems are in place at our sites in water-stressed areas. We used a total of 200.1 million litres of water in 2022, including 100.3 million litres in water-stressed areas.[4] The SIG plants in water-stressed areas – Riyadh (Saudi Arabia) and Suzhou (China) – together accounted for 33% of our production plants.

Production waste rate for aseptic carton packs[1]
(grams of waste per m² of sleeves produced)



1 Production waste and waste rate are for sleeves production only, and exclude our closures plant in Switzerland.

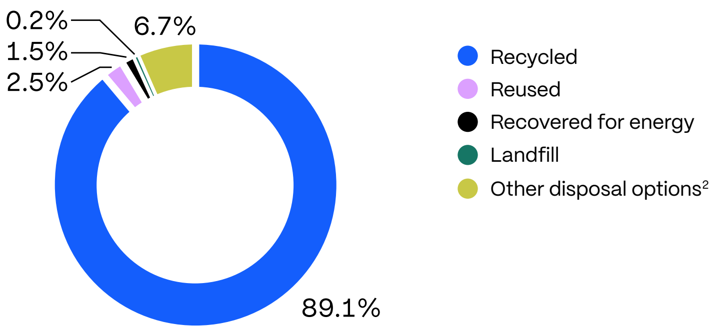
4 Based on an assessment using the World Resources Institute water risk atlas.

Production waste for aseptic carton packs by type[1] (thousand tonnes)

	2016	2017	2018	2019	2020	2021	2022
Raw and laminated carton	44.7	47.2	46.5	48.3	48.4	58.3	57.3
Polyethylene	2.3	1.7	1.6	1.6	1.6	3.5	3.3
Hazardous waste	2.7	2.7	2.8	2.7	2.9	3.7	3.8
Aluminium (<1%)	–	–	–	–	–	–	0.3
Total	**49.9**	**51.6**	**51.0**	**52.7**	**53.1**	**65.5**	**64.7**

1 Production waste and waste rate are for sleeves production only, and exclude our closures plant in Switzerland.

Production waste for aseptic carton packs by disposal method in 2022[1]



1 Production waste and waste rate are for sleeves production only, and exclude our closures plant in Switzerland.
2 Such as incineration without energy recovery.

Production waste for aseptic carton packs by disposal method in 2022 (tonnes)[1]

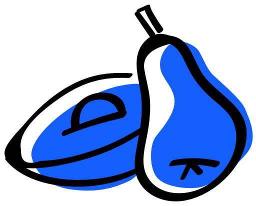
	Non-hazardous waste	Hazardous waste	Total waste
Reused	1,100	510	1,610
Recycled	57,400	170	57,570
Recovered for energy	160	840	1,000
Landfill	130	0	130
Other disposal options[2]	4,410	0	4,410
Total waste	**63,200**	**1,520**	**64,720**

1 Production waste and waste rate are for sleeves production only, and exclude our closures plant in Switzerland.
2 Such as incineration without energy recovery.

Sourcing sustainable materials

See > pages 135–140 for information on how we are sourcing sustainable raw materials from certified responsible sources.

Food+



Our packs help bring safe and affordable food and drink to millions of people every day.

SIG packaging systems are well suited to deliver nutritious food and drinks which support the healthy lifestyles that consumers increasingly aspire to. Our aseptic technology means this can be done without chilling, helping to make safe nutrition accessible to people who need it most in emerging markets and regions of the world affected by wars or natural disasters.

The integration of bag-in-box and spouted pouches into our portfolio through acquisitions this year offers significant potential to expand the amount and types of nutritious food we help customers deliver by providing solutions for products like fruit and vegetable purees as well as larger sizes of milk products. The very high evacuation rates for these solutions also minimise food waste during use.

Together with their strong environmental credentials, our packaging solutions are extremely well placed to contribute to a net positive food system – while helping our customers and our business grow.

Our commitment

We partner with customers to deliver food in a safe, sustainable and affordable way to people around the world. That's our purpose. Through our focus on Food+, we aim to deliver even more safe and nutritious food and drink to people around the world.

We will do this by increasing access so that consumers can buy nutritious food in more locations and outlets, and by keeping food in aseptic packs safe for up to 12 months without refrigeration. We are also actively seeking to secure more partnerships with customers that provide nutritious food and drink, and to help customers reach more people in the markets where this can make the biggest difference.

Beyond this, we are committed to minimising food loss during filling by our customers, and sharing our technology with communities through our innovative Cartons for Good project, led by the SIG Way Beyond Good Foundation, to pack and store surplus food crops that would otherwise be lost.

Our targets

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)	On track
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 sleeve and spout production plants	On track

1 Different types of product are categorised according to their nutritional profile based on the independent Health Star Rating System.

Our progress

Customers used our aseptic and chilled cartons to deliver 12.1 billion litres of nutritious[1] food and drinks in 2022, and our new bag-in-box and spouted pouch business offers opportunities to grow this significantly. We also enabled more start-ups to launch nutritious new products through our **SIG**CUBATOR programme. We maintained robust food safety standards with ISO 9001 and BRCGS AA certification at all our aseptic carton production plants, minimised food loss for customers with our industry-leading waste rate of less than 0.5% for filling, and developed plans to scale up our pilot Cartons for Good project.

SIGCUBATOR kickstarts successful launches of nutritious products

Our **SIG**CUBATOR programme gives start-ups an extra boost to help them launch nutritious new food and beverage products. Successful applicants get access to advice, expertise and consumer-focused insights – and use of our filling machines either at our own Tech Centres or at existing SIG customers' plants.

Since we launched the programme in 2020, **SIG**CUBATOR alumni have gone on to prosper. GROUNDED, one of the very first participants, has launched its plant-based protein shakes with a major UK online retailer and was named one of the Top 10 Fastest Growing Companies in 2022 by *London Daily News*. A round of seed investment for the start-up, whose mission is to "make the cleanest protein shakes on the planet", was oversubscribed this year.

Another UK-based start-up, Bear Paw, won the World Plant Based Taste Award for its pumpkin spice creamer and the Plant Based Expo Taste Awards' Best Dairy Alternative for its Madagascan vanilla coffee creamer. In Belgium, Tiptoh's national listing at Delhaize has put its pea-based drinks on the shelf in more than 360 stores across the country.

1 Defined by the independent Health Star Rating System as food and drinks that contribute to a balanced diet and lead to better health.

Hannah Pathak

Director of UK and Europe, Forum for the Future

"SIG plays a key role in a resilient food system – one in which safe, nutritious and reliable food supports humans to thrive. The company has been on a journey in developing its Way Beyond Good ambitions amidst the linked global challenges of climate change, rising inequality and nature loss, led by its deep commitment to contribute a Net Positive impact on people and planet.

Alongside other leading global companies such as Nestlé, Unilever and INGKA, SIG contributed to the Business Transformation Compass – guidance for just and regenerative business. In 2022, SIG and Forum for the Future used this framework to explore how SIG can build on the robust foundations of its existing commitments, extend its ambition to have a greater positive impact, and increase integration between the Way Beyond Good pillars of Food+, Climate+, Forest+ and Resource+. Together, we established key areas for future focus, including supporting nutrition and food equality, tackling food loss and food insecurity, building livelihoods and supporting the adoption of regenerative agriculture.

There is huge scope for SIG to increase its net positive impact by scaling up the **SIG**CUBATOR and Cartons for Good programmes, using its influence as a packaging partner to shape the nutritional content of customers' products and encouraging adoption of regenerative agricultural practices by contributing to the growing dialogue on this topic."

Performance in 2022

Delivering nutrition

- Our aseptic and chilled beverage cartons helped customers deliver 19.6 billion litres of food and beverages to consumers around the world in 2022, including 12.1 billion litres of nutritious products, such as milk and fruit juice, that contribute to a balanced diet and better health (as defined by the independent Health Star Rating System).[2] Since 2020, the amount of nutritious food and beverage products we have helped customers deliver to consumers has increased by 8%. This year, we also began exploring how to integrate our newly acquired bag-in-box and spouted pouch solutions into our Food+ strategy and key performance indicators to realise their potential to increase the amount and types of nutritious food we help customers deliver.
- We continued our partnership with Forum for the Future to explore ways to increase our positive impact on a resilient food supply system. This includes our potential to influence how much of the food we pack is sustainably sourced (including accelerating adoption of regenerative agricultural practices), and how much of it is delivering nutrition to the people who need it most based on a heatmap of malnutrition in the regions we serve. Building on this initial analysis, we are working to define activities and indicators to take our Food+ strategy forward. Together, we identified relevant risks and opportunities and

2 Includes the chilled carton business we acquired in 2022.

looked at how global trends interact across our other Way Beyond Good action areas to enrich our understanding of barriers and enablers. One of the tools we used was Forum for the Future's Business Transformation Compass for a regenerative and just transition, which we helped develop for businesses to create transformational strategies to address global societal challenges together with other leading companies (see quote from Forum for the Future on > page 123).
- We began an analysis of our key customers' ambitions in relation to delivery of sustainably produced food products, reduction of food loss or food waste, and support for a healthier, more balanced diet. This analysis will enable us to engage in focused discussions with customers on how we can help them achieve their ambitions, including through our know-how of aseptic processing and filling technology or our capacity to offer pilot filling trials under consumable food conditions to support market research on consumer appetite for new nutritious products. For example, our combiLab team is currently working with Givaudan to explore how to optimise the aseptic processing of a plant-based drinking yoghurt.
- By moving from retort cans to SIG aseptic cartons, Daesang Wellife in South Korea has been able to extend the reach of its nutritious products to more people in more settings by providing convenient on-the-go packs. In 2022, the company launched a nutritional drink made with purified water, soy, whey and casein protein concentrates – enriched with fibre, calcium, yeast extract, nutritional fortifying agent and plant-based ingredients such as barley, rice, bean sprouts, oats and sesame – in our combismile 250 ml on-the-go cartons.
- We welcomed two more start-ups to our **SIG**CUBATOR programme (see case study on > page 122) to gain advice, consumer insights and access to our filling machines to pack nutritious new products on a small scale: MAD Foods with its pea-based drinks in Asia Pacific; and Earth & Iron with its ready-to-drink plant protein milk in the UK. More start-ups have also been selected for support through the **SIG**CUBATOR programme.
- SIG won the award for Breakthrough Food Technology at the Gulfood Manufacturing Industry Excellence Awards 2022 for Heat&Go, the first aseptic carton that can be heated in the microwave. This innovation enables us to help customers like Daesang Wellife deliver nutrition in our cartons in a new way, meeting growing consumer demand for nutritious hot breakfast drinks for both immediate and on-the-go consumption, while benefiting from the lower environmental impact that beverage cartons offer compared with alternative types of packaging.
- Our Way Beyond Good Champions' global Food+ campaign engaged employees to raise awareness of SIG's role in preventing food waste and delivering nutrition to people around the world, and reaching out to support communities (see > page 161). We also donated unopened food packs that underwent quality testing at our tech centre to charities, including local foodbanks near our sites and an organisation supporting aid for Ukraine.

Maintaining food quality and safety

- We continued to assess the health and safety impacts of all our products and services regularly in relation to food quality and safety. There were no incidents of non-compliance concerning the health and safety impacts of products and services in 2022.
- We maintained global certification to the ISO 9001:2015 quality management standard for our aseptic carton business and ran an online training programme for employees in relevant roles on how we implement the requirements.

- All our aseptic carton production plants have achieved AA Grade certification to the Brand Reputation Compliance Global Standards (BRCGS) packaging standard (Issue 6).
- The SIG combiLab at our Tech Centre Europe, where we work together with customers to develop new nutritious recipes for their products, maintained certification to the International Featured Standards (IFS) Food Standard.

Minimising food loss from filling and using our packs

- Our highly efficient filling machines continue to lead the beverage carton industry with a waste rate of 0.5% or less, minimising not only the number of packs wasted in the filling process, but also the potential loss of food products inside.
- SIG NEO, our next-generation machine launched at the end of 2021 and currently being prepared for field testing, is designed to cut our waste rate even further. The accompanying combivita pack and truTwist closure also improve pourability to further reduce the amount of food residue left in a pack after use.

Turning food loss into safe nutrition for those most in need

- Cartons for Good, the SIG Way Beyond Good Foundation's flagship project, continued in Bangladesh using our specially designed Cartons for Good food filling unit to turn five tonnes of harvest food loss that farmers could not otherwise sell into more than 24,600 nutritious meals preserved in SIG cartons in 2022. Our project partner BRAC, a local NGO, distributed filled Cartons for Good packs to schools to offer regular hot meals for 130 children in the urban slums of Dhaka. We also provided 3,000 packs to families in the region who were affected by flooding in 2022.
- Building on the experience of the pilot project, we are developing plans to scale up Cartons for Good to save more food from being lost by turning it into nutritious meals. We have developed a technical concept and begun discussions with potential partners who can help us implement it.

Sustainable innovation

SIG's packs offer the most sustainable packaging solutions in each relevant market segment and we are innovating to reduce their environmental impact even further.

Independent life-cycle assessment shows that aseptic cartons – made from around 75% renewable liquid packaging board – offer significant reductions in life-cycle environmental impacts compared with other types of packaging, such as glass, plastic bottles or cans. SIG's most sustainable product innovations – our **SIG**NATURE portfolio – lower their life-cycle impact even further.

The addition of bag-in-box, spouted pouch and chilled carton solutions to our portfolio through acquisitions this year extends our offering of the most sustainable packaging solutions across more market segments. This enables us to significantly extend our overall net positive impact by helping customers get more food to consumers around the world in more settings – all in a safe, sustainable and affordable way.

Our packs' strong sustainability credentials are an increasingly important differentiator, helping customers and retailers meet growing regulatory requirements and achieve their own targets on sustainable packaging. We are further enhancing these credentials through sustainable innovation.

Across our portfolio, our product innovation includes a strong focus on optimising material use, replacing virgin fossil-based polymers with renewable or recycled alternatives, and designing packaging solutions to be fully recyclable. By innovating to make our filling machines even more efficient, we can also enable customers to reduce resource consumption, emissions and running costs from packing products in their factories.

Sustainable innovation supports our Way Beyond Good commitments to reduce the carbon footprint of our packs and filling machines (Climate+), regenerate resources and contribute to a circular economy (Resource+), use more materials from sustainably managed forests (Forest+), and support customers with ways to deliver more nutritious food and minimise food loss and waste (Food+).

Our commitment

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.

Sustainability criteria are core value drivers in our product development. We consider the environmental impacts of our packaging innovations through robust life-cycle assessments carried out by independent experts using the ISO 14040 and 14044 international standards and critically reviewed by an independent panel.

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. The innovative RS structure for SIG carton packs and the exceptionally high product-to-package ratio of bag-in-box and spouted pouches (see > pages 9–23) already optimise material use in our existing solutions.

All our beverage cartons are designed to be fully recyclable and we are introducing tethered closures across our portfolio to help ensure that the caps get recycled together with the carton.

The cardboard box of bag-in-box solutions is fully recyclable in paper recycling streams and the mono-material polymer bags used in bag-in-box solutions for dairy are already recyclable. We are innovating to make more of our newly acquired bag-in-box solutions fully recyclable via mainstream recycling channels through the development of mono-material polymer structures. The closures for bag-in-box solutions are tethered by design and several of our spouted pouches also include tethered closures, including the LinkCap for retail applications.

A priority for our sustainable innovation is to find ways to introduce renewable or recycled alternatives to virgin fossil-based polymers. We have already launched the world's first packaging materials for aseptic cartons that are linked to up to 100% renewable materials[1] – **SIG**NATURE 100 and **SIG**NATURE FULL BARRIER. We also offer the world's first packaging materials linked to post-consumer recycled content[2] for both aseptic cartons and the bags of bag-in-box solutions, which will support customers in meeting forthcoming EU regulations that are expected to increase focus on recycled plastic.

We link the polymers in these solutions to renewable or recycled materials via an innovative mass balance approach, independently verified through ISCC PLUS or Redcert[2] certification, that ensures the same amount of renewable or recycled raw materials that we use to make the relevant packs is physically mixed in with conventional fossil-based feedstock to produce polymers to the required grade, and recorded separately to ensure full traceability through the supply chain. The mass balance system supports a transition away from virgin fossil-based 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 have led the industry with the first solutions for aseptic cartons with no aluminium layer. combibloc **ECO**PLUS and **SIG**NATURE 100 are for use with oxygen-insensitive products, such as white UHT milk. With our latest innovation, **SIG**NATURE EVO, we have launched the world's first aluminium-free[4] packaging material for aseptic cartons that maintains the full barrier properties required to preserve oxygen-sensitive products, such as juices, without the need for an aluminium foil barrier layer. We are now working to achieve cost parity of aluminium-free[4] cartons with standard SIG carton packs to support increased uptake. Where we still use aluminium foil in our cartons, we source aluminium that is certified to the Aluminium Stewardship Initiative (ASI) standards – an industry first – and we offer customers the opportunity to include the ASI label on their packs to demonstrate the aluminium has been responsibly sourced. As of January 2023, we procure 100% of our aluminium foil for our aseptic carton packs with ASI certification (see > page 137).

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.
4 With no aluminium layer.

Our highly efficient filling machines for aseptic cartons already offer the lowest waste rate in the beverage carton industry, and 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.

We provide technical service upgrades together with support to help customers optimise the operational and resource efficiency of existing machines – which often remain in use for decades at their factories – and minimise downtime for repairs. Through our Fill Beyond Good programme, we help customers improve the sustainability of their factories, for example by reducing energy and water use.

We also offer highly efficient filling machines and sealing equipment for bag-in-box solutions and spouted pouches that require minimal inputs of energy, compressed air and hydrogen peroxide.

Our strong focus on sustainable innovation has already enabled us to deliver significant enhancements in the environmental credentials of our packaging solutions, including a host of industry firsts (see > page 129). Through our marketing and sales, we aim to increase customer uptake of our most sustainable solutions to help amplify our net positive impact across our Way Beyond Good action areas.

SIG NEO, our next-generation filling machine, is designed to reduce overall use of utilities (hydrogen peroxide, compressed air and water) by 30%, plus a carbon footprint reduction of up to 25% for filling and packaging per pack compared with our third-generation filling machines.

Our sustainable innovation journey so far

Our starting point

Standard SIG aseptic carton and third-generation filling machine

- Packs made of, on average, 75% FSC™-certified renewable paperboard, 21% polymers and an ultra-thin layer of aluminium foil
- 28–70% lower carbon footprint than alternative packaging, such as plastic and glass bottles and aluminium cans[7]
- Industry-leading waste rate (<0.5%) through highly efficient filling process

2010

combibloc ECOPLUS

- World's first aluminium-free[1] packaging material for aseptic cartons
- 82% renewable liquid packaging board
- Up to 27% less carbon than standard SIG packaging material for aseptic cartons[3]
- For use with dairy products

2013

combidome

- Looks and pours like a bottle
- Environmental benefits of a carton

2016

RS structure

- Optimises use of materials while improving the robustness of our aseptic cartons during processing and distribution
- Over 40,000 tonnes of polymer avoided since launch

2017

SIGNATURE 100

- World's first aseptic carton linked to 100% renewable material[2]
- Aluminium-free[1], for use with dairy products
- Up to 58% less carbon than standard SIG packaging material for aseptic cartons[3]

SIGNATURE FULL BARRIER

- Polymers linked to 100% renewable material[2]
- Ultra-thin aluminium foil layer to protect oxygen-sensitive products, such as orange juice
- Up to 45% less carbon than standard SIG packaging material for aseptic cartons[3]

2018

HEAT&GO

- World's first aseptic carton that can be heated in the microwave
- Enhanced barrier film and pigmented laminated layer replace aluminium foil

2019

Paper straw solution

- World's first paper straw for use with aseptic carton packs
- Straight, U-shaped and telescopic options
- FSC™-certified paper

ASI-labelled packs

- The world's first aseptic carton packaging materials with ASI-certified aluminium foil
- The only cartons that can carry the ASI label

2020

SIGNATURE CIRCULAR

- First aseptic carton solution offered with post-consumer recycled content
- Polymers linked to 100% recycled plastics[4]

2021

SIG NEO

- Next-generation filling machine for family-size carton packs
- 25% less carbon for the filling and packaging per pack[5]
- 30% less consumables (hydrogen peroxide, compressed air and water)[5]

2022

SIGNATURE EVO

- World's first full barrier aluminium-free[1] solution for aseptic cartons
- For use with both liquid dairy and oxygen-sensitive products, such as fruit juices, nectars, flavoured milk or plant-based beverages

Bag-in-box and spouted pouch solutions join our portfolio

- High product-to-packaging ratio
- Less carbon than alternatives, such as plastic and glass bottles, tubs and jars
- Recycle-ready mono-material spouted pouch
- First APR[6]-recognised recyclable bag-in-box
- World's first bag-in-box linked to recycled content[4]

Industry leader

1 With no aluminium layer.
2 Linked to wood residues from paper making via an independently certified mass balance system.
3 Results based on ISO-compliant life-cycle assessment CB-100732c for Europe.
4 Via an independently certified mass balance system.
5 Anticipated savings compared with our third-generation filling machines, to be confirmed through field testing.
6 Association of Plastic Recyclers.
7 Based on life-cycle assessments for UHT milk, non-carbonated soft drinks and long-life food.

Our targets

2025 target	Progress tracker
Launch a full barrier carton linked to 100% renewable materials (also a target for Resource+, see > pages 109–120)	On track
Further reduce the amount of non-fibre materials in our carton packs to increase the share of renewable materials and enable SIG cartons to go into paper recycling streams where relevant by 2030 (also a target for Resource+, see > pages 109–120)	New target
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 2022)**[1]	Timeline extended
Reduce use of consumables by 25% for the next-generation filling machine for small format packs	More work to do

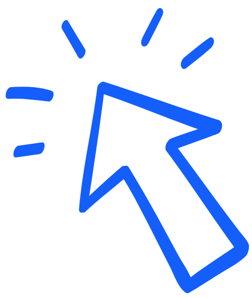
1 Target date extended to 2024 due to further delays in field testing that is required to confirm whether the target has been met.

Our progress

In 2022, we launched our award-winning **SIG**NATURE EVO solution, the world's first full barrier packaging material for aseptic carton packs with no aluminium layer, which extends our aluminium-free[5] solutions for use with oxygen-sensitive products, such as juices, as well as dairy. Uptake of existing solutions in our **SIG**NATURE portfolio has continued to increase and we have expanded our range of tethered caps to more of our pack formats. The addition of bag-in-box, spouted pouches and chilled cartons to our portfolio through acquisitions this year extends our offering to include the most sustainable packaging solutions across more segments, and innovation is under way to further enhance their sustainability credentials.

"Following our installation of SIG's fast and flexible CFA 812 filling machine last year – the first in Belgium – we were able to open up a new retail distribution channel for our liquid dairy products. Now we are playing another pioneering role in the European dairy market by being the first in Belgium to choose SIG's **SIG**NATURE 100 packaging material with no aluminium layer. This sets a new benchmark in offering the most sustainable dairy products, which meet the needs of both retailers and our environmentally conscious consumers."

Kris Huygh
CEO, Olympia Dairy, Belgium



5 With no aluminium layer.

Expanding our range of tethered cap solutions for SIG packs

First launched in 2021 for combidome, tethered cap solutions are now available for a wide range of SIG carton formats – including combiblocSlimline and combiblocPremium, and our next-generation family-size combivita packaging – with more in the pipeline.

Tethered caps for SIG packs are designed to be compatible with our existing filling lines and closure applicators, and market research shows consumer acceptance is strong with no compromise in convenience. The pack can be opened and closed easily as needed until it's empty, with an easy-to-use 'parking mode' that keeps the cap out of the way for pouring, then the cap and the pack can be recycled together.

Our initial focus is on supporting customers in Europe to meet the EU's Single-Use Plastics Directive requirement that all single-use beverage containers must come with attached caps by July 2024. Three of the tethered cap solutions we have already launched – tethered domeTwist for combidome, and tethered combiMaxx and combiSwift options for our core family-size carton portfolio – together account for around 90% of SIG's European closures by volume.

In 2022, FrieslandCampina became the first customer to put our combiSwift tethered cap on retail shelves, launching the solution in Germany for its Landliebe ("Love for the countryside") UHT milk in combiblocSlimline carton packs.

"Sustainability is an integral part of our corporate strategy as well as of Landliebe's brand values. Optimising the design of our packaging for recycling is a top priority for us, that's why we didn't want to wait until 2024 to introduce tethered caps. Being the first to market globally with SIG's combiSwift closure with tethered cap means we are already now providing our consumers with a convenient drinking and pouring solution, which they can then dispose of and recycle with the carton pack. We have dedicated one side of the carton pack to easily explain the usage and environmental benefits of the new tethered cap."

Carola Knorr
Marketing Director, DACH, FrieslandCampina

Performance in 2022

Driving sustainable innovation in our carton packs

- Environmental considerations informed all our product development and were the main value driver for 62% of pre-development innovation projects for our aseptic carton business in 2022. This year, we introduced new guidance on sustainable product design for our research and development teams. The SIG Innovation Board continued to review our innovation pipeline regularly in light of evolving sustainability considerations, such as forthcoming regulations and customers' sustainability ambitions.
- We launched **SIG**NATURE EVO, the world's first full barrier solution for aseptic carton packs with no aluminium layer. By providing comparable barrier properties to our standard aseptic carton solutions that include a layer of aluminium foil, SIGNATURE EVO extends our range of lower carbon aluminium-free[6] packaging materials, already available for plain white milk, for use with oxygen-sensitive products, such as juices, as well as liquid dairy. **SIG**NATURE EVO was launched in early 2022 in our combiblocMini portion-size format and will be extended to other formats. We also plan to offer a **SIG**NATURE EVO 100 version of this aluminium-free[6] full barrier carton in future, which will be linked to 100% renewable materials.[7]
- We extended our aluminium-free[6] combibloc **ECO**PLUS solution to our 500 ml aseptic carton pack. This format is also available as **SIG**NATURE 100 linked to 100% renewable materials.[7]
- We developed and launched tethered cap solutions for more of our aseptic carton pack formats to ensure the cap is kept together with the carton for recycling (see case study on > page 131). We will introduce tethered cap solutions for all other pack formats sold in the EU ahead of EU regulatory requirements that are due to come into force in 2024.
- Our focus on sustainable innovation garnered more awards this year. **SIG**NATURE EVO was named Best Sustainable Product at the prestigious Gulf Sustainability Awards in 2022. Our next-generation family-size packaging combivita with truTwist tethered closure – for use with our next-generation filling machines – won the coveted German Packaging Award for Functionality and Convenience, with judges particularly impressed by the tethered closure.
- In addition to continuing our focus on increasing collection and recycling capacity for used beverage cartons (see > pages 109–120), we have set a new target to further reduce the amount of non-fibre materials in our carton packs to increase the share of renewable materials and to enable our cartons to go into paper recycling streams where relevant by 2030 so they can also be widely recycled in regions where only paper recycling streams are available.

Growing uptake of our most sustainable innovations for aseptic cartons

- Sales of our **SIG**NATURE portfolio packaging materials for aseptic cartons increased by 13% this year, with further expansion in Europe and North America, as well as market debuts in Australia and the cream product category. We have now sold enough packs with these solutions to fill 2.7 billion litres of food. In 2022 alone, 611.6 million litres of food were packed in SIG packs with **SIG**NATURE portfolio packaging materials. This accounted for 3.4% of the food packed in SIG packs worldwide – and 8.2% in Europe.
- Olympia Dairy became the first company in Belgium to launch **SIG**NATURE 100 for its liquid dairy products. OSM Łowicz in Poland is the first customer globally to use combibloc **ECO**PLUS in the cream category and in our small 500 ml size.

6 With no aluminium layer.
7 Linked to wood residues from paper making via an independently certified mass balance system.

- New product launches with **SIG**NATURE FULL BARRIER this year included: Massel's liquid plant-based range and First Press's almond and oat milk iced coffees in Australia; Unilever's Lipton Ice Tea and Riedel's Appelsientje, CoolBest and DubbelDrank juice brands in the Netherlands; Intermarché's Regain Bio plant-based drinks in France; and All Friends' fruit infusions in the USA.
- We are promoting our new **SIG**NATURE EVO solution with customers around the world, and several have already begun testing packs with **SIG**NATURE EVO.
- We remain the only carton producer to offer packs with ASI-certified aluminium and, from January 2023, we are sourcing 100% ASI-certified aluminium foil. We sold over 8.6 billion SIG packs in 2022 with the ASI code, showing that ASI-certified aluminium foil was sourced for their production. Of these, nearly 1.4 billion feature the ASI label – almost three times the number in 2021 as more customers opt to include the ASI label on their packs to demonstrate and raise awareness of responsible aluminium sourcing.
- We have now sold over 1 billion small-format on-the-go packs with our paper straw solutions. We expanded uptake with customers in Costa Rica, Egypt, India and Taiwan this year. We also launched a paper blister for the straw for the first time on the market with our customer Beyti in Egypt.
- We continued to train sales and marketing teams on our **SIG**NATURE portfolio to help them engage with customers to further increase uptake. This year, teams in our Asia Pacific South and Middle East and Africa regions completed the training.
- Our RS structure reduced the amount of polymers used in SIG carton packs by 10,981 tonnes in 2022.

Uptake of SIGNATURE portfolio packaging materials for SIG aseptic beverage cartons
(million litres)

	2020	2021	2022	Total since launch
combibloc **ECO**PLUS (launched 2010)	329.4	369.4	381	2,143.5
SIGNATURE 100 (launched 2017)	86.9	102.4	84.4	291.8
SIGNATURE FULL BARRIER (launched 2018)	40.9	69.2[1]	146.2	294.4
All SIGNATURE portfolio	**457.2**	**540.9**[1]	**611.6**	**2,729.7**

1 Previously published data restated in line with restatement policy.

Making our filling machines more efficient

- Our SIG NEO next-generation filling machine for family-size carton packs, launched in late 2021, offers significant improvements in efficiency and sustainability. SIG NEO reduces our industry-leading waste rates even further, with almost no waste during production, and is designed to reduce 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 planned for 2022 have been delayed and we now expect to be able to confirm whether we have met our reduction targets for energy, hydrogen peroxide and water use in 2024.
- Development of our next-generation filling machine for small-format packs has been delayed. We plan to conduct a study on market requirements in 2023, building on field tests of our mid-size SIG NEO filling machine.

- We continued to offer and roll out technical service upgrade kits that offer sustainability improvements for our third-generation filling machines. These include our water reduction upgrade kit, designed to cut water consumption during production by up to 50%, and our SureBrite semi-automated cleaning machine that can cut water use by 54% and energy use by up to 82% compared with manual cleaning. This year, we extended our water reduction kit to another SIG filling machine format and launched new upgrade kits to reduce use of energy and compressed air.
- We continued to support customers in identifying ways to improve the sustainability of their filling machines and factories as part of our Fill Beyond Good initiative. For example, we helped a major dairy group in Germany save 15 million litres of water and avoid 14 tonnes of CO_2 emissions a year through a programme that included installing our water reduction kit on all its SIG filling machines. Other Fill Beyond Good sustainability optimisation initiatives for 20 customers this year collectively contributed to annual reductions of 7.5 million litres of water, 111.4 MWh of energy, 230,000 m^3 of compressed air and 33 tonnes of CO_2 emissions.

Innovating in spouted pouch and bag-in-box

- The addition of bag-in-box and spouted pouches to our portfolio through the acquisition of Scholle IPN this year extends our offering to include the most sustainable packaging solutions across more segments (see > pages 11–12 and > page 22). We have begun integrating these into our sustainability marketing strategies to extend the range of solutions we offer customers.
- We launched our first recycle-ready mono-material spouted pouch solution with our largest pouch customer this year. In 2022, the customer, one of the world's largest fruit puree brands, used 182,000 m^2 of our mono-material RecShield® polymer film, enough to make over 8 million pouches and fill more than 680,000 litres of food. We aim to roll out this innovation to more customers in 2023.
- Our bag-in-box for water is the first bag-in-box to be recognised as 100% recyclable by the US Association of Plastic Recyclers (APR), based on a third-party verification process. APR issued a letter in 2021 to confirm that the polyethylene-based film bag (made up of a RecShield® outer layer and a 2Pure™ inner layer) and the polyethylene closure meet or exceed the most strict APR Polyethylene (PE) Film and Flexible Packaging Critical Guidance protocol, FPE-CG-01. As the cardboard box part of the solution is already 100% recyclable in the paper recycling stream, this means that consumers simply need to take the bag out of the box and put each element in the appropriate recycling stream.
- The Coca-Cola Company rolled out our 250 litre nylon-free recycle-ready bag-in-box for its beverage concentrate in 12 markets in Europe in 2022.
- We worked with supplier Sabic on a bag-in-box solution made with polymers linked to post-consumer recycled content this year.[8] Following trials in 2021, customers began using the solution for a 20 litre bag-in-box in 2022. The polymers are linked to post-consumer recycled plastics via the same independently certified mass balance system that we use for our **SIG**NATURE Circular solution for aseptic carton packs, which was also developed with Sabic. Like **SIG**NATURE Circular, chemical recycling is used to process post-consumer recycled plastics into food-grade polymers that offer the same properties as polymers made with virgin fossil feedstock.

8 Via an independently certified mass balance system.

Responsible culture: our supply chain

We strive to work with suppliers that share our commitment to act responsibly and support us in sourcing sustainable raw materials.

We spend over €1.7 billion a year with more than 6,500 suppliers around the world to support our aseptic carton business, 56% of which goes on raw materials to make our packs.

Demonstrating that our suppliers uphold high ethical, labour, safety and environmental standards is critical to meet customer and investor requirements, and to avoid breaches in our supply chain that could affect our reputation or cause disruptions to supply.

Sourcing raw materials independently certified to standards such as the Forest Stewardship Council™ (FSC™), Aluminium Stewardship Initiative (ASI) and International Sustainability & Carbon Certification (ISCC) PLUS enhances the environmental credentials of our packs.

Sustainable sourcing helps us secure supplies to meet the needs of our customers now and in the future. It also plays a critical role in driving progress in the Way Beyond Good action areas of Forest+, Resource+ and Climate+, and in achieving our overarching ambition to have a net positive impact across the value chain.

Our commitment

All our suppliers are expected to meet our responsibility requirements. For those supplying our aseptic carton business, we monitor their compliance to assess and mitigate social and environmental risks in our supply chain. Assessments focus on the suppliers that are considered 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 – as well as the key equipment suppliers for our Global Assembly business that makes filling machines for our aseptic carton packs.

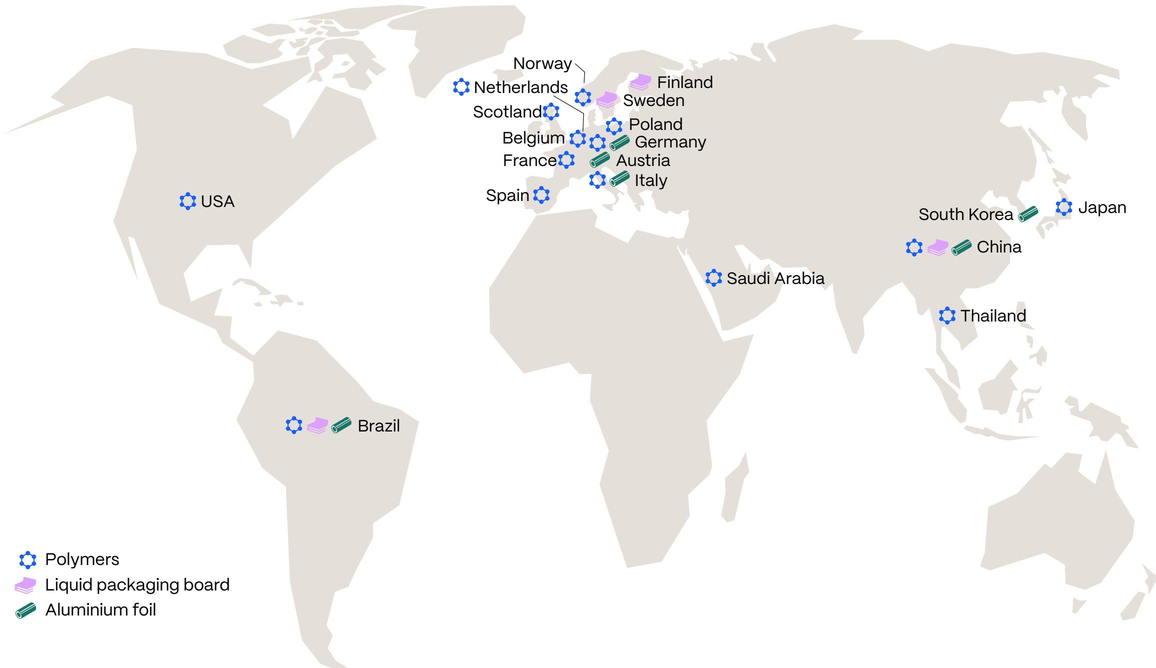
For parts sourced for filling machines, we expect suppliers to confirm that no conflict minerals sourced from conflict-affected or high-risk areas are included in the product.

We are committed to sourcing the A-materials that go into our carton packs – liquid packaging board, polymers, aluminium foil, ink and solvents – from certified, responsible sources. We also strive to increase use of renewable and recycled materials to replace virgin and fossil-based materials. One way we do this is by linking polymers to renewable or recycled materials through an independently certified mass balance system that supports a broader transition away from fossil-based feedstock within the mainstream polymer industry, helping to maintain security of supply and reliable quality for our customers.

Where feasible, we also aim to source locally within each region to increase resilience, support local economies and communities, and reduce environmental impacts from transporting goods over long distances.

Supply chain for our aseptic carton packs

We source A-materials for our aseptic carton packs from around 45 suppliers, ranging from local paper mills that source wood from their own forests to major multinational mining and chemical companies.



Our targets

2025 target	Progress tracker
Ensure 100% of significant suppliers[1] accept our Supplier Code of Conduct or Business Ethics Code for Suppliers or have an equivalent code in place[2] (also a target for Human rights, see > pages 141–144)	On track
Audit 50% of high-risk significant suppliers each year (also a target for Human rights, see > pages 141–144)	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 (also a target for Human rights, see > pages 141–144)	On track
100% A-materials[3] 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, > pages 105–108)	On track
Transition to 100% bioethanol or other bio-materials for printing (also a target for our Climate+ action area, > pages 93–104)	On track

1 Significant suppliers are those considered most significant to our aseptic carton business (excluding Global Assembly suppliers that are managed separately) – 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.

2 Target wording changed to include new Supplier Code of Conduct, which we began rolling out in 2022.

3 A-materials are those that go directly into our aseptic carton packs – paperboard, polymers, aluminium foil, ink and solvents.

Our progress

In 2022, we launched a new Supplier Code of Conduct that reinforces our strict requirements on responsible sourcing, and we made further inroads on our journey to 100% certified raw materials. We maintained our industry lead as the only carton provider to procure 100% FSC™-certified liquid packaging board or offer ASI-certified aluminium and, as of January 2023, all aluminium foil for our aseptic carton packs is procured with ASI certification. We are also using more ISCC PLUS-certified renewable polymers[1] as uptake of solutions in our **SIG**NATURE portfolio grows. Our **SIG**NATURE FULL BARRIER solution remains the only packaging material for aseptic cartons with all three main materials – liquid packaging board, polymers and aluminium – from certified sources.

Procuring 100% ASI-certified aluminium for aseptic cartons

SIG is the first to offer aseptic cartons with ASI-certified aluminium foil and, from January 2023, we are procuring 100% of the aluminium foil for our aseptic carton packs with ASI certification.

The ultra-thin layer of aluminium foil we use in standard SIG aseptic cartons makes up just 4% of the pack on average, but contributes a much higher proportion of the pack's life-cycle carbon footprint due to the energy-intensive processes needed to produce aluminium.

We are leading the industry by offering the world's only packaging materials for aseptic cartons with no aluminium layer. But these are not yet available in all formats. In the meantime, we are working with suppliers to improve standards in the supply chain and reduce the carbon footprint of the aluminium foil we source through certification to the Aluminium Stewardship Initiative (ASI) standard for responsible aluminium sourcing, which includes strict limits for emissions from smelting.

By encouraging suppliers to meet ASI standards, we are also contributing a wider positive impact because the same suppliers will deliver carbon reductions for other companies purchasing aluminium foil for use in our sector and beyond. By enabling our customers to include the ASI label on their products, we are also increasing consumer awareness and demand for responsibly sourced aluminium.

Performance in 2022

Working with responsible suppliers

- We continued to screen 100% of our significant[2] suppliers on social and environmental criteria as part of our onboarding process.
- We launched our new Supplier Code of Conduct in 2022 as part of our efforts to enhance human rights due diligence in the supply chain. The Code applies to all new suppliers, and we have also begun rolling it out to existing suppliers in place of the SIG Business Ethics Code for Suppliers.

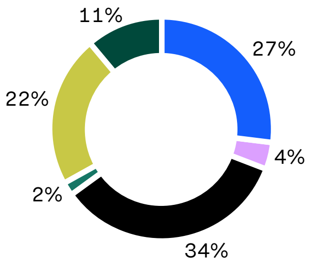
1 Via an independently certified mass balance system.

2 Significant suppliers are those considered most significant to our aseptic carton business (excluding Global Assembly suppliers that are managed separately) – 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.

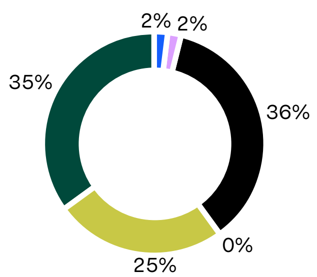
- We asked our 581 significant suppliers – representing 68% of SIG's total spend – to respond to a self-assessment on our responsibility requirements. Of these, 218 (86%) of the direct suppliers[3] and 212 (65%) of the indirect suppliers[4] responded (see charts below).
- 74% of our significant suppliers have accepted the SIG Business Ethics Code for Suppliers or our new Supplier Code of Conduct or have an equivalent code in place (up from 61% in 2021), and we are engaging with those currently under review to bring this up to 100%.
- No audits were required this year as we did not identify any significant suppliers as high-risk in 2021 because all those completing assessments had signed our new Supplier Code of Conduct or our Business Ethics Code for Suppliers, or provided evidence of EcoVadis assessments, SEDEX audits or equivalent third-party programmes. We identified six high-risk suppliers in 2022 and will audit 50% of these in 2023 in line with our target.
- We developed a separate Responsible Sourcing Directive specifically tailored to our Global Assembly business, to be rolled out in 2023. In 2022, 76 of the 81 key suppliers supporting our Global Assembly function have signed up to our new Supplier Code of Conduct, our Business Ethics Code for Suppliers or equivalent, and five of them have achieved certification to recognised external standards (EcoVadis or SEDEX).
- Through our membership of AIM-PROGRESS – a forum of leading fast moving consumer goods manufacturers and common suppliers to promote responsible sourcing practices and sustainable supply chains – we used its established methodology to assess the maturity of our responsible sourcing programme and identify areas to enhance our human rights due diligence processes (see > page 143) related to our supply chain.
- We began exploring how to align supplier assessment processes used by our newly acquired businesses with SIG's established responsible sourcing programme, and we met with polymer suppliers in the Americas that supply our carton business as well as our new bag-in-box and spouted pouch business to raise awareness of our expectations on responsible sourcing.

Rating significant[1] suppliers on responsible sourcing 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, EcoVadis Bronze or equivalent evidence (status valid for two years)
- **Accepted** Signed up to our Supplier Code of Conduct or the SIG Business Ethics Code for Suppliers and achieved the 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** Failed to sign up to our Supplier Code of Conduct or the SIG Business Ethics Code for Suppliers (or equivalent), or to provide evidence of third-party assessments; or failed to show improvement or willingness to improve after signing up to a relevant code (status valid for one year)
- **Re-assessment in progress** Currently undergoing re-assessment
- **Under review** Currently undergoing initial assessment

1 Significant suppliers are those considered most significant to our aseptic carton business (excluding Global Assembly suppliers that are managed separately) – 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.

3 Direct suppliers provide raw materials for our packs and secondary packaging, and manufacture the spouts used on our packs.
4 Indirect suppliers provide services such as facilities management, HR and logistics.

Sourcing sustainable raw materials

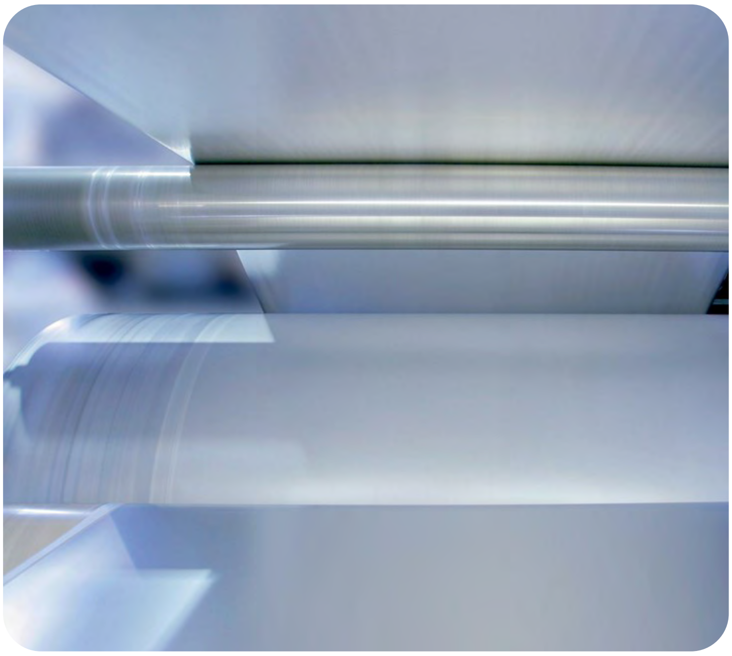
- We remain the only carton producer to offer packs with ASI-certified aluminium, and we continued to offer the world's first and only packaging material (**SIG**NATURE FULL BARRIER) for aseptic cartons with all three main materials – liquid packaging board, polymers and aluminium foil – from certified sources.
- We increased the proportion of A-materials[5] from certified sources to 74% (by volume) in 2022. We continued to lead the industry as the only beverage carton producer to procure 100% FSC™-certified liquid packaging board for our aseptic carton packs – since January 2021. We engaged with aluminium suppliers to encourage more of them to achieve ASI Chain of Custody certification and secured further supplies of ASI-certified aluminium to enable us to procure 100% of the aluminium foil for our aseptic carton packs with ASI certification from January 2023 (see case study on > page 137). We also increased sales of solutions in our **SIG**NATURE portfolio that linked to renewable polymers[6] certified to ISCC PLUS (or in some cases REDcert[2]). There remains no suitable certification for fossil-based polymers and our focus is on increasing use of renewable or recycled alternatives.
- 71% (by volume) of our A-materials[5] came from renewable sources in 2022 (up from 69% in 2021), mostly liquid packaging board. Growing customer demand for our **SIG**NATURE portfolio solutions has increased our use of polymers linked to 100% renewable materials,[6] but the overall amount remains low compared with the amount of fossil-based polymers we source for our aseptic cartons.
- In 2022, we maintained our Group certification to the ASI Performance Standard for our aseptic carton business. We had FSC™ and ASI Chain of Custody certification, as well as certification to control ISCC PLUS materials, in place at all our operational aseptic carton production plants – including ASI and ISCC PLUS certification for the first time at our former joint venture in Riyadh (Saudi Arabia) and ISCC PLUS for the first time at our second production plant in Suzhou (China). We achieved FSC™ and ASI Chain of Custody certification at our newly constructed plant in Mexico ahead of production commencing in 2023. In addition, we added our recently acquired chilled carton production sites in China, South Korea and Taiwan to the SIG FSC™ multi-site certificate, and maintained ISCC PLUS certification at two newly acquired sites in Europe for handling polymers linked to recycled material for bag-in-box solutions.
- Seven of our eight aseptic carton pack production plants have already moved from fossil-based solvents to plant-based bioethanol for our printing processes, and we are continuing to explore how to extend the switch to renewable alternatives worldwide.
- We continued to source 100% of the corrugated cardboard boxes we use as secondary packaging for our aseptic cartons in Europe, Latin America and Asia Pacific South from FSC™-certified sources, and we aim to extend this to our Middle East and Africa region through our upcoming tender process.

5 A-materials are those that go directly into our aseptic carton packs – paperboard, polymers, aluminium foil, ink and solvents.
6 Via an independently certified mass balance system.

Sourcing A-materials[1] for our aseptic carton packs

	2016	2017	2018	2019	2020	2021	2022
Raw materials purchased (tonnes of liquid packaging board, aluminium and polymers)	550,000	533,000	550,000	582,000	594,000	666,000	687,000
% A-materials from renewable sources (by volume)	70%	71%	72%	73%	72%	69%	71%
% A-materials from certified sources (by volume)	53%	63%	64%	63%	62%	70%	74%

1 A-materials are those that go directly into our aseptic carton packs – paperboard, polymers, aluminium foil, ink and solvents.



At our aseptic carton production plants, we process raw paperboard, aluminium and polymers – first into coated paperboard and then into carton sleeves.

Responsible culture: human rights

We strive to identify, prevent and manage negative potential and actual human rights impacts in our operations, supply chain and with respect to our major business relationships.

In doing so, we can contribute to global respect for human rights and support our ambition to have a scalable, systemic net positive impact on society, as well as meeting growing regulatory demand for human rights due diligence. 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 (OECD) frameworks.

Our commitment

SIG is a signatory to the United Nations Global Compact. We are committed to adhering to the standards encompassed by the International Bill of Human Rights, the International Labour Organization's (ILO) core labour standards and the Ethical Trading Initiative (ETI) Base Code.

We are working to apply a systematic implementation process – informed by a gap analysis of existing measures, structures and responsibilities – to help us identify and address our salient human rights issues in our own operations and supply chain, as part of strengthening our due diligence framework.

Our commitment to promoting fair labour practices and upholding labour rights for our employees, which is embedded in our Human Rights, Labour and Community Engagement Policy, includes: providing fair pay and decent working conditions to enable adequate living standards; recognising the right to freedom of association and collective bargaining; and preventing discrimination, child labour and modern slavery (including human trafficking, forced and compulsory labour, bonded labour and slavery). We also ensure working conditions and terms of employment for employees not covered by collective bargaining agreements are in line with our standards and local requirements.

Two-yearly SEDEX Members Ethical Trade Audits (SMETA) at our production sites, which include an assessment of potential human rights risks and impacts as part of the labour pillar, help us check that we are living up to our commitments in our own operations. If the audit findings identify any issues, corrective action plans help us to remediate these and establish mechanisms to prevent similar issues in the future.

We extend requirements and expectations on human and labour rights to suppliers through our Supplier Code of Conduct to protect supply chain workers. Suppliers are expected to communicate and apply the principles throughout their supply chain. Criteria for our own audits of high-risk suppliers, as well as third-party assessments such as SMETA audits requested from significant suppliers, include human and labour rights. FSC™ certification, required for all the liquid packaging board we purchase, also includes criteria on protection of human and indigenous rights in communities. See > pages 135–140 for more on working with responsible suppliers.

Annual certification on the SIG Code of Conduct, which includes our requirements on human rights, is mandatory for all employees. Any grievances can be reported through our Integrity & Compliance Hotline. We investigate all reported issues, take appropriate action and seek to find solutions together with the affected person.

Our targets

2025 target	Progress tracker
Advance our human rights risk identification and assessment processes in our own operations and supply chain to define salient human rights issues	On track
Conduct assessments of potential human rights risks and impacts in 50% of our own plants every two years	On track
Maintain SEDEX Members Ethical Trade Audit (SMETA) at all production sites	On track
Ensure 100% of significant[1] suppliers accept our Supplier Code of Conduct or Business Ethics Code for Suppliers or have an equivalent code in place[2] (see Supply chain on > pages 135–140)	On track
Audit 50% of high-risk significant suppliers each year (see Supply chain on > pages 135–140)	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 (see Supply chain on > pages 135–140)	On track

1 Significant suppliers are those considered most significant to our aseptic carton business (excluding Global Assembly suppliers that are managed separately) – 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.

2 Target wording changed to include new Supplier Code of Conduct, which we began rolling out in 2022.

Our progress

We continued to review and strengthen our human rights due diligence this year by: assessing our operations and supply chain against upcoming regulatory requirements; using a methodology developed by AIM-PROGRESS to help us identify opportunities to better integrate human rights due diligence in our responsible sourcing programme; and launching a new Supplier Code of Conduct that more explicitly addresses our requirements on this than the previous SIG Business Ethics Code for Suppliers. We also appointed an executive sponsor for human rights at Group Executive Board level to help drive progress in this area.

Thailand plant recognised for excellent labour practices

Our aseptic carton production plant in Rayong, Thailand, received the 2022 Excellent Practices Establishment on Labour Relations and Welfare National Level as the 2nd Year of Achievement award from the Thai Ministry of Labour.

The award is based on the implementation of a labour management system according to international standards that meet 148 specified requirements in four categories, including cooperation with the trade union. It aims to encourage employers and employees to work together to develop a labour relations and welfare management system that provides employees with good working conditions and a good quality of life that provides stability and enables them to feel happy at work.

Of the 11,500 companies in Rayong Province, SIG is one of just 99 companies to receive the award. This latest recognition follows similar Ministry of Labour awards for the Rayong plant at national level in 2021 and provincial level in 2020.

Performance in 2022

Strengthening human rights due diligence

- In 2022, we appointed our Chief People and Culture Officer, Suzanne Verzijden, who is a member of our Group Executive Board, as executive sponsor for human rights to help drive our progress in continually improving our human rights due diligence.
- We completed an assessment of our operations (including the businesses we acquired this year), and the supply chain for our aseptic carton business, to identify any changes required to our human rights due diligence policies and processes to ensure compliance with forthcoming regulatory requirements on this topic. Based on this assessment, we have developed a roadmap to implement the required changes in our operations and supply chain over the next two years.
- We launched a new Supplier Code of Conduct in 2022 that reinforces our human rights due diligence requirements and expectations, and addresses these more explicitly than the previous SIG Business Ethics Code for Suppliers. This follows updates to the SIG Code of Conduct and our Human Rights, Labour and Community Engagement Policy last year to more explicitly address human rights due diligence and grievance processes in relation to our operations.
- Through our membership of AIM-PROGRESS – a forum of leading fast moving consumer goods manufacturers and common suppliers to promote responsible sourcing practices and sustainable supply chains – we used its established methodology to assess the maturity of our responsible sourcing programme and identify areas to enhance our human rights due diligence processes related to our supply chain.

Raising awareness and acting on concerns

- 99%[1] of SIG Group employees completed their annual certification on the SIG Code of Conduct, including virtually everyone who joined the business through acquisitions this year. We also provided in-depth training for employees in high-risk roles on topics such as anti-harassment.
- We advertised our Integrity & Compliance Hotline through various channels, including the SIG Code of Conduct – as well as including information in our Supplier Code of Conduct on how to raise a concern – to encourage employees and suppliers to speak up if they have any concerns. We investigated all reports and took disciplinary action, including reprimands and dismissals, where appropriate. No incidents of discrimination were substantiated in 2022.

Upholding labour rights in our operations

- All our aseptic carton production sites, our office site in Mexico and several of our legal entities in Germany and Switzerland completed SEDEX SMETA audits – which include an assessment of potential human rights risks and impacts as part of the labour pillar – in 2021. The next scheduled two-yearly audits in 2023 will also include the production plants we acquired this year.
- Our production plant in Rayong (Thailand) received the 2022 Excellent Practices Establishment on Labour Relations and Welfare National Level as the 2nd Year of Achievement award from the Thai Ministry of Labour (see case study on > page 143).
- Globally, around 46%[2] of employees in our carton business were covered by collective bargaining agreements in 2022, and we continued to engage on pay, benefits and other locally relevant topics in formal consultations with employee representatives.

See > pages 145–153 for more on employee topics such as diversity, equity and inclusion, and see > pages 154–159 for more on employee health, safety and wellbeing.

Extending requirements to our supply chain

See > pages 135–140 for more on upholding labour and human rights in our supply chain as part of our commitment to source from responsible suppliers.

1 Includes employees joining SIG from Scholle IPN and Evergreen Asia, both acquired in 2022.

2 Includes employees joining SIG in 2022 through the acquisition of Evergreen Asia. Excludes employees joining SIG in 2022 through the acquisition of Scholle IPN.

Responsible culture: our people

We strive to create a strong and supportive culture where our people feel empowered to dream big, go beyond and make the impossible possible.

Fostering a winning team is one of the three main business goals in our Corporate Compass. To support this goal, we strive to create an inclusive culture and embrace diversity, invest in training and development to help employees achieve their goals and build their careers with SIG, listen and respond to our people, recognise and reward the work they do, and create a positive working environment.

These commitments help us recruit and retain the best people, maintain strong levels of job satisfaction, motivation, engagement and productivity, support our diverse customers, foster innovation, develop the skills we need to support our business now and in the future, and meet growing expectations from investors and other stakeholders on these issues.

Our commitment

We employed approximately 8,700 employees in 2022, including nearly 2,500 joining us through acquisitions part way through the year.

We are committed to providing an inclusive working environment where everyone can bring their true selves to work. 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.

We strive to provide opportunities for career development and to lead the industry in our investment in training and development. We continually work to improve the frequency and quality of feedback and appraisal sessions to support employee engagement, development and performance.

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 and rewarded for what they do, and they understand how their work contributes to the success of the business. Positive working conditions are reinforced by ensuring fair pay, working hours and days off, providing job security and offering competitive benefits in each local market.

Our commitment to uphold fair labour practices is part of our wider commitment on human rights (see > pages 141–144).

Our targets

2025 target	Progress tracker
Increase percentage of women in leadership positions to 30%	On track
Maintain survey score linked to inclusive environment above industry benchmark[1]	On track
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	Discontinued[2]
Achieve engagement level above industry benchmark[1]	More work to do
Increase % of employees who feel we have responded to their feedback based on the last survey	More work to do
Increase % of employees who feel SIG makes adequate use of recognition and reward other than money	More work to do

1 Industry benchmark defined as norms for manufacturing companies participating in the Willis Towers Watson employee engagement survey.

2 We have discontinued our target on development plans for key talent and instead we will focus on wider talent development for employees across the business.

Our progress

Women now represent a third of our Group Executive Board and 23%[1] of our leaders worldwide, and we continued efforts to recruit and develop women across our business. We extended our range of learning and development programmes, and introduced a mobility policy to encourage opportunities for international assignments. In our latest employee survey, engagement levels remained strong and we continued to outperform the industry benchmark in half the categories, even during a period of change in the business with two major acquisitions in 2022. Engaging employees on our plans and welcoming new colleagues joining us through acquisitions were important areas of focus this year.

In 2022, we welcomed another two women to the Group Executive Board (GEB) – Angela Lu, President & General Manager Asia Pacific South, and Suzanne Verzijden, Chief People & Culture Officer. Women now make up 33% (three of nine members) of the GEB.

1 Includes employees joining SIG from Evergreen Asia.

Accelerating development for women at SIG

The first cohort of 15 female SIG employees completed our new Women Acceleration Programme this year and the next cohort has begun. The programme offers virtual learning, coaching and mentoring, as well as project challenges over nine months. Feedback has been very positive.

Tania de la Cruz

Key Account Manager in Mexico and participant in our Women Acceleration Programme

"Being part of this amazing programme has helped me gain confidence in my own set of skills that make me unique as a professional woman. I have learned effective new techniques to analyse challenges and overcome obstacles, and expanded my support network to help me find better solutions to complex challenges. The programme has given me the opportunity to get to know myself better and develop my own leadership style to become a better leader, a better colleague and a better version of me."

Performance in 2022[2]

Diversity, equity and inclusion

- In 2022, we welcomed another two women to the Group Executive Board (GEB) – Angela Lu, President & General Manager Asia Pacific South, and Suzanne Verzijden, Chief People & Culture Officer. Women now make up 33% (three of nine members) of the GEB and 33% (three of nine members) of our Board of Directors.
- Women represented 23% of our leaders in 2022, up from 20% last year, and we remain on track with our roadmap to achieve our target to increase women in leadership to 30% by 2025. Fifteen female leaders completed our new Women Acceleration Programme and a second cohort began the programme in December 2022 (see case study above).
- We worked to enhance gender diversity in our Middle East and Africa business, fully owned by SIG since 2020. We have appointed our first female function leader in the region, the new head of Human Resources, who is also the first woman in our Middle East and Africa management team. Women also joined our business in Saudi Arabia for the first time this year, with four new female employees at our Riyadh site, and we welcomed our first female employee in Nigeria as Head of Sales in our Lagos sales office.
- In line with our global approach, we promoted diversity and inclusion from the beginning of the recruitment process for our new plant in Mexico this year. We featured images of women in job postings and social media, included female candidates in shortlists regardless of position, trained recruitment teams on unconscious bias, and offered suitable benefits and facilities to attract and retain women. We also refreshed our collaboration with RWTH Aachen University in Germany to encourage female engineering students to consider careers at SIG.

2 Except where otherwise noted, all employee performance data includes employees joining SIG in 2022 through the acquisition of Evergreen Asia, but excludes those joining through the acquisition of Scholle IPN.

- We celebrated International Women's Day with a series of initiatives on the 2022 theme #BreakThe Bias, including an informal virtual coffee meeting for SIG women to connect with colleagues across the organisation, as well as local talks and celebrations.
- We completed the rollout of mandatory training on unconscious bias and inclusion to all SIG leaders, and in 2023 we will extend this to leaders who have joined us through acquisitions this year.
- We have begun to look at diversity beyond gender, starting with a virtual fireside chat on LGBTQIA+ with an external expert who shared personal experiences and thoughts on how SIG can become a more inclusive workplace and create a safe environment for all employees to bring their whole selves to work.
- We achieved a score of 83%[3] for diversity, equity and inclusion in our 2022 employee survey, six points above the industry benchmark.[4]

Women in management (%)

	2018[2]	2019[2]	2020[2]	2021	2022[1]
Women in leadership positions[3] (target 30% by 2025)	–	17%	18%	20%	23%
Group Executive Board	0	0	0	14% (1 of 7)	33% (3 of 9)
Senior management	15%	13%	22%	16%	8%
Middle management	17%	18%	18%	20%	19%
Junior management	21%	25%	24%	25%	25%
All management	17%	18%	19%	22%	23%
All employees	18%	19%	19%	19%	20%

1 Includes employees joining SIG in 2022 through the acquisition of Evergreen Asia. Excludes employees joining SIG in 2022 through the acquisition of Scholle IPN.

2 Data not assured for 2018–2020, except for "all employees", as we changed the categorisation of managers.

3 Includes GEB, senior and middle management roles.

Talent development

- We continued to offer coaching opportunities and launched a global mentoring programme, open to all employees, in January 2022. By the end of the year, 58 mentors and 54 mentees were actively participating.
- The first cohort of 75 participants embarked on our Transformational Leaders training, with cross-functional workshops and face-to-face workshops with leaders and direct teams. Separately, 16 employees are participating in our Operations Leaders Development programme as the second cohort for this programme. We plan to extend both programmes in 2023. We also piloted a four-month programme that provided coaching and workshops on leadership and management for 12 new leaders, or people who will soon be leaders.
- We launched a six-month pilot for on-demand training through the Bookboon e-library, with more than 1,000 employees using the service to access nearly 8,400 units of content by the end of the year. We also continued to offer access to Speex for language learning, used by employees to complete around 1,400 hours of training.

3 Includes employees joining SIG in 2022 through the acquisitions of Scholle IPN and Evergreen Asia.

4 Industry benchmark defined as norms for manufacturing companies participating in the Willis Towers Watson employee engagement survey.

- Overall, we provided an average of 20.9 hours of training per employee in 2022, up slightly from 20.5 hours last year but still falling short of the pre-pandemic industry benchmark of 24.0 hours. We provided an average of 21.0 hours per employee for men and 20.6 hours per employee for women.
- We have introduced a new global mobility policy, with central coordination of long-term international assignments to create a more consistent approach across the business. We are also offering opportunities to enhance cross-functional experiences through short-term assignments on specific projects. For example, we offered international assignments to Mexico in 2022 to prepare for and support operations at our new aseptic carton production plant in Querétaro.
- We have discontinued our target on development plans for key talent and instead we will focus on wider talent development for employees across the business following on from the training and guidance we introduced for managers and employees last year on setting effective development plans. In 2022, 57% of employees received regular performance and career development reviews.
- Feedback from employees[5] participating in our survey this year showed we are four points above the industry benchmark[6] for learning and development opportunities.

Average hours of training (per employee)

Employee category	2015	2016	2017	2018	2019	2020	2021	2022[1]
Management	39.4	37.9	33.5	31.7	35.5	26.3	24.8	31.9
Non-management	32.8	28.0	24.1	22.4	22.7	18.4	19.9	19.3
Total	**33.5**	**29.0**	**25.1**	**23.4**	**24.3**	**19.4**	**20.5**	**20.9**

1 Includes employees joining SIG in 2022 through the acquisition of Evergreen Asia. Excludes employees joining SIG in 2022 through the acquisition of Scholle IPN.

Employee satisfaction

- Globally, 78% of our employees – including those joining through acquisitions part way through the year – participated in our biennial employee survey in 2022. Despite the survey taking place during a period of significant change in the business, shortly after two major acquisitions, our overall engagement score remained strong at 83%[5], just one point below the industry benchmark.[6]
- Overall, we significantly outperformed industry benchmarks in six of the 11 categories, most notably on corporate responsibility, equal opportunities and inclusion, learning and development (particularly career advancement opportunities), fairness of pay and retention. We also identified room for improvement, where we scored below the industry benchmark, in relation to empowerment, non-monetary recognition and survey follow-up. We have a clear roadmap in place for our leaders and employees to discuss survey results at global and local level, define and implement actions, and communicate progress on an ongoing basis to demonstrate more clearly how we are responding to feedback from the survey. This includes engagement plan workshops for managers to address specific local feedback with their teams.

5 Includes employees joining SIG from Scholle IPN and Evergreen Asia.

6 Industry benchmark defined as norms for manufacturing companies participating in the Willis Towers Watson employee engagement survey.

- 60%[7] of employees felt that significant actions have been taken to address priorities identified through the previous employee survey, compared with 61% in 2020. This year, we continued to look for ways to further improve on priority areas identified in the previous employee survey, including:
    - Making more use of non-monetary recognition: Top teams and leaders from across SIG were recognised through our global SIG Shine awards, presented by SIG CEO Samuel Sigrist at our townhall meeting in March 2022. We introduced non-monetary recognition programmes in our Middle East and Africa region for the first time this year. Other local and regional programmes to recognise employee contributions to the Company's success included regular recognition at group meetings and quarterly awards of a special performance bonus in China, everyday appreciation cards in Thailand, Stars Awards in our Asia Pacific region, Believe in + Recognition awards in North America, personal thank you posters drawn by our plant manager in Linnich (Germany) and thanks to colleagues celebrating milestone anniversaries at SIG. 58%[8] of employees participating in our latest biennial survey in 2022 felt that SIG makes adequate use of recognition and rewards other than money to encourage good performance, six points below the industry benchmark.[9]
    - Communicating long-term goals better: We communicated our business strategy and engaged employees on our goals and other topics through quarterly townhall meetings, a roundtable with members of the GEB, extended leadership team meetings and local communications. The integration of newly acquired businesses was a key focus of our dialogue with employees this year (see > page 151). In South America, all SIG managers took part in a communicative leadership programme to support them in engaging their teams through clear communication.
    - Clarifying possible career paths: We continued to expand our range of training and development programmes, including introducing a new mentoring programme and mobility policy. We have discontinued our target for key talent to have development plans in place to focus on wider development opportunities for employees across the business.
    - Improving physical working conditions at some sites: Following on from work to improve ventilation and temperature control at our plant in Linnich (Germany) last year, we are now investing in similar improvements at our plant in Neuhausen (Switzerland).
- We introduced a hybrid working model for office workers, with an average of three days in the office and two days with employees working wherever they feel they work best, depending on their roles. This flexibility is designed to help employees meet the demands of work and home in the most productive and healthy way, while encouraging impactful collaboration and meaningful connections with colleagues and customers. A toolkit for leaders helps them with decisions on when and how to manage teams who are not in the office and provides ideas to foster a positive in-office environment. We also launched a new global programme to support employee wellbeing (see > page 159).
- We continued to review pay and benefits to ensure they remain competitive within each local market, including in light of rising inflation rates.

7 Excludes employees from parts of the business that were not included in our previous survey: the Middle East and Africa region, which SIG took full ownership of in 2021, and the businesses acquired from Scholle IPN and Evergreen Asia in 2022.

8 Includes employees joining SIG from Scholle IPN and Evergreen Asia.

9 Industry benchmark defined as norms for manufacturing companies participating in the Willis Towers Watson employee engagement survey.

- We received external recognition for our efforts on employee satisfaction this year. We achieved Great Place to Work™ certification – the global benchmark for outstanding employee experience based on surveys of employees – in South America for the second time and in North America for the first time (for both Mexico and the USA). Our Rayong plant received the 2022 Excellent Practices Establishment on Labour Relations and Welfare National Level as the 2nd Year of Achievement award from the Thai Ministry of Labour (see > page 143). SIG Combibloc China was honoured with the title of Greater Suzhou Best Employer for the second year running in an assessment that included both employee perception and expert evaluation
- Our voluntary turnover rate was 6.6% in 2022.

Biennial employee survey results

	2016 survey	2018 survey	2020 survey[1]	2022 survey	Comparison with 2022 industry benchmark[2]
Sustainable engagement score	74%	78%	87%	83%[3]	-1
Diversity, equity and inclusion score	–	–	–	83%[3]	+6
% employees who feel SIG makes adequate use of recognition and reward other than money	–	–	63%	58%[3]	-6
% employees who feel we have responded to their feedback based on the last survey	–	–	61%	60%[4]	-2

1 Scores were unusually high in 2020 due to the exceptional circumstances at the start of the COVID-19 pandemic.
2 Industry benchmark defined as norms for manufacturing companies participating in the Willis Towers Watson employee engagement survey.
3 Includes employees joining SIG from Scholle IPN and Evergreen Asia.
4 Excludes employees from parts of the business that were not included in our previous survey: the Middle East and Africa region, which SIG took full ownership of in 2021; and Scholle IPN and Evergreen Asia, both acquired in 2022.

Managing change

- We completed two major acquisitions in 2022. We communicated regularly with existing SIG employees and colleagues joining us from Scholle IPN and Evergreen Asia to set out our strategy and keep them updated on our plans and next steps, both prior to the acquisitions and as we begin to integrate the newly acquired businesses into SIG policies and processes. We held a series of events to welcome the approximately 2,100 employees joining from Scholle IPN and 385 from Evergreen Asia, and feedback was very positive.
- In June 2022, when the acquisition of Scholle IPN completed, we held a series of Day One events around the world to celebrate. The events kicked off with a joint video message from SIG CEO Samuel Sigrist and Scholle IPN President Ross Bushnell setting out our Better Together approach. During the events, SIG leaders were on site at various Scholle IPN locations to engage with new colleagues face to face and answer their questions.

- When the acquisition of Evergreen Asia's chilled carton business completed in August 2022, we held a series of townhall meetings to welcome new colleagues and introduce SIG's business strategy. These were followed up with team meetings and sessions with SIG representatives and the general managers of the three former Evergreen plants in China, South Korea and Taiwan to enable employees to ask questions.
- 79%[10] of employees participating in our 2022 survey – including those joining us from Scholle IPN and Evergreen – said SIG does a good job of keeping them informed about matters that affect them (two points above the industry benchmark[11]).

Our workforce[1]

	Asia Pacific	Americas	Europe	Middle East and Africa	Total	%
Total number of employees:	**2,445**	**874**	**2,907**	**524**	**6,750**	
Male	1,927	619	2,387	470	5,403	80
Female	518	255	520	54	1,347	20
Employees with a permanent contract:	**1,726**	**828**	**2,665**	**521**	**5,740**	
Male	1,427	600	2,185	469	4,681	82
Female	299	228	480	52	1,059	18
Aged up to 30	173	240	305	63	781	14
Aged 31 to 50	1,317	535	1,256	398	3,506	61
Aged above 50	236	53	1,104	60	1,453	25
Full-time employees:	**1,726**	**826**	**2,517**	**521**	**5,590**	
Male	1,427	600	2,108	469	4,604	82
Female	299	226	409	52	986	18
Part-time employees:	**0**	**2**	**148**	**0**	**150**	
Male	0	0	77	0	77	51
Female	0	2	71	0	73	49
Employees with a fixed-term contract:	**719**	**46**	**242**	**3**	**1,010**	
Male	500	19	202	1	722	71
Female	219	27	40	2	288	29
thereof Apprentices	**0**	**20**	**134**	**0**	**154**	

1 Includes employees joining SIG in 2022 through the acquisition of Evergreen Asia. Excludes employees joining SIG in 2022 through the acquisition of Scholle IPN.

10 Includes employees joining SIG from Scholle IPN and Evergreen Asia.

11 Industry benchmark defined as norms for manufacturing companies participating in the Willis Towers Watson employee engagement survey.

New hires[1]

	Asia Pacific	Americas	Europe	MEA	Total	%
Total number of new hires:	**106**	**175**	**136**	**73**	**490**	
Male	76	116	81	62	335	68
Female	30	59	55	11	155	32
Aged up to 30	35	72	56	23	186	38
Aged 31 to 50	67	94	77	45	283	58
Aged above 50	4	9	3	5	21	4
Rate of new hires:	**6%**	**21%**	**5%**	**14%**	**9%**	
Male	4%	14%	3%	12%	6%	
Female	2%	7%	2%	2%	3%	
Aged up to 30	20%	30%	18%	37%	24%	
Aged 31 to 50	5%	18%	6%	11%	8%	
Aged above 50	2%	17%	0%	8%	1%	

1 Includes employees joining SIG in 2022 through the acquisition of Evergreen Asia. Excludes employees joining SIG in 2022 through the acquisition of Scholle IPN.

Employee turnover[1]

	Asia Pacific	Americas	Europe	MEA	Total	%
Total employee turnover	**19%**	**17%**	**12%**	**12%**	**15%**	
Voluntary employee turnover rate	**8%**	**8%**	**5%**	**9%**	**6.6%**	
Total employee turnover:	**331**	**139**	**319**	**65**	**854**	
Aged up to 30	50	74	121	25	270	31
Aged 31 to 50	240	58	123	37	458	54
Aged above 50	41	7	75	3	126	15
Male	229	89	239	58	615	72
Female	102	50	80	7	239	28

1 Includes employees joining SIG in 2022 through the acquisition of Evergreen Asia. Excludes employees joining SIG in 2022 through the acquisition of Scholle IPN.

Governance bodies by age group

Board of Directors	
Aged up to 30	0 of 9 (0%)
Aged 31 to 50	1 of 9 (11%)
Aged above 50	8 of 9 (89%)
Group Executive Board	
Aged up to 30	0 of 9 (0%)
Aged 31 to 50	4 of 9 (44%)
Aged above 50	5 of 9 (56%)

Responsible culture: health, safety and wellbeing

We strive to ensure everyone can go home safe and well every day.

Enabling employees to stay safe and healthy at work is a prerequisite for any responsible company. By empowering our people to adopt safe behaviours at work, we can also have a wider positive impact when they take the same safe behaviours home to their families. Our focus on preventing injuries and promoting health and wellbeing also supports our business by reducing lost time, enhancing productivity and improving employee engagement.

Our commitment

We aim to prevent work-related incidents and illnesses through our Life Saving Rules that target the biggest risks to our people (see > page 155) and through robust health and safety management systems, certified to ISO 45001 standards at all our aseptic carton production plants, which promote continuous improvement.

We train all employees on health and safety, including how to manage risks specific to their role, be that in our production plants or offices, working from home or providing technical service support at our customers' sites. We also provide health and safety training for contractors working at our sites.

We go further by empowering our people to provide input and feedback through our behaviour-based safety programme and safety opportunity cards. Each production plant must ensure that at least 15% of employees have completed training on behaviour-based safety – with some sites targeting 100% – and we track progress as part of our monthly health and safety metrics.

Employees also participate in our health and safety steering committees. These include plant management and employee representatives, as well as other participants, such as local environment, health and safety and human resources teams, works council representatives and medical doctors.

We conduct annual risk assessments at each site, and we are committed to monitoring incidents and near misses, systematically analysing their root causes and targeting improvements through local corrective action plans. We also recognise sites that have achieved exceptionally strong safety performance through our Safety Awards scheme.

We are committed to supporting the health and wellbeing of our employees, including helping them through the challenges of the COVID-19 pandemic. We aim to extend our behaviour-based model to occupational health issues, such as ergonomics. Many of our larger sites offer access to medical professionals, health insurance, health check-ups, fitness programmes and counselling.

Musculoskeletal health issues, such as back problems, can also be an indicator of wider health and wellbeing issues such as workload and stress, and we take a holistic approach to supporting physical health and mental, emotional, financial and social wellbeing to enable our employees to lead fuller, more productive lives both at work and at home.

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.

Our targets

2025 target	Progress tracker
Zero recordable cases[1]	More work to do
Achieve a lost-time case[2] rate in the top 20% of industry peers[3]	More work to do
Define a holistic strategy and roadmap to foster wellbeing at SIG	More work to do

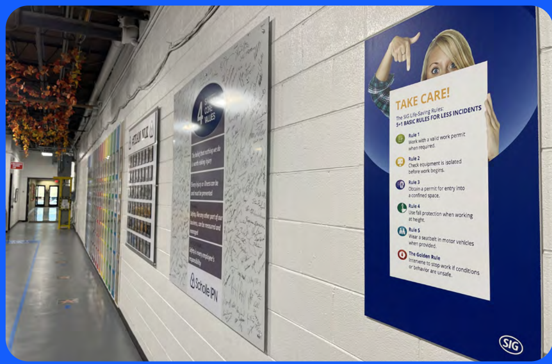
1 Total recordable cases include lost-time, medical treatment and restricted work cases.
2 A lost-time case is defined as absence for one or more shifts or loss of one or more working days.
3 Based on the latest published lost-time cases for companies listed in our industry in the Dow Jones Sustainability Index.

Our progress

In 2022, we achieved global certification to the ISO 45001 standard for health and safety management for our aseptic carton business, and we made safety an immediate priority for our new acquisitions. Several sites reached significant safety milestones and six achieved zero recordable cases – an achievement we aim to extend across our business by 2025. We have continued to roll out our behaviour-based safety programme and took action to address the barriers identified through employee observations. We also refined and began to implement our holistic strategy to support employee health and wellbeing.

Safety first for new acquisitions

Safety comes first in everything we do – including in the integration of new businesses. When new colleagues joined SIG through the acquisition of our bag-in-box and spouted pouch business in 2022, one of the very first things we did was to communicate and train them on our Life Saving Rules, the cornerstone of our health and safety programme.



We are now working to fully integrate newly acquired operations into our established health and safety management systems, and we will begin rolling out our behaviour-based safety programme at new plants in the coming years.

In addition to focusing on the Life Saving Rules to help all employees avoid the biggest safety risks associated with our business, we also designed and ran workshops for plant leadership teams to guide them on how they as leaders can help to strengthen the health and safety culture. The workshops were so successful with leaders at our newly acquired plants that we now plan to roll these out across SIG Group.

Riyadh team win Gold Safety Award

Our Riyadh aseptic carton production plant in Saudi Arabia is the first to win SIG's new Gold Safety Award for its excellent safety performance.

The Riyadh team earned the award by achieving more than 1,300 safe days and over 4.2 million working hours with zero lost-time cases, as well as demonstrating a strong focus on safe behaviour through its Safety First culture. This milestone could not have been achieved without every employee at the plant making safety a priority each and every day.

"It's great when successes are recognised and celebrated. Leadership and support from management are extremely important to maintain our safety record, as well as consistent implementation of the Life Saving Rules and behaviour-based safety. Our target now is to remain incident-free for as long as possible."

Mosharraf Hossain,
Deputy Safety Manager at the Riyadh plant

Performance in 2022

Preventing injuries

- Six of our sites achieved zero recordable cases in 2022, showing that our target of zero recordable cases is possible. Overall, there were 33 recordable cases in 2022 across our aseptic carton business (up from 31 in 2021). This included 18 cases leading to lost working time, six requiring medical treatment and nine resulting in restricted work.
- The lost-time case rate for our aseptic carton business remained low at 0.35 lost-time cases per 200,000 hours worked in 2022, placing us among the top 50% of industry peers.[1] The rate of severity[2] of lost-time cases was 0.433 in 2022 and we maintained our track record of zero fatalities.
- There were seven recordable cases, all resulting in lost time, among the 867 contractors working at our aseptic carton production sites this year. The lost-time injury frequency rate for contractors was 0.67 per 200,000 hours.
- Several of our sites celebrated safety milestones without a lost-time case this year (so-called safe manhours), including: 4.5 million hours at our plant in Riyadh (Saudi Arabia) and at our original production plant in Suzhou (China), 2 million hours at Wittenberg (Germany), 12 years at the Suzhou assembly plant (China), five years at Neuhausen (Switzerland) and three years for our field service engineers in China.
- Performance against other leading indicators also stayed strong. We recorded 302 near misses in 2022 (compared with 314 in 2021) and a frequency rate of 5.9 near misses per 200,000 working hours (compared with 6.1 in 2021). We conducted an in-depth analysis of near misses at two of our European production sites this year to help us identify ways to prevent these causing incidents in future.
- We achieved global certification to the ISO 45001 standard for health and safety management for our aseptic carton production business for the first time in 2022, building on the existing certification at our plant in Riyadh (Saudi Arabia), which won our Gold Safety Award this year (see case study on > page 156). All our aseptic carton production sites completed SEDEX SMETA audits – which include health and safety as one of the four pillars – in 2021. The next scheduled two-yearly audits in 2023 will also include the production plants we acquired this year.
- We rolled out our behaviour-based safety programme – which encourages employees to observe colleagues' unsafe behaviours and provide feedback to correct them – at our second site in Suzhou (China) and it is now established at all our aseptic carton production plants. In 2022, 16% of employees across these plants made and reported a total of more than 35,000 observations of at-risk behaviours, each of which led to an average of at least one colleague receiving feedback to prevent unsafe behaviour. These observations enabled us to remove over 3,200 barriers to safe behaviour this year – from moving ladders or widening their steps to installing warning alert systems and additional safety guards on machinery. The wider rollout of our new advanced behaviour-based safety process, piloted in Linnich (Germany) last year, has been delayed due to ongoing COVID-19 social distancing as positive feedback based on close observation of colleagues is a key element.
- The new smart factory model being implemented at both SIG production plants in Suzhou (China) will help to reduce safety risks by automatically monitoring behaviours, such as how fast a forklift truck is driven and whether seatbelts are fastened.
- Topics discussed by our employee-management health and safety committees this year included noise measurements, protective equipment (including head protection and helmets), ergonomics, COVID-19 control measures and risk assessment of psychological stress.

1 Based on the latest published lost-time cases for companies listed in our industry in the Dow Jones Sustainability Index.

2 Severity rate based on number of days away from work x 1,000 / 1,000,000.

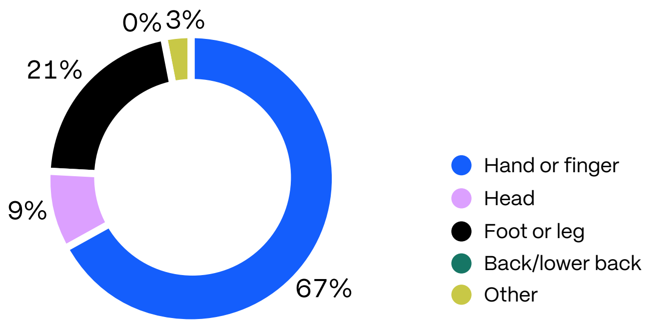
- 88% of employees participating in our employee survey[3] in 2022 agreed SIG does a good job of ensuring workers' health and safety wherever we operate, two points above the industry benchmark[4].

Recordable and lost-time cases across our aseptic carton business

	2015	2016	2017	2018	2019	2020	2021	2022
Total recordable cases[1]	53	51	41	43	39	33	31	33
Lost-time cases[2]	23	26	16	20	17	13	17	18
Lost-time case rate (per 200,000 hours worked)	0.55	0.62	0.38	0.49	0.43	0.31	0.33	0.35
Severity rate of lost-time cases[3]	0.414	0.675	0.934	0.785	0.628	0.204	0.395	0.433

1 Total recordable cases include lost-time, medical treatment and restricted work cases.
2 A lost-time case is defined as absence for one or more shifts or loss of one or more working days.
3 Severity rate based on number of days away from work x 1,000 / 1,000,000.

Recordable injuries across our aseptic carton business by type in 2022 (%)



Embedding a safety first culture in our new businesses

- We are working to fully integrate our newly acquired bag-in-box and spouted pouch business and chilled carton business into our established health and safety management systems. We have already begun work to align our incident reporting. Initial indications show that incident rates at the plants we acquired this year are much higher than for our aseptic carton business, where our systems are well established. For our bag-in-box and spouted pouch business in the USA, where the data is most robust, there were 28 recordable cases (including six lost-time cases), the lost-time case rate was 0.56 per 200,000 hours worked and the severity rate of lost-time cases was 0.054 in 2022. We aim to achieve a step change in performance across our new businesses by implementing our tried and tested policies and procedures.
- In 2022, we communicated and trained new colleagues on our Life Saving Rules (see > pages 155–156), and we will begin rolling out our behaviour-based safety programme at newly acquired plants in the coming years. We also designed and ran workshops for plant leadership teams to guide them on how they as leaders can help to strengthen the health and safety culture. Launched initially with leaders at our newly acquired plants, we now plan to roll out these safety leadership workshops across SIG Group.

3 Includes employees joining SIG from Scholle IPN and Evergreen Asia.
4 Industry benchmark defined as norms for manufacturing companies participating in the Willis Towers Watson employee engagement survey.

- The chilled carton production plant in Taiwan that we acquired this year has already achieved ISO 45001 certification and we will work to integrate all our newly acquired plants into SIG's ISO 45001 global certification in future. Our newly acquired plants will also be included in our next scheduled two-yearly SEDEX SMETA audits in 2023.

Promoting health and wellbeing

- Our health rate[5] improved slightly to 95.6% in 2022 (from 95.4% in 2021) across our aseptic carton business. Prevention of COVID-19 transmission through the ongoing pandemic remained central to our efforts to promote good health this year, with a strong focus on mask wearing, regular testing and making vaccinations available. Encouraging people to stay at home if they feel unwell is particularly important as we have found that most transmissions happen outside of work. In China, where a new wave of COVID-19 led to an extended lockdown, we created a new chat group to share government and company guidance, provided essential supplies to employees working from home and offered support to help them better manage the emotional challenges of lockdown.
- We refined our holistic wellbeing strategy to include financial wellbeing in addition to physical, emotional and social wellbeing. We included questions in our global employee engagement survey[6] to help us define a roadmap of activities to foster wellbeing at SIG: 81% of those surveyed feel they have the flexibility they need to balance their work and personal responsibilities (one point above the industry benchmark[7]); 75% said they are able to finish their work within the agreed working hours most of the time (two points above the industry benchmark); and 77% agreed that the physical working conditions (such as facilities, hygiene, ventilation and temperature) at their location are good (on a par with the industry benchmark).
- We launched a working manifesto to help employees cope with new ways of working by, for example, blocking time in their calendars to get things done, not checking emails out of hours, and adding pauses to their working day to think and rest. To reinforce this message, we changed the default meeting length in our calendar system to 25 minutes instead of 30, and 50 minutes instead of an hour to empower people to build in pauses between meetings. We also rolled out a hybrid working model to enhance work-life balance (see > page 150).
- We introduced Wellbeing Wednesdays on the last Wednesday of each month to host panel discussions, interviews and other activities designed to raise awareness of mental health, resilience and work-life balance. Topics covered in 2022 include the working manifesto, resilience and mindfulness.
- Teams across our regions continued to implement local health and wellbeing initiatives this year, including: a bike to work campaign and free fitness programmes at a local park in Linnich (Germany); sports, games and a new canteen designed to foster wellbeing at Riyadh (Saudi Arabia); rewards for counting steps to promote physical health and resources to promote emotional wellbeing available to employees and their families through our More Health for You programme in Brazil; and wellbeing apps to promote fitness challenges in North America. Several of our sites also ran teambuilding events and family days to give people a chance to get together informally for fun activities.

5 Based on a sickness absence rate of 4.4% (sick days per total days worked). Sickness absence and health rates are based on available data covering more than 90% of employees.

6 Includes employees joining SIG from Scholle IPN and Evergreen Asia.

7 Industry benchmark defined as norms for manufacturing companies participating in the Willis Towers Watson employee engagement survey.

Responsible culture: communities

We engage and support our communities to help them thrive.

Supporting local communities where we operate also 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.

Our commitment

We are committed to engaging with local people to understand how we can make a difference in our communities as part of our wider ambition to deliver positive societal impact.

We contribute through local community engagement programmes, led by our network of Way Beyond Good Champions with support from employee volunteers. We also channel support for wider communities through the SIG Way Beyond Good Foundation, which focuses on projects that strengthen civil society and create positive impact for the environment.

Our targets

2025 target	Progress tracker
Increase the impact of community engagement programmes by 50% (from 2020)	On track
Create self-sustaining, scalable models for the Way Beyond Good Foundation's Cartons for Good project	On track
Scale up and expand our community recycling model	On track

Our progress

In 2022, we increased the overall impact of our community engagement programmes through global campaigns on Resource+ and Food+, led by our Way Beyond Good Champions, and local initiatives around the world. We also expanded our community recycling models to more locations and sought partners to help us create a scaled-up model for our Cartons for Good programme that turns food loss into nutritious meals for people in need.

Engaging communities by championing Food+

Our Way Beyond Good Champions' global Food+ campaign this year aimed to have a positive impact on communities, while raising awareness of SIG's role in preventing food waste and delivering nutrition to people around the world.

Employees at our plants in Saalfelden (Austria) and Rayong (Thailand) prepared meals for local people in need, and members of our team in Linnich (Germany) coordinated donations of food products from SIG and other businesses. In Brazil, our Way Beyond Good Champions held a webinar on how food can impact our lives and quality of life, as well as organising a lunch for 80 waste workers to thank them for their support in recycling of our products.

Cooking workshops at our sites in Neuhausen (Switzerland) and Cluj (Romania) brought groups of employees together to prepare recipes from leftovers and share ways to tackle food waste.

Teams across our Asia Pacific South region ran a "Clean Plate Challenge" to demonstrate how to eat without food waste and we set up a "Help Yourself" area in the office canteen in Taiwan to share unwanted food rather than throwing it away.

Performance in 2022

Delivering positive impact through community engagement

- Our Way Beyond Good Champions celebrated their fifth anniversary this year. The community engagement programmes they led contributed to a total impact score[1] of 21,417 through 28 programmes in 2022, up by 25% from 17,096 in 2020. We held a second global conference for the Champions, joined by our Chief People & Culture Officer, as well as establishing a new award programme to recognise their efforts in future.
- Local teams used our Way Beyond Good Champions engagement campaigns to support communities while learning about the featured topics of Food+ (see > page 124 and box above) and Resource+ (see > page 118). For example, our team in Australia donated electronic waste to a local charity that repairs and resells the equipment to disadvantaged members of the community or uses it to train jobseekers. In Mexico, we sponsored the collection and sale of recyclable materials to raise funds for a centre that supports people with autism. Teams in Austria and Thailand prepared meals for local people in need as part of our Food+ campaign (see case study above). Several of our sites also continued to regularly collect and donate food products to NGOs to support local communities.

1 Impact score is derived through an assessment by the employees and communities involved in our community engagement projects 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.

- To support emergency aid for those affected by the war in Ukraine, SIG matched donations by employees to UNHCR's Ukraine emergency response and UNICEF's life-saving support for children from Ukraine. Teams around the world also offered their support for Ukrainian refugees, including collecting donations of clothes, food, hygiene articles and toys in Germany, preparing and distributing meals to refugees in Poland, fundraising through sales of a painting by an SIG employee in the USA, and holding an art exhibition in Romania to raise money for a talented 15-year-old Ukrainian refugee artist and the Red Cross.
- Other community engagement programmes supported local causes. For example, our team in the United Arab Emirates donated more than 40 laptops to a local centre for children with autism, and employees in Mexico built bicycles for donation to a local children's organisation at a teambuilding event at the new SIG plant in Querétaro.
- Sites in several countries ran campaigns encouraging employees to give blood to support local health services, and SIG was awarded the Solidarity Certificate of the German Red Cross Blood Donation Service.

Contributing through the SIG Way Beyond Good Foundation

- We contributed €235,000 in grants to support the work of the SIG Way Beyond Good Foundation in 2022.
- Building on the experience of our pilot, we are developing plans to scale up Cartons for Good, the Foundation's flagship project, to save more food from being lost by turning it into nutritious meals. We have developed a technical concept and begun discussions with potential partners who can help us implement it (see > page 125).
- In cooperation with the NGO so+ma in Brazil, the SIG Way Beyond Good Foundation is working to extend our community recycling model to Indonesia in 2023 (see > page 116).
- We directed our annual corporate festive donation, via the SIG Way Beyond Good Foundation, to a WWF project that will improve learning conditions at a school in an extremely hot region close to the Marismas Nacionales Biosphere Reserve in Mexico by installing solar panels to provide electricity to power fans and other equipment.

Community investment (philanthropic activities) by type in 2022

Cash contributions	€524,220
Time: employee volunteering during paid working hours	€268,306
In-kind giving: donation of products or services, projects or partnerships	€44,885
Management overheads	€171,983
Total	**€1,009,394**

Responsible culture: governance and ethics

We expect everyone working with us to act with integrity, always.

Integrity is one of our core values. Operating ethically and adopting fair business practices is fundamental to our responsible culture, essential to comply with applicable laws and regulations, and critical to protect our reputation and maintain stakeholder trust.

Our commitment

We are committed to acting professionally and with integrity in everything we do, abiding by the ethical principles set out in the SIG 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.

The SIG Code of Conduct, approved by the SIG Board of Directors and detailed by policies on specific topics, sets out our expectations 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.

Our zero-tolerance approach to bribery or corruption in any form is included in the SIG Code of Conduct and our Anti-bribery and Anti-corruption Policy, and reinforced through training.

All employees are trained on the SIG Code of Conduct as part of their induction when they join the business and are expected to complete mandatory refresher training every year.

We encourage people to speak up if they have any questions or concerns, without fear of retaliation, via their line managers, Human Resources teams, global and regional Legal and Compliance officers, or our confidential Integrity & Compliance Hotline (anonymously where permitted by local legislation). We are committed to investigating all concerns and taking appropriate action, including, but not limited to, disciplinary measures.

Our target

2025 target	Progress tracker
Mandatory annual Code of Conduct training for all employees	On track

Our progress

In 2022, we rolled out training on the SIG Code of Conduct to the employees we welcomed through acquisitions during the year. Mandatory annual compliance certification continued for all employees, as well as additional training for those in high-risk roles, and we raised awareness of our Integrity & Compliance Hotline to encourage people to speak up if they have any concerns. We also introduced several new and updated policies that offer further guidance on key compliance topics, as well as on remaining vigilant on information security.

Training new colleagues on the SIG Code of Conduct

Nearly 2,500 new colleagues joined us this year through the acquisitions of Scholle IPN and Evergreen Asia's chilled carton business. We made them aware of the SIG Code of Conduct and the importance of compliance in a joint welcome letter from SIG's Chief People & Culture Officer and Vice President Group Legal & Compliance.

The SIG Code of Conduct was communicated, together with policies on anti-bribery and anti-corruption and other key compliance topics, through online channels and townhall meetings. Training began shortly thereafter through in-person and online live sessions delivered by Legal and Compliance colleagues with local teams translating where needed.

By the end of the year, virtually all the employees who joined us through acquisitions in 2022 had completed training on the SIG Code of Conduct and our compliance curriculum.

Performance in 2022

Updating our policies

- As we integrated operations in new countries, we checked that the SIG Code of Conduct was available in relevant languages and translated it where needed. It is now available in 19 languages.
- We introduced policies offering detailed guidance on the topics of anti-trust and trade and sanctions compliance. We implemented a revised Anti-bribery and Anti-corruption Policy – which includes our policies on gifts and entertainment, as well as political and charitable donations – and we updated our directive on handling of personal data. We also began rolling out our new Supplier Code of Conduct to new and existing suppliers in place of the previous SIG Business Ethics Code for Suppliers (see > pages 135–140).

Training our people

- 99%[1] of SIG Group employees (including virtually all of those joining us through integrations this year) completed their annual certification on the SIG Code of Conduct, which includes topics such as anti-bribery and anti-corruption.
- More than 6,300[1] employees completed additional training on the SIG Code of Conduct. This training was offered through video and in-person sessions for employees without regular access to computers at work. We also provided in-depth training for employees in high-risk roles on topics such as anti-bribery and anti-corruption, anti-trust, data privacy and anti-harassment.
- We continued to raise awareness on ethics and compliance topics through various channels, including internal newsletters, emails, local campaigns and posters advertising our Integrity & Compliance Hotline.

Investigating and acting on concerns

- Concerns reported via our Integrity & Compliance Hotline and other channels in 2022 mainly related to workplace and employment-related matters.
- We investigated all concerns and took disciplinary action, including reprimands and dismissals, where appropriate.
- No cases of corruption were substantiated in 2022.

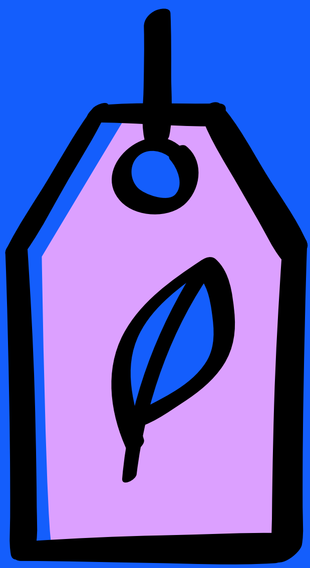
Maintaining ethical standards

- All our aseptic carton production sites, our office site in Mexico and several of our legal entities in Germany and Switzerland completed SEDEX SMETA audits – which include business ethics as one of the four pillars – in 2021. The next scheduled two-yearly audits in 2023 will also include the production plants we acquired this year.

Focusing on security

- We achieved certification to the international ISO 27001 standard on information security management for SIG IT in Germany, China and Romania. We also launched a new security acceleration programme to further bolster our security posture.
- 99%[2] of employees completed security awareness training this year. We reinforced the training through our internal communications with reminders of how to guard against cyberattacks, such as vishing (voice phishing), which are on the rise.

1 Includes employees joining SIG from Scholle IPN and Evergreen Asia, both acquired in 2022.
2 Includes employees joining SIG from Scholle IPN, acquired in 2022.



Performance summary

Key performance indicators

Here we provide a summary of the key performance indicators we use to measure our performance on our most material corporate responsibility (CR) issues.

Data assured

In the table below, data for 2021 and 2022 has been assured with limited assurance by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, except where otherwise noted. We made great efforts to include as much data as possible from the businesses acquired in 2022. Due to the ongoing implementation of processes for non-financial reporting, some of this data is not yet complete and represents our best estimate. Accordingly, this data has not been assured yet. The footnotes in the data table below clearly indicate which data includes the new businesses. During 2023, we will continue our efforts to include the complete data for these KPIs in the next Annual Report. See assurance statement on > pages 411–413. KPI data was assured in previous years as part of our CR reporting process (see previous years' reports for details of assured data and assurance scope). 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 for clarification.

Unless otherwise stated, CR data in this report: covers all operations globally that were fully owned by SIG at the start of 2022, which includes all operations related to our aseptic carton business (including research and development, sleeve and spout production, filling machine assembly, technical service and offices); and excludes our new bag-in-box and spouted pouch business (formerly Scholle IPN) and our new chilled carton business (acquired from Evergreen Asia) – both acquired mid-way through 2022 – as well as our joint venture in Japan.

The Way Beyond Good action area	Material issue	Metric	2016	2017	2018	2019	2020	2021	2022
Climate+	Climate change	Total Scope 1 and 2 greenhouse gas emissions (thousand tonnes CO_2 equivalent)[1]	113.1	67.1	66.9	62.3	53.9	29.8	25.1
		Total Scope 1 and 2 greenhouse gas emissions for SIG Group[2] (thousand tonnes CO_2 equivalent)[3]	–	–	–	–	96.8[4]	72.3[4]	75.4[4]
		Total Scope 3 greenhouse gas emissions (million tonnes CO_2 equivalent)	1.5	1.5	1.5	1.6	1.5	1.6	1.6
		Total Scope 3 greenhouse gas emissions for SIG Group[2] (million tonnes CO_2 equivalent)[3]	–	–	–	–	1.9[4]	1.9[4]	1.9[4]
		Scope 1 and 2 and most material Scope 3[5] greenhouse gas emissions (grams CO_2 equivalent/litre of food packed)	99	92	93	90	81	79	79
		Scope 1, 2 and 3 greenhouse gas emissions for SIG Group[2] (grams CO_2 equivalent/litre of food packed)[3]	–	–	–	–	73[4]	70[4]	70[4]

The Way Beyond Good action area	Material issue	Metric	2016	2017	2018	2019	2020	2021	2022
Climate+	Climate change	Scope 1 greenhouse gas emissions for our aseptic carton production[6] (thousand tonnes CO_2 equivalent)	29.1	38.5	34.4	34.5	31.1	29.8	25.1
		Scope 2 greenhouse gas emissions for our aseptic carton production (market based) (thousand tonnes CO_2 equivalent)	84.0	28.6	32.5	27.9	22.9	0	0
		Scope 1 and 2 greenhouse gas emissions intensity for our aseptic carton production[6] (tonnes CO_2 equivalent/million m^2 of sleeves produced)	68	42	40	35	17	15	12
		Energy used for our aseptic carton production 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	100
		Operational energy use for our aseptic carton production (GWh)	335	363	386	386	383	402	388
		Energy intensity for our aseptic carton production[6] (MWh/ million m^2 of sleeves produced)	194	216	223	210	201	197	183
Forest+	Biodiversity and forest ecosystems	SIG aseptic carton packs sold labelled with FSC™ logo (%)	56	80	93	96	97	98	99
Resource+[7]	Waste management and circular economy	SIG aseptic carton packaging portfolio that is recyclable[8] (%)	100	100	100	100	100	100	100
		Waste rate for aseptic carton production[6] (grams of waste per m^2 of packaging material)	35	37	35	33	32	34	32
Food+	Product safety and integrity	Significant product and service categories in our aseptic carton business for which health and safety impacts are assessed for improvement (%)	100	100	100	100	100	100	100
		Non-compliance concerning the health and safety impacts of products and services in our aseptic carton business (number of incidents)	0	0	0	0	0	0	0
	Access to nutrition and hydration[9]	Nutritious food and beverage products[10] brought to consumers in SIG aseptic and chilled carton packs (billion litres)[4]	–	–	–	–	11.2[4,11]	11.8[4,11]	12.1[4,11]
Sustainable innovation	Innovation in products and services	Food packed in SIG aseptic carton packs with **SIG**NATURE portfolio packaging materials (million litres)	199.7[4]	198.8[4]	227.3[4]	334.8[4]	457.2[4]	540.9[3,4]	611.6
		Food packed in SIG aseptic carton packs with **SIG**NATURE portfolio packaging materials (% of total litres packed in SIG packs)	1.5[4]	1.5[4]	1.7[4]	2.3[4]	3.1[4]	3.5[3,4]	3.4
		SIG aseptic carton packs sold labelled with ASI logo (million packs)	–	–	–	3.4[4]	80.0[4]	577.0	1,383.7

The Way Beyond Good action area	Material issue	Metric	2016	2017	2018	2019	2020	2021	2022
Sustainable innovation	**Innovation in products and services**	Impact mitigation potential of innovations related to current standard product (polymer savings from RS structure versus standard SIG aseptic carton pack per year, tonnes)	–	750	4,850	6,500	7,800	9,803	10,981
Responsible culture									
Supply chain	**Responsible suppliers**	New suppliers screened using social responsibility criteria (% of significant suppliers[12])	100	100	100	100	100	100	100
	Sustainable raw materials	A-materials[13] from certified sources (% by volume)	53[4]	63[4]	64[4]	63[4]	62[4]	70	74
Human rights	**Human rights[14]**	Plants that have completed a SEDEX Members Ethical Trade Audit (of total number of plants)	7 of 7	7 of 7	8 of 8	8 of 8	8 of 9[15]	9 of 9[15]	8 of 8[16]
Our people	**Diversity, equity and inclusion**	Women in leadership positions	–	–	–	17%[4]	18%[4]	20%	23%[17]
	Employee satisfaction, development and working environment	Sustainable engagement score (% favourable responses)	74	–	78	–	87	–	83[18]
		Training and development investment (average training hours/employee)	29.0	25.1	23.4	24.3	19.4	20.5	20.9[17]
Health, safety and wellbeing	**Health, safety and wellbeing[19]**	Total recordable cases[20]	51[4]	41[4]	43[4]	39[4]	33[4]	31[4]	33
		Lost-time cases[21]	26	16	20	17	13	17	18
		Lost-time case rate (per 200,000 hours worked)	0.62	0.38	0.49	0.43	0.31	0.33	0.35

1 We have invested in Gold Standard CO_2 offset for our Scope 1 emissions to achieve carbon neutral production for all our plants fully owned since 2018 (including our former joint venture in the Middle East and Africa region from 2021).

2 Includes our bag-in-box and spouted pouch business and our chilled carton business – both acquired in 2022.

3 Data for previous years adjusted in line with restatement policy and methodologies, and revised scope of reporting resulting from changes to the business where applicable.

4 Not assured.

5 Includes most material Scope 3 categories only: goods and services, use of our products (filling machines) and end-of-life treatment (cartons).

6 Aseptic carton sleeves production plants only. Includes semi-finished products. Excludes SIG closures plant in Switzerland.

7 A KPI for the newly identified material issue of water is in development.

8 Our evaluation of recyclability is based on the relevant EN643 standard.

9 Additional strategic topic for our Way Beyond Good Food+ action area (not a material issue).

10 Defined by the independent Health Star Rating System as food and drinks that contribute to a balanced diet and lead to better health.

11 Includes volumes filled in chilled cartons by the business acquired from Evergreen Asia in 2022 (data from previous years restated to include Evergreen Asia).

12 Significant suppliers are those considered most significant to our aseptic carton business (excluding Global Assembly suppliers that are managed separately) – 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.

13 A-materials are those that go directly into SIG aseptic carton packs – paperboard, polymers, aluminium foil and ink.

14 Includes freedom of association, freely chosen labour, living standards and protection of the child.

15 The Australia production site acquired in 2020 completed its first SEDEX audit in 2021 as part of our two-yearly audit cycle. The site ceased production in mid-2021.

16 All our aseptic carton production sites completed SEDEX SMETA audits in 2021. The next scheduled two-yearly audits in 2023 will also include the production plants we acquired this year.

17 Includes employees joining SIG in the chilled carton business acquired from Evergreen Asia in 2022. Excludes employees joining SIG in the bag-in-box and spouted pouch business acquired from Scholle IPN.

18 Includes employees joining us from Scholle IPN and Evergreen Asia in 2022.

19 Data on health, safety and wellbeing in this table is for our aseptic carton business only. We report these indicators separately for our bag-in-box and spouted pouch business and our chilled carton business – both acquired in 2022.

20 Total recordable cases include medical treatment and restricted work cases as well as lost-time cases.

21 A lost-time case is defined as absence for one or more shifts or loss of one or more working days.

Progress towards our 2025+ targets

Climate+			
Material issue	**2025 target**	**Progress tracker**	**2022 performance**
Climate change	Net Zero value chain greenhouse gas emissions **by 2050**[1]	New target	We have committed to achieving Net Zero greenhouse gas emissions across our value chain by 2050, and we have developed a series of workstreams designed to meet our science-based targets and help us on our path to Net Zero by delivering greenhouse gas emissions reductions across the value chain and beyond.
	Reduce Scope 1 and 2 greenhouse gas emissions by 50% by 2025 and by 60% **by 2030** (from 2016)	On track	We have cut Scope 1 and 2 emissions from our aseptic carton business by 78% from the 2016 baseline of our science-based target, putting us on track to meet our 2030 target of 60%.
	Reduce Scope 1 and 2 greenhouse gas emissions by 42% **by 2030** – and by 90% **by 2050** (from 2020)[1]	New target	We cut our total Scope 1 and 2 emissions by 22% from the 2020 baseline for this new and expanded target for SIG Group[1], which will replace our current science-based target (above) once approved by the SBTi.
	Reduce Scope 1, 2 and 3[2] greenhouse gas emissions by 25% per litre of food packed **by 2030** (from 2016)	On track	Since 2016, we have reduced Scope 1 and 2 emissions and our most significant Scope 3 emissions[2] from our aseptic carton business by 20% from the 2016 baseline for our science-based target.
	Reduce Scope 1, 2 and 3 greenhouse gas emissions by 52% per litre packed **by 2030** (from 2020)[1]	New target	SIG Group's Scope 1, 2 and 3 emissions per litre packed have decreased slightly from 2020 to 2022. Through our Net Zero workstreams, we aim to drive progress towards this new target, which will replace our current value chain target (above) once approved by the SBTi.
	Reduce Scope 3 greenhouse gas emissions by 97% per litre packed **by 2050** (from 2020)[1]	New target	SIG Group's total Scope 3 emissions remained at a steady level from 2020 to 2022. We aim to drive progress towards this new target through our Net Zero workstreams.
	Maintain 100% renewable energy and Gold Standard CO_2 offset for all non-renewable energy (at production plants)	On track	We have maintained carbon neutral production for our aseptic carton packs with 100% renewable electricity and Gold Standard CO_2 offset for all non-renewable energy at production plants.
	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 (PPAs) to meet 25% of our global electricity use	On track	In 2022, on-site solar power met 2.6% of our global electricity use for aseptic carton production – and overall PPAs met 12% including our off-site PPA in Germany. More on-site solar is in development at our sites in Germany, Mexico and Saudi Arabia, and we have secured enough PPAs (on- and off-site) to power 100% of our aseptic carton production in Germany from January 2023.
	Transition to 100% bioethanol or other bio-materials for printing	On track	Seven of our eight aseptic carton production plants have already moved from fossil-based solvents to plant-based bioethanol for our printing processes and we are continuing to explore how to extend the switch to renewable alternatives worldwide.
	Reduce CO_2 emissions from inbound and outbound logistics by 25% (from 2016)	More work to do	CO_2 emissions from our inbound and outbound logistics have increased by 7% from 2016.

1 Includes our new bag-in-box, spouted pouch and chilled carton businesses, which joined SIG Group through the acquisitions of Scholle IPN and Evergreen Asia in 2022.

2 Includes Scope 3 emissions from our supply chain, use of our filling machines and recycling or disposal of our cartons.

Forest+

Material issue	2025 target	Progress tracker	2022 performance
Biodiversity and forest ecosystems	Partner to create, restore, protect or improve management of at least 650,000 additional hectares of forest beyond what we need to make our products by 2030[1]	On track	We launched a five-year partnership with WWF Switzerland to directly invest in projects designed to protect, restore or improve thousands of hectares of forests, starting with a project in Mexico that aims to improve forest management of 100,000 hectares and restore a further 750 hectares of forest to secure critical habitat for jaguars. We began engaging with customers and suppliers to identify opportunities to partner on joint forest projects. We also joined WWF's Forests Forward programme, publicly committing to a series of actions designed to scale up our impact (see > page 108).
	Establish a partnership with Brainforest, an NGO, to contribute to restoring or creating resilient and sustainable forests by 2025	Completed	In addition to the WWF partnership above, we also began working in partnership 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 identify potential joint forest projects we could undertake with customers and suppliers.
	Partner with an NGO to develop a methodology to measure the impact of FSC™ certification by 2025	More work to do	We worked with the Institute for Energy and Environmental Research (IFEU) to refine our approach, and agreed a plan to help us develop a methodology 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 by 2025	On track	99% of the packs we sold in 2022 carried the FSC™ label (up from 98% in 2021). To close the remaining gap, we are encouraging our customers to include the FSC™ label on all pack décors for new products and on existing products when décors are changed.
	Maintain 100% FSC™-certified supply of liquid packaging board for our packs	On track	We continued to purchase 100% of the liquid packaging board for our aseptic cartons with FSC™ certification – first achieved in January 2021 – and remained the only aseptic carton producer to achieve this.

1 Target wording amended for clarity.

Resource+

Material issue[1]	2025 target	Progress tracker	2022 performance
Waste and circular economy	Launch a full barrier carton linked to 100% renewable materials	On track	2022 performance is reported later in this table under Sustainable innovation on > page 172.
	Further reduce the amount of non-fibre materials in our carton packs to increase the share of renewable materials and to enable SIG cartons to go into paper recycling streams where relevant by 2030	New target	
	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 25 priority countries across our regions, 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 innovative tech-based solutions in Egypt that monitor ethical working conditions for waste pickers, the expansion of our social model for collection in Brazil and Indonesia, new recycling facilities in Australia and another planned in Brazil, and consumer awareness and collection programmes in a range of other countries. In Europe, we focused our efforts on influencing policy and legislative developments that enable more collection of used packaging via legislation.
	25% reduction in grams of waste per m² of packaging material (from 2016)	More work to do	Our waste rate from production of our aseptic carton packs decreased by 6% from 2016.

Material issue[1]	2025 target	Progress tracker	2022 performance
	Zero landfill – all waste to be recycled or used as renewable biofuel	More work to do	In 2022, 91.6% of waste from production of our aseptic carton packs was reused or recycled, 1.5% was recovered for energy and only around 0.2% went to landfill. We have achieved zero waste to landfill at six of our aseptic carton production plants in China, Europe and Saudi Arabia.
	Maintain certification to ISO 14001:2015 at all production plants	On track	We maintained our global ISO 14001 certification for our aseptic carton business – and began work to extend it to newly acquired sites in 2023.

1 A target, and accompanying KPI, for the newly identified material issue of water is in development.

Food+

Material issue	2025 target	Progress tracker	2022 performance
Product safety and integrity	Maintain certification to ISO 9001:2015 at all production plants	On track	We maintained global certification to the ISO 9001:2015 quality management standard for our aseptic carton business and ran an online training programme for employees in relevant roles on how we implement the requirements.
	Maintain BRCGS AA Grade certification at all sleeve and spout production plants	On track	All our sleeve and spout production plants for our aseptic carton business have achieved AA Grade certification to the Brand Reputation Compliance Global Standards (BRCGS) packaging standard (Issue 6).
Access to nutrition and hydration[1]	Use SIG's position within a more sustainable food supply system to create demonstrable positive impacts on nutrition and hydration	On track	We continued our partnership with Forum for the Future to better understand SIG's role in the food value chain, and to define activities and indicators to progress our Food+ strategy. We also began exploring how to integrate our newly acquired bag-in-box and spouted pouch solutions into this strategy to harness their potential to further increase the amount of nutritious food we help customers deliver.
	Increase the total volume of nutritious[2] food and beverage products brought to consumers in SIG packs by 50% **by 2030** (from 2020)	On track	Our aseptic and chilled beverage cartons enabled customers to bring 12.1 billion litres of nutritious food and beverage products to consumers in 2022, up 8% from the 2020 baseline.[3]
	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	Two more start-ups joined our **SIG**CUBATOR programme to gain advice, consumer insights and access to our filling machines to pack nutritious new plant-based products on a small scale. More start-ups have also been selected for support through the **SIG**CUBATOR programme.

1 Additional strategic topic (not a material issue).
2 Different types of product are categorised according to their nutritional profile based on the independent Health Star Rating System.
3 Includes the chilled carton business we acquired from Evergreen in 2022.

Sustainable innovation

Material issue	2025 target	Progress tracker	2022 performance
Innovation in products and services	Launch a full barrier carton linked to 100% renewable materials	On track	**SIG**NATURE EVO, launched in early 2022, is the world's first full barrier solution for aseptic carton packs with no aluminium layer that can be used with oxygen-sensitive products, such as juices, as well as liquid dairy. This aluminium-free[1] solution provides comparable barrier properties to our standard aseptic carton solutions that include a layer of aluminium foil. We plan to launch a **SIG**NATURE EVO 100 version of this aluminium-free[1] full barrier carton in future with all materials 100% linked to forest-based renewable sources via an independently certified mass balance system.
	Further reduce the amount of non-fibre materials in our carton packs to increase the share of renewable materials and enable SIG cartons to go into paper recycling streams where relevant by 2030	New target	SIG carton packs already contain 75% wood-based fibre on average, sometimes more, and we want to increase this even further as the fibres yield a high value that contributes to the circular economy. In addition to a continued focus on our target to partner with stakeholders to support increased collection and recycling of beverage cartons (see our 2022 performance earlier in this table on > page 171), we have set this new target to enable our cartons to also be widely recycled in regions where only paper recycling streams are available.

Material issue	2025 target	Progress tracker	2022 performance
	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 2022)[2]	Timeline extended	We launched our next-generation filling machine, SIG NEO, in late 2021. It is designed to reduce use of energy, hydrogen peroxide and water. Field testing to confirm whether we have met our reduction targets has been delayed and we now expect to be able to report results in 2024.
	Reduce use of consumables by 25% for the next-generation filling machine for small format packs	More work to do	Development of our next-generation filling machine for small format packs has been delayed. We plan to conduct a study on market requirements in 2023, building on field tests of our mid-size SIG NEO filling machine.

1 With no aluminium layer.

2 Target date extended to 2024 due to further delays in field testing that is required to confirm whether the target has been met.

Responsible culture

Our supply chain

Material issue	2025 target	Progress tracker	2022 performance
Responsible suppliers	Ensure 100% of significant suppliers[1] accept our Supplier Code of Conduct or Business Ethics Code for Suppliers or have an equivalent code in place[2]	On track	74% of all active significant suppliers (up from 61% in 2021) have accepted our new Supplier Code of Conduct (launched in 2022) or the existing SIG Business Ethics Code for Suppliers or have an equivalent code in place, and we continue to engage with those due to be reassessed or currently under review to bring this up to 100%.
	Audit 50% of high-risk significant suppliers each year	On track	No significant suppliers were identified as high-risk in 2021. We identified six high-risk suppliers in 2022 and will audit 50% of these in 2023.
	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	In 2021, we trained all our global, regional and local procurement teams in our aseptic carton business to introduce them to the updated Responsible Sourcing Directive and test their knowledge on key topics. The next round of training is planned for 2023.
Sustainable raw materials	100% A-materials[3] from certified sources	More work to do	We increased the proportion of A-materials from certified sources to 74% (by volume) in 2022 by securing more ASI-certified aluminium and increasing sales of solutions in our **SIG**NATURE portfolio that are linked to renewable polymers[4] certified to ISCC PLUS (or in some cases REDcert[2]).
	Maintain 100% FSC™-certified supply of liquid packaging board for our packs	On track	2022 performance is reported earlier in this table under Forest+ on > page 171.
	Transition to 100% bioethanol or other bio-materials for printing	On track	2022 performance is reported earlier in this table under Climate+ on > page 170.

1 Significant suppliers are those considered most significant to our aseptic carton business (excluding Global Assembly suppliers that are managed separately) – 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.

2 Target wording changed to include new Supplier Code of Conduct, which we began rolling out in 2022.

3 A-materials are those that go directly into our aseptic carton packs – paperboard, polymers, aluminium foil, ink and solvents.

4 Via an independently certified mass balance system.

Human rights

Material issue	2025 target	Progress tracker	2022 performance
Human rights[1]	Advance our human rights risk identification and assessment processes in our own operations and supply chain to define salient human rights issues	On track	We completed an assessment of our operations (including the businesses we acquired in 2022) and the supply chain for our aseptic carton business to identify any changes required to our human rights due diligence policies and processes to ensure compliance with forthcoming regulatory requirements on this topic. Based on this assessment, we have developed a roadmap to implement the required changes in our operations and supply chain over the next two years.
	Conduct assessments of potential human rights risks and impacts in 50% of our own plants every two years	On track	All our aseptic carton production sites completed SEDEX SMETA audits – which include an assessment of potential human rights risks and impacts as part of the labour pillar – in 2021. The next scheduled two-yearly audits in 2023 will also include the production plants we acquired this year.
	Maintain SEDEX Members Ethical Trade Audit (SMETA) at all production sites	On track	
	Ensure 100% of significant[2] suppliers accept our Supplier Code of Conduct or Business Ethics Code for Suppliers or have an equivalent code in place[3]	On track	2022 performance is reported earlier in this table under Our supply chain on > page 173.
	Audit 50% of high-risk significant 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	

1 Includes freedom of association, freely chosen labour, living standards and protection of the child.

2 Significant suppliers are those considered most significant to our aseptic carton business (excluding Global Assembly suppliers that are managed separately) – 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.

3 Target wording changed to include new Supplier Code of Conduct, which we began rolling out in 2022.

Our people

Material issue	2025 target	Progress tracker	2022 performance
Diversity, equity and inclusion	Increase percentage of women in leadership positions to 30%	On track	We welcomed two more women to our Group Executive Board (GEB), bringing the total to three female members, making up a third of the GEB. Overall, women represented 23%[1] of our leaders in 2022, up from 20% last year, and we remain on track with our roadmap to achieve our target to increase women in leadership to 30% by 2025.
	Maintain survey score linked to inclusive environment above industry benchmark[2]	On track	We achieved a score of 83%[3] for diversity, equity and inclusion in our 2022 employee survey, six points above the industry benchmark.
Employee satisfaction, development and working environment	Sustain our training and development investment above industry benchmark	More work to do	We provided an average of 20.9[1] hours of training per employee in 2022, up slightly from 20.5 hours last year, but still falling short of the pre-pandemic industry benchmark of 24.0 hours.
	Ensure 100% of key talent (current and future business leaders for critical positions) have a defined development plan	Discontinued	We have discontinued our target on development plans for key talent. Instead, we will focus on wider talent development activities for employees across the business.
	Achieve engagement level above industry benchmark[2]	More work to do	Despite a period of significant change in the business (with two major acquisitions this year), our overall engagement score remained strong at 83%[3], just one point below the industry benchmark.
	Increase % of employees who feel we have responded to their feedback based on the last survey	More work to do	In our 2022 survey, 60%[4] of employees felt that significant actions have been taken to address priorities identified through the previous employee survey, compared with 61% in 2020. We have a clear roadmap in place for our leaders and employees to discuss survey results, define and implement actions, and communicate progress on an ongoing basis to demonstrate more clearly how we are responding to feedback from the survey.
	Increase % of employees who feel SIG makes adequate use of recognition and reward other than money	More work to do	58%[3] of employees participating in our latest biennial survey in 2022 felt that SIG makes adequate use of recognition and rewards other than money to encourage good performance, six points below the industry benchmark[2]. We have continued to extend non-monetary recognition programmes this year.

1 Includes employees joining SIG from Evergreen Asia.

2 Industry benchmark defined as norms for manufacturing companies participating in the Willis Towers Watson employee engagement survey.

3 Includes employees joining SIG from Scholle IPN and Evergreen Asia.

4 Excludes employees from parts of the business that were not included in our previous survey: the Middle East and Africa region, which SIG took full ownership of in 2021, and Scholle IPN and Evergreen Asia, which both joined SIG in 2022.

Health, safety and wellbeing

Material issue	2025 target	Progress tracker	2022 performance
Health, safety and wellbeing	Zero recordable cases[1]	More work to do	There were 33 recordable cases across our aseptic carton business in 2022 (up from 31 in 2021). We continued to embed our behaviour-based safety programme to target unsafe behaviours across the business. We also began work to integrate our newly acquired businesses into our Group health and safety systems and reporting.
	Achieve a lost-time case[2] rate in the top 20% of industry peers[3]	More work to do	The lost-time case rate across our aseptic carton business remained low at 0.35 lost-time cases per 200,000 hours worked in 2022, placing us among the top 50% of industry peers.
	Define a holistic strategy and roadmap to foster wellbeing at SIG	More work to do	We refined and began to implement our holistic wellbeing strategy, and included questions on wellbeing in our global employee engagement survey to help us define a roadmap of activities to foster wellbeing at SIG.

1 Total recordable cases include lost-time, medical treatment and restricted work cases.

2 A lost-time case is defined as absence for one or more shifts or loss of one or more working days.

3 Based on the latest published lost-time cases for companies listed in our industry in the Dow Jones Sustainability Index.

Communities

Material issue	2025 target	Progress tracker	2022 performance
Thriving communities[1]	Increase the impact of community engagement programmes by 50% (from 2020)	On track	We increased the overall impact of our community engagement programmes through global campaigns on Resource+ and Food+, led by our Way Beyond Good Champions, and local initiatives around the world. Overall, we achieved an impact score of 21,417 through 28 community engagement programmes in 2022, up by 25% from the 2020 baseline of 17,096.
	Create self-sustaining, scalable models for the Way Beyond Good Foundation's Cartons for Good project	On track	Building on the experience of the pilot project, we are developing plans to scale up Cartons for Good to save more food from being lost by turning it into nutritious meals. We have developed a technical concept and begun discussions with potential partners who can help us implement it.
	Scale up and expand our community recycling model	On track	We introduced new recycling programmes that support communities and waste workers in Egypt. We also continued to expand our community recycling partnership with so+ma in Brazil and, through the SIG Way Beyond Good Foundation, developed a similar community recycling model for launch in Indonesia in 2023.

1 Additional strategic topic (not a material issue).

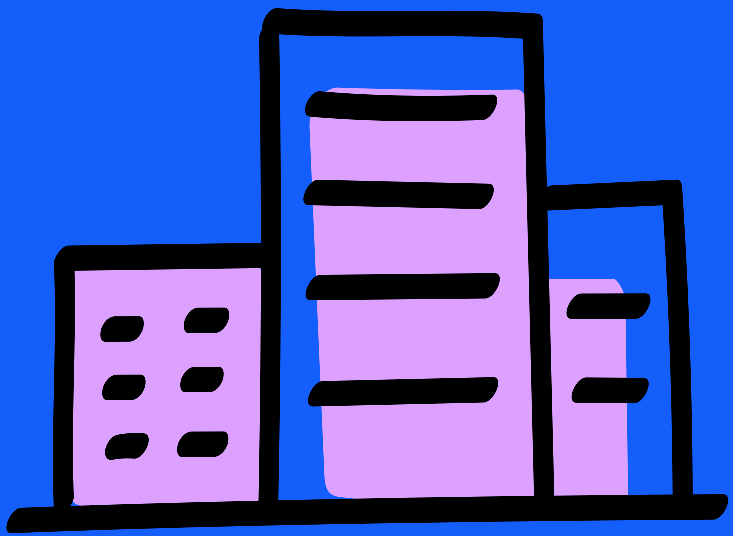
Governance and ethics

Material issue	2025 target	Progress tracker	2022 performance
Fair business practices[1]	Mandatory annual Code of Conduct training for all employees	On track	99%[2] of SIG Group employees (including virtually all of those joining us through integrations this year) completed their annual certification on the SIG Code of Conduct.

1 Additional strategic topic (not a material issue).

2 Includes employees joining SIG from Scholle IPN and Evergreen Asia.

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

Abdallah al Obeikan

> Read the CV

Martine Snels
Audit and Risk Committee Member,
Nomination and Govern. Com. Member

> Read the CV

Board of Directors

Laurens Last

> Read the CV

Group Executive Board

Samuel Sigrist
Chief Executive Officer

> Read the CV

Frank Herzog[1]
Chief Financial Officer

> Read the CV

Ian Wood
Chief Supply Chain Officer

> Read the CV

Suzanne Verzijden
Chief People and Culture Officer

> Read the CV

1 Frank Herzog was the CFO until 31 December 2022, when he left the Group.

Group Executive Board

José Matthijsse
President and General Manager, Europe

> Read the CV

Fan Lidong
President and General Manager, Asia Pacific North

> Read the CV

Angela Lu
President and General Manager, Asia Pacific South

> Read the CV

Ricardo Rodriguez
President and General Manager, Americas

> Read the CV

Group Executive Board

Abdelghany Eladib
President and General Manager, MEA

> Read the CV

Ross Bushnell
President, Scholle IPN, a SIG Company

> Read the CV

Corporate Governance Report

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

Unless expressly stated otherwise, this Corporate Governance Report presents the circumstances and legal position as of the balance sheet date (31 December 2022). References to legal provisions are, therefore, references to the law applicable as of 31 December 2022. On 1 January 2023, the Swiss Corporate Law Reform (*Aktienrechtsreform*) came into force, which has an impact on some of the legal provisions and descriptions of the law cited in this Corporate Governance Report. Among other changes, the Ordinance against Excessive Compensation in Listed Stock Corporations (*VegüV*) was repealed as of 1 January 2023 and its provisions were transferred to the Swiss Code of Obligations with certain amendments. Articles of association and organisational regulations that do not comply with the revised provisions must be adapted to the revised provisions within a transitional period of two years from the entry into force of the Swiss Corporate Law Reform (*Aktienrechtsreform*), ie. by 1 January 2025.

1. Group structure and shareholders

1.1 Group structure

SIG Group AG (formerly SIG Combibloc Group AG), Neuhausen am Rheinfall (the **"Company"**), is the parent company of 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 7,722 million as of 31 December 2022.

Please see note 26 of the consolidated financial statements for the year ended 31 December 2022 for a comprehensive list of the Group's subsidiaries and 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 2022 is as follows:

The Company's board of directors (**"Board of Directors"** or **"Board"**), acting collectively, has 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.

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

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 ten members, specifically the CEO, the chief financial officer (**"Chief Financial Officer"** or **"CFO"**), the chief technology officer (**"Chief Technology Officer"** or **"CTO"**), the chief people and culture officer (**"Chief People and Culture Officer"** or **"CPCO"**), the president and general manager of Europe (**"President and General Manager Europe"**), the president and general manager of Asia Pacific North (**"President and General Manager Asia Pacific North"**), the president and general manager of Asia Pacific South (**"President and General Manager Asia Pacific South"**), the president and general manager of Americas (**"President and General Manager Americas"**), the president and general manager of Middle East and Africa (**"President and General Manager MEA"**) and the president of Scholle IPN (**"President Scholle IPN"**). For further information on the Group's segments, please refer to note 7 of the consolidated financial statements for the year ended 31 December 2022. 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 2022 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 2022[3]:

Significant shareholders	% of voting rights[1]	Number of shares[2]
Haldor Foundation[3]	9.95%	31,849,994
Laurens Last[4]	9.1897%	35,129,733
Fahad al Obeikan[5]	4.9976%	17,417,632
BlackRock, Inc. (mother company)	3.57% / 0.01%	11,434,168[6] / 45,468
UBS Fund Management (Switzerland) AG	3.18%	10,176,211
Swisscanto Fondsleitung AG	3.1255%	10,549,237

1 According to SIX: https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html/

2 According to SIX: https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html/

3 Direct shareholder: Winder Investment Pte Ltd.

4 Direct shareholder: Clean Holding B.V. (formerly CLIL Holding B.V.).

5 Direct shareholder: Al Obeikan Group for Investment Company CJS.

6 Of which the following voting rights were delegated by a third party and can be exercised at BlackRock, Inc.'s own discretion: 627,144 company shares.

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

3 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.

Notifications made in 2022 in accordance with art. 120 et seqq. of the Financial Market Infrastructure Act ("**FMIA**") can be viewed at 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 2022, the Company held 23,295 treasury shares.

1.3 Cross-shareholdings

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

2. Capital structure

2.1 Ordinary share capital

The ordinary share capital of the Company as registered with the commercial register of the Canton of Schaffhausen amounts to CHF 3,822,708.72 as of 31 December 2022.

It currently consists of 382,270,872 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 565,062.61 and conditional share capital of CHF 640,106.48, each as of 31 December 2022.

The Board of Directors is authorised to increase the share capital at any time until 21 April 2023 by a maximum of CHF 565,062.61 through the issue of up to 56,506,261 shares of CHF 0.01 nominal value each.

The conditional share capital of CHF 640,106.48 (ie. 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, ie. 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 64,010,648 shares (ie. CHF 640,106.48). 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 22,754,174 shares (equalling CHF 227,541.74).

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

During 2022, the Company increased its share capital in the course of two capital increases by a total of CHF 447,500.00, from CHF 3,375,208.72 to CHF 3,822,708.72, through the issuance of 44,750,000 fully paid-up registered shares with a nominal value of CHF 0.01 per share from its authorised share capital.

On 18 May 2022, the Company increased its share capital by CHF 110,000.00, from CHF 3,375,208.72 to CHF 3,485,208.72, through the issuance of 11,000,000 fully paid-up registered shares with a nominal value of CHF 0.01 per share from its authorised share capital. The net proceeds from the capital increase were used to partially finance the acquisition of Pactiv Evergreen Inc.'s Asia Pacific Fresh operations, which consisted of the three target companies Evergreen Packaging Korea Limited, Seoul, Evergreen Packaging (Shanghai) Co. Ltd, Shanghai, and Evergreen Packaging (Taiwan) Co. Ltd, Taiwan.

On 23 May 2022, the Company increased its share capital by CHF 337,500.00, from CHF 3,485,208.72 to CHF 3,822,708.72, through the issuance of 33,750,000 fully paid-up registered shares with a nominal value of CHF 0.01 per share from its authorised share capital. The newly issued shares had been fully allocated to Clean Holding B.V. as part of the consideration for the acquisition of Scholle IPN.

In 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 from 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 remaining shares of its joint venture companies in Saudi Arabia (Al Obeikan SIG Combibloc Company Ltd., Riyadh) and in the UAE (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* with each other in all respects, 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 para. 1 of the Swiss Code of Obligations (**"CO"**), and in accordance with art. 973c para. 2 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 a shareholder with voting rights, provided they expressly declare that they have acquired the shares in their own name and for their own account.

Any person who does not expressly state in their application to the Company that the relevant shares were acquired for their 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 they are 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.[4]

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 two-thirds of the represented share votes and an absolute majority of the par value of represented shares.

2.7 Convertible bonds and warrants/options

As of 31 December 2022, the Company has no outstanding bonds or debt instruments convertible into, or option rights in, the Company's securities.

As of 31 December 2022, a total of 871,407 performance share units (**"PSUs"**) and restricted share units (**"RSUs"**) awards were outstanding. Each awarded PSU and RSU represents the contingent right to receive one SIG share subject to fulfilment of pre-defined vesting conditions. The Group expects to settle its obligation under these plans and arrangements by using own shares (treasury shares) or, alternatively, by using shares issued from conditional share capital. If the PSUs and RSUs were fully vested and exclusively shares from conditional share capital were used, this would increase the existing share capital by approximately 0.002%. Please refer to the Compensation Report on > pages 215–235 for further information pertaining to any PSUs and RSUs awarded as an element of executive compensation.

Furthermore, 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 shares in the Company at market value.

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

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 from conditional share capital. If the options were fully vested and exclusively shares from conditional share capital were used, this would increase the existing share capital by approximately 0.001%. Please refer to note 31 of the consolidated financial statements for the year ended 31 December 2022 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 2023
Werner Bauer	Swiss and German	Vice-Chair	2022[2]	AGM 2023
Wah-Hui Chu	Chinese	Member	2018	AGM 2023
Colleen Goggins	American	Member	2018	AGM 2023
Mariel Hoch	Swiss and German	Member	2018	AGM 2023
Laurens Last	Dutch	Member	2022	AGM 2023
Abdallah al Obeikan	Saudi Arabian	Member	2021	AGM 2023
Martine Snels	Belgian	Member	2021	AGM 2023
Matthias Währen	Swiss	Member	2018	AGM 2023

1 All Board members are elected annually in accordance with Swiss corporate law and the Articles of Association.
2 Member since 2018.

At the annual general meeting of the Company (**"Annual General Meeting"** or **"AGM"**) on 7 April 2022 (**"Annual General Meeting 2022"** or **"AGM 2022"**), eight of the previous nine members of the Board were re-elected[5] and one new member was elected, each for a one-year term of office.

All current members of the Board of Directors are non-executive directors. Abdallah al Obeikan served from 2000 to 2021 as CEO of the SIG Combibloc Obeikan joint venture companies, which became fully owned subsidiaries of the Company in February 2021. Laurens Last served from 2015 until 2022 as chair of Scholle IPN, which became a fully owned subsidiary of the Company in June 2022. All other members of the Board of Directors were not members of the management of the Company or a subsidiary of the Group in the three years preceding the year under review. The Board of Directors determines independence annually in accordance with the Company's independence criteria set forth

5 Nigel Wright had decided not to stand for re-election at the AGM 2022.

in the Organisational Regulations. Pursuant to the Company's independence criteria and based on the last assessment performed before the AGM 2022, all members of the Board of Directors are deemed to be independent, except for Abdallah al Obeikan and Laurens Last.

Andreas Umbach is a Swiss and German citizen and has served as Chair since the Initial Public Offering on 28 September 2018 (**"IPO"**). Mr Umbach has further served as chair of the board of directors of Landis+Gyr Group AG (SIX: LAND) since 2017, as chair of the supervisory board of Techem Energy Services GmbH since 2018 and as chair of the board of directors of Rovensa SA since 2020. He has been 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 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 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, Germany.

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 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 is also 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, 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. Ms Goggins holds a Bachelor of science 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, USA.

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 of Bertelsmann SE & Co. KGaA (since 2012). He is further the chair of the board of trustees at the Bertelsmann Foundation (since 2011). From 2013 to 2022 he served as a member of the board of directors of Lonza Group AG (SIX: LONN) and from 2011 to 2018 as a member of the board 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 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, Germany.

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 also the founder and chair of iBridge TT International Limited (Hong Kong) since 2018 and a member of the board of directors of Mettler Toledo International (NYSE: MTD) since 2007, and he was the founder of M&W Consultants Limited (Hong Kong) in 2007. From 2013 to 2014, when he retired, Mr Chu served as CEO and a member of the board of directors of Tingyi Asahi Beverages Holding, and from 2008 to 2011 he acted as executive director and CEO of Next Media Limited. He also served as a member of the board of directors of Li Ning Company Limited from 2007 to 2012 and as 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, USA.

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, a member of the foundation board of the Irene M Staehelin Foundation since 2020 and a member of the Law and Economics Foundation St Gallen 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, Switzerland.

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 further serves as a 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 (TADAWUL: OBEIKAN GLASS), 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 from King Saud University, Riyadh, K.S.A.

Martine Snels is a Belgian citizen and has served as a member of the Board of Directors since April 2021. Ms Snels is also currently a member of the supervisory board of Prodrive Technologies (since 2023) and a member of the board of directors of Electrolux Professional AB (since 2019). In addition, Ms Snels is the founder and CEO of L'Advance BV (since 2020) and a member of the supervisory board of URUS Group LLC (since 2021). She previously served as a member of the supervisory board of VION Food Group NV (from 2020 to 2022) and as a member of the board of directors of Resilux NV (from 2019 to 2022). 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) including member of the Executive Board – C.O.O. Ingredients (2015–2017), Nutreco NV (from 2003 to 2012) and Kemin Industries (from 1996 to 2003). Ms Snels holds an MSc in Agricultural Engineering from K.U. Leuven, Belgium.

Laurens Last is a Dutch citizen and has served as a member of the Board of Directors since April 2022. Mr Last is currently also Director of Clean Holding B.V., TSAL Holding NV and Cycle Investments BV. He was founder and CEO of International Packaging Network (IPN) and afterwards Chair and a member of the Board of Scholle IPN. Before pursuing his entrepreneurial ventures, Mr Last studied at HEAO Business School in the Netherlands.

As of 31 December 2022, other than with respect to Laurens Last, there are no material business relationships of any Board member with the Company or with any subsidiary or joint venture company. With respect to Laurens Last, a contingent consideration may be payable to Clean Holding B.V., a company ultimately controlled by Laurens Last, in three annual instalments of up to $100 million per year for the years ending 31 December 2023, 2024 and 2025 as part of the consideration for the acquisition of Scholle IPN, contingent upon Scholle IPN outperforming the top end of SIG's mid-term growth guidance of 4–6% per year in the respective years. Any payments for growth rates ranging from 6 to 11.5% per year are subject to a pre-agreed ratchet structure. The Group has also entered into a transitional service agreement in relation to an entity controlled by Laurens Last that was not part of the acquisition of Scholle IPN. This transitional service agreement, ending in May 2023, has no significant impact on the Group.

SIG Group aims to have a well-balanced Board of Directors with individuals who bring a variety of perspectives, backgrounds and skills, and who apply them to permit the Board of Directors to offer informed stewardship. The Board skill matrix below summarises the current set of skills/traits grouped into 13 categories:

Board skill matrix

Qualifications and experience / Board member	Andreas Umbach	Werner Bauer	Wah-Hui Chu	Colleen Goggins	Mariell Hoch	Laurens Last	Abdallah al Obeikan	Martine Snels	Matthias Währen
Customer: fast moving consumer goods (FMCG)		■	■	■		□	■	■	□
Sector: packaging industry	□	■	■	□	□	■	■	■	□
Financial proficiency	■	□	□	□	□	□	■	□	■
Enterprise risk management	□	□	□	■	■	□	□	□	■
Leadership, incl. human capital development	■	■	■	■	□	■	■	■	□
Growth: strategy and business development / entrepreneurial	■	■	■	■	□	■	■	■	□
Technology and innovation management	■	■	□	□		■	■	■	
Operational excellence (incl. quality management, supply chain)	■	■	□	□		□	■	■	
Digitalisation, incl. cybersecurity	□	□	□	□			■	□	□
Environmental, social and governance (ESG)	□	□	□	□	□	□	□	□	□
International & global perspective	■	■	■	■	□	■	■	■	■
Mergers and acquisitions, integrations	■	□	□	■	■	■	□	□	□
Legal & regulatory affairs	□	□	□	□	■	□	□	□	□
Independence	●	●	●	●	●			●	●

■ Expert / very experienced □ Proficient / relevant experience ● Independent

3.2 Number of permissible activities

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

(i) up to four mandates in listed firms;

(ii) up to ten mandates in non-listed firms[6]; 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 members shall ensure that such activities do not conflict with the exercise of their duties for the Group. Functions in various legal entities that are under joint control, or in entities in which this legal entity has a material interest, are counted as one function.

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

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 189.

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 acts as chair. 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.

Subject to the provisions of the Articles of Association[7], 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 2022, 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.

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

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:

- 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.[8]

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 2022, the members of the Audit and Risk Committee were Matthias Währen (chair), Mariel Hoch, Martine Snels 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

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

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 include, in particular, reviewing and discussing 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 judgements made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's accounting policies, the selection and disclosure of critical accounting estimates, and the effect of alternative assumptions, estimates or accounting policies 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 2022, the members were Andreas Umbach (chair), Wah-Hui Chu, Martine Snels 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 in 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 assisting the Board in identifying individuals who are qualified to become members of the Board or qualified to become CEO when vacancies arise and, in consultation with the CEO, members of the Group Executive Board. Furthermore, the Nomination and Governance Committee reviews the performance of each current member of the Board of Directors, the CEO and each of the other members of the Group Executive Board. It also provides recommendations to the Board of Directors as to how the Board's performance can be improved.

The Nomination and Governance Committee also develops and makes recommendations to the Board of Directors regarding corporate governance matters and practices, including the effectiveness of the Board of Directors, its Committees and individual directors. It also oversees the Company's strategy and governance in relation to corporate responsibility for environmental, social and governance (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 the 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 macroeconomic and Company-specific circumstances, and to review and, if necessary, redefine the strategic orientation.

In view of the ongoing COVID-19 situation in 2022, 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 some meetings virtually.

In the period under review, the Board held six ordinary meetings, of which two were virtual half-day meetings and four were in-person meetings, of which one was a strategy meeting lasting two full days and one was a meeting combined with the Board of Directors visiting one of the newly acquired Scholle IPN and customer facilities. In addition, the Board held one extraordinary virtual meeting lasting for three hours. Overall, only one Board member missed one Board meeting, resulting in an average attendance of 98% in the period under review. Furthermore, the Board held one mandatory regulatory compliance training session, with all Board members except one participating, and one half-day voluntary educational session on market insights and packaging material developments in the context of sustainability, with a large majority of the Board participating. In addition, the Board held a meeting regarding the final offer price for the private placement of shares, with only the Chair and Mariel Hoch being present. Furthermore, the Board held two declaratory meetings with respect to the declarations regarding the authorised capital increases, one with only Matthias Währen being present and the other one with only the Chair being present. Attendance at the Board meetings in 2022 may be summarised as follows:

Meetings of the Board of Directors from 1 January 2022 to 31 December 2022

Dates	30.01.	24.02.	06.04.	17.–18.05.	21.07.	14.–15.09.	09.12.
Andreas Umbach	✓	✓	✓	✓	✓	✓	✓
Werner Bauer	✓	✓	✓	✓	✓	✓	✓
Wah Hui-Chu	✓	✓	✓	✓	✓	✓	✓
Colleen Goggins	✓	✓	✓	✓	✓	✓	x
Mariel Hoch	✓	✓	✓	✓	✓	✓	✓
Abdallah al Obeikan	✓	✓	✓	✓	✓	✓	✓
Laurens Last	n/a[1]	n/a[1]	n/a[1]	✓	✓	✓	✓
Martine Snels	✓	✓	✓	✓	✓	✓	✓
Matthias Währen	✓	✓	✓	✓	✓	✓	✓
Nigel Wright	✓	✓	✓	n/a[2]	n/a[2]	n/a[2]	n/a[2]

1 Laurens Last was elected at the AGM on 7 April 2022.

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

For the period under review, the Compensation Committee held five ordinary meetings with an average duration of approximately two hours, of which three were virtual meetings and two were in-person meetings. Furthermore, the Compensation Committee held four extraordinary virtual meetings with an average duration of approximately 45 minutes. All meetings were attended by all Committee members, with the exception of one Committee member not being able to join one extraordinary virtual meeting, resulting in an overall attendance rate of 96%.

The Nomination and Governance Committee held three ordinary meetings with an average duration of approximately two hours, of which one was an in-person meeting and two were virtual meetings. Furthermore, the Nomination and Governance Committee held two extraordinary meetings with an average duration of approximately 75 minutes, of which one was a hybrid meeting, with half of the Committee being present in person, and one was a virtual meeting. The meetings had an overall attendance rate of 100%.

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

With the exception of certain directors-only sessions, the Board meetings were usually attended by the CEO, the 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 Group General Counsel & Chief Compliance Officer, and usually by the CEO. Meetings of the Compensation Committee were regularly attended by an external adviser to the Compensation Committee, the CEO, the Chief People & Culture Officer 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 by the Organisational Regulations. The Board's non-transferable and irrevocable duties, as set out in the CO and art. 19 para. 3 of the Articles of Association, include:[9]

- the ultimate direction of the Company and the power to issue 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), the 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 the Articles of Association;
- the passing of resolutions concerning an increase in 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.

9 A detailed description of these responsibilities and duties of the Board of Directors, its Committees and the Group Executive Board can be found 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.[10] The Group Executive Board is directly supervised by the Board of Directors and its Committees.

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

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

The Board of Directors supervises the Group Executive Board and uses reporting and controlling processes to monitor its operating methods. At each of its meetings, the Board of Directors is informed by the CEO, or by another member of the Group Executive Board, of the current business and significant events. At these meetings, members of the Board of Directors may ask other members of the Board of Directors or the CEO to provide information about the Group that they require in order to carry out their duties. The 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,

10 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 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.

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

8. Group Executive Board

8.1 Members of the Group Executive Board

The Group Executive Board is headed by the CEO and comprises ten members, specifically the CEO, the CFO, the CTO, the CPCO, the President and General Manager Europe, the President and General Manager Asia Pacific North, the President and General Manager Asia Pacific South, the President and General Manager Americas, the President and General Manager MEA and the President Scholle IPN.

After the acquisition of Scholle IPN, Ross Bushnell was appointed to the Group Executive Board as President Scholle IPN with effect as of 1 June 2022.

The Company announced in a press release on 20 December 2022 the departure of Frank Herzog, who has resigned as Chief Financial Officer and member of the Group Executive Board. Until the appointment of a new CFO, Jessica Spence, Head of Group Accounting and Financial Reporting, and Dmitry Lebedev, Head of Global Financial Planning and Analysis and Markets Controlling, co-lead the finance function ad interim.

The Group Executive Board comprised the following members on 31 December 2022:

Name	Nationality	Position
Samuel Sigrist	Swiss	CEO
Frank Herzog[1]	German	CFO
Ian Wood	Swiss and British	CTO
Suzanne Verzijden	Dutch	CPCO
Ross Bushnell	American	President Scholle IPN
Abdelghany Eladib	Egyptian	President and General Manager MEA
Fan Lidong	Chinese	President and General Manager Asia Pacific North
Angela Lu	Chinese	President and General Manager Asia Pacific South
José Matthijsse	Dutch	President and General Manager Europe
Ricardo Rodriguez	Brazilian and Spanish	President and General Manager Americas

1 In office until 31 December 2022.

The biographies on the following pages provide information about the Group Executive Board members in office on 31 December 2022.

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 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, Canada, and a Global Executive MBA from the University of St. Gallen, Switzerland.

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

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.

Suzanne Verzijden is a Dutch citizen and joined SIG in 2022 as Chief People and Culture Officer. In addition, Ms Verzijden is a member of the supervisory board of Essity (since 2021). Prior to SIG, Ms Verzijden held various senior HR management positions with global responsibilities at Philips. Most recently she was Head of HR for the Personal Health sector as well as Head of HR for Benelux, where she focused on building and implementing an integrated people strategy to enable customer success. Ms Verzijden has lived and worked in the USA, the Netherlands, Chile and Spain. She holds an MSc in Business Administration from the Erasmus University Rotterdam, the Netherlands, as well as a double Masters' degree in International Management from Esade (Spain) / Erasmus University Rotterdam (the Netherlands).

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 of the food and beverage industry, having held senior and general management positions at FrieslandCampina and Heineken in a number of countries in Europe, the Americas and Africa. Ms Matthijsse holds a Master's degree in Food Science Technology from Wageningen Agricultural University, the Netherlands.

Fan Lidong is a Chinese citizen and has held the position of President and General Manager Asia Pacific North since 2022. Mr Lidong has worked for SIG for a total of 12 years, serving the company as Chief Operating Officer China before being promoted to CEO China and SVP Technology Asia Pacific in 2020. Previously, he worked at Sidel as Managing Director China and held leadership positions at Mars and Tetra Pak. Mr Lidong has more than 30 years' industry experience. He holds a double Master's degree from the Swedish University of Agricultural Sciences and the China Europe International Business School.

Angela Lu is a Chinese citizen and joined SIG in 2022 as President and General Manager Asia Pacific South. Ms Lu spent more than ten years with Nestlé in Switzerland and several Asia Pacific key markets, including Singapore, Thailand, China and Australia, in various leadership positions. Previously she worked at leading multinational FMCG companies, including The Coca-Cola Company, Fonterra and Gillette. Most recently she worked at Yeo Hiap Seng, a leading brand in the Asian drinks market. Ms Lu holds a Bachelor's degree in Industrial Management Engineering (Marketing) from Tongji University, China, and an MBA from Nanyang Technological University, Singapore.

Ricardo Rodriguez is a Brazilian and Spanish citizen and has served as President and General Manager Americas 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 in aeronautical/mechanical engineering from the Technological Institute of Aeronautics, Brazil, an MBA from the Getúlio Vargas Foundation and graduated from a specialist business management course at IMD-Lausanne, Switzerland.

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, which he joined in 2017. Mr Eladib started his career in 1992 at Procter & Gamble, where he held various positions. Later on, he worked at other leading FMCG companies in the region. He holds a BSc in Mechanical Engineering and an MBA and a Diploma in Strategic Management from the Jack Welsh Institute, USA.

Ross Bushnell is a United States citizen and joined SIG as President Scholle IPN, an SIG Company, in 2022. Prior to the acquisition of Scholle IPN by the Company, he had served as President and CEO of Scholle IPN since 2019. Before this, Mr Bushnell was the VP and General Manager of the Global Flexibles division of Sonoco Products, LLC, and President of Mondi's North American Flexibles Division. He has also held key leadership positions within Graham Partners, including President & CCO of Comar and President & CEO of Convergence Packaging, and management roles including SVP and GM of Food Plastics at Silgan Plastics. Mr Bushnell received a BSc in English and Political Science from the University of South Dakota and an MBA from Harvard University's Graduate School of Business Administration, 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 of the members of the Group Executive Board as follows:

(i) up to one mandate in listed firms[11];

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

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

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

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 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 for the Group. Functions in various legal entities that are under joint control, or in entities in which this legal entity has a material interest, are counted as one function.

8.3 Management 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 215–235.

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) 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 that they have 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 paras. 3, 4, 5 and 6 of the Articles of Association. The respective rules have been described in Section 2.6 "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 who are not eligible for registration are entered in the share register as shareholders without voting rights. The corresponding shares are considered as not represented at the shareholders' meeting. A revocation of the statutory restrictions of voting rights requires the approval of a simple majority of votes cast, regardless of the number of shareholders present or shares represented. Abstentions and invalid votes do not count as votes cast.

The rights of shareholders to participate in shareholders' 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 shareholders' meetings and cast their 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 them by shareholders according to their instructions. Should they have received no instructions, they shall abstain from voting.

On an annual basis, the Annual General Meeting elects the independent proxy with the right of substitution. Their 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 Annual 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. 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 shareholders' meetings may be held when deemed necessary by the Board of Directors or the Company's auditors. Liquidators may also call a shareholders' meeting. Furthermore, Extraordinary shareholders' meetings must be convened if resolved at a shareholders' meeting or upon written request by one or more shareholder(s) representing in aggregate at least 10% of the Company's share capital registered in the commercial register.

Shareholders' meetings are convened by publication in the Swiss Official Gazette of Commerce (*Schweizerisches Handelsamtsblatt*) 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 convening of a shareholders' 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 shareholders' 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 shareholders' meeting and to exercise their voting rights. In the absence of a record date designated by the Board of Directors, the record date shall be ten days prior to the shareholders' meeting.

11. Change of control and defence measures

11.1 Duty to make an offer

The Company does not have a provision on opting-out or opting-up in its Articles of Association. 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 are 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 and 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.[12]

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 2022. Prior to the Company's migration, the independent registered auditors (*réviseur d'entreprises agréé*) of SIG Group AG (formerly SIG Combibloc Group AG and before that SIG Combibloc Group Holdings S.à r.l.) were PricewaterhouseCoopers, *Société cooperative*, Luxembourg, who had been the independent registered auditors of the Company since the period ended 31 December 2015. The main Group companies are also audited by PwC.

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

12 For further information on compensation with respect to a change of control, please refer to > page 230 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 it, as well as its fees for audit-related and additional services, are as follows:

(In CHF thousand)	2022
Audit	1,819
Audit-related services	480
Tax and other services	184
Total	**2,483**

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 shareholders' meeting regarding the election or dismissal of the Company's independent auditors. The assessment of the performance of the external auditors is based on key criteria, such as efficiency in 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 the 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 policies, the selection and disclosure of critical accounting estimates, and the effect of alternative assumptions, estimates or accounting policies 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, with representatives of the auditor explaining their activities and responding 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 five ordinary meetings of the Audit and Risk Committee in 2022 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 its capacity as auditors to the Group. PwC monitors its independence throughout the year and confirms its independence to the Audit and Risk Committee annually.

13. Information policy

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

The Group publishes an annual report that provides audited consolidated financial statements, audited financial statements and information about the Company, including the business results, strategy, products and services, corporate governance, 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 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/responsibility/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 with 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 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 closing 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.

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/responsibility/corporate-responsibility-report

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

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Financial calendar

The important dates for 2023 include:

Publication of 2022 full-year results and date of earnings call	28 February 2023
Annual General Meeting 2023	20 April 2023
Publication of Q1 2023 trading statement	4 May 2023
Publication of 2023 half-year report	25 July 2023
Publication of Q3 2023 trading statement	24 October 2023

Compensation

Letter from the Chair of the Compensation Committee

Colleen Goggins
Chair 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 Group AG ("SIG" or the "Company") for the year ended 31 December 2022. 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, is 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.

As a continuation of prior-year efforts and to accommodate the two successful acquisitions of Scholle IPN and Evergreen Asia completed during 2022, the Compensation Committee worked closely with the committee overseeing and supporting the integration process. This included the planning for the personnel changes to the Group Executive Board. On the compensation side, the performance of these acquisitions from a financial and particularly from a share price-related perspective is reflected via the outcomes of the variable compensation. This is especially the case for the long-term compensation element, which makes up a meaningful part of the overall compensation packages of SIG's Group Executive Board members.

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 creating a workplace where employees are treated fairly with equal employment, compensation and development opportunities. SIG has committed to running gender pay analyses in future years, even though not required to do so under applicable local law, thereby underpinning our commitment towards a gender-diverse workplace. We are happy to provide you with additional insights into our initiatives and activities for our most valuable asset – our employees – in the Corporate Responsibility Section of the Annual Report. Please refer to > pages 145–153 to have a deeper dive into the topic.

A strong focus on ESG matters is integral to SIG's business strategy and activities, including the compensation framework. An ESG metric has been included in the short-term incentive since 2021, and its weighting was increased from 5% to 10% for this reporting year, 2022. Targeting an objective, relative and independent perspective on SIG's ESG performance, the Compensation Committee decided to continue using the respected EcoVadis evaluation as an assessment tool. The EcoVadis score reflects SIG's performance in the areas of Environment, Labour & Human Rights, Ethics and Sustainable Procurement, and encompasses a comprehensive view of ESG with relevance for all SIG employees.

In line with our values, we welcome feedback from shareholders and maintain a high level of engagement with them. In 2022, we continued to work on addressing their comments and questions. As part of its standard annual work, the Compensation Committee regularly assesses, reviews and develops the compensation framework to foster sustainable performance. Following periodic assessment of the compensation framework, the Compensation Committee has concluded that the principles, elements and processes currently in place continue to be appropriate for SIG. We are therefore not proposing any changes to the framework, which provides stability and comparability, as well as alignment of shareholder and management interests through its strong focus on performance-based, variable compensation. The Compensation Committee will continue to regularly monitor market trends and developments and to assess opportunities for further development.

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 2024 and the maximum aggregate amount of compensation for the Group Executive Board for the year 2024. Furthermore, 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. 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 contribution and your continued trust in SIG.

Colleen Goggins
Chair 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 2022
- The compensation of the Group Executive Board ("GEB") for 2022

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 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 home page 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 and delegation of responsibilities and authorities between the Board, the Compensation Committee and the AGM is illustrated in Figure 3.

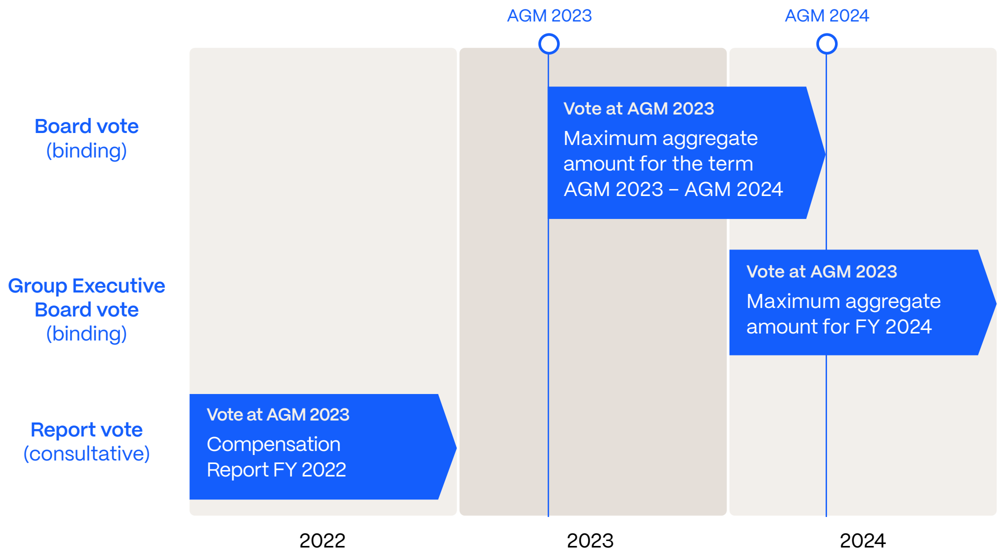
Figure 3: authority table regarding compensation

	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 2023 AGM, as illustrated in Figure 4:

Figure 4: overview of votes at the 2023 AGM



Role of the Compensation Committee – activities during 2022

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 Chair 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 Chair convenes the meetings of the Compensation Committee as often as the business affairs of SIG require, but at least three times a year. In 2022, the Compensation Committee held nine meetings. Some of the meetings were held as video conferences or hybrid meetings. The topics covered are described in Figure 5. Details of the Compensation Committee members are provided in the Corporate Governance Report on > pages 194 and 195. All members of the Compensation Committee had full meeting attendance during 2022.

Figure 5: topics covered by the Compensation Committee in 2022

	Agenda Item	Jan	Feb	Jul	Oct	Nov	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 Plan			●	●		
	Policy review and updates implemented						
	– Performance Share Unit Plan			●			
	– Restricted Share Unit Plan			●			
	– Equity Investment Plan				●		
	– Board of Directors Pay Policy			●			
Compensation Group Executive Board	Short-Term Incentive Plan						
	– Target achievement 2021	●					
	– Target setting 2022	●					
	– Define KPI measures 2023				●		
	Long-Term Incentive Plan						
	– Recommendation of plan participants and target setting for grant 2022		●				
	– Plan 2019–2022: target achievement and vesting multiple			●			
	Group Executive Board: employment matters related to succession planning and organisational development			●		●	●
	Review of compensation for members of the Group Executive Board						●
Compensation Board of Directors	Review of compensation for the Board of Directors						●
General framework	Shareholding Guidelines Assessment	●					
	Approval of share-based incentive programmes to ensure successful integration of newly acquired businesses		●				
	Pay equity road map			●	●		
	Swiss Pension Fund tutorial				●		
Communication	AGM invitation, including determination of the maximum amounts of compensation for the Board of Directors (for the term AGM 2022 to AGM 2023) and the Group Executive Board (year 2023)		●				
	Analysis of the compensation voting results of the AGM and the proxy advisers' feedback			●			
	Compensation Report	●	●				●

A performance review of the Board, the Committees and the Group Executive Board was conducted by the Nomination and Governance Committee during 2022, including certain members of the Compensation Committee, 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 appropriate information. However, the Compensation Committee also regularly holds private sessions (ie. without the presence of members of the Group Executive Board, senior managers or third parties). Further, all members of the Board may attend any Compensation Committee meeting as guests. The Chair of the Board and the members of the Group Executive Board did not attend the meeting when their own compensation was discussed. The Chair 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. The documents and the minutes of the Compensation Committee meetings are available to all members of Board.

The Compensation Committee may decide on consult external advisers on specific compensation matters. In 2022, the Compensation Committee appointed HCM International Ltd. ("HCM") as an external independent adviser on certain compensation matters as well as on target setting for the Long-Term Incentive Plan, as described in the section Long-Term Incentive Plan. Other than for the aforementioned advice on compensation matters, HCM was not appointed for any other mandates in 2022.

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. They are reviewed by the Compensation Committee on a regular basis.

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, level and 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 comparator 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 Zürich, Geberit, Georg Fischer, OC Oerlikon, SFS Group, Straumann, Sulzer, Vifor Pharma.

2 The comparator 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 Zürich, GEA, Georg Fischer, IMI, Kingspan, OC Oerlikon, SFS Group, Spirax-Sarco, Straumann, Sulzer, Vifor Pharma, Weir.

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

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

		Board of Directors	Group Executive Board
Fixed compensation elements	Annual base salary		●
	Annual base fee	●	
	Annual Committee fee(s)	●	
	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 via the pension fund of the Company. In this case, 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 has two components: a fixed annual base fee and one or more fixed annual Committee fees for assuming the role of Chair of a Board Committee or member of a Board Committee. Only ordinary members of the Board are entitled to the additional Committee fees. The compensation of the Chair 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 via 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 2022, only the Chair 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 amounts of the annual base fee and annual Committee fees for the Chair and the members of the respective Committees are illustrated in Figure 8.

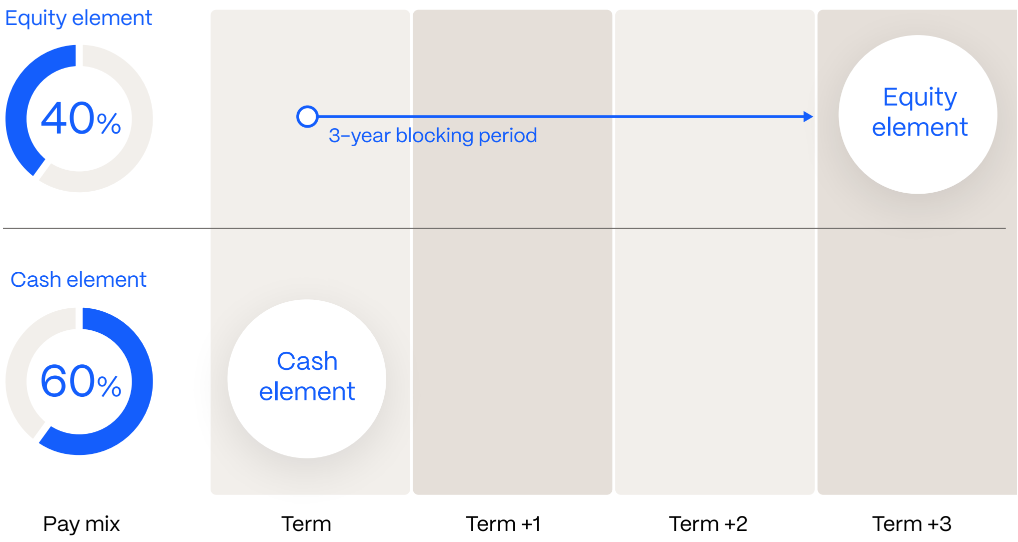
Figure 8: overview of the Board of Directors' fees

	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 fees per member are paid 60% in cash and 40% in equity (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 equity elements are paid out 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 allocation. 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 2022 of the nine non-executive members of the Board. The Board was expanded at the AGM in 2022 to include one additional member, as outlined in the Corporate Governance Report.

Table 1: total compensation of the Board of Directors in 2022 (1 January–31 December), including comparative figures for the prior year

Members of the Board of Directors on 31 December 2022	Board membership	ARC[1]	CC[2]	NGC[3]	Settled in cash, CHF[4]	Settled in SIG shares, CHF[5]	Other compensation elements	Social security payments, CHF[6]	Total compensation earned in 2022, CHF	Total compensation earned in 2021, CHF
Andreas Umbach	Chair			Chair	330,000[7]	220,068	–	34,774	584,842	584,389
Matthias Währen	●	Chair			135,000	90,030	–	12,831	237,861	237,895
Colleen Goggins	●		Chair		129,000	86,028	9,109[8]	23,151	247,288	227,236
Werner Bauer	●	●		●	129,000	86,028	–	12,211	227,239	227,236
Wah-Hui Chu	●		●	●	123,000	82,028	8,686[8]	22,024	235,738	216,623
Mariel Hoch	●	●	●		129,000	86,028	–	15,397	230,425	230,421
Martine Snels	●	●[9]		●[9]	123,000	82,032	–	–	205,032	121,527[10]
Abdallah al Obeikan	●				105,000	70,047	–	12,732	187,779	130,367[10]
Laurens Last[11]	●				78,750	52,537	–	9,532	140,819	–
Nigel Wright[12]	●			●	–	–	–	–	–	–
Total					**1,281,750**	**854,825**	**17,795**	**142,652**	**2,297,023**	**1,975,694**

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 over 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 of CHF 46,880 funded by the Chair through a reduction of the cash portion of the fee.

8 Dividend equivalents attributable to the years 2020, 2021 and 2022 paid in line with the vesting of restricted share units ("RSUs"), granted in the financial year 2019 as the equity element of the Board fee. Dividend equivalents were paid in cash, consistent with dividend paid on actual shares.

9 Martine Snels replaced Nigel Wright as member of the NGC and has become a member of the ARC as of the Annual General Meeting in April 2022. The respective numbers disclosed reflect the Committee remuneration for the period from 7 April 2022 to 31 December 2022.

10 Martine Snels and Abdallah al Obeikan were elected as members of the Board at the Annual General Meeting in April 2021. The total compensation disclosed for 2021 reflects the period from 21 April 2021 to 31 December 2021.

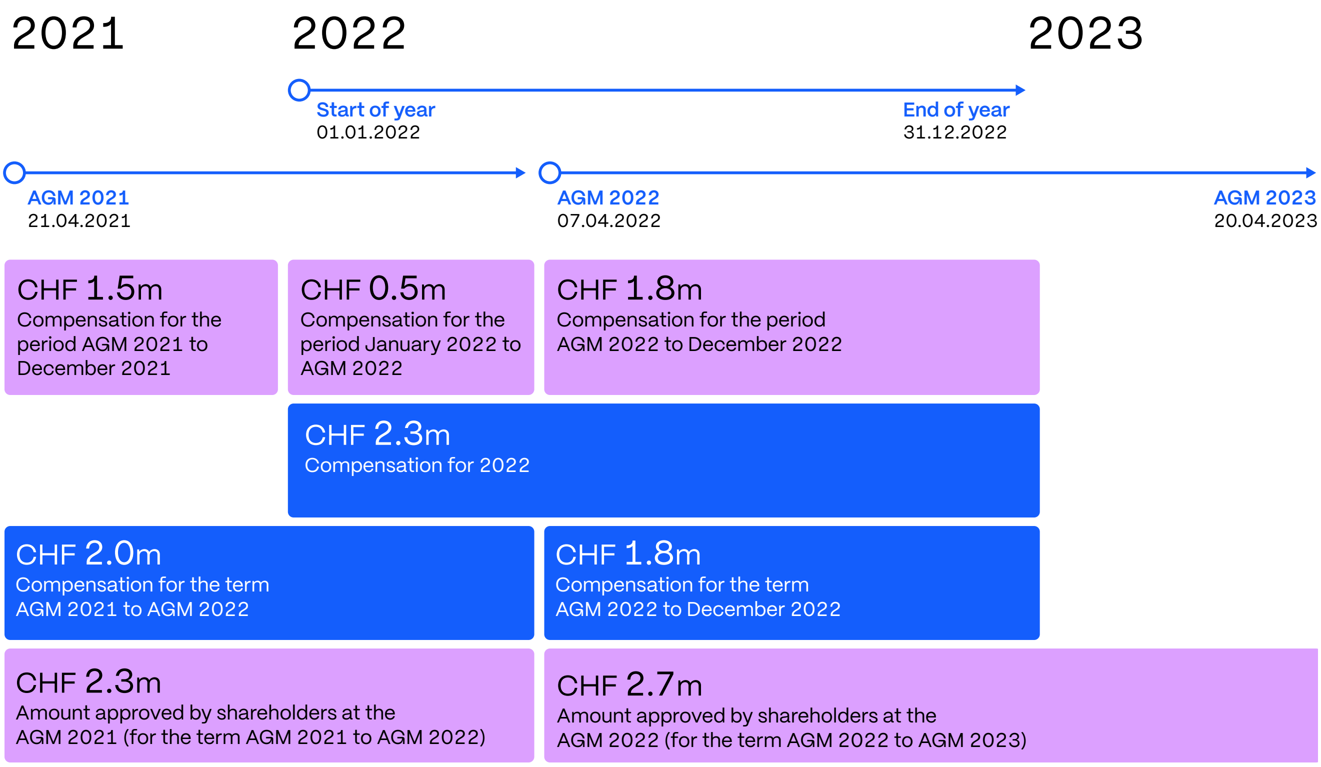
11 Laurens Last was elected as member of the Board at the Annual General Meeting in April 2022. The respective numbers disclosed reflect the period from 7 April 2022 to 31 December 2022.

12 Mandate until AGM 2022. Nigel Wright was associated with Onex Corporation, a former major shareholder of SIG, and waived any form of compensation for his services on the Board in 2021 and 2022.

Reconciliation of compensation approved for and paid 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

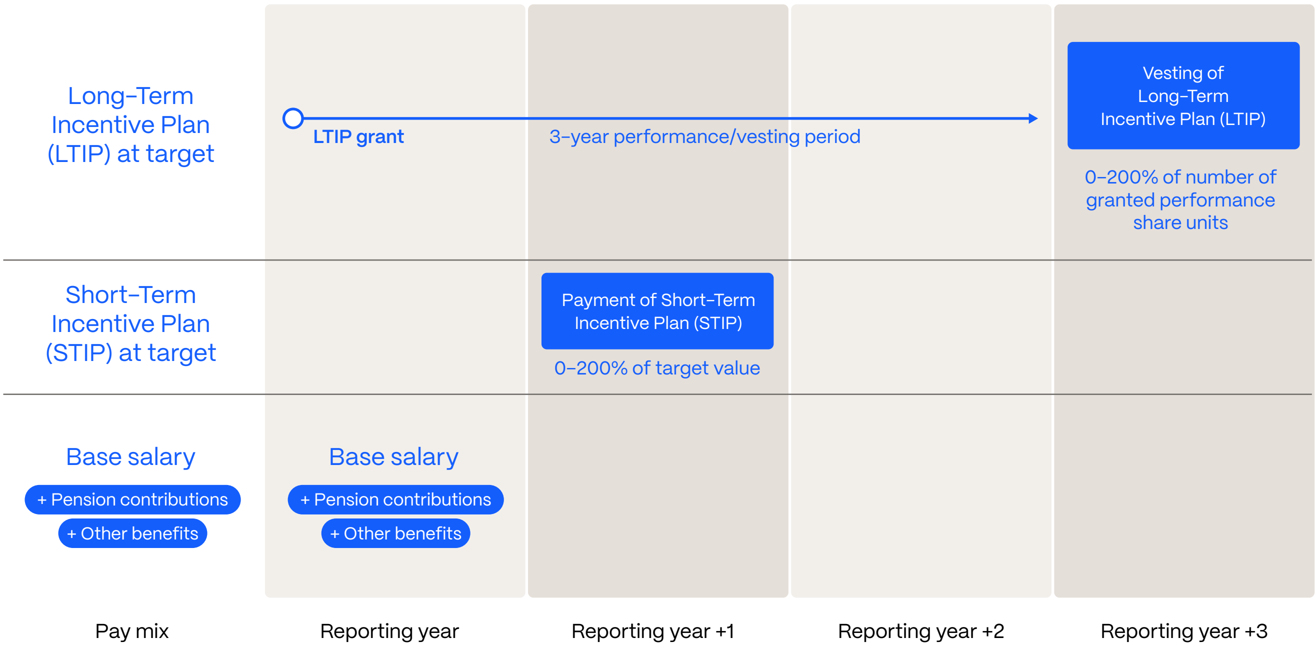


5. Compensation framework for the Group Executive Board

Compensation overview for the Group Executive Board

Compensation for the members of the Group Executive Board is provided through the following main components: an 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. See Figure 11.

Figure 11: illustrative overview of the compensation framework of the Group Executive Board in 2022



Fixed compensation components:

Annual base salary

The base salary is the main fixed compensation component paid to the members of the Group Executive Board at SIG. It is paid in cash in 12 equal monthly instalments unless local law requires otherwise. The level of base salary is determined by the specific role performed and the responsibilities accepted within that role. 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 under 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 positions. 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 line with general market practice and Swiss law, new members joining the Group Executive Board may be granted replacement awards to compensate for forfeited compensation at prior employers caused by their joining SIG. Such replacement awards are structured on a "like-for-like" basis regarding instrument and performance conditions and never exceed the forfeited amount at the prior employer, which is verified based on written documentation provided by the recipient. If applicable, they are reported accordingly in the compensation table for the relevant financial year.

In addition, 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 (eg. 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 (for details see Figure 12) as well as an ESG element. Incorporating an ESG target in SIG's short-term variable compensation underpins the ongoing commitment to sustainability rooted in SIG's business strategy and activities. The assessment of achievements relating to the ESG element is based on the Company's EcoVadis score, enabling an objective and independent measurement approach. Essentially, EcoVadis assesses the quality of a company's sustainability management system through its policies, actions and results. The assessment focuses on 21 criteria grouped into four areas: Environment, Labour & Human Rights, Ethics and Sustainable Procurement. These areas encompass a wide range of ESG activities and have relevance for all SIG employees. The targets for both the financial KPIs and the ESG KPI are determined by the Board, based on the advance recommendation of the Compensation Committee each year, 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. Minimum and maximum performance achievement levels are defined, taking into consideration, 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 target payout for the ESG KPI requires an improvement in the Company's EcoVadis score, thereby aligning compensation with the Company's ambition to remain a leader in ESG matters.

To determine the payout, the performance against each KPI is 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 for each KPI not be attained.

Group Executive Board members with regional responsibilities have KPIs reflecting their regional as well as Group performance. To strengthen the focus of members with regional responsibility on their region's KPIs, the weighting of regional targets is set at 60%, while the weighting of Group KPIs is 40%.

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

In 2022, the target individual short-term incentive equals 100% of the base salary for the CEO and between 62% and 83% of the respective base salaries for other members of the Group Executive Board. Information regarding the target achievement levels is provided later in this report.

Figure 12: overview of the Group Executive Board STIP compensation framework in 2022

Target individual short-term incentive
(100% of base salary for CEO, 62–83% of base salary for other members of the Group Executive Board)

×

Performance regarding financial targets and EcoVadis score

=

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

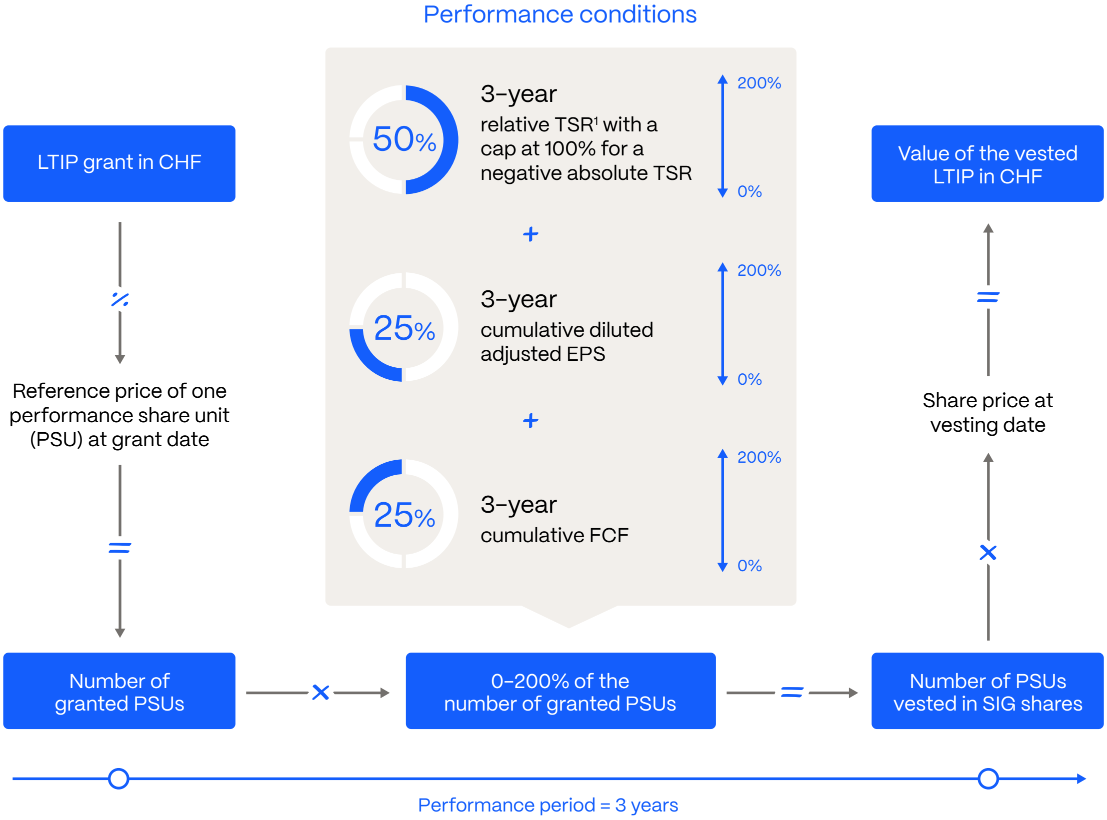
	KPIs	Weight 2022	Members of the Group Executive Board WITHOUT regional responsibility	Members of the Group Executive Board WITH regional responsibility
Group	Group adjusted EBITDA	55%	100%	40%
	Group core revenue	20%		
	Group free cash flow	15%		
	EcoVadis score (sustainability metric)	10%		
Regional	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 reference price of one PSU. The reference price reflects the 20-day volume-weighted share price before the grant date as per the PSU regulations. In 2022, the LTIP grant in CHF amounted to 189% of the base salary for the CEO and between 98% and 146% 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 during that time. 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 Index	SIG's cumulative diluted adjusted earnings per share	SIG's cumulative free cash flow

To determine the multiple of the granted PSUs ultimately vested in SIG shares, the performance against each performance measure will be assessed individually in a range from 0% to 200% and then combined according to the assigned weightings. This means that a low performance on one performance measure can be balanced by a higher performance on another performance measure. Overall, the combined vesting multiple will never exceed 200%. If the performance on each of the three performance measures lies below the respective minimum performance requirement, the resulting combined vesting multiple is 0% and consequently no PSUs 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 100%.

The threshold, target and cap (together the "targets") performance levels for the three LTIP performance measures for the 2022 grant are illustrated in Figure 14 and were set by the Compensation Committee based on a robust, stringent approach supported by HCM International Ltd. The vesting curves for each performance measure under the LTIP are defined with support the balanced performance and payout situations below and above the target and allow for a realistic performance-related chance to realise vesting.

Figure 14: overview of the vesting curve of the LTIP 2022

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	64.4% of target	100% target as set by the Board of Directors	135.6% of target
3-year cumulative free cash flow	83.0% of target	100% target as set by the Board of Directors	117.0% of target

Given the market sensitivity of the EPS and FCF targets, the Board of Directors has decided to provide additional insights into the robust target-setting process by disclosing the targets for these measures on a relative basis. 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, in order 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 2022 grant.

In addition to a failure to meet the threshold performance level, other circumstances under which no PSUs vest include various forfeiture clauses relating to termination of employment during the vesting period of the LTIP.

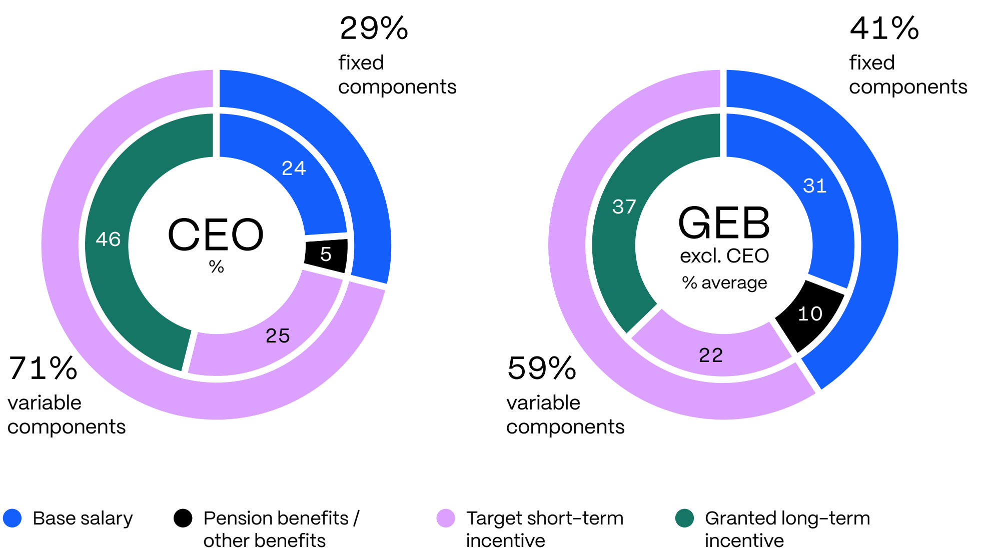
The LTIP awards are subject to a clawback provision. In the event of a financial restatement due to a material non-compliance of the Company with applicable financial reporting requirements, or in the event of fraudulent behaviour or other wilful misconduct by a plan participant, the Board of Directors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

The Board has the right to allocate other, potentially non-recurring, equity-based awards to employees. Any such awards allocated to members of the Group Executive Board are reported accordingly in the compensation table for the relevant financial year.

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, 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 36% and 50% (41% on average) of the total target compensation and the variable components vary between 50% and 64% (59% on average) of total compensation as of 31 December 2022.

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 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 be terminated while settling contractual claims 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 Group Executive Board members (as well as 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 ten members of the Group Executive Board active during 2022, with three members joining at the beginning of the year and one in June, and one member leaving at the end of 2021. The total regular compensation for the Group Executive Board amounted to CHF 13.0 million, while the total compensation, including payments to the former member who left at the end of 2021, amounted to CHF 13.7 million.

Table 2: total compensation of the Group Executive Board in 2022, including comparative figures for the prior year

CHF[1] gross amounts	Group Executive Board (including the CEO) 2022	Group Executive Board (including the CEO) 2021	Highest payment 2022 Samuel Sigrist (CEO)	Highest payment 2021 Samuel Sigrist (CEO)
Annual base salary	3,557,210	2,771,577	700,000	700,000
Pension benefits	469,396	461,446	121,346	129,121
Short-term variable compensation[2]	2,738,412	3,232,186	732,830	1,109,479
Long-term variable compensation (granted)[3]	4,875,000	4,175,000	1,325,000	1,325,000
Other benefits[4]	678,735	453,095	39,278	39,416
Social security contributions[5]	725,059	756,048	224,692	256,147
Total regular compensation	13,043,812	11,849,352	3,143,147	3,559,163
Payments to former executives	685,331[6]	2,482,407[7]	–	–
Accruals for non-compete agreements	–	380,518[8]	–	–
Total compensation	13,729,142	14,712,277	3,143,147	3,559,163

1 Exchange rates 2022: AED/CHF 25.99787; EUR/CHF 1.00514; CNY/CHF 14.20261; BRL/CHF 18.51197; USD/CHF 0.95476; SGD/CHF 69.23617.
Exchange rates 2021: AED/CHF 24.88252; EUR/CHF 1.08142; THB/CHF 2.86176; CNY/CHF 14.16967; BRL/CHF 16.95797.

2 Represents an estimate of effective short-term variable compensation for 2022 which will be paid in 2023, after the publication of SIG's audited consolidated financial statements.

3 Amount granted under the LTIP; the number of PSUs that vests depends on achievement of the performance targets. The number of granted PSUs is equal to the participants' granted amounts under the LTIP divided by the volume-weighted average of the closing prices of the SIG share over the last 20 trading days prior to the grant date as per the PSU regulations (for the 2019–2021 LTIPs: by the fair value of one PSU at the grant date). See note 31 to the consolidated financial statements for additional details. In addition, this item includes a one-time grant of RSUs (vesting in SIG ordinary shares) to the value of CHF 150,000 to one of the new members of the Group Executive Board. The RSUs vest after a three-year service period.

4 Comprise payments related to additional insurances, car benefits and other allowances and benefits. This item also includes a payment of CHF 156,710 to one of the new members of the Group Executive Board, which has been paid to partly compensate for forfeited awards at a former employer.

5 Employer social security contributions include estimates for the Short-Term Incentive Plan as well as for the Long-Term Incentive Plan at target level on an accrual basis.

6 Includes payments to the former member of the Group Executive Board who left the Group Executive Board on 31 December 2022. The amount includes employer social security contributions.

7 Includes payments to two former members of the Group Executive Board who left the Group Executive Board during 2020. The amount includes employer social security contributions.

8 This item includes accruals for payment for a non-compete agreement to one member of the Group Executive Board who left the Company in 2022. The amount includes employer contributions to social security insurances on an accrual basis.

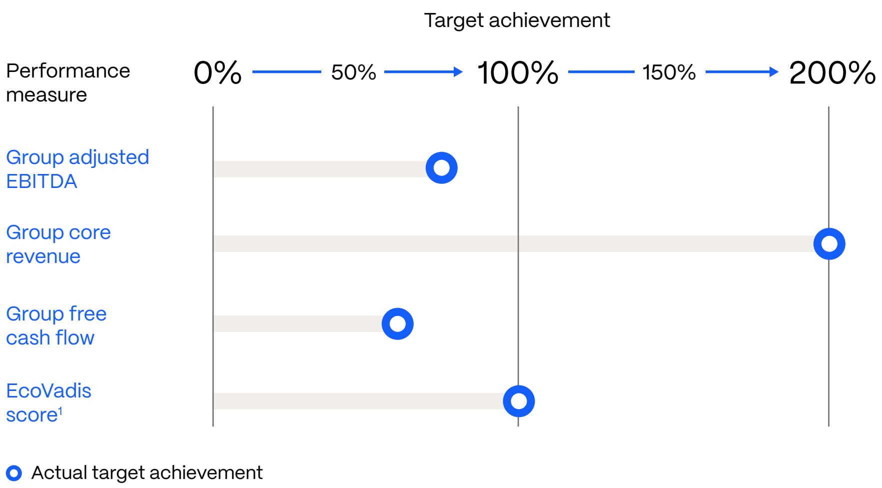
Approved versus total regular compensation for the Group Executive Board

The total compensation for the Group Executive Board for 2022 is CHF 13.7 million (including social security contributions), which is below the maximum aggregate compensation amount of CHF 17.0 million approved for 2022 at the Annual General Meeting on 21 April 2021. This amount includes CHF 0.7 million relating to payments to one former member of the Group Executive Board.

Short-Term Incentive performance assessment

For 2022, the members of the Group Executive Board received base salary, payments under the Short-Term Incentive Plan, awards under Long-Term Incentive Plans, 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 for 2022 were only partly overachieved. The Company was able to improve its EcoVadis score in 2022 versus the prior year and able to achieve the ambitious targets that had been set. Please refer to the Corporate Responsibility Report on > pages 167–169 for further information relating to the Group's environmental and sustainability performance.

Figure 16: 2022 performance at Group level relevant for STIP performance assessment



1 The EcoVadis score is a third-party assessment of our environmental, social and governance performance, measured relatively. The Company received a platinum rating in 2022. For the Company's sustainability performance and its EcoVadis platinum rating, see > page 83 of the Corporate Sustainability Report.

The target achievement for the 2022 STIP was 104.7% for the CEO (158.5% in 2021) and between 56.8% and 113.6% for the other members of the Group Executive Board (98.5% to 181.0% in 2021).

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 increased by 10.1%. With the exception of a single salary increase for a member of the Group Executive Board, based in a high-inflation country, all target salaries remained at the same level and were not adjusted within the yearly salary review. The overall movement is mainly driven by the personnel changes to the Group Executive Board with an additional three members by 31 December 2022 versus the previous year and, in addition, by the performance-related aspects of the STIP, as described previously, as well as some exchange rate movements.

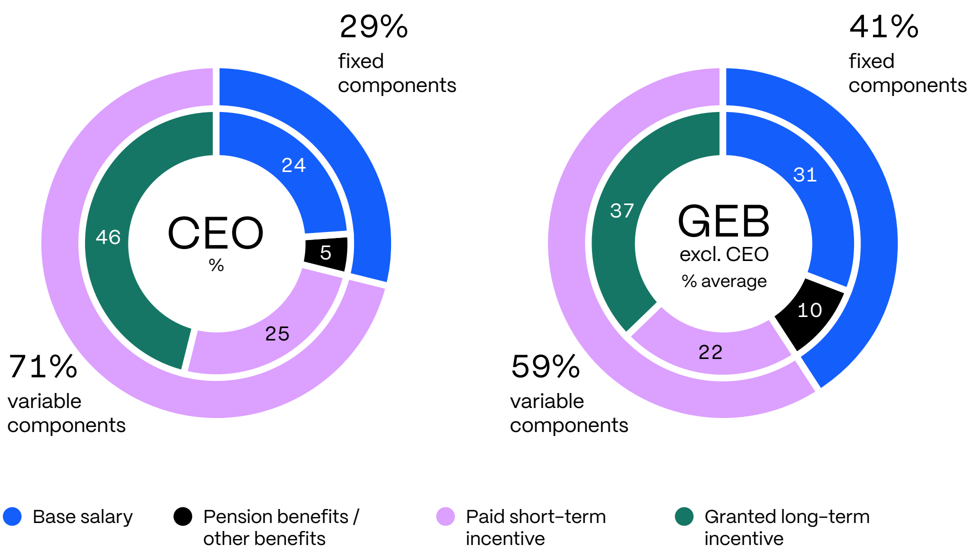
Personnel changes in the Group Executive Board:
- The President and General Manager of Asia Pacific left the Group Executive Board effective 31 December 2021. Due to the Group's growth in Asia Pacific, this role on the Group Executive Board has been split into an Asia Pacific North role and an Asia Pacific South role with effect from 1 January 2022.
- A new function of a Chief People and Culture Officer was created, effective from 1 January 2022.
- As a consequence of the acquisition of the Scholle IPN business, a new member joined the Group Executive Board in June 2022. He took on the newly created role of President of Scholle IPN.

In connection with these appointments, salary levels and compensations were reassessed.

Impact of currency exchange rates:
Seven members of the Group Executive Board are paid in foreign currencies. Their compensation is converted into Swiss francs for the disclosures in this report and has changed due to shifts in currency exchange rates even though the compensation amount in local currency has remained unchanged. This leads to slightly different compensation levels in comparison to the previous reporting period.

Figure 17 illustrates the 2022 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 2022 for the CEO and the Group Executive Board (excl. CEO) (reflects the amount granted under the LTIP)

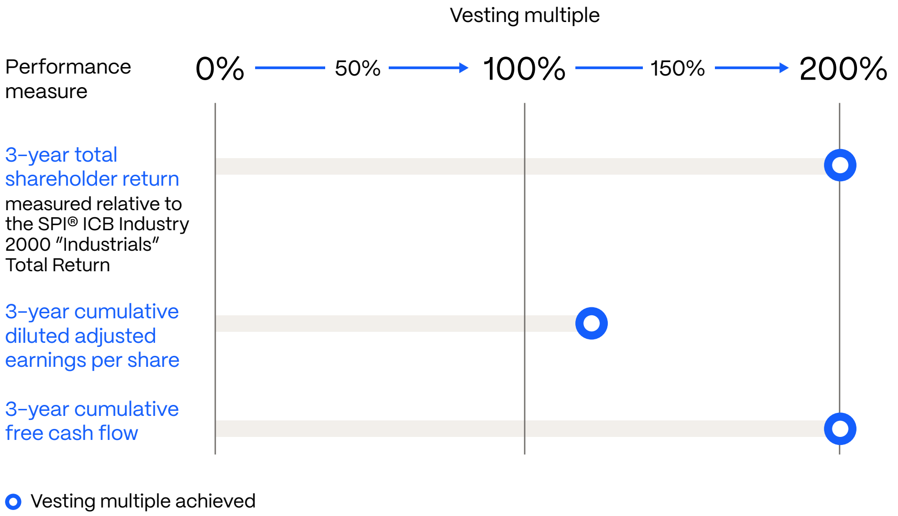


Long-Term Incentive performance assessment
In 2019, the PSU Plan was introduced, and the members of the Group Executive Board and selected other members of management were granted PSUs for the first time. Since the introduction of this plan, a PSU grant has been made yearly. For an overview of the annual PSU Plans and the outstanding PSUs, see note 31 to the consolidated financial statements.

As the first grant under the current LTIP was in 2019, the first vesting occurred on 31 March 2022. The share price and operational performance in the three-year period from 2019 to 2022 was strong and above the already high expectations, resulting in a total vesting multiple of 180%. In particular, the free cash flow and relative TSR performance measures were significantly overachieved, reflecting the outstanding financial performance of SIG during the performance period and the value created for our shareholders. In both cases, the vesting factor cap of 200% was applied, thereby limiting the vesting under this plan.

The composition of the total vesting multiple is illustrated in Figure 18.

Figure 18: vesting multiple of the performance share unit grant 2019 for the period 2019 to 2022



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. These guidelines complement the long-term vesting periods under the LTIP and essentially ensure a high level of alignment beyond a limited number of years (ie. instead of post-vest holding requirements) and extending over the entire term of office of the respective Board or Group Executive Board member.

Members of the Board (including the Chair) are required to build up an investment in SIG shares worth the equivalent of 100% of their annual base fees within a three-year build-up period from the first equity grant date.

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

To assess whether the thresholds have been met, all blocked or unblocked SIG shares and vested or unvested entitlements to SIG shares (such as RSUs, excluding PSUs 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 2022 and 31 December 2021.

Board of Directors

Table 3: shareholdings of the Board of Directors as of 31 December 2022, including comparative figures for the prior year

	Number of directly or beneficially held SIG shares[1]	Number of indirectly held shares	Total shareholdings 31 Dec. 2022	Total shareholdings 31 Dec. 2021
Andreas Umbach	100,407	–	100,407	90,121
Matthias Währen	34,414	–	34,414	30,206
Colleen Goggins	39,690	–	39,690	35,669
Werner Bauer	59,516	–	59,516	55,495
Wah-Hui Chu	51,915	–	51,915	48,081
Mariel Hoch	20,141	–	20,141	16,120
Martine Snels	5,683	–	5,683	1,853
Abdallah al Obeikan	5,127	1,827,110[2]	1,832,237	1,828,963
Laurens Last	2,437	35,129,733[3]	35,132,170	n/a[4]
Nigel Wright	n/a[5]	n/a[5]	n/a[5]	–
Total	**319,330**	**36,956,843**	**37,276,173**	**2,106,508**

1 Ordinary registered shares of SIG Group AG, including blocked shares.
2 Shares indirectly held by Abdallah al Obeikan via his shareholding in Al Obeikan Group for Investment Company CJS.
3 Shares indirectly held by Laurens Last via Clean Holding B.V.
4 Laurens Last was elected as member of the Board of Directors at the 2022 AGM, so he was not in office on 31 December 2021.
5 The mandate of Nigel Wright ended at the 2022 AGM, so the Shareholding Guidelines no longer apply for him.

The annual shareholding assessment showed full compliance with the regulation for all members of the Board of Directors, also reflecting that for some members the build-up period is still ongoing.

Group Executive Board

Table 4: shareholdings of the members of the Group Executive Board as of 31 December 2022, including comparative figures for the prior year

	Number of directly or beneficially held SIG shares[1]	Number of RSUs held[2]	Number of indirectly held shares	Total shareholdings 31 Dec. 2022	Total shareholdings 31 Dec., 2021
Samuel Sigrist	210,000	–	–	210,000	200,063
Frank Herzog	–	–	–	–	–
Ian Wood	100,000	–	–	100,000	75,000
Suzanne Verzijden	–	6,831	–	6,831	n/a[3]
Ricardo Rodriguez	10,000	–	225,000	235,000	250,002
Abdelghany Eladib	7,920	–	–	7,920	7,420
José Matthijsse	–	–	–	–	–
Angela Lu	–	–	–	–	n/a[3]
Fan Lidong	181,478	–	–	181,478	n/a[3]
Ross Bushnell	–	–	–	–	n/a[3]
Lawrence Fok	n/a[4]	n/a[4]	n/a[4]	n/a[4]	188,572
Total				**741,229**	**721,057**

1 Ordinary registered shares of SIG Group AG.
2 The RSUs will vest in SIG shares, subject to the fulfilment of a three-year service period.
3 Fan Lidong, Angela Lu, Suzanne Verzijden and Ross Bushnell joined the Group Executive Board during 2022, so the Shareholding Guidelines did not apply to them as of 31 December 2021.
4 Lawrence Fok left the Group Executive Board as of 31 December 2021, so the Shareholding Guidelines no longer apply to him.

Despite the ongoing build-up period for 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 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 Group AG
Neuhausen am Rheinfall

Report on the audit of the Compensation Report

Opinion

We have audited the Compensation Report of SIG Group AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on compensation, loans and advances pursuant to articles 14 to 16 of the Ordinance against Excessive Compensation in Listed Companies Limited by Shares (Ordinance) in the tables marked 'audited' on page 222, page 230 and pages 234–235 of the Compensation Report.

In our opinion, the information on compensation, loans and advances in the accompanying Compensation Report complies with Swiss law and articles 14 to 16 of the Ordinance.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the Compensation Report' section of our report. We are independent of the Company 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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked 'audited' in the Compensation Report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the Compensation Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Compensation Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation Report 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.

Board of Directors' responsibilities for the Compensation Report

The Board of Directors is responsible for the preparation of a Compensation Report 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 a Compensation Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor’s responsibilities for the audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the information on compensation, loans and advances pursuant to articles 14 to 16 of the Ordinance is 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 SA-CH 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 this Compensation Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Compensation Report, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

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.

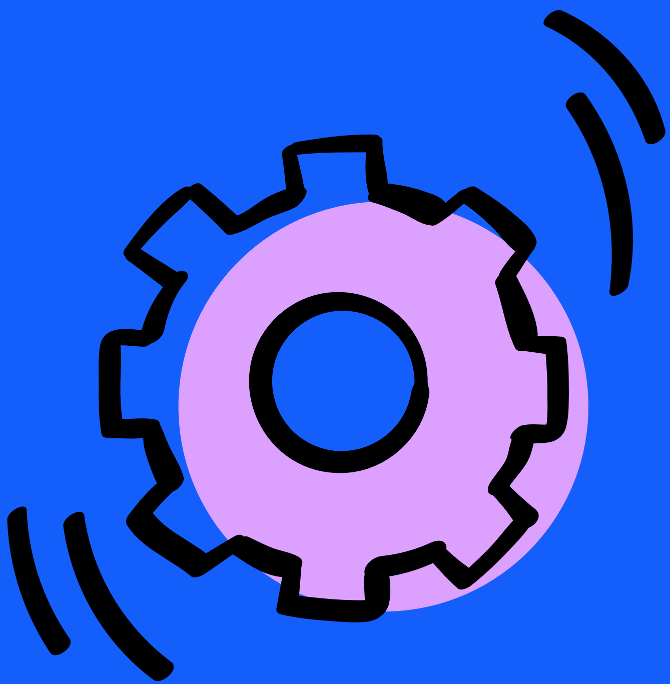
We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers AG

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

Basel, 23 February 2023

Financials



Consolidated financial statements for the year ended 31 December 2022

SIG 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. 2022	Year ended 31 Dec. 2021
Revenue	6, 7	2,779.9	2,061.8
Cost of sales		(2,204.7)	(1,577.2)
Gross profit		**575.2**	**484.6**
Other income	8	24.7	78.6
Selling, marketing and distribution expenses		(110.6)	(90.8)
General and administrative expenses		(200.6)	(181.8)
Other expenses	8	(173.9)	(33.2)
Share of profit/(loss) of joint ventures	28	-	(1.6)
Profit from operating activities		**114.8**	**255.8**
Finance income		35.9	16.0
Finance expenses		(61.9)	(47.4)
Net finance expense	23	**(26.0)**	**(31.4)**
Profit before income tax		**88.8**	**224.4**
Income tax expense	32	(51.0)	(52.3)
Profit for the period	9	**37.8**	**172.1**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Currency translations of foreign operations:			
- recognised in translation reserve		43.1	101.9
- transferred from translation reserve	26, 27	-	(3.5)
Cash flow hedges:			
- effective portion of changes in fair value	27	38.3	
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	30	(81.8)	45.7
Total other comprehensive income, net of income tax		**(0.4)**	**144.1**
Total comprehensive income		**37.4**	**316.2**
Basic earnings per share (in €)	10	0.10	0.51
Diluted earnings per share (in €)	10	0.10	0.51

Consolidated statement of financial position

(In € million)	Note	As of 31 Dec. 2022	As of 31 Dec. 2021
Cash and cash equivalents	17	503.8	304.5
Trade and other receivables	16	460.3	279.9
Inventories	15	402.7	194.5
Current tax assets	32	18.0	4.4
Other current assets	20	26.8	40.4
Total current assets		**1,411.6**	**823.7**
Non-current receivables	16	18.8	4.2
Investments in joint ventures	28	0.6	0.6
Deferred tax assets	32	60.0	46.0
Property, plant and equipment	12	1,667.8	1,270.5
Right-of-use assets	13	243.6	174.6
Intangible assets	14	4,246.2	2,920.5
Employee benefits	30	114.6	230.2
Other non-current assets	20	35.9	23.9
Total non-current assets		**6,387.5**	**4,670.5**
Total assets		**7,799.1**	**5,494.2**
Trade and other payables	18	1,036.8	666.3
Loans and borrowings	22	489.2	29.4
Current tax liabilities	32	46.3	42.1
Employee benefits	30	60.9	56.0
Provisions	19	26.6	19.1
Other current liabilities	20	116.2	88.2
Total current liabilities		**1,776.0**	**901.1**
Non-current payables	18	17.4	9.4
Loans and borrowings	22	2,185.5	1,693.2
Deferred tax liabilities	32	261.3	147.4
Employee benefits	30	104.6	129.0
Provisions	19	21.1	17.7
Other non-current liabilities	20	378.0	268.2
Total non-current liabilities		**2,967.9**	**2,264.9**
Total liabilities		**4,743.9**	**3,166.0**
Share capital	24	3.4	3.0
Additional paid-in capital	24	2,868.6	2,140.0
Translation reserve		(79.2)	(122.3)
Treasury shares	24	(1.3)	(0.1)
Retained earnings		263.7	307.6
Total equity		**3,055.2**	**2,328.2**
Total liabilities and equity		**7,799.1**	**5,494.2**

Consolidated statement of changes in equity

(In € million)	Note	Share capital	Additional paid-in capital	Trans-lation reserve	Hedging reserve	Treasury shares	Retained earnings	Total equity
Equity as of 1 January 2022		**3.0**	**2,140.0**	**(122.3)**	**-**	**(0.1)**	**307.6**	**2,328.2**
Profit for the period							**37.8**	**37.8**
Other comprehensive income								
Items that may be reclassified to profit or loss								
Currency translations of foreign operations:								
- recognised in translation reserve				43.1				**43.1**
Cash flow hedges:								
- effective portion of changes in fair value	27				38.3			**38.3**
Items that will not be reclassified to profit or loss								
Remeasurement of defined benefit plans							(81.8)	**(81.8)**
Total other comprehensive income, net of income tax		**-**	**-**	**43.1**	**38.3**	**-**	**(81.8)**	**(0.4)**
Total comprehensive income for the period		**-**	**-**	**43.1**	**38.3**	**-**	**(44.0)**	**37.4**
Adjustment of goodwill	27				**(38.3)**			**(38.3)**
Issue of shares, net of costs	24, 27	0.4	886.3					**886.7**
Share-based payments	31						5.4	**5.4**
Purchase of treasury shares	24					(16.3)		**(16.3)**
Settlement of share-based payment plans and arrangements	24, 31		(9.8)			15.1	(5.3)	**-**
Dividends	24		(147.9)					**(147.9)**
Total transactions with owners		**0.4**	**728.6**	**-**	**-**	**(1.2)**	**0.1**	**727.9**
Equity as of 31 December 2022		**3.4**	**2,868.6**	**(79.2)**	**-**	**(1.3)**	**263.7**	**3,055.2**
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**
- transferred 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**

Consolidated statement of cash flows

(In € million)	Note	Year ended 31 Dec. 2022	Year ended 31 Dec. 2021
Cash flows from operating activities			
Profit for the period		37.8	172.1
Adjustments for:			
Depreciation and amortisation	12, 13, 14	366.7	306.6
Impairment losses	12	6.3	4.4
Net change in fair value of operating derivatives		39.5	(7.4)
Realised gain on settlement of deal-contingent derivatives	27	(16.6)	-
Share-based payment expense	31	5.4	3.8
Gain on sale of property, plant and equipment and non-current assets		(0.5)	(0.8)
Loss on sale of subsidiary	26	-	12.1
Gain on pre-existing interest in former joint ventures	27	-	(48.8)
Share of loss of joint ventures	28	-	1.6
Net finance expense	23	26.0	31.4
Interest paid		(52.2)	(40.6)
Payment of transaction and other costs relating to financing	22	(3.3)	-
Income tax expense	32	51.0	52.3
Income taxes paid, net of refunds received		(94.4)	(73.0)
		365.7	**413.7**
Change in trade and other receivables		(34.0)	(4.0)
Change in inventories		(53.1)	(9.4)
Change in trade and other payables		234.3	62.5
Change in provisions and employee benefits		(14.4)	14.9
Change in other assets and liabilities		79.7	53.2
Net cash from operating activities	11	**578.2**	**530.9**
Cash flows from investing activities			
Acquisition of businesses, net of cash acquired	27	(700.4)	(63.6)
Settlement of deal-contingent derivatives	27	61.1	-
Sale of subsidiary, net of cash disposed of	26	-	3.1
Acquisition of property, plant and equipment and intangible assets	12, 14	(299.7)	(245.9)
Proceeds from sale of property, plant and equipment and other assets	27	19.1	1.1
Proceeds from sale of securities		0.4	-
Interest received		1.6	1.5
Net cash used in investing activities	11	**(917.9)**	**(303.8)**
Cash flows from financing activities			
Proceeds from issue of shares	24	203.5	-
Payment of costs for placement of shares	24	(3.6)	-
Proceeds from loans and borrowings	22	1,710.0	100.0
Repayment of loans and borrowings	22	(1,189.0)	(239.5)
Settlement of deal-contingent derivative	27	15.5	-
Payment of lease liabilities	22	(34.5)	(26.7)
Purchase of treasury shares	24	(16.3)	(0.7)
Payment of dividends	24	(147.9)	(128.1)
Other		1.1	1.4
Net cash from/(used in) financing activities	11	**538.8**	**(293.6)**
Net increase/(decrease) in cash and cash equivalents		**199.1**	**(66.5)**
Cash and cash equivalents as of the beginning of the period		304.5	355.1
Effect of exchange rate fluctuations on cash and cash equivalents		0.2	15.9
Cash and cash equivalents as of the end of the period	17	**503.8**	**304.5**

BASIS OF PREPARATION

This section includes information on the parent company and the Group. It further contains details about the preparation of the consolidated financial statements, including general accounting policies and topics. An overview of the structure of the consolidated financial statements is also provided. In addition, the key events and transactions are highlighted.

1 Reporting entity and overview of the Group

SIG Group AG ("SIG" or the "Company") is domiciled in Switzerland and has since 28 September 2018 been listed on SIX Swiss Exchange. On 13 April 2022, the Company changed its name from SIG Combibloc Group AG to SIG Group AG.

The consolidated financial statements for the year ended 31 December 2022 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 acquisitions of Scholle IPN on 1 June 2022 and Evergreen Asia on 2 August 2022, see notes 4 and 27. 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 26 and 27.

The Group is a global system supplier of aseptic carton packaging solutions for both beverage and liquid food products. Following the acquisitions in 2022, the Group also offers bag-in-box and spouted pouch packaging solutions on a global basis for beverage, food and non-food products as well as chilled carton packaging solutions in Asia. The packaging solution offerings consist of filling lines and other related equipment, packaging material and after-market services.

2 Preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2022 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 Company's Board of Directors on 23 February 2023. 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, contingent purchase price obligations relating to business combinations and liabilities for cash-settled share-based payment plans 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 provide information that is material and relevant to the consolidated financial statements.

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

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

4 Key events and transactions

The following key events and transactions took place in the year ended 31 December 2022 or were announced in 2023 before the consolidated financial statements were approved.

Acquisition of Scholle IPN

On 1 June 2022, the Group acquired 100% of the shares of Clean Flexible Packaging Holding B.V. (together with the acquired subsidiaries, "Scholle IPN") from CLIL Holding B.V. ("CLIL"). CLIL is controlled by Laurens Last and has subsequently been renamed Clean Holding B.V. Scholle IPN provides packaging solutions for beverage, food and non-food products.

The cash consideration for Scholle IPN amounted to €424.3 million. The Group also transferred 33.75 million newly issued SIG shares with a fair value of €686.8 million to CLIL as part of the consideration. In addition, there is contingent consideration of a maximum of $300 million (with an estimated fair value of €113.2 million as of 31 December 2022). The Group also repaid the external loans of Scholle IPN at the closing. For additional information about the acquisition, see note 27.

Acquisition of Evergreen's chilled carton business in Asia Pacific ("Evergreen Asia")

On 2 August 2022, the Group acquired Evergreen Asia from Evergreen Packaging International LLC ("Evergreen"). Evergreen Asia offers chilled carton packaging solutions in Asia.

The Group paid €329.5 million in cash (subject to customary closing adjustments) at the time of the closing as consideration for Evergreen Asia. For additional information about the acquisition, see note 27.

Financing of the acquisitions

The initial cash portion of the consideration for Scholle IPN and the repayment of the external loans of Scholle IPN were initially financed by proceeds from an unsecured bridge loan facility. A large portion of this unsecured bridge loan facility was repaid on 30 June 2022 using proceeds from an unsecured *Schuldscheindarlehen* ("SSD", a private German debt placement). The remaining proceeds from the unsecured SSD, together with proceeds received from a placement of newly issued SIG shares, were used to finance the consideration for Evergreen Asia. On 28 July 2022, the Group entered into a US Dollar-denominated term loan. The major part of the proceeds from the term loan was used to repay the remaining portion of the unsecured bridge loan facility.

The impact on the Group's financial position of these financing transactions, including the SIG shares issued and transferred to CLIL as part of the consideration for Scholle IPN, is described in more detail in notes 22 and 24.

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

The following persons joined the Group Executive Board in the year ended 31 December 2022.

- Fan Lidong – President and General Manager Asia Pacific North
- Angela Lu – President and General Manager Asia Pacific South
- Suzanne Verzijden – Chief People and Culture Officer
- Ross Bushnell – President Scholle IPN

Ross Bushnell became a member of the Group Executive Board on 1 June 2022, while all other changes became effective as of 1 January 2022.

Frank Herzog, Chief Financial Officer, resigned as of 31 December 2022. See further notes 29 and 31.

Gavin Steiner will join the Group Executive Board as Chief Technology Officer on 1 April 2023. Ian Wood will take on the role of Chief Supply Chain Officer.

The following changes took place in the Board of Directors in the year ended 31 December 2022.

- Laurens Last, the former owner of Scholle IPN, was elected to the Board of Directors at the Annual General Meeting on 7 April 2022. He is the second largest disclosed shareholder in SIG (see also notes 24 and 29).
- Nigel Wright decided not to stand for re-election and stepped down from the Board of Directors upon the conclusion of the Annual General Meeting on 7 April 2022.

Bridge loan financing

The Group signed a €400 million unsecured bridge loan facility agreement on 9 January 2023. The facility may be accessed in June 2023, when €450 million of the Group's senior unsecured notes is due for repayment. See note 22.

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 2022 are consistent with those applied in the consolidated financial statements for the year ended 31 December 2021, with one exception. The Group applied cash flow hedge accounting for the first time in the year ended 31 December 2022. See note 27 for details about the accounting for the derivatives entered into by the Group in relation to the acquisitions of Scholle IPN and Evergreen Asia.

5.2 Impact of new or amended standards and interpretations

A number of new or amended standards and interpretations became effective for annual periods beginning on 1 January 2022. The applicable standards and interpretations had no, or no material, impact on the consolidated financial statements.

5.3 Adoption of standards and interpretations in 2023 and beyond

A number of new or amended standards and interpretations are effective for annual periods beginning on 1 January 2023 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, including fair value assessment of contingent consideration – see notes 25, 27 and 33.
- 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.

Global economic uncertainty

Various events such as COVID-19, the war in Ukraine, the increase in raw material and energy prices as well as rising inflation are contributing to global economic uncertainty.

The progress of the business during the COVID-19 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. The Group overall has not been, and is currently not, significantly impacted by the outbreaks of COVID-19 around the world.

The ongoing war in Ukraine has had significant impacts on the global economy in general, with sanctions against Russia impacting many areas such as the supply of raw materials and energy prices. However, the Group overall has not been, and is currently not, significantly impacted by these effects. The Group has not experienced any significant shortfalls of raw materials, even if the Group is impacted by the global increase in raw material and energy prices as well as higher inflation. These effects can be partially mitigated by the Group's diversified supply chain, its hedging strategy, long-term supply contracts and ability to pass on higher costs to its customers.

The impact of sanctions against Russia on the Group's sales is not significant, with sales to customers in Russia and Ukraine representing less than 2% of the Group's revenue in 2021 (including Scholle IPN's unaudited revenue in 2021). Prior to the acquisition of Scholle IPN, the Group had only sales and service activities in Ukraine and Russia. One of the acquired Scholle IPN entities is incorporated and has a production plant in Russia, which represents an insignificant part of the acquired net assets. For the year ended 31 December 2022, sales to customers in Russia represented less than 1% of the Group's revenue.

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. 2022	**31 Dec. 2021**	**31 Dec. 2022**	**31 Dec. 2021**
Brazilian Real (BRL)	5.42968	6.37706	5.63860	6.31010
Chinese Renminbi (CNY)	7.07715	7.63193	7.35820	7.19470
Mexican Peso (MXN)	21.15826	23.99444	20.85601	23.14380
Swiss Franc (CHF)	1.00514	1.08142	0.98470	1.03310
Thai Baht (THB)	36.86058	37.78863	36.83504	37.65298
US Dollar ($ or USD)	1.05277	1.18341	1.06660	1.13260

5.5.2 Lease accounting

The Group as lessor

The Group deploys aseptic carton filling lines at its customers' sites under both lease and sale contracts. In the newly acquired businesses, filling lines and other related equipment are primarily deployed under sale contracts and in limited cases also under lease contracts.

The aseptic carton filling line 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. Due to these contractual terms, the majority of the Group's aseptic carton 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 aseptic carton filling line 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 term. Due to the Group's long-term relationships with its customers and changing customer needs, contracts can 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.

Filling line lease contracts in the newly acquired businesses generally qualify to be accounted for as finance leases in accordance with IFRS 16 *Leases.* The impact of these finance lease contracts is not material for the Group.

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 ("CGU").

The recoverable amount of an asset or CGU 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 CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. An impairment loss is allocated to first reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU 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 disclosed separately. If realisation of a contingent asset becomes virtually certain, it is no longer considered contingent and is recognised as an asset.

OUR OPERATING PERFORMANCE

This section covers our operating performance at Group as well as at 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 such as carton sleeves, closures, bag-in-box and spouted pouches with associated materials (barrier film and fitments), filling lines and other related equipment as well as the provision of after-market services. Revenue is presented net of returns, trade discounts, volume rebates and other customer incentives. In addition, the Group presents income from the deployment of filling lines and other related equipment under contracts that qualify to be accounted for as operating leases as part of revenue.

Composition of revenue

(In € million)	Year ended 31 Dec. 2022	Year ended 31 Dec. 2021
Revenue from sale and service contracts	2,621.0	1,932.5
Revenue from filling line and other related equipment contracts accounted for as operating leases	158.9	129.3
Total revenue	**2,779.9**	**2,061.8**

The Group's total revenue is disaggregated by major product/service line in the table below.

(In € million)	Year ended 31 Dec. 2022	Year ended 31 Dec. 2021
Revenue from the sale of carton, bag-in-box and spouted pouches	2,415.1	1,758.6
Filling line and other related equipment revenue	200.3	141.1
Service revenue	164.0	140.1
Other revenue	0.5	22.0
Total revenue	**2,779.9**	**2,061.8**

Revenue from the sale of carton, bag-in-box and spouted pouches is mainly composed of revenue from the sale of aseptic carton sleeves and closures. Since the acquisitions of Scholle IPN on 1 June 2022 and Evergreen Asia on 2 August 2022, this line item also includes revenue from the sale of bag-in-box and spouted pouches as well as carton sleeves for the chilled market in Asia.

Filling line and other related equipment revenue is composed of revenue from the deployment of equipment under contracts that qualify to be accounted for as operating leases and from the sale of equipment.

Service revenue relates to after-market services in relation to the Group's equipment.

Other revenue for the year ended 31 December 2021 included revenue under royalty agreements and from the sales of liquid paper board and folding box board. 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, since the acquisition, are 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 sale of the paper mill has resulted in the Group no longer making a distinction between revenue from core and non-core activities. This has been reflected in the presentation of revenue in the comparative period.

The Group's revenue is disaggregated by type of business in the table below.

(In € million)	Year ended 31 Dec. 2022	Year ended 31 Dec. 2021
Revenue from the carton business	2,417.3	2,061.8
Revenue from the bag-in-box and spouted pouch business	362.6	-
Total revenue	**2,779.9**	**2,061.8**

Revenue from the carton business relates to the provision of aseptic carton packaging solutions and, since the acquisition of Evergreen Asia, chilled carton packaging solutions in Asia. Revenue from the bag-in-box and spouted pouch business relates to the provision of packaging solutions by Scholle IPN.

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 carton, bag-in-box and spouted pouches with associated products, deployment of filling lines and other related equipment under contracts accounted for as sale 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 the sale of carton, bag-in-box and spouted pouches with associated products as well as deployment of filling lines and other related equipment 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 and other related equipment that are deployed under operating lease contracts are recognised on a straight-line basis over the lease period. The payment (ie. the sale price) for the use of aseptic carton filling lines that are deployed under sale contracts that qualify to be accounted for as operating leases is recognised as a deferred revenue liability in the statement of financial position, and recognised as revenue on a straight-line basis over the shorter of the period over which the customer relationship is expected to last and the ten-year estimated useful life of a filling line. The control and significant risks and rewards of ownership are retained by the Group in respect of such sale contracts (see further note 5.5.2).

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

7 Segment information

The Group has four operating segments, which are also the reportable segments: Europe, Middle East and Africa ("MEA"), Asia Pacific ("APAC") and Americas.

Prior to the acquisition of Scholle IPN on 1 June 2022, all segments provided the same aseptic carton packaging solutions, comprising aseptic carton filling lines, aseptic carton sleeves and closures as well as after-market services. The acquisition of Scholle IPN has not resulted in a change in the Group's segmentation. The business of Scholle IPN has been allocated to Europe, MEA, APAC and Americas. The segments now also provide bag-in-box and spouted pouch packaging solutions, including barrier film and fitments as well as filling lines and other equipment for bag-in-box and spouted pouches with related after-market services. Since the acquisition of Evergreen Asia on 2 August 2022, APAC also provides chilled carton packaging solutions, comprising carton filling lines, carton sleeves and closures as well as after-market services.

Prior to the acquisition of the remaining shares of the joint ventures in the Middle East on 25 February 2021, the Group had three operating (and reportable) segments: Europe, Middle East and Africa ("EMEA"), APAC and Americas. The acquisition resulted in a split of EMEA into two segments: segment Europe and segment MEA.

Overview of the segments and Group Functions

Europe includes production of aseptic carton sleeves and closures as well as barrier film and fitments for bag-in-box and spouted pouches for the Group's customers in Europe. Europe also supplies the other segments with aseptic carton sleeves and, to a lesser extent, closures from its plants in Europe. The Group's central procurement activities, including commodity hedging, are part of Europe, with the European production entities being the main internal customers. In addition, Europe includes the European-based assembly plant for equipment used for bag-in-box and spouted pouches.

MEA covers the Group's customers in the Middle East and Africa. The operations of the former joint ventures in the Middle East, including an aseptic carton sleeves production plant, are part of this segment. MEA will include sales of bag-in-box and spouted pouch packaging solutions to customers in the Middle East and Africa.

Until the end of February 2021, the former segment **EMEA** included the same activities as included in segment Europe before the acquisition of Scholle IPN (see above). In addition, EMEA included the result from the sale of supply from the Group's European production entities to the Middle Eastern markets. 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 aseptic carton sleeves sales in the Middle East and Africa.

APAC includes production of aseptic carton sleeves, carton sleeves for the chilled market as well as barrier film and fitments for bag-in-box and spouted pouches for the Group's customers in China, South East Asia and Oceania. In addition, APAC supplies the other segments with aseptic carton sleeves. APAC also includes the aseptic carton filling machine assembly plant in China, the assembly plant for filling lines and other related equipment used for bag-in-box and spouted pouches in India and the assembly of filling machines for the chilled market in Asia. Until the beginning of June 2021, when the Group sold its paper mill in New Zealand, APAC also included production of liquid paper board and folding box board (see note 26). The liquid paper board was mainly used by the sleeves plants in Asia and the former joint ventures in the Middle East.

Americas covers the Group's customers in North and South America. South America has its own aseptic carton sleeves production plant. North America has so far primarily been supplied with aseptic carton sleeves from the Group's European and Asian plants. However, commercial production of aseptic carton sleeves for the North American market started in the Group's first plant in Mexico in February 2023. Americas also includes the production of film and fitments for bag-in-box and spouted pouches as well as the American-based assembly plant for filling lines and other related equipment used for bag-in-box and spouted pouches.

The **Group Functions** include activities that support the Group's business, such as the global aseptic carton filling machine assembly, global technology (including R&D), information technology, marketing, finance, legal, human resources and other support functions. Global filling machine assembly sells aseptic carton filling machines and spare parts, and provides assembly-related services, to all 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. These mainly relate to the sale of aseptic carton filling machines, aseptic carton sleeves and closures. Pricing is determined on a cost-plus basis. The Group has limited inter-segment sales of products related to the chilled carton operations.

Information about the Group's segments is reported to the Chief Operating Decision Maker ("CODM") on a regular basis for the purposes of resource allocation and assessment of performance of the segments. The performance of the segments is assessed by the CODM primarily on the basis of adjusted EBITDA (as defined in note 9).

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.

(In € million)	Year ended 31 December 2022							
	Europe	**MEA**	**APAC**	**Americas**	**Total segments**	**Group Functions**	**Reconciling items**	**Total**
Revenue from transactions with external customers	849.4	331.5	900.0	697.4	**2,778.3**	1.6	-	**2,779.9**
Revenue from inter-segment transactions	397.2	4.9	16.7	7.9	**426.7**	74.7	(501.4)	**-**
Segment revenue	1,246.6	336.4	916.7	705.3	**3,205.0**	76.3	(501.4)	**2,779.9**
Adjusted EBITDA[1]	**201.4**	**86.3**	**278.7**	**141.1**	**707.5**	**(55.3)**	-	**652.2**
Capital expenditure:[2]	(70.1)	(23.0)	(127.4)	(54.4)	**(274.9)**	(5.7)	-	**(280.6)**
PP&E and intangible assets[3,4]	(25.0)	(3.2)	(36.5)	(17.0)	**(81.7)**	(26.0)	-	**(107.7)**
Net filling lines and other related equipment[4]	14.5	(11.4)	(31.1)	(28.6)	**(56.6)**	20.3	-	**(36.3)**
Net capital expenditure[2]	(10.5)	(14.6)	(67.6)	(45.6)	**(138.3)**	(5.7)	-	**(144.0)**

(In € million)	EMEA[5]	Europe[6]	MEA[6]	APAC	Americas	Total segments	Group Functions	Reconciling items	Total
	Year ended 31 December 2021								
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**
Adjusted EBITDA[1]	**38.4**	**203.7**	**78.5**	**211.8**	**96.7**	**629.1**	**(58.5)**	**-**	**570.6**
Capital expenditure:[2]	(15.5)	(84.7)	(12.4)	(89.6)	(34.0)	**(236.2)**	(9.7)	-	**(245.9)**
PP&E and intangible assets[3,4]	(3.3)	(29.0)	(3.3)	(33.4)	(16.4)	**(85.4)**	(7.5)	-	**(92.9)**
Net filling lines[4]	(7.1)	(14.5)	(2.9)	(5.8)	(17.3)	**(47.6)**	(2.2)	-	**(49.8)**
Net capital expenditure[2]	(10.4)	(43.5)	(6.2)	(39.2)	(33.7)	**(133.0)**	(9.7)	-	**(142.7)**

1 The performance of the segments is presented with reference to adjusted EBITDA, excluding intra-group trademark and royalty payments. Refer to note 9 for additional details about adjusted EBITDA.

2 Refer to note 11 for additional details about capital expenditure and net capital expenditure.

3 PP&E (excluding filling lines and other related equipment) and intangible assets.

4 Group Functions may report positive net filling lines and other related equipment capital expenditure if the capital expenditure of the global aseptic carton 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 and intangible asset capital expenditure, excluding filling lines and other related equipment.

5 Segment financial information presented for January–February 2021.

6 Segment financial information presented for March–December 2021.

The increase from three to four segments in the year ended 31 December 2021 did not result in any material changes that would have required restatement of segment information. The Group's reporting structure changed due to 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 fully consolidated and reported in the new segment MEA since the end of February 2021, while the European activities of the former EMEA segment are reported in the new segment Europe. 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 remaining 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. Sales by various Group companies to the former joint ventures were, prior to the acquisition, reported as external sales. Since the acquisition, sales to the former joint ventures are reported as inter-segment transactions. Based on these facts, the Group does not believe that a meaningful quantitative comparability could have been achieved considering the nature of changes in the relationship between the parties pre- and post-acquisition. Therefore, the table above for the year ended 31 December 2021 should be read in conjunction with the descriptions in this section.

Disaggregation of segment revenue

The following table presents revenue from transactions with external customers for the segments for the year ended 31 December 2022, split by major product/service line.

	Year ended 31 December 2022						
(In € million)	Europe	MEA	APAC	Americas	Total segments	Group Functions	Total
Revenue from the sale of carton, bag-in-box and spouted pouches	759.5	275.6	766.0	614.0	**2,415.1**	-	**2,415.1**
Filling line and other related equipment revenue	46.2	31.2	76.6	45.8	**199.8**	0.5	**200.3**
Service revenue	43.7	24.7	57.4	37.6	**163.4**	0.6	**164.0**
Other revenue	-	-	-	-	**-**	0.5	**0.5**
Total revenue	**849.4**	**331.5**	**900.0**	**697.4**	**2,778.3**	**1.6**	**2,779.9**

With regard to the Group's sale of aseptic carton packaging solutions in the year ended 31 December 2021, 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 (see note 6). Other revenue, until the acquisition of the remaining shares of the joint ventures in the Middle East on 25 February 2021, was mainly divided between APAC and the former segment EMEA.

The following table presents revenue from transactions with external customers for the segments for the year ended 31 December 2022, split by type of business.

	Year ended 31 December 2022						
(In € million)	Europe	MEA	APAC	Americas	Total segments	Group Functions	Total
Revenue from the carton business	761.7	331.5	855.0	467.5	**2,415.7**	1.6	**2,417.3**
Revenue from the bag-in-box and spouted pouch business	87.7	-	45.0	229.9	**362.6**	-	**362.6**
Total revenue	**849.4**	**331.5**	**900.0**	**697.4**	**2,778.3**	**1.6**	**2,779.9**

Geographic information

The Group operates nine plants that produce aseptic carton sleeves (two each in Germany and in China, and one each in Austria, Thailand, Saudi Arabia, Brazil and Mexico). 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 plant in Mexico became operational in February 2023. The Group also intends to build an aseptic carton sleeves plant in India.

The Group operates two assembly plants for aseptic carton filling machines in Germany and China, and a production plant for closures in Switzerland. For the aseptic carton business, it also operates three R&D centres (one each in Germany, Switzerland and China), three technology centres (one each in Germany, the UAE and China) and five training centres (one each in Germany, the UAE, China, Thailand and Brazil). The Group sold its paper mill in New Zealand in 2021 (see notes 9 and 26).

In addition, the Group operates 15 plants that produce barrier film and fitments for bag-in-box and spouted pouches (four in the USA, two each in the Netherlands and India, and one each in Germany, Russia, Australia, China, Canada, Brazil and Chile), three assembly plants for filling lines and other related equipment used for bag-in-box and spouted pouches (one each in Spain, India and the USA) as well as two equipment-related R&D centres (one in Spain and one in the USA).

For the chilled carton business, the Group has three plants in China, South Korea and Taiwan that produce carton sleeves and one assembly plant for carton filling machines in China.

The following 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. 2022	Year ended 31 Dec. 2021
Germany	1,132.6	1,111.2
USA	973.4	218.3
China	916.9	692.5
United Arab Emirates	616.0	630.8
Switzerland[1]	505.4	478.6
Thailand	494.6	460.2
Other countries	1,547.2	797.3
Total non-current assets	**6,186.1**	**4,388.9**

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

(In € million)	Year ended 31 Dec. 2022	Year ended 31 Dec. 2021
China	410.4	324.7
USA	290.2	95.8
Germany	235.4	217.9
Switzerland	13.4	12.4
Other countries	1,830.5	1,411.0
Total revenue from external customers	**2,779.9**	**2,061.8**

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 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. 2022	Year ended 31 Dec. 2021
Net change in fair value of operating derivatives	-	7.8
Realised gain on settlement of deal-contingent derivatives	16.6	-
Income from miscellaneous services	2.6	2.8
Rental income	0.7	0.7
Gain on pre-existing interest in former joint ventures	-	48.8
Indirect tax recoveries	-	12.1
Other	4.8	6.4
Total other income	**24.7**	**78.6**
Net foreign currency exchange loss	(19.2)	(2.1)
Net change in fair value of operating derivatives	(39.5)	-
Transaction- and acquisition-related costs	(24.1)	(16.5)
Integration costs	(17.1)	(2.5)
Change in fair value of contingent consideration	(74.0)	-
Loss on sale of subsidiary	-	(12.1)
Total other expenses	**(173.9)**	**(33.2)**

For the year ended 31 December 2022, the Group recognised a net foreign currency exchange loss of €19.2 million. This mainly relates to a realised net loss on foreign currency derivatives.

For the year ended 31 December 2022, the Group recognised an unrealised net loss on commodity and foreign currency derivatives of €39.5 million. This arose primarily because the Group has entered into commodity derivative contracts fixing prices for polymers and aluminium at levels above the currently lower forward prices.

The indirect tax recoveries of €12.1 million in the year ended 31 December 2021 relate to a Supreme Court ruling on sales tax in Brazil that was 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 realised gain on settlement of the deal-contingent derivatives (relating to the acquisitions of Scholle IPN and Evergreen Asia), transaction- and acquisition-related costs, integration costs, the change in the fair value of the contingent consideration, the gain on the pre-existing interest in joint ventures and the loss on 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 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 agreements 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. Adjusted earnings per share is presented in note 10 while net capital expenditure and free cash flow are presented in note 11. Information about the Group's net leverage ratio is included in note 21. In the prior period, management also used core revenue as an alternative performance measure (see note 6). Core revenue excluded revenue from the sale of folding box board.

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 on 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, integration 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. 2022	Year ended 31 Dec. 2021
Profit for the period	**37.8**	**172.1**
Net finance expense	26.0	31.4
Income tax expense	51.0	52.3
Depreciation and amortisation	366.7	306.6
EBITDA	**481.5**	**562.4**
Adjustments to EBITDA:		
Unrealised loss/(gain) on operating derivatives	39.5	(7.8)
Replacement of share of profit or loss of joint ventures with cash dividends received from joint ventures	-	1.6
Restructuring costs, net of reversals	4.9	26.0
Loss on sale of subsidiary	-	12.1
Transaction- and acquisition-related costs	24.1	16.5
Integration costs	17.1	2.5
Realised gain on settlement of deal-contingent derivatives	(16.6)	-
Fair value adjustment on inventories	20.6	10.4
Change in fair value of contingent consideration	74.0	-
Gain on pre-existing interest in former joint ventures	-	(48.8)
Out-of-period indirect tax recoveries	-	(10.3)
Impairment losses	6.3	4.4
Other	0.8	1.6
Adjusted EBITDA	**652.2**	**570.6**

The transaction- and acquisition-related costs as well as the integration costs for the year ended 31 December 2022 mainly relate to the acquisitions of Scholle IPN and Evergreen Asia in 2022 (see notes 4 and 27). For the year ended 31 December 2021, the transaction- and acquisition-related costs related to costs incurred for the acquisitions of Scholle IPN and Evergreen Asia in 2022 as well as the acquisition of the remaining shares of the joint ventures in the Middle East in 2021 (€6.5 million).

The settlement of the deal-contingent foreign currency derivatives that the Group entered into relating to the consideration paid in cash for Scholle IPN on 1 June 2022 and for Evergreen Asia on 2 August resulted in a total realised gain of €61.1 million in the year ended 31 December 2022 (€25.5 million for Scholle IPN and €35.6 million for Evergreen Asia), of which €16.6 million is recognised in profit or loss as part of other income (€11.9 million for Scholle IPN and €4.7 million for Evergreen Asia). Due to the designation of the derivatives as hedging instruments in a cash flow hedge, the larger part of the realised gain reduced the amounts of goodwill recognised for Scholle IPN and Evergreen Asia. See further note 27.

The fair value adjustment on inventories of €20.6 million in the year ended 31 December 2022 relates to the fair value increases of the inventories of Scholle IPN and Evergreen Asia that were made in connection with the acquisition accounting (see note 27). These inventories have subsequently been sold. The fair value adjustment on inventories of €10.4 million in the year ended 31 December 2021 related 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 were subsequently sold.

The change in the fair value of the contingent consideration of €74.0 million relates to the remeasurement of the US Dollar contingent consideration for Scholle IPN at fair value as of 31 December 2022 (see further notes 27 and 33).

The restructuring costs for the year ended 31 December 2021 mainly related to the Group's paper mill in New Zealand (€9.8 million, net of reversals of provisions – see note 26) and to the closure of the Australian sleeves manufacturing operations (€8.6 million). In light of the opening of the Group's new plant for aseptic carton sleeves in China in 2020, the Group decided to close its Australian sleeves manufacturing operations and consolidate the production of aseptic carton sleeves into the Group's existing plants. The Australian sleeves plant was vacated in 2022.

A loss of €12.1 million arose upon the sale of the Group's paper mill in New Zealand in the year ended 31 December 2021 (see note 26).

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).

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 a 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 arose due to the acquisition accounting that was performed when the Group was acquired by Onex in 2015. The PPA amortisation relates to all acquisitions of the Group.

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

(In € million)	Year ended 31 Dec. 2022	Year ended 31 Dec. 2021
Profit for the period	**37.8**	**172.1**
Non-cash foreign exchange impact of non-functional currency loans and realised foreign exchange impact due to refinancing	(4.6)	(10.6)
Amortisation of transaction costs	7.0	3.6
Net change in fair value of financing-related derivatives	(9.0)	-
Realised gain on settlement of deal-contingent derivative (relating to repayment of loan)	(15.5)	-
PPA depreciation and amortisation – Onex acquisition	103.5	103.1
PPA amortisation – other acquisitions[1]	34.1	14.1
Net effect of early repayment of loans	1.0	3.7
Interest on out-of-period indirect tax recoveries	-	(3.1)
Adjustments to EBITDA[2]	170.7	8.2
Tax effect on above items	(38.2)	(25.4)
Adjusted net income	**286.8**	**265.7**

1 For the year ended 31 December 2022, the Group has adjusted out of net income all PPA amortisation (net of tax) related to acquisitions. The comparative information has been adjusted to reflect the refined definition. Had the Group remained with its former definition of adjusted net income, adjusted net income for the year ended 31 December 2022 would have been €257.9 million compared with €252.4 million for the year ended 31 December 2021. Management believes that this change brings adjusted net income closer to the operational performance of the Group in the period.

2 For the different adjustments to EBITDA, refer to the adjusted EBITDA table at the beginning of this note.

See note 27 for information about the realised gain on settlement of the deal-contingent derivative of €15.5 million, which relates to the repayment of the acquired US Dollar loan of Scholle IPN.

10 Earnings per share

Basic and diluted earnings per share

Basic earnings per share is 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 dilutive potential (ordinary) shares under the Group's equity-settled share-based payment plans and arrangements. Awards granted under these equity-settled plans and arrangements have been included in the determination of diluted earnings per share considering the level of achievement of the set targets (see note 31) at the reporting date, and to the extent to which they are dilutive. Awards granted with only a service condition are included in the determination of diluted earnings per share to the extent to which they are dilutive. The dilutive effect of the share-based payment plans and arrangements is mainly related to the management PSU plans.

The following table shows the weighted average number of shares outstanding before and after adjustments for the effect of all dilutive potential shares. The Group issued shares on 22 February 2021, 18 May 2022 and 23 May 2022 (see note 24).

	Weighted average number of ordinary shares
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**
Issued shares as of 1 January 2022	337,520,872
Effect of issue of shares on 18 May 2022	6,871,233
Effect of issue of shares on 23 May 2022	20,619,863
Effect of treasury shares held	(903,281)
Weighted average number of shares as of 31 December 2022 – basic	**364,108,687**
Effect of share-based payment plans and arrangements	466,019
Weighted average number of shares as of 31 December 2022 – diluted	**364,574,706**

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

(In € million unless indicated)	Year ended 31 Dec. 2022	Year ended 31 Dec. 2021
Profit for the period	37.8	172.1
Weighted average number of shares for the period – basic (in numbers)	364,108,687	334,884,452
Basic earnings per share (in €)	**0.10**	**0.51**
Profit for the period	37.8	172.1
Weighted average number of shares for the period – diluted (in numbers)	364,574,706	335,662,389
Diluted earnings per share (in €)	**0.10**	**0.51**

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

(In € million unless indicated)	Year ended 31 Dec. 2022	Year ended 31 Dec. 2021
Adjusted net income	286.8	265.7
Weighted average number of shares for the period – basic (in numbers)	364,108,687	334,884,452
Adjusted earnings per share – basic (in €)	**0.79**	**0.79**
Adjusted net income	286.8	265.7
Weighted average number of shares for the period – diluted (in numbers)	364,574,706	335,662,389
Adjusted earnings per share – diluted (in €)	**0.79**	**0.79**

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 on 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 lines and other related equipment) and to the assembly and deployment of filling lines and other related equipment with customers under contracts accounted for as operating leases (filling lines and other related equipment capital expenditure). The Group's investments in intangible assets are less significant.

Net capital expenditure is defined by the Group as capital expenditure (net of proceeds from sales of PP&E, other than filling lines and other related equipment, and intangible assets) less upfront cash. Upfront cash is defined as consideration received as an upfront payment for filling lines and other related equipment 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 capital expenditure how cash-generative the business is. As the Group typically receives a portion of the total consideration for a filling line and other related equipment as an upfront payment from the customer (see also note 20), the cash outflow relating to filling lines and other related equipment is generally lower than implied by the gross filling lines and other related equipment capital expenditure figure. Payments received for filling lines and other related equipment (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. 2022	Year ended 31 Dec. 2021
PP&E and intangible assets (net of sales and excl. filling lines and other related equipment)[1]	107.7	92.9
Filling lines and other related equipment	172.9	153.0
Capital expenditure	**280.6**	**245.9**
Upfront cash	(136.6)	(103.2)
Net capital expenditure	**144.0**	**142.7**

1 For the year ended 31 December 2022, the Group also considers proceeds from sales in its calculation of capital expenditure for PP&E and intangible assets. Had the Group remained with its former definition of capital expenditure, for the year ended 31 December 2022, capital expenditure for PP&E and intangible assets would have been €126.8 million, total capital expenditure would have been €299.7 million and net capital expenditure would have been €163.1 million. The impact of the refined definition on the comparative information is not material. Management has made this change to align with the refined definition of free cash flow (see the section below).

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 joint ventures less capital expenditure (net of proceeds from sales of PP&E, other than filling lines and other related equipment, and intangible assets) 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. 2022	Year ended 31 Dec. 2021
Net cash from operating activities	**578.2**	**530.9**
Acquisition of property, plant and equipment and intangible assets (net of sales)[1]	(280.6)	(245.9)
Payment of lease liabilities	(34.5)	(26.7)
Free cash flow	**263.1**	**258.3**

1 For the year ended 31 December 2022, the Group also considers proceeds from sales of PP&E, other than filling lines and other related equipment, and intangible assets in its calculation of free cash flow. Had the Group remained with its former definition of free cash flow, free cash flow for the year ended 31 December 2022 would have been €244.0 million. The impact of the refined definition on the comparative information is not material. Management believes that this change better reflects the cash available to the Group after operational investments and divestments.

Non-cash transactions

Non-cash transactions for the year ended 31 December 2022 include the issue and subsequent transfer of 33,750,000 SIG shares (with a nominal value of CHF 0.01 per share) to CLIL on 1 June 2022 as part of the consideration for Scholle IPN. The fair value of the shares was €686.8 million (see notes 24 and 27).

Non-cash transactions for the year ended 31 December 2021 included the issue 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 notes 24 and 27).

Other non-cash transactions include the initial recognition of leases on the statement of financial position (see notes 13 and 22) and the granting of instruments under the Group's 2022 and 2021 share-based plans and arrangements (see note 31). Notably for the year ended 31 December 2022, the 15-year lease of the Group's first aseptic carton sleeves production plant in Mexico commenced in October 2022 (with an initial lease liability and related right-of-use asset recognised of approximately €29 million each).

There are no other material non-cash transactions for the years ended 31 December 2022 and 31 December 2021.

Cash outflows under lease contracts

The total cash outflow for the Group's lease contracts for the year ended 31 December 2022 was €48.8 million (€38.2 million for the year ended 31 December 2021).

OUR OPERATING ASSETS AND LIABILITIES

This section includes 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 and other related equipment 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 for filling lines deployed under contracts accounted for as operating leases, but also the contingent consideration for Scholle IPN (see note 27).

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 and other related equipment 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 in respect of its filling lines and other related equipment deployed with its customers.

Composition of PP&E

(In € million)	Land	Buildings	Plant and equipment	Work in progress	Filling lines	Total
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**
Cost	112.0	265.2	920.5	364.2	1,274.8	**2,936.7**
Accumulated depreciation and impairment losses	(8.6)	(83.8)	(542.1)	-	(634.4)	**(1,268.9)**
Carrying amount as of 31 December 2022	**103.4**	**181.4**	**378.4**	**364.2**	**640.4**	**1,667.8**
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**

(In € million)	Land	Buildings	Plant and equipment	Work in progress	Filling lines	Total
Carrying amount as of 1 January 2022	**27.7**	**103.3**	**272.7**	**234.5**	**632.3**	**1,270.5**
Additions	-	0.6	7.1	280.2	3.8	**291.7**
Additions through business combinations	77.2	80.8	101.9	35.8	-	**295.7**
Disposals	-	-	(1.5)	-	(0.5)	**(2.0)**
Depreciation	-	(12.1)	(57.9)	-	(122.2)	**(192.2)**
Impairment losses	-	-	-	-	(6.3)	**(6.3)**
Transfers	-	9.0	53.7	(185.4)	122.1	**(0.6)**
Effect of movements in exchange rates	(1.5)	(0.2)	2.4	(0.9)	11.2	**11.0**
Carrying amount as of 31 December 2022	**103.4**	**181.4**	**378.4**	**364.2**	**640.4**	**1,667.8**

The increase in PP&E since 31 December 2021 is impacted by the acquisitions of Scholle IPN and Evergreen Asia in 2022 (see note 27).

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

Depreciation 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. 2022	Year ended 31 Dec. 2021
Cost of sales	185.4	161.0
Selling, marketing and distribution expenses	1.3	0.7
General and administrative expenses	5.5	5.7
Total depreciation	**192.2**	**167.4**

Capital expenditure commitments

As of 31 December 2022, the Group had entered into contracts to incur capital expenditure of €144.7 million (€112.6 million as of 31 December 2021) for the acquisition of PP&E. The commitments relate to filling machine and other related equipment assembly, certain downstream equipment and various equipment for the Group's production plants and similar facilities (both existing production-related buildings and production-related buildings under construction that will be leased by the Group once finalised – 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 and other related equipment 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 25 years
Furniture and fixtures	3 to 8 years
Filling lines (leased assets, SIG as lessor)	10 years

In connection with the building of the Group's first Mexican aseptic carton sleeves plant and the future project to build an aseptic carton sleeves plant in India, the Group reassessed and extended the useful life of core production-related equipment and machinery from 12 to 25 years as of 1 July 2022. The change has been accounted for on a prospective basis as of 1 July 2022. For the year ended 31 December 2022, the change resulted in a €5.7 million lower amount of depreciation (net of tax) for the core production-related equipment and machinery that were in use as of 1 July 2022. The average annual decrease in depreciation for this equipment over the next three years is approximately €10 million (net of tax). The future annual impact will decline as this equipment (with different remaining useful lives) will reach the end of its respective useful life at different times.

The Group as lessor – filling lines

The Group mainly deploys aseptic carton 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 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 CGU 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 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)	Land and buildings	Plant and equipment	Cars	Total
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**
Cost	219.2	107.7	11.8	**338.7**
Accumulated depreciation and impairment losses	(44.0)	(42.8)	(8.3)	**(95.1)**
Carrying amount as of 31 December 2022	**175.2**	**64.9**	**3.5**	**243.6**
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**
Carrying amount as of 1 January 2022	**129.8**	**41.0**	**3.8**	**174.6**
Additions	39.2	33.7	2.2	**75.1**
Additions through business combinations	23.7	5.8	-	**29.5**
Depreciation	(16.9)	(17.3)	(2.5)	**(36.7)**
Effect of movements in exchange rates	(0.6)	1.7	-	**1.1**
Carrying amount as of 31 December 2022	**175.2**	**64.9**	**3.5**	**243.6**

The increase in right-of-use assets since 31 December 2021 is mainly due to new leases of production equipment for closures and the commencement in October 2022 of the 15-year lease of the Group's first aseptic carton sleeves production plant in Mexico (the building). The production equipment for the plant has been invested in directly by the Group. Commercial production started in February 2023. A purchase option, exercisable by the Group after 15 years, has been considered when estimating the lease term and the lease liability (with an impact also on the related right-of-use asset). In addition, a right-of-use asset relating to a pre-paid land right-of-use in China was recognised in connection with the Evergreen Asia acquisition accounting in 2022 (see note 27).

The Group's most significant leases relate to its aseptic carton sleeves production plants in China (the second plant), Saudi Arabia and Mexico as well as the lease of the SIG Tech Centre in China. These leases, with a remaining lease term of between 11 and 18 years, make up the larger part of the carrying amount of leased land and buildings. Another significant lease is the pre-paid land right-of-use in China, with a remaining lease term of 22 years. The larger part of the plant and equipment category relates to leases of production equipment for closures with a lease term of four to six 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. 2022	Year ended 31 Dec. 2021
Cost of sales	27.7	19.7
Selling, marketing and distribution expenses	5.5	4.4
General and administrative expenses	3.5	3.3
Total depreciation	**36.7**	**27.4**

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 €106 million as of 31 December 2022 (€77 million as of 31 December 2021).

These contracts mainly relate to leases of production equipment for closures that are expected to commence within the next twelve months. As of 31 December 2022, the committed lease payments also concern leases of production-related buildings in APAC that are expected to commence within the next eight to eighteen months (see also note 12). As of 31 December 2021, the committed lease payments also concerned the lease of the Group's first aseptic carton sleeves production plant in Mexico, which commenced in October 2022.

Accounting policy

At the lease commencement date, 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 lease commencement date 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 lease commencement date 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 details about impairment testing of non-financial assets.

14 Intangible assets

The largest portion of the Group's intangible assets is goodwill. Around half of the goodwill arose as a result of the acquisition of the SIG Group by Onex in 2015. The remaining half of the goodwill mainly arose as a result of the acquisitions of Scholle IPN and Evergreen Asia in 2022 and the remaining shares of the joint ventures in the Middle East in 2021. The other intangible assets mainly consist of trademarks, customer relationships and technology-related assets. The SIG trademarks have indefinite useful lives.

Composition of intangible assets

(In € million)	Goodwill	Trade-marks	Customer relation-ships	Technology and other assets	Total
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**
Cost	3,186.2	357.7	1,035.4	517.3	**5,096.6**
Accumulated amortisation and impairment losses	-	(1.4)	(526.5)	(322.5)	**(850.4)**
Carrying amount as of 31 December 2022	**3,186.2**	**356.3**	**508.9**	**194.8**	**4,246.2**
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**
Carrying amount as of 1 January 2022	**2,128.1**	**325.3**	**341.0**	**126.1**	**2,920.5**
Additions	-	-	-	19.2	**19.2**
Additions through business combinations	1,060.8	16.3	260.9	91.2	**1,429.2**
Disposals	-	-	(1.5)	-	**(1.5)**
Amortisation	-	(1.4)	(89.9)	(46.5)	**(137.8)**
Effect of movements in exchange rates	(2.7)	16.1	(1.6)	4.8	**16.6**
Carrying amount as of 31 December 2022	**3,186.2**	**356.3**	**508.9**	**194.8**	**4,246.2**

The increase in intangible assets since 31 December 2021 is primarily due to the acquisitions of Scholle IPN and Evergreen Asia in 2022 (see note 27). In the year ended 31 December 2021, the Group acquired the remaining shares of the joint ventures in the Middle East, which resulted in an increase in intangible assets (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 €45.0 million for the year ended 31 December 2022 (€56.3 million for the year ended 31 December 2021). In the year ended 31 December 2022, the Group has capitalised development costs of €15.3 million, mainly relating to the ongoing development of the next-generation SIG NEO VITA aseptic carton filling machine (included in "Technology and other assets" in the table above).

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. 2022	Year ended 31 Dec. 2021
Cost of sales	92.0	75.1
Selling, marketing and distribution expenses	1.7	0.2
General and administrative expenses	44.1	36.5
Total amortisation	**137.8**	**111.8**

Annual impairment tests of goodwill and trademarks with indefinite useful lives

Goodwill with a carrying amount of €3,186.2 million as of 31 December 2022 (€2,128.1 million as of 31 December 2021) and the SIG trademarks with indefinite useful lives with a carrying amount of €341.3 million as of 31 December 2022 (€325.3 million as of 31 December 2021) are not subject to amortisation but are 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, for impairment testing purposes, goodwill must be allocated to a 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 values 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 that are 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 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 Scholle IPN on 1 June 2022 has been allocated to all four segments, while the goodwill that arose upon the acquisition of Evergreen Asia on 2 August 2022 has been fully allocated to APAC. The goodwill that arose upon the acquisition of the remaining shares of the joint ventures in the Middle East on 25 February 2021 has been allocated to MEA (see also note 7). At the same time, the goodwill that had been allocated to the former segment EMEA was 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 2022 Carrying amount	Growth rate	Pre-tax discount rate	Year ended 31 December 2021 Carrying amount	Growth rate	Pre-tax discount rate
Europe	1,000.7	2.5%	8.1%	757.2	2.0%	6.6%
MEA	533.4	2.5%	11.0%	526.4	2.0%	8.0%
APAC	949.2	2.5%	8.6%	656.3	2.0%	5.6%
Americas	702.9	2.5%	10.1%	188.2	2.0%	8.9%
Total goodwill	**3,186.2**			**2,128.1**		

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 and the effects of the war in Ukraine. Management does not believe that these events and the current global economic uncertainty in general will have any significant long-term negative impacts on the Group's estimated future cash flows (see note 5.4). 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 SIG 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 9.2% (6.6% in the 2021 annual impairment test) and a terminal growth rate at Group level of 2.5% (2.0% in the 2021 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 that is 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 packaging industry.

No impairment of the SIG 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 SIG 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, Scholle trademarks 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. 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, considering also the acquisitions of Scholle IPN and Evergreen Asia in 2022, are as follows:

Customer relationships	10 to 15 years
Scholle trademarks	7 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

Capitalised development costs are amortised over the period that is assessed to reflect the expected useful life of the particular innovation.

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 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. 2022	As of 31 Dec. 2021
Raw materials and consumables	143.0	71.2
Work in progress	96.7	22.6
Finished goods	163.0	100.7
Total inventories	**402.7**	**194.5**

The increase in inventories since 31 December 2021 is impacted by the acquisitions of Scholle IPN and Evergreen Asia in 2022 (see notes 9 and 27).

As of 31 December 2022, inventories include a provision of €24.2 million due to write-downs to net realisable value (€20.5 million as of 31 December 2021).

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 €1,257.0 million in the year ended 31 December 2022 (€856.5 million in the year ended 31 December 2021).

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 aseptic carton sleeves-related trade receivables without recourse. It also maintains a small number of minor factoring programmes.

Composition of trade and other receivables

The table below 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. 2022	As of 31 Dec. 2021
Trade receivables at amortised cost	294.1	171.3
Trade receivables at fair value	33.7	25.7
Related party trade receivables	3.8	0.4
VAT receivables	56.3	35.4
Other receivables	72.4	47.1
Total current trade and other receivables	**460.3**	**279.9**
Non-current receivables	**18.8**	**4.2**
Total current and non-current receivables	**479.1**	**284.1**

The increase in trade receivables at amortised cost since 31 December 2021 is impacted by the acquisitions of Scholle IPN and Evergreen Asia in 2022 (see note 27).

The payment terms for the Group's trade receivables for packaging material is an average of 30 to 45 days (an average of 40 days in the comparative period).

Trade receivables at amortised cost – loss allowance and ageing

(In € million)	As of 31 Dec. 2022	As of 31 Dec. 2021
Current	226.5	122.8
Past due up to 29 days	31.4	21.4
Past due 30 days to 89 days	17.2	7.0
Past due 90 days or more	19.0	20.1
Trade receivables at amortised cost, net of loss allowance	**294.1**	**171.3**
Loss allowance	**(9.7)**	**(6.6)**
Trade receivables at amortised cost, gross	**303.8**	**177.9**

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 up to 29 days and 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 past 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 Scholle IPN, Evergreen Asia and the former joint ventures in the Middle East were recognised at fair value at their respective acquisition dates in 2022 and 2021 (see note 27). See also the section "Credit risk" in note 25.

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

(In € million)	As of 31 Dec. 2022	As of 31 Dec. 2021
Loss allowance as of 1 January	6.6	5.0
Change in loss allowance recognised in profit or loss during the year	2.9	1.6
Foreign currency exchange differences	0.2	-
Loss allowance as of 31 December	**9.7**	**6.6**

Securitisation programme

The Group has an asset-backed securitisation programme under which it sells without recourse a portion of its aseptic carton sleeves-related trade receivables to a special purpose entity. This entity is not controlled by the Group and therefore not consolidated. 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 €165.2 million as of 31 December 2022 (€119.5 million as of 31 December 2021), of which €140.8 million (€106.1 million as of 31 December 2021) has been derecognised and €24.4 million (€13.4 million as of 31 December 2021), representing the retained reserve, is presented as part of other current receivables. The retained reserve represents the Group's maximum exposure to any losses in respect of trade receivables previously sold under the programme. The interest expense paid under the asset-backed securitisation programme amounted to €2.2 million in the year ended 31 December 2022 (€1.4 million as of 31 December 2021) 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.

Accounting policy

Trade and other 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 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 of 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 without material delay once it has collected an amount from the original asset, and is also 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. 2022	As of 31 Dec. 2021
Cash and cash equivalents (unrestricted)	490.0	300.2
Restricted cash	13.8	4.3
Total cash and cash equivalents	**503.8**	**304.5**

Cash and cash equivalents mainly consist of cash at bank but may, from time to time, also include short-term bank deposits (€64.0 million as of 31 December 2022) with maturities of three months or less that are subject to an insignificant risk of changes in value. 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 mainly comprise trade payables, accruals for various customer incentives and other accrued expenses.

Composition of trade and other payables

(In € million)	As of 31 Dec. 2022	As of 31 Dec. 2021
Trade payables	406.6	218.4
Related party payables	2.4	-
Liability for various customer incentive programmes	369.5	304.5
VAT payables	17.5	10.0
Accrued interest, third parties	8.5	6.9
Other current payables and accrued expenses	232.3	126.5
Current trade and other payables	**1,036.8**	**666.3**
Other non-current payables	17.4	9.4
Non-current payables	**17.4**	**9.4**
Total current and non-current trade and other payables	**1,054.2**	**675.7**

The increase in current trade and other payables since 31 December 2021 is impacted by the acquisitions of Scholle IPN and Evergreen Asia in 2022.

Liabilities with an impact on the Group's revenue

The Group has refund and contract liabilities in respect of liabilities relating to contracts with customers accounted for under the revenue standard.

The Group's incentive programmes relate to trade discounts, volume rebates and other customer incentives linked primarily to aseptic carton sleeves 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 the sale of aseptic carton sleeves. As of 31 December 2022 and 31 December 2021, 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 (ie. 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 mainly comprise advance payments received from customers in relation to the sale of aseptic carton sleeves and the sale of aseptic carton filling lines under contracts accounted for under the revenue standard, but also to advance payments in relation to the bag-in-box and spouted pouch business. 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 2022, the Group had contract liabilities of €58.0 million (€24.9 million as of 31 December 2021). 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 2021 relating 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 2022.

The Group also has advance payments received from customers relating to aseptic carton 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 (€78.8 million as of 31 December 2022 and €39.7 million as of 31 December 2021). 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, restructuring programmes as well as legal and regulatory matters.

Composition of provisions

(In € million)	Dismantling	Product warranty	Restructur-ing	Other	Total
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**
Carrying amount as of 1 January 2022	**14.5**	**8.6**	**9.9**	**3.8**	**36.8**
Additions through business combinations	-	1.0	-	16.0	**17.0**
Provisions made	1.5	6.9	5.3	1.5	**15.2**
Provisions used	(0.1)	(1.5)	(10.9)	(0.9)	**(13.4)**
Provisions reversed	-	(7.1)	(0.4)	(0.3)	**(7.8)**
Effect of movements in exchange rates	0.2	0.3	0.2	(0.8)	**(0.1)**
Carrying amount as of 31 December 2022	**16.1**	**8.2**	**4.1**	**19.3**	**47.7**
Current	-	7.9	3.2	15.5	**26.6**
Non-current	16.1	0.3	0.9	3.8	**21.1**
Carrying amount as of 31 December 2022	**16.1**	**8.2**	**4.1**	**19.3**	**47.7**

Restructuring provision

The Group has a small 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. The main portion of the restructuring provision as of 31 December 2021 related 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 note 9.

Other provisions

Other provisions mainly relate to legal and regulatory matters.

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 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 and other related equipment. This obligation typically arises upon deployment of aseptic carton filling lines (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 benefits expected 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 and regulatory matters 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 relating to aseptic carton filling lines deployed under contracts that are accounted for as operating leases. The contingent consideration for Scholle IPN is also part of other liabilities. Moreover, the Group's derivative assets and liabilities are presented as part of other assets or other liabilities. The derivatives primarily relate to commodity and foreign currency derivatives but also to an interest rate swap. See notes 25 and 33 for additional details about the Group's derivatives.

Composition of other assets

(In € million)	As of 31 Dec. 2022	As of 31 Dec. 2021
Derivative assets	4.3	26.3
Other current assets	22.5	14.1
Other current assets	**26.8**	**40.4**
Derivative assets	8.9	-
Other non-current assets	27.0	23.9
Other non-current assets	**35.9**	**23.9**
Total other current and non-current assets	**62.7**	**64.3**

Composition of other liabilities

(In € million)	As of 31 Dec. 2022	As of 31 Dec. 2021
Derivative liabilities	23.4	6.3
Deferred revenue	92.8	81.9
Other current liabilities	**116.2**	**88.2**
Contingent consideration	113.2	-
Deferred revenue	264.8	268.2
Other non-current liabilities	**378.0**	**268.2**
Total other current and non-current liabilities	**494.2**	**356.4**

Deferred revenue mainly relates to aseptic carton 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, generally over ten years for sale contracts and over 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 note 18).

See notes 9, 27 and 33 for details about the contingent consideration, which relates to the acquisition of Scholle IPN.

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 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 comprises 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 and debtholders, 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, the SSD agreement and the other credit agreements, 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. Under the credit agreement for its senior unsecured credit facilities, the Group is required not to exceed a net leverage ratio of 4.0x (4.25x until 31 December 2021). As per the credit agreement for the US Dollar term loan, the net leverage ratio cannot exceed 4.4x. Note 22 includes additional details about the Group's loans and borrowings.

The gross debt as of 31 December 2022 was higher compared with 31 December 2021 as a result of the financing of the acquisitions of Scholle IPN and Evergreen Asia in 2022, and an increase in lease liabilities.

The table below presents the components of net debt and the net leverage ratio.

(In € million)	As of 31 Dec. 2022[1]	As of 31 Dec. 2021[2]
Gross debt	2,684.1	1,732.4
Cash and cash equivalents	503.8	304.5
Net debt	**2,180.3**	**1,427.9**
Net leverage ratio	**3.1x**	**2.5x**

1 In the calculation of the net leverage ratio as of 31 December 2022, adjusted EBITDA includes the adjusted EBITDA of Scholle IPN and Evergreen Asia from 1 January 2022.

2 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 equity-settled 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, for example disposing of assets of the business, altering its short- to medium-term plans with respect to capital projects and working capital levels, or rebalancing the level of equity and debt in place.

22 Loans and borrowings

To finance in part the acquisition of Scholle IPN and the repayment of the acquired Scholle IPN external loans, the Group accessed an unsecured bridge loan facility of €800 million on 27 May 2022. On 30 June 2022, the Company issued unsecured *Schuldscheindarlehen* ("SSD", a private German debt placement) totalling €650 million. Of this amount, €555 million was used on 30 June 2022 to reduce the unsecured bridge loan facility. The remaining €95 million was used to partly finance the consideration for Evergreen Asia. On 28 July 2022, the Company entered into a new unsecured credit facility, consisting of a US Dollar-denominated term loan ($270.0 million). The major part of the proceeds from the term loan was used to repay the remaining portion of the unsecured bridge loan facility. Refer also to notes 4, 24 and 27.

Apart from the borrowings taken up in June and July 2022, 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. Liabilities under lease contracts where the Group is the lessee are also included in loans and borrowings.

Composition of loans and borrowings

The table below shows the carrying amount of the Group's loans and borrowings.

(In € million)	As of 31 Dec. 2022	As of 31 Dec. 2021
Senior unsecured notes	449.3	-
Lease liabilities	39.9	29.4
Current loans and borrowings	**489.2**	**29.4**
Senior unsecured notes	547.5	994.5
Senior unsecured Euro term loan	546.9	545.7
Unsecured US Dollar term loan	252.5	-
Unsecured SSD	647.6	-
Lease liabilities	191.0	153.0
Non-current loans and borrowings	**2,185.5**	**1,693.2**
Total loans and borrowings	**2,674.7**	**1,722.6**

Senior unsecured notes

The Group has two issues of senior unsecured notes from June 2020 at an aggregate amount of €1,000 million. The notes are traded on the Global Exchange Market of Euronext Dublin. The table below provides an overview of the main terms.

	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.

The obligations under the notes are guaranteed on a senior subordinated basis by the Company on a stand-alone basis. Until September 2022, when the guarantor structure changed, the obligations under the notes were guaranteed 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 2022 and 31 December 2021.

The Group has signed a €400 million unsecured bridge loan facility agreement (see note 4). This facility may be used to repay the €450 million of the notes due in June 2023.

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

The Group's senior unsecured credit facilities from June 2020 consist of one Euro-denominated term loan and a committed multi-currency revolving credit facility. The table below provides an overview of the main terms.

	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 Euro term loan is paid semi-annually. The margin of 1.00% is subject to semi-annual adjustments based on the Group's net leverage (as defined in the credit agreement). The margin is also 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.

The amount available under the multi-currency revolving credit facility is €295.1 million as of 31 December 2022 (€294.2 million as of 31 December 2021), due to €4.9 million (€5.8 million as of 31 December 2021) 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 the Company on a stand-alone basis. Until September 2022, when the guarantor structure changed, the obligations under the senior unsecured credit facilities were 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 2022 and 31 December 2021.

Unsecured bridge loan facility

On 27 May 2022, the Group accessed an unsecured bridge loan facility of €800 million, with an interest rate of Euribor+0.8% and a Euribor floor of 0.00%.

On 30 June 2022, the Group repaid €555 million of the bridge loan facility using part of the proceeds from the SSD (see below), without premium or penalty. On 29 July 2022, the Group repaid the remaining €245 million of the bridge loan facility using the majority of the proceeds from the new US Dollar term loan (see below), without premium or penalty.

Part of the proceeds from the bridge loan facility was used to finance the €415.5 million cash portion of the consideration for Scholle IPN that was transferred to CLIL on 1 June 2022. The remaining part of the proceeds was used to repay external Euro and US Dollar loans of Scholle IPN of €387.7 million. See notes 23 and 27 for the impact of a deal-contingent derivative relating to the repayment of the US Dollar loan.

Unsecured SSD

On 30 June 2022, the Group issued unsecured *Schuldscheindarlehen* ("SSD", a private German debt placement) totalling €650 million. Directly attributable transaction costs in the form of arrangement and advisory fees for the six SSD tranches amounted to €2.6 million. The table below provides an overview of the main terms of the six SSD tranches.

	Principal amount	Maturity date	Interest rate
SSD tranches 1-3	€557.5 million	June 2025–June 2029	Euribor+1.1%–1.6%, with a Euribor floor of 0.00%
SSD tranches 4-6	€92.5 million	June 2025–June 2029	2.79%–3.66%

The largest SSD tranche amounts to €423.5 million and is due in June 2027. The interest rate is Euribor+1.3%, with a Euribor floor of 0.00%.

Interest on the SSD tranches with variable interest rates is paid semi-annually, while interest on the SSD tranches with fixed interest rates is paid annually. The margin on the SSD tranches is subject to a maximum 0.05% per annum increase or decrease based on the achievement of certain annual sustainability-linked targets (with reference to the Group's EcoVadis score). The Group has the right to repay before maturity the three SSD tranches with variable interest rates in whole or in part, without premium or penalty. The three tranches with fixed interest rates can be repaid early against the payment of a make-whole premium.

The obligations under the SSD are guaranteed by the Company on a stand-alone basis. The SSD agreement contains customary events of default. There were no events of default as of 31 December 2022.

Unsecured credit facility (US Dollar term loan)

On 28 July 2022, the Group entered into a new unsecured credit facility, consisting of one US Dollar-denominated term loan of $270.0 million. Directly attributable transaction costs in the form of arrangement and advisory fees for the US Dollar term loan amounted to €0.7 million. The table below provides an overview of the main terms.

	Principal amount	Maturity date	Interest rate
Term loan	$270 million	29 July 2027	SOFR+1.25%, with an SOFR floor of 0.00%

Interest on the US Dollar term loan is payable quarterly. The margin of 1.25% is subject to half-yearly adjustments based on the Group's net leverage (as defined in the credit agreement). The Group has entered into an interest rate swap to hedge the interest rate cash flow exposure relating to the term loan (see also notes 25 and 33). 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 at the end of each interest period without premium or penalty.

The obligations under the US Dollar term loan are guaranteed by the Company on a stand-alone basis. 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 2022.

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, as per the agreement, were repaid in September and December 2021.

The amounts drawn in March 2021, together with available cash, were used to repay external loans of €139.5 million of one of the former joint ventures in the Middle East. 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).

Lease liabilities

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

	Contractual undiscounted cash flows		Interest		Lease liabilities	
(In € million)	2022	2021	2022	2021	2022	2021
Less than 1 year	52.8	37.9	12.9	8.5	39.9	29.4
Between 1 and 5 years	139.1	105.4	41.6	29.8	97.5	75.6
More than 5 years	146.3	133.3	52.8	55.9	93.5	77.4
	338.2	**276.6**	**107.3**	**94.2**	**230.9**	**182.4**

The Group's lease liabilities mainly relate to leases of office buildings, production-related buildings and equipment, warehouses and cars. See also note 13.

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.

The main transactions in the year ended 31 December 2022 relate to the drawing and subsequent repayment of an unsecured bridge loan facility, the repayment of the external loans of Scholle IPN, the issue of SSD and the drawing of a new US Dollar term loan. The main transactions in the year ended 31 December 2021 related 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.

(In € million)	1 Jan. 2022	Cash flows from/(used in): Financing activities	Operating activities	Effect of business combinations[2]	Non-cash movements	Effect of movements in exchange rates	31 Dec. 2022
Principal amount[1]	**1,550.0**	536.5	-	389.4	-	(22.7)	**2,453.2**
Transaction costs	**(8.7)**	(3.0)	(3.3)	-	6.5	(0.1)	**(8.6)**
Original issue discount	**(1.1)**	-	-	-	0.3	-	**(0.8)**
Loans and borrowings, excl. lease liabilities	**1,540.2**	**533.5**	**(3.3)**	**389.4**	**6.8**	**(22.8)**	**2,443.8**
Lease liabilities	**182.4**	(34.5)	**-**	5.3	75.1	2.6	**230.9**
Total loans and borrowings	**1,722.6**	**499.0**	**(3.3)**	**394.7**	**81.9**	**(20.2)**	**2,674.7**
Capitalised cost for revolving credit facility	**(1.2)**	-	-	-	0.4	-	**(0.8)**
Interest: Accrued/(paid)	**6.9**	-	(52.2)	1.1	52.6	0.1	**8.5**
	1,728.3	**499.0**	**(55.5)**	**395.8**	**134.9**	**(20.1)**	**2,682.4**
Derivative (assets)/liabilities from financing activities	**-**	-	-	-	(9.0)	0.1	**(8.9)**
Total (assets)/liabilities from financing activities and cash/non-cash changes	**1,728.3**	**499.0**	**(55.5)**	**395.8**	**125.9**	**(20.0)**	**2,673.5**

1 The financing cash inflow of €536.5 million relating to the principal amount of loans and borrowings (excluding lease liabilities) shows the net effect of accessing the unsecured bridge loan facility in May 2022 (€800.0 million of cash inflow), the repayment of external loans of Scholle IPN in June 2022 (€387.7 million of cash outflow and €15.5 million of cash inflow resulting from the settlement of the foreign currency deal-contingent derivative that the Group had entered into for the repayment of the US Dollar external loans – see notes 23 and 27), the issue of unsecured SSD in June 2022 (€650.0 million of cash inflow), a new unsecured US Dollar term loan (€260.0 million of cash inflow), the subsequent repayments in June and July 2022 of the unsecured bridge loan facility that was accessed in May 2022 (in total €800.0 million of cash outflow) and the repayment of other third-party debt of Scholle IPN (€1.3 million of cash outflow). See also the sections "Unsecured bridge loan facility", "Unsecured SSD" and "Unsecured credit facility (US Dollar term loan)" in this note.

2 The addition of €389.4 million to the principal amount of loans and borrowings (excluding lease liabilities) and the addition of €5.3 million to lease liabilities presented in the column "Effect of business combinations" result from the accounting for the acquisitions of Scholle IPN and Evergreen Asia (see note 27).

(In € million)	1 Jan. 2021	Cash flows from/(used in): Financing activities	Operating activities	Effect of business combination[2]	Non-cash movements	Effect of movements 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 of €139.5 million 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 totalling €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 on the early repayment of the loans that took place shortly after the acquisition.

Accounting policy

Loans and borrowings (the Group's notes, the SSD 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, SSD and term loans) depends on the nature of the change. If 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 interest rates. If a change in cash flows arises due to renegotiation or other modifications (including modifications that do not reflect movements in market interest rates), 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, ie. 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 lease commencement date, 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 lease commencement date, 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 its loans and borrowings, fair value changes on associated derivative instruments and foreign currency exchange gains and losses relating to the loans and borrowings.

Composition of net finance expense

(In € million)	Year ended 31 Dec. 2022	Year ended 31 Dec. 2021
Interest income	2.1	4.6
Net foreign currency exchange gain	8.8	11.4
Realised gain on settlement of deal-contingent derivative	15.5	-
Net change in fair value of financing-related derivatives	9.0	-
Net interest income on interest rate swap	0.5	-
Finance income	**35.9**	**16.0**
Interest expense on:		
- Loan and borrowings (excluding lease liabilities)	(35.9)	(25.4)
- Lease liabilities	(10.8)	(9.1)
Amortisation of original issue discount	(0.3)	(0.3)
Amortisation of transaction costs	(7.0)	(3.6)
Net effect of early repayment of loans	(1.0)	(3.7)
Other	(6.9)	(5.3)
Finance expenses	**(61.9)**	**(47.4)**
Net finance expense	**(26.0)**	**(31.4)**

For the year ended 31 December 2022, the net foreign currency exchange gain primarily consists of positive translation effects on the portion of the Euro-denominated term loan that is held by an entity with the US Dollar as its functional currency resulting from the strengthening of the US Dollar against the Euro. For the year ended 31 December 2021, the net foreign currency exchange gain primarily consisted of positive translation effects on Euro-denominated debt held by an entity with the US Dollar as its functional currency resulting from the strengthening of the US Dollar against the Euro.

The settlement of the deal-contingent foreign currency derivative that the Group entered into relating to the repayment of the external US Dollar loan of Scholle IPN resulted in a realised gain of €15.5 million in the year ended 31 December 2022 (see note 27).

See notes 25 and 33 for information about the net change in fair value of financing-related derivatives (an interest-rate swap) and the net interest income on the interest swap.

For the year ended 31 December 2021, interest income included 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. See note 27 for information about the hedging reserve (the sections "Deal-contingent derivatives" and "Accounting policy"). The Group applied cash flow hedge accounting for the first time in the year ended 31 December 2022.

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

Issued share capital

The Company has 382,270,872 shares in issue as of 31 December 2022 (337,520,872 shares as of 31 December 2021), all fully paid. The table below provides an overview of these shares.

Number of shares	**Total shares**
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**
Balance as of 1 January 2022	**337,520,872**
Issue of shares on 18 May 2022	11,000,000
Issue of shares on 23 May 2022	33,750,000
Balance as of 31 December 2022	**382,270,872**

On 18 May 2022, the Company issued 11,000,000 ordinary shares with a nominal value of CHF 0.01 per share from authorised share capital under exclusion of the subscription rights of existing shareholders. The new shares were offered to investors as part of an accelerated book building process. The placement of the shares at a price of CHF 19.40 per share generated gross proceeds of CHF 213,400,000 (€203.5 million), resulting in an increase in the share capital of €0.1 million and an increase in the additional paid-in capital of €203.4 million. The costs incurred of €3.6 million that are directly attributable to the placement of the shares have been recognised as a deduction from equity (additional paid-in capital). The net proceeds from the capital increase amounted to €199.9 million and were used to fund, in part, the acquisition of Evergreen Asia (see also notes 4, 22 and 27). The new shares were listed and admitted to trading on SIX Swiss Exchange on 19 May 2022. The newly issued shares have the same rights as the Company's other ordinary shares.

On 23 May 2022, the Company issued 33,750,000 ordinary shares with a nominal value of CHF 0.01 per share from authorised share capital under exclusion of the subscription rights of existing shareholders. The shares, together with a cash payment, were part of the consideration for Scholle IPN that was transferred to CLIL on 1 June 2022 (see notes 27 and 29). The difference of €686.5 million 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 newly issued shares have the same rights as the Company's other ordinary shares. CLIL has agreed to a lock-up period for these shares of 18-24 months, subject to customary exceptions.

On 22 February 2021, the Company issued 17,467,632 ordinary shares with a nominal value of CHF 0.01 per share from authorised share capital under exclusion of the subscription rights of existing shareholders. The shares, together with a cash payment, were 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 of €323.1 million 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 newly issued shares have the same rights as the Company's other ordinary shares. OIG has agreed to a lock-up period for these shares of 24 months, subject to customary exceptions.

The 382,270,872 shares in issue as of 31 December 2022 represent €3.4 million of share capital (€3.0 million as of 31 December 2021).

Authorised share capital and conditional share capital

The Company has authorised share capital of CHF 565,062.61 as of 31 December 2022 (CHF 675,041.74 as of 31 December 2021) and conditional share capital of CHF 640,106.48 (CHF 640,106.48 as of 31 December 2021).

Before the Annual General Meeting held on 7 April 2022, the Board of Directors was authorised, at any time until 21 April 2023, to increase the Company's share capital through the issue of up to 67,504,174 shares. The authority to issue shares from authorised share capital under exclusion of the subscription rights of existing shareholders was limited to a maximum of 33,752,087 shares, equalling CHF 337,520.87.

The Annual General Meeting held on 7 April 2022 approved, subject to consummation of the acquisition of Scholle IPN having occurred or being imminent, the creation of additional authorised share capital of 10% of the then issued share capital (ie. CHF 337,520.87), corresponding to 33.75 million shares that could be issued without subscription rights of existing shareholders. Hence, the authority to issue shares from authorised share capital under exclusion of the subscription rights of existing shareholders increased to a maximum of 67,504,174 shares, equalling CHF 675,041.74, subject to the acquisition of Scholle IPN having occurred or being imminent. This allowed the Company, after the issue of shares from authorised share capital on 18 May 2022, again to use authorised share capital to issue and transfer shares to CLIL as part of the consideration for Scholle IPN (see the section above and note 27).

As of 31 December 2022, the Board of Directors is authorised, at any time until 21 April 2023, to increase the Company's share capital through the issue of up to 56,506,261 shares. Capital increases from authorised and conditional share capital are subject to a single combined limit, and may not exceed 64,010,648 shares, equalling CHF 640,106.48. However, the authority to issue shares from authorised and conditional share capital under exclusion of the subscription and advance subscription rights respectively is limited to a single combined maximum of 22,754,174 shares, equalling CHF 227,541.74.

The authorised share capital can be used for various purposes. This provides 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 2022 (also as of 31 December 2021).

Treasury shares

The Company purchases its own shares on the market to settle its obligations under the Group's equity-settled share-based payment plans and arrangements (see note 31). The Company held 23,295 shares for this purpose as of 31 December 2022 (2,430 shares as of 31 December 2021), representing an amount of €1.3 million (€0.1 million as of 31 December 2021) and including foreign currency translation impacts. All treasury shares are carried at acquisition cost.

In the year ended 31 December 2022, the Company transferred 728,261 treasury shares (representing €15.1 million) to participants in the Group's equity-settled share-based payment plans and arrangements.

	2022		2021	
(Number of treasury shares or in € million)	Number	Amount	Number	Amount
Balance as of 1 January	**2,430**	**(0.1)**	**6,274**	**(0.1)**
Purchases	749,126	(16.3)	26,739	**(0.7)**
Transfer under equity-settled share-based payment plans and arrangements	(728,261)	15.1	(30,583)	**0.7**
Balance as of 31 December	**23,295**	**(1.3)**	**2,430**	**(0.1)**

Dividends

For the year ended 31 December 2022, the Board of Directors will propose to the Annual General Meeting to be held on 20 April 2023 a dividend payment of CHF 0.47 per share, totalling CHF 179.7 million (which, as per the exchange rate as of 31 December 2022, would equal €182.5 million). The dividend payment to be proposed is not recognised as a liability.

A dividend of CHF 0.45 per share, totalling CHF 151.9 million (€147.9 million), was paid to shareholders from the capital contribution reserve (additional paid-in capital) in April 2022. The dividend payment was not recognised as a liability as of 31 December 2021.

A dividend of CHF 0.42 per share, totalling CHF 141.8 million (€128.1 million), was paid to shareholders from the capital contribution reserve (additional paid-in capital) in April 2021.

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 equity-settled 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 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. These policies and procedures are now also followed by Scholle IPN and Evergreen Asia. Financial risk management is primarily carried out by the Group's Treasury function. 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 its 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 of €490.0 million as of 31 December 2022 (€300.2 million as of 31 December 2021). Furthermore, as of 31 December 2022, it had access to an additional €295.1 million under its committed multi-currency revolving credit facility (€294.2 million as of 31 December 2021).

The following table includes information about the remaining contractual maturities for the Group's non-derivative financial liabilities as of 31 December 2022. The table includes both interest and principal cash flows. Balances due within one year are equal to 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 2022						
Trade and other payables	(1,036.7)	**(1,036.7)**	(1,019.4)	(4.5)	(6.2)	(6.6)
Loans and borrowings:						
- Senior unsecured notes	(996.8)	**(1,032.8)**	(465.6)	(11.7)	(555.5)	-
- Senior unsecured Euro term loan	(546.9)	**(603.9)**	(21.8)	(22.0)	(560.1)	-
- Unsecured US Dollar term loan	(252.5)	**(318.2)**	(13.7)	(13.7)	(290.8)	-
- Unsecured SSD	(647.6)	**(762.4)**	(24.8)	(25.2)	(622.7)	(89.7)
- Lease liabilities	(230.9)	**(338.2)**	(52.8)	(45.7)	(93.4)	(146.3)
Contingent consideration	(113.2)	**(212.3)**	-	(67.5)	(144.8)	-
Total non-derivative financial liabilities	**(3,824.6)**	**(4,304.5)**	**(1,598.1)**	**(190.3)**	**(2,273.5)**	**(242.6)**

The agreements with the Group's note holders and other lenders 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 two term loans and three of the SSD tranches are variable. The interest rate amounts included in the table above that relate to those borrowings will therefore change if the market interest rates (Euribor or SOFR) change. The interest rate amounts are also subject to change depending on the Group's net leverage and/or the achievement of sustainability-linked targets. See note 22.

The Group has entered into an interest rate swap that fixes the variable interest rate on its US Dollar term loan for three years, which is not considered in the table above (see section "Interest rate risk" in this note). As of 31 December 2022, the interest rate swap is estimated to reduce the interest payments on the US Dollar term loan by approximately €5 million in 2023, €3 million in 2024 and €1 million in 2025.

Significant judgement is involved in assessing the future cash flows relating to the contingent consideration for Scholle IPN (see notes 27 and 33), and the final payments may be different from the amounts in the table above. The contingent consideration is included in other non-current liabilities.

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 derivative contracts and financing-related derivative contracts are net or gross cash-settled. The related derivative assets and liabilities recognised as of 31 December 2022 and 31 December 2021 represent the Group's liquidity exposure as of that date (see note 33). The cash flows resulting from a settlement of the derivative contracts may change as commodity prices, exchange rates and interest rates change. However, the overall impact on the Group's liquidity from the derivative contracts is not deemed to be significant. The expected impact of the Group's interest rate swap is described above. See sections "Currency risk" and "Commodity price risk" in this note for additional details about the Group's outstanding foreign currency and commodity derivative contracts.

The following table includes information about the remaining contractual maturities for the Group's non-derivative financial liabilities as of 31 December 2021.

		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 Euro term loan	(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)**

Market risk

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. However, see the section "Currency risk" below and note 27 for an exception to this policy in the year ended 31 December 2022.

Currency risk

As a result of the Group's international operations, it is exposed to foreign currency risk 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 from their respective functional currencies into Euro, the Group's presentation currency. 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 wherever 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 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 entities with a functional currency other than the Euro.

To manage the foreign currency exposure arising from the US Dollar payments relating to the acquisitions of Scholle IPN and Evergreen Asia, the Group entered into deal-contingent foreign currency derivatives in the year ended 31 December 2022. These derivatives were designated as hedging instruments. See note 27 for further details.

The following table provides an overview of the outstanding foreign currency derivative contracts entered into as part of the operating business as of 31 December 2022.

Type	Contract type	Curr-ency	Contracted volume	Counter-currency	Contracted conversion range	Contracted date of maturity
Non-deliverable forwards	Buy	€	17,380,000	BRL	5.1890 - 6.7060	Jan. 2023 - Dec. 2023
Currency forwards	Buy	€	61,828,988	THB	36.3065 - 37.7894	Jan. 2023 - Dec. 2023
Currency forwards	Buy	$	13,099,223	THB	34.5900 - 34.5930	Jan. 2023 - Jan. 2023
Currency forwards	Sell	$	34,625,000	THB	31.9681 - 37.7439	Jan. 2023 - Dec. 2023
Currency forwards	Buy	€	16,550,000	CNY	6.9113 - 7.4471	Jan. 2023 - Dec. 2023
Currency forwards	Buy	$	17,000,000	CNY	6.6625 - 7.2636	Apr. 2023 - Apr. 2023
Currency forwards	Buy	€	6,520,880	AUD	1.5295 - 1.5698	Jan. 2023 - Jul. 2023
Currency forwards	Buy	€	73,980,000	$	0.9905 - 1.1581	Jan. 2023 - Dec. 2023
Currency forwards	Buy	$	388,000	AUD	1.4801 - 1.4836	Jan. 2023 - Mar. 2023
Currency forwards	Buy	$	36,180,000	MXN	19.5333 - 22.8202	Jan. 2023 - Dec. 2023

The following table provides an overview of the outstanding foreign currency 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 Group's primary transaction currency exposure as of 31 December 2022 relates to intra-group Euro-denominated loan receivables of entities with the Swiss Franc as their functional currency and to US Dollar-denominated loan payables of entities with the Euro as their functional currency. A 5% weakening of the Euro against the Swiss Franc as of 31 December 2022 would have resulted in an additional unrealised foreign currency exchange loss of €18.4 million as of 31 December 2022. A 5% weakening of the Euro against the US Dollar as of 31 December 2022 would have resulted in an additional unrealised foreign currency exchange loss of €19.6 million as of 31 December 2022.

The Group's primary transaction currency exposure as of 31 December 2021 related to intra-group Euro-denominated loan receivables of entities with the Swiss Franc as their functional currency and to intra-group US Dollar-denominated loan payables of entities with the Euro as their functional currency. 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.

Commodity price risk

Commodity price risk is the risk that changes in the prices 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 on a timely basis (see also note 5.4). The majority of the Scholle IPN customer contracts include clauses that enable commodity price fluctuations to be passed on to the customers. As this is not the case for the customer contracts in the carton business, there is generally a time lag between increased commodity prices and the implementation of higher customer prices.

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. This strategy means that the Group is able to fix the raw material prices for the majority of its anticipated polymer 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 loss of €46.0 million in the year ended 31 December 2022 and an unrealised gain of €12.7 million in the year ended 31 December 2021 relating to its derivative commodity contracts as a component of other income. The Group recognised a realised gain of €33.5 million in the year ended 31 December 2022 and a realised gain of €63.2 million in the year ended 31 December 2021 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 2022.

Type	Unit of measure	Contracted volume	Contracted price range	Contracted date of maturity
Aluminium swaps	metric tonne	18,060	$2,268 - $3,409	Jan. 2023 - Dec. 2023
Aluminium premium swaps	metric tonne	9,050	$294 - $445	Jan. 2023 - Dec. 2023
Polymer swaps	metric tonne	19,580	€2,025 - €2,307	Jan. 2023 - Dec. 2023
Polymer swaps	metric tonne	2,040	€2,112	Jan. 2023 - Dec. 2023
Polymer swaps	metric tonne	6,660	$1,250	Jan. 2023 - Dec. 2023
Polymer swaps	metric tonne	4,200	$1,665	Jan. 2023 - Dec. 2023
Polymer swaps	metric tonne	8,100	$1,560	Jan. 2023 - Dec. 2023
Monomer swaps	metric tonne	29,775	€1,230 - €1,566	Jan. 2023 - Dec. 2023
Electricity swaps	megawatt hour	12,500	€200 - €235	Feb. 2023 - Oct. 2023

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 - $3,055	Jan. 2022 - Dec. 2022
Aluminium premium swaps	metric tonne	6,630	$174 - $353	Jan. 2022 - Dec. 2022
Polymer swaps	metric tonne	16,620	€1,507 - €1,930	Jan. 2022 - Dec. 2022
Polymer swaps	metric tonne	9,780	€1,230 - €1,477	Jan. 2022 - Dec. 2022
Polymer swaps	metric tonne	6,000	$1,265	Jan. 2022 - Dec. 2022
Polymer swaps	metric tonne	21,820	$1,265 - $1,620	Jan. 2022 - Dec. 2022
Monomer swaps	metric tonne	39,410	€911 - €1,239	Jan. 2022 - Dec. 2022

Assuming a 10% parallel upward or downward movement in the price curve used to value the commodity derivative contracts with all other variables remaining constant, a remeasurement of commodity derivative contracts as of 31 December 2022 would have had an impact of €15.9 million on the Group's profit before income tax (an impact of €19.7 million on the profit before income tax as of 31 December 2021).

Interest rate risk

The Group's interest rate risk arises primarily from variable interest rates on its Euro and US Dollar term loans, three of the tranches of its SSD and on potential drawings on its revolving credit facility but also from cash and cash equivalents. The Group pays a fixed interest rate on its notes and on three of the tranches of its SSD.

The Group has entered into a three-year interest rate swap to hedge the cash flow exposure arising on its US Dollar term loan at variable interest rate. The swap is presented as a financing-related derivative as part of other non-current assets. The fair value changes are recognised in finance income or finance expenses. See section "Liquidity risk" and note 33 for additional details.

The interest rate profile of the Group's significant interest-bearing financial instruments as of 31 December 2022 and 31 December 2021 is presented in the following table.

(In € million)	As of 31 Dec. 2022	As of 31 Dec. 2021
Fixed rate instruments		
Financial assets	6.9	2.7
Financial liabilities	(1,323.4)	(1,182.4)
	(1,316.5)	**(1,179.7)**
Effect of interest rate swap	(253.2)	-
	(1,569.7)	**(1,179.7)**
Variable rate instruments		
Financial assets	503.8	304.5
Financial liabilities	(1,360.7)	(550.0)
	(856.9)	**(245.5)**
Effect of interest rate swap	253.2	-
	(603.7)	**(245.5)**

A 100 basis point increase in the variable component (six-month Euribor) of the interest rate on the Euro term loan and the three SSD tranches at variable interest rates would increase the annual interest expense by €11.1 million as of 31 December 2022. The US Dollar term loan is not included in this analysis as the interest rate of this loan has been fixed for three years with an interest rate swap. A 100 basis point increase in the variable component (six-month Euribor) of the interest rate on the Euro term loan would have increased the annual interest expense by €2.5 million as of 31 December 2021.

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. The carrying amount of financial assets represents the maximum credit exposure.

Credit risk arises principally from the Group's receivables from its customers. Historically, there has been a low level of losses resulting from default by customers. This also applies for the customers of Scholle IPN and Evergreen Asia. 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 (see note 5.4).

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. See further 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, most of which 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 or Baa rating or higher and short term: A-2 or P-2 rating or higher as per Standard & Poor's or Moody's).

OUR GROUP STRUCTURE AND RELATED PARTIES

This section provides information about the Group's subsidiaries and other related parties. It includes details about the acquisitions of Scholle IPN on 1 June 2022 and Evergreen Asia on 2 August 2022. It also covers certain 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 comparative period.

26 Group entities

The Company has changed its name from SIG Combibloc Group AG to SIG Group AG. The name change became effective on 13 April 2022.

Overview of Group entities

The following table provides an overview of all the Group's subsidiaries and joint venture, including the subsidiaries acquired in the Scholle IPN acquisition (marked with *) and the three subsidiaries acquired in the Evergreen Asia acquisition. For the other subsidiaries, the ownership interests are the same as of 31 December 2022 and 31 December 2021, unless specifically stated. The ownership and voting interests are the same for all Group entities. The Group owns 100% of the shares, unless specifically stated. The reporting date of the entities is 31 December, unless specifically stated. The joint venture does not have any subsidiaries.

	As of 31 December 2022		
Companies and countries	**Share capital[1]**		**Interest**
Parent company			
Switzerland			
SIG Group AG, Neuhausen am Rheinfall[2]	3,822,709	CHF	100%
Subsidiaries			
Argentina			
Combibloc S.R.L., Buenos Aires[3]	724,015,120	ARS	100%
Australia			
Scholle IPN Pty Ltd., Edinburgh North*	2	AUD	100%
SIG Australia Holding Pty Ltd., Canberra	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			
Scholle Ltda., Vinhedo*	86,258,020	BRL	100%
SIG Beverages Brasil Ltda., Sao Paulo	109,327,434	BRL	100%
SIG Combibloc do Brasil Ltda., Sao Paulo	722,386,462	BRL	100%

Companies and countries	As of 31 December 2022 Share capital[1]		Interest
Canada			
Scholle IPN Canada Ltd., Québec*	1,000	CAD	100%
Chile			
Scholle IPN SpA, Santiago*	9,006,501,235	CLP	100%
SIG Combibloc Chile SpA, Santiago	5,016,722,134	CLP	100%
China			
Scholle IPN Packaging (Suzhou) Co. Ltd., Suzhou*	15,400,000	USD	100%
SIG Combibloc (Suzhou) Co. Ltd., Suzhou	95,000,000	USD	100%
SIG Combibloc (Suzhou) Technology Co. Ltd., Suzhou[4]	3,800,000	USD	100%
SIG Packaging (Shanghai) Co., Ltd., Shanghai[5]	11,700,000	USD	100%
Czechia			
SIG Combibloc s.r.o., Hradec Králové	200,000	CZK	100%
Egypt			
SIG Combibloc Egypt LLC, Cairo[6]	10,000	EGP	100%
France			
Scholle IPN France SAS, Schalbach*	1,000,000	EUR	100%
SIG Combibloc S.à.r.l., Courbevoie	31,000	EUR	100%
Germany			
Scholle IPN Germany GmbH, Eisfeld*	500,000	EUR	100%
Scholle IPN Investment GmbH, Linnich[7]	25,000	EUR	100%
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			
Bossar Packaging Private Ltd., Pune*[8,9]	17,649,000	INR	84.71%
Scholle IPN India Packaging Private Ltd., Palghar*[8,9]	15,290,240	INR	90%
Scholle Packaging (India) Private Ltd., Palghar*[8]	155,254,700	INR	100%
SIG Combibloc India Private Ltd., Gurgaon, Haryana[8]	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%
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			
Scholle IPN Packaging (SEA) SDN. BHD, Kuala Lumpur*	445,500	MYR	100%
SIG Combibloc Malaysia SDN. BHD, Kuala Lumpur	1,000,000	MYR	100%
Mexico			
SIG Combibloc Manufacturing México, S. de R.L. de C.V., Queretaro	142,010,000	MXN	100%
SIG Combibloc México, S.A. de C.V., Mexico City	1,000,000	MXN	100%

Companies and countries	As of 31 December 2022 Share capital[1]		Interest
Netherlands			
Clean Flexible Packaging B.V., Tilburg*	2	EUR	100%
Clean Flexible Packaging Holding B.V., Tilburg*	2	EUR	100%
Scholle IPN Europe B.V., Tilburg*	20,000	EUR	100%
Scholle IPN Europe Holding B.V., Tilburg*	18,000	EUR	100%
Scholle IPN Holding B.V., Tilburg*	20,220	EUR	100%
Scholle IPN IP B.V., Tilburg*	18,000	EUR	100%
Scholle IPN Netherlands B.V., Tilburg*	18,000	EUR	100%
SIG Combibloc B.V., Hengelo	40,000	EUR	100%
New Zealand			
Scholle IPN New Zealand Ltd., Auckland*	0	NZD	100%
SIG Combibloc New Zealand Ltd., Auckland	0	NZD	100%
Nigeria			
SIG Combibloc Nigeria Ltd., Lagos[10]	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%
Scholle IPN Eastern Europe LLC, Voronezh*[9]	221,331,321	RUB	99.9%
Saudi Arabia			
Al Obeikan SIG Combibloc Company Ltd., Riyadh	75,000,000	SAR	100%
Serbia			
SIG South East Europe d.o.o. Beograd, Beograd[11]	939,200	RSD	100%
Singapore			
SIG Combibloc Singapore Private Ltd., Singapore[12]	1,000	SGD	100%
South Africa			
SIG Combibloc (South Africa) Pty. Ltd., Cape Town[13]	1,000	ZAR	100%
South Korea			
SIG Combibloc Korea Ltd., Seoul	260,000,000	KRW	100%
SIG Packaging Korea Ltd., Seoul[14]	899,480,000	KRW	100%
Spain			
Bossar Packaging SL, Barbera del Valles*	1,248,000	EUR	100%
SIG Combibloc S.A., Madrid	330,550	EUR	100%
Sweden			
SIG Combibloc AB, Eslöv	100,000	SEK	100%
Switzerland			
SIG allCap AG, Neuhausen am Rheinfall	7,000,000	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 Combibloc Services AG, Neuhausen am Rheinfall[15]	37,931,400	CHF	100%
SIG Schweizerische Industrie-Gesellschaft GmbH, Neuhausen am Rheinfall	20,000	CHF	100%
SIG Technology AG, Neuhausen am Rheinfall[15]			-
Taiwan			
SIG Combibloc Taiwan Ltd., Taipei	15,000,000	TWD	100%
SIG Packaging (Taiwan) Co., Ltd., Hsinchu Hsien[16]	1,000,000	TWD	100%
Thailand			
SIG Combibloc Ltd., Rayong	3,070,693,000	THB	100%
Turkey			
SIG Combibloc Paketleme ve Ticaret Ltd. Şirketi, Istanbul[3]	170,000	TRY	100%

Companies and countries	As of 31 December 2022 Share capital[1]		Interest
United Kingdom			
Scholle IPN UK Ltd., Gateshead*	1	GBP	100%
SIG Combibloc Ltd., Gateshead	1,500,000	GBP	100%
UAE			
SIG Combibloc FZCO, Dubai	24,000,000	AED	100%
USA			
BBI Company Inc., Northlake*	13,700	USD	100%
Clean Flexible Packaging Inc., Northlake*	20	USD	100%
Scholle IPN Atlanta Corporation, Peachtree City*	0	USD	100%
Scholle IPN Corporation, Northlake*	0	USD	100%
Scholle IPN Packaging Inc., Northlake*	10,000	USD	100%
SIG Combibloc Inc., Wilmington	27,000,000	USD	100%
SIG Combibloc US Acquisition Inc., Wilmington	10	USD	100%
SIG Combibloc US Acquisition II Inc., Wilmington	10	USD	100%
SIG Holding USA, LLC, Wilmington	1,000	USD	100%
Vietnam			
SIG Vietnam Ltd., Ho Chi Minh City	2,000,000,000	VND	100%
Joint venture			
Japan			
DNP • SIG Combibloc Co. Ltd., Tokyo	75,000,000	JPY	50%

* Subsidiary acquired as part of the acquisition of Scholle IPN on 1 June 2022 (see note 27).

1 Unaudited.

2 Previously SIG Combibloc Group AG. The name was changed to SIG Group AG on 13 April 2022. The registered address of SIG Group AG is Laufengasse 18, 8212 Neuhausen am Rheinfall, Switzerland.

3 Argentina and Turkey are regarded as hyperinflationary as of 31 December 2022. The impacts of applying hyperinflationary accounting as per IAS 29 *Financial Reporting in Hyperinflationary Economies* is not material to the Group.

4 New entity, incorporated in the second quarter of 2022.

5 Evergreen Packaging (Shanghai) Co. Ltd. was acquired as part of the Evergreen Asia acquisition on 2 August 2022 (see note 27). The name was changed to SIG Packaging (Shanghai) Co. Ltd. after the acquisition.

6 Previously SIG Combibloc Obeikan Egypt LLC. The name was changed to SIG Combibloc Egypt LLC in the second quarter of 2022.

7 New entity, incorporated in the fourth quarter of 2022.

8 Reporting date is 31 March. Financial information prepared as of 31 December is used for consolidation purposes.

9 The non-controlling interests are not significant, which is why the Group does not make a distinction between profit, total comprehensive income and equity attributable to the owners of the Company and the non-controlling interests.

10 Previously SIG Combibloc Obeikan Nigeria Ltd. The name was changed to SIG Combibloc Nigeria Ltd. in the second quarter of 2022.

11 New entity, incorporated in the third quarter of 2022.

12 New entity, incorporated in the first quarter of 2022.

13 Previously SIG Combibloc Obeikan (South Africa) Pty Ltd. The name was changed to SIG Combibloc (South Africa) Pty. Ltd in the first quarter of 2022.

14 Evergreen Packaging Korea Ltd. was acquired as part of the Evergreen Asia acquisition on 2 August 2022 (see note 27). The name was changed to SIG Packaging Korea Ltd. after the acquisition.

15 SIG Technology AG was merged with SIG Combibloc Services AG in the third quarter of 2022.

16 Evergreen Packaging (Taiwan) Co. Ltd. was acquired as part of the Evergreen Asia acquisition on 2 August 2022 (see note 27). The name was changed to SIG Packaging (Taiwan) Co. Ltd., after the acquisition.

Sale of New Zealand paper mill

The Group announced in March 2021 that it would close its 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 and the paper mill was sold on 3 June 2021 for NZD 1. The net working capital and other adjustments to the completion settlement were finalised in August 2021. The sale resulted in a loss of €12.1 million and a net cash inflow of €3.1 million. See note 9 for information about restructuring costs relating to the closure of the mill recognised in the year ended 31 December 2021.

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 combinations

Overview

This note covers the acquisitions of Scholle IPN on 1 June 2022 and Evergreen Asia on 2 August 2022. It also provides certain details about the acquisition of the remaining 50% of the shares of the Group's two joint ventures in the Middle East on 25 February 2021.

Scholle IPN

Overview

On 1 June 2022, the Group acquired 100% of Scholle IPN from CLIL. CLIL is controlled by Laurens Last and has subsequently been renamed Clean Holding B.V. He was elected to the Company's Board of Directors on 7 April 2022.

Scholle IPN provides packaging solutions for food and beverages, with retail, institutional and industrial customers and has production plants mainly in the Americas and Europe but also in Asia and Australia. Scholle IPN is the global leader in bag-in-box and number two in spouted pouches. It has approximately 2,500 employees globally.

This acquisition will enable the Group to expand its product portfolio, increase its presence in the USA 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 following table provides an overview of the consideration transferred, the recognised amounts of assets acquired and liabilities assumed at the acquisition date and the resulting goodwill. Since the close of the acquisition on 1 June 2022, the Group has finalised the completion accounts (see further section "Consideration" below) and the fair valuation of inventories, property, plant and equipment and intangible assets. There have been no material adjustments to the fair values initially recognised. As of 31 December 2022, the fair value of "Other net assets acquired" as well as current assets and liabilities has been measured on a provisional basis.

(in € million)

Cash	424.3
Shares (33,750,000 ordinary SIG shares)	686.8
Contingent consideration	38.6
Fair value of consideration	**1,149.7**
Cash and cash equivalents	46.6
Trade and other current receivables	117.2
Inventories	125.0
Property, plant and equipment	210.3
Intangible assets	290.3
Asset held-for-sale	15.1
Trade and other current payables	(88.9)
Loans and borrowings	(393.5)
Deferred tax liabilities	(120.9)
Other net assets acquired	5.1
Fair value of identifiable net assets acquired	**206.3**
Goodwill, before impact of cash flow hedge accounting	**943.4**
Impact of deal-contingent derivative	(13.6)
Goodwill	**929.8**

"Other net assets acquired" mainly relates to deferred and current tax assets, right-of-use assets and employee benefits.

For the seven months ended 31 December 2022, the acquisition of Scholle IPN contributed revenue of €362.6 million and a profit of €2.1 million to the Group's result (excluding acquisition-related and integration costs reflected in the acquired business but including the impact of provisional fair value adjustments, of which €19.4 million of fair value adjustments on inventories). If the acquisition had occurred on 1 January 2022, management estimates that for the year ended 31 December 2022, consolidated revenue would have been €3,021.5 million and consolidated profit would have been €42.1 million (including the gains on settlement of the deal-contingent derivatives). In determining these amounts, management has assumed that the provisional fair value adjustments as of the acquisition date would have been the same if the acquisition had occurred on 1 January 2022.

The Group has incurred total acquisition-related costs relating to Scholle IPN of €21.6 million in 2021 and 2022, of which €16.5 million has been recognised in the year ended 31 December 2022 (as part of other expenses).

Consideration

The consideration of €1,149.7 million for Scholle IPN is split between cash payments, newly issued SIG shares and contingent consideration.

At the acquisition date, the Company transferred €415.5 million ($445.1 million) in cash and 33,750,000 newly issued SIG ordinary shares with a fair value of €686.8 million to the former owner as consideration for Scholle IPN. The shares were issued from authorised share capital on 23 May 2022 (see note 24). The fair value of the shares was determined by reference to SIG's share price of CHF 20.92 as of closing of the transaction on 1 June 2022. See notes 24 and 29 for additional information on the shareholding of the former ultimate beneficial owner of Scholle IPN, Laurens Last, who is also a related party to the Company via his representation on the Group's Board of Directors.

The Group had retained an amount of €18.7 million ($20.0 million) as per the share purchase agreement. This was recognised as a current other liability and payable upon finalisation of the completion accounts, when cash, third-party debt and net working capital balances as of the acquisition date would be finally determined. The completion accounts were finalised in September 2022 and resulted in a total cash consideration of €424.3 million.

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 payable in cash in three annual instalments of up to $100 million per year. Payments for growth rates ranging from 6 to 11.5% per the respective year will be made based on a pre-agreed ratchet structure. The fair value of the contingent consideration estimated as of the acquisition date is €38.6 million. The contingent consideration is presented as part of other non-current liabilities. As of 31 December 2022, the fair value of the contingent consideration is €113.2 million (see further notes 9 and 33).

Identifiable net assets acquired

The intangible assets mainly comprise customer relationships with a useful life of 12.5 years but also technology-related assets with a useful life of ten years and trademarks with a useful life of seven years. The property, plant and equipment balance primarily comprises production-related buildings and equipment.

One of the acquired production-related buildings was classified as held for sale at the acquisition date. It is now leased by the Group. The production-related building was sold by the Group in June 2022 for €15.1 million (its assessed fair value) in a sale and leaseback transaction that had been entered into before the closing of the acquisition. The transfer of the production-related building by the Group to the buyer qualifies to be accounted for as a sale under IFRS 16 *Leases*. The derecognition of the production-related building did not result in any gain or loss.

The fair value of trade receivables is assessed at €96.5 million. Trade receivables comprise gross contractual amounts due of €97.0 million, of which €0.5 million is expected to be uncollectible as of the acquisition date.

The Group repaid the external Euro and US Dollar loans of Scholle IPN in connection with the acquisition (see note 22). See the section "Deal-contingent derivatives" below for the impact of the settlement of a deal-contingent foreign currency derivative that the Group entered into for the repayment of the US Dollar loan.

Goodwill

Goodwill of €929.8 million for Scholle IPN has been recognised as of the acquisition date. The designation of a deal-contingent derivative as a hedging instrument in a cash flow hedge reduced the goodwill by €13.6 million (see the section "Deal-contingent derivatives" below). As of 31 December 2022, the goodwill amounts to €917.8 million. The decrease from the amount initially recognised as goodwill relates to foreign currency exchange rate changes.

The goodwill mainly comprises expectations about expansion of existing markets, expansion into new geographical markets and product categories, the skills and competences of the workforce as well as cost savings and synergies. The goodwill is not expected to be deductible for tax purposes. It has been allocated to the segments Europe, MEA, APAC and Americas.

Assessment of fair values

The Group has applied generally accepted valuation methods in the assessment of the fair values of the acquired net assets, including the multi-period excess earnings method to assess the fair value of customer relationships. The fair value of the contingent consideration has been estimated using a Monte Carlo simulation (see further note 33).

Deal-contingent derivatives

To manage the foreign currency exposure arising from the part of the consideration for Scholle IPN that was payable in US Dollar and the repayment of the acquired US Dollar loan at the acquisition date, the Group entered into deal-contingent foreign currency derivatives after having signed the share purchase agreement.

The derivative for the consideration payable in cash was designated as a cash flow-hedging instrument in April 2022. For further details about the cash flow hedge accounting, refer to the section "Accounting policy" at the end of this note.

At the acquisition date, the cumulative positive fair value changes of the derivative of €13.6 million recognised in other comprehensive income ("OCI") (net of the cost of hedging) reduced the amount of goodwill. Positive fair value changes recognised in other income in the year ended 31 December 2022 amount to €11.9 million (see notes 8 and 9). In total, the settlement of the derivative relating to the consideration paid in cash for Scholle IPN resulted in a net cash inflow of €25.5 million.

The Group did not apply hedge accounting under IFRS for the derivative relating to the repayment of the US Dollar loan. Positive fair value changes of this derivative are recognised in finance income (see notes 9 and 23). The settlement of the derivative relating to the repayment of the US Dollar loan resulted in a net cash inflow of €15.5 million.

Evergreen Asia

Overview

The Group acquired Evergreen's chilled carton business in Asia Pacific ("Evergreen Asia") on 2 August 2022 on a debt-free basis. It acquired 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").

Evergreen Asia provides filling machines, carton sleeves, closures and after-sales service to its customers in the chilled segment for dairy and non-carbonated soft drinks and has production plants in China, South Korea and Taiwan. Evergreen Asia has approximately 400 employees.

The acquisition will allow the Group access to a new customer base in an attractive growth market in Asia, especially in China, and to expand its offering to existing customers. The Group will use its experience to further develop the chilled carton business by 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 chilled market. Synergies are expected from commercial opportunities and cost optimisation.

The following table provides an overview of the consideration transferred, the recognised amounts of assets acquired and liabilities assumed at the acquisition date and the resulting goodwill. As of 31 December 2022, the fair value of "Other net liabilities acquired" as well as current assets and liabilities has been measured on a provisional basis.

(in € million)

Cash	329.5
Fair value of consideration	**329.5**
Cash and cash equivalents	7.5
Trade and other current receivables	31.2
Inventories	26.8
Property, plant and equipment	85.4
Right-of-use assets	23.7
Intangible assets	78.2
Trade and other current payables	(35.7)
Deferred tax liabilities	(33.0)
Other net liabilities acquired	(16.4)
Fair value of identifiable net assets acquired	**167.7**
Goodwill, before impact of cash flow hedge accounting	**161.8**
Impact of deal-contingent derivative	(30.9)
Goodwill	**130.9**

"Other net liabilities acquired" mainly relates to deferred tax assets, current tax liabilities, provisions and employee benefits.

For the five months ended 31 December 2022, the acquisition of Evergreen Asia contributed revenue of €60.2 million and a profit of €2.8 million to the Group's result (excluding acquisition-related and integration costs reflected in the acquired business but including the impact of provisional fair value adjustments). If the acquisition had occurred on 1 January 2022, management estimates that for the year ended 31 December 2022, consolidated revenue would have been €2,857.1 million and consolidated profit would have been €42.2 million (including the gain on settlement of the deal-contingent derivative). In determining these amounts, management has assumed that the provisional fair value adjustments as of the acquisition date would have been the same if the acquisition had occurred on 1 January 2022.

The Group has incurred total acquisition-related costs relating to Evergreen Asia of €10.0 million in 2021 and 2022, of which €7.2 million has been recognised in the year ended 31 December 2022 (as part of other expenses).

Consideration

The Group transferred €329.5 million ($335.9 million) in cash to Evergreen as consideration for Evergreen Asia on 2 August 2022. The final consideration was determined upon the completion settlement in February 2023, with no significant impact on the consideration transferred.

Identifiable net assets acquired

The intangible assets mainly comprise customer relationships with a useful life of 15 years but also technology-related assets with a useful life of seven years. The property, plant and equipment balance primarily comprises production-related buildings and equipment. The right of-use assets primarily relate to a prepaid land right-of-use in China.

The fair value of trade receivables is assessed at €30.3 million. Trade receivables comprise gross contractual amounts due of €30.5 million, of which €0.2 million is expected to be uncollectible as of the acquisition date.

Goodwill

Goodwill of €130.9 million for Evergreen Asia has been recognised as of the acquisition date. The designation of a deal-contingent derivative as a hedging instrument in a cash flow hedge reduced the goodwill by €30.9 million (see the section "Deal-contingent derivative" below). As of 31 December 2022, the goodwill amounts to €121.1 million. The decrease from the amount initially recognised as goodwill relates to foreign currency exchange rate changes.

The goodwill mainly comprises expectations about access to a new customer base in Asia, expansion of product offerings to existing customers, the skills and competences of the workforce as well as cost savings and synergies. The goodwill is not expected to be deductible for tax purposes. It has been allocated to the APAC segment.

Assessment of fair values

The Group has applied generally accepted valuation methods in the assessment of the fair values of the acquired net assets, including the multi-period excess earnings method to assess the fair value of customer relationships.

Deal-contingent derivative

To manage the foreign currency exposure arising from the consideration for Evergreen Asia that was payable in US Dollar, the Group entered into a deal-contingent foreign currency derivative after having signed the share purchase agreement. The derivative was designated as a cash flow-hedging instrument in April 2022. For further details about the cash flow hedge accounting, refer to the section "Accounting policy" at the end of this note.

At the acquisition date, the cumulative positive fair value changes of the derivative of €30.9 million recognised in OCI (net of the cost of hedging) reduced the amount of goodwill. Positive fair value changes recognised in other income in the year ended 31 December 2022 amount to €4.7 million (see notes 8 and 9). In total, the settlement of the derivative resulted in a net cash inflow of €35.6 million.

Former joint ventures in the Middle East

Overview

On 25 February 2021, the Company acquired the remaining 50% of the shares of its two joint ventures in the Middle East from its joint venture partner Al Obeikan Group for Investment Company CJS ("OIG"). The former joint ventures provide aseptic carton packaging solutions in the Middle East and Africa.

The fair value of the consideration transferred to OIG was €490.3 million. 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 as consideration for the remaining shares of the joint ventures on 25 February 2021. The shares were issued from authorised share capital on 22 February 2021 (see note 24). There have been no post-closing adjustments to the consideration transferred.

The remeasurement to fair value of the Group's pre-existing 50% interest in the joint ventures resulted in a gain of €48.8 million (including reclassification of amounts in the foreign currency translation reserve to profit or loss). The gain is recognised as part of other income (see notes 8 and 9).

The net assets acquired mainly consisted of property, plant and equipment, customer relationships and loans. Cash and cash equivalents acquired amounted to €103.4 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 profit of €8.5 million to the Group's result (excluding the gain on pre-existing interest in the former joint ventures and acquisition-related costs but including fair value adjustments). 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.

The acquisition accounting was finalised in the fourth quarter of 2021 and resulted in acquired net assets of €202.8 million and goodwill of €518.4 million as of the acquisition date. Additional details about this acquisition and the outcome of the acquisition accounting are included in note 27 of the consolidated financial statements for the year ended 31 December 2021.

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.

Contingent consideration is measured at fair value at the acquisition date. When contingent consideration is payable in cash, and therefore recognised as a financial liability, it is remeasured to fair value at each reporting date until it is settled. Any changes in the fair value are recognised in profit or loss as part of other income and expenses.

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.

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.

Subsequent changes in the fair value of acquired net assets or contingent consideration, and recognition of additional assets and liabilities, that result from new or additional information about facts and circumstances existing at the acquisition date that is obtained during the measurement period (maximum one year from the acquisition date) are measurement-period adjustments. Such adjustments are recognised retrospectively, and comparative information restated as if the accounting for the business combination had been completed at the acquisition date. After the end of the measurement period, the acquisition accounting is only adjusted to correct an error.

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 were 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.

Cash flow hedging of the foreign currency risk on forecasted business combinations

To manage the foreign currency exposure arising from the US Dollar cash considerations for Scholle IPN and Evergreen Asia, the Group entered into deal-contingent foreign currency derivatives. These two derivatives have been accounted for as cash flow hedges. The derivatives were designated as hedging instruments when the respective acquisitions were assessed to be highly probable. The contingency element of the derivatives does not have a significant impact on the change in fair value of the derivatives during the hedge designation period.

From the hedge designation dates in April 2022, the effective portion of the fair value changes of the deal-contingent derivatives is recognised and accumulated in a hedging reserve in OCI (net of tax). The effective portion recognised in OCI is limited to the cumulative change in fair value of the hedged item from inception of the hedge. Fair value changes up to inception of the hedges are recognised in other income and expenses.

Accounting policy (continued)

The Group designated only the change in fair value of the spot component of the respective derivative as the hedging instrument. The hedge relationship is therefore highly effective. The change in fair value of the forward component of the derivative is accounted for separately as a cost of hedging and recognised in equity. For simplicity, the cost of hedging is not presented separately in a cost of hedging reserve but presented net of the accumulated fair value changes in the hedging reserve. The cost of hedging is not significant.

The cash received on settlement of the hedging instrument when an acquisition takes place is not part of the consideration paid to the seller. However, the accumulated fair value changes in OCI (less the cost of hedging) are treated as a basis adjustment to goodwill under IFRS, ie. they impact the amount of goodwill recognised upon the acquisition.

Significant judgements and estimates

Significant judgements and estimates were made by management relating to the accounting for the acquisitions of Scholle IPN and Evergreen Asia in 2022 and of the remaining shares of the former joint ventures in 2021. For example, the assessments of the fair value of the contingent consideration for Scholle IPN and customer relationships involve significant judgement and estimates. The assessment of the fair value of the pre-existing interest in the former joint ventures also involved significant judgement and estimates.

28 Joint ventures

The Group does not have any significant investments in joint ventures as of 31 December 2022 and 31 December 2021. It has only a small investment in a joint venture in Japan (see note 26). 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).

Overview

The Japanese joint venture, DNP • SIG Combibloc Co., Ltd, was formed in 2018 with the joint venture partner DNP and provides aseptic carton packaging solutions in Japan.

There have been no significant transactions with the joint venture in Japan in the years ended 31 December 2022 and 31 December 2021. Its net assets are also not significant.

Summary joint venture financial information

The following table provides certain summary financial information for the year ended 31 December 2021, representing the amounts presented in the IFRS financial statements of the current and former joint ventures and not adjusted for the Group's ownership percentage.

(In € million)	Revenue	Expenses	Profit after tax
2021			
Al Obeikan SIG Combibloc Company Ltd., Saudi Arabia[1]	14.9	(15.4)	(0.5)
SIG Combibloc FZCO, UAE[1]	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)**

1 Information presented for January–February 2021.

Joint venture impact on the consolidated financial statements

(In € million)	2022	2021
Carrying amount as of 1 January	**0.6**	**184.5**
Share of profit/(loss) (net of income tax)	-	(1.6)
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
Other	-	(3.9)
Carrying amount as of 31 December	**0.6**	**0.6**

Accounting policy

The accounting policy for joint ventures is included in note 26.

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.

29 Related parties

The Company has related party relationships with its shareholders, subsidiaries, a joint venture in Japan and key management.

Certain information and updates about the Company's related parties is provided in this note. Information about the acquisitions of Scholle IPN and Evergreen Asia in 2022 and the remaining 50% of the shares of the joint ventures in the Middle East in 2021 is included in note 27. The subsidiaries acquired in the Scholle IPN and Evergreen Asia acquisitions are listed in note 26.

Shareholders

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

The members of the Group Executive Board directly held 0.14% and indirectly held 0.06% of the Company's shares as of 31 December 2022 (directly 0.2% as of 31 December 2021). The members of the Board of Directors directly held 0.08% and indirectly held 9.7% of the Company's shares as of 31 December 2022 (directly 0.08% and indirectly 0.5% as of 31 December 2021).

Laurens Last (via CLIL, subsequently renamed Clean Holding B.V) received 33.75 million shares in the Company as part of the consideration for Scholle IPN and, with additional shares he has purchased in the open market, indirectly held 9.19% of the Company's shares as of 31 December 2022 according to the disclosure notifications reported to the Company and published by the Company via the electronic publishing platform of SIX Swiss Exchange (see also the section "Key management" below and note 24).

Key management

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

Laurens Last, the former ultimate beneficial owner of Scholle IPN, joined the Board of Directors on 7 April 2022 and thereby became a related party to the Company. See note 4 for other organisational changes in the Group Executive Board and the Board of Directors that took place in the year ended 31 December 2022 or were announced before the consolidated financial statements were approved on 23 February 2023.

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

(In € million)	Year ended 31 Dec. 2022	Year ended 31 Dec. 2021
Short-term employee benefits	7.6	6.7
Post-employment benefits	0.5	0.4
Share-based payments	3.1	2.3
Termination benefits	0.6	1.1
Total compensation to the Group Executive Board	**11.8**	**10.5**

The expense of €0.6 million recognised for termination benefits (garden leave agreement) in the year ended 31 December 2022 relates to Frank Herzog, the former Chief Financial Officer, who resigned as of 31 December 2022.

The expense of €1.1 million recognised for termination benefits (garden leave and non-compete agreement) in the year ended 31 December 2021 related to Lawrence Fok, the former President and General Manager of Asia Pacific, who left his role on the Group Executive Board as of 31 December 2021. Due to the Group's growth in Asia Pacific, his role was split into two newly created roles with effect from 1 January 2022: a President and General Manager of Asia Pacific North and a President and General Manager of Asia Pacific South (see also note 4). Lawrence Fok left the Group in 2022.

The employee terminations 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 €2.3 million for the year ended 31 December 2022 (€1.8 million for the year ended 31 December 2021). The members of the Board of Directors receive part of their compensation in blocked shares.

Information about the participation of the members of the Group Executive Board and the Board of Directors in share-based payment plans and arrangements is included in note 31.

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 in the 2022 Annual Report. Details about these persons' SIG shareholdings are included in the section "Shareholders" above and in the Compensation Report.

Other related parties

The Group's subsidiaries are listed in note 26. Certain information about the current and former joint ventures is included in note 28.

Related party transactions

Since the former joint ventures in the Middle East became fully owned subsidiaries on 25 February 2021, the Company has not had any significant related party transactions. The nature of the Company's related party relationships, balances and transactions for the year ended 31 December 2022 has not changed compared with information disclosed in the consolidated financial statements for the year ended 31 December 2021, with one significant exception.

On 1 June 2022, the Group acquired Scholle IPN from CLIL. CLIL is controlled by Laurens Last. See note 27 for details about transaction values and outstanding balances concerning the acquisition. Notes 25 and 33 provide additional information about the contingent portion of the consideration for Scholle IPN.

Following Laurens Last's election to the Board of Directors on 7 April 2022, companies controlled or jointly controlled by him are related parties to the Company. However, there have been no significant transactions and there are no outstanding balances as of 31 December 2022 relating to companies controlled or jointly controlled by Laurens Last, except for an outstanding payable of €1.6 million.

The Group has entered into a transitional service agreement in relation to an entity controlled by Laurens Last that was not part of the acquisition of Scholle IPN. This agreement, ending in May 2023, has no significant impact on the Group.

The following table provides information about related party transactions and balances not covered above.

	Transaction values for the year ended		Balance outstanding as of	
(In € million)	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Joint ventures[1]				
Sale of goods and services (sleeves, filling machines and related goods and services) and other transactions/Net receivables	4.4	9.5	3.0	0.4
Purchase of goods	-	0.1	-	-

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

There were no other significant related party transactions during the years ended 31 December 2022 and 31 December 2021. As of 31 December 2022 and 31 December 2021, the Group had no commitments to incur capital expenditure with related parties.

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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, including the defined benefit plans of Scholle IPN and Evergreen Asia. The largest defined benefit plan, also after the acquisitions, is in Switzerland. In addition, the Group has a number of defined contribution plans.

Overview of employee benefits

(In € million)	As of 31 Dec. 2022	As of 31 Dec. 2021
Salaries and wages accrued	46.5	47.0
Provision for annual leave	14.4	9.0
Provision for other employee benefits	6.6	2.2
Net defined benefit obligations:		
Pension benefit liabilities	98.0	126.8
Total employee benefit liabilities	**165.5**	**185.0**
Current	60.9	56.0
Non-current	104.6	129.0
Total employee benefit liabilities	**165.5**	**185.0**

The Group has a net defined benefit asset of €114.6 million as of 31 December 2022 (€230.2 million as of 31 December 2021). This 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 €482.4 million in the year ended 31 December 2022 (€387.3 million in the year ended 31 December 2021), of which €33.0 million relates to contributions to defined contribution plans (€27.6 million in the year ended 31 December 2021).

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, South Korea, Switzerland, Taiwan, Thailand, the UAE and the USA. The majority of the Group's pension obligations are in Switzerland. The retirement plans are subject to governmental regulations relating to how they are funded. The Group usually funds its retirement plans at an amount equal to the annual minimum funding requirements specified by the 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 disclosed separately as it is the Group's largest pension plan.

As of 31 December 2022, the Swiss retirement plan comprises 70% of the present value of the Group's pension plan obligations (73% as of 31 December 2021). As of 31 December 2022, the fair value of the assets of the Swiss retirement plan exceeded the present value of its pension obligations by €176.0 million (€230.2 million as of 31 December 2021). However, see the section "Expense recognised in other comprehensive income, including impact of the asset ceiling" below for the impact of the asset ceiling in the year ended 31 December 2022. An assessment of the investment strategy for the Swiss retirement plan is performed yearly.

Expected annual contributions to the Group's defined benefit pension plans during the year ending 31 December 2023 are estimated to be €9.6 million. The Group's pension plans had a weighted average duration of 13 years as of 31 December 2022 (13 years as of 31 December 2021).

Movement in net defined benefit obligation

Information about the net defined benefit obligation as of and for the year ended 31 December 2022 and the year ended 31 December 2021 is included below.

	Defined benefit obligation		Fair value of plan assets		Impact of asset ceiling		Net defined benefit liability/(asset)	
(In € million)	2022	2021	2022	2021	2022	2021	2022	2021
Carrying amount as of the beginning of the year	**484.1**	**509.2**	**(587.5)**	**(559.1)**	**-**	**-**	**(103.4)**	**(49.9)**
Service cost	8.9	8.4	-	-	-	-	8.9	8.4
Interest expense/(income)	3.9	1.6	(3.1)	(0.6)	-	-	0.8	1.0
Administrative expenses	-	-	0.7	0.5	-	-	0.7	0.5
Curtailments and settlements	(0.4)	(2.0)	-	-	-	-	(0.4)	(2.0)
Total expense/(income) recognised in profit or loss	**12.4**	**8.0**	**(2.4)**	**(0.1)**	**-**	**-**	**10.0**	**7.9**
Actuarial (gains)/losses arising from:								
Demographic assumptions	8.7	(18.0)	-	-	-	-	8.7	(18.0)
Financial assumptions	(45.7)	(4.0)	-	-	-	-	(45.7)	(4.0)
Return on plan assets, excluding interest income	-	-	67.0	(33.2)	-	-	67.0	(33.2)
Change in asset ceiling	-	-	-	-	60.1	-	60.1	-
Total remeasurement (gains)/losses included in other comprehensive income	**(37.0)**	**(22.0)**	**67.0**	**(33.2)**	**60.1**	**-**	**90.1**	**(55.2)**
Contributions by the Group	-	-	(6.2)	(5.9)	-	-	(6.2)	(5.9)
Contributions by plan participants	1.7	1.8	(1.7)	(1.8)	-	-	-	-
Benefits paid by the plans	(36.1)	(38.1)	36.1	38.1	-	-	-	-
Addition through business combinations	60.1	9.3	(59.0)	-	-	-	1.1	9.3
Effect of movements in exchange rates	16.7	15.9	(26.2)	(25.5)	1.3	-	(8.2)	(9.6)
Total other movements	**42.4**	**(11.1)**	**(57.0)**	**4.9**	**1.3**	**-**	**(13.3)**	**(6.2)**
Carrying amount as of the end of the year	**501.9**	**484.1**	**(579.9)**	**(587.5)**	**61.4**	**-**	**(16.6)**	**(103.4)**

(In € million)	Defined benefit obligation 2022	Defined benefit obligation 2021	Fair value of plan assets 2022	Fair value of plan assets 2021	Impact of asset ceiling 2022	Impact of asset ceiling 2021	Net defined benefit liability/(asset) 2022	Net defined benefit liability/(asset) 2021
Comprised of:								
Swiss retirement plan	349.5	352.9	(525.5)	(583.1)	61.4	-	(114.6)	(230.2)
All other plans	152.4	131.2	(54.4)	(4.4)	-	-	98.0	126.8
Carrying amount as of the end of the year	**501.9**	**484.1**	**(579.9)**	**(587.5)**	**61.4**	**-**	**(16.6)**	**(103.4)**
Included in the statement of financial position as:								
Employee benefits (asset)							(114.6)	(230.2)
Employee benefits (liability)							98.0	126.8
Total net defined pension benefits							**(16.6)**	**(103.4)**

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. 2022	Year ended 31 Dec. 2021
Cost of sales	4.7	3.7
Selling, marketing and distribution expenses	1.0	0.7
General and administrative expenses	4.3	3.5
Total net pension expense	**10.0**	**7.9**
thereof the Swiss retirement plan	5.3	5.1

Expense recognised in other comprehensive income, including impact of the asset ceiling

The remeasurement of the Group's defined benefit pension plans as of 31 December 2022 resulted in a €81.8 million decrease in other comprehensive income (net of tax), of which €101.6 million relates to the Group's Swiss pension plan. The decrease is due to negative asset performance, partially offset by an increase in the discount rate, and to reaching the asset ceiling for the first time.

An increase in the discount rate in the year ended 31 December 2022 resulted in a significant decrease of the asset ceiling, which limited the amount that is recognised as a net defined benefit asset for the Group's Swiss pension plan to €114.6 million as of 31 December 2022 (€230.2 million as of 31 December 2021). The recognised asset as of 31 December 2022 is limited to the present value of future economic benefits available in the form of reductions in future contributions to the plan. This first-time impact of the asset ceiling for the Group is included in the amount recognised in other comprehensive income.

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

Plan assets

(In € million)	As of 31 Dec. 2022	As of 31 Dec. 2021
Equity instruments	125.8	163.9
Debt instruments	246.2	226.6
Real estate	173.3	177.0
Other	34.6	20.0
Total plan assets	**579.9**	**587.5**

Approximately 91% of total plan assets are held by the Swiss retirement plan as of 31 December 2022 (99% as of 31 December 2021). 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 and 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 2022 and for 2021 was BVG 2020 GT.

While the Swiss retirement plan does not provide for compulsory benefit increases for pensioners, increases have been granted from time to time at the discretion of the foundation board, depending on the funding situation at the time.

The discount rate and future salary increases are the assumptions with the most significant effect on the defined benefit obligation. They are presented in the table below.

	Swiss retirement plan		All plans	
(In %)	As of 31 Dec. 2022	As of 31 Dec. 2021	As of 31 Dec. 2022	As of 31 Dec. 2021
Discount rates	2.30%	0.30%	1.4% - 7.3%	0.3% - 6.8%
Future salary increases	2.00%	1.50%	0.0% - 9.0%	0.0% - 9.0%

The table below shows the effect on the defined benefit obligation of a change in the discount rate and future salary increases.

(In € million)	Swiss retirement plan		All plans	
	As of 31 Dec. 2022	As of 31 Dec. 2021	As of 31 Dec. 2022	As of 31 Dec. 2021
Discount rates				
50 basis points increase	(4.6)	(5.1)	(13.7)	(15.4)
50 basis points decrease	4.9	12.0	15.0	23.7
Future salary increases				
50 basis points increase	0.9	1.2	2.6	2.8
50 basis points decrease	(0.9)	(1.1)	(2.3)	(2.7)

For the year ended 31 December 2021, a 50 basis points decrease of the discount rate for the Swiss retirement plan would have resulted 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.

Defined benefit plans

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.

If 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, comprising 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.

Accounting policy (continued)

If the benefits of a plan are changed or 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.

Defined contribution plans

The Group's obligation for contributions to defined contribution plans is expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The Group has no further obligations once the contributions have been paid.

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 and 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 its equity-settled plans and arrangements using own shares (treasury shares) or, alternatively, using shares issued from its conditional share capital (see note 24). The majority of the Group's share-based payment plans and arrangements are equity-settled.

Share-based long-term incentive plans for SIG employees

Performance share unit plan

Since 2019, the Group has granted performance share units ("PSUs") to the members of the Group Executive Board and certain other members of management on an annual basis. The PSU plans have equivalent terms and vesting conditions, including a three-year service vesting condition.

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 volume-weighted average of the closing prices of the SIG share over the last 20 trading days prior to the grant date as per the PSU regulations (for the 2019 to 2021 plans: by the fair value of one PSU at the grant date as per IFRS). The number of PSUs that vest depends on the Group's long-term performance over the 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 plan 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 plan participants are not entitled until the PSUs vest after three years.

The table below provides an overview of the annual management PSU plans.

	Overview of PSU plans			
	2022	2021	2020	2019
Grant date	13 June 2022	1 April 2021	1 April 2020	1 April 2019
Vesting date	31 March 2025	31 March 2024	31 March 2023	31 March 2022
Fair value of one PSU at grant date (in CHF)	19.56	22.31	15.05	9.49
Number of employees granted PSUs	15	9	8	9
Granted number of PSUs	234,753	201,707	342,198	537,414
thereof to members of the Group Executive Board	215,169	187,139	325,586	495,263

The table below provides a reconciliation of the outstanding management PSUs.

	Outstanding PSUs	
Number of PSUs	2022	2021
As of 1 January	**692,119**	**538,198**
Granted PSUs	234,753	201,707
Vested PSUs (2019 plan)	(350,814)	-
Forfeited PSUs	(50,348)	(47,786)
As of 31 December	**525,710**	**692,119**
thereof held by members of the Group Executive Board	491,547	522,059

A total of 350,814 PSUs under the 2019 PSU plan vested on 31 March 2022, of which 205,482 PSUs relate to current members of the Group Executive Board. Based on the achievement of the targets described above, the participants were entitled to 631,469 shares, of which 369,870 shares relate to current members of the Group Executive Board.

The Group settled its obligation under the 2019 PSU plan by delivering treasury shares (see note 24). The total amount of €4.0 million recognised as a share-based payment expense for the 2019 PSU plan has been recognised as a decrease in equity. The difference between this amount and the sum of the cost of the delivered treasury shares is presented as a reduction of additional paid-in capital.

One member of the Group Executive Board resigned as of 31 December 2022, while another former member of the Group Executive Board announced in October 2021 that he would resign (see note 29). As per the good and bad leaver clauses in the PSU plan regulations, these terminations resulted in forfeitures of a certain number of granted PSUs.

Restricted share unit plan

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

RSUs under the 2019 RSU plan vested on 31 March 2022. The Group settled its obligation by delivering treasury shares. Under the 2022 RSU plan, 6,831 of the granted RSUs relate to a member of the Group Executive Board.

Equity investment plan

In 2020, the Group introduced an annual equity investment plan ("EIP") for a wider group of management in leadership positions and 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 2022 EIP award was 27 May 2022 (31 May 2021 for the 2021 EIP). Under the 2022 EIP, 69 employees were granted a total of 149,450 options (64 employees were granted a total of 124,680 options under the 2021 EIP). The fair value of one option, calculated using the Black-Scholes model, was CHF 2.74 as of the grant date for the 2022 EIP (CHF 3.63 for the 2021 EIP). A total of 459,272 options under all EIPs were outstanding as of 31 December 2022 (316,382 as of 31 December 2021).

Integration plans

As part of the integration of Scholle IPN and Evergreen Asia into the Group, 41 employees who are key to the integration were granted a total of 302,792 PSUs under two smaller PSU integration plans in August 2022. One of the plans is cash-settled. The number of PSUs that will vest on 31 December 2025 depends on the achievement of certain targets, including targets linked to the performance and integration of the two acquired businesses.

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 term of office (ie. there are four award dates, each relating to work performed during the quarter before the respective award date). The fair value of one blocked share is calculated based on the closing share price of one SIG share on the grant date.

The Group granted 39,932 blocked shares to the members of the Board of Directors in the year ended 31 December 2022 (30,583 blocked shares in the year ended 31 December 2021). The fair value of one granted instrument was CHF 23.40 as of the grant date in the year ended 31 December 2022 (CHF 23.10 in the year ended 31 December 2021). The blocked shares have been delivered using treasury shares (see note 24).

In 2019, two members of the Board of Directors received 14,236 RSUs instead of blocked shares. These RSUs vested in the year ended 31 December 2022. The Group settled its obligation by delivering 14,236 treasury shares.

Share-based payment expense

The share-based payment expense recognised as a personnel expense for the year ended 31 December 2022 relating to the PSU, RSU, equity investment and integration plans for SIG employees amounts to €4.8 million, of which €3.1 million relates to members of the Group Executive Board (€3.1 million for the year ended 31 December 2021, of which €2.3 million related to members of the Group Executive Board).

The share-based payment expense recognised as part of general and administrative expenses for the year ended 31 December 2022 relating to the arrangement for the Board of Directors amounts to €0.9 million (€0.7 million for the year ended 31 December 2021).

Accounting policy

The Group's share-based payment plans and arrangements are primarily equity-settled payment arrangements.

For the equity-settled plans, 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. The amount recognised as an expense is adjusted to reflect the number of instruments awarded 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 instruments awarded 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 instruments awarded 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.

For cash-settled plans, the fair value of the amounts payable to employees is recognised as an expense, with a corresponding increase in liabilities (employee benefits), over the vesting period. The liability is remeasured at each reporting date and at the settlement date so that the ultimate liability equals the cash payment on the settlement date. Any changes in the fair value of the liability are recognised in profit or loss.

OTHER

This section provides details about the Group's income tax exposure and different categories of financial instruments (including derivative instruments). It further covers fair value information, off-balance sheet items and subsequent events.

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.

Management does not yet have sufficient information to determine the quantitative impact of the major reform of the international tax system initiated by the OECD, under which multinational corporations will be subject to a global minimum tax rate of 15% from 2024 onwards. The Group will be negatively impacted by the reform in countries where the corporate tax rate is currently below 15%. Management is closely monitoring the nature and timing of legislative tax changes in the countries in which the Group operates.

Amounts recognised in profit or loss

(In € million)	Year ended 31 Dec. 2022	Year ended 31 Dec. 2021
Current year	(88.6)	(78.0)
Adjustments for prior years	1.3	7.5
Current tax expense	**(87.3)**	**(70.5)**
Origination and reversal of temporary differences	36.6	18.5
Tax rate modifications	0.4	-
Recognition of previously unrecognised tax losses	-	1.4
Adjustments for prior years	(0.7)	(1.7)
Deferred tax benefit	**36.3**	**18.2**
Income tax expense	**(51.0)**	**(52.3)**

Amounts recognised in other comprehensive income

The Group has recognised in other comprehensive income a deferred tax income of €8.3 million relating to the remeasurement of defined benefit plans for the year ended 31 December 2022 (€9.5 million deferred tax expense for the year ended 31 December 2021).

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 Switzerland. The effect of tax rates in foreign jurisdictions comprises 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 13.94% for the year ended 31 December 2022 is slightly lower than for the comparative period (14.29%).

(In € million)	Year ended 31 Dec. 2022	Year ended 31 Dec. 2021
Profit before income tax	**88.8**	**224.4**
Income tax using the Swiss tax rate of 13.94% (2021: 14.29%)	(12.4)	(32.1)
Effect of tax rates in foreign jurisdictions	(16.1)	(8.4)
Non-deductible expenses	(21.2)	(9.8)
Tax-exempt income	14.0	8.8
Withholding tax	(9.5)	(8.1)
Tax rate modifications	0.4	-
Recognition of previously unrecognised tax losses	-	1.4
Unrecognised tax losses and temporary differences	(2.7)	(4.2)
Tax uncertainties	(1.2)	(1.2)
Tax on undistributed profits	(2.9)	(4.5)
Adjustments for prior years	0.6	5.8
Income tax expense	**(51.0)**	**(52.3)**

Current tax assets and liabilities

Current tax assets of €18.0 million as of 31 December 2022 (€4.4 million as of 31 December 2021) 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 €46.3 million as of 31 December 2022 (€42.1 million as of 31 December 2021) represent the amount of income taxes payable with respect to current and prior periods.

Current tax liabilities as of 31 December 2022 include an amount of €1.1 million (€5.8 million as of 31 December 2021) 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. 2022	As of 31 Dec. 2021
Included in the statement of financial position as:		
Deferred tax assets	60.0	46.0
Deferred tax liabilities	(261.3)	(147.4)
Total recognised net deferred tax liabilities	**(201.3)**	**(101.4)**

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

(In € million)	PP&E	Intangible assets	Inventories	Receivables	Other payables	Deferred revenue	Unremitted earnings	Other items	Net deferred tax assets/ (liabilities)
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)**
Carrying amount as of 1 Jan. 2022	**(111.7)**	**(92.5)**	**29.5**	**29.0**	**32.2**	**36.5**	**(22.5)**	**(1.9)**	**(101.4)**
Additions through business combinations	(41.6)	(87.6)	(3.3)	0.9	1.8	0.1	(21.3)	9.8	**(141.2)**
Recognised in profit or loss	9.6	22.1	(2.9)	(30.0)	6.8	36.1	(2.9)	(2.5)	**36.3**
Recognised in other comprehensive income	-	-	-	-	-	-	-	8.3	**8.3**
Effect of movements in exchange rates	(0.1)	(1.8)	0.3	0.4	(0.7)	0.9	0.1	(2.4)	**(3.3)**
Carrying amount as of 31 Dec. 2022	**(143.8)**	**(159.8)**	**23.6**	**0.3**	**40.1**	**73.6**	**(46.6)**	**11.3**	**(201.3)**

"Other payables" mainly includes a deferred tax asset relating to liabilities for various customer incentive programmes. "Other items" mainly includes 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 €9.4 million as of 31 December 2022 (€2.9 million as of 31 December 2021).

The increase in net deferred tax liabilities since 31 December 2021 is mainly due to the acquisitions of Scholle IPN and Evergreen Asia in 2022 (see note 27).

Unrecognised deferred tax assets

Deferred tax assets have not been recognised with respect to tax losses of €9.2 million (gross amount €28.1 million) as of 31 December 2022 (€8.1 million, gross amount €26.6 million as of 31 December 2021) 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. Under the current applicable tax legislation, €22.6 million of the unrecognised tax losses as of 31 December 2022 does not expire while €2.6 million expires in three to five years and €2.9 million expires after more than five years.

Accounting policy

Income tax expense comprises 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 of 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 will probably 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 2022 and 31 December 2021. 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 2022			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	503.8		**503.8**			
Trade and other receivables	388.2	33.7	**421.9**		x	
Derivatives		13.2	**13.2**		x	
Total financial assets	**892.0**	**46.9**	**938.9**			
Trade and other payables	(1,036.7)		**(1,036.7)**			
Loans and borrowings:						
- Senior unsecured notes	(996.8)		**(996.8)**			
- Senior unsecured Euro term loan	(546.9)		**(546.9)**			
- Unsecured US Dollar term loan	(252.5)		**(252.5)**			
- Unsecured SSD	(647.6)		**(647.6)**			
- Lease liabilities	(230.9)		**(230.9)**			
Derivatives		(23.4)	**(23.4)**		x	
Contingent consideration		(113.2)	**(113.2)**			x
Total financial liabilities	**(3,711.4)**	**(136.6)**	**(3,848.0)**			

(In € million)	Carrying amount as of 31 December 2021			Fair value hierarchy Level		
	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, other payables and other liabilities	(665.7)		**(665.7)**			
Loans and borrowings:						
- Senior unsecured notes	(994.5)		**(994.5)**			
- Senior unsecured Euro term loan	(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)**			

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 (for one loan), this is also the case for the Euro and US Dollar term loans and the SSD. The fair value of the notes was €973 million as of 31 December 2022 (€1,035 million as of 31 December 2021).

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 2022 and 31 December 2021, 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 derivatives) and to mitigate financing risks (interest rate swap).

(In € million)	Current assets	Non-current assets	Total derivative assets	Current liabilities	Non-current liabilities	Total derivative liabilities
Commodity derivatives	0.2	-	**0.2**	(21.6)	-	**(21.6)**
Foreign currency derivatives	4.1	-	**4.1**	(1.8)	-	**(1.8)**
Total operating derivatives	**4.3**	**-**	**4.3**	**(23.4)**	**-**	**(23.4)**
Interest rate swap	-	8.9	**8.9**	-	-	-
Total financing-related derivatives	-	**8.9**	**8.9**	-	-	-
Total derivatives as of 31 December 2022	**4.3**	**8.9**	**13.2**	**(23.4)**	**-**	**(23.4)**

(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 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)**

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 significant observable market data, either directly (ie. as prices) or indirectly (ie. derived from prices). Changes in fair value are recognised in profit or loss as the Group generally does not apply hedge accounting under IFRS 9. As an exception to this policy, the Group applied cash flow hedge accounting in two instances in the year ended 31 December 2022. See note 27 for information about the accounting for the deal-contingent derivatives that the Group entered into in relation to the acquisitions of Scholle IPN and Evergreen Asia in 2022.

Fair value of contingent consideration

The Group's liability for contingent consideration relates to the acquisition of Scholle IPN on 1 June 2022 and 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. The maximum amount payable is $300 million ($100 million per year). For further details, refer to note 27.

As significant unobservable inputs are used in the assessment of the fair value of the contingent consideration, it is categorised as a level 3 fair value measurement in the fair value hierarchy. The fair value has been assessed using a Monte Carlo simulation, under which the simulated contingent consideration payments (for each of the three payment streams) have been discounted to present value at a corresponding risk-free rate.

The fair value of the US Dollar contingent consideration has increased from €38.6 million as of the acquisition date to €113.2 million as of 31 December 2022. The unrealised loss of €74.6 million (including an unrealised foreign currency exchange loss of €0.6 million) is presented as part of other expenses, where the foreign exchange component is presented separately (see notes 8 and 9). The increase in fair value is mainly due to revised revenue projections.

The fair value of the contingent consideration of €113.2 million as of 31 December 2022 would increase by approximately €10 million if the revenue growth rates increased by 1.0 percentage point (decrease by approximately €11 million if the revenue growth rates decreased by 1.0 percentage point), and increase by approximately €5 million if the discount rates decreased by 1.0 percentage point (decrease by approximately €5 million if the discount rates increased by 1.0 percentage point).

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 if 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 generally apply hedge accounting under IFRS 9.

A derivative embedded in another contract is separated and accounted for separately if 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 for which an 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. If it becomes probable that an outflow of economic benefits will be required for an item previously disclosed as a contingent liability, a provision is recognised when the change in probability occurs.

35 Subsequent events

There have been no events between 31 December 2022 and 23 February 2023 (the date these consolidated financial statements were approved) that would require an adjustment to or disclosure in these consolidated financial statements, except that the Group signed an unsecured bridge loan facility agreement on 9 January 2023 and announced certain changes in the composition of the Group Executive Board on 21 February 2023 (see note 4).

Report of the statutory auditor

to the General Meeting of SIG Group AG
Neuhausen am Rheinfall

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of SIG 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 2022, the consolidated statement of financial position as at 31 December 2022, 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 accompanying consolidated financial statements (pages 239 to 336) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 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.

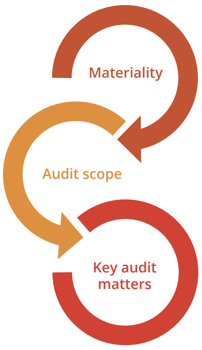
Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Standards on Auditing (SA-CH). 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 27,700,000

We concluded full scope audit work at 11 wholly owned Group companies in 10 countries. Our audit scope addressed 80% of the Group's revenue and 80% of the Group's assets. In addition, specified procedures were performed on a further 6 Group companies in 3 countries representing a further 3% of the Group's assets.

As key audit matters the following areas of focus have been identified:
- Recoverability of goodwill
- Scholle IPN provisional purchase price accounting
- Evergreen Asia provisional purchase price accounting

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 27,700,000
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 2,000,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated 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.

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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of goodwill

Key audit matter	How our audit addressed the key audit matter
As per 31 December 2022, the carrying amount of goodwill was €3,186.2 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 groups of cash-generating units (CGUs) identified by Management are appropriate. We further assessed whether the allocation of goodwill to the respective group of CGUs, including the implication of the acquisitions of Scholle IPN and Evergreen's chilled carton business in Asia, 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 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 respective regions. • We evaluated the planning accuracy of Management's forecast model by performing lookback procedures and ensured the consistency of Management's cash flow assumptions by comparing them 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 changes 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 with the Group's equity value. As a result of our procedures, we determined that the conclusions reached by Management with regard to the recoverability of the carrying amount of goodwill are reasonable and supportable.

Scholle IPN provisional acquisition accounting

Key audit matter	How our audit addressed the key audit matter
On 1 June 2022, the Group acquired 100% of the shares of Clean Flexible Packaging Holding B.V. (together with the acquired subsidiaries, "Scholle IPN"). The consideration included cash of €424.3 million, a transfer of 33.75 million newly issued SIG shares with a fair value of €686.8 million and a contingent consideration of a maximum of USD 300 million. The acquisition resulted in the recognition of goodwill of €929.8 million and other intangible assets of €290.3 million, which were allocated to the different segments. 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 provisional acquisition accounting, in particular the fair value determination of newly identified intangible assets, acquired assets and assumed liabilities and the contingent consideration, required a significant level of judgement by Management. Refer to Note 27 – Business combinations, Note 14 – Intangible assets and Note 5.4 – Critical accounting judgements, estimates and assumptions in the consolidated financial statements.	We audited whether the provisional acquisition accounting was performed in accordance with the provisions of IFRS 3 "Business Combinations". We read the underlying purchase agreement and agreed the cash payment, the issuance of shares and the contingent consideration parameters to it. We specifically audited the valuation report prepared by Management's external expert: • 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 assessed the process of identifying 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 arithmetical correctness of the calculations in the valuation report. • We discussed the assumptions and valuation methods for the fair value adjustments on assets and liabilities assumed with Management, its external expert and the Audit and Risk Committee. • For newly identified intangible assets and the valuation step-up on property, plant and equipment and inventories, we independently assessed the assumptions made and valuation methods used. • We assessed whether the discount rate and the long-term growth rate are within reasonable ranges. • We recalculated the fair value of the shares transferred at the time of closing. • We assessed the methodology applied and the parameters used in Management's determination of the fair value of the contingent consideration. As a result of our procedures, we determined that the conclusions reached by Management with regard to the provisional acquisition accounting for Scholle IPN are reasonable and supportable.

Evergreen Asia provisional acquisition price accounting

Key audit matter	How our audit addressed the key audit matter
On 2 August 2022, the Group acquired Evergreen Asia from Evergreen Packaging International LLC ("Evergreen Asia"). The consideration for Evergreen Asia amounts to €329.5 million and has been paid in cash. The acquisition resulted in the recognition of goodwill of €130.9 million and other intangible assets of €78.2 million, which were allocated to the APAC segment. As of the acquisition date, all identifiable assets acquired and liabilities assumed were recognised and measured at their fair value. The acquisition was deemed a key audit matter because the assumptions used by Management as part of the provisional acquisition accounting, in particular the fair value determination of newly identified intangible assets, acquired assets and assumed liabilities, required a significant level of judgement by Management. Refer to Note 27 – Business combinations, Note 14 – Intangible assets and Note 5.4 – Critical accounting judgements, estimates and assumptions in the consolidated financial statements.	We audited whether the provisional acquisition accounting was performed in accordance with the provisions of IFRS 3 "Business Combinations". We read the underlying purchase agreement and agreed the cash payment to it. We specifically audited the valuation report prepared by Management's external expert: • 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 assessed the process of identifying 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 arithmetical correctness of the calculations in the valuation report. • We discussed the assumptions and valuation methods for the fair value adjustments on assets and liabilities assumed with Management, its external expert and the Audit and Risk Committee. • For newly identified intangible assets and step-up on land, we independently assessed the assumptions made and valuation methods used. • We assessed whether the discount rate and the long-term growth rate are within reasonable ranges. As a result of our procedures, we determined that the conclusions reached by Management with regard to the provisional acquisition accounting for Evergreen Asia are reasonable and supportable.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information 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 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.

Board of Directors' responsibilities 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 SA-CH 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.

A more detailed description of our responsibilities for the audit of the consolidated financial statements can be found on the EXPERTsuisse website: http://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

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

Basel, 23 February 2023

Financial statements for the year ended 31 December 2022

SIG Group AG

Income statement

(in CHF thousand)	Note	Year ended 31 Dec. 2022	Year ended 31 Dec. 2021
Income from investments	3.1	147,297.6	142,974.0
Other income	3.2	7,413.5	7,450.0
Total income		**154,711.1**	**150,424.0**
Personnel expenses	3.8	(14,671.1)	(6,626.7)
Other operating expenses	3.2	(9,572.9)	(7,862.3)
Total operating expenses		**(24,244.0)**	**(14,489.0)**
Profit from operating activities		**130,467.1**	**135,935.0**
Finance income		1,118.7	77.1
Finance expenses		(39.9)	(4,679.9)
Profit before income tax		**131,545.9**	**131,332.2**
Income tax expense		-	-
Profit for the period		**131,545.9**	**131,332.2**

Balance sheet

(in CHF thousand)	Note	As of 31 Dec. 2022	As of 31 Dec. 2021
Cash and cash equivalents		146.5	715.6
Trade receivables		2,683.4	1,645.2
- Due from Group companies	3.3	2,683.4	1,645.2
Current interest-bearing receivables		223,945.7	38,799.6
- Due from Group companies	3.4	223,945.7	38,799.6
Other current receivables		5.1	91.8
- Due from third parties		5.1	91.8
Accrued income and prepaid expenses		302.4	159.7
Total current assets		**227,083.1**	**41,411.9**
Investments	3.5	3,446,252.9	2,740,202.9
Total non-current assets		**3,446,252.9**	**2,740,202.9**
Total assets		**3,673,336.0**	**2,781,614.8**
Trade payables		354.6	690.6
- Due to third parties		251.8	577.2
- Due to Group companies	3.6	102.8	113.4
Current interest-bearing liabilities		463.2	789.0
- Due to Group companies	3.7	463.2	789.0
Other current liabilities		2,831.8	6,093.8
- Due to third parties	3.8	2,831.8	6,093.8
Accrued expenses	3.9	3,399.0	3,057.6
Total current liabilities		**7,048.6**	**10,631.0**
Non-current liabilities		2,086.5	1,689.9
- Due to third parties	3.10	2,086.5	1,689.9
Total non-current liabilities		**2,086.5**	**1,689.9**
Total liabilities		**9,135.1**	**12,320.9**
Share capital	3.11	3,822.7	3,375.2
Legal reserves		3,188,724.2	2,425,353.6
- Capital contribution reserve	3.12	3,188,724.2	2,425,353.6
Retained earnings		472,164.7	340,618.8
- Profit brought forward		340,618.8	209,286.6
- Profit for the period		131,545.9	131,332.2
Treasury shares	3.13	(510.7)	(53.7)
Total shareholders' equity		**3,664,200.9**	**2,769,293.9**
Total liabilities and shareholders' equity		**3,673,336.0**	**2,781,614.8**

Notes

1 General information

SIG Group AG ("SIG" or the "Company") is domiciled in Neuhausen am Rheinfall, Switzerland, and is listed on SIX Swiss Exchange. On 13 April 2022, the Company changed its name from SIG Combibloc Group AG to SIG Group AG. 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 2022 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 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. 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 2022 and 31 December 2021. 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 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. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
EUR to CHF	1.00514	1.08142	0.98470	1.03310
USD to CHF	1.04738	0.91382	1.08318	0.91215

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 for the year ended 31 December 2022 consists of a dividend of CHF 147,297.6 thousand from SIG Combibloc Holdings S.à r.l. (a dividend of CHF 142,974.0 thousand for the year ended 31 December 2021).

3.2 Other income and other operating expenses

Other income primarily consists of management fees charged to direct or indirect subsidiaries. Other operating expenses primarily consist of compensation paid to the Board of Directors and consultancy costs.

3.3 Trade receivables

Trade receivables due from Group companies as of 31 December 2022 and 31 December 2021 mainly consist of management fees charged to direct or indirect subsidiaries.

3.4 Current interest-bearing receivables

As of 31 December 2022, current interest-bearing receivables due from Group companies consist of an interest-bearing inter-company Swiss Franc loan of CHF 209,000.0 thousand due from SIG Schweizerische Industrie-Gesellschaft GmbH and an interest-bearing inter-company Swiss Franc loan of CHF 14,675.8 thousand (CHF 38,799.6 thousand as of 31 December 2021) due from SIG Combibloc Services AG. The loan receivable of CHF 209,000.0 thousand relates to cash received by the Company in the accelerated book building process in May 2022, and lent to SIG Schweizerische Industrie-Gesellschaft GmbH to partly finance the acquisition of Evergreen Asia. See notes 3.5 and 3.11.

3.5 Investments

The following subsidiary is directly held by the Company. Its equity increased in the year ended 31 December 2022 due to a capital contribution (see below).

		As of 31 Dec. 2022		As of 31 Dec. 2021	
Name and legal form	**Registered office**	**Capital**	**Votes**	**Capital**	**Votes**
SIG Combibloc Holdings S.à r.l.	6C, rue Gabriel Lippmann L-5365 Munsbach Grand Duchy of Luxembourg	100%	100%	100%	100%

The subsidiaries indirectly held by the Company are listed in note 26 of the consolidated financial statements of the Company for the year ended 31 December 2022. For additional information about the acquisitions described below, see note 27 of the consolidated financial statements of the Company for the year ended 31 December 2022.

Acquisition of Scholle IPN

On 1 June 2022, the Company acquired 100% of the shares of Clean Flexible Packaging Holding B.V. (together with the acquired subsidiaries, "Scholle IPN") from CLIL Holding B.V. ("CLIL"). CLIL is controlled by Laurens Last and has subsequently been renamed Clean Holding B.V. Scholle IPN provides packaging solutions for beverage, food and non-food products.

The Company paid $445.1 million (CHF 427.1 million) in cash (subject to customary closing adjustments) and transferred 33.75 million newly issued SIG shares with a fair value of CHF 706,050 thousand at the acquisition date to CLIL as part of the consideration for Scholle IPN. The new SIG shares were issued from authorised share capital on 23 May 2022 (see note 3.11). In addition, there is contingent consideration of a maximum of $300 million.

The shares of Clean Flexible Packaging Holding B.V. were subsequently transferred by the Company to SIG Schweizerische Industrie-Gesellschaft GmbH. The transfer of the investment in Scholle IPN of CHF 1,133,172.9 thousand was made against an off-set of a loan of CHF 427,122.9 thousand due from the Company to SIG Schweizerische Industrie-Gesellschaft GmbH (see note 3.7) and by a capital contribution of CHF 706,050.0 thousand from SIG Schweizerische Industrie-Gesellschaft GmbH to the Company's directly held subsidiary SIG Combibloc Holdings S.à r.l.

Acquisition of Evergreen's chilled carton business in Asia Pacific ("Evergreen Asia")

On 2 August 2022, one of the subsidiaries indirectly held by the Company (SIG Schweizerische Industrie-Gesellschaft GmbH) acquired Evergreen's chilled carton business in Asia Pacific ("Evergreen Asia") from Evergreen Packaging International LLC ("Evergreen"). Evergreen Asia offers chilled carton packaging solutions in Asia.

The Group paid $335.9 million in cash (subject to customary closing adjustments) at the acquisition date as consideration for Evergreen Asia. The consideration was partly financed via the issue of 11,000,000 ordinary shares by the Company from its authorised share capital on 18 May 2022. The new shares were offered to investors as part of an accelerated book building process. See note 3.11.

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

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 new SIG shares were issued from authorised share capital on 22 February 2021 (see note 3.11). The two former joint ventures (Al Obeikan SIG Combibloc Company Ltd. in Saudi Arabia and SIG Combibloc FZCO in UAE) are since the acquisition fully owned subsidiaries of the Group.

The shares of the former joint ventures were subsequently transferred by the Company to SIG Combibloc Services AG in the year ended 31 December 2021 against a loan receivable of €490.3 million (CHF 538.4 million), which was partly offset by an interest-bearing inter-company Swiss Franc loan from SIG Combibloc Services AG.

3.6 Trade payables

Trade payables due to Group companies as of 31 December 2022 and 31 December 2021 mainly relate to intra-group recharges.

3.7 Current interest-bearing liabilities

In the year ended 31 December 2022, the Company received an interest-bearing inter-company Swiss Franc loan of CHF 427,122.9 thousand from SIG Schweizerische Industrie-Gesellschaft GmbH to pay the consideration for the shares of Clean Flexible Packaging Holding B.V. that was due in cash on 1 June 2022. The loan was settled in connection with the subsequent transfer of the investment in Scholle IPN to SIG Schweizerische Industrie-Gesellschaft GmbH. See also note 3.5.

As of 31 December 2022, current interest-bearing liabilities due to Group companies include an interest-bearing inter-company Euro loan of CHF 463.2 thousand from SIG Combibloc Services AG.

As of 31 December 2021, current interest-bearing liabilities due to Group companies included both an interest-bearing inter-company Swiss Franc loan and an interest-bearing inter-company Euro loan from SIG Combibloc Services AG (in total CHF 789.0 thousand as of 31 December 2021).

3.8 Other current liabilities

Other current liabilities for the year ended 31 December 2022 primarily include CHF 1,552.5 thousand for liabilities arising due to share-based payment plans and arrangements (granted in 2020) for certain members of management and the Board of Directors. For the year ended 31 December 2021, other current liabilities included 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 the Board of Directors.

In the year ended 31 December 2022, the performance share units ("PSUs") that were granted to current and former members of management of the Company under the 2019 PSU plan vested (see also note 3.10). The settlement of this 2019 PSU plan in April 2022 resulted in an additional expense of CHF 6,808.1 thousand (excluding social charges) recognised as part of personnel expenses for the year ended 31 December 2022.

For additional information about the share-based payment plans and arrangements, see note 3.10 below and note 31 of the consolidated financial statements of the Company for the year ended 31 December 2022.

For the year ended 31 December 2022, other current liabilities also include CHF 596.4 thousand for termination benefits (garden leave agreement) relating to one former member of the Group Executive Board who resigned as of 31 December 2022 (CHF 2,418.5 thousand as of 31 December 2021 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).

3.9 Accrued expenses

Accrued expenses for the year ended 31 December 2022 primarily consist of employee benefit obligations of CHF 2,135.2 thousand (CHF 2,782.1 thousand as of 31 December 2021). There were no payments outstanding to the pension funds as of 31 December 2022 or 31 December 2021.

3.10 Non-current liabilities

For the year ended 31 December 2022, non-current liabilities primarily consist of liabilities arising due to share-based payment plans (granted in 2021 and 2022) for certain members of management.

For the year ended 31 December 2021, non-current liabilities primarily consisted of liabilities arising due to share-based payment plans (granted in 2020 and 2021) for certain members of management.

For additional information about the share-based payment plans and arrangements, see note 3.8 above and note 31 of the consolidated financial statements of the Company for the year ended 31 December 2022.

3.11 Share capital

As of 31 December 2022, the share capital consists of 382,270,872 shares, issued and fully paid, representing CHF 3.8 million of share capital (337,520,872 shares, issued and fully paid, representing CHF 3.4 million of share capital as of 31 December 2021). The table below provides an overview of these shares.

Number of shares	**Total shares**
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**
Balance as of 1 January 2022	**337,520,872**
Issue of shares on 18 May 2022	11,000,000
Issue of shares on 23 May 2022	33,750,000
Balance as of 31 December 2022	**382,270,872**

Issue of shares from authorised share capital

On 18 May 2022, the Company issued 11,000,000 ordinary shares with a nominal value of CHF 0.01 per share from authorised share capital under exclusion of the subscription rights of existing shareholders. The new shares were offered to investors as part of an accelerated book building process. The placement of the shares at a price of CHF 19.40 per share generated gross proceeds of CHF 213,400,000, resulting in an increase in the share capital of CHF 0.1 million and an increase in the legal reserves of CHF 213.3 million. The costs incurred of CHF 3.8 million that are directly attributable to the placement of the shares have been recognised as a deduction from equity (capital contribution reserve). The net proceeds from the capital increase amounted to CHF 209.6 million and were used to fund, in part, the acquisition of Evergreen Asia. The new shares were listed and admitted to trading on SIX Swiss Exchange on 19 May 2022.

On 23 May 2022, the Company issued 33,750,000 ordinary shares with a nominal value of CHF 0.01 per share from authorised share capital under exclusion of the subscription rights of existing shareholders. SIG Combibloc Services AG acquired the newly issued shares at nominal value for CHF 337.5 thousand, paid in cash. The Company subsequently reacquired these shares, also at nominal value. The shares, together with a cash payment, were part of the consideration for Scholle IPN that was transferred to CLIL on 1 June 2022. 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.

On 22 February 2021, the Company issued 17,467,632 ordinary shares with a nominal value of CHF 0.01 per share from authorised share capital under exclusion of the subscription rights of 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 also note 3.5.

Authorised share capital and conditional share capital

The Company has authorised share capital of CHF 565,062.61 as of 31 December 2022 (CHF 675,041.74 as of 31 December 2021) and conditional share capital of CHF 640,106.48 (CHF 640,106.48 as of 31 December 2021).

Before the Annual General Meeting held on 7 April 2022, the Board of Directors was authorised, at any time until 21 April 2023, to increase the Company's share capital through the issue of up to 67,504,174 shares. The authority to issue shares from authorised share capital under exclusion of the subscription rights of existing shareholders was limited to a maximum of 33,752,087 shares, equalling CHF 337,520.87.

The Annual General Meeting held on 7 April 2022 approved, subject to consummation of the acquisition of Scholle IPN having occurred or being imminent, the creation of additional authorised share capital of 10% of the then issued share capital (ie. CHF 337,520.87), corresponding to 33.75 million shares that could be issued without subscription rights of the existing shareholders. Hence, the authority to issue shares from authorised share capital under exclusion of the subscription rights of existing shareholders increased to a maximum of 67,504,174 shares, equalling CHF 675,041.74, subject to the acquisition of Scholle IPN having occurred or being imminent. This allowed the Company, after the issue of shares from authorised share capital on 18 May 2022, again to use authorised share capital to issue and transfer shares to CLIL as part of the consideration for Scholle IPN (see section above and note 3.5).

As of 31 December 2022, the Board of Directors is authorised, at any time until 21 April 2023, to increase the Company's share capital through the issue of up to 56,506,261 shares. Capital increases from authorised and conditional share capital are subject to a single combined limit, and may not exceed 64,010,648 shares, equalling CHF 640,106.48. However, the authority to issue shares from authorised and conditional share capital under exclusion of the subscription and advance subscription rights respectively is limited to a single combined maximum of 22,754,174 shares, equalling CHF 227,541.74.

The authorised share capital can be used for various purposes. This provides 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 2022 (also as of 31 December 2021).

3.12 Capital contribution reserve

The capital contribution reserve consists of the following:

(In CHF thousand)	Balance
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 from 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**
Capital contribution reserve as of 1 January 2022	**2,425,353.6**
Additional paid-in capital from issue of shares, net of costs	915,224.6
Dividend payment of CHF 0.45 per share from the capital contribution reserve	(151,884.4)
Dividend not paid on treasury shares held by the Company	30.4
Capital contribution reserve as of 31 December 2022	**3,188,724.2**

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 from other reserves. These provisions do not apply to repayments of "foreign capital contribution reserves". The Company has a capital contribution reserve of CHF 3,188.7 million as of 31 December 2022 (CHF 2,425.4 million as of 31 December 2021), which is confirmed by the Swiss Federal Tax Administration. Foreign capital contribution reserves included in the capital contribution reserve amount to CHF 1,954.7 million (CHF 1,400.9 million as of 31 December 2021). The whole dividend paid in 2021 and 2022 was distributed from foreign capital contribution reserves. The whole dividend to be proposed to the Annual General Meeting in April 2023 is expected to be distributed from foreign capital contribution reserves.

3.13 Treasury shares

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

	2022		2021	
(Number of treasury shares or in CHF thousand)	Number	Amount	Number	Amount
Balance as of 1 January	**2,430**	**(53.7)**	**6,274**	**(114.6)**
Purchases	749,126	(16,434.0)	26,739	(670.4)
Transfer under equity-settled share-based payment plans and arrangements	(728,261)	15,977.0	(30,583)	731.3
Balance as of 31 December	**23,295**	**(510.7)**	**2,430**	**(53.7)**

The Company purchases its own shares on the market to settle its obligations under the Group's equity-settled share-based payment plans and arrangements. The Company held 23,295 shares for this purpose as of 31 December 2022 (2,430 shares as of 31 December 2021), representing an amount of CHF 510.7 thousand.

In the year ended 31 December 2022, the Company transferred 728,261 treasury shares (representing CHF 15,977.0 thousand) to participants in the Group's equity-settled share-based payment plans and arrangements.

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 2022 and 2021 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 2022 and 2021.

	Voting rights as of[1]	
Significant shareholders	**31 Dec. 2022**	**31 Dec. 2021**
Haldor Foundation[2]	9.95%	9.95%
Laurens Last[3]	9.19%	-
Fahad al Obeikan[4], Andreas Boy and André Rosenstock	5.00%	5.18%
BlackRock Inc (Mother company)	3.57%/0.01%	3.57%/0.01%
UBS Fund Management (Switzerland) AG	3.18%	3.18%
Swisscanto Fondsleitung AG	3.13%	-
Norges Bank (the Central Bank of Norway)	-	4.96%
Ameriprise Financial, Inc.	-	3.17%/0.002%

1 When comparing the percentages of voting rights held as of 31 December 2021 and as of 31 December 2022, it should be noted that the number of the Company's outstanding shares increased in May 2022 (see note 3.11).

2 The direct shareholder is Winder Investment Pte Ltd.

3 The direct shareholder is Clean Holding B.V. (formerly CLIL Holding B.V.), which is 100% owned by Laurens Last. He is a member of the Group's Board of Directors.

4 The direct shareholder with respect to Fahad al Obeikan is Al Obeikan Group for Investment Company CJS. Andreas Boy and André Rosenstock were only reported as shareholders as of 31 December 2021.

For further details about the significant shareholders as of 31 December 2022, 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 Group AG's total share capital and voting rights as of 31 December 2022 and 2021.

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 2022, 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 indirectly held shares[1, 2]
Andreas Umbach	100,407
Matthias Währen	34,414
Colleen Goggins	39,690
Werner Bauer	59,516
Wah-Hui Chu	51,915
Mariel Hoch	20,141
Martine Snels	5,683
Abdallah al Obeikan[3]	1,832,237
Laurens Last[4]	35,132,170
Total	**37,276,173**

1 Ordinary registered shares of SIG 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.

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.

3 Of the above-reported number of shares, Abdallah al Obeikan indirectly held 1,827,110 shares via his shareholding in Al Obeikan Group for Investment Company CJS.

4 Of the above-reported number of shares, Laurens Last indirectly held 35,129,733 shares via his 100% shareholding in Clean Holding B.V. (formerly CLIL Holding B.V.).

Laurens Last, the former owner of Scholle IPN, was elected to the Board of Directors at the Annual General Meeting on 7 April 2022.

Nigel Wright decided not to stand for re-election and stepped down from the Board of Directors upon the conclusion of the Annual General Meeting on 7 April 2022.

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 indirectly held shares[1, 2]	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
Martine Snels	1,853	-	1,853
Abdallah al Obeikan[3]	1,828,963	-	1,828,963
Nigel Wright	-	-	-
Total	**2,092,272**	**14,236**	**2,106,508**

1 Ordinary registered shares of SIG 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 small part of the share-based payment compensation was paid out in restricted share units ("RSUs") with a three-year vesting period. The RSUs vested in the year ended 31 December 2022. The Company settled its obligation by delivering treasury shares.

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.

3 Of the above-reported number of shares, Abdallah al Obeikan indirectly held 1,827,110 shares via his shareholding in Al Obeikan Group for Investment Company CJS.

As of 31 December 2022 and 31 December 2021, 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. 2022		As of 31 Dec. 2021	
Group Executive Board	**Number of directly or indirectly held shares**[1]	**Unvested performance share units**[2]	**Number of directly or indirectly held shares**[1]	**Unvested performance share units**[2]
Samuel Sigrist, Chief Executive Officer	210,000	176,207	200,063	194,901
Frank Herzog	-	16,285	-	33,618
Ian Wood	100,000	94,085	75,000	119,450
Ricardo Rodriguez[3]	235,000	70,564	250,002	97,491
Abdelghany Eladib[4]	7,920	27,109	7,420	13,447
José Matthijsse	-	27,109	-	13,447
Lawrence Fok[5]	-	-	188,572	49,705
Fan Lidong	181,478	48,310	-	-
Angela Lu	-	13,662	-	-
Suzanne Verzijden[6]	-	4,554	-	-
Ross Bushnell	-	13,662	-	-
Total	**734,398**	**491,547**	**721,057**	**522,059**

1 Ordinary registered shares of SIG 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. The PSUs granted under the 2019 PSU plan vested in the year ended 31 December 2022. The Company settled its obligation by delivering treasury shares.

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.

3 Of the above-reported number of shares, Ricardo Rodriguez indirectly held 225,000 shares (no indirect shareholding as of the end of the comparative period).

4 Of the above-reported number of shares, 7,420 are blocked shares.

5 Lawrence Fok was only a member of the Group Executive Board until 31 December 2021.

6 Suzanne Verzijden held 6,831 RSUs as of 31 December 2022 under the Group's 2022 RSU plan.

Lawrence Fok left his role as President and General Manager of Asia Pacific as of 31 December 2021 and has subsequently left the Group. Due to the Group's growth in Asia Pacific, his role on 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.

Ross Bushnell, CEO of Scholle IPN since October 2019, joined the Group Executive Board as President of Scholle IPN, effective as of 1 June 2022.

Frank Herzog, Chief Financial Officer, resigned as of 31 December 2022.

For additional information about the share-based payment plans and arrangements, see note 3.8 above and note 31 of the consolidated financial statements of the Company for the year ended 31 December 2022.

4.4 Other

Guarantee obligations

The Company is the guarantor on a stand-alone basis for the Group's obligations under its notes, its senior unsecured credit facilities (including outstanding letters of credit), its US Dollar term loan and *Schuldscheindarlehen* ("SSD"). The debt totalling €2,458.1 million as of 31 December 2022 is taken up by indirectly held subsidiaries of the Company. No such guarantee obligation existed as of 31 December 2021. See further note 22 of the consolidated financial statements of the Company for the year ended 31 December 2022.

Subsequent events

There have been no events subsequent to 31 December 2022 that would require an adjustment to or disclosure in these financial statements except that an indirectly held subsidiary of the Company signed a €400 million unsecured bridge loan facility agreement on 9 January 2023. The facility may be accessed in June 2023, when €450 million of the Group's senior unsecured notes are due for repayment.

There are no further items to disclose according to Art. 959c of the Swiss Code of Obligations.

Proposal of the Board of Directors for the appropriation of the retained earnings

(In CHF thousand)	As of 31 Dec. 2022	As of 31 Dec. 2021
Profit brought forward from previous period	340,618.8	209,286.6
Profit for the period	131,545.9	131,332.2
Retained earnings at the end of the period	**472,164.7**	**340,618.8**
Retained earnings to be carried forward	**472,164.7**	**340,618.8**

The Board of Directors proposes to the Annual General Meeting to be held on 20 April 2023 to carry forward retained earnings of CHF 472.2 million.

Proposal of the Board of Directors for the appropriation of the capital contribution reserve

(In CHF thousand)	
Capital contribution reserve as of 31 December 2021	**2,425,353.6**
Additional paid-in capital from issue of shares	919,002.5
Transaction costs directly attributable to issue of shares	(3,777.9)
Dividend payment of CHF 0.45 per share in April 2022 from the capital contribution reserve	(151,884.4)
Dividend not paid in April 2022 on treasury shares held by the Company	30.4
Proposed dividend of CHF 0.47 per share in April 2023 from the capital contribution reserve	(179,667.3)
Capital contribution reserve carried forward after cash dividend	**3,009,056.9**

Provided that the proposal of the Board of Directors is approved by the Annual General Meeting to be held on 20 April 2023, the dividend will amount to CHF 0.47 per share and is expected to be paid from 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 Group AG
Neuhausen am Rheinfall

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SIG Group AG (the Company), which comprise the income statement for the year ended 31 December 2022, balance sheet as at 31 December 2022, and notes to the financial statements (pages 343 to 356), including a summary of significant accounting policies.

In our opinion, the accompanying financial statements comply with Swiss law and the company's articles of incorporation.

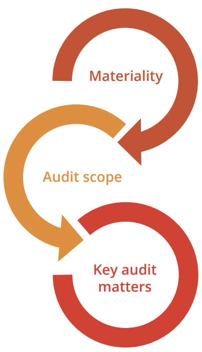
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). 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 Company 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 18,300,000

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 Company, the accounting processes and controls, and the industry in which the Company 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 18,300,000
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because it is a relevant and generally accepted measure for materiality considerations relating to a holding company.

We agreed with the Audit and Risk Committee that we would report to them misstatements above CHF 900,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We 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.

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Board of Directors' responsibilities 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 Company'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 Company 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 SA-CH 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.

A more detailed description of our responsibilities for the audit of the financial statements can be found on the EXPERTsuisse website: http://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 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.

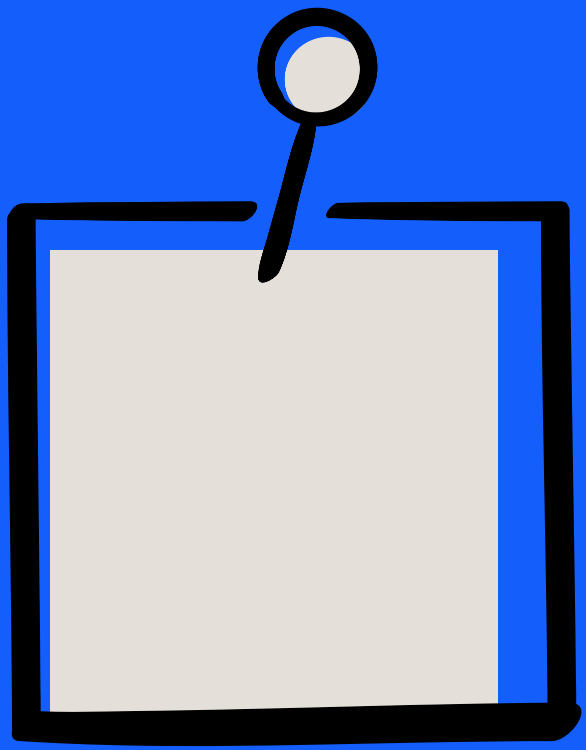
We further confirm that the proposed appropriation of retained earnings and capital contribution reserves complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

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

Basel, 23 February 2023

EU taxonomy



EU taxonomy regulation

The Regulation (EU) 2020/852 of the European Parliament and of the Council (the Taxonomy Regulation) establishes a classification system of environmentally sustainable economic activities. This shall facilitate the identification of sustainable activities and consequently foster the redirection of financial investments towards green and transition-promoting businesses and technologies – the latter being an important vehicle to meet the objectives of the European Green Deal and the EU's climate targets.

Under the Taxonomy Regulation, an economic activity is considered environmentally sustainable, if it makes a substantial contribution to at least one of the EU's six climate and environmental objectives, while at the same time not significantly harming any of these objectives and meeting minimum social safeguards. The six objectives are:

I. climate change mitigation;

II. climate change adaptation;

III. the sustainable use and protection of water and marine resources;

IV. the transition to a circular economy;

V. pollution prevention and control; and

VI. the protection and restoration of biodiversity and ecosystems.

At the time of writing, Taxonomy-eligible activities and respective technical screening criteria have only been defined for the first two climate objectives, in the Climate Delegated Act.

SIG's Taxonomy-eligible economic activities: manufacturing of low carbon technologies

As a company providing aseptic food and beverage packaging, SIG Group AG plays an active role in the transition towards a low carbon, circular economy. SIG welcomes the establishment of the EU Taxonomy Regulation and recognizes the importance of creating transparency on its share of sustainable activities for stakeholders such as investors. Consequently, SIG has voluntarily conducted a first eligibility analysis of its business activities in light of the EU Taxonomy's Climate Delegated Act. SIG's Taxonomy-eligible activities were identified following the Taxonomy framework, mapping SIG's business activities and NACE Codes with the business activities and NACE Codes listed in the Climate Delegated Act.

The Climate Delegated Act focusses first and foremost on activities and sectors which can drive the transition to zero carbon emissions. The emphasis is on the most carbon-intensive industries, such as the construction, energy, and transport sector, as well as on green innovations, which can significantly contribute to climate change mitigation or adaptation. In this context, the Climate Delegated Act does not list the manufacturing of food and beverage packaging solutions as an eligible activity within the manufacturing sector.

Nevertheless, our preliminary analysis suggests that SIG's main economic activity – the manufacturing of filling machines and providing of solutions for aseptic carton packaging for our major product categories liquid dairy, non-carbonated soft-drink, and long-life food – corresponds well with the eligible activity 3.6 the manufacturing of other low carbon technologies, as mentioned in Annex 1 to the Climate Delegated Act. It aims at substantial life-cycle GHG emission reductions in other sectors of the economy and can consequently contribute to the goal of climate change mitigation.

The following table shows our Taxonomy-eligibility key performance indicators, i.e. the shares of our activities eligible with respect to the climate change mitigation objective . It is important to note that for 2022, SIG Group AG only assessed the eligibility of its business activities under the EU Taxonomy. Throughout 2023, we plan to assess the alignment of our eligible activities.

	Turnover		Capex		Opex	
	Absolute (€ m.)	Proportion (%)	Absolute (€ m.)	Proportion (%)	Absolute (€ m.)	Proportion (%)
A. Taxonomy eligible activities	2,357	100%	126	100%	2,056	100%
B. Taxonomy non-eligible activities	0	0%	0	0%	0	0%
Total (A+B)[1]	**2,357**	**100%**	**126**	**100%**	**2,056**	**100%**

1 Excludes the recent acquisitions of Scholle IPN and Evergreen Asia as their eligibility is still under review and assessment.

Definitions

Article 1(5) of the Disclosures Delegated Act clarifies that *"'taxonomy-eligible economic activity' means an economic activity that is described in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2), and Article 15(2), of Regulation (EU) 2020/852, irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts"*. In turn, a 'taxonomy-non-eligible economic activity' means any activity that is not described in the respective delegated acts.

Assessment of our activities' Taxonomy-eligibility

Our assessment of Taxonomy-eligible activities is focused on our revenue-generating economic activities. Revenue is derived from the sale of goods such as carton packaging sleeves, closures, bag-in-box and spouted pouches with associated materials (barrier film and fitments), filling lines and related equipment as well as the provision of after-market services. Revenue is presented net of returns, trade discounts, volume rebates and other customer incentives. In addition, the Group presents income from the deployment of filling lines and related equipment under contracts that qualify to be accounted for as operating leases as part of revenue.

We consider as Taxonomy-eligible under activity 3.6 the manufacturing and provision of filling machines and aseptic carton packs, which includes the following economic activities: the manufacturing and selling of plastic closures (NACE-Code C22.22), the manufacturing and selling of packs (NACE-Code C17.21), and the manufacturing and selling of all types of filling machines and filling line solutions (NACE-Code C28.29), including activities related to the servicing and maintenance of filling machines (NACE-Code C33.21, M70.1).

Our aseptic cartons play a key role in minimizing carbon emissions by keeping food safe and fresh for long periods without the need for refrigeration in the supply chain. They have a 28–70% lower carbon footprint than other packaging formats, such as plastic and glass bottles or cans – and solutions in our innovative **SIG**NATURE portfolio lower this up to 58% further. They are made with renewable energy and mainly from renewable materials. We source the fibre used to make their main raw material, liquid packaging board, from sustainably-managed forests that act as important carbon sinks. We are committed to continuing to offer the lowest carbon alternative to other types of packaging in each major category: liquid dairy, non-carbonated soft-drinks, and long-life food; and increase uptake of our lowest carbon solutions, supported by critically reviewed life-cycle analyses based on international standards such as ISO 14040. For more information on the sustainability and carbon-performance of our filing machines and packs, please refer to our Climate+ chapter on > pages 93–104.

Our KPIs and accounting policies

SIG's Taxonomy disclosures follow the EU Commission's Art. 8 Delegated Act supplementing the EU Taxonomy Regulation by specifying the content and presentation of information to be disclosed. The Key Performance Indicators (KPIs) disclosed cover the 12 month period which ended on 31 December 2022. As the technical screening criteria for the remaining four environmental objectives have not been adopted at the time of drafting this report, the following only cover eligibility with respect to the objectives of climate change mitigation and climate change adaptation.

Turnover KPI

The proportion of Taxonomy-eligible economic activities in our total turnover has been calculated as the part of net turnover ("revenue") derived from products and services associated with Taxonomy-eligible economic activities (numerator) divided by the net turnover (denominator), in each case for the financial year from 1 January 2022 to 31 December 2022.

The denominator of the turnover KPI is based on our revenue, excluding the acquisition of Scholle IPN and Evergreen Asia. For further details on our accounting policies regarding our revenue, see note 6 of the consolidated financial statements for the year ended 31 December 2022.

The numerator of the turnover KPI is defined as the revenue derived from products and services associated with Taxonomy-eligible economic activities.

Capital expenditure KPI

The capital expenditure KPI is defined as Taxonomy-eligible capital expenditure (numerator) divided by our net capital expenditure (denominator).

Net capital expenditure consists of additions to tangible and intangible fixed assets during the year ended 31 December 2022, before depreciation, amortisation and any re-measurements. The total of net capital expenditure does not include the acquisitions of Scholle IPN and Evergreen Asia. It includes acquisitions of tangible fixed assets (IAS 16), intangible fixed assets (IAS 38), right-of-use-assets (IFRS 16) and investment properties (IAS 40). Upfront cash has been included as a reduction of capital expenditure. For further details on our definition of net capital expenditure, and our additions to tangible and intangible fixed assets during the year ended 31 December 2022, see note 11, note 12 and note 14 of the consolidated financial statements for the year ended 31 December 2022.

The numerator consists of net capital expenditure related to assets or processes that are associated with Taxonomy-eligible economic activities. We consider that assets and processes are associated with Taxonomy-eligible economic activities when they are essential components necessary to execute an economic activity.

Operating expenditure

The operating expenditure KPI is defined as Taxonomy-eligible operating expenditure (numerator) divided by our total operating expenditure (denominator). Total operating expenditure consists of our cost of sales, selling marketing and distribution expenses and general and administrative expenses and excludes the acquisitions of Scholle IPN and Evergreen Asia. The numbers reported have been derived from the financial reporting system that is used as a source for preparing our consolidated statements of profit or loss and other comprehensive income, in our consolidated financial statements for the year ended 31 December 2022.

Outlook

We plan to assess the alignment of our manufacturing of filling machines and packs in our key markets and for our major product categories (dairy, non-carbonated soft drinks and long-life food) with the EU Taxonomy's climate objectives throughout 2023. As concerns eligibility and alignment with the remaining four environmental objectives, it is important to note that policy-makers are still in the process of defining activities and technical screening criteria. Particularly with respect to the circular economy objective, we expect an expansion into economic sectors and activities relevant to our products and operations. Consequently, our assessment may evolve and we will ensure to update our reporting accordingly and in line with updated information from the European Commission.

TCFD

Task Force on Climate-related Financial Disclosures report

This section covers our disclosures following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Governance

The Board of Directors, acting collectively, has the ultimate responsibility for the conduct of business of the Company and for delivering sustainable value for shareholders and other stakeholders. 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. We assess and manage climate-related issues through our Way Beyond Good Climate+ action area. For more information on The Way Beyond Good, please see > pages 78–176. The Way Beyond Good ambitions to create a net positive impact on people and the planet are built into our business strategy, our Corporate Compass. Ultimate accountability for our performance and progress on he Way Beyond Good commitments lies with our CEO and Group Executive Board (GEB) – and this is built into their remuneration via our Short-Term Incentive Plan. Every GEB meeting includes standing items on responsibility topics, including climate-related issues. GEB members sit in 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 (RAG) to gain valuable external input. Together with the CEO and the GEB, the RSG governs any climate-related issues at an operational level. The RSG meets at least twice a year to oversee SIG's responsibility roadmap and strategy, review progress and ensure alignment across the business. Climate-related issues, including climate-related risks, are substantial elements of the agendas for RSG meetings. In 2022, for instance, these meetings addressed the implications of the recently established guidance for science-based targets and necessary programme adaptations to our accounting, reporting and assessment approaches. Relevant sustainability updates, including those related to progress on our science-based targets, are regularly reported to the Board of Directors. For more information on our governance of climate-related issues, please refer to the Responsibility built in section of the Way Beyond Good chapter on > pages 84–91. For more information on SIG Group AG's corporate governance, please see our Corporate Governance Report on > pages 184–211.

Strategy

We regularly assess potential climate-related impacts on our business and strategy, and climate change was again identified as a material topic for SIG in our latest materiality assessment in 2022. This year we deepened our assessment of climate-related impacts and further expanded the consideration of different climate scenario assumptions. Following the TCFD's[1] categorisation, the assessment covers impacts related to the transition to a

1 https://assets.bbhub.io/company/sites/60/2020/10/FINAL-2017-TCFD-Report-11052018.pdf.

lower-carbon economy – which can pose policy-, legal-, technology- and market-related transition risks – and physical risks related to the acute and chronic physical impacts of a changing climate. It assesses potential impacts occurring over the short (1–3 years), medium (3–5 years) and long (over 5 years) term.

In 2022, we assessed impacts in light of a best-case "Net Zero by 2050" scenario, as well as a worst-case scenario. The best-case scenario aligns with the RCP1.9 emissions pathway, projecting a global mean temperature increase of below 1.5°C by 2100. Under this scenario, we expect to see more immediate and stringent policy reactions, including increased implementation of carbon pricing mechanisms. Related changes in cost patterns and public awareness may also directly affect consumers' purchasing behaviour and preferences for more sustainable product alternatives, which may turn into an opportunity for our packaging solutions, which have a lower carbon footprint than alternative types of packaging. The longer-term physical effects of climate change may be limited since the RCP1.9 pathway is related to an effective mitigation of climate change impacts.

The worst-case scenario aligns with the RCP8.5 pathway, projecting a global mean temperature increase of around 5°C by the end of the century. Necessary climate action would be delayed until the 2030s, with policy actions implemented to halt the rise in GHG emissions at a late stage. Emissions would steadily rise, preventing us from reaching our greenhouse gas reduction targets. Social and economic costs can be expected to be even higher, while physical effects of climate change are expected to be even more drastic, leading to constraints in the availability of natural resources and more critical disruptions in supply chains and markets.

To identify which potential climate-related impacts are material, we estimate the probability of occurrence and severity of a potential financial impact in line with our enterprise risk management (ERM). For more information on our ERM, please see > pages 73–77. Results of the assessment in 2022 show that, overall, SIG's business strategy is well positioned for the transition towards a more sustainable, low carbon, circular economy. The Climate+ action area includes a programme that is designed to reduce our emissions in line with climate science along the value chain. Our low carbon packaging enables us to support our customers and consumers to lower their own carbon emissions. This ability to offer a low carbon alternative to other types of packaging is a key differentiator and value driver that not only mitigates climate-related risks but enables SIG to capitalise on climate-related opportunities. Our products offer a variety of assets that are associated with climate benefits by consumers, such as renewable content or recyclability – in addition to the advantages of ambient packaging with excellent shelf-life performance, which contributes to reducing food waste.

Our assessment of climate-related issues also shows that some issues identified may have a potential financial impact on SIG's business. Potential new and more stringent regulatory measures to limit climate change could increase SIG's production costs, for example by increasing costs for raw materials with a climate-intensive supply chain, or by demanding higher investments in building up recycling infrastructure. Changing customer preferences and purchasing behaviours may increase the demand for products which demonstrate high climate and environmental performance. While SIG is currently well placed to meet such demands, failing to do so, or meeting them less well than our competitors, could potentially translate into a loss of sales. Additionally, chronic or acute climate change impacts on forests may result in the reduction or loss of forest resources, which may result in disruptions in the supply of liquid packaging board, one of our main raw materials, consequently limiting our ability to supply our products to customers. For more information on our climate strategy, please see our Climate+ chapter on > pages 93–104.

Risk management

Our approach to addressing climate-related risks and opportunities is integrated in our annual ERM. In 2022, material climate-related impacts were discussed in the risk management workshops with regional and functional leadership teams that were held to identify and evaluate risks. In addition, a separate risk workshop was held with the Group Executive Board to discuss and validate the overall risk portfolio. 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 identified material risk has a risk owner at management level who is responsible for the implementation of risk management measures in their area of responsibility. Each material risk also has a mitigation action owner, mostly in global functions with regional counterparts to ensure local implementation. For more information on our ERM, please see > pages 73–77.

Moreover, 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. Our assessment concludes that SIG is well positioned to respond to and manage the climate-related risks identified. We have already implemented a range of mitigation and adaptation measures to address our most significant potential climate-related risks. Examples from 2022 include: maintaining 100% renewable electricity for production of our aseptic carton packs; innovations to further reduce the carbon footprint of our packaging solutions; engagement with suppliers to further reduce the climate impact of key raw materials, for example through certification to the Aluminium Stewardship Initiative standard, which includes strict limits on greenhouse gas emissions; and partnerships to foster collection and recycling of used beverage cartons in priority markets. For more information on our climate-related mitigation and adaptation measures, including our Pathway to Net Zero, please refer to our Climate+ chapter on > pages 93–104.

Climate is a key priority in our strategy, and we consequently evaluated whether our acquisitions may impact our risk assessment. We were able to conclude that this does not lead to major changes in our risk portfolio.

Metrics and targets

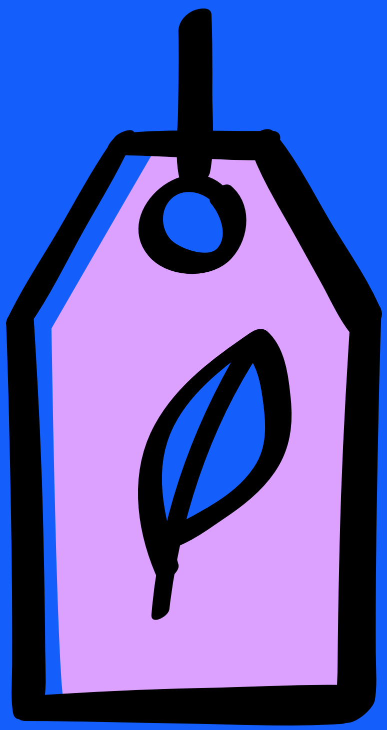
Our Way Beyond Good journey demands that we become a Climate+ business. This means that, in addition to reducing our emissions in line with climate science, we will remove more carbon from our value chain than we emit. Alongside this, we will continue to help our customers and consumers to lower their own carbon footprints further with our low-impact packaging. We are already among the group of leading companies that have set science-based targets approved by the Science Based Targets initiative (SBTi) in line with the latest climate science to limit global warming to 1.5°C above pre-industrial levels.

In 2022, we have further increased our ambition level with new science-based targets submitted to SBTi for approval, including a formal commitment to reach Net Zero greenhouse gas emissions across our value chain by 2050. The new targets commit us to:

- Near-term: Reduce absolute Scope 1 and 2 greenhouse gas emissions by 42%, and reduce Scope 1, 2 and 3 greenhouse gas emissions by 52% per litre packed by 2030 (from a 2020 baseline).
- Long-term: Reduce absolute Scope 1 and 2 greenhouse gas emissions by 90% and reduce Scope 3 greenhouse gas emissions by 97% per litre packed by 2050 (from a 2020 baseline).

For more information on our climate-related metrics and targets, as well as on our greenhouse gas reporting, which includes the newly acquired business, please refer to our Climate+ chapter on > pages 93–104, our "Greenhouse gas emissions basis for reporting" on > pages 380–386, our "Key performance indicators" on > pages 167–169, as well as our "GRI content index" on > pages 387–410.

Appendix



ESG disclosures

Our corporate responsibility (CR) reporting on environmental, social and governance (ESG) topics is included in SIG's Annual Report.

The Way Beyond Good chapter (see > pages 78–176) provides an overview of CR governance, progress towards our Way Beyond Good ambitions, and performance on our most material environmental and social topics. This appendix provides further disclosures, including:

- a list of ESG reporting frameworks we follow and additional disclosures we make
- how we listen and respond to stakeholders
- our material topics, how we identify these and a summary of our management approach on each (included within the GRI content), as well as links to more details on our approach to material ESG topics on our website
- our contribution to the United Nations Sustainable Development Goals
- an index of our reporting in accordance with the Global Reporting Initiative (GRI) Standards
- an independent external assurance statement.

Reporting frameworks

We align our CR reporting and ESG disclosures with recognised external frameworks, including:

- **CDP:** We disclose detailed information for investors and customers on our management and performance on climate issues and forests through the CDP.
- **Dow Jones Sustainability Indices (DJSI):** We responded to the S&P Global Corporate Sustainability Assessment survey for an investor audience for the second time this year.
- **EcoVadis:** We submit extensive information to support our annual assessment by EcoVadis for participating customers.
- **EU Corporate Sustainability Reporting Directive (CSRD):** We are monitoring the requirements of the upcoming CSRD and respective European Sustainability Reporting Standards, and working to integrate necessary elements into our reporting.
- **EU Taxonomy:** We welcome the establishment of the EU Taxonomy Regulation and this year we have voluntarily conducted a first eligibility analysis of our business activities following the Taxonomy framework (see > pages 361–364).
- **Global Reporting Initiative (GRI):** We report annually in accordance with the GRI Standards (see > pages 387–410). Our last GRI reporting was included in the SIG Annual Report we published in 2022 for the 2021 reporting year.
- **Greenhouse Gas (GHG) Protocol:** Our greenhouse gas emissions are reported in accordance with the GHG Protocol (see our GHG emissions basis for reporting on > pages 380–386). We are also reviewing the guidance from the GHG Protocol on forest land and agriculture (FLAG) to better understand whether SIG's role in this through our supply chain will enable us to adopt a sufficiently robust and meaningful science-based target specifically on FLAG.
- **Human rights due diligence reporting:** As part of our workstream on human rights, we are conducting a detailed evaluation of due diligence activities, including related reporting, required to meet forthcoming regulations on this topic, such as the German Supply Chain Due Diligence Law (*Lieferkettensorgfaltspflichtengesetz*) that will become mandatory in the financial year 2023.

- **Swiss law on reporting obligations on non-financial matters:** We are monitoring the requirements of the Swiss law on reporting obligations on non-financial matters (Swiss CO 964) and the Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour, and we are working to integrate respective elements into our reporting in 2023.
- **Task Force on Climate-related Financial Disclosures (TCFD):** We align our public reporting with the elements of the TCFD framework, including scenario analysis, to address climate-related risks and opportunities (see > pages 366–369).
- **Taskforce on Nature-related Financial Disclosures (TNFD):** Building on our established efforts to source renewable raw materials from responsibly managed forests, we are using the TNFD framework to inform our assessment of risks and opportunities for our business and working towards TNFD reporting in future.
- **United Nations Global Compact:** As a signatory to the United Nations Global Compact, we submit an annual Communication on Progress in relation to its ten principles.
- **United Nations Sustainable Development Goals (SDGs):** We describe how we are contributing to the SDGs on > pages 376–379.

WE SUPPORT

SIG supports the SDGs

Find out more about our approach to ESG topics

We publish detailed policies, including 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.

Stakeholder engagement

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 and respond to 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, including our Recycle for Good project in Egypt and the establishment of collection points in the Dominican Republic (see > page 114 and > page 117).
Employees	• Biennial global employee survey • Regular day-to-day dialogue • Formal appraisals • Consultation with employee representatives • Townhall meetings • Recognition schemes	In our 2022 global employee engagement survey, overall engagement remained strong even during a period of significant change in the business with two major acquisitions this year. Feedback showed we outperformed the industry benchmark in categories including corporate responsibility, equal opportunities and inclusion, learning and development, fairness of pay and retention. But there is room for improvement in relation to empowerment, non-monetary recognition and survey follow-up.	During the year, we continued to look for ways to further improve on priority areas identified through the previous employee survey conducted in 2020. We have a clear roadmap in place for our leaders and employees to discuss the results of the latest global employee survey, define and implement actions and communicate progress on an ongoing basis to demonstrate more clearly how we are responding to feedback from the survey. Engaging employees on our plans and welcoming colleagues from our newly acquired businesses was an important focus this year. See > pages 145–153 for more on engagement with employees in 2022. We also continued to engage our people through our Way Beyond Good Champions engagement campaigns (see > pages 160–162).
Industry	• Industry associations such as ACE and GRACE • The Consumer Goods Forum • Industry platforms such as AIM-PROGRESS, EUROPEN (the European Organisation for Plastics and the Environment), the European Bioplastics association, EXTRA:CT and 4evergreen	Industry peers are keen to work together on common advocacy goals and to meet shared industry challenges, such as increasing recycling rates.	We continued to work through industry associations and partner directly with others in our industry to drive progress on recycling initiatives around the world (see > pages 109–120). This year, we supported the development of ACE's Design for Recycling Guidelines for beverage cartons in Europe and 4evergreen's guidance on circularity by design and improved collection and sorting of fibre-based packaging for recycling. We also reinforced our commitment to the Consumer Goods Forum's Golden Design Rules to tackle plastic waste through its Plastic Waste Coalition of Action. Through our membership of AIM-PROGRESS, this year we used its established methodology to assess the maturity of our responsible sourcing programme and identify areas for improvement (see > page 143).

Stakeholder	How we engage	Key topics and concerns	Our response
Investors	• Annual Report • Annual General Meeting • Quarterly reporting and investor calls • Twice-yearly management roadshows • Capital markets days • Regular dialogue with existing and prospective investors (a total of 235 investor meetings in 2022) • Investor conferences (eight in 2022, meeting with 108 institutional investors) • Ad hoc visits to our production sites	Investors seek sustainable, long-term returns. The main ESG topics they raised in 2022 continued to be: recycling and circularity; how to make SIG's most sustainable products more mainstream; and how to leverage the sustainability credentials of SIG's solutions compared with other types of packaging. Investors are also interested in how we are aligning with frameworks such as the EU Taxonomy and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD).	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. SIG has continued to score well in recognised ESG ratings (see > page 83) and we have raised further finance linked to ESG performance (see > page 89). Our sustainability experts participated in dedicated ESG investor conferences in order to enhance awareness of SIG's achievements and strategy. A major focus of our dialogue with investors in 2022 was the potential for growth through the acquisitions we made during the year, including the extension of our offering of the most sustainable packaging solutions to a wider range of market segments. We communicate in this report how we are aligning with the EU Taxonomy, the recommendations of the TCFD and the TNFD, and other reporting frameworks (see > pages 371–372).
Suppliers	• Regular engagement • Communication of our expectations on CR topics • 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. This year, we launched a new Supplier Code of Conduct to clarify our requirements and began rolling this out to new and existing suppliers. We also continued to engage with suppliers to encourage them to pursue or maintain certification to standards such as FSC™ and ASI on responsible sourcing, and more of our aluminium foil suppliers achieved ASI certification this year. We also held top management level discussions on emissions reduction plans with one of our main liquid packaging board suppliers. See > pages 135–140 for more on engagement with suppliers in 2022.
Sustainability experts and NGOs	• 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 experts such as the Institute for Energy and Environmental Research (IFEU) and Forum for the Future • Partnerships with NGOs	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 in our RAG met with members of our Group Executive Board twice in 2022 to provide insight and feedback on our approach as we continue to refine our Way Beyond Good ambitions. They emphasised the importance of focusing on positive impact across our Way Beyond Good targets and communications, and supported our focus on increasing positive impact in the Food+ action area as part of our net positive ambition. See > pages 86–88 for more on their views.	We have set bold ambitions for 2025 and beyond. Our new greenhouse gas reduction targets and Net Zero commitment push us even further on Climate+ (see > pages 93–104). These were developed in line with the SBTi's latest guidance and in support of its Business Ambition for 1.5°C and the UN's Race to Zero. We embarked on a major new partnership with WWF Switzerland this year that will enhance our positive impact on Forest+, and committed to a series of actions as a member of its Forest Forward programme (see > pages 105–108). We also continued our partnership with Forum for the Future to better understand SIG's role in the food value chain, and to define activities and indicators on Food+ to help deliver more nutritious food to people who need it most around the world (see > pages 121–125). We have built responsibility into our Corporate Compass and key business processes, and have a clear governance structure in place, including for management of our most material issues. We report in accordance with the Global Reporting Initiative (GRI) Standards and obtain external assurance for key data to enhance transparency.

Stakeholder	How we engage	Key topics and concerns	Our response
			We use international protocols and standards in the management of specific focus areas, and we engage experts such as IFEU to conduct independently reviewed ISO-conformant third-party life-cycle assessments (LCAs) of our packaging solutions. This year, IFEU conducted LCAs of our new bag-in-box and pouch solutions acquired through the acquisition of Scholle IPN in 2022. We also continued to collaborate with others to drive the net positive agenda. In 2022, we joined Forum for the Future's new Regenerative Investment Lab that brings together participants from business, finance, academia and civil society to catalyse progress towards a market system that drives regenerative outcomes for people and planet. Through SHINE, we focus on developing ways to measure positive impacts through "handprinting". SIG's contribution as the first company to complete a SHINE case study to demonstrate avoided emissions – which was published in a peer-reviewed journal – helped to inform a new guide on the topic being developed by the World Business Council for Sustainable Development. SIG's participation has also helped SHINE create and disseminate research briefs that bring handprinting methods to a wider audience.
Policymakers and regulators	• Engagement through relevant industry associations	The range of topics covered by regulators is broad. Hot topics include responsible production, sustainable consumption, recycling and circular economy, pathway to net zero greenhouse gas emissions, human rights due diligence 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 relevant issue sections in the Way Beyond Good chapter of SIG's Annual Report for our response to specific regulatory priorities.
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 162). We are also extending recycling programmes that bring additional social benefits by enabling underprivileged communities to earn rewards for collecting packaging for recycling and supporting ethical working conditions for waste workers in countries such as Brazil and Egypt (see > pages 109–120).

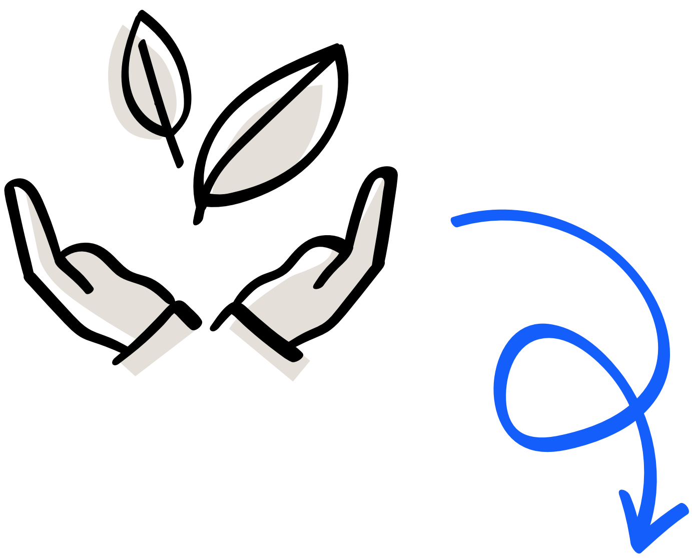
Contribution to the United Nations Sustainable Development Goals

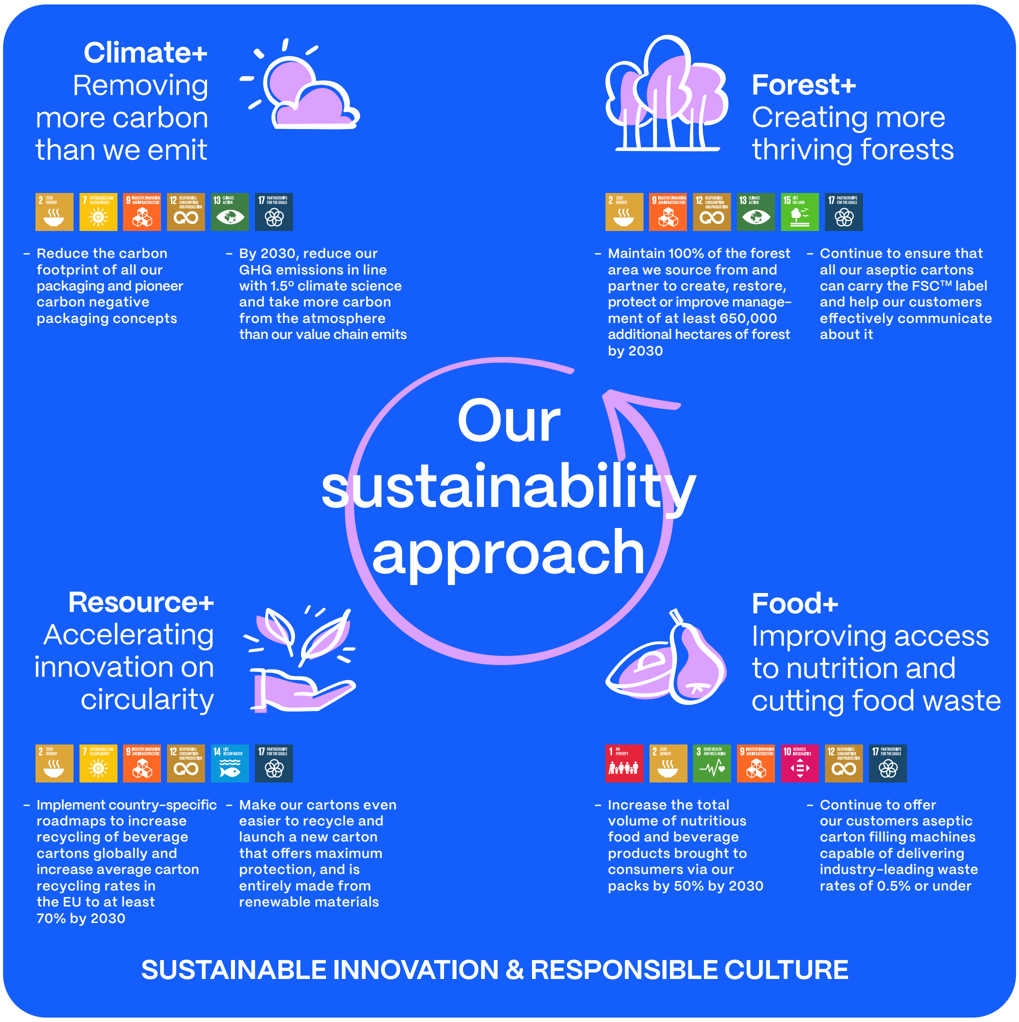
Governments, businesses and others must all do their part to achieve the United Nations Sustainable Development Goals (SDGs) for 2030. We are determined to do ours.

SIG supports the SDGs

We focus 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. These are closely aligned with the areas where we have the most significant impact (see > pages 390–391) and we are driving progress through the Way Beyond Good action areas. See graphic on > page 377 and a more detailed table on > pages 378–379.

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 Way Beyond Good ambitions 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 125), we can strengthen our support for additional global goals such as SDG 1 on poverty, SDG 3 on promoting good health and wellbeing, and SDG 10 on reducing 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 > pages 160–162).

1 Based on analysis by the Forest Stewardship Council™ in 2018.

Targeted support for the SDGs

SDG	Most relevant SDG targets where our action contributes[1]	The Way Beyond Good action area	Our 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 172 and > pages 122–125
	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 172 and > pages 122–125
	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 170 and > pages 97–104 See > page 171 and > pages 106–108 See > pages 171–172 and > pages 113–121
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 170 and > pages 97–104 See > pages 171–172 and > pages 113–121
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**9.4** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	Climate+ Forest+ Resource+ Food+	See > page 170 and > pages 97–104 See > page 171 and > pages 106–108 See > pages 171–172 and > pages 113–121 See > page 172 and > pages 122–125
	9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending	Climate+ Resource+ Food+	See > page 170 and > pages 97–104 See > pages 171–172 and > pages 113–121 See > page 172 and > pages 122–125
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 > pages 171–172 and > pages 113–121 See > page 171 and > pages 106–108
	12.2 By 2030, achieve the sustainable management and efficient use of natural resources	Resource+ Forest+	See > pages 171–172 and > pages 113–121 See > page 171 and > pages 106–108
	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 172 and > pages 122–125
	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	Resource+	See > pages 171–172 and > pages 113–121

SDG	Most relevant SDG targets where our action contributes[1]	The Way Beyond Good action area	Our progress
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**12.6** Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	Forest+	See > page 171 and > pages 106–108
	12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities	Forest+	See > page 171 and > pages 106–108
13 CLIMATE ACTION	**13.1** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	Climate+ Forest+	See > page 170 and > pages 97–104 See > page 171 and > pages 106–108
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	Climate+	See > page 170 and > pages 97–104
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 > pages 171–172 and > pages 113–121
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 171 and > pages 106–108
	15.7 Take urgent action to end poaching and trafficking of protected species of flora and fauna and address both demand and supply of illegal wildlife products	Forest+	See > page 171 and > pages 106–108
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 170 and > pages 97–104 See > page 172 and > pages 122–125 See > pages 171–172 and > pages 113–121 See > page 171 and > pages 106–108

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.

Greenhouse gas emissions basis for reporting

Our greenhouse gas (GHG) emissions are reported in accordance with the GHG Protocol. Accurate and transparent GHG reporting is also an essential prerequisite to meet the criteria of the Science Based Targets initiative (SBTi).

This section provides a detailed description of GHG reporting boundaries and other relevant aspects, including a breakdown of emissions by reporting category. Additional information related to our management approach and performance targets is included in the Climate+ section (see > pages 93–104) and the Global Reporting Initiative (GRI) content index (see > pages 392–394).

Reporting boundaries

The reporting boundary for our Scope 1, 2 and 3 GHG emissions covers all production facilities under SIG Group's operational control, excluding smaller production units such as our special filling machine parts plants 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 SIG Group for previous years following significant changes to the business. We applied our recalculation procedure, which we developed and tested for previous acquisitions, to the two new acquisitions in 2022: our bag-in-box and spouted pouch business (formerly Scholle IPN) and our chilled carton business (acquired from Evergreen Asia).

Data added to our GHG inventory in relation to the bag-in-box and spouted pouch business includes all production facilities (except the small equipment facility in Pune, India) and excludes office locations. Data added in relation to the chilled carton business includes all related operations.

We have integrated data related to these businesses into our reporting on Scope 1 and 2 and all categories of Scope 3 for 2022, 2021 and 2020, which is the baseline year for the new GHG reduction targets for SIG Group (including the newly acquired businesses) that will replace our existing science-based targets once approved by the SBTi.

This year, we focused our initial data collection for these new businesses on emissions associated with the related operations, supply chain and filling machines, as well as end-of-life treatment for the relevant types of packaging. We established our inventory based on 2021 data, which also supported estimations of GHG emissions for 2020, and development of more accurate reporting for 2022. Some categories cannot be supported with measured activity data and, in these cases, we estimated emissions based on spend or assumptions based on equivalence with other operations or technologies where more accurate data is available. Additional sources that informed our data collection and materiality assessment of relevant GHG categories include: our internal life-cycle assessment (LCA) tool, following the ISO 14040 and 14044 international standards and the LCA studies for bag-in-box and spouted pouch which we commissioned this year (see > page 22).

In addition, for added transparency during this transition year, we have continued to separately report GHG emissions for our aseptic carton business – the part of the business that was fully owned at the start of 2022 – to show our year-on-year performance against our existing science-based targets, which exclude our newly acquired business, from the baseline year of 2016.

Inventory boundaries

The inventory boundaries of SIG's GHG accounting were chosen taking into consideration 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 emissions factors we use and converted using IPCC 2013 conversion factors.

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 emissions factors for each country (see > pages 99–100).

Scope 1 and 2 data are collected and reported for the production of sleeves and spouts (assembly, offices and training centers are excluded due to their limited relevance for Scope 1 and 2).

Scope 1 and 2 emissions related to our aseptic carton business
(thousand tonnes of CO_2 equivalent)

	2016	2017	2018	2019	2020	2021	2022
Scope 1	29.1	38.5	34.4	34.5	31.1	29.8	25.1
Scope 2 (market based)	84.0	28.6	32.5	27.9	22.9	0	0
Total	**113.1**	**67.1**	**66.9**	**62.3**	**53.9**	**29.8**	**25.1**

Scope 1 and 2 emissions for SIG Group[1]
(thousand tonnes of CO_2 equivalent)

	2020	2021	2022
Scope 1	32.4	31.3	26.6
Scope 2 (market based)	64.5	41.0	48.8
Total	**96.8**	**72.3**	**75.4**

1 Includes our new bag-in-box, spouted pouch and chilled carton businesses, which joined SIG Group through the acquisitions of Scholle IPN and Evergreen Asia in 2022.

Our data collection and calculation procedures for Scope 3 follow a materiality assessment for each category. As the newly acquired bag-in-box and spouted pouch business and chilled carton business share a similar business model and value chain to our existing aseptic carton business, we were able to allocate all activities to the same categories that we identified as material for our aseptic carton business in previous years.

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 or laminated carton board used in our carton packs, depending on their treatment after use, and these are reported separately.

We use emissions factors to convert activity data into GHG emissions in all cases where we do not receive GHG emissions by third parties (such as travel agents). The emissions factors are checked for completeness and accuracy annually and are updated regularly. The sources of emissions factors that we use are authorities such as the International Energy Agency (IEA) or the UK Department for Environmental & Rural Affairs (DEFRA), life-cycle inventory databases such as ecoinvent, life-cycle inventory information that is used in our life-cycle assessment tool and average datasets from industry associations. For category 1, we collect supplier-specific emissions factors for A-materials where possible, to increase the share of supplier-specific data (see below).

The following categories are included in SIG's Scope 3 emissions.[1] For added transparency in this year of transition, we have set out information on our aseptic carton business and our newly acquired bag-in-box and spouted pouch business and chilled carton business separately where relevant.

Category 1: purchased goods and services

Category 1 emissions account for the largest share of value chain GHG emissions for our aseptic carton business. This category includes all materials used to produce and ship our aseptic cartons (including closures and straws) and the materials used to manufacture our filling machines. Services, information and communications technology and items such as office equipment are excluded as they represent a very small share in this category.

This category also represents the largest share of value chain emissions for both our newly acquired businesses. For the bag-in-box and spouted pouch business, this includes mainly polymers – for film, bag-in-box, pouch and fitment production – as well as materials to manufacture filling machines. For the chilled carton business, it includes materials to produce beverage cartons and manufacture filling machines.

We aim to increase the share of specific emissions factors from suppliers. In 2022, 70% of reported Category 1 Scope 3 emissions for our aseptic carton business are based on specific data (up from 68% in 2021). The share of specific data for SIG Group is 59% this year, with additional suppliers related to our newly acquired businesses to be added to our data collection programme in 2023.

1 In addition, Category 10 (processing of sold products) is included within Category 11 (use of sold products). Other categories are excluded because they are either not material or not applicable to our business: Category 2 (capital goods), Category 7 (employee commuting), Category 8 (upstream leased assets), Category 13 (downstream leased assets), Category 14 (franchises), Category 15 (investments).

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.

For our newly acquired businesses, we use data related to energy use and energy sourcing which is integrated into our Group environment, health and safety (EHS) dashboard.

Category 4: upstream transportation and distribution

Category 4 covers all transportation activities for materials delivered to our production plants and all purchased outbound transport. In some cases, customers arrange this transport themselves and the resulting emissions are reported in Category 9 accordingly.

For our aseptic carton business, packs are shipped as empty sleeves to SIG customers. This is usually managed by our Supply Chain Management (SCM) function. Deliveries other than packed sleeves (straws, closures, machines and spare parts) do not contribute significantly to this category and are not reported. Inter-company transportation is considered to be negligible.

For our newly acquired businesses, we have not yet established an inventory of the transportation activities related to raw material shipments. Instead, we use best available estimates informed by the transportation data that is available for the main commodities for our aseptic carton business.

For our bag-in-box and spouted pouch business, we exclude some limited inter-company transportation from our reporting since the contribution to Category 4 is small. For the shipment of relevant products – bag-in-box, pouches and films – to customers, we estimate distances for overland transportation and use a conservative assumption for sea freight. Based on our materiality analysis, we also include transportation of fitments. In most cases, customers arrange this transport themselves and the resulting emissions are reported accordingly in Category 9. Filling machines and equipment are excluded since they do not significantly contribute to this category.

For our chilled carton business, we calculate emissions from transport of materials to our production plants and transport of our sleeves to customers based on weight, average transport distances and means of transportation (such as road, rail or sea). Filling machines and closures are excluded since they do not significantly contribute to this category.

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.

For our aseptic carton business, 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.

For our bag-in-box and spouted pouch business, we have started to integrate internal reporting on waste into our EHS dashboard. Based on our initial classification of non-product outputs of our aseptic carton business, we have determined an average waste volume that is considered to undergo further treatment.

For our chilled carton business, non-product output in waste categories and treatments paths is available for all three locations and used in our calculations.

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 99% of emissions from business travel for our aseptic carton business and 97% for SIG Group.

For our newly acquired businesses, we have collected data on business travel and used the approach we already established for our aseptic carton business to report reasonable estimates for all flights based on number of employees.

Category 9: downstream transportation and distribution

For our aseptic carton business, Category 9 covers transportation of our packs from our plants to customers' facilities that is not purchased by us, the distribution of filled packs from customers' facilities to retailers, and onward transportation from retailers to end consumers.

For our spouted pouch and bag-in-box business, we have used a similar model for both food service and household applications.

For the chilled carton business, self-pickups are covered with specific data and we use the same approach as for our aseptic carton business for the distribution of filled packs from customers' facilities to retailers, and onward transportation from retailers to end consumers.

As for our aseptic business, we have excluded secondary and tertiary packaging for packed products since this relates predominantly to the product and not its primary packaging.

Category 11: use of sold products

For our aseptic carton business, Category 11 covers the use of SIG's filling machines and applicators to mount closures on the filled cartons, which occurs at customers' facilities. All new and refurbished filling machines that are manufactured and sold 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 emissions factors of the reporting year.

Machines sold to customers with a publicly available RE100 or Science Based Target initiative 1.5°C 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. Filling machines for our aseptic cartons that are installed in SIG service centres for demonstration purposes are not included.

For our bag-in-box and spouted pouch business, we provide filling machines for bag-in-box packaging that are used in retail, institutional food service and industrial channels. These machines fill pre-made bag-in-box packaging which already includes spouts and fitments when it arrives at a customer's filling location. We also provide horizontal form-fill-seal equipment for spouted pouches. These machines combine film and fitments and fill product in a single machine at a customer's manufacturing site. For both these types of machine, average consumption data has been used to approximate lifetime emissions.

The machines used for the chilled carton business are also included in the inventory.

For both newly acquired businesses, we take the same approach as for our aseptic carton filling machines by reporting the lifetime emissions relating to electrical energy and utility demand and include customer commitments on energy sourcing for the reporting year.

Category 12: end-of-life treatment of sold products

For our aseptic carton business, 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.

For our chilled carton business, where this also holds true, we use the same end-of-life model as for our aseptic carton business.

For our bag-in-box and spouted pouch business, we use scenarios based on our household waste model as a conservative proxy for industrial and food service applications to estimate emissions from end-of-life treatment where we cannot assume household waste is the endpoint. For semi-manufactured products (films and fitments), we also apply our household model since we consider this the more conservative estimation.

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. The same holds true for the machines for our newly acquired businesses.

Scope 3 emissions for our aseptic carton business by category (tonnes CO_2 equivalent)

Category		2016	2017	2018	2019	2020	2021	2022
1	Purchased goods and services	996,338	904,078	959,285	992,411	999,590	1,025,002	1,053,441
3	Fuel and energy-related activities	26,380	8,149	7,537	7,531	11,970	7,444	6,275
4	Upstream transportation and distribution	98,343	93,792	95,628	103,502	126,297	120,945	104,790
5	Waste generated in operations	545	570	564	581	584	672	655
6	Business travel	10,698	10,884	17,175	18,457	7,678	7,037	6,425
9	Downstream transportation and distribution	57,774	57,260	54,675	59,289	50,782	52,426	52,816
11	Use of sold products	131,395	161,853	165,082	144,981	127,033	137,365	159,643
12	End-of-life treatment of sold products	220,445	224,509	230,647	248,657	210,209	221,488	218,041
12	*Biogenic carbon*	*138,463*	*139,515*	*146,076*	*158,663*	*137,813*	*145,361*	*141,825*

Scope 3 emissions for SIG Group[1] by category (tonnes CO_2 equivalent)

Category		2020	2021	2022
1	Purchased goods and services	1,181,379	1,217,314	1,249,079
3	Fuel and energy-related activities	28,298	24,597	23,541
4	Upstream transportation and distribution	139,550	135,083	119,240
5	Waste generated in operations	911	1,028	1,055
6	Business travel	8,128	7,478	6,851
9	Downstream transportation and distribution	64,990	65,396	70,061
11	Use of sold products	174,646	180,442	192,680
12	End-of-life treatment of sold products	265,813	270,522	285,002
12	*Biogenic carbon*	*153,039*	*161,340*	*154,740*

1 Includes our new bag-in-box, spouted pouch and chilled carton businesses, which joined SIG Group through the acquisitions of Scholle IPN and Evergreen Asia in 2022.

GRI content index

GRI 1: Foundation 2021	
Statement of use	SIG Group AG has reported in accordance with the GRI Standards for the period of January 1, 2022 to December 31, 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

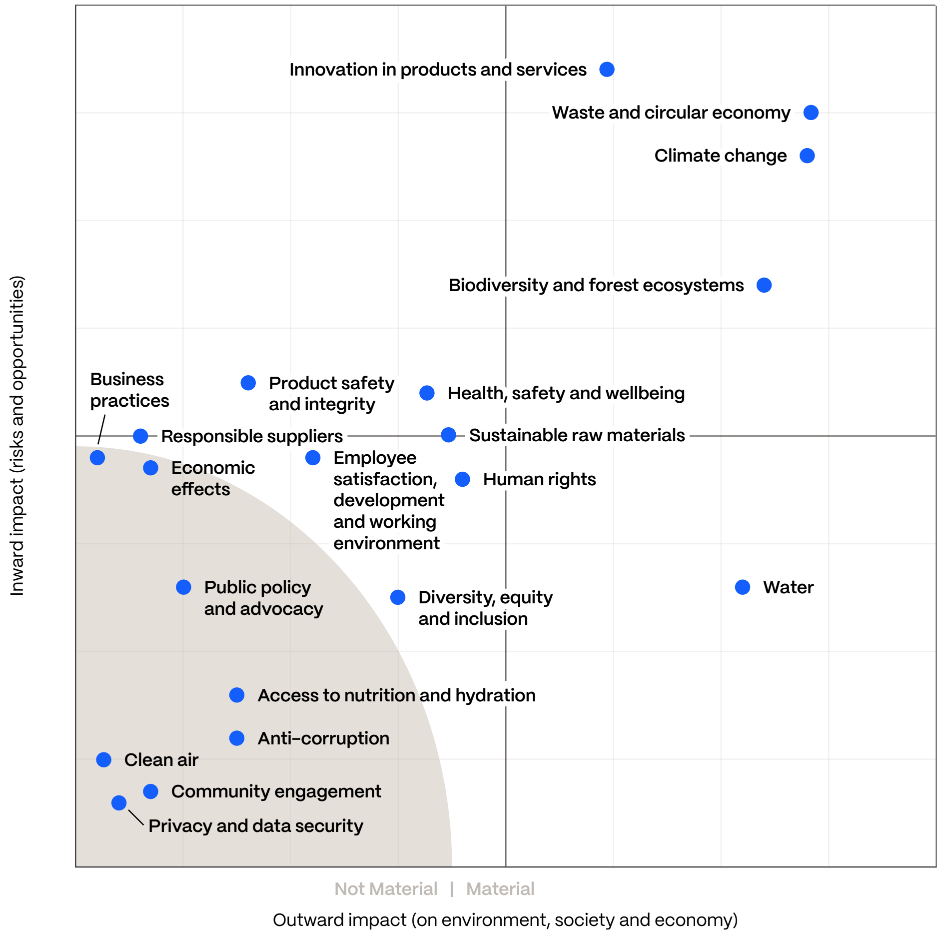
GRI Standard	Disclosure	Information / Reference / Omission
General disclosures		
	The organization and its reporting practices	
GRI 2: General Disclosures 2021	**2-1** Organizational details	• Legal name: SIG Group AG • Nature of ownership / legal form: Publicly listed company limited by shares • Headquarters: Neuhausen, Canton of Schaffhausen, Switzerland • Countries of operation: Please see > pages 303–306.
	2-2 Entities included in the organization's sustainability reporting	Unless otherwise stated, this GRI report covers all operations globally that were fully owned by SIG at the beginning of financial year 2022. The report excludes the Scholle IPN business and the Asia business we acquired from Evergreen, both of which became part of SIG's group of companies midway through financial year 2022. The business in scope of this report is also referred to as "aseptic carton business". The Company has audited its financial statements (please see > pages 337–342 regarding the differences of the entities in scope of this report and the consolidated financial statements, respectively).
	2-3 Reporting period, frequency and contact point	Since reporting year 2021, the corporate responsibility reporting is published once a year as part of SIG's Annual Report. The reporting period is January 1, 2022 to December 31, 2022, corresponding to the Company's financial year. Publication date: February 28, 2023 Contact point for questions about this report: Attn Ingrid McMahon, Laufengasse 18, 8212 Neuhausen am Rheinfall, Switzerland, +41 52 543 1224, Ingrid.mcmahon@sig.biz
	2-4 Restatements of information	The structure of our GRI reporting has been amended to comply with the GRI Universal Standards 2021 and also covers the GRI Topic Standards where relevant. Due to changes of the business and several acquisitions in 2022, some of the data has been restated. Where this is the case, it is explicitly mentioned.
	2-5 External assurance	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), an independent audit firm, has provided limited assurance on the data points related to our key performance indicators (listed on > pages 167–169). See assurance statement on > pages 411–413. Environmental KPIs that include our new bag-in-box and spouted pouch business (formerly Scholle IPN) and our new chilled carton business (acquired from Evergreen Asia) – both acquired mid-way through 2022 – are not assured. PricewaterhouseCoopers AG, Switzerland is the auditor for the Group's financial reports. SIG seeks external assurance from independent assurance providers (see above). At SIG the assurance process is steered by the Director Group Corporate Responsibility, a direct report to the CEO. The external assurance process involves many SIG experts from different business functions and locations providing data, documents and explanations as requested by the assurance provider. The corporate responsibility reporting is approved by all members of SIGs Group Executive Board. Ultimately the Board of Directors' (BoD) Nomination & Governance Committee (NGC) reviews and recommends to the BoD the Company's public reporting on ESG.
	Activities and workers	
GRI 2: General Disclosures 2021	**2-6** Activities, value chain and other business relationships	Our primary products and services are food and beverage carton packages and closures, filling machines and packaging machines (downstream), and technical services including spare parts. We combine and apply various products and services in integrated customer solutions. Please see > pages 35–36 for information on our business. Our supply chain business relationships are described on > pages 135–136. Through the acquisition of Scholle IPN, our value chain has been expanded. Please refer to > pages 9–23.
	2-7 Employees	Please refer to table on > page 152. Scholle IPN is not included in the workforce data, but Evergreen is.

GRI Standard	Disclosure	Information / Reference / Omission
GRI 2: General Disclosures 2021	**2-8** Workers who are not employees	Omission: Information unavailable/incomplete There is currently no data available on workers who are not employees. We are in the process of including these workers in our human resources reporting by 2025.
	Governance	
GRI 2: General Disclosures 2021	**2-9** Governance structure and composition	Please see > pages 189–202 and > pages 6–7 in the Corporate Governance Policy. The Nomination and Governance Committee (NGC) defines and reviews annually with the Board the applicable skillset and characteristics required to serve on the Board in the context of current operations. They consider a variety of aspects such as diversity of viewpoints, background, gender, experience and other demographics.
	2-10 Nomination and selection of the highest governance body	Please see > pages 194–196 and > pages 6–7 in the Corporate Governance Policy.
	2-11 Chair of the highest governance body	The chair of the Board of Directors is not a member of the executive management of the organisation.
	2-12 Role of the highest governance body in overseeing the management of impacts	Please refer to > pages 84–85, 88–89 to read about the role of senior executives in the management of sustainable development and potential impacts on the economy, environment and people. The Responsibility Steering Group (RSG) Director reports to the Nomination and Governance Committee (NGC) and to the Compensation Committee (CC). The Board of Directors (BoD) reviews and approves the ESG strategy and signs off the global responsibility report and the ESG manual.
	2-13 Delegation of responsibility for managing impacts	Please refer to > pages 84–85. The Group Executive Board reports to the Board of Directors at least every three months as described on > page 198.
	2-14 Role of the highest governance body in sustainability reporting	The NGC advises the Board of Directors on corporate responsibility matters. It reviews the Company's sustainability report including the material topics, makes suggestions to the Board of Directors and signs off the report on behalf of the Board of Directors. The Board of Directors also reviews and approves the ESG manual.
	2-15 Conflicts of interest	Please refer to > pages 186; 193; 204–205.
	2-16 Communication of critical concerns	Please refer to > pages 195–196. If there are critical concerns, they are communicated to the Board of Directors, our highest governance body at its quarterly meetings or on an ad-hoc basis, if required. During the reporting period there were no concerns considered as critical.
	2-17 Collective knowledge of the highest governance body	The Board of Directors receives regular updates regarding sustainability initiatives and their progress. In its September strategy session, the Board of Directors reviews with the Group Corporate Responsibility Director the ESG strategy against the backdrop of latest developments in that field. To further advance the collective knowledge of the Board of Directors, its members are encouraged to participate in a voluntary tutorial regarding sustainability matters. These tutorials take place on an annual basis.
	2-18 Evaluation of the performance of the highest governance body	Please refer to the Organizational Regulations published on our website: Organizational Regulations (sig.biz) section 2.7 as well as to > page 197
	2-19 Remuneration policies	Please see > pages 215–235.
	2-20 Process to determine remuneration	Please see > pages 215–235. Our shareholders vote on an advisory basis on our compensation report at our annual general meetings. In 2022, the compensation report 2021 was approved by 82.2% of the votes. The compensation report 2022 will be approved in April 2023 at the next annual general meeting. At our 2022 annual general meeting our shareholders also approved the maximum aggregate remuneration of our Board of Directors for the next Board term (for the period from the annual general meeting 2022 until the annual general meeting 2023) with 87.67% of the votes, and remuneration of our Group Executive Board for financial year 2023 with 88.76% of the votes. All voting results are publicly available on our website: please see > pages 8–10 of the Minutes of the ordinary general meeting of shareholders.
	2-21 Annual total compensation ratio	Omission: Information unavailable/incomplete There is currently not enough data available to calculate the compensation ratios accurately on a global level. A globally integrated human resources system is planned to be implemented over the coming years. We will collect more data over the course of next year and adapt the local human resources systems accordingly in order to be able to move to a global human resources reporting system as soon as possible. The expected timeline to get such a system in place is currently by 2025.

GRI Standard	Disclosure	Information / Reference / Omission
	Strategy, policies and practices	
GRI 2: General Disclosures 2021	**2-22** Statement on sustainable development strategy	Please refer to the statement of the CEO on > pages 33–34.
	2-23 Policy commitments	**Our public policy commitments:** • Overview of SIG's ESG Commitments • Corporate Governance Policy • Environment, Health and Safety Policy (EHS) • Responsible Sourcing Policy • Human Rights, Labour and Community Engagement Policy • Product Stewardship Policy • Product Safety and Quality Policy • Cybersecurity and Information Privacy Protection Policy The policies include due diligence processes and references to authoritative intergovernmental instruments. It is stipulated in the policies that we apply a precautionary principle in our processes. In addition, we conducted a detailed due diligence process in 2022 on human rights. Please refer to our public ESG policies mentioned above for more details. Approval procedures are dependent on the content and scope of application. The SIG Code of Conduct, for example, was approved by the Board of Directors. The policies explain the overall principles of SIG Group (general commitments and guiding principles) and are owned by one of the following groups/functions: Group Executive Board, GEB Direct Reports, Vice Presidents and Directors. Policies are valid for the entire SIG Group. Our policies are built on the following values: leadership, accountability, quality, integrity, performance, pride, collaboration and feedback. These policies are rolled out also to businesses we have acquired.
	2-24 Embedding policy commitments	Please refer to our SIG Code of Conduct.
	2-25 Processes to remediate negative impacts	Please refer to our SIG Code of Conduct section 15. We design our business processes in a way to avoid negative impacts and in compliance with applicable laws and regulations. As part of the global community, SIG is committed to engaging responsibly and transparently with all relevant and affected stakeholders in developing, managing and communicating on governance topics, standards, processes and activities, including by developing channels to enable them to voice their complaints and grievances. We foster engagement with a wide range of stakeholders, including customers, international organisations, shareholders and other financial market participants, local communities, and other partners from our and other industries. Issues or concerns may be reported through any available channel, including supervisors and managers, representatives of Human Resources, Legal & Compliance, Internal Audit or the SIG Integrity & Compliance Hotline. The hotline allows reports to be made via a toll-free phone number in the local language and on an anonymous basis (except where this is prohibited by law) if so requested by the reporting director, officer or employee, and also by email. The grievance mechanism is communicated in Code of Conduct and other trainings and advertised through posters on site. The effectiveness of the grievance mechanism is regularly assessed, including by statistical analysis of the reports and other controls. The organisation is open to stakeholder feedback and suggestions to improve the grievance mechanism. Negative impacts are remediated as appropriate.
	2-26 Mechanisms for seeking advice and raising concerns	Individuals have various means to seek advice and raise concerns, including in shareholder meetings, in townhalls and team meetings or during audits on-site. Issues or concerns may be reported, and advice can be sought, through any available channel, including supervisors and managers, representatives of Human Resources, Legal & Compliance, Internal Audit or the SIG Integrity & Compliance Hotline. The hotline allows reports to be made via a toll-free phone number in the local language and on an anonymous basis (except where this is prohibited by law) if so, requested by the reporting director, officer or employee, and also by email. Training programmes provide additional guidance where appropriate.
	2-27 Compliance with laws and regulations	We have not identified cases of significant non-compliances with applicable laws and regulations during the reporting period, including no cases in which monetary fines were incurred. We have determined significant instances by reference to a value exceeding EUR 20 million, in line with the materiality threshold applied in connection with our consolidated financial statements 2022.

GRI Standard	Disclosure	Information / Reference / Omission
	2-28 Membership associations	SIG is a member of various industry associations, alliances and initiatives. Key organisations include: AIM-PROGRESS; the Alliance for Beverage Cartons and the Environment (ACE); the Aluminium Stewardship Initiative (ASI); the Coalition of Action on Plastic Waste (a coalition of leading companies from within The Consumer Goods Forum); The Consumer Goods Forum; the European Bioplastics Association; the European Organisation for Packaging and the Environment (EUROPEN); EXTR:ACT; the Forest Stewardship Council™ (FSC™) International; 4evergreen; the Global Recycling Alliance for Beverage Cartons and the Environment (GRACE); SHINE (Sustainability and Health Initiative for NetPositive Enterprise). In addition, SIG is a member of numerous national alliances and initiatives in our core markets. Please see > pages 116–118.
	Stakeholder engagement	
GRI 2: General Disclosures 2021	**2-29** Approach to stakeholder engagement	Please see > pages 373–375.
	2-30 Collective bargaining agreements	Please see > page 144.
Material topics		
GRI 3: Material Topics 2021	**3-1** Process to determine material topics	Taking into consideration the update of the GRI Universal Standards in 2021, we redefined our material topics according to the new GRI Standards in 2022. The scope of the assessment included the business of Scholle IPN through peer analysis, supplier interviews and a validation by Scholle IPN after the acquisition. Evergreen's business is covered by the topics relevant for the aseptic carton due to the very similar business and value chains. At the beginning of the process, a list of potential material topics was generated. This topic longlist included generally relevant topics from a sustainability perspective as well as topics arising from SIG's business context. In a second step, the impacts on the economy, environment and people, including impacts on their human rights for each of these topics was evaluated along the whole value chain (upstream, own operations and downstream). Positive and negative impacts were thus considered over the short, medium and long term. All topics were evaluated for all three steps using the criteria scale, scope, irremediability and likelihood, and were prioritised accordingly. The analysis looked at the net impacts, taking into consideration the actions we have in place to mitigate the gross impacts. The evaluation was informed by internal and external sources and documents, such as market studies, industry reports and expert opinions. This led to a preliminary ranking of topics. As there is not yet a specific sector standard available from GRI, industry-specific impacts were identified from sector reports, rating reports and the above-mentioned sources. The impacts on products and geographic locations were identified through internal heat maps, interviews, peer analysis, and an analysis performed by an external sustainability consultant. In order to conduct a double materiality assessment, the next step was an analysis of the risks and opportunities, which consisted of an evaluation of the results of a desktop research including industry reports and studies, ESG ratings, regulatory frameworks and requirements and SIG internal sources. The findings of the two assessments were combined in the materiality matrix and were validated by internal stakeholders representing various functions. The validation process led to slight adaptions of the result and to the identification of the 12 material topics. The whole materiality assessment process was conducted and managed by an external sustainability reporting consultancy in close collaboration with SIG's sustainability experts and cross-functional teams. To validate the materiality matrix, seven different external stakeholder groups and proxies were represented in a workshop, including employees, customers, the scientific community, regulators/policymakers, the financial community, media and NGOs. Additional interviews were conducted with two key suppliers to validate the matrix. The validation of the matrix resulted in a few minor amendments.
	3-2 List of material topics	The following material topics were identified in the double materiality assessment in Q2 2022: • Climate change • Waste and circular economy • Biodiversity and forest ecosystems • Sustainable raw materials • Water • Health, safety and wellbeing

GRI Standard	Disclosure	Information / Reference / Omission
		• Diversity, equity and inclusion • Employee satisfaction, development and working environment • Responsible suppliers • Human rights • Product safety and integrity • Innovation in products and services Please see below an overview of the materiality matrix.



In the 2022 materiality assessment, the axes of the materiality matrix are different compared to the last materiality assessment. In line with the methodology for the materiality assessment as described in the GRI Universal Standards, the 2022 axes consist of the outward impact perspective on the x-axis and the business risk and opportunity perspective on the y-axis. In the previous assessment, the axes consisted of influence on business success and importance to stakeholders. Therefore, some changes occurred in the material topics:

The "human rights" topic was previously partially covered in the "fair labour practices" topic, but the scope of the topic was extended to also encompass the "living standards" subtopic.

As the impacts of the business were evaluated along the value chain, the impact on the "water" topic, especially in the upstream value chain, was rated as significant and overall the topic received more weight in the impact assessment and became material.

In the 2022 assessment, the previous "safe food supply" topic was split into the two different aspects of "access to nutrition and hydration" and "product safety and integrity", of which only "product safety and integrity" remained material for SIG based on the new methodology.
"Employee satisfaction", "working hours and wages" and "talent development" were merged into the material topic "employee satisfaction, development and working environment". Some aspects covered previously under "fair labour practices" (freely chosen labour, protection of the child, freedom of association) as well as the newly added "living standards" were summarised under the headline "human rights".

In addition to these changes, some topics were renamed in the course of updating the topic list.

Material topics

This section provides additional information on how we manage our identified material topics. For each topic, related impacts on the economy, on the environment and on people, including on their human rights, are presented. These can be positive or negative impacts. For the management approaches, we considered the direct impacts of our business as well as the impacts of our industry.

The relevant key policies and commitments to manage the material topics are listed and responsibilities are explained. The publicly available policies can be downloaded on our website. The actions to manage the impacts and the measurement of the effectiveness of these actions are briefly described for each material topic. Most actions and the performance evaluation are described in more detail in the Way Beyond Good section to which reference is made. The actions are related to our identified impacts and help to address and manage actual and potential positive and negative impacts. In this GRI index, only the reoccurring measures are listed. In the **Way Beyond Good** chapters, the activities of 2022 are reported. Information on how the goals and targets are set and how they take the sustainability context into account is described on > pages 80–91 and in the performance sections of the Way Beyond Good chapters. In addition, the goals and targets are based on the findings of our materiality assessment.

The last subsection in each material topic describes how the engagement with our stakeholders has led to the described actions and if and how it has informed the effectiveness of these actions for that specific material topic. In addition, the engagement with the different stakeholder groups is described on > pages 373–375.

GRI Standard	Disclosure	Information / Reference / Omission
Climate change		
GRI 3: Material Topics 2021	**3-3** Management of material topics	**Our direct impacts and the impacts of our industry:** • By conducting our business activity in a sustainable way, we positively contribute to UN SDGs 2, 7, 12, 13 and 17. Please see > pages 376–379 for further information. • Moreover, we consider our main economic activities, i.e. the manufacturing and provision of filling machines and aseptic carton packs, to be eligible for making a substantial contribution to the EU's climate change mitigation goal. Please see > pages 361–364. • By offering a packaging solution with the lowest carbon footprint we offer our customers and consumers options to further reduce their carbon footprint and impact on climate change. • By further innovating our packaging solution with eco-solutions that reduce the product carbon footprint we create a benchmark within our industry and increase competition around low carbon solutions with positive impacts on competition and supply chains. • A major positive impact on climate change can be achieved by informing customers and consumers about the environmental performance of our solutions via transparent and comprehensive studies to support informed choices on a high level of accuracy. • Climate change as a result of global warming is associated with a variety of impacts on the environment and on people. This can be acute or chronic physical impacts or related impacts through transition measures which may increase inequalities amongst other aspects. • Our contribution to climate change mainly relates to greenhouse gas (GHG) emissions, which are primarily caused by our production (electricity and gas) and by our value chain. • A major share of our GHG emissions (roughly 80–90%) is created outside our direct operational control through business partners and customers (sourcing, production, transportation, operation of filling machines). • Within our value chain the purchased goods have the biggest share of GHG emissions. Thereof, most emissions come from raw materials (incl. aluminium foil, polymers and paperboard). • Sustainable forestry: as a buyer of board made from forest-based fibre, we have influence on how wood is produced and how forests, as important carbon stocks and sinks, are managed. • The consequences of climate change have an impact on people and on their human rights. The increase of extreme weather events and the deterioration of ecosystems, for instance, can affect people's health and restrict access to resources which in turn impacts livelihoods. **Key policies and commitments:** • Overview of SIG's ESG commitments • Environment, Health and Safety Policy (EHS) • Responsible Sourcing Policy • Product Stewardship Policy • Global R&D Process Handbook • Standard Operating Procedure to improve used beverage carton collection and recycling in regions • Statement of intent: We aim to reduce the negative climate-related impacts of our business and maximise climate positive outcomes by adhering to these policies and by taking the actions described below. Our path to net zero is laid out on > page 95.

GRI Standard	Disclosure	Information / Reference / Omission

		• We are committed to tackling climate change through both mitigation and adaptation solutions at every stage of our value chain in line with climate science. We are supporting the transition to a lower carbon economy by reducing the environmental impact of our company, our sourcing and our products. Additionally, we aim to decouple emissions and production growth.
		• To further address the exposure to climate-related risks, we strive to improve climate resilience in our value chain, which is the basis for giving SIG a valuable competitive advantage in the industry.
		• In addition to our clear commitment to decarbonise our value chain we are committed to increasing climate positive outcomes in our sector by the way we source, design, produce and deliver our products.
		• Our GHG targets are approved by the Science Based Targets Initiative, and we are regularly reviewing the ambition and coherence with latest climate science.
		• The main projects of our climate positive programme are managed by the responsible business functions in close cooperation with Group Corporate Responsibility. In addition, the material topic and the related impacts are managed as follows:
		  • Raw materials and energy sourcing: Global Sourcing and Procurement
		  • Production: Operational Environment, Health and Safety (EHS)
		  • Product 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
		  • The internal decision-making, budget allocation and oversight processes are organised in the above-mentioned departments. The level of responsibility in the functional areas varies, but the global department heads have oversight.
		Actions taken to manage the topic and our impacts:
		• To lower our emissions, we have different actions in place. For example, we use 100% renewable electricity for the production of SIG aseptic carton packs, we have energy conservation programmes in place and we contract physical power purchase agreements (PPAs).
		• Please refer to > pages 93–104 and to the stated policies to find detailed information on actions taken to manage and minimise our above-mentioned negative impacts on climate change and to enhance positive outcomes.
		Tracking the effectiveness of our actions:
		• To assess our direct impacts, our EHS dashboard measures energy usage and emissions. The results are reported on a monthly basis.
		• Quarterly review of raw materials and energy sourcing by the VP of Global Sourcing and Procurement, who reports to the Group Executive Board
		• Monthly review of production metrics by the Group Executive Board
		• Internal audits and regular review of performance against the Way Beyond Good targets by the Group Executive Board
		• Quarterly review of Climate+ projects with the Chief Technology Officer
		• Internal tracking and evaluation of our performance in external sustainability assessments
		• EcoVadis assessments and ASI Performance Standard certification related to our performance monitoring and accounting practices
		• Life-cycle assessments and carbon footprint calculations following ISO 14040 for our products. We compare eco-innovations and average products with competing substrates.
		• Please see > page 170 and > pages 97–104 on targets and evaluation of progress.
		Engagement with our stakeholders:
		• Based on feedback from inside and outside the organisation from customers, suppliers, employees, investors and other stakeholders we continually review and update the policies and standards. Please see > pages 373–375 for further information.

GRI 305: Emissions 2016	**305-1** Direct (Scope 1) GHG emissions	Please see > pages 99–100.
	305-2 Energy indirect (Scope 2) GHG emissions	Please see > pages 99–100.
	305-3 Other indirect (Scope 3) GHG emissions	Please see > pages 99–100.
	305-4 GHG emissions intensity	Please see > page 102.
	305-5 Reduction of GHG emissions	Please see > pages 380–386, > page 95 and > pages 97–104.

GRI Standard	Disclosure	Information / Reference / Omission
GRI 302: Energy 2016	**302-1** Energy consumption within the organization	Please see > page 103.
	302-2 Energy consumption outside of the organization	Omission: Not applicable The main energy demand in SIG's value chain occurs upstream (category Goods and Services). For this category, we relate activity data to factors from recognised emission factor databases or relate to supplier-specific data – which contribute more than 60% of the GHG emissions in this category. We work with suppliers to decarbonise in line with our path to net zero – which typically includes the reduction of energy demand and switch to renewable energy carriers. Thus, we consider the collection of energy consumption data as not applicable as this is embedded in our disclosures and management approach related to emissions (see > pages 380–386). Energy consumption and energy carriers used are also typically confidential data points in the supply chain and we do not therefore have access to this type of information. Second largest energy consumption occurs during the operation of the filling machines we manufacture. We work towards the reduction of energy consumption for installed machines and for each new machine generation. As for our supply chain we use a climate footprint metric to address this; thus we consider energy use of our filling machines as both not applicable and confidential.
	302-3 Energy intensity	Please see > page 103.
	302-4 Reduction of energy consumption	Please see > page 103.
	302-5 Reductions in energy requirements of products and services	Omission: Information unavailable/incomplete For our main product, the packaging, this disclosure is not applicable as the packaging does not require energy during its use phase. For our filling machines, installed at our customers' sites, this disclosure is applicable. We are currently exploring how to compile the energy requirement data of our machines in the field and to find a way to report on energy reduction progress starting in 2023. For our filling machine innovations, we define energy reduction targets and verify them during the prototype phase. Please see > page 130.
GRI 201: Economic Performance 2016	**201-2** Financial implications and other risks and opportunities due to climate change	Please see > pages 366–369 for a description of identified climate-related risks and opportunities, a description of the associated impact as well as our governance and risk management approaches. Please see > page 75 on material financial risks in relation to climate change. For climate change related opportunities we have assessed the revenue implications of increased market shares of our eco-innovations within our low carbon packaging portfolio. Transition and physical risks are assessed within our corporate risk assessment. This also allows us to contextualise the expenses to manage and mitigate identified risks for risks occurring outside our organisation. Risks relating to our operations are integrated into CAPEX planning.
Waste and circular economy		
GRI 3: Material Topics 2021	**3-3** Management of material topics	**Our direct impacts and the impacts of our industry:** • Positive contribution to UN SDGs 2, 7, 12, 14 and 17. Please see > pages 376–379 for further information on our contribution to the SDGs. • Packaging prevents the occurrence of food waste during filling, storage and consumption. • Waste incineration with energy recovery delivers renewable energy in case of treatment of used beverage cartons since they contain on average 75% renewable raw materials. • Positive impact through recycling in the supply chain, production and after product use, as less waste is created. • Along our entire value chain waste is produced. We contribute through the generation of production waste. Also, our business partners generate waste in their activities such as in the extraction of raw materials and in production. • If not correctly disposed of at the end-consumer stage, product waste can have negative impacts on the environment. At the same time valuable raw material can be recovered if product waste is collected and recycled. • Waste disposal in landfills may have negative impacts on biodiversity and soil and may also cause air pollution. • The human rights of people and local communities can be affected by deterioration of livelihood and diseases caused by pollution through waste.

GRI Standard	Disclosure	Information / Reference / Omission

		Key policies and commitments:
		• Overview of SIG's ESG commitments
		• Environment, Health and Safety Policy (EHS)
		• Product Stewardship Policy
		• Design for Recycling Guideline
		• Global R&D Process Handbook
		• Standard Operating Procedure to improve used beverage carton collection and recycling in regions
		• Statement of intent: We aim to reduce the negative impacts of our business with regard to waste and circular economy by respecting these policies and taking the actions described below, and to maximise resource positive outcomes.
		• We are committed to reducing materials waste, including from electronics. To tackle environmental pollution, we minimise emissions to air, land and water from our operations applying the BAT principle (Best Available Technology). We are equally committed to keeping hazardous waste at a minimum by adhering to legal regulations and to eliminating hazardous waste that is non-recyclable or non-reusable to zero.
		• Responsibility for managing the material topic:
		  • Global EHS department in close cooperation with the Global Sourcing and Procurement department
		  • 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 and guidance by globally agreed regional and local collection and recycling strategies.
		  • The internal decision-making, budget allocation and oversight processes are organised in the above-mentioned departments. The level of responsibility in the functional areas varies, but the global department heads have oversight.
		Actions taken to manage the topic and our impacts:
		• To fulfil our waste responsibility, we manage our production waste and pollution through our ISO 14001 (and ISO 50001) management system.
		• We have regional strategies in place to manage the mentioned impacts directly at our locations.
		• LEED (Leadership in Energy and Environmental Design) certifications for new production plants – construction waste management
		• Sustainable sourcing to lower our waste rate. Please see > pages 398–399.
		• By requiring FSC™ and ASI certifications, we make sure that waste is managed efficiently at the sites of the extraction and production processes and reduced to a minimum.
		• Standard Operating Procedure for incident reporting: create EHS alert; EHS responsible person at location needs to report back to Global EHS within six weeks, provide a root cause analysis and, if possible, resolve the issue.
		• We share positive impacts via our internal Best Practices app.
		• Please see > pages 109–120 and to the stated policies to find detailed information about the described actions taken as well as more actions to manage the above-mentioned impacts.
		Tracking the effectiveness of our actions:
		• Monthly reporting of waste- and circularity-related KPIs to the Global EHS department via the Environment, Health and Safety (EHS) dashboard.
		• Grievance mechanisms are set up as part of local collection and recycling partnerships or grievances can be reported through the Integrity & Compliance Hotline.
		• Lessons learned: local communication to key stakeholders and consideration of incident reports in EHS meetings.
		• Please see > pages 171–172 and > pages 113–120 on targets and evaluation of progress.
		Engagement with our stakeholders:
		• Exchange with other companies in the industry, enhance dialogue among leading companies and drive action: The Consumer Goods Forum's Coalition of Action on Plastic Waste and our EU platform EXTR:ACT.
		• Customers can raise questions or concerns about waste and recycling via our sales team.
		• Exchange with suppliers on the AIM-PROGRESS platform
		• Information on end-consumer behaviour and local recycling and consumption habits from NGOs and local business partners
		• Please see > pages 373–375 for further information on stakeholder engagement.

GRI Standard	Disclosure	Information / Reference / Omission
GRI 306: Waste 2020	**306-1** Waste generation and significant waste-related impacts	• At supplier level, production waste is generated, and packaging material is used which has to be disposed of. • At our own production level, most waste is produced as offcuts of the raw materials we use to manufacture our packs. • Downstream waste from our packages is fully recyclable if collected. • Filling machines are predominantly refurbished and most of the material can be recycled at end of life.

	306-2 Management of significant waste-related impacts	• Supplier waste:
		  • We rely on FSC™/ASI Standards to manage the impacts on production waste from aluminium foil or LBP production.
		• Production waste:
		  • Robust life-cycle assessments (LCAs) carried out by independent experts using the ISO 14040 international standard and critically reviewed by an independent panel. These assessments provide the basis for actions by the management.
		  • Non-product output KPIs on EHS dashboard
		  • Weekly or daily tier meetings at local production sites
		  • The waste reporting process is described in the internal environmental manual.
		  • Annual limited assurance by PwC on environment data
		• Post-consumer waste:
		  • Reporting progress on collection and recycling twice a year per country and presentation to the Board of Directors
		  • Annual meeting once a year per country with the Country Head/President of the Region/Cluster Head/Global Marketing and Local Sustainability Manager to look at technology, recycling capacity, consumption habits, advocacy, raising awareness and partnerships
		  • Going Circular roadmaps in place for key markets
		  • Quarterly review of progress in Climate Positive programme. Please see > page 393.
		  • cyclos-HTP recyclability certificates for our products

	306-3 Waste generated	Please see > pages 119–120.
	306-4 Waste diverted from disposal	Please see > pages 119–120.
	306-5 Waste directed to disposal	Please see > pages 119–120.
Own disclosure	Waste rate for pack production (grams of waste per m² of packaging material)	Please see > page 168 and > page 119.
	% SIG packaging portfolio that is recyclable	Please see > page 168 and > page 116.
Biodiversity and forest ecosystems		

GRI 3: Material Topics 2021	**3-3** Management of material topics	**Our direct impacts and the impacts of our industry:**
		• Positive contribution to UN SDGs 2, 12, 13, 15, 17. Please see > pages 376–379 for further information on our contribution to the SDGs.
		• Through our engagement for thriving forests (see Responsible Sourcing Policy), SIG is contributing to healthy forest ecosystems and no-deforestation supply chains, while responsibly managed forests help to store carbon, regulate the climate and provide a renewable alternative to fossil-based feedstocks.
		• As a packaging systems provider to the food industry and one of the leading producers of beverage cartons, SIG uses ecosystem services in its supply chain mainly by sourcing wood-based materials. Forest-based liquid packaging board makes up around 70–80% of each SIG pack on average. Thus, our main exposure to biodiversity topics relates to the forests which our raw materials are sourced from.
		• Our operations are situated mainly in cultural landscapes and industrial parks. Impacts on biodiversity have not been identified as material in our regular site audits (ISO 14001, SEDEX/SMETA 4 Pillar).
		• Our production sites and buildings as well as the traffic for logistics can cause noise and light pollution which might disturb surrounding ecosystems.
		• Supply chain:
		  • Sourcing wood-based material can negatively impact forest ecosystems if not carried out in a sustainable manner.
		  • Location of metal mines can interfere with the natural habitat of species and have a negative impact on biodiversity in the area.
		  • Fossil fuel extraction for production of polymers can disturb wildlife in marine and terrestrial areas.
		• Incorrect disposal of our products may lead to packaging items being carried into the environment, which may threaten wildlife and pollute ecosystems.
		• People and their human rights: land rights can be impacted, and agricultural deterioration can lead to limitation of livelihood.

<table>
<tr><th>GRI Standard</th><th>Disclosure</th><th>Information / Reference / Omission</th></tr>
<tr><td></td><td></td><td>Key policies and commitments:
• Responsible Sourcing Policy
• Liquid Packaging Board Purchasing Policy
• Product Stewardship Policy
• Environment, Health and Safety Policy (EHS)
• Statement of intent: We aim to reduce negative impacts of our business with regard to biodiversity and achieve more positive outcomes for nature and forests by respecting these policies and taking the actions described below.
• We are committed to ensuring that biodiversity is maintained and healthy ecosystems, high conservation values and responsible management practices exist across our value chain.
• Responsibility to manage the material topic:
  • For supply chain related impacts the VP of Global Sourcing and Procurement and Group Corporate Responsibility is responsible.
  • For our operations we manage the topic with our global and local EHS functions.
  • Mitigation of potential negative biodiversity outcomes of our products after use is managed within our Resource+ action area under supervision of the RSG and involving regional presidents and market area leads.
  • Increasing positive biodiversity outcomes related to forest landscapes is further developed in a cooperation with WWF Switzerland involving SIG's Group Executive Board/C-Suite. Please see > pages 26–27 and > page 108 for further information about this partnership.
  • The internal decision-making, budget allocation and oversight processes are organised in the above-mentioned functions.
Actions taken to manage the topic and our impacts:
• We manage any potential impacts through our certified environmental management systems (ISO 14001).
• Our operations are situated mainly in cultural landscapes and industrial parks, and regular site audits (ISO 14001, SEDEX/SMETA 4 Pillar) show no material impacts on biodiversity.
• We are enhancing our positive social and environmental impacts in communities through our engagement programme, and we focus on restoring/creating additional forests through partnerships.
• We manage our impact on biodiversity in our supply chain, e.g. by setting strict standards for suppliers through FSC™ certification. Additionally, we partner with peers to develop recommendations on how life-cycle assessment can be used to better address land use impacts on biodiversity.
• We run several recycling initiatives to collect more used packaging, reducing the demand for virgin materials and thus lowering the impacts on biodiversity and forest ecosystems. Please see > pages 113–118.
• Please see > pages 105–108 and to the stated policies to find detailed information about the described actions taken as well as more actions to manage the above-mentioned impacts.
Tracking the effectiveness of our actions:
• Quarterly reviews are conducted by the VP of Global Sourcing and Procurement, who reports to the Responsibility Steering Group twice a year on supply chain topics.
• Every two years all our operations including all our production plants are subjected to a SEDEX SMETA 4 Pillar audit covering also environmental practices including biodiversity-related activities.
• Issues or concerns can be reported via the Integrity & Compliance Hotline.
• Please see > page 171, > pages 26–27 and > pages 106–108 on targets and evaluation of progress.
Engagement with our stakeholders:
• Partnerships with industry peers to develop recommendations on how life-cycle assessment can be used to better address land use impacts on biodiversity.
• Based on feedback from inside and outside the organisation from customers, suppliers, employees, investors and other stakeholders we continually review and update the policies and related standards.
• Please see > pages 373–375 for information on stakeholder engagement.</td></tr>
<tr><td>GRI 304: Biodiversity 2016</td><td>304-2 Significant impacts of activities, products and services on biodiversity</td><td>No significant impacts due to responsible sourcing of (raw) materials (certified by FSC™, ASI, ISCC PLUS etc.). Please see > page 398.</td></tr>
<tr><td></td><td>304-3 Habitats protected or restored</td><td>Omission: Information unavailable/incomplete
Third-party partnerships are agreed on. Please see > page 108 on the WWF partnership. Implementation of the project and reporting will follow from 2023.</td></tr>
<tr><td>Own disclosures</td><td>% packs sold labelled with FSC™ logo</td><td>Please see > page 168.</td></tr>
<tr><td></td><td>% FSC™-certified liquid packaging board</td><td>Please see > page 107.</td></tr>
</table>

GRI Standard	Disclosure	Information / Reference / Omission
Sustainable raw materials		

GRI 3: Material Topics 2021	**3-3** Management of material topics	**Our direct impacts and the impacts of our industry:**
		• Positive contribution to UN SDGs 2, 7, 12, 14 and 17. Please see > pages 376–379 for further information on our contribution to the SDGs.
		• We have positive impacts on suppliers and on customers by setting standards, using quality labels, and enhancing environmental and social responsibility, stewardship, traceability and product labelling.
		• Through sustainable raw material sourcing we mitigate the risk of a long-term loss of our used sources.
		• Our responsible sourcing ambition and entrepreneurial introduction of responsible sourcing standards in our value chain has numerous positive outcomes, for example on labour standards and EHS practice, also in view of the sectors in which we help to establish best practice benchmarks.
		• Potential and actual impacts from raw material sourcing are primarily caused by the sourcing practices of our business relationships with suppliers and not by our own operations.
		• If forests are not responsibly managed, liquid paperboard sourcing might be linked to deforestation and potentially soil degradation.
		• The polymers we use depend to a large extent on fossil resources, which might cause pollution of land and water.
		• Sourcing of metals is energy-intensive and can impact the local environment.
		• If natural resources are overexploited, it leads to accelerating environmental depletion and in the case of over-exploitation of forests and use of fossil fuels to global warming.
		• Local minorities can be affected in these sourcing regions through noise, pollution, deterioration of livelihood and changes in the landscape as a result of deforestation and loss of biodiversity.
		Key policies and commitments:
		• Responsible Sourcing Policy
		• Product Stewardship Policy
		• Environment, Health and Safety Policy (EHS)
		• Liquid Packaging Board Purchasing Policy
		• Global R&D Process Handbook
		• Standard Operating Procedure to improve used beverage carton collection and recycling in regions
		• Statement of intent: We aim to reduce the negative impacts of our business with regard to raw material sourcing by respecting these policies and taking the actions described below.
		• Our ambition is to make all our packs exclusively with renewable or recycled materials, using only renewable energy, and make sure every carton is recycled – all to help create more resources for future generations. We are committed to sourcing our main raw materials from certified responsible sources. We aim to increasingly substitute our consumption of non-renewable resources, including fossil and mineral feedstocks, with renewable resources.
		• We have signed the Vancouver Declaration that encourages companies to pledge support for the United Nations Sustainable Development Goals through FSC™ certification. More details can be found on > page 108.
		• Responsibility for managing the material topic:
		  • The VP of Global Sourcing and Procurement with the support of the Global Corporate Responsibility team
		  • The Responsibility Steering Group oversees the semi-annual reports on raw material sourcing.
		  • The internal decision-making, budget allocation and oversight processes are organised in the above-mentioned functions. The level of responsibility in the functional areas varies, but the global department heads have oversight.
		Actions taken to manage the topic and our impacts:
		• We have actions in place to mitigate the stated impacts of the sourcing practices on the environment and people and their human rights:
		  • The use of by-products from other industries (e.g. woodchips or tall oil) in our production process
		  • Certification standards: Forest Stewardship Council™ (FSC™) for liquid packaging board, Aluminium Stewardship Initiative (ASI) for aluminium and International Sustainability & Carbon Certification (ISCC) PLUS for plant-based polymers
		  • We are increasing transparency in the supply chains.
		• Please see > pages 109–120 and > pages 135–140 and to the stated policies to find detailed information about the described actions taken as well as more actions to manage the above-mentioned impacts. In addition, please see > page 139 for a definition of A-materials.

GRI Standard	Disclosure	Information / Reference / Omission
		Tracking the effectiveness of our actions: • The SIG Group Executive Board conducts internal audits and regular reviews of performance against the Way Beyond Good targets. • Issues or concerns can be reported via the Integrity & Compliance Hotline or grievance mechanisms that are set up as part of local collection and recycling partnerships. • Monthly calls of the local management team with the VP of Global Sourcing and Procurement, where lessons learned are also discussed • Please see > page 171, > page 173, > pages 113–120 and > pages 136–140 on targets and evaluation of progress. **Engagement with our stakeholders:** • Based on feedback from inside and outside the organisation from customers, suppliers, employees, investors and other stakeholders we continually review and update the policies and standards. • Requiring raw material certification standards (FSC™, ASI etc.) we represent the perspective of NGOs. • Please see > pages 373–375 for further information on stakeholder engagement.
GRI 301: Materials 2016	**301–1** Materials used by weight or volume	Please see > pages 139–140.
Own disclosure	% A-materials from certified sources	Please see > page 140.
Water		

GRI 3: Material Topics 2021	**3–3** Management of material topics	**Our direct impacts and the impacts of our industry:**
		• Positive contribution to UN SDGs 6 and 14. Please see > pages 376–379 for further information on our contribution to the SDGs.
		• In our own operations we use process water for cooling the machines in closed-water circles. Nevertheless, a potential negative impact can arise through leakages which increase the consumption of fresh water and in those potential cases additional wastewater has to be treated.
		• The filling machines we produce require water for start-up, cleaning, test runs and cooling. Water loss can be a negative impact in the event of inefficient use.
		• Lack of wastewater treatment or insufficient infrastructure can contribute to water pollution. The effect is greater if chemicals (e.g. hydrogen peroxide) are used in the cleaning process. But typically process wastewater is directed to a municipal water treatment plant.
		• Lack of wastewater treatment can cause water pollution and negatively affect the people living in the area (e.g. cause serious long-term health issues).
		• Inefficient water use can also occur at our suppliers
		Key policies and commitments:
		• Overview of SIG's ESG commitments
		• Environment, Health and Safety Policy (EHS)
		• Aluminium Purchasing Policy
		• Statement of intent: We aim to reduce the negative impacts of our business with regard to water by respecting these policies and taking the actions described below.
		• We are committed to conservative water use throughout the product supply chain and business operations. Furthermore, we strive to consciously use water resources by considering water quantity, quality aspects and water stress risks. Our engagement to address water scarcity and stress in certain regions focuses on reducing the water use and consumption of our filling machines.
		• Additionally, we aim to pass on our commitment to our customers by supporting them in improving their water efficiency and water stewardship.
		• Responsibility for managing the material topic:
		  • The local EHS under supervision of Global EHS is responsible for monitoring and reducing water use.
		  • The internal decision-making, budget allocation and oversight processes are organised in the above-mentioned function.
		Actions taken to manage the topic and our impacts:
		• We provide user guidance on target water use to ensure efficient operation at the customer stage.
		• For production sites located in regions with high water stress risk we develop and implement a local water consumption reduction management plan, which also includes measures to help to reduce the stress level. In particular, the following measures have been implemented:
		  • Tracking of changes in regulation and tariff schemes through regular contact of the respective plant EHS team with local authorities
		  • Proactive engagement through water-saving projects at plant level
		• As water stewardship is included in the Forest Stewardship™ (FSC™) principles and in the Aluminum Stewardship Initiative (ASI) performance standard certification, water impacts are addressed for both raw materials.
		• Please refer to > pages 109–120 and to the stated policies to find detailed information about the described actions taken as well as more actions to manage the above-mentioned impacts.

GRI Standard	Disclosure	Information / Reference / Omission
		Tracking the effectiveness of our actions: • Monthly review of the global performance of the EHS dashboard (water-related KPIs) • Water risks are assessed annually for the next 1–3 years in an environmental risk assessment. • Scenario analyses • Business impact evaluation of possible shortages or allocation of water supply to production capacity of plants • Annual evaluation and plant classification in water stress areas by the central CR team, including lessons learned • ISO14001 impact assessment • Please see > page 113 and > pages 118–119 to learn more about our performance measures for water. **Engagement with our stakeholders:** • Exchange with local parties and water utilities sharing the same water resource and/or the same wastewater treatment facility in water-stressed areas • Customers can give feedback to the sales team or ask questions on water use guidance for the filling machines. Feedback is shared with construction and R&D teams. • Please see > pages 373–375 for further information on stakeholder engagement.
GRI 303: Water and Effluents 2018	**303-1** Interactions with water as a shared resource	• Monthly performance review of the EHS dashboard by the Global EHS manager • Changes to the previous month are analysed and explained and reported to the Executive Board. • EHS dashboard measures water use (in cubic metres) and serves for plausibility checking (cloud-based database, Power apps). • Environmental manual for each of our locations. Raw data is delivered by locations for Global EHS dashboard. • See point 3-3 Engagement with our stakeholders on exchange with local parties on water as a shared resource. We consider water in our internal risk analysis, which we use as input for the Supplier Code of Conduct we distribute to suppliers. If there is a water-related issue in the region, it is discussed with suppliers and customers. • Basis for water thresholds is applicable laws and regulations. • The targets are derived from the ESG policies and plotted in an X-matrix. The performance is discussed in weekly meetings at the production sites and at the monthly EHS meetings.
	303-2 Management of water discharge-related impacts	• Minimum quality standard for effluent discharge: Chemical oxygen demand (COD) is measured before water goes to discharge at all our locations as it is a legal requirement (legal limit). • No explicit internal guidance or sector-specific standard as it is required by law • The profile of the municipal water treatment facilities is considered.
	303-5 Water consumption	Please see > page 119.
Health, safety & wellbeing		
GRI 3: Material Topics 2021	**3-3** Management of material topics	**Our direct impacts and the impacts of our industry:** • Positive contribution to UN SDG 8. Please see > pages 376–379 for further information on our contribution to the SDGs. • As a global employer operating in more than 60 countries, we have an impact on the health and safety of our 5,000 plus employees. • 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. • Employee wellbeing (mental, social and physical) is a key driver to improve employee engagement levels and productivity. • There are positive spill-over effects if employees incorporate their safe behaviour in their private lives, which has a positive impact on their families and on the community. • Actual negative impacts on health and safety have occurred through extreme heat at certain production sites. • At-risk behaviour in the workplace can lead to injuries and lost-time cases. • Chemical hazards can lead to health issues. • Health, safety and wellbeing issues occur through our own activities and also through our suppliers and business partners. • Impacts on people and their human rights can occur if health and safety is not assured as people can sustain heavy injuries or suffer chronic diseases. This is a direct impact on the human right to live.

GRI Standard	Disclosure	Information / Reference / Omission

		Key policies and commitments:
		• Environment, Health and Safety Policy (EHS)
		• Statement of intent: We aim to reduce the negative impacts of our business with regard to health, safety and wellbeing by respecting this policy and taking the actions described below.
		• We are committed to adopting a preventive health and safety strategy through our "Take Care" culture for workplace safety by striving to prevent all health and safety incidents and work-related illnesses.
		• We also commit to regularly conduct workplace and task-based risk assessments as part of our proactive approach to the workplace safety protocol and our "Take Care" culture.
		• Responsibility for managing the material topic:
		  • For health and safety: the governance role is with Global EHS, which reviews performance with the local EHS leads, monitors and manages the sustainable implementation of safety projects and EHS alerts, and provides a report to the Global Executive Board.
		  • Head of operation is responsible at operational level.
		  • For employee wellbeing: Group Human Resources
		  • The internal decision-making, budget allocation and oversight processes are organised in the above-mentioned functions. The level of responsibility in the functional areas varies, but the global heads have oversight.
		Actions taken to manage the topic and our impacts:
		• To reduce negative health impacts, we address workplace safety in our Responsible Culture approach in the SIG Responsibility Strategy. It is managed through health and safety management systems, which are aligned with the ISO 45001 standards at all sites.
		• By focusing on behaviour-based safety and adopting a "Take Care" culture, we will reduce occupational incidents and additionally achieve positive spill-over effects in other areas (e.g. production efficiency, energy efficiency, lower costs, higher quality).
		• Our risk assessments and corresponding operating instructions form the basis of our approach to chemical safety at the workplace. We share key findings, lessons learned and best practices through a dedicated platform and enable the plants to identify, manage and educate employees about key safety risks quickly and effectively.
		• We have established programmes to promote work-life balance, healthy lifestyles, mindfulness and smart time management to support employee wellbeing.
		• Please refer to > pages 154–159 and to the stated policies to find detailed information about the described actions taken as well as more actions to manage the above-mentioned impacts.
		Tracking the effectiveness of our actions:
		• EHS dashboard contains health and safety KPIs and is reviewed by the Global Executive Board each month.
		• Quarterly reports to the Global Executive Board
		• Annual site self-assessments (based on ISO 45001) and internal audits
		• SEDEX SMETA site audits and EcoVadis assessments
		• Issues or concerns can be reported via the Integrity & Compliance Hotline and via safety opportunity cards and the behaviour-based safety process.
		• Please see > page 175 and > pages 155–159 on targets and evaluation of progress.
		• We monitor incidents and near misses.
		• Lessons learned: Each accident is reported (SOP); analysis of the accident, template, final accident report with lessons learned (global EHS distribution list).
		Engagement with our stakeholders:
		• We conduct employee surveys and focus groups on wellbeing.
		• Partnerships with customers to extend our engagement on workplace safety in their operations
		• Technicians are instructed to inform customers about health and safety issues, and they report customer feedback back to us.
		• Board of Directors and investors are regularly updated.
		• Please see > pages 373–375 for further information on stakeholder engagement.

GRI 403: Occupational Health and Safety 2018	**403-1** Occupational health and safety management system	• Our health and safety management systems are aligned with the ISO 45001 standards. • Our risk assessments and corresponding operating instructions form the basis of our approach to chemical safety in the workplace. • Each location needs to fill out a form on EHS compliance of topics with the national law in the corresponding country. • Risk management is legally required in every country where SIG produces. • We have EHS systems at all production sites as well as our Global Assembly, Global Technology and Technical Service functions. • Contractors, visitors and suppliers get instructed on health and safety before they visit the production site.

GRI Standard	Disclosure	Information / Reference / Omission
GRI 403: Occupational Health and Safety 2018	**403-2** Hazard identification, risk assessment, and incident investigation	• Our health and safety management 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. • Line managers 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. • If an incident occurs, the risk assessment is refined. • Operational employees, line managers and local EHS teams cross-check the risk assessment to ensure quality. • All incidents must be reported in accordance with our SOP. • 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. • For further information, please refer to our Environment, Health and Safety Policy (EHS) and > pages 154–159.
	403-3 Occupational health services	• Local EHS department is responsible for the management of these issues. • For further information, please refer to our Environment, Health and Safety Policy (EHS) and > pages 154–159.
	403-4 Worker participation, consultation, and communication on occupational health and safety	• 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 how we can improve health and safety and involve them in the implementation of improvements. • Extension of the behaviour-based model is used for safety to occupational health issues like ergonomics. • Local EHS department communicates health and safety topics. • Health and safety committee, which holds quarterly or semi-annual meetings, consists of workers, management, experts, local EHS people, legal, HR. • For further information, please refer to our Environment, Health and Safety Policy (EHS) and > pages 154–159.
	403-5 Worker training on occupational health and safety	• All new employees are trained on health and safety as part of their induction. • Training programmes 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. • Advanced training on ergonomics • Health checks (sight/hearing) • For further information, please refer to our Environment, Health and Safety Policy (EHS) and > pages 154–159.
	403-6 Promotion of worker health	• Support and benefits vary locally depending on the regional, legal and cultural context. • Workers' access to non-occupational medical and healthcare services are facilitated, e.g. through company clinics or disease treatment programmes, referral systems, or health insurance or financial contributions. • Rescue chain is trained, documented and audited. • 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. • For further information, please refer to our Environment, Health and Safety Policy (EHS) and > pages 154–159.
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	• Investment in business-wide improvements, e.g. investments in additional safety containment on machinery to prevent risk of injury to hands or fingers from contact with moving parts. • Customers are instructed on health and safety risks in training centres. • Please see > pages 157–158.
	403-8 Workers covered by an occupational health and safety management system	100% coverage at production sites as well as our Global Assembly, Global Technology and Technical Service functions
	403-9 Work-related injuries	Please see > pages 157–158. Omission: confidentiality constraints. We provide all data as required for GRI 403-9, except working hours of employees and working hours of contractors, because this is business confidential.
	403-10 Work-related ill health	Omission: information unavailable. The information on work-related ill health has not yet been reported in our global human resources systems. In 2023, we will evaluate how we can best collect the required data globally with the aim of having suitable reporting in place by 2025.

GRI Standard	Disclosure	Information / Reference / Omission
Diversity, equity and inclusion		

GRI 3: Material Topics 2021	**3-3** Management of material topics	**Our direct impacts and the impacts of our industry:**
		• Positive contribution to UN SDGs 5 and 10. Please see > pages 376–379 for further information on our contribution to the SDGs.
		• Empowering people with different abilities will help us to add to the value and success of SIG.
		• The discussions in our diverse teams are enriched by different perspectives, new ideas and contrary points of view, which leads to more creativity and better outcomes, and results in more innovation.
		• Lower chance of discrimination and violation of human rights by promoting diversity, equity and inclusion
		• There are gender gaps across all industries as well as worldwide, causing negative impacts for the affected people.
		• Equal treatment and further global discrepancies will continue in the near future. Depending on the producing country, there might be a high risk of inequality and discrimination based on gender, race, religion, political affliction and sexual orientation in our supply chain.
		Key policies and commitments:
		• SIG Group Code of Conduct
		• Human Rights, Labour and Community Engagement Policy
		• Human Resources Framework
		• We are a signatory of the German Diversity Charter.
		• Statement of intent: We aim to reduce the negative impacts of our business with regard to diversity, equity and inclusion by respecting these policies and taking the actions described below.
		• We are committed to providing an inclusive working environment for our employees free of bias, where our employees feel safe, valued, fairly treated and empowered. We do not tolerate discrimination of employees or suppliers' workers based on race, religion, national origin, political affiliation, gender, sexual orientation, disability, age or any other relevant category.
		• Responsibility for managing the material topic:
		  • Global Human Resources, supported by local Human Resources teams
		  • Employee-led Diversity, Equity & Inclusion Focus Group
		  • The internal decision-making, budget allocation and oversight processes are organised in the above-mentioned functions. The level of responsibility varies, but the People & Culture Chief Officer has overall responsibility.
		Actions taken to manage the topic and our impacts:
		• We create an inclusive workspace with equal professional opportunities regardless of gender, age, disability or any other potential differentiating factor.
		• Through our proactive approach to diversity, we intend to increase our efforts for those individuals who continue to encounter discrimination in the workplace by advancing the provision of equal opportunities.
		• Implementation of diversity criteria in management tools that support employee retention, development and engagement and put special emphasis on critical minority groups
		• We train our leaders on diversity and inclusion to increase awareness and drive behaviour change.
		• We are improving our engagement with women and minorities 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.
		• Please refer to > pages 145–153 and to the stated policies to find detailed information about the described actions taken as well as more actions to manage the above-mentioned impacts.
		Tracking the effectiveness of our actions:
		• Regular dialogue with employees
		• SEDEX SMETA site audits, EcoVadis assessments
		• Diversity and inclusion dashboard
		• Issues or concerns can be reported via line managers, the Human Resources team, the Global Legal and Compliance team or the Integrity & Compliance Hotline.
		• We analyse any findings and define improvement actions such as changes to the existing process or implementation of a new process to avoid issues in the future.
		• Please see > page 175 and > pages 146–153 on targets and evaluation of progress.
		Engagement with our stakeholders:
		• SIG cooperates with universities and other organisations to attract female engineers and better engage with women, both prospective candidates and leaders, on websites, in campaigns or through career networks and communities.
		• Please see > pages 373–375 for further information on stakeholder engagement.

GRI Standard	Disclosure	Information / Reference / Omission
GRI 405: Diversity and Equal Opportunity 2016	**405-1** Diversity of governance body and employees	Please see > pages 147–148 and > pages 152–153.
	405-2 Ratio of basic salary and remuneration of women to men	Omission: Information unavailable/incomplete There is currently not enough data available to calculate the remuneration ratios accurately on a global level. A globally integrated human resources system is planned to be implemented over the coming years. We will collect more data over the course of next year and adapt the local human resources systems accordingly in order to be able to move to a global human resources reporting system as soon as possible.
GRI 406: Non-discrimination 2016	**406-1** Incidents of discrimination and corrective actions taken	Please see > page 144.
Employee satisfaction, development and working environment		

GRI 3: Material Topics 2021	**3-3** Management of material topics	**Our direct impacts and the impacts of our industry:**
		• Positive contribution to UN SDG 8. Please see > pages 376–379 for further information on our contribution to the SDGs.
		• Appealing working conditions attract talent and contribute to the economic development of the region.
		• Positive impact through professional education, trainee programmes, technical and management courses
		• Long working hours can have serious health implications such as burn-out, psychological problems and stress.
		Key policies and commitments:
		• SIG Group Code of Conduct
		• Human Rights, Labour and Community Engagement Policy
		• Human Resources Framework
		• Statement of intent: We aim to reduce the negative impacts of our business with regard to employee satisfaction, development and working environment by respecting these policies and taking the actions described below.
		• We want to shape a work environment where our employees feel more connected and healthier and as a consequence improve employee satisfaction.
		• Responsibility for managing the material topic:
		  • Our global and local Human Resources departments are responsible for the working conditions in our own operations.
		  • The internal decision-making, budget allocation and oversight processes are organised in the above-mentioned functions. The level of responsibility varies, but the People & Culture Chief Officer has overall responsibility.
		Actions taken to manage the topic and our impacts:
		• We strive to create a workplace and culture that can ensure the physical and mental integrity of each individual. Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or any form of intimidation are strictly prohibited.
		• We ensure fair salaries and benefits.
		• We investigate reports of unfair labour practices or other breaches of the Code of Conduct.
		• We review our employees' performance and progress as part of their biannual appraisal reviews with managers to support their professional development.
		• We 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.
		• Ad hoc remediation process by local human resources team
		• Please refer to > pages 145–153 and to the stated policies to find detailed information about the described actions taken as well as more actions to manage the above-mentioned impacts.
		Tracking the effectiveness of our actions:
		• Regular internal or third-party assessments of our operations
		• SEDEX SMETA site audits
		• Quarterly meeting with Executive Board and employees
		• Regular dialogue with employees
		• Issues or concerns can be reported through any available channel, including supervisors, line managers, representatives of Group HR, Group Internal Audit, the Global Legal and Compliance team or the Integrity & Compliance Hotline.
		• Surveys and comparison with other companies
		• Please see > page 175 and > pages 146–153 on targets and evaluation of progress.
		• Lessons learned: reported ad hoc and individually discussed at quarterly meetings
		Engagement with our stakeholders:
		• Engagement with our employees through supervisor or human resources hotline
		• AIM-PROGRESS platform
		• Please see > pages 373–375 for further information on stakeholder engagement.

GRI Standard	Disclosure	Information / Reference / Omission
GRI 401: Employment 2016	**401-1** New employee hires and employee turnover	Please see > page 153.
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Omission: Information unavailable/incomplete Up to 2022 we were not running any gender pay analyses on a global base. In the past years we observed many new regulatory developments around "equal pay" shaping the global landscape. Based on a Swiss law requirement we ran an analysis in 2020 for all our legal entities in Switzerland, conducted by an independent third party. We are happy to report that the analysis confirmed that SIG is compliant with the requirements of Swiss law. In 2023 and in the following years we plan to further invest into equal pay analyses.
	401-3 Parental leave	Omission: Information unavailable/incomplete At global level we don't have insights into what is locally created / maintained when it comes to parental leave. This is all maintained in local solutions based on country-specific legislations. A globally integrated human resources system is planned to be implemented over the coming years. We will collect more data over the course of next year and adapt the local human resources systems accordingly in order to be able to move to a global human resources reporting system as soon as possible
GRI 404: Training and Education 2016	**404-1** Average hours of training per year per employee	Please see > page 149.
	404-2 Programs for upgrading employee skills and transition assistance programs	Omission: Information unavailable/incomplete We maintain all the SIG-related trainings/programmes in our Learning System and provide the average on learning hours per employee. Local initiatives are maintained in the local systems and we do not have insight on that from a global level perspective. A globally integrated human resources system is planned to be implemented over the coming years. We will collect more data over the course of next year and adapt the local human resources systems accordingly in order to be able to move to a global human resources reporting system as soon as possible
	404-3 Percentage of employees receiving regular performance and career development reviews	Please see > page 149.
Own disclosures	Sustainable engagement score	Please see > page 151.
Responsible suppliers		
GRI 3: Material Topics 2021	**3-3** Management of material topics	**Our direct impacts and the impacts of our industry:** • Through our supplier engagement, we contribute to UN SDGs 8, 12, 13, 15 and 17. Please see > pages 376-379 for further information on our contribution to the SDGs. • Through supplier engagement, we can reveal supply chain issues, which helps the overall community in the affected regions to get better working conditions. • We enable market access to sustainable suppliers. • Increased administrative workload due to audits required • Potential termination of business relationships in the event of non-compliance with our requirements, which means that the process of supplier development has to be initiated. • Negative impacts in the supply chain can arise due to a violation of human rights, such as those relating to child labour or forced labour, in the upstream business relationships. For more information, please see > pages 141-144 and > pages 397-398. **Key policies and commitments:** • Overview of SIG's ESG commitments • SIG Supplier Code of Conduct (applicable as of November 2022) • SIG Business Ethics Code for Suppliers (applicable for contracts before November 2022) • All active significant suppliers must formally accept the SIG Business Ethics Code for Suppliers or the SIG Supplier Code of Conduct. • Responsible Sourcing Policy • Liquid Packaging Board Purchasing Policy • Polymer and Aluminium Purchasing Policies • Supplier Qualification (Equipment) process • Statement of intent: We aim to reduce the negative impacts of our business with regard to responsible suppliers by respecting these policies and taking the actions described below.

GRI Standard	Disclosure	Information / Reference / Omission

		• We are committed to monitoring and assessing our supply chain risks as well as actual or potential impacts on the environment and society. We are equally committed to fostering adherence to our requirements by our significant suppliers. Additionally, we strive to enable long-term development of a net positive supplier base.
		• Responsibility for managing the material topic:
		  • VP of Global Sourcing and Procurement
		  • For Global Assembly suppliers, the Global Equipment Team
		  • The internal decision-making, budget allocation and oversight processes are organised in the above-mentioned functions. The level of responsibility varies in the functional areas, but the global department heads have oversight.
		Actions taken to manage the topic and our impacts:
		• As part of our onboarding process, suppliers of raw materials (direct suppliers) and indirect suppliers are screened on social and environmental aspects, labour practices and human rights.
		• To reveal supply chain issues, we deploy our CSR assessment system to more thoroughly assess significant raw material and indirect suppliers on their performance and transparency through self-assessments, external certifications and common industry tools. Compliance with SIG's responsibility requirements allows suppliers to be accepted for up to three years prior to reassessment. The frequency of the assessment is dependent on the supplier's performance.
		• We conduct audits of high-risk suppliers to mitigate social and environmental risks.
		• In the event that a supplier does not meet SIG's responsibility requirements, we require them to improve. Insufficient progress triggers an escalation process, where measures for the remediation or resolution of the conflict are defined. Inability or unwillingness to improve on the part of the supplier may lead to the termination of the business relationship.
		• Please refer to > pages 135–140 and to the stated policies to find detailed information about the described actions taken as well as more actions to manage the above-mentioned impacts.
		Tracking the effectiveness of our actions:
		• SIG's VP of Global Sourcing and Procurement reviews the effectiveness of the described actions on a quarterly basis and reports twice a year to the Responsibility Steering Group.
		• Please see > page 173 and > pages 136–140 on targets and evaluation of progress.
		• There were no lessons learned in the reporting period.
		Engagement with our stakeholders:
		• Our sales team engages closely with customers to also understand their needs with regard to the supply chain and reports back to the purchasing team, which amends the actions, goals and targets if necessary.
		• Through the collaboration with NGOs we learn about issues in the supply chain regions where the supply chain is very fragmented.
		• Please see > pages 373–375 for further information on stakeholder engagement.

GRI 308: Supplier Environmental Assessment 2016	**308-1** New suppliers that were screened using environmental criteria	Please see > page 137.
	308-2 Negative environmental impacts in the supply chain and actions taken	Omission: Information unavailable/incomplete Please refer to > pages 137–138. We screen significant suppliers for potential negative environmental impacts and not for actual environmental impacts as part of our risk assessment. Significant direct suppliers are then further evaluated by requesting EcoVadis assessments or SEDEX audits (or equivalent). For significant indirect suppliers, we currently expect the acceptance of our Supplier Code of Conduct as a minimum. We will examine how to collect data on actual negative environmental impacts for all our significant suppliers. In addition, we will intensify the discussion with EcoVadis and SEDEX to receive information on significant actual impacts and improvements and we will report on terminations of supplier contracts based on findings of these assessments by 2025.
GRI 414: Supplier Social Assessment 2016	**414-1** New suppliers that were screened using social criteria	Please see > page 137.
	414-2 Negative social impacts in the supply chain and actions taken	Omission: Information unavailable/incomplete Please refer to > pages 137–138. We screen significant suppliers for potential negative social impacts and not for actual social impacts as part of our risk assessment. Significant direct suppliers are then further evaluated by requesting EcoVadis assessments or SEDEX audits (or equivalent). For significant indirect suppliers, we currently expect the acceptance of our Supplier Code of Conduct as a minimum. We will examine how to collect data on actual negative social impacts for all our significant suppliers. In addition, we will intensify the discussion with EcoVadis and SEDEX to receive information on significant actual impacts and improvements and we will report on terminations of supplier contracts based on findings of these assessments by 2025.

GRI Standard	Disclosure	Information / Reference / Omission
Human rights		

GRI 3: Material Topics 2021	3-3 Management of material topics	**Our direct impacts and the impacts of our industry:**
		• As we integrate the respect for human rights into the Company, we actively contribute to UN SDG 16 by laying the groundwork for a peaceful society and access to justice for everybody who works at SIG or who is impacted in any way through our business activity. Please refer to > pages 376–379 for more information on our contribution to SDGs.
		• By embedding respect for human rights in the Company culture, we contribute positively to the work ethic in the organisation and in business relationships, and in a broader sense to the community.
		• Potential negative impacts on people and their human rights are most closely linked to our activities relating to health, safety and wellbeing, modern slavery, discrimination and harassment, children's rights, minorities, liberty and security of the person, fair labour conditions, freedom of thought and expression, social security and freedom of association.
		• Actual negative impacts on people and their human rights which we were able to identify through SEDEX audits in 2021 at our own operations related to working hours and overtime. These impacts have been reduced in the reporting year as we have implemented a corrective action plan and taken further steps to improve the situation.
		• While violations of human rights can occur at the Company's own operations, we are mainly exposed to incidents in our supply chain where we have less control over the impacts.
		Key policies and commitments:
		• Human Rights, Labour and Community Engagement Policy
		• SIG Group Code of Conduct
		• SIG Suppliers Code of Conduct (applicable as of November 2022)
		• SIG Business Ethics Code for Suppliers (applicable for contracts before November 2022)
		• Statement of intent: We aim to reduce the negative impacts of our business with regard to people and their human rights by respecting these policies and taking the actions described below.
		• Our overarching commitment is to identify, prevent and manage actual and potential human rights impacts in our operations, supply chain and with respect to our major business relationships. For new major business relations, i.e. mergers and acquisitions as well as joint ventures, we consider among other decision-making factors environmental, social and human rights risks as well as governance factors.
		• We support the United Nations Global Compact's ten principles on human rights, labour, environmental protection and anti-corruption.
		• We are also committed to adhering to the guidance of the United Nations Guiding Principles on Business and Human Rights and the relevant Organisation for Economic Co-Operation and Development (OECD) frameworks.
		• Responsibility for managing the material topic:
		  • The Board of Directors approves the Code of Conduct, which includes a section on human rights.
		  • In addition, we have assigned the topic of human rights specifically to one member of the Group Executive Board and we are in the process of also defining the responsibility at an operational level.
		  • The internal decision-making, budget allocation and oversight processes are organised in the above-mentioned functions, where the level of responsibility is also defined.
		Actions taken to manage the topic and our impacts:
		• SEDEX Members Ethical Trade Audits (SMETA) of our production plants include the following human rights topics: freely chosen labour, freedom of association, health and safety, child labour, wages and benefits, working hours and discrimination, no harsh and inhumane treatment. All our production sites undergo SMETA audits to assess compliance with fair labour practices and ensure that we uphold high standards on human rights.
		• The potential negative impacts on human rights are also monitored continuously to prevent any occurrences of human rights violations. We continue to ensure the necessary ethical labour practices to safeguard our employees' rights in all aspects. Please see also > pages 400–405.
		• Issues or concerns can be reported through any available channel, including supervisors, line managers, representatives of Group HR, Group Internal Audit, the Global Legal and Compliance team or the Integrity & Compliance Hotline. If we identify any issues or concerns with human rights in the supply chain, 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.

GRI Standard	Disclosure	Information / Reference / Omission
		• Positive impacts on people and their human rights or success stories can be shared via our Best Practices app. • Please refer to > pages 141–144 and to the stated policies to find detailed information about the described actions taken as well as more actions to manage the above-mentioned impacts. **Tracking the effectiveness of our actions:** • In 2022, we conducted a detailed human rights due diligence. Part of this project was a risk analysis of own sites and an analysis of Tier 1 suppliers and a gap analysis to establish a robust due diligence with focus on compliance with European legislations. We divided responsibilities between the Functional Units and turned a general roadmap into a detailed plan for implementation. The Human Rights, Labour and Community Engagement Policy, Supplier Code of Conduct and grievance mechanisms have already been adapted and the implementation process started at the end of the reporting year. • For tracking the effectiveness of measures taken with regard to human rights violations in the supply chain, please see > pages 135–140. • Please see > page 174 and > pages 142–144 on targets and evaluation of progress. **Engagement with our stakeholders:** • Employees can report issues or concerns related to human rights via our Integrity & Compliance Hotline, Human Resources teams, the Global Legal and Compliance team. • Suppliers can find information on how to report incidents via a link which is provided in the SIG Supplier Code of Conduct. • Please see > pages 373–375.
Own disclosure	Plants completed SEDEX Members Ethical Trade Audit (of total number of plants)	We chose to use our own disclosure for human rights, as SEDEX audits are a suitable indicator to address the cumulative topic of human rights issues. Please see > page 144 and > page 169.
Product safety and integrity		

GRI 3: Material Topics 2021	**3-3** Management of material topics	**Our direct impacts and the impacts of our industry:**
		• Positive contribution to UN SDGs 2 and 12. Please see > pages 376–379 for further information on our contribution to the SDGs.
		• Delivering a resilient and shelf-stable, high barrier food supply system that has demonstrable positive impacts on supplying food and nutrition to people.
		• Lack of hygiene can cause health issues.
		• Product failure and removal can lead to problems in global value chains.
		• Construction errors in the production of filling machines can lead to accidents.
		• The above-mentioned product safety and integrity impacts can occur in our own operations as well as through business relationships.
		• We may impact people and their human rights if the safe and clean delivery of food and beverages is not guaranteed.
		Key policies and commitments:
		• Product Safety and Quality Policy
		• Product Stewardship Policy
		• Statement of intent: We avoid the negative impacts related to product safety and integrity which could potentially be caused by our business by respecting these policies and by taking the actions described below.
		• We are committed to the highest product safety and quality standards. That means no impact may emanate from our solutions that could compromise human health, change the condition of the food products or affect its organoleptic properties (e.g. taste, smell).
		• Our commitment to product stewardship includes our commitments to safeguard the environment including but not limited to impacts related to climate change, biodiversity.
		• Responsibility for managing the material topic:
		  • Site quality management and product safety teams
		  • Regional quality management and product safety teams
		  • Overseen by the Head of Global Quality Management Responsibility R&D team
		  • The internal decision-making, budget allocation and oversight processes are organised in the above-mentioned functions. The level of responsibility varies in the functional areas, but the global department heads have oversight.
		Actions taken to manage the topic and our impacts:
		• We continuously track new legal developments to ensure we stay in full compliance with applicable food safety laws and regulations and meet our client expectations to the highest degree.
		• We ensure the highest product safety and quality for our customers and consumers by operating an integrated and systematic product safety and quality management system which helps us identify, mitigate and eradicate potential and existing risks throughout the value chain.
		• For effective risk assessment and management, we apply leading recognised methods such as HACCP (hazard analysis and critical control points) and the use of risk analysis tools, e.g. FMEA (Failure Mode & Effects Analysis) or simplified risk analysis.

GRI Standard	Disclosure	Information / Reference / Omission
		• We have a system and associated processes established to ensure backwards traceability from our final products (package material and closures), through logistics and manufacturing, up to our raw materials used. • Our production plants are certified according to the BRC GS Packaging standard and are annually audited to retain their certification. This certification demonstrates that we provide products that are quality-assured and legally compliant. • We continuously work with our customers to make sure that product safety and quality are maintained. • If there are any complaints, our Integrated Complaint and Claim Management process (ICCM) provides clear guidance on how they should be managed. • The Critical Incident Handling Process describes the standardised way that potentially major incidents – in terms of damage and hazard to customers, third parties or SIG – are managed within SIG. • We have an established process in place if a product recall or withdrawal is required. Our product and material tests guarantee safe food supply. • Please refer to > pages 121–125 and to the stated policies to find detailed information about the described actions taken as well as more actions to manage the above-mentioned impacts. • For our actions on supplier monitoring and auditing, please see > pages 135–140. **Tracking the effectiveness of our actions:** • The traceability system and processes are subject to a recurring validation through customers, third parties and internal audits. • We validate the effectiveness of our Product Safety and Quality Management System on a regular basis, e.g. our product withdrawal procedure at least annually. The findings are then incorporated into our product safety update training. • Global quality and product safety management reporting system • Monthly reports to the Group Executive Board and escalation of customer complaints to management • Issues or concerns can be reported via the integrated customer complaint and claim management system or the Integrity & Compliance Hotline. • Lessons learned are shared with the local team on an ad hoc basis. • We identify potential improvements through data analysis and follow-up with individual respondents in our customer surveys. Hence, in the past we identified opportunities in the user-friendliness of the overall survey and in the problem-solving process. As a direct reaction to the valuable customer feedback, we simplified the survey design. Also, we standardised the customer complaint management process. • Please see > page 172 and > pages 122–125 on targets and evaluation of progress. **Engagement with our stakeholders:** • We have a customer feedback programme (NPS = Net Promoter Score) which measures customer satisfaction, including in terms of quality and safety. • Please see > pages 373–375 for further information on stakeholder engagement.
GRI 416: Customer Health and Safety 2016	**416-1** Assessment of the health and safety impacts of product and service categories	Please see > page 124 and > page 168.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Please see > page 124 and > page 168.
Innovation in products and services		
GRI 3: Material Topics 2021	**3-3** Management of material topics	**Our direct impacts and the impacts of our industry:** • Positive contribution to UN SDGs 12, 13 and 17. Please see > pages 376–379 for further information on our contribution to the SDGs. • Innovation towards higher recyclability of products or less resource-intensive products will positively impact SIG's entire value chain and reduce the number of virgin products used in the three main components of the products: paper, plastic and metal. • A negative impact of innovation is that it requires additional resources, which can impact our business in the short term but will benefit us in the long term. • Through a continuous innovation effort, we mitigate/reduce negative impacts on the environment and on society and avoid human rights violations.

<table>
<tr><th>GRI Standard</th><th>Disclosure</th><th>Information / Reference / Omission</th></tr>
<tr><td></td><td></td><td>Key policies and commitments:
• Product Stewardship Policy
• Global R&D Process Handbook
• Policy on Reuse and Disposal of Used Equipment
• Statement of intent: We aim to reduce the negative impacts of our business with regard to innovation in products and services by respecting these policies and taking the actions described below.
• Responsibility for managing the material topic:
  • Global Technology
  • Global Research and Development
  • Global Engineering & Application teams
  • Support from Global Marketing and our Chief Technology Officer who sits on the Group Executive Board
  • The internal decision-making, budget allocation and oversight processes are organised in the above-mentioned functions. The level of responsibility in the functional areas varies, but the global department heads have oversight.
Actions taken to manage the topic and our impacts:
• 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 limited refrigeration possibilities, we take a holistic view across the entire life-cycle of our products, including the specific circumstances of consumers in different regions of the world.
• We 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.
• Please refer to > pages 126–134 and to the stated policies to find detailed information about the described actions taken as well as more actions to manage the above-mentioned impacts.
Tracking the effectiveness of our actions:
• Internal audits and regular reviews of progress by our Responsibility Steering Group and our Group Executive Board
• ASI certification audits, FSC™ certifications and ISSC Plus for A-materials
• Issues or concerns can be reported via the Integrity & Compliance Hotline.
• Please see > pages 172–173 and > pages 130–134 on targets and evaluation of progress.
• Lessons learned are shared with the local team on an ad hoc basis.
Engagement with our stakeholders:
• Exchange through the AIM-PROGRESS platform
• Membership of industry associations
• Exchange with NGOs on new technologies and local solutions
• We take customer preferences into consideration. The sales team collects feedback and passes it on to the R&D teams.
• Please see > pages 373–375 for further information on stakeholder engagement.</td></tr>
<tr><td>Own disclosures</td><td>ASI-labelled packs sold</td><td>Please see > page 168 and > page 133.</td></tr>
<tr><td></td><td>Impact mitigation potential of innovations related to current standard product (tonnes polymer saved by RS Structure)</td><td>Please see > page 169.</td></tr>
<tr><td></td><td>Food packed in SIG packs with SIGNATURE portfolio packaging materials (million litres)</td><td>Please see > page 168 and > pages 132–133.</td></tr>
<tr><td></td><td>Food packed in SIG packs with SIGNATURE portfolio packaging materials (% of total litres packed in SIG packs)</td><td>Please see > page 168 and > page 132.</td></tr>
<tr><td colspan="3">Further disclosures</td></tr>
<tr><td>GRI 205: Anti-corruption 2016</td><td>205-2 Communication and training about anti-corruption policies and procedures</td><td>Please see > page 165.</td></tr>
<tr><td></td><td>205-3 Confirmed incidents of corruption and actions taken</td><td>Please see > page 165.</td></tr>
<tr><td>GRI 206: Anti-competitive Behaviour 2016</td><td>206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices</td><td>No legal actions for anti-competitive behaviour, antitrust or monopoly practices in 2022.</td></tr>
</table>

Assurance statement

Independent Practitioner's Report on a Limited Assurance Engagement on Sustainability Information

To SIG Group AG, Neuhausen am Rheinfall, Switzerland

We have performed a limited assurance engagement on the disclosures denoted with "Data assured" in the sustainability report of SIG Group AG, Neuhausen am Rheinfall, Switzerland (hereinafter "the Company"), for the period from 1 January to 31 December 2022 (hereinafter the "Report"). Our engagement in this context relates solely to the disclosures denoted with the symbol "Data assured".

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 the 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 "Data assured" in the Report based on the assurance engagement we have performed.

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 "Data assured" in the Company's Report for the period from 1 January to 31 December 2022 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 organization and of the stakeholder engagement
- Inquiries of personnel and executive directors 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
- Evaluation of the presentation of the selected disclosures regarding sustainability performance
- Performance of web conferences as part of the inspection of processes and guidelines for data collection at the following locations: Linnich (Germany), Rayong (Thailand) and Curitiba (Brazil)
- Assessment of CO_2 compensation certificates exclusively with regard to their existence, but not with regard to their effect

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 "Data assured" in the Company's Report for the period from 1 January to 31 December 2022 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 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Hendrik Fink	ppa. Christopher Hintze
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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 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 arithmetical aggregation of the figures that precede them.