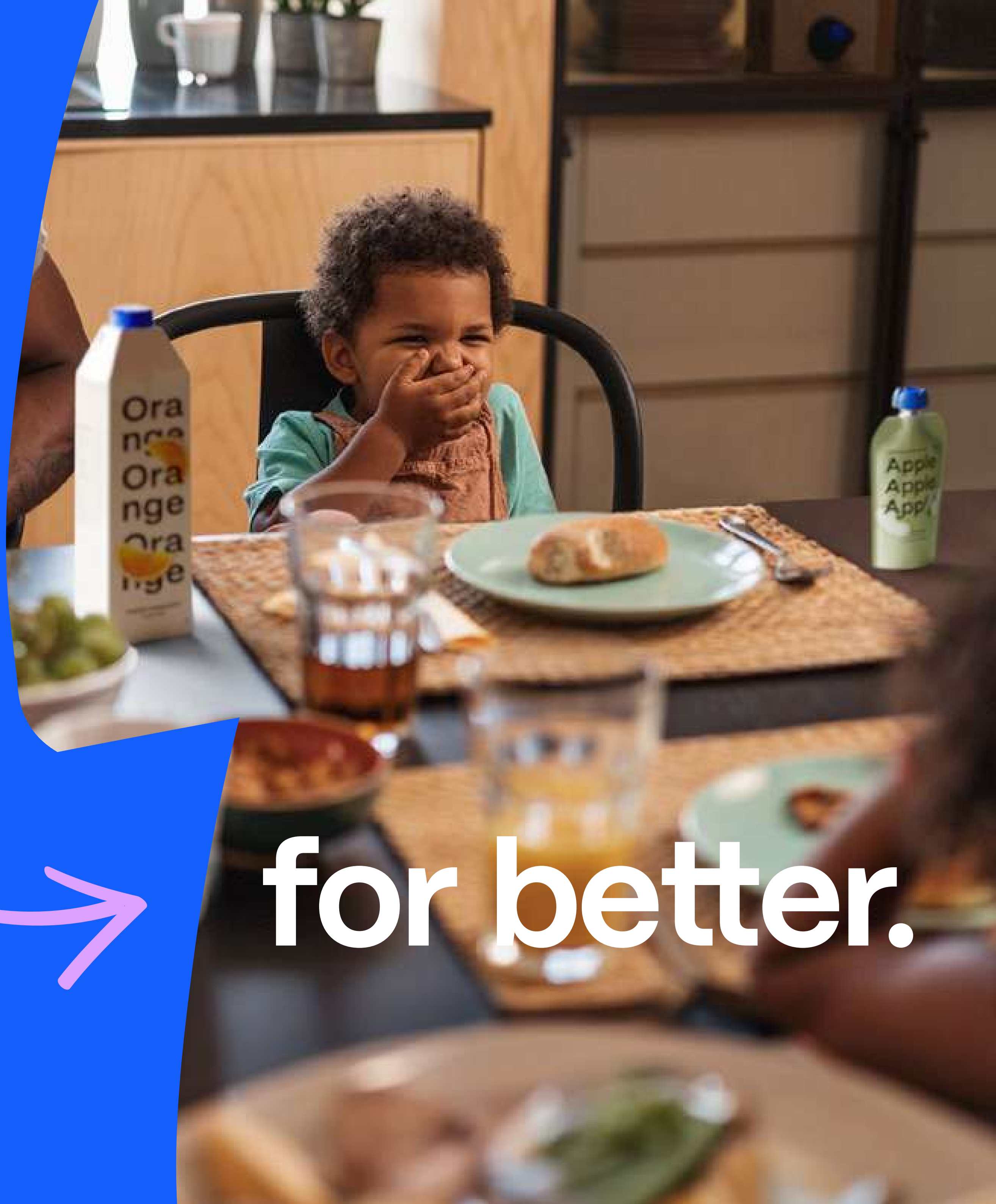
SIG

Forward.



for better.

Annual Report 2023

Welcome to our 2023 annual report

Find out how we are delivering a strong financial performance in our regions and creating value for our stakeholders. Our regions are supported by industry-leading innovation to help our customers deliver food and beverages to more people around the world in a safe, sustainable, and affordable way.

Forward. for better.

Value creation model

Regional reviews

Sustainability

Want the online experience?
Our 2023 online annual review offers an interactive summary of our full Annual Report including various download options.
https://annualreview2023.sig.biz

Strategic Report

Our governance

Financials

Appendix

Strategic Report

In this section

About us

Who we are

SIG is a leading solutions provider of packaging for better – better for our customers, for consumers, and for the world. With our unique portfolio of aseptic carton, bag-in-box, and spouted pouch, we work in partnership with our customers to bring food and beverage products to consumers around the world in a safe, sustainable, and affordable way.

Number of packs produced in 2023

50bn+

2022: 49 billion

Valued customers

380+

Leading market positions across packaging substrates

Spouted pouch

50ml – 500ml+ packs

Dairy & yogurt drinks, fruit purees, baby food, sauces

no. 2 global[1, 2]

Aseptic & chilled carton

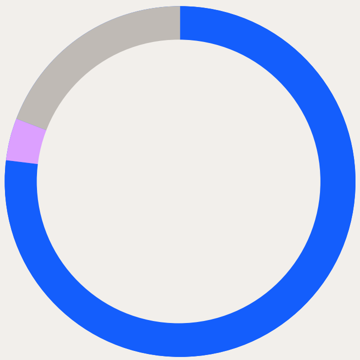
65ml – 2ltr packs

Fruit juices, non-carbonated soft drinks, liquid dairy and plant-based alternatives, liquid food

Aseptic carton: **no. 2 global**[1]

Chilled carton: **no. 1 Asia**[1]

Revenue split 2023



- Aseptic carton – **77%**
- Chilled carton – **4%**
- Bag-in-box and spouted pouch – **19%**

Bag-in-box

2ltr – 1,300ltr packs

Food service, smart dispensing in dairy, water, beverage concentrates, wine, liquid food, tomato products

no. 1 global[1]

1 Company estimate based on data from Euromonitor passport and Global Data.
2 Represents spouted pouch systems.

About us continued

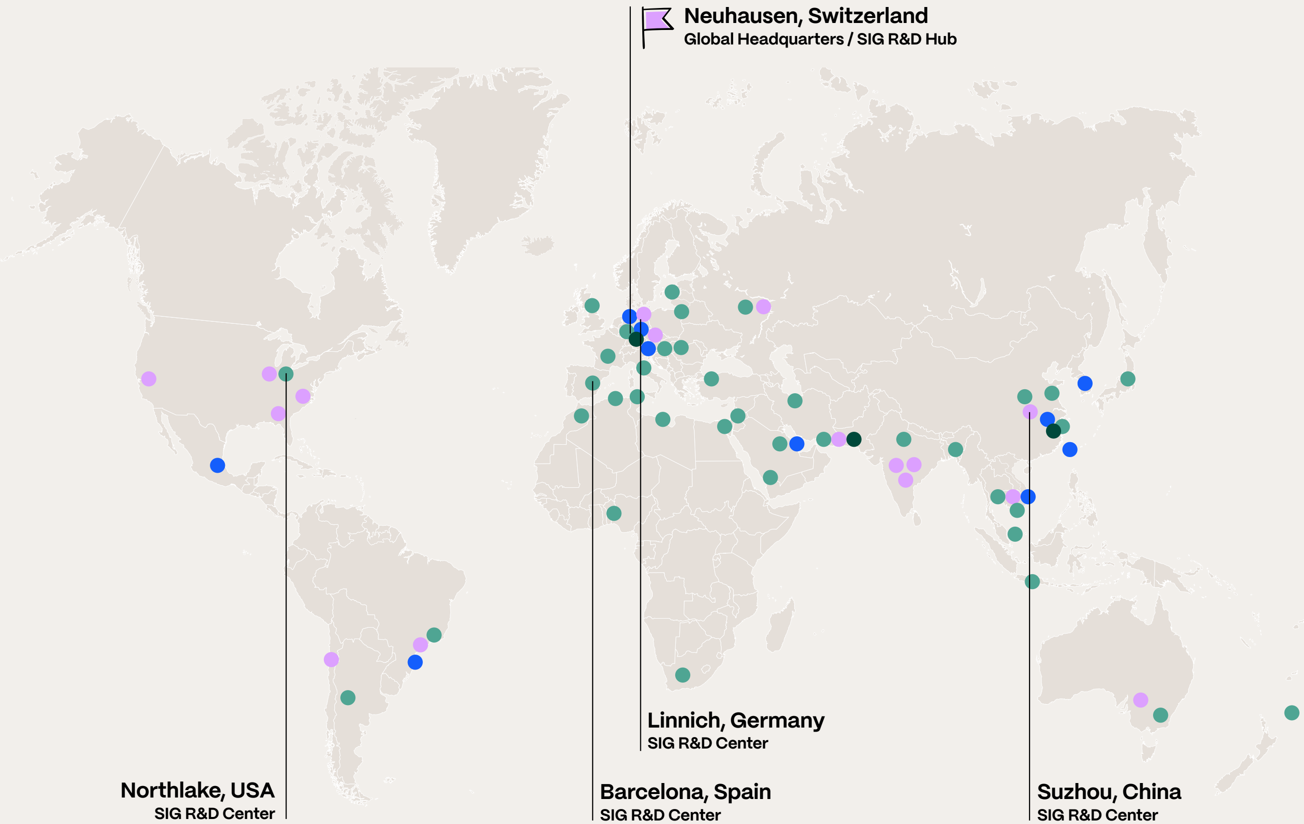
Our diversified global footprint

We have a diversified global footprint with a strong presence in both established and emerging markets. Aseptic carton in particular is strongly positioned in emerging markets and we are leveraging this to further expand bag-in-box and spouted pouch.

We enhance our functional expertise with knowledge sharing around the world. We offer our customers globally outstanding levels of technical engineering and service. Customers are also able to visit our global Tech Centers where they experience first hand the power of our innovation and are able to co-create exciting new offerings.

Our unique offering:

- Strong presence in **emerging markets**
- **Functional expertise** with **knowledge sharing globally**
- **Technical engineering** and service
- **Commercial synergies across packaging types**
- Significant **global R&D** network
- Global People and Culture approach **for one SIG culture**



Aseptic and chilled carton production locations:	Bag-in-box and spouted pouch production locations:	Sales & service locations:	Product test filling centers:
10	16	42	3

About us continued
2023 highlights

Financial

Revenue
€3.23bn
2022: €2.78bn

Revenue growth at constant currency
18.5%
2022: 27.4%

Adjusted EBITDA
€803m
2022: €652m

Adjusted EBITDA margin
24.9%
2022: 23.5%

Adjusted net income
€318m
2022: €287m

Adjusted eps (per share)
€0.83
2022: €0.79

Free cash flow
€219m
2022: €263m

Leverage
2.7x
2023: 3.1x

ROCE[1]
27%
2022: 25%[2]

Non-Financial

Nutritious food delivered in SIG packaging (liters)
15.5bn
2022: 12.1bn[3]

Food packed with SIG Terra packaging materials (liters)
1,544.2m
2022: 613.5m[4]

Food packed with SIG Terra packaging materials (% of total packed in SIG packs)
5.3%
2022: 3.4%[4]

Scope 1 and 2 greenhouse gas emissions (thousand metric tons of CO_2 equivalent)
20.9
2022: 73.6

Renewable energy for production
100%
2022: 100%[4]

Total recordable case rate[5]
0.80
2022: 0.83

Sustainable engagement (employee survey score)
85%
2022: 82%

Women on Group Executive Board
40%
2022: 33%

Women in leadership
25%
2022: 23%[3]

EcoVadis rating[4]
Platinum
2022: Platinum

1 Refer to page 31 for amended definition of ROCE.
2 Includes the ROCE EBITA of Scholle IPN and Evergreen Asia from January 1, 2022.
3 Excludes bag-in-box and spouted pouch business
4 Aseptic carton business only.
5 Per 200,000 hours worked.

About us continued

Forward. for better.

By 2050, the global population is expected to hit roughly ten billion people.[1] For the food and beverage industry, that means a 50-70%[2] increase in food production to keep up with demand. And enough safe and sustainable packaging to match.

SIG works in partnership with its customers to ensure consumers all over the world have access to food and beverage products that are safe, sustainable and affordable. That is our goal for people and society, and that is our purpose as a company.

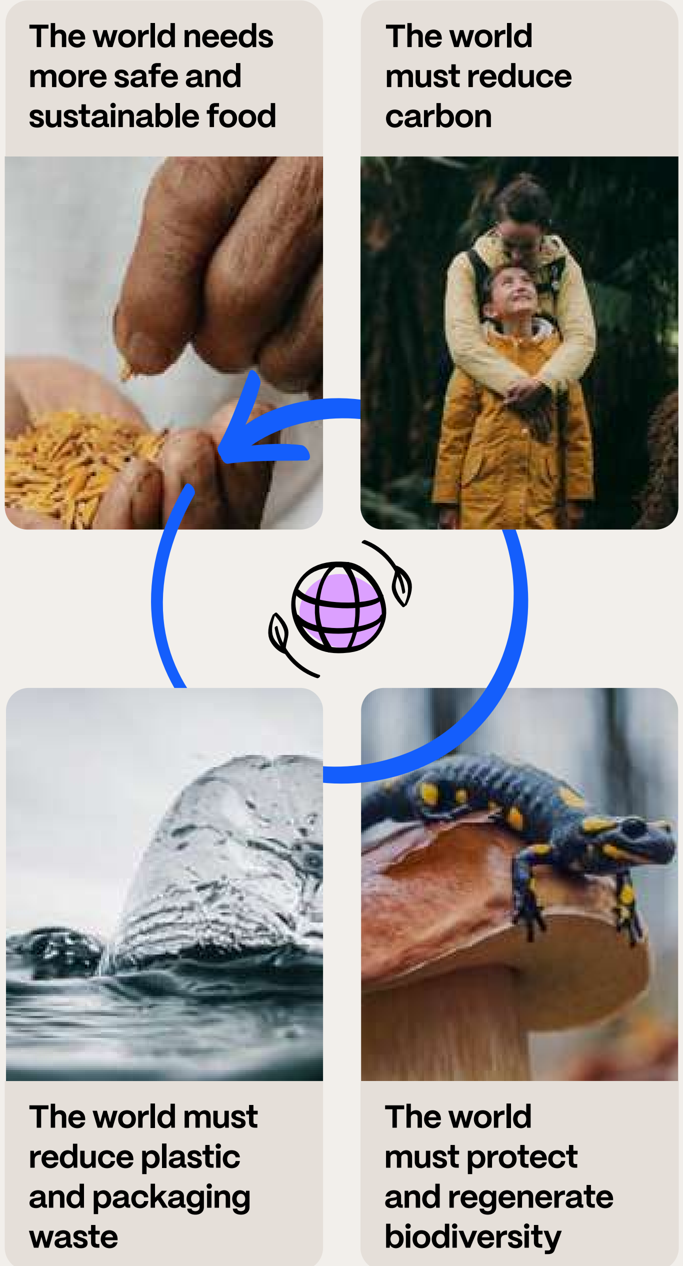
We do this primarily through our proprietary aseptic technology which ensures that the liquid food and beverages that we pack are shelf stable for up to twelve months and retain all their nutrients. The benefits of aseptic technology means that no cold chain is required in distribution or storage which ensures the products can be delivered anywhere in the world. Thus, SIG plays an important role in the food and beverage value chain.

Our systems based business model combined with our R&D capabilities and proven track-record of delivering industry-leading innovations puts us in an excellent position for above-market growth in our core markets as well as in new geographies, categories, and channels.

That's why we say at SIG: we're here to keep moving forward >> for better.

Samuel Sigrist
CEO

1 United Nations 2023.
2 Food and agriculture organization.



About us continued

Packaging for better

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

SIG is well positioned to contribute to global goals on climate, nature, circularity, and nutrition – and to grow our business by helping our customers meet demand for more sustainable products.

Our packaging already delivers safe, affordable, shelf-stable nutrients to people without access to refrigeration – with the smallest carbon footprint compared to other types of packaging.

Now, we are leading the way towards fully regenerative packaging systems.

Our sustainability approach is our roadmap for better. It includes bold targets in four interconnected action areas where we can make the biggest difference: Climate+, Forest+, Resource+, and Food+ (see right).

A strong focus on sustainable innovation drives progress in all four action areas. Our sustainable innovation journey continued this year with the first commercial launches of our SIG Terra Alu-free + Full barrier solution that cuts the carbon footprint of our full barrier aseptic cartons by 25%[1], and a pilot of our circular solution for bag-in-box with polymers linked to post-consumer recycled plastics.[2]

We are committed to a science-based approach to help us measure and report progress towards our net positive ambition – and catalyze our contribution to an equitable, Net Zero, and nature positive future.

Our sustainability approach is underpinned by our responsible culture. We remain steadfastly committed to upholding high ethical standards and striving to create positive impact for people in our supply chain, our workforce, and our communities.

1 Based on independent ISO-compliant life-cycle assessment. Data has been critically reviewed and the full report will be published in 2024.
2 Via an independently certified mass balance system.

At SIG, we are on a journey to create a net-positive impact on people and planet along our four action areas:

Climate+
Removing more carbon than we emit
Climate+ →

Forest+
Creating more thriving forests
Forest+ →

Our sustainability approach

Resource+
Accelerating innovation on circularity
Resource+ →

Food+
Improving access to nutrition and cutting food waste
Food+ →

Sustainable innovation & Responsible culture

About us continued
Packaging for better continued

SIG packs offer the most sustainable packaging solutions in each relevant market segment – and our SIG Terra solutions reduce their environmental impact even further.

Aseptic carton packs

- **28–70%** lower carbon footprint than plastic and glass bottles, and aluminum cans[1]
- Made with **75%** (on average) forest-based renewable paperboard
- **100%** FSC™-certified paperboard and **100%** ASI-certified aluminum foil
- Fully recyclable by design
- Up to **63%**[2] further reduction in carbon footprint with SIG Terra Aluminum-free[3] and SIG Terra Forest-based polymers[4]
- **100%** renewable electricity for production
- All non-renewable energy for production compensated through Gold Standard CO_2 offsets
- Highly efficient filling technology with industry-leading waste rates of **0.5%** or less

Bag-in-box

- **80%** lower carbon footprint than glass bottles[5]
- Optimized product-to-package ratio to pack more product with less material
- Lightweight without compromising barrier functions or durability
- High evacuation rate to cut food waste
- Growing portfolio of SIG Terra recycle-ready solutions, including first APR-recognized recycle-ready bag-in-box[6]
- **100%** renewable electricity for production
- All non-renewable energy for production compensated through Gold Standard CO_2 offsets
- Highly efficient filling technology with low waste rates

Spouted pouch

- **11–59%** lower carbon footprint than plastic tubs and glass jars[7]
- Optimized product-to-package ratio to pack more product with less material
- Lightweight without compromising barrier functions or durability
- High evacuation rate to cut food waste
- Growing portfolio of SIG Terra recycle-ready solutions
- **100%** renewable electricity for production
- All non-renewable energy for production compensated through Gold Standard CO_2 offsets
- Highly efficient filling technology with low waste rates

1 Based on independent ISO-compliant life-cycle assessments.
2 Based on independent ISO-compliant life-cycle assessment CB-100734 for Europe.
3 No aluminum foil barrier layer.
4 Linked to renewable forest-based materials via an independently certified mass balance system.
5 Based on preliminary results of our life-cycle analysis (an independent, critically reviewed life-cycle assessment is in progress).
6 Association of Plastic Recyclers (APR).
7 Based on preliminary results of our life-cycle analysis (an independent, critically reviewed life-cycle assessment is in progress).

About us continued

Our distinctive model for superior value creation

1 Attractive industry and end-markets

Structural drivers

- Population growth
- Increased disposable income
- Demand for safe food

End-market trends

- Health
- Affordability
- Sustainability
- Convenience

2 Established platform

Leader in aseptic packaging solutions

- Unique set of packaging types and materials
- Flexible and TCO-efficient filling technology
- Digital and technical services
- Pioneers in sustainability

3 Industry-leading innovations

Leverage R&D capabilities across packaging types

- **Aseptic technology** new levels of aseptic performance
- **Filling capabilities** TCO advancements and product versatility
- **Packaging differentiation** consumer centricity
- **Material science & sustainability** next-level structure development

4 Strategic priorities

Customer

- Create total customer satisfaction
- Improve their experience through operational excellence
- Apply solution-selling approach
- Position SIG as the industry's innovation and sustainability leader

People

- Buil a diverse workforce and inclusive culture
- Uphold labour rights and fair working conditions
- Listen and respond to our people to sustain high levels of job satisfaction

Sustainability

- Create more thriving forests
- Reduce our carbon footprint
- Increase use of renewable materials
- Strive to provide access to safe and affordable nutrition

Growth

- Grow our core business
- Win new customers
- Enter new and emerging categories
- Leverage environmental benefits within packaging solutions

5 Superior value creation for all our stakeholders

Customers

44 Net Promoter Score (NPS)

52 NPS delta to competition[1]

+34% Technical services uplift

+56% Customer satisfaction

People

85% global sustainable engagement score

25% women in leadership positions

0.49 lost-time case rate

Environment

Net Zero target for 2050 approved by SBTi

100% Renewable electricity for production

90% Paper content in a full-barrier aseptic carton by 2030

Investors

+7.4% Organic revenue growth

24.9% Adjusted EBITDA margin

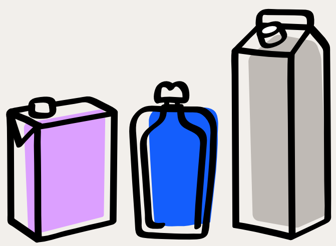
27% ROCE

SIG is present in an attractive industry in which long term growth is driven by global population growth, increased disposable income and demand for safe food.

We are a leader in aseptic carton solutions and plan to expand our systems-based model to bag-in-box and spouted pouch.

We can also leverage our R&D capabilities across packaging types to create industry-leading innovations.

All this will enable us to generate superior returns for shareholders with above market growth and best-in-class profitability.



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

About us continued
Business model

1 Attractive industry and end-markets

Part of our overall strategy involves working in highly attractive end-markets.

On a macro level, we expect that by 2030 there will be approximately 8.6 billion people on the planet – and 9.8 billion by 2050.[1] Population and economic growth will have a ripple effect on disposable income. By 2030, the consumer class is expected to reach almost 5 billion people. This means 1.3 billion more people with increased purchasing power than today.[2]

To seize the opportunities from the increasing demand for food and beverage products, we've built a strong platform that is uniquely suited to cater to the most dominant consumer trends of our industry:

Healthy nutrition

With innovative packaging solutions like SIG DomeMini and SIG Smile, unique filling capabilities like our drinksplus or aseptic pouch technology, and Tech Centers as co-creation hubs for our customers, we position our customers to be well prepared for healthy growth.

Affordability

Our packaging systems are leading in Total Cost of Ownership (TCO) and flexibility, helping our customers to offer consumers affordable products, meet important price points, and keep margins.

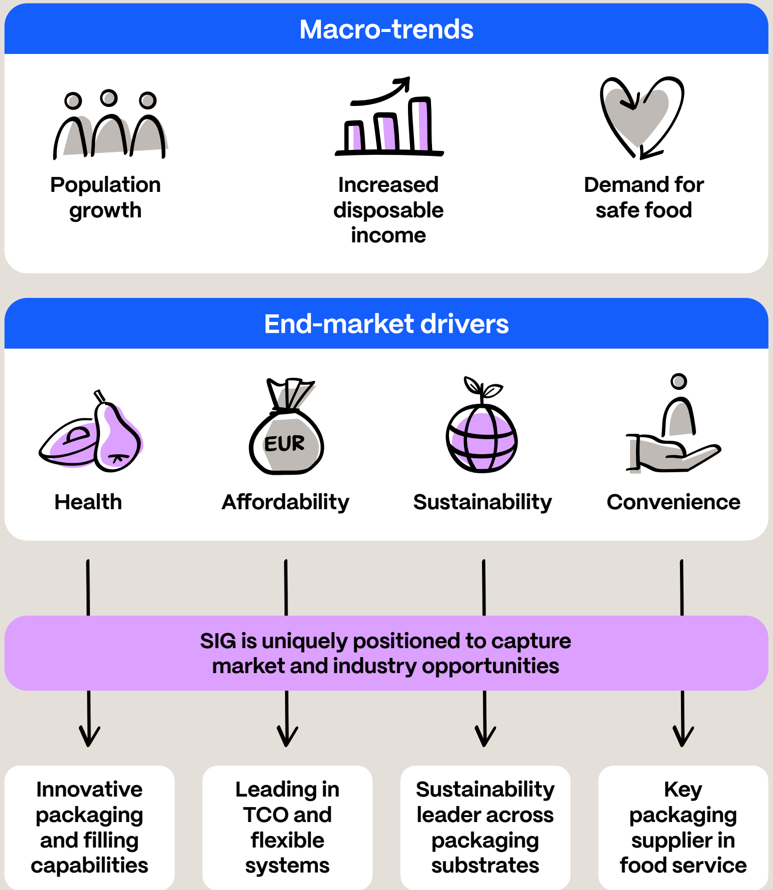
Sustainability

We are a sustainability leader across substrates, with our designed for recycling SIG Terra portfolio offering the lowest carbon packaging options on the market – all of them ready to be filled on our installed filler base worldwide.

Convenience

Through a suite of innovative bag-in-box packages that feature connection fitments which draw beverage bases and combines them with any number of flavors, we enable smart dispensing, so our foodservice customers can mass-customize their offerings with greater accuracy, quality, and efficiency.

Attractive industry and end-markets



1 World Economic Forum, accessed 2023
2 European Commission 2023

About us continued
Business model

2

Our established platform

Through decades of experience, expertise, and know-how of all the benefits of aseptic systems and how it can transform for the food and beverage industry, we are helping our customers provide consumers with nutritional end products.

What's more, by combining our innovative packaging materials, aseptic filling technology, versatile packaging solutions, technical and digital services and strong global R&D network, we've built ourselves into one of the few true aseptic system suppliers in the world.

- By creating our systems with a TCO-mindset, our solutions offer best-in-class economics
- We offer a unique packaging portfolio of carton, bag-in-box and spouted pouch, catering to diverse customer demands and consumer needs
- We are pioneers in sustainable packaging. That includes sourcing of certified raw materials, using renewable energy in our processes, and achieving numerous industry firsts with our packaging innovations
- Our in-depth commercial excellence framework including stakeholder, Total Cost of Ownership (TCO), and pain point analysis allows us to truly understand customer demand and rigorously apply value-based solution selling, pricing, and deal structuring

This winning business model has made SIG the world's number one in bag-in-box and number two in aseptic carton and spouted pouch systems, and Asia's number one in chilled carton.

Established platform

About us continued
Business model

3

Industry-leading innovations

Over the decades, we have developed our position as an innovation leader in food & beverage packaging; a position we have achieved due to our versatile R&D capabilities across diverse packaging types and our track record of industry-firsts. Leveraging our robust research and development expertise, we redefine the boundaries of packaging solutions, so that they are not only cutting-edge but also ahead of the evolving demands of the market.

A cornerstone of our innovation capabilities lies in aseptic technology, an area where we consistently achieve new levels of performance. By pushing the boundaries of aseptic excellence, we're setting industry standards, providing the highest levels of hygiene and product safety.

At the same time, our focus on Total Cost of Ownership (TCO) and filling capabilities enables our customers to fill a unique variety of products with leading operational efficiency .

True innovation comes from unique insights that are carefully collected, tested, analysed, refined and retested. SIG's consumer-centric innovation process starts by discovering the need and generating ideas, and ends with concept testing and implementation. In our R&D process, we fail fast, learn quickly and try and try again until a real innovation reveals itself – one that answers a genuine customer problem or consumer need.

Material science plays an important role for creating differentiated packaging that is relevant for consumers. And it plays a key role in developing next-generation sustainable packaging materials. Using innovative materials and design principles to make our best-in-class packaging substrates even more sustainable by further lowering their carbon footprint, simplifying recyclability, and maximizing renewability.

Pushing us further on our journey to create packaging for better – packaging that gives more to people and the planet than it takes out.

Industry-leading innovations

Leverage R&D capabilities across packaging types

Aseptic technology
Reaching new levels of aseptic performance

Filling capabilities
TCO advancements and product versatility

Packaging differentiation
Consumer centricity

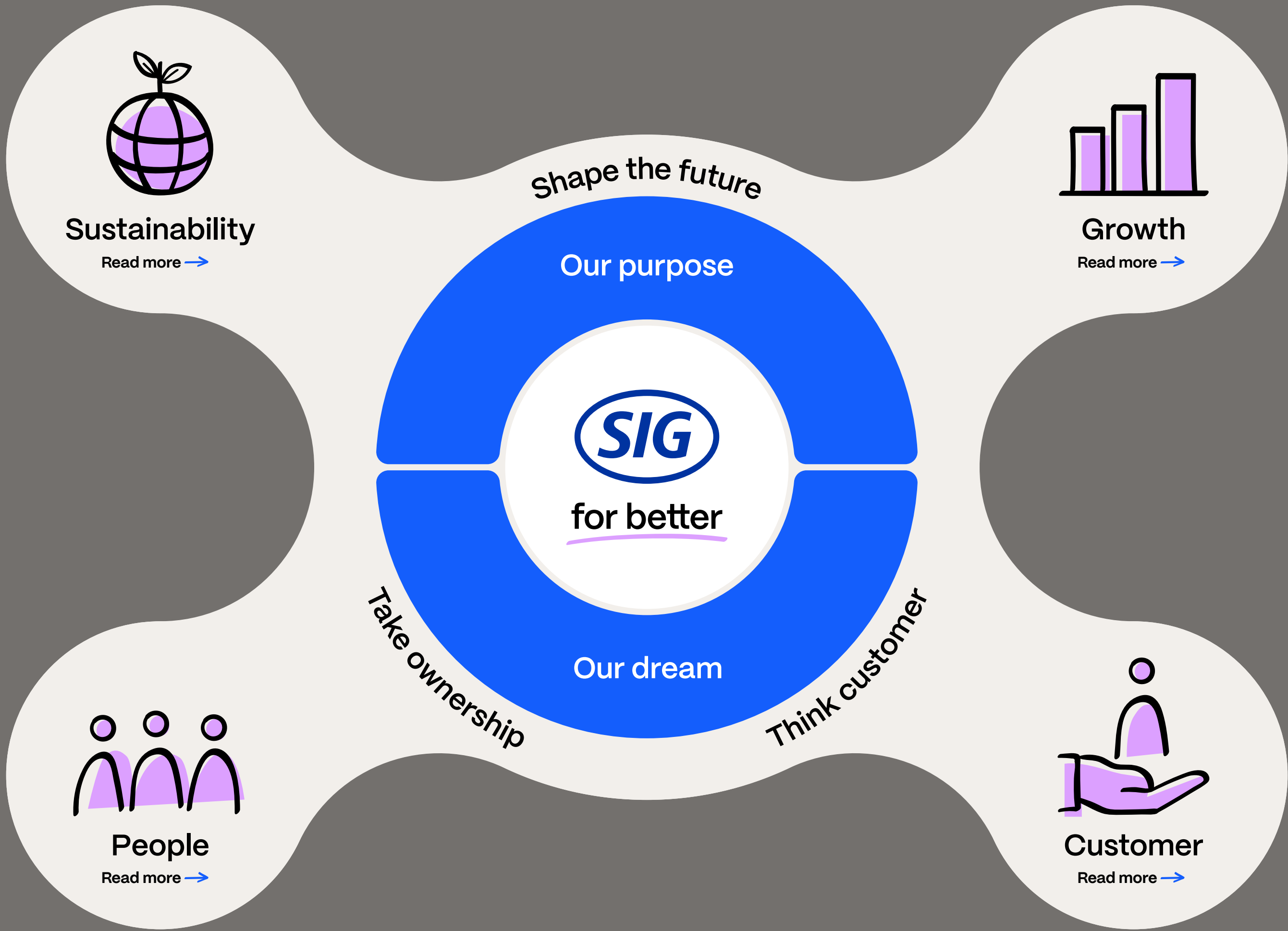
Material science & sustainability
Next-level structure development

About us continued
Business model

4 Strategic priorities

Our strategic priorities are a key element of our corporate compass that we use to share a common goal and define our way of working.

Founded on three clear principles, our compass guides the choices we make every day.



Our principles

- Shape the future
- Think customer
- Take ownership

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.

Growth brings us closer to our dream and creates sustainable value for our stakeholders.

About us continued
Business model

Growth

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:

Aseptic filling machine placements

2023	91
2022	91
2021	76

See Financial Review for more on our revenue growth and financial performance →

Customer

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.

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

Our progress:

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

2023	-8	44
2022	-5	38
2021	-10	30

See our regional sections for more on our customer offering →

People

Strategic priorities:

Diversity, equity and inclusion
Promote gender equality by executing our diversity, equity & inclusion roadmap on gender balance.

Employee satisfaction
Further increase our sustainable employee engagement score by driving our culture and fostering transformational leadership.

Fair labour practices
Uphold labour rights and provide fair working conditions.

Talent development
Achieve zero lost time cases (LTC) by rigorously creating a 'safety first' work environment.

Our progress:

Goal 2025 30%

Percentage of women in leadership positions

2023	25%
2022	23%
2021	20%

See the Our people section for more on our culture and offering for our people →

Sustainability

Strategic priorities:

Forest+
Creating more thriving forests.

Climate+
Removing more carbon than we emit.

Resource+
Accelerating innovation on circularity.

Food+
Improving access to nutrition & cutting food waste.

Our progress:

Total Scope 1 and 2 greenhouse gas emissions for our production (thousand tonnes CO_2 equivalent)

2023	20.9
2022	73.6
2021	75.9

See our Sustainability section for more on our sustainability →

About us continued
Business model

5

Superior value creation

We have a multi-faceted growth strategy which aims to deliver above market growth and best-in-class profitability.

The strategy builds on our strong technology platform and commercial footprint, and the attractive end-markets in which we operate.

We target market share gain in our core business including liquid dairy, food and beverage concentrates.

We will continue our track record of geographical expansion with the opening of our new plant in India and further penetration of white spaces in Middle East and Africa and Latin America.

We will advance in new categories including plant-based products, drinking yogurt and nutritional drinks.

And we will advance in new channels such as quick service coffee chains, where we can help customers meet increasingly differentiated consumer choices.

Underpinning our strategy is our focus on sustainability across substrates. This will ensure that we create superior value for customers, consumers and the environment.

Progress in 2023

Strong revenue growth including 7.4% organic aseptic carton growth while Group adjusted EBITDA increased by 23% to €803 million. The adjusted EBITDA margin rose by 140 basis points to 24.9%. This is testimony to our strong business model and our ability to secure price increases in a challenging environment, volumes were muted due to elevated levels of food price inflation.

Free cash flow generation for the period was €219 million (free cash flow 2022: €263 million). This was after a 74% increase in net capital expenditure to €251 million compared with €144 million in 2022, as the Group invested in its production capacity and assembly of filling machines given high levels of demand.

During the year, SIG repaid €227 million of gross debt and we are pleased to report a reduction in net leverage from 3.1 to 2.7 times.

Given our commitment to a progressive dividend payout and the strong fundamentals of our business, we are proposing to increase the dividend to CHF 0.48 per share, compared with CHF 0.47 per share in 2022.

Adjusted EBITDA margin

24.9%

2022: 23.5%

Free cash flow

€219m

2022: €263 million

Increase in net capital expenditure

74%

2022: €144 million

Reduction of gross debt

€227m

1 Adjusted EBITDA footnote

Chairman and CEO statement

A successful business model

Andreas Umbach
Chairman

2023 was a particularly active year for the Group as it further developed as a packaging provider of choice for liquid food and beverage producers.

Having integrated bag-in-box, spouted pouch and chilled carton into our portfolio, we now offer our customers a broad range of packaging solutions from which they can select the options that suit them best. Importantly, this allows SIG to access new opportunities in new geographies and in new market segments, often with a similar customer base, where the benefits of aseptic packaging are well recognized.

At the core of SIG's offering is our unique aseptic filling technology developed through our own proprietary knowledge built up over many decades of investment. Our solutions guarantee the shelf life and nutritional value of liquid food and beverages for up to 12 months without the use of preservatives. By avoiding the need for a cold chain, carbon emissions are reduced and more people have access to essential nutrition, particularly in emerging markets. We continue to develop new categories and packaging formats in aseptic carton. Customers are able to visit our global Tech Centers where they experience first-hand the power of our innovation and are able to co-create exciting new offerings.

Chairman and CEO statement continued

The addition of bag-in-box and spouted pouch has further expanded our reach and has brought new innovation capabilities. In bag-in-box, we are positioning SIG as a key supplier for the automation of the food service sector, further strengthening our relationships with the leading multi-national food service companies who operate tens of thousands of quick service restaurants globally. We are driving growth in the global aseptic spouted pouch market by developing a next generation systems-based solution for aseptic pouches, drawing on our proven aseptic carton technology.

Our strategy for the enlarged business is to leverage our established platform of service engineers, customer relationships, testing facilities and R&D capabilities to capitalize on new customer opportunities. We are developing cross-market regional capabilities and bringing together our technology expertise of all our substrates around the world. We continue to identify and to realize cross-selling wins between our different substrates, demonstrating the attractiveness of a broader product offering to our food and beverage customers.

Sustainability is now a key concern for our customers worldwide. We can offer sustainable solutions with the lowest carbon footprint for all our packaging substrates compared to competing substrates.

Independent life-cycle assessments show that our carton, bag-in-box, and spouted pouch solutions offer up to 80% lower carbon footprints compared with other types of packaging, such as glass, plastic tubs and bottles, or cans.[1] We firmly believe that sustainable packaging must play a role in the world's climate crisis – which means delivering the lowest carbon solutions using renewable materials that are sustainably sourced and kept in circulation through recycling.

Our strong focus on sustainable innovation is driving progress towards circular and even lower carbon packaging solutions. In 2023, we set bold new targets to offer a full-barrier aseptic carton with at least 85% paper content (excluding closure) by 2025 and at least 90% (including closure) by 2030, enabling our cartons to be recycled in regions where only paper recycling streams are available. For bag-in-box and spouted pouch we have committed to offer recycle-ready[2] solutions for all our relevant market segments by 2025.

Our sustainability ambition goes beyond the structure of our packs to cover our entire operations. In 2023, SIG received approval for its Group-wide Net-Zero science-based target from the Science Based Targets initiative (SBTi). We have committed to reach net-zero greenhouse gas emissions across our value chain by 2050. Of the 2,000+ companies globally with a public net-zero pledge, SIG was among the first 325 companies to have its targets validated and approved by the SBTi.

1 For a wide range of food and beverages, based on independent critically reviewed life-cycle assessments for beverage cartons conducted in line with ISO 14040 and ISO 14044 standards, and on preliminary results of our life-cycle analysis of bag-in-box and spouted pouch solutions (an independent, critically reviewed life-cycle assessment for these solutions is in progress).
2 In line with Design for Recycling criteria developed by APR (Association of Plastic Recyclers) and Recyclass.

Chairman and CEO statement continued

While SIG made significant progress in developing its packaging offering in 2023, the external environment remained challenging for both customers and consumers, given inflationary pressures and rising interest rates. While this did affect volume growth, the business continued to perform well with revenue growth at constant currency of 18.5%, including acquisitions, and organic sales growth for the aseptic carton business of 7.4% at constant currency. This is testimony to our strong business model and our ability to secure price increases in an inflationary environment.

Adjusted EBITDA grew by 23% to €803 million representing an adjusted EBITDA margin of 24.9%, up 140 basis points compared with the prior year. Free cash flow generation for the period was €219 million (2022: €263 million) after an increase in net capital expenditure to €251 million compared with €144 million in 2022. This reflected investments to meet customer demand and to capitalize on future growth opportunities. We are expanding our manufacturing facilities around the world and especially in emerging markets, with new aseptic carton plants in Mexico and India and a new chilled carton plant in China. We are also expanding bag-in-box capacity in the USA and are investing in digital printing in Europe. Capital expenditure also covers the construction of new filling machines in response to high levels of customer demand. In 2023, for the second year running, we placed over 90 filling lines in the field and these placements are a leading indicator of future growth.

While making these significant investments, we remained within our mid-term guidance range for net capital expenditure of 7% to 9% of revenue. We were also able to reduce gross debt by €227 million during the year, and we are pleased to report a reduction in net leverage from 3.1 to 2.7 times.

Given our commitment to a progressive dividend payout and the strong fundamentals of our business, we are proposing to increase the dividend to CHF 0.48 per share, compared with CHF 0.47 per share in 2022.

"We believe that our distinctive business model and the strong environmental credentials of our packaging substrates will ensure our success for many years to come.

Our non-financial targets include a commitment to increasing the number of women in leadership positions within the Company. Our target is to have 30% of these positions filled by women by 2025. In 2023, we reached our interim target of 25%, which compares with 23% in 2022. Following the appointment of Anne Erkens as Chief Financial Officer, the proportion of women on the Group Executive Board increased to 40% in 2023. Women currently represent one third of the members of our Board of Directors.

We systematically meet with investors to discuss governance topics. With respect to the remuneration of our Group Executive Board, this year we have enhanced disclosures relating to the targets as well as the achievements of our short- and long-term incentive plan. Further details can be found in our Compensation Report.

On behalf of the Board of Directors, we would like to thank the SIG teams around the world for their inspiring work and absolute dedication to delivering value to all stakeholders.

In 2023, SIG celebrated its 170th anniversary. While the Company has evolved over time, our commitment to delivering better for customers, consumers, and the world has remained unchanged. Building on our history of ingenuity and innovation, we continue to win new customers and to lead the way in advancing the sustainability of packaging for safe and affordable food. We believe that our distinctive business model and the strong environmental credentials of our packaging substrates will ensure our success for many years to come.

Business review
Regional review

Europe

"SIG has a strong track record of growth in Europe, with share gains in all our aseptic carton food and beverage segments – dairy, including plant-based milk alternatives, non-carbonated soft drinks, and food. We are already expanding our aseptic system solutions in bag-in-box and spouted pouch. Our technology serves diversifying consumer needs, with our leading sustainability offering underpinned by operational excellence and future proof flexibility.

José Mathijsse
President & General Manager

2023 market & overview

In 2023, consumer spending in Europe was affected by the economic environment, including higher prices. In this context, the attractive total cost of ownership for our systems and their unrivalled flexibility were vital in supporting our customers.

70%

of consumers want to buy sustainable products

Even in this environment, sustainability remained a key consideration for both customers and consumers, with more than 70% of consumers wanting to buy sustainable products.[1] In addition to consumer demands, food and beverage producers have to cater to regulatory requirements, and retailers are accelerating the adoption of new and exacting standards.

1 At Bain & Company, 2023., McKinsey & Company and NielsenIQ, 2023

Business review continued
Regional review continued

Performance highlights

Europe registered strong growth in 2023, driven by price increases. These were necessary to offset cost inflation, notably the high raw material, energy and freight costs incurred during the previous year.

The region continued its trajectory of share gain, winning new filling line contracts in food, dairy and plant-based milk alternatives. Geographic expansion also contributed to growth, with new business in Finland, Hungary, the Czech Republic and Romania.

Sustainability continues to be an important driver of share gain in Europe, with an increasing number of customers adopting SIG Terra solutions.

The solutions approach

Solarec, Belgium's largest dairy company, installed four SIG filling machines to replace its previous production lines. In doing so, Solarec achieved several goals at once:

- Optimize production by fully utilizing the potential of SIG's state-of-the-art, flexible, and highly efficient filling technology.
- Offer retail customers a wide range of even more sustainable packaging solutions – including tethered caps, which ensure that the closure can be recycled together with the carton. Solarec will fill dairy products under its "Véritable lait d'Ardenne" brand in SIG Terra MidiFit, which contains polymers that are 100% linked to forest-based, renewable materials. This results in a 52% CO_2 saving compared with a standard SIG pack.
- Through a long-term service partnership, Solarec will be able to deploy SIG's end-to-end digital solutions, which utilize the power of data for ultimate productivity and efficiency on the filling line.

"It was time to take a leap into the future. For us, SIG is the best partner for this, because we get excellent filling machine technology, sustainable packs, state-of-the-art digital solutions, and outstanding service from a single source. As a result, we not only pack our own products efficiently and sustainably, but also offer a broader portfolio to our retail customers.

Louis Ska
CEO at Solarec

Looking ahead

The Europe region will build on its strong customer base to grow across segments and substrates. SIG is recognized in the market for its leadership in sustainable solutions and is ideally placed to capture the ongoing growth in demand for the most sustainable packaging.

Convenience and **health** are also important trends, presenting multiple opportunities in spouted pouch and bag-in-box. In retail, pouches can deliver healthy nutrition with a focus on kids. In food service, bag-in-box can deliver both dairy products and beverage concentrates, enabling operators to meet strong demand in the most efficient way.

Business review continued
Regional review continued

IMEA

"

In IMEA we have established a strong foothold based on our affordability and innovation capabilities. We have expanded regional growth with our top tier partners and are now present in more than 30 countries. Our growth in aseptic carton has been driven by our product, format and volume flexibility. Now, the addition of bag-in-box and spouted pouch to our portfolio is bringing numerous opportunities to meet new and evolving trends.

Abdelghany Eladib
President & General Manager

2023 market & overview

The IMEA region has one of 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.

Milk consumption in the region

12ltr
per capita

There is an urgent need to provide affordable and nutritious food and beverages to consumers with income levels that are still relatively low. As cold chains are lacking in many parts of the region, aseptic carton and spouted pouch are ideal ways of bringing more products to more people.

Business review continued
Regional review continued

Performance highlights

Growth benefited from price increases offsetting cost inflation and from the ramp-up of new filling lines in South Africa and Saudi Arabia. Liquid dairy remained a key growth driver, with milk consumption in the region currently low at 12 liters per capita.[1]

We also saw customers such as Tchin Lait in Algeria and Lactalis in South Africa using our cartons to expand into the food and culinary category.

Through our new partnership with Parlé Agro, we are expanding our footprint in non-carbonated soft drinks. Parlé Agro, the industry leader in India, was until 2022 exclusively a customer of our main competitor. They were encouraged to engage with SIG by the flexibility of our machine solutions, which has enabled them to achieve the magic price point of Rp 5 for portion packs of their renowned fruit drinks.

In April we opened our second plant in Palghar, India for bag-in-box and spouted pouch. The plant has 15,000 m2 of vertically integrated production capacity and puts us in a strong position to serve the Indian market in aseptic processed fruits, beverage concentrates, fruit puree, and aseptic dairy for foodservice channels.

Driving dairy

India is the largest milk market in the world, with more than 220 billion liters consumed annually. However, only 16% of total volume is packaged – the remainder is consumed locally or distributed through unorganized channels. The advantages of aseptic packaging, which avoids the need for cold chain distribution, are clear.[2]

The share of aseptic carton within the liquid dairy packaged sector is currently small but is increasing rapidly, and we expect the dairy sector to become increasingly organized in favour of carton. SIG is ready to leverage this opportunity with its local commercial and service organisation and its partnerships with leading brands.

In 2023 we supplied Milky Mist Dairy Food Private Limited with three high-speed SIG filling machines for aseptic carton packs. These will enable the company to expand its offering, increase its output, and provide innovative packaging solutions to Indian consumers.[1]

> **With the help of sophisticated SIG filling technology, we will explore our packaging options to meet the diverse needs of our consumers. The flexibility offered by SIG in terms of formats, volumes and products can help us speed up our processes and reduce costs.**
>
> **Dr K. Rathnam,**
> CEO, Milky Mist Dairy

Looking ahead

Our ability to serve our Indian customers will be further enhanced by the opening of our first aseptic carton plant in the country, which is scheduled to commence production at the end of 2024. The plant will supply our growing filler base which already stands at around 40 machines – serving all leading dairy and non-carbonated soft drink players.

While continuing to grow the aseptic carton business, we will actively seek out more cross-selling opportunities for bag-in-box and spouted pouch. We already have proof points for the attractiveness of our expanded portfolio: Al Naseem, one of the largest food companies in Libya, is adopting spouted pouch to fill drinking yogurts. Like other customers, they are being supported by our unique Technology Center in Dubai.

1 Euromonitor Passport 2022, reflecting ambient and chilled consumption of white and flavored milk
2 Dairy Industry in India: IMARC 2023 Edition; SIG analysis, 2023.
3 Euromonitor Passport 2022, reflecting ambient and chilled consumption of white and flavored milk
4 Dairy Industry in India: IMARC 2023 Edition; SIG analysis, 2023.

Business review continued
Regional review continued

Asia Pacific

"SIG has built a substantial presence in the Asia Pacific region focused on liquid dairy, which continues to represent a huge growth opportunity. We have expanded our potential with our entry into the chilled carton business, which was successfully integrated in 2023. We are busy enhancing innovation in this segment of the market and have already identified a number of cross-selling opportunities with the aseptic carton business.

Angela Lu
President & General Manager

2023 market & overview

The Asia Pacific region continues to be a highly attractive growth market – not just because of its large populations but also because of a rising middle class, with evolving tastes and a focus on nutrition.

Milk consumption in South East Asia

7.4ltr

per capita

Today, there are still vastly different levels of milk consumption in the region, with 7.4 litres per capita in South East Asia[1] compared with 12 litres in China.[1] And this pales into insignificance compared with Europe, with 47 litres per capita.

Key to expansion in the dairy segment is affordability, creating a need for flexible small pack-size options.

1 Euromonitor Passport 2022, reflecting ambient and chilled consumption of white and flavored milk.

Business review continued
Regional review continued

Performance highlights

In early 2023, volumes were affected by a COVID-19 outbreak in China in January and also by the timing of the Chinese New Year. Volumes recovered in the course of the year and were augmented by price increases.

SIG successfully met the demand for smaller packs, which was increased by inflationary pressures. We enabled our customers to offer premium products such as fortified kids' milk at smart price points. Our aseptic carton packaging can also be adapted for different distribution outlets. Customers can run nine different XSLimBloc sizes on a single filling line, enabling them to offer an 80ml format for traditional stores and larger sizes for convenience stores and supermarkets.

Sustainability partnership

In China, sustainability is gaining importance as a key differentiation factor. Yili, the largest dairy company in the APAC region, is a frontrunner in taking up this challenge.

SIG's partnership with Yili goes back more than two decades and has been based on our technology and service strengths. Now, that partnership is helping Yili to pursue its goal of carbon neutrality. In early 2023 Yili launched a range of "Green" Satine products in SIG Terra Alu-free cartons, to be followed in the second half of the year by "Green" Yili Pure Milk. At the Yili Group's first Global Partner Zero Carbon Alliance Summit, SIG was honored as a Low-Carbon Pioneer.

SIG has ambitious objectives for sustainability in China. We are targeting an upgrade to alu-free of all portion packs produced by SIG China within the next five years. And we further plan to develop a comprehensive range of innovative products with sustainability features.

Looking ahead

In Asia Pacific, we will continue to leverage demand for value add, differentiation, and sustainability.

We will also exploit the considerable scope for chilled products in metropolitan cities, which represent a market of more than five million people. For bag-in-box the opportunity lies in the dining out trend, and particularly in the rapid expansion of coffee chains. We will strengthen our system offering with local partnerships for smart dispensing, building on our track record in the Americas.

Business review continued
Regional review continued

Americas

> **The Americas is a region of immense opportunities. In Brazil and Mexico we are leveraging our partnerships and portfolio to sustain our track record of growth. In the US foodservice market, we play a mission-critical role in ensuring continuity of supply and cutting-edge convenience for leading players.**
>
> **Ricardo Rodriguez**
> President & General Manager

2023 market & overview

The addition of bag-in-box to SIG's portfolio has significantly expanded its access to the food service segment.

The USA is the largest food service market in the world with more than 195,000 quick service restaurant franchises.[1]

The market is growing fast and operators are looking to increase efficiency and reduce queuing times through automation. This plays into the hands of SIG bag-in-box solutions, which are deeply embedded in the customer value chain and offer superior performance and leading innovation.

With its aseptic carton business, SIG supplies co-manufacturers in North America, who serve small start-up companies in areas such as plant-based beverages and nutritional drinks, as well as food service producers. The aseptic carton business in the USA is benefiting from a shift away from fresh to shelf-stable milk, driven by the implementation of school milk programs.

Brazil and Mexico are two of the largest aseptic carton markets in the world – number two and number six, respectively. These markets feature strong global and local players for whom integrated solutions are a key attraction.

1 Source: Statista.

Business review continued
Regional review continued

Performance highlights

The Americas delivered robust growth across the region. Volume growth was supported by the deployment of new filling lines for portion packs in South America. Both aseptic carton and bag-in-box expanded in food service.

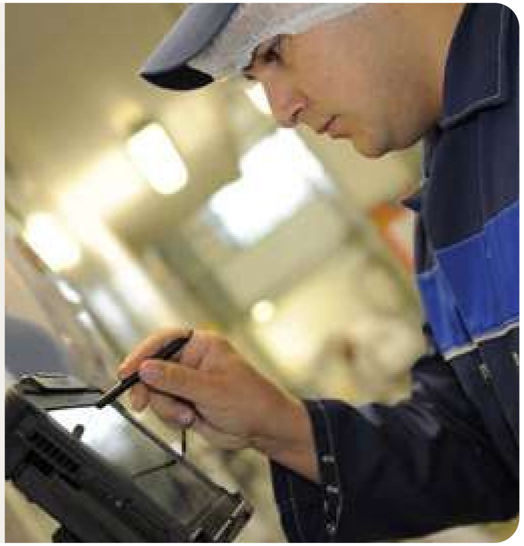
Cross-selling wins continued, with aseptic spouted pouch and bag-in-box gaining business with carton customers in the USA and Brazil.

Commercial production commenced at our new plant in Querétaro, Mexico in February 2023. Designed for the printing, cutting, and finishing of carton sleeves, it has a highly flexible layout with a focus on ergonomics and the environment. The plant will enable us to keep up with the growing demand for aseptic carton packs and to serve our North American customers faster and more efficiently. We will be able to respond rapidly to changes in demand and reduce delivery lead times.

Driving digital

Solutions-selling for major customers comprises filling flexibility and high speed; price and design flexibility; and digital services. 15% of Brazilian companies have already implemented digital solutions and a further 46% plan to do so.[1]

In 2023 Britvic, one of the largest companies in the world in the non-alcoholic beverage sector, announced the adoption of SIG's **PAC**.TRUST solution for the digitalization of its laboratory analysis processes at its Brazilian operations. The modules chosen by Britvic reduce the time spent on data collection, increase information security and give real-time visibility to quality processes, enabling faster and more accurate decision-making.



Britvic is a company committed to the quality and safety of its products. We are always innovating and looking for alternative solutions to improve our processes. With SIG's PAC.TRUST we are one step ahead of other companies in our industry, with a solution that allows us to digitalize internal production processes, automating all laboratory analyses at our plants.

Petro Toé
Industrial Head for Britvic in Brazil

1 Source: www.portaldaindustria.com.br

Looking ahead

We have already started to leverage SIG's knowledge and strong track record in countries neighbouring Brazil – Peru, Argentina, Chile, Colombia, and Ecuador.

We are entering into local partnerships with both global and multi-national players in these countries. The initiatives are allowing us to expand our footprint, while leveraging our production capacity at Curitiba in Brazil.

Business review continued
Financial review

Financial review

2023 financial results highlight strong business profile.

We are pleased with SIG's strong revenue performance amid some softness in our end- markets due to food price inflation impacting demand. We continue to identify and to realize cross-selling wins between our different substrates underpinning our strategy to offer a broader product portfolio to our food and beverage customers.

We are pleased to have placed another 91 aseptic carton filling lines in 2023, the same level as 2022. This performance for two successive years is a new record for the Group and demonstrates that our distinctive systems-based offering remains highly attractive to our customers when making long term investment decisions.

We believe the strong cash generative nature of our business model combined with our excellent ESG credentials of our packaging substrates will ensure our success for many years to come.

Key events in 2023 impacting the performance of the Group

Refinancing

The Group accessed an unsecured bridge loan facility of €350 million on June 16, 2023. The proceeds from this bridge loan, together with available cash, were used to repay €450 million of the Group's senior unsecured notes on June 20, 2023. The bridge loan facility was repaid in the last quarter of 2023.

Changes in segment reporting

The Group changed its internal reporting structure as of November 1, 2023. India and the Middle East and Africa ("MEA") are now reported together as India, Middle East and Africa ("IMEA"). The Group's Indian operations were previously reported as part of the Asia Pacific ("APAC") segment. The change was made to better leverage similarities in consumer needs and consumption patterns.

The segment information presented in this Financial Review is presented as if the above changes had taken place as of January 1, 2022.

Updates on 2022 acquisitions

In 2022, SIG acquired 100% of Scholle IPN as well as Evergreen's chilled carton business in Asia Pacific ("Evergreen Asia") from Evergreen Packaging International LLC ("Evergreen"). Scholle IPN provides bag-in-box and spouted pouch packaging solutions for food and beverages while Evergreen Asia provides chilled carton packaging solutions in Asia. For both acquisitions, the acquisition accounting is now final. There have been no material adjustments to the fair values initially recognized.

Part of the consideration for Scholle IPN is contingent on the acquired bag-in-box and spouted pouch businesses outperforming the top end of the Group's mid-term revenue growth guidance of 4-6% per year for the year ended December 31, 2023 and the years ending December 31, 2024 and 2025. No payment is expected by the Group for the first contingent consideration period ended December 31, 2023.

For further details, refer to notes 28 and 33 of the consolidated financial statements for year ended December 31, 2023.

Financial performance

Revenue

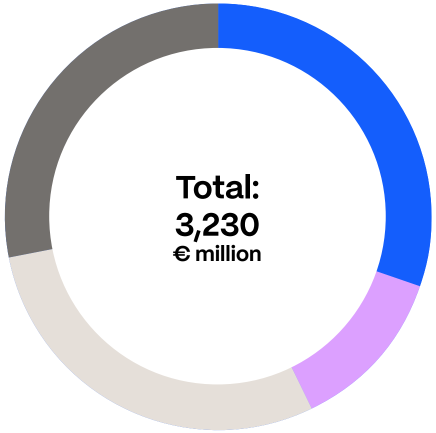
Revenue in 2023 increased by 18.5% on a constant currency basis (16.2% as reported) to €3,230.3 million (2022: €2,779.9 million). Excluding the acquisitions, revenue increased by 7.4%. Organic growth of the aseptic carton business was driven by price increases to recover past cost inflation. On a proforma basis, bag-in-box and spouted pouch revenue increased by 5.6%[1] and contributed €604.0 million to Group revenue (€362.6 million in 2022, since acquisition). The chilled carton business reported solid growth, contributing €137.8 million (€60.2 million in 2022) to Group revenue in 2023.

1 Proforma bag-in-box/spouted pouch constant currency growth excluding resin escalator impact., unaudited. Proforma constant currency revenue growth for bag-in-box and spouted pouch was 2.9%, unaudited.

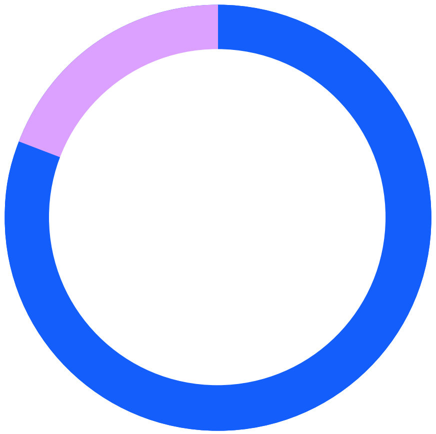
Business review continued
Financial review continued

Revenue growth in the segments

Total revenue 2023[1]
by segment



Revenue by product 2023
Carton vs bag-in-box and spouted pouch



Europe
In Europe, revenue growth at constant currency, including the aseptic carton, bag-in-box and spouted pouch businesses, was 17.1% in 2023. Aseptic carton organic revenue growth at constant currency was 9.9% compared with the prior year.

In the aseptic carton business, the region continued its trajectory of share gains, winning new filling line contracts in food, dairy and plant-based milk alternatives. Geographic expansion also contributed to growth, with new business in Finland, Hungary, the Czech Republic and Romania.

Price increases, that were necessary to offset cost inflation, were successfully implemented in 2023. Out of all SIG's segments, Europe experienced the highest raw material and energy cost increases in 2022.

The revenue contribution from the bag-in-box and spouted pouch businesses was €147.3 million for 2023 (€80.1 million in 2022).

India, Middle East and Africa ("IMEA")
In IMEA, revenue growth at constant currency, including the aseptic carton, bag-in-box and spouted pouch businesses, was 11.3% in 2023. Aseptic carton organic revenue growth on a constant currency basis was 9.9% compared with the prior year.

Organic revenue growth in IMEA benefited from price increases to offset cost inflation and from the ramp-up of new filling lines in South Africa and Saudi Arabia. Liquid dairy remained a key growth driver, while we also saw customers in Algeria and South Africa use our cartons to expand into the food and culinary categories.

India recorded significant revenue growth compared with the prior year as well as demand for new filling lines. As of December 31, 2023, it had placed around 40 filling lines in field. Construction of our first aseptic carton plant in India is on track and is expected to commence production at the end of 2024.

The revenue contribution from the bag-in-box and spouted pouch businesses was €22.8 million (€16.9 million in 2022).

Asia Pacific ("APAC")
In Asia Pacific, revenue growth at constant currency, including the aseptic and chilled carton business as well as the bag-in-box and spouted pouch businesses, was 13.9% in 2023. Aseptic carton organic revenue growth at constant currency was 1.5% compared to the prior year.

Aseptic carton volumes were affected by a COVID-19 outbreak in China in the first quarter of the year and by the timing of Chinese New Year. Volumes subsequently recovered over the course of the year.

SIG DomeMini, the single serve carton that is shaped like a bottle, was commercially launched with a customer in China and the Group's alu-free packaging was rolled out with the two largest customers in the country.

The region saw good volume growth in Southeast Asia, notably in Vietnam, as the Group's flexible filling solutions for a range of carton sizes helped customers tackle inflation.

The chilled carton business showed strong volume growth in APAC, especially in China. The business is achieving growth ahead of the market due to product improvements and enhanced customer service in line with SIG's quality standards.

The revenue contribution from the bag-in-box, spouted pouch and chilled carton businesses was €193.3 million for 2023 (€95.9 million in 2022).

Americas
Revenue growth at constant currency in the Americas was 29.4% in 2023, including the contribution from the bag-in-box and spouted pouch businesses. Organic revenue growth of the aseptic carton business, on a constant currency basis, was 10.8%.

In the aseptic carton business, the Americas delivered robust growth across the region. Price increases and the deployment of new filling lines for portion packs contributed to growth, especially in Brazil. SIG continues to win new business due to its unique ability to offer flexible packaging sizes to help customers manage the impact of higher input costs for the food and beverages they package.

In the USA, both the aseptic carton and the bag-in-box businesses expanded in food service while private label and school milk performed well in the aseptic carton business.

The Group was pleased to ramp-up production of its new aseptic carton plant in Mexico. The facility has been well received by local customers and has helped unlock new market opportunities in the region and reduce delivery times.

Revenue contribution from the bag-in-box and spouted pouch businesses was €378.4 million for 2023 (€229.9 million in 2022).

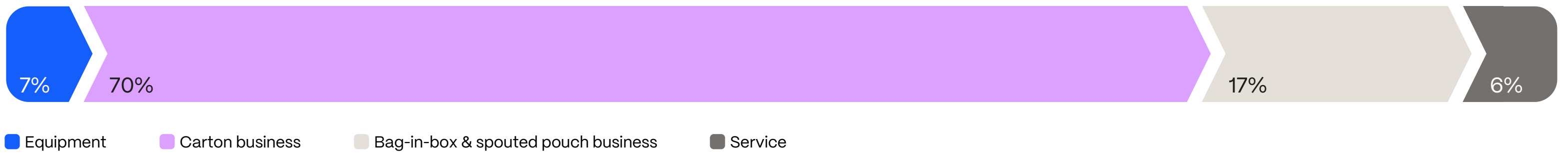
1 Includes Group Functions.

Business review continued
Financial review continued

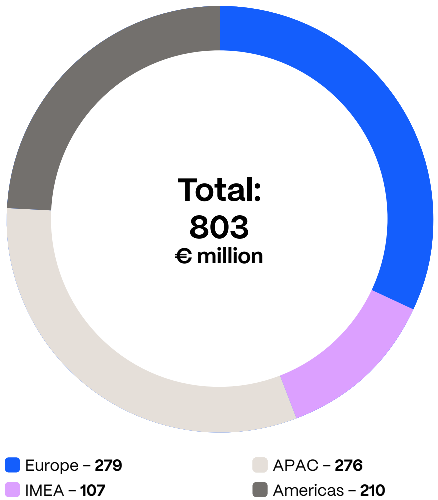
Seasonality

The Group's aseptic carton business experiences moderate seasonal fluctuations, primarily due to seasonal consumption patterns and performance incentive programs 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 qualify for 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 bag-in-box, spouted pouch and chilled carton businesses are not significantly exposed to seasonality.

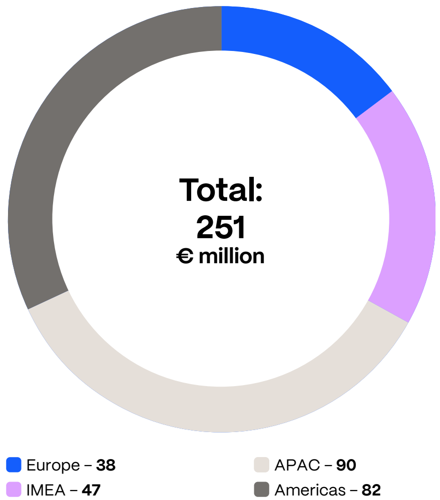
Revenue split 2023



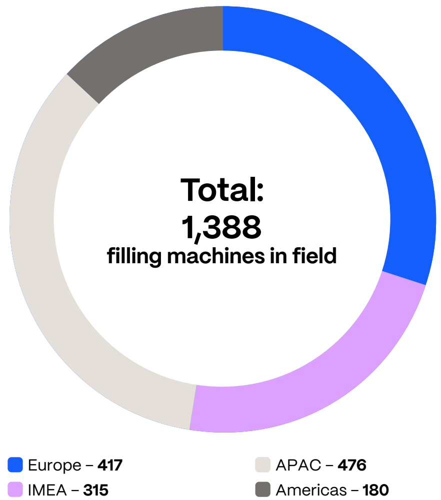
Adjusted EBITDA 2023[1] by segment



Net capex 2023[1] by segment



SIG aseptic filling machines 2023 by segment



1 Includes Group Functions.

Business review continued
Financial review continued

Adjusted EBITDA

Adjusted EBITDA margin[1]

	As of Dec. 31, 2023	As of Dec. 31, 2022
Europe	28.3%	23.8%
IMEA[2]	26.4%	25.2%
APAC[2]	29.5%	31.4%
Americas	23.2%	20.2%
Total	**24.9%**	**23.5%**

The following table reconciles profit for the period to EBITDA and adjusted EBITDA.

(In € million)	Year ended Dec. 31, 2023	Year ended Dec. 31, 2022
Profit for the period	**243.2**	**37.8**
Net finance expense	125.1	26.0
Income tax expense	80.8	51.0
Depreciation and amortization	412.2	366.7
EBITDA	**861.3**	**481.5**
Adjustments to EBITDA:		
Unrealized loss on operating derivatives	(9.2)	39.5
Restructuring costs, net of reversals	6.0	4.9
Transaction- and acquisition-related costs	1.4	24.1
Integration costs	12.9	17.1
Realized gain on settlement of deal-contingent derivatives	–	(16.6)
Fair value adjustment on inventories	–	20.6
Change in fair value of contingent consideration	(58.2)	74.6
Impairment losses	4.8	6.3
Other	(16.0)	0.2
Adjusted EBITDA	**803.0**	**652.2**

1 Adjusted EBITDA divided by revenue from transactions with external customers.
2 The Group's Indian operations are reported as if they had been included in IMEA (previously MEA) throughout the two reporting periods. The Indian operations were included in APAC until November 1, 2023.

Adjusted EBITDA increased by €150.8 million, from €652.2 million in 2022 to €803.0 million in 2023. Adjusted EBITDA growth was driven by a higher revenue contribution of €168.1 million, primarily driven by price increases to recover prior year cost inflation. This was offset by higher selling, general and administrative ("SG&A") costs of €46.5 million and an increase in input costs of €17 million.

The **adjusted EBITDA margin** was 24.9% compared with 23.5% for 2022 despite dilution from acquisitions and the mathematical dilution of the price increases.

Top-line growth, driven by price increases, offset current and prior year cost inflation. Increased production costs reflected higher wage and energy costs as well as ramp-up costs for the new aseptic carton plant in Mexico.

An increase in SG&A reflected wage inflation, investments to support growth, including R&D and regional expansion. Higher loss allowances in the Middle East and South America were also reflected in SG&A. SG&A as a percentage of revenue was 12.2% compared to 11.2% in 2022. R&D spend remained stable as a percentage of revenue 2022 and 2023 at 2.2%.

Alternative performance measures
Definitions of the alternative performance measures used by SIG management and their related reconciliations are posted under the following link: https://www.sig.biz/investors/en/performance/definitions

Additional information about alternative performance measures used by SIG management is included in the consolidated financial statements for the year ended December 31, 2023.

EBITDA increased by €379.8 million to €861.3 million in 2023. In addition to the factors described above, the increase is primarily related to a positive fair value change of €58.2 million for the Scholle IPN contingent consideration in 2023. The fair value of the contingent consideration is derived from the current year performance of the business, and a growth rate that is slightly above the Company's mid-term guidance for subsequent years. See further note 28 of the consolidated financial statements. EBITDA in 2023 also benefited from the reversal of an acquisition-related provision, lower transaction- and acquisition-related costs in 2023 and positive net changes in unrealized hedging positions.

The **Europe** adjusted EBITDA margin increased compared to the prior period and reflected the impact of the strong pricing contribution to recover cost inflation, primarily in 2022. This positive contribution was partly offset by higher input costs and the foreseen dilution from the bag-in-box and spouted pouch businesses.
The adjusted EBITDA margin of **IMEA** increased slightly compared to the prior period, due to positive top-line contribution and reduced freight costs. Positive top-line margin contribution in **APAC** was offset by the full year impact of the bag-in-box, spouted pouch and chilled carton businesses. The **Americas** adjusted EBITDA margin was positively impacted by top-line contributions, foreign currency tailwinds and lower freight costs. This was partly offset by the acquisition of the bag-in-box and spouted pouch businesses, which have a large presence in the Americas. Ramp-up costs for the new aseptic carton plant in Mexico also had a negative impact on the margin. SG&A costs as described above negatively impacted all segments.

Business review continued
Financial review continued

Net income

Adjusted net income in 2023 was €318.2 million compared with €286.8 million in 2022. The increase of €31.4 million was primarily due to higher adjusted EBITDA, partially offset by a higher interest expense given the higher interest rate environment and new debt in connection with the acquisition of the bag-in-box and spouted pouch businesses in 2022. Higher depreciation and tax expenses also impacted adjusted net income in the period.

Net income was €243.2 million in 2023 compared with €37.8 million in 2022. The increase of €205.4 million was mainly due to the movements in EBITDA described above, notably the revenue growth and the positive fair value change recognized in 2023 related to the contingent consideration for Scholle IPN. Net income in 2022 also included a realized gain on the settlement of a deal-contingent derivative that did not recur in the current period. An increase in intangible asset amortization due to the acquisitions of the bag-in-box, spouted pouch and chilled carton businesses also impacted the result in the period.

The **effective tax rate** decreased from 57.5% in 2022 to 24.9% in 2023. The decrease was primarily related to changes in the fair value of the contingent consideration for the acquisition of Scholle IPN, which is not tax deductible.

The **adjusted effective tax rate** slightly increased from 23.7% in 2022 to 24.7% in 2023. The effective tax rate is impacted by the relative mix of profits and losses taxed at varying tax rates in the jurisdictions where we operate.

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

(In € million)	Year ended Dec. 31, 2023	Year ended Dec. 31, 2022
Profit for the period	**243.2**	**37.8**
Non-cash foreign currency exchange impact of non-functional currency loans and realized foreign currency exchange impact due to refinancing	(1.3)	(4.6)
Amortization of transaction costs	4.8	7.0
Net change in fair value of financing-related derivative	2.0	(9.0)
Realized gain on settlement of deal-contingent derivative (relating to repayment of loan)	–	(15.5)
PPA depreciation and amortization – Onex acquisition	103.4	103.5
PPA amortization – other acquisitions	47.7	34.1
Net effect of early repayment of loan	–	1.0
Adjustments to EBITDA[1]	(58.3)	170.7
Tax effect on above items	(23.3)	(38.2)
Adjusted net income	**318.2**	**286.8**

Return on capital employed

The Group has amended its definition of ROCE, and restated 2022 to include right-of-use assets, capitalized development and IT costs and non-current deferred revenue.

The definition was amended to reflect the increased use of leases to finance production-related plants and equipment, capitalized development and IT costs for our investments in innovation and cash received from customers for filling lines accounted for as leases and initially reported as deferred revenue.

ROCE, computed at an unchanged reference tax rate of 30%, was 27.3% in 2023, a 220 basis points increase compared to 25.1% in 2022. The year-on-year improvement is primarily due to higher ROCE EBITA offset by higher capital expenditure. ROCE at the adjusted effective tax rate of 24.7% is 29.4% in 2023. Applying the 2022 definition of ROCE, 2023 ROCE post a 30% tax rate would have been 29.8%.

(In € million)	2023	2022
Income statement items		
Adjusted EBITDA	803.0	708.7
Depreciation of PP&E and right-of-use assets	(257.7)	(244.1)
Amortization of capitalized development and IT costs	(2.5)	(1.3)
ROCE EBITA[2]	**542.8**	**463.3**
Balance sheet items		
Current assets (excl. cash and cash equivalents)	836.4	907.8
Current liabilities (excl. interest-bearing liabilities)	(1,249.4)	(1,286.8)
PP&E	1,795.4	1,667.8
Right-of-use assets	267.3	243.6
Capitalized development and IT costs	26.5	23.1
Non-current deferred revenue	(284.4)	(264.8)
Capital employed	**1,391.8**	**1,290.7**
Pre-tax ROCE	39.0%	35.9%
ROCE tax rate of 30%	30.0%	30.0%
Post-tax ROCE at 30% tax rate	**27.3%**	**25.1%**
Adjusted effective tax rate	24.7%	23.7%
Post-tax ROCE at adjusted effective tax rate	**29.4%**	**27.4%**
Previous calculation (at tax rate of 30%)	29.8%	27.3%

1 For the different adjustments to EBITDA, refer to the adjusted EBITDA table in section "Adjusted EBITDA" above.

2 ROCE EBITA as of December 31, 2022 includes the ROCE EBITA of Scholle IPN and Evergreen Asia from January 1, 2022.

Business review continued
Financial review continued

Capital expenditure

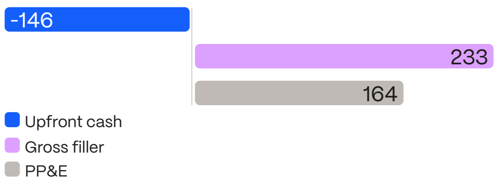
Net capital expenditure increased by €106.6 million to €250.6 million in 2023 (2022: €144.0 million), representing 7.8% of revenue (5.2% in 2022). The increase reflected further expansion into growth markets, including construction of our first plant in India for the production of aseptic carton sleeves, chilled carton expansion in China, footprint rationalization and capacity expansion for the bag-in-box and spouted pouch businesses in North America as well as expansion of these substrates into emerging markets. In addition, investments in digital printing in Germany will bring new benefits to customers.

Capitalized development costs reduced in 2023 compared to 2022, when the largest portion of the costs capitalized for the development of the next-generation SIG NEO VITA aseptic carton packaging filling machine were incurred.

A high level of activity at filling machine assembly plants reflected a continued strong customer demand for SIG systems. Upfront cash received for filling line placements, presented in net cash from operating activities, was at the same absolute level as in the prior period but decreased to 63% as a percentage of filling line and other related equipment expenditure (79% in 2022).

SIG placed 91 aseptic carton filling machines in the field in 2023. Taking account of withdrawals, the number of SIG aseptic carton filling machines globally reached 1,388, a net increase of 29. Some of the filling machines retired during the year will be reconfigured and redeployed. New filling machines placed in field have significantly higher capacity than retired filling machines.

Net CAPEX 2023 (€ million)



Cash flows

Net cash from operating activities increased by €85.1 million to €663.3 million in 2023 from €578.2 million in 2022. The net cash flow from operating activities was positively impacted by higher EBITDA year on year. This was offset by higher interest payments. Strong upfront cash collection in the period and an expansion of our securitisation program, to include a portion of the bag-in-box and spouted pouch business, contributed to an increase in operating cash flows. Inventory levels were lower, mainly driven by inventory optimization but offset by higher consumption and lower purchases.

Cash used in investing activities in 2023 decreased by €522.0 million compared to 2022. The comparative period was impacted by net investing cash outflows relating to the acquisitions of the bag-in-box, spouted pouch and chilled carton businesses (net cash outflow of €624.2 million). The 2023 investing cash outflow was primarily related to higher gross capital expenditure for various projects and assembly of filling machines as described under "Capital expenditure", which will allow the Group to further grow in the coming years.

Free cash flow was €219.5 million compared with €263.1 million in 2022. Strong EBITDA performance and operating cash flow generation were offset by higher net capital expenditure, as described above, and higher payments of lease liabilities.

The **net cash used in financing activities** in 2023 was €476.5 million which compared with a positive cash inflow of €538.8 million from financing activities in 2022. In 2023, the Group had a net negative cash outflow of €236.1 million relating to the financing of and repayment of debt as further described below, as well as higher payments of lease liabilities and dividends compared to the prior year. In 2022, the positive cash inflow from financing activities mainly reflected 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.

Business review continued
Financial review continued

Net debt and leverage

(In € million)	As of Dec. 31, 2023	As of Dec. 31, 2022[1]
Gross debt	2,457.5	2,684.1
Cash and cash equivalents	(280.9)	(503.8)
Net debt	**2,176.6**	**2,180.3**
Net leverage ratio	**2.7x**	**3.1x**

The net debt as of December 31, 2023 remained at the same level as of December 31, 2022. The Group repaid €450 million of senior unsecured notes that were due in June. To finance the repayment, the Group used available cash and €350 million from an unsecured bridge loan facility. The bridge loan facility was subsequently repaid, using available cash and €100.0 million from an unsecured credit facility which is at more beneficial terms than the repaid bridge loan facility.

The adjusted EBITDA performance positively contributed to the net leverage ratio, which decreased to 2.7x.

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.

At the Annual General Meeting to be held on April 23, 2024, the Board of Directors will propose a dividend of CHF 0.48 per share (2022: CHF 0.47 per share), totalling CHF 183.5 million (equivalent to €198.2 million as per the exchange rate as of December 31, 2023). This represents a dividend pay-out ratio of 62% of adjusted net income. If approved by the shareholders, the dividend will be paid from the foreign capital contribution reserve.

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.

2024 guidance

The Company expects total revenue growth at constant currency within its 4-6% mid-term guidance range. This reflects the Group's expectation that volume growth will be geared towards the second half of 2024, as we expect end-market demand to recover. The resin escalator for the bag-in-box and spouted pouch businesses, which passes on movements in resin costs directly to customers, is not included in the guidance.

The adjusted EBITDA margin is expected to be within the lower half of 25-26%. This is subject to input costs and foreign currency volatility. The Company believes operating leverage and acquisition synergies will positively contribute to adjusted EBITDA margin which will be partly offset by higher SG&A, reflecting investments in innovation and regional expansion, and wage inflation.

Net capital expenditure is projected to be within the Group's target range of 7-9% of revenue and the dividend pay-out ratio within a range of 50-60% of adjusted net income.

The adjusted effective tax rate is forecast to be between 26 and 28%.

Mid-term guidance

The Company maintains its mid-term revenue growth guidance of 4-6% at constant currency, with the contribution from the chilled carton, bag-in-box and spouted pouch businesses expected to enable resilient growth in the upper half of this range. 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 of chilled carton, bag-in-box and spouted pouch.

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 milestone of around 2.5x at the end of 2024.

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

Enterprise risk management

The Group's enterprise risk management (ERM) 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. Our ERM process is an integral part of our strategy process and the results of our risk assessment are taken into account when defining our strategic initiatives. The ERM 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. Our risk assessment takes into account the material topics we have defined in accordance with the Global Reporting Initiative (GRI), (**see GRI Index 3-1: Process to determine material topics, page 277 →**). Climate-related risks and opportunities, one of our material topics, are identified following the recommendations of the Task Force for climate-related Financial Disclosures (TCFD), **see TCFD section of the Annual Report, page 269 →**. 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 climate risks to our assets and supply chain, as well as opportunities related to our low carbon footprint innovations. For more information on identified climate-related risks and opportunities **see Climate+ of the Annual Report, page 52 →**.

Management is responsible for identifying and reporting risks and for implementing and tracking mitigation measures. Each top risk, including the respective mitigation actions, 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.

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, who is also setting the risk profile and the risk capacities of the Group. Mitigation actions are also reviewed throughout the year as part of our strategic initiatives and management processes.

The Audit and Risk Committee 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.

Enterprise risk management continued

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 constantly seek feedback from our customers, suppliers and other stakeholders.
- We monitor and assess the competitive landscape.
- We monitor technology trends and invest in development of new technology.
- Our business is diversified regarding both, geographies and products.

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 of loss of production, including due to damage to key manufacturing facilities (for example caused by natural disasters, including flooding), IT failures, severe power blackout or energy shortages.
- The risk that we do not meet our high product quality standards or that our products do not comply with product food safety regulations.
- 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 that we are not able to attract and retain employees (for example, due to appearing to not sufficiently drive diversity and inclusion), resulting in limitations to maintaining, developing and growing the business.

How we mitigate risk

- We expand our supply base where appropriate, including new suppliers and materials.
- We have implemented processes to ensure business continuity planning, including a pandemic contingency plan.
- We embrace renewable energy and technology advancements to decouple from traditional energy sources.
- We implement adaptation solutions for both existing and newly built manufacturing facilities to reduce identified climate-related physical risks.
- We constantly monitor cybersecurity risks and have implemented an information security management system to prevent, detect and swiftly remediate security incidents (including cyber-attacks).
- We have a quality management system and invest to continuously improve the quality of our products.
- We take measures and foster a culture that prevents people incidents and work-related illness.
- We regularly review and adapt as appropriate our compensation structure and working conditions to be an employer of choice, and we implemented a diversity and inclusion program.

How we turn risk into opportunity

- Our responsible sourcing program offers opportunities to develop sustainable suppliers that are more resilient towards climate change impacts.
- Our employer branding and employee wellbeing programs help us to be an employer of choice for our existing and new talent.

Enterprise risk management continued

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, jeopardizing the availability of and costs for paperboard, one of our key raw materials.
- The risk of stricter climate-related regulations (for example on recyclability of packaging materials or on waste) or requirements for low-carbon products.
- The risk of potential negative impacts caused by our operations or our supply chain on the environment or communities, including human rights.

How we mitigate risk

- We have set near- and long-term emission reduction targets approved by the Science Based Targets initiative, aiming to achieve net-zero emissions by 2050.
- We drive innovation that promotes substantial reductions in the negative environmental impact (such as the carbon footprint) of our packaging solutions.
- Through our partnerships, we help to mitigate negative environmental impacts and enhance positive ones, such as initiatives to create additional sustainably managed forest land and foster the collection and recycling of used beverage cartons.
- We source 100% of our aseptic carton paperboard from FSC™-certified suppliers.
- We source 100% of the aluminum 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 Labor Organization's core labor standards and the Ethical Trading Initiative Base Code.
- We have systems in place to minimize negative environmental impacts for both, our operations and within our supply chain and 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.
- An increasing demand for sustainable products offers great business opportunities.
- We are committed to further reducing the carbon footprint of all our packaging and pioneer carbon negative packaging concepts.
- Our focus on corporate social responsibility is recognized with high scores in ESG ratings

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 throughout their life cycle.
- 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 our employees fail to act with integrity, in compliance with applicable laws and regulations or in accordance with our internal policies and processes (for example regarding anti-bribery & anti-corruption), which could result in negative reputational and financial impact for the Group.
- The risk that our financial reporting is inadequate.
- 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. For employees in high-risk roles, we provide dedicated additional trainings on special compliance topics, such as anti-bribery & anti-corruption.
- We have implemented control systems to ensure compliance with applicable trade restrictions.
- We have implemented an internal control system for financial reporting.
- We operate a grievance mechanism for reporting any compliance issues or concerns including an Integrity & Compliance Hotline which is available to all our employees, as well as to external stakeholders.
- 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.

Enterprise risk management continued

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 of increasing interest rates.
- The risk that we do not have sufficient financial resources and liquidity.

How we mitigate risk

- We have processes in place to monitor and manage our costs.
- We have implemented hedging policies to manage the risk of fluctuations in exchange rates and commodity prices.
- 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.

How we turn risk into opportunity

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

Emerging risks

Description

In 2023, we continued to assess emerging risks that might become relevant for our business, including:

- The risk of the supply of paperboard, our main raw material, being dependent on natural resources.
- The risk of potential contributions to the loss of biodiversity along our value chain, including raw material supply, operations and product end of life.
- The risk of artificial intelligence and new technologies, such as blockchain, quantum computing and AI being used to attack our IT infrastructure, potentially resulting in business interruption and impacting our ability to supply our customers.

How we address such emerging risks

- We pursue a strategy of responsible sourcing, which supports the building of resilient forests, and the protection of biodiversity.
- We include biodiversity risk and impact assessment in our operational EHS management.
- We assess, and where necessary improve, our IT security layers to prepare for and defend against cyber-attacks with new technologies (such as blockchain, quantum computing and AI).

How we turn risk into opportunity

- An increasing demand for sustainable products offers great business opportunities.
- Providing information about the results of the performance assessment of our products along the life cycle supports customers and consumers in making informed choices.

Sustainability
Introduction

We are on a journey to create packaging for better

Our strategic business focus on sustainability is driving progress towards net positive packaging that gives more to people and the planet than it takes.

Sustainability continued
Introduction continued

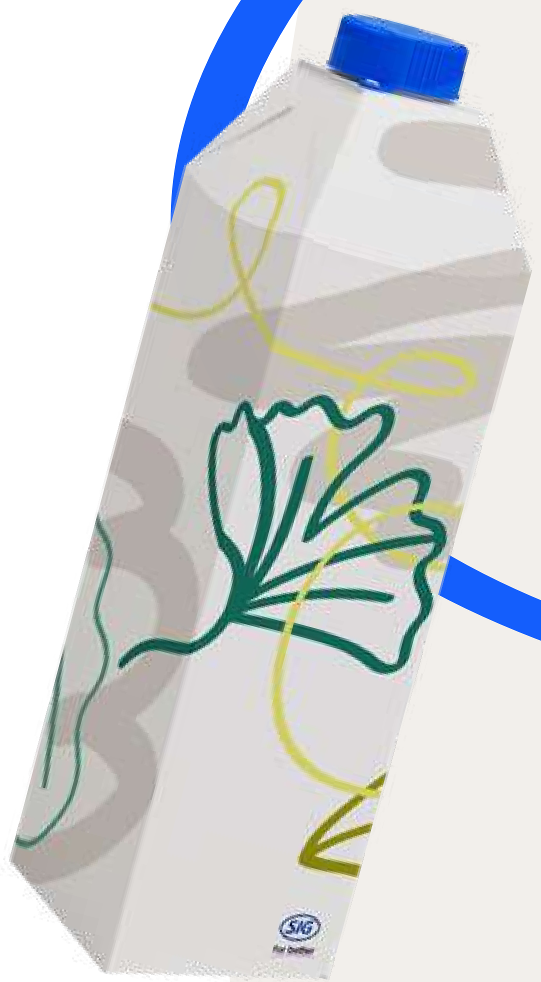
Sustainability is not new for SIG.

We have always created aseptic packaging that delivers safe, affordable, shelf-stable nutrients to people around the world without the requirement for a cold-chain distribution system – with the smallest carbon footprint compared to other types of packaging.

Our portfolio of carton, bag-in-box, and spouted pouch solutions can 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 industrial settings.

Now, we are leading the way towards fully regenerative packaging systems, with ambitious targets that put us well ahead of the rest of the industry.

Getting there will stretch us further than we have ever gone. We have already achieved significant milestones on our sustainability journey and made further progress in 2023.



A net positive packaging system does not exist yet. But one day it will, and it will:

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

Sustainability continued
Introduction continued

Highlights in 2023

Full barrier aseptic cartons with no aluminum layer
Our innovative SIG Terra Alu-free + Full barrier solution for aseptic cartons made its market debut with commercial launches by Yili Group and Mengniu, China's two largest dairy companies.

Science-based targets
Our 2050 Net Zero target was approved by the SBTi[1] and we have joined the SBTN[2] Corporate Engagement Program to support the development of a framework for science-based targets for nature.

Design for recycling
We have set bold new targets to offer a recycle-ready[3] bag-in-box and spouted pouch solution in all our relevant market segments by 2025, and offer a full-barrier aseptic carton with at least 85% paper content by 2025 and at least 90% by 2030.

Supporting thriving forests
Our first project with WWF is underway in Mexico to support key ecosystems and secure a critical corridor for jaguars by improving the management of 100,000 hectares of forest landscapes, as well as reforesting and restoring a further 750 hectares.

Renewable energy
We sourced 100% renewable electricity for production[4] and installed two vast solar arrays in Germany that have tripled our global on-site renewable energy capacity.

New food product category
We partnered with AnaBio Technologies to create the world's first long-life probiotic drink, a new consumer offering that will enable wider access to nutrition.

Women in leadership
We increased representation of women to 40% of our Group Executive Board and 25% of our leaders in 2023 as we continued efforts to attract women and develop their careers, including through our Women Acceleration program.

External ratings in 2023

EcoVadis Platinum
Our Platinum rating from EcoVadis again puts SIG in the top 1% of businesses participating in its latest sustainability assessment.[5]

MSCI AA
Our AA rating from MSCI places SIG as an industry leader on environmental, social, and governance (ESG) criteria.

Sustainalytics
Our ESG Risk Rating score of 13.9 out of 100 from Sustainalytics positions 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, created by the global index provider FTSE Russell to measure the performance of companies demonstrating strong ESG practices.[6]

The Sustainability Yearbook 2024
SIG was included in The Sustainability Yearbook for the second time, based on the S&P Global Corporate Sustainability Assessment survey (used to inform the Dow Jones Sustainability Indices, DJSI). Only around the top 15% of companies assessed in each industry are included in the Sustainability Yearbook.

Awards and recognition in 2023

Packaging Europe Sustainability Awards
Our SIG Terra Alu-free + Full barrier aseptic carton solution won the top prize in the Climate category.

China Packaging Federation
Our SIG Terra Alu-free + Full barrier aseptic carton solution was included in the Blue Book of Green and Low-carbon Development of the Packaging Industry.

4evergreen Alliance Design for Circularity Award
For our SIG Terra Alu-free + Full barrier aseptic carton solution.

4evergreen Alliance Circularity Best Practices Award
For the Palurec PolyAl recycling plant that SIG invests in with industry partners, for its work recovering polymers and aluminum from PolyAl for use in a range of products.

SAVE FOOD Project Award
Cartons for Good, the SIG Foundation's flagship project, won the inaugural competition run by the SAVE FOOD Initiative, which promotes solutions that contribute to reducing global food waste and loss.

1 Science Based Targets initiative.
2 Science Based Targets Network.
3 In line with Design for Recycling criteria developed by APR (Association of Plastic Recyclers) and Recyclass.
4 We purchase renewable electricity through Energy Attribute Certificates, as well as directly through on- or off-site Power Purchase Agreements, to maintain 100% renewable electricity for production of our packs.
5 Our 2023 EcoVadis assessment excludes our newly acquired bag-in-box and spouted pouch businesses, which will be included in the scope of our 2024 assessment.
6 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.

Sustainability continued
Introduction continued

Our sustainability reporting

Sustainability is core to our business strategy and related reporting. This chapter of our Annual Report outlines our commitments, progress, and performance in each area of our sustainability approach.

Additional environmental, social, and governance (ESG) disclosures can be found elsewhere in the Annual Report, including our reporting in line with:

- Task Force on Climate-related Financial Disclosures (TCFD).
- EU Taxonomy.
- Global Reporting Initiative (GRI) Standards (including a content index).
- United Nations Sustainable Development Goals.
- Swiss law on reporting obligations on non-financial matters (Swiss Code of Obligations article 964).

We also follow the requirements of Art. 964j-l of the Swiss Code of Obligations (Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour). We have concluded that SIG is exempt from the Swiss requirements on due diligence and reporting on minerals and metals (see more on our ESG disclosures). Our reporting relating to due diligence on child labor will be presented in a separate report by the end of June 2024.

We publish detailed information on our policies and approach to ESG topics on our website →

ESG policies →

We also track and report our progress through external assessments. We submit in-depth ESG disclosures specifically for investors and customers, including our annual submissions to CDP, EcoVadis, and the S&P Global Corporate Sustainability Assessment (used to inform the Dow Jones Sustainability Indices, DJSI).

Our reporting is continually evolving to align with best practices, regulations, and stakeholder expectations for enhanced disclosures. This year, we have begun preparations to report in line with requirements of the forthcoming European Corporate Sustainability Reporting Directive (CSRD) and the Taskforce on Nature-related Financial Disclosures (TNFD).

For further information on our ESG disclosures and the reporting frameworks we follow, see the Appendix →

Scope and assurance

Our sustainability reporting covers the 2023 calendar year. Unless otherwise stated, data covers all operations fully owned by SIG globally, except for our production plant in Baie-d'Urfé (which closed in 2023) and our production plant in Voronezh.

Key performance indicators (**see KPIs →**) are externally assured with limited assurance by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Germany.

See assurance statement →

Industry Leader

References to SIG as "industry leader", "industry-leading", or "world's first" throughout our sustainability reporting are made in good faith according to SIG's global commercial intelligence.

Tell us what you think

We welcome stakeholder feedback on our sustainability approach, performance, and reporting.

Please contact Ingrid McMahon, Head of Investor Relations: ingrid.mcmahon@sig.biz

Sustainability continued
Introduction continued

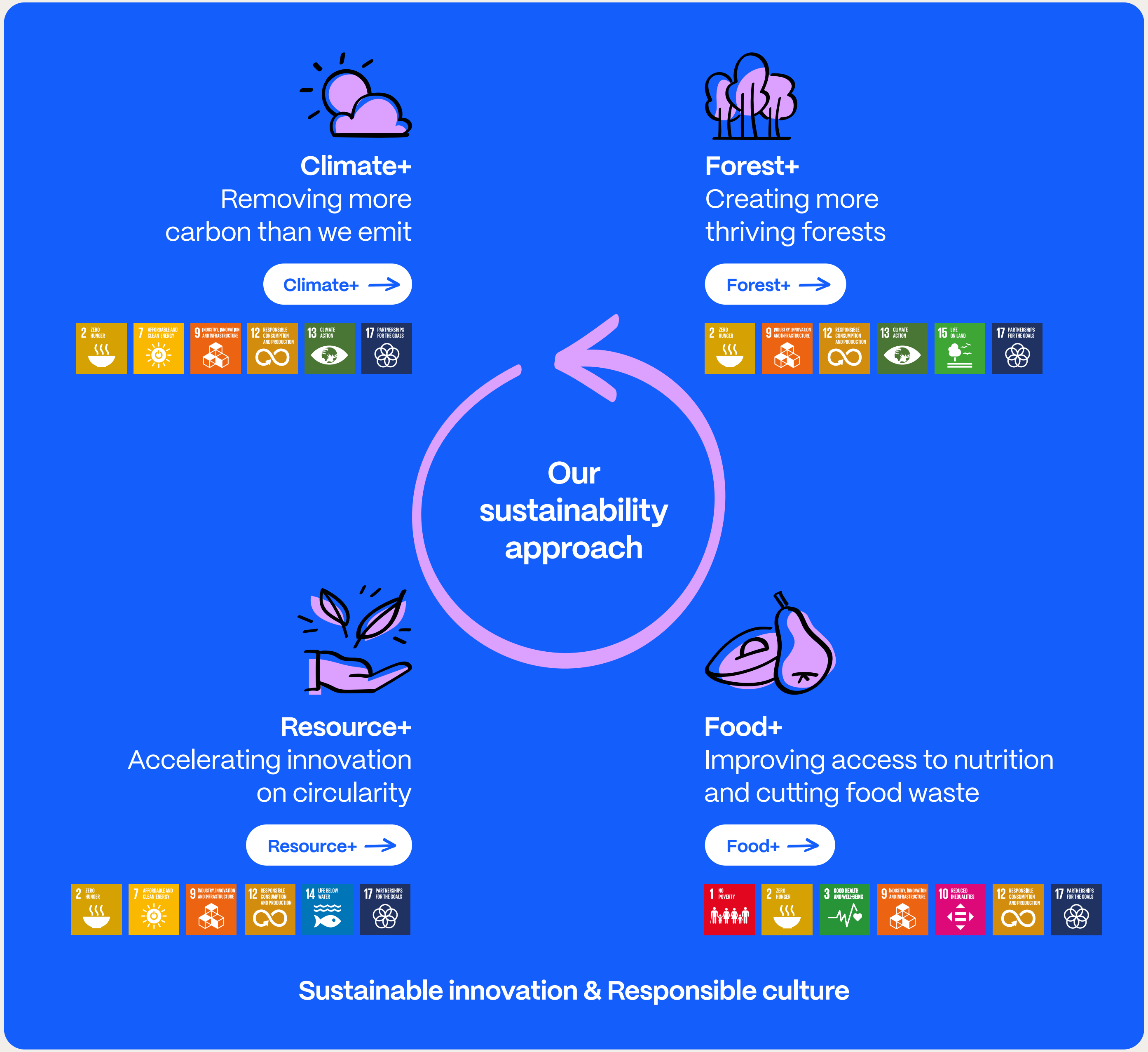
Our road to net positive

Our sustainability approach is our roadmap for better. We want our packaging solutions to give more than they take from people and the planet.

SIG is a pioneer of the net positive movement (see next page). Our ambitions follow the Net Positive Principles, which demand a material, systemic, regenerative, and transparent approach.

We are striving to minimize our footprint at every stage of the value chain – from sourcing to production, filling, use, and recycling of our packs. And we are going further to bring positive impact beyond our value chain, what we call our handprint.

To achieve a net positive impact, our handprints should exceed our footprints when assessed together. We collaborate with others to develop transparent and credible methodologies to measure both.



Sustainability continued
Introduction continued

Driving progress

Industry-leading goals and practices in four interconnected action areas will together deliver our net positive ambition:

- **Climate+** sets out our SBTi[1]-approved targets to achieve Net Zero value chain greenhouse gas emissions by 2050 – and how we aim to deliver positive climate impact by capturing more carbon than we emit.
- **Forest+** commits us to protect the forests that provide raw materials for our packs through FSC™-certified sustainable sourcing – and create, restore, protect, or improve management of an additional 650,000 hectares of thriving forests.
- **Resource+** drives innovation to lightweight and increase renewable or recycled content in our packs, design our cartons to be fully recyclable, offer recycle-ready[2] bag-in-box and spouted pouch solutions, and foster effective collection and recycling systems – not only for our packs, but for other used packaging.
- **Food+** aims to minimize food loss and waste from filling and using our packs – and help others increase efficiency and resilience in the food delivery system by offering aseptic packaging that preserves food for long periods without the need for refrigeration.

Our focus on sustainable innovation drives progress in all four action areas and our responsible culture underpins our sustainability approach – by upholding high ethical standards and striving to create positive impact for people in our supply chain, our workforce, and our communities.

The areas included in our sustainability approach are informed by a materiality assessment (**see Identifying our priorities →**). Specific, stretching targets for 2025 or beyond help us drive progress in each area. These targets, and related progress, are detailed in the relevant topic sections of this report. We also provide a summary of progress towards our targets in the **Appendix →**.

1 Science Based Targets initiative.
2 In line with Design for Recycling criteria developed by APR (Association of Plastic Recyclers) and Recyclass.

Contributing to global goals

The four action areas of our sustainability approach are where we can make the biggest contribution to the **United Nations Sustainable Development Goals →** – by accelerating progress on global goals related to climate, nature, circularity, and nutrition. All four contribute, either directly or indirectly, to preventing biodiversity loss and restoring ecosystems.

See Towards nature positive →

We are committed to a science-based approach to help us measure and transparently report progress towards our net positive ambition – and catalyze our contribution to an equitable, Net Zero, and nature positive future.

Our Net Zero and greenhouse gas emissions reduction targets have been approved by the Science Based Targets initiative. In the next phase of our sustainability approach, we aim to establish science-based targets for nature and have joined the Science Based Targets Network (SBTN) Corporate Engagement Program to support the development of an enabling framework.

Our sustainability approach also contributes to the ten principles of the United Nations Global Compact, including through our focus on human rights due diligence as part of our responsible culture.

SUSTAINABLE DEVELOPMENT GOALS

SIG supports the Sustainable Development Goals.

WE SUPPORT
UN GLOBAL COMPACT

SIG is a signatory to the United Nations Global Compact.

Science Based Targets Network

SIG is a member of the Science Based Targets Network Corporate Engagement Program.

Pioneering a net positive approach

We began our net positive journey in 2016 when we published our first set of bold ambitions to contribute more to society and the environment than we take out across our value chain.

As a member of the Net Positive Project, we joined other pioneering companies and non-governmental organizations determined to raise the level of ambition for corporate sustainability – to go beyond simply doing less harm to actively target positive contributions that help regenerate the environment and create a thriving society.

We follow the Net Positive Principles developed by this group and we continue to engage with partners to drive a regenerative and just transition. We have supported the development of tools to help companies adopt and measure progress on transformative net positive goals by:

- Piloting methodologies developed by the Sustainability and Health Initiative for NetPositive Enterprise (SHINE) to measure positive handprints.
- Contributing to the Business Transformation Compass developed by Forum for the Future to guide businesses on transformational strategies that support a regenerative and just transition.
- Publishing a white paper with Stora Enso, one of our key suppliers, to guide companies on how to apply the Net Positive Principles to support positive outcomes and lasting systemic change.

Sustainability continued
Introduction continued

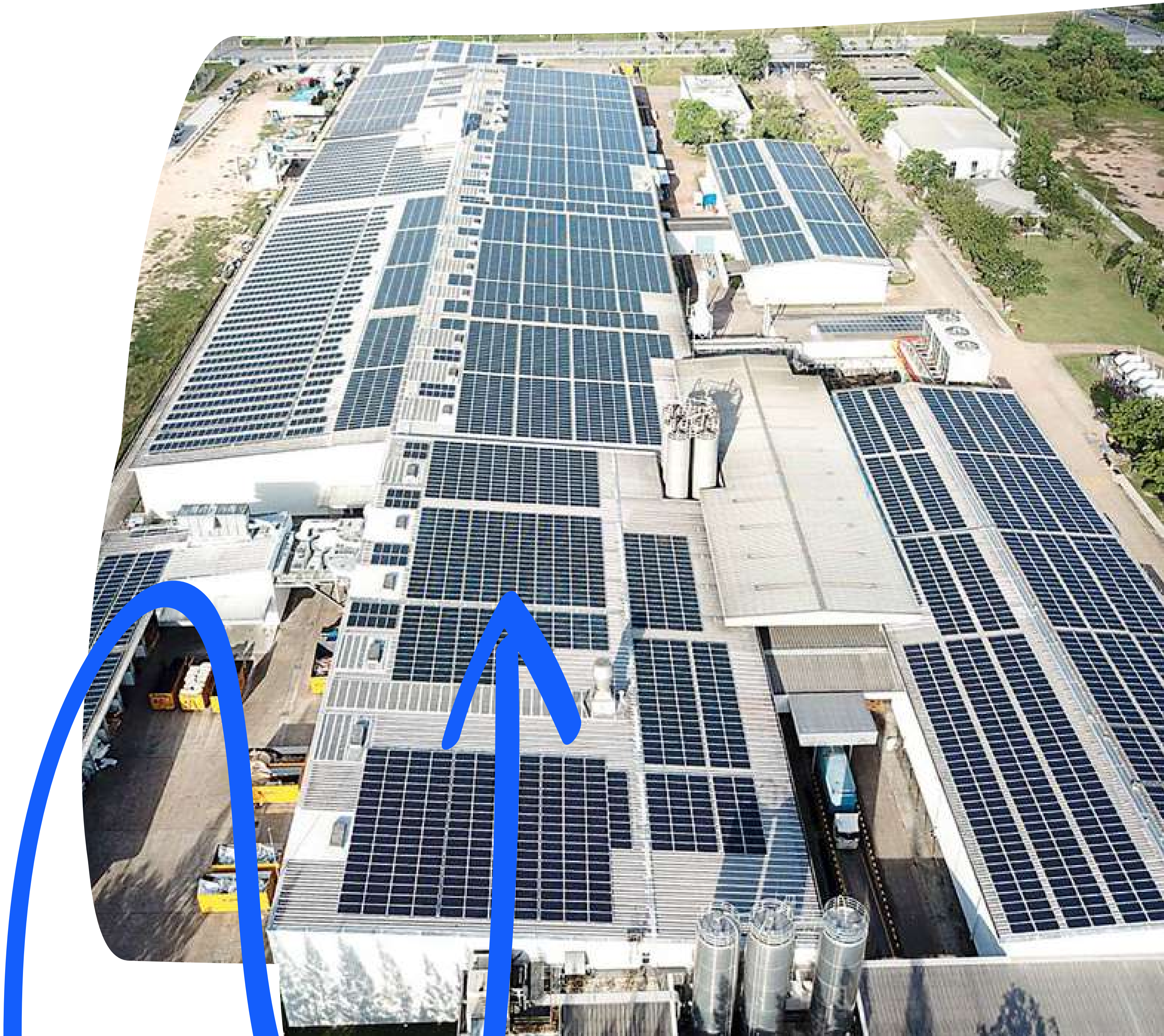
Strengthening our business

Sustainability is not just good for people and the planet. It is good for business. Our approach, including our bold net positive goals, strengthens our business by:

- **Driving business growth** by helping customers meet demand for more sustainable products, strengthening SIG's competitive edge, and opening up new market opportunities.
- **Stimulating innovation** to create more sustainable packaging solutions.
- **Attracting top talent** as people increasingly want to work for companies making a positive impact.
- **Enhancing brand reputation** and strengthening relationships with stakeholders.
- **Supporting compliance** with growing regulations on ESG topics.
- **Mitigating business risks** related to ESG topics (see Key business risks related to ESG topics →).
- **Contributing to long-term value creation** and sustainable growth for investors.
- **Broadening sources of funding** and securing attractive pricing through sustainability-linked financing (see below).

Linking financing to ESG performance

The *Schuldschein* loan we issued in 2022 is linked to our ESG performance as assessed by EcoVadis, a global independent sustainability ratings provider that analyzes our performance on environment, labor and human rights, ethics, and sustainable procurement. The margin is adjusted up or down depending on SIG's EcoVadis score, therefore reducing our overall funding costs if we meet our target EcoVadis score. We also have loan facilities from 2020 that have a margin linked to SIG's EcoVadis score and to reductions in Scope 1 and 2 greenhouse gas emissions.



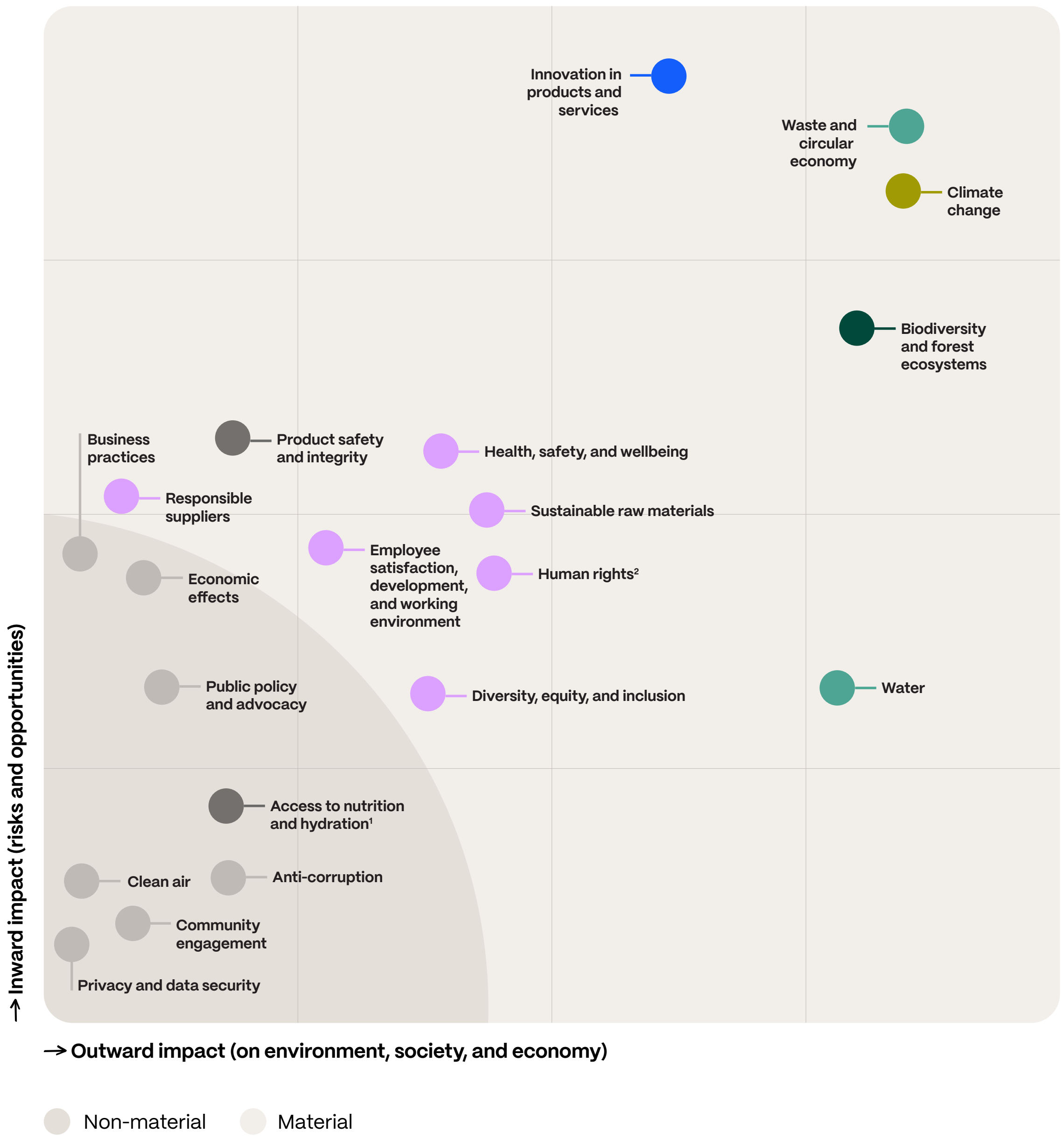
Sustainability continued
Introduction continued

Identifying our priorities

Our sustainability approach is informed by ongoing stakeholder engagement and an assessment of our most material topics (see right). This is based on both the potential impact on the environment, society, and the economy, and on the potential risks and opportunities to the business associated with each topic.

See more on our stakeholder engagement → and on our materiality process (in the GRI content index) →

Our material topics



Our sustainability approach is built on our material topics

Climate+
- Climate change

Forest+
- Biodiversity and forest ecosystems

Resource+
- Waste and circular economy
- Water

Food+
- Product safety and integrity
- Access to nutrition and hydration[1]

Sustainable innovation
- Innovation in products and services

Responsible culture
- Responsible suppliers
- Sustainable raw materials
- Human rights[2]
- Diversity, equity, and inclusion
- Employee satisfaction, development, and working environment
- Health, safety, and wellbeing

1 Additional strategic topic (not a material issue).
2 Includes freedom of association, freely chosen labor, living standards, and protection of the child.

Sustainability continued
Sustainability built in

Sustainability built in

Sustainability is built into our purpose, strategy, governance – and the way we do business. To support progress, we integrate external insights, engage our people, and hold ourselves to recognized standards.

Embedding sustainability

Sustainability is fundamental to our purpose – to work in partnership with our customers to bring food products to consumers around the world in a safe, sustainable, and affordable way.

It is embedded in our Corporate Compass, our strategy for growth, as one of four business priorities that help us strive for better. It also supports progress on the other three – growth, customer, and people.

See more on our strategy →

We integrate sustainability into our core business practices, including:

- **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 Terra portfolio and other sustainable innovations in our marketing globally. Our SIG EcoFill Consulting program helps customers reduce the environmental impact of the filling lines used to fill our packs in their factories.
- **Product innovation:** Our sustainability commitments are driving specific innovation workstreams, and environmental performance is one of the core value drivers for product development, alongside product safety and commercial considerations.
- **Manufacturing:** The health and safety of our people and products is critical to our manufacturing operations and quality controls, and we have systems in place to minimize environmental impacts from production.
- **Procurement:** Working with responsible suppliers and sourcing raw materials from certified, responsibly managed resources are central to procurement at SIG, and we train the teams involved.
- **People and culture:** Commitments on topics such as diversity, equity, and inclusion, talent development, employee satisfaction, and wellbeing support our people and culture strategy to create the best place to be for our people to act with purpose, develop, and partner together for SIG's growth.
- **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 remuneration to specific ESG performance indicators related to their roles.
- **Investor relations:** Interest in ESG topics continues to grow in the investor community and our investor engagement includes dedicated ESG meetings. Sustainability was central to our presentations to investors during our capital markets day in 2023. SIG has continued to score well in recognized ESG ratings (**see External recognition →**) and we have raised finance linked to our ESG performance. (**see ESG-linked finance →**).
- **Risk management:** Our most material ESG risks – including climate-related risks (**see our TCFD report →**) – 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 right and more on our approach to enterprise risk management →**). Each top risk, including the respective mitigation actions, 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.

Key business risks related to ESG topics

Environment
Risks of environmental regulations on recycling of packaging material, aseptic carton packaging systems, closures, straws, and raw materials; shift in public opinion regarding beverage cartons, spouted pouch, and bag-in-box packaging solutions.

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, anti-bribery and anti-corruption, fraud/embezzlement, or money laundering.

Information security
Risks of cyberattacks 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.

Sustainability continued
Sustainability built in continued

Governance

The Board of Directors' Nomination and 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 Group's business and reputation, including climate and nature-related risks and opportunities. The NGC advises the Board of Directors (BoD) on such matters.

The Audit and Risk Committee (ARC) reviews and discusses with management and, to the extent applicable and relevant, with the Group's assurance providers, the Group's corporate sustainability reports. It makes recommendations to the BoD on the Group's public reporting on ESG matters and monitors the Group's performance against the Group's corporate sustainability metrics.

The Group Corporate Responsibility Director provides updates on the Group's sustainability approach and ESG performance to the NGC and the BoD twice a year, and provides input to the BoD in its annual strategy meeting.

Ultimate accountability for the Group's ESG performance and progress lies with the CEO and the Group Executive Board (GEB). This accountability is underpinned by an ESG-related element incorporated in the GEB members' Short-Term Incentive Plan. GEB meetings cover, where relevant, items on sustainability and ESG topics.

GEB members are part of the Responsibility Steering Group (RSG), which also includes senior representatives of key functions and each of the regions. The RSG meets twice a year to review progress and ensure alignment of ESG-related work across the business.

Each focus area of the Group's sustainability approach, including related commitments, is owned by a member of the RSG, who is accountable for setting goals and delivering progress through targeted workstreams. Leaders from relevant business functions and regions are responsible for implementing the Group's sustainability commitments, with support from their teams and subject matter experts.

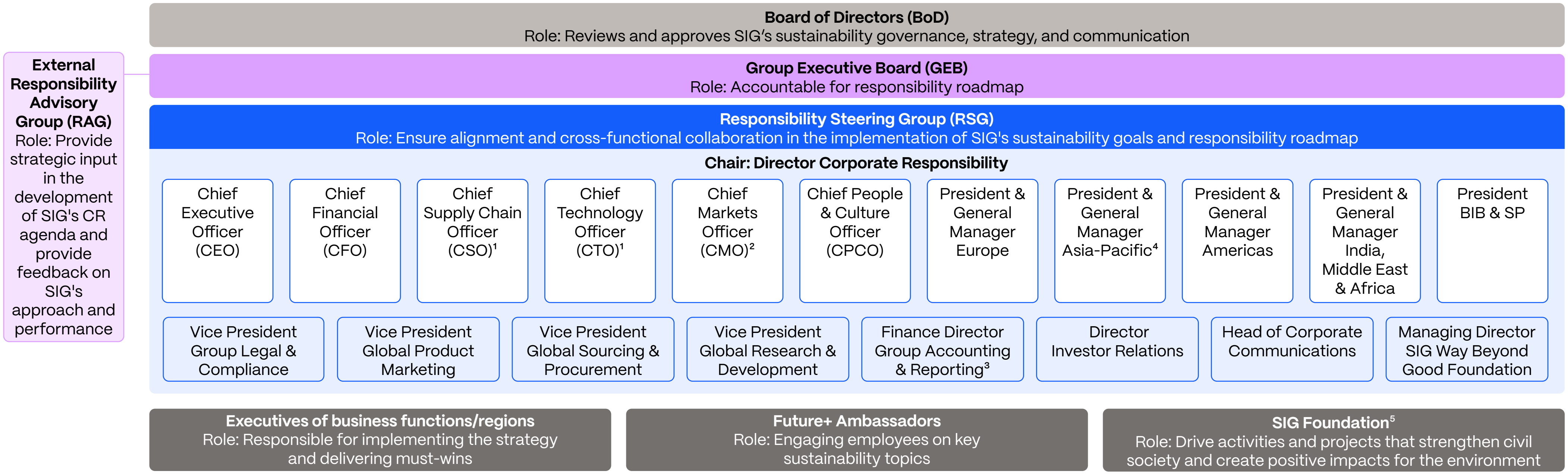
We publish our policies on ESG topics to clearly set out our commitments. Accompanying in-depth internal operating procedures support effective implementation across the business. We provide employees with training on topics relevant to their role. We also strive to inform and engage all our people on sustainability, with support from our network of Future+ Ambassadors.

See Engaging our people on sustainability →

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

For more on the SIG Foundation and an overview of its activities in 2023, see Communities →

SIG sustainability governance structure



1 From April 2023, the former CTO took over the new role of CSO and a new CTO was appointed – both hold positions on the GEB and RSG.
2 The former Senior Vice President Commercial retained his position on the RSG in his new GEB role of CMO from August 2023.
3 Joined the RSG in August 2023.
4 The previously separate roles of President & General Manager of Asia-Pacific North and President & General Manager Asia-Pacific South were combined into a single role of President Asia-Pacific from November 2023, following a retirement.
5 Formally known as the SIG Way Beyond Good Foundation.

Sustainability continued
Sustainability built in continued

Integrating external insight

Members of our GEB, including our C-suite, meet twice a year with our independent Responsibility Advisory Group (RAG), a group of external experts who provide strategic input to the RSG and GEB, and challenge us to improve.

In 2023, the RAG focused on understanding SIG's role in delivering the most sustainable packaging solutions in the context of the increasingly urgent need for action on global challenges. We discussed progress on our sustainability approach, and how our innovation program and action plan can help accelerate the transition required to meet global goals on climate and nature this decade.

RAG members agreed that SIG's approach is delivering systemic change beyond the packaging value chain, particularly in relation to the environmental priorities of climate and nature, and they recommended we sharpen our focus on key risks and opportunities. Feedback from each member of the RAG is included in this report (see quotes).

We also collaborate with partners, such as the Sustainability and Health Initiative for NetPositive Enterprise (SHINE) and Forum for the Future, to drive the net positive agenda, and catalyze transformative change to create wider benefits for society and the environment.

See Pioneering a net positive approach →

It is great to see SIG progressing along its sustainability journey and taking responsibility for its value chain and beyond. The company has a high level of ambition and is prioritizing the right areas.

SIG's packaging already offers advantages on climate compared with alternatives so one of the biggest contributions SIG can make to global goals is to increase market share, meeting demand for low-carbon solutions while growing the business at the same time.

The company is also well placed to respond to the rising focus on nature positive solutions and contribute to global goals on biodiversity. Its Forest+ partnership with WWF, including the first project in Mexico, demonstrates inspirational leadership in its intent to deliver net positive biodiversity impact.

It gives me confidence that SIG has a science-based Net Zero target on climate that meets the rigorous requirements of the Science Based Targets initiative. Now, SIG is trailblazing efforts to quantify biodiversity footprints and handprints to help measure and communicate net positive impact for nature. In the context of a growing backlash against greenwashing, it is also great that SIG's data-driven, rigorous engineering approach continues to be so integral to the company culture.

Greg Norris (RAG Chair)
Co-Director of the Sustainability and Health Initiative for NetPositive Enterprise (SHINE)

The world has some big dilemmas to solve to make the global food system more sustainable. SIG can contribute by getting nutrition to the people who most need it in a sustainable way in line with its path to net zero.

The company has the will and means to help provide solutions to big global challenges. The entire executive team is highly committed to delivering SIG's ambitious sustainability goals and they are engaging SIG people around the world to achieve significant change.

SIG is already delivering initiatives that are driving real impact, such as the aluminum-layer-free aseptic carton. SIG needs buy-in from its large customers to drive mass adoption of its most sustainable innovations, and can also catalyze development of scalable innovations through partnerships such as MISTA. I also look forward to seeing the positive sustainable innovation contribution of the recently acquired bag-in-box, spouted pouch, and chilled carton businesses.

There are opportunities for SIG to go further by enhancing visibility of biodiversity impact in its supply chain, embracing the full scope of circularity through innovation to replace any fossil-based polymers that are not recycled, and focusing on collection of used packaging as the business grows in markets where collection infrastructure is less developed.

Gail Klintworth
Chair, Non-Executive Director, and (Board) Advisor: Rabobank, Tiger Brands, Shell Foundation, MAS Holdings, Globescan, Takeda Pharmaceuticals, Al Dabbagh Group, Savo Project Developers

Sustainability continued
Sustainability built in continued

SIG is incredibly ambitious on sustainability, with strong leadership from the top. It is clear from our RAG meetings that SIG's leaders want to be challenged. They set extremely challenging goals – like creating a full barrier carton with no aluminum layer – then achieve these and push to go even further.

SIG's sustainability goals go hand in hand with opportunities for growth, for its business and for its customers. Its aseptic packaging can make a big difference to nutrition and food waste by delivering healthy food with a long shelf life to create a more sustainable food supply chain.

Food companies can claim positive sustainability benefits by switching to SIG's low carbon packaging solutions and more global brands should consider partnering with SIG as a way to fight climate change.

Sustainable resource use is a strong focus for SIG's innovation. Engaging with stakeholders will also be important to make sure more packs are collected and recycled after use.

SIG is clearly committed to high standards on ESG. The smooth integration of newly acquired businesses into the company's established labor, safety, environment, and supply chain protocols over the past year or so is a notable achievement within a short period of time.

Matt Sherwood
Chief Executive Officer, Pothos Partners &
Chief Investment Officer for the Pothos Carbon Fund

SIG's sustainability approach is very strong in both breadth and depth, with big ambitions to deliver regenerative impact across four interconnected 'positive' areas.

The company has already achieved important milestones, such as 100% FSC™-certified source material for the paperboard in its cartons, and is continually pushing the envelope. This includes setting goals, even if, at the time they are set, it is not exactly clear how they will be achieved. This level of ambition drives innovation, and also has a wider impact by encouraging suppliers to be part of the journey and putting pressure on competitors to do more.

By investing in thriving ecosystems beyond its value chain, SIG is setting an important example for other companies. Its Forest+ goal to create, protect, restore, or improve management of 650,000 hectares of forest is very ambitious, and will demand systematic planning and investment. We are already partnering to implement a forest project on the ground in Mexico and a second project is in the pipeline.

Circularity is also an important focus for SIG. It is great to have packaging that can be recycled, but not every market has systems to recycle it in practice. Advocacy will be key here and SIG can play an important role in mobilizing stakeholders to address challenges with holistic solutions, such as collection and recycling of used packaging.

Thomas Vellacott
Chief Executive Officer, WWF Switzerland

SIG's sustainability commitments are courageous and connected to its value proposition for its customers. This is critical to make the business' impacts both positive and sustainable. It is also clear that SIG's business leaders are aligned behind these commitments.

The best way for SIG to contribute to global sustainability goals is to continue to deliver superior quality in food safety and nutrient protection through its processes and technologies. The company's long-life aseptic filling reduces CO_2 emissions by avoiding the need for refrigeration, and helps to prevent food waste by enabling people to store food ready for use when they need it.

In addition, it is also key to foster involvement and connection with local communities to find solutions together – for example, by focusing on waste management and recycling through relevant projects in geographies where SIG is best placed to make an impact.

SIG is leveraging innovation to lead on its sustainability commitments. The company has already achieved tangible progress, including simplifying its packaging materials by developing aseptic cartons with no aluminum layers. Furthermore, in future, there is opportunity to increase focus on sourcing materials grown using regenerative practices.

Veronique Cremades-Mathis
Chief Strategy & Commercial Officer, SATS

Sustainability continued
Sustainability built in continued

Engaging our people on sustainability

We regularly engage with our people on sustainability topics through our SIGer internal social app.

This year, we established a new interactive learning platform to help employees understand what sustainability means at SIG and what it means for each of them in their day-to-day roles. The Sustainability Academy launched with a series of interactive webinars, including one with WWF Switzerland, one of our key partners on Forest+, to explain the importance of forests and how SIG is helping them thrive. We also encouraged employees to try out WWF's footprint calculator to find out how big their personal environmental footprint is and think about ways to reduce it.

Our network of local Future+ Ambassadors get employees involved through regular campaigns and local community engagement programs. This year, they led our first Future+ Day to educate, engage, and inspire people across the business around the positive impact we can have on people and the planet beyond our own footprint. The Ambassadors also began a campaign to raise awareness of biodiversity and promote conservation practices, which will continue into 2024. Employees around the world also got involved in local activities through the year to support communities and the environment.

See Communities →

We recognize the efforts of our Future+ Ambassadors at their annual conference, with awards for activity, ambassador, and handprint (positive impact) of the year. Our annual Shine Awards also include a category for Sustainability Engagement Initiative of the Year, which went to our WWF Switzerland partnership in 2023.

See Forest+ →

In our latest employee survey, we achieved outstanding results once again on our people's perception of SIG's contribution to society and the environment. We further improved scores year on year and significantly outperformed the industry benchmark (see right), as well as exceeding the high-performance benchmark across industries.

I am pleased with the contribution SIG is making towards community and society

84%

2022: 82%

Comparison with 2023 industry benchmark[1]: +6

I believe SIG does a good job promoting environmental responsibility (with our products) in the packaging industry

92%

2022: 88%

Comparison with 2023 industry benchmark[1]: +8

Certifying to recognized standards

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

- **ASI (Aluminium Stewardship Initiative):** Our aseptic carton business is ASI Performance Standard certified, all associated SIG production plants are ASI Chain of Custody certified, and all aluminium foil for our aseptic cartons is purchased as ASI Certified..
- **FSC™ (Forest Stewardship Council™):** Chain of Custody certification is in place at all our aseptic and chilled carton production plants, and related sales offices (license code FSC™ C020428). All the paperboard for our cartons is purchased with FSC™ certification[2] – including for our chilled cartons from January 2024.
- **GFSI (Global Food Safety Initiative) recognized standards:** All our packaging production plants maintain top level certification with GFSI-recognized standards – such as Brand Reputation Compliance Global Standards (BRCGS) packaging standard, Safe Quality Food (SQF), Food Safety System Certification (FSSC 22000), and International Featured Standard (IFS) – except our chilled carton plant in Taiwan which is currently certified to ISO 22000:2018 and working towards certification to a GFSI-recognized standard.
- **ISCC (International Sustainability and Carbon Certification) PLUS:** Certification to handle ISCC PLUS certified materials is in place at all our aseptic carton production plants, our closure production plant in Switzerland, and two bag-in-box production plants to handle polymers linked to renewable or recycled material via an independently certified mass balance system.
- **ISO 14001:** ISO 14001 certification for environmental management is in place for SIG globally.
- **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 to ISO 27001 for information security management is maintained at SIG IT in China, Germany, and Romania.
- **ISO 45001:** Global ISO 45001 certification is maintained for health and safety management for our aseptic carton production plants, and at our chilled carton production plant in Taiwan. The other two chilled carton production plants and our bag-in-box and spouted pouch businesses will complete audits in 2024 to join our global certification.
- **ISO 50001:** Certification to ISO 50001 for energy management is maintained at our three aseptic carton production plants in Europe.
- **ISO 9001:** Certification to ISO 9001 for quality management is in place for our aseptic carton production globally, and for some bag-in-box and spouted pouch production plants.
- **LEED:** Our Middle East and Africa headquarters in Dubai achieved Platinum LEED certification for sustainable buildings, and our second plant in Suzhou (China) and our new plant in Querétaro (Mexico) achieved Gold.
- **SEDEX Members Ethical Trade Audits (SMETA):** SMETA audits are completed on a two-yearly cycle at our production plants, our office sites in Australia and Mexico, and several SIG legal entities in Germany and Switzerland.

1 Industry benchmark defined as norms for manufacturing companies participating in the Willis Towers Watson employee engagement survey.
2 Our cartons use paper-based liquid packaging board, referred to throughout as "paperboard". SIG uses FSC™ Mix material that allows the mixing of FSC™ certified wood with FSC™ controlled wood and ensures that an equivalent amount of FSC™ certified wood is procured at the beginning of the value chain.

Sustainability continued
Sustainability built in continued

Integrating new businesses

We welcomed our bag-in-box, spouted pouch and chilled carton businesses to the Group in mid-2022, through the acquisitions of Scholle IPN and Evergreen Asia's chilled carton business.

Since the acquisitions, we have been working to integrate these businesses into our established ESG governance, policies, and processes – including relevant sustainability commitments.

We communicated our Code of Conduct to new colleagues from day one, and rolled out training on our ethical compliance and health and safety practices shortly thereafter. We also invited them to join our annual employee survey in 2022. By the end of the first year of integration, we had already incorporated the new businesses into our greenhouse gas emissions accounting and Net Zero pathway, and the three new plants that use paperboard had achieved FSC™ Chain of Custody certification.

This year, we continued to make progress by integrating management of business functions across the Group, and extending many of our sustainability policies, processes, and commitments to include the new businesses.

Highlights in 2023 include:

- Expanding our SIG Terra[1] portfolio of our most sustainable products to include recycle-ready[2] bag-in-box and spouted pouch solutions.
- Obtaining approval from the Science Based Targets initiative for SIG's updated Net Zero pathway, covering the entire SIG Group.
- Implementing internal guidelines on sustainable packaging design for our bag-in-box and spouted pouch solutions, with accompanying training for relevant teams.
- Extending our ISO 14001 Group certification to include the new businesses.
- Successfully completing SEDEX SMETA audits at all our new production plants.
- Revising our ESG Policy Manual to include our new businesses and make clear where a different approach is required in some instances.

Key focus areas in 2024 will be the integration of new businesses into our EcoVadis assessment and our ISO 45001 certification for health and safety management, as well as completing the integration of procurement and quality management processes.

1 Formerly **SIG**NATURE.
2 In line with Design for Recycling criteria developed by APR (Association of Plastic Recyclers) and Recyclass.

Sustainability continued
Climate+

Climate+

We are targeting a Net Zero value chain by 2050 – and going further by enabling others to cut their carbon footprint.

79%
reduction in Scope 1 and 2 greenhouse gas emissions from 2020

100%
renewable electricity for production in 2023

Climate change threatens the health of people and planet, and there is a rapidly closing window of opportunity to secure a livable and sustainable future for all. Risks to natural and human systems are expected to be lower at 1.5°C than at 2°C of global warming.[1]

To limit warming to 1.5°C, the world needs to reach Net Zero – the point at which a balance is achieved between emissions produced and emissions removed from the atmosphere – by 2050.[1] Tackling climate change is also closely tied to efforts to halt biodiversity loss and support nature positive outcomes. **See Towards nature positive →**

We are supporting global goals by driving greenhouse gas emissions reductions in our operations and throughout our value chain in line with the latest standards of the Science Based Targets initiative (SBTi). This helps us mitigate climate-related risks for our business and meet growing expectations from stakeholders for corporate action on climate.

We are going further by enabling carbon reductions beyond our value chain through net positive ambitions across our sustainability action areas – **including Forest+ →, Resource+ →, and Food+ →** – all underpinned by our focus on **Sustainable innovation →**.

Our packs play a key role by offering customers the lowest carbon packaging solutions in each relevant market segment. They have a carbon footprint up to 80% lower than alternatives, such as plastic tubs and bottles, aluminum cans, or glass bottles.[2] Aseptic cartons, bag-in-box, and spouted pouches also help reduce carbon emissions by preserving food for long periods without the need for refrigerated delivery or storage – and by cutting food waste.

SIG is well positioned to grow market share in a low carbon economy as customers seek to meet growing consumer demand for low carbon products and packaging.

Progress in 2023

We continued to drive progress towards our science-based Net Zero target, which was approved by the SBTi this year.

We sourced 100% renewable electricity for production and installed vast solar arrays at two sites to increase renewable capacity.[3] All the aluminum foil for our aseptic cartons is now procured with ASI Certification and sales of our lowest carbon solutions for aseptic cartons, in the SIG Terra portfolio, grew by a further 12% globally. Our innovative SIG Terra Alu-free + Full barrier solution, which cuts the carbon footprint of our aseptic cartons by 25%[4] while maintaining full barrier performance, had its first commercial launches in 2023 and was recognized for its climate potential at Packaging Europe's Sustainability Awards.

Read on for more on
Climate+ →

Or go to
Forest+ →

SBTi approval for our science-based Net Zero target

The SBTi has approved our science-based target to achieve Net Zero value chain greenhouse gas emissions by 2050, together with near- and long-term targets that will help us get there (see below).

In 2017, we were one of the first in the industry to set science-based targets. These were validated by the SBTi the following year in line with a 2°C climate change scenario. In 2019, we went further to set SBTi-approved targets in line with the latest climate science to keep global warming below 1.5°C.

Now, SIG is one of the first 325 companies in the world to have its Net Zero target validated by the SBTi. We are also part of the SBTi's Business Ambition for 1.5°C campaign, an urgent call to action from a global coalition of United Nations agencies, business, and industry leaders, in partnership with the Race to Zero.

Our SBTi-approved science-based targets

Near-term commitments for 2030:

- **42%** absolute reduction of Scope 1 and 2 greenhouse gas emissions (from 2020)
- **100%** renewable electricity through 2030
- **51.6%** reduction of Scope 3 greenhouse gas emissions per liter packed (from 2020)

Long-term targets for 2050:

- **90%** absolute reduction of Scope 1 and 2 greenhouse gas emissions (from 2020)
- **97%** reduction of Scope 3 greenhouse gas emissions per liter packed (from 2020)
- **Net Zero value chain greenhouse gas emissions**

1 The Intergovernmental Panel on Climate Change (IPCC) Report.
2 The carbon footprint of SIG solutions is 11–80% lower than alternatives (such as plastic tubs and bottles, aluminum cans, or glass bottles) lower than alternatives (such as plastic tubs and bottles, aluminum cans, or glass bottles) for a wide range of food and beverages, based on independent critically reviewed life-cycle assessments for beverage cartons conducted in line with ISO 14040 and ISO 14044 standards, and on preliminary results of our life-cycle analysis of bag-in-box and spouted pouch solutions (an independent, critically reviewed life-cycle assessment for these solutions is in progress).
3 We currently purchase renewable electricity through Energy Attribute Certificates, as well as directly through on- or off-site Power Purchase Agreements, to maintain 100% renewable electricity for production of our packs.
4 Based on independent ISO-compliant life-cycle assessment. Data has been critically reviewed and the full report will be published in 2024.

Sustainability continued
Climate+ continued

Our commitment

We are committed to reach Net Zero greenhouse gas emissions across our value chain by 2050, supported by a series of near- and long-term reduction targets. Our science-based targets are approved by the SBTi (**see previous page →**).

Towards Net Zero

Our pathway to Net Zero prioritizes decarbonization of our operations and value chain in line with climate science to keep global warming below 1.5°C. We are taking action through a program of workstreams to support progress in our operations and our value chain.

In our operations
In addition to maintaining 100% renewable electricity for production of our packs, we are working to further reduce Scope 1 and 2 greenhouse gas emissions from our operations by:

- Seeking further energy savings through efficiencies and technology changes where feasible.
- Sourcing more of our renewable electricity directly (rather than through certificates) by investing in on-site solar and other power purchase agreements (PPAs) that create additional capacity.[1]
- Seeking viable alternatives to natural gas, such as biogas, green hydrogen, or renewable electricity, to reduce emissions from heating.
- Transitioning from fossil-based to bioethanol or other bio-materials for printing our aseptic cartons.

In our value chain
Steps to reduce Scope 3 greenhouse gas emissions from our value chain – upstream and downstream – include:

- Encouraging suppliers to set 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 aluminum foil, through our focus on sustainable innovation.
- Working with suppliers and logistic providers to reduce emissions from inbound and outbound logistics.
- Helping customers cut greenhouse gas emissions from their factories by reducing energy requirements for filling through our innovation in new filling machines and upgrade kits for existing machines.
- Increasing collection and recycling rates for our used packs to avoid emissions from landfill.
- Seeking lasting uses for the materials recycled from our used packs that store embodied carbon over the long term.

Our journey to decarbonizing our operations is already informed by a carbon price in the form of carbon offset pricing. We are exploring whether a defined internal carbon price could support our current management approach by incentivizing decision-making that supports decarbonization, including in relation to major capital expenditures.

For more information, see GRI content index →

Driving positive impact beyond our value chain

We also see significant opportunities to extend our positive climate impact beyond our value chain through strong alignment with other focus areas of our sustainability approach. Examples include:

- Continuing to offer the lowest carbon alternative to other types of packaging, supported by critically reviewed ISO conformant life-cycle assessments,[2] and increasing uptake of our lowest carbon solutions.
- Supporting reductions in emissions from transport and storage of food products by offering aseptic packaging solutions that preserve food in ambient conditions without the need for refrigeration.
- Mitigating food waste, and associated greenhouse gas emissions, by keeping food safe and nutritious for consumers for up to 12 months in our long-life aseptic packaging.
- Reducing food loss for customers by offering highly efficient filling machines with low waste rates – already the lowest in the industry for aseptic carton filling – and continually looking for ways to further enhance efficiency.
- Driving carbon reductions in the supply chain for our industry and beyond as an early adopter of transformative initiatives, such as the Aluminium Stewardship Initiative (ASI) Performance Standard which includes strict requirements for carbon reductions in the production of aluminum.
- Enabling and protecting carbon storage in forest landscapes by sourcing from sustainably managed forests.
- Restoring or creating additional hectares of thriving forests (beyond those we need to provide raw materials for our cartons[3]) that store carbon and offer vital ecosystem services.
- Collaborating with renowned research institutes and universities, such as EPFL (the Swiss Federal Institute of Technology Lausanne), to innovate and develop cutting-edge sustainable materials with higher paper content for future packaging solutions.

1 We currently purchase renewable electricity through Energy Attribute Certificates, as well as directly through on- or off-site Power Purchase Agreements, to maintain 100% renewable electricity for production of our packs.
2 For a wide range of food and beverages, based on independent, critically reviewed life-cycle assessments conducted in line with ISO 14040 and ISO 14044 standards.
3 Based on the equivalent forest area needed to continually regenerate the wood needed to produce all the SIG cartons made in 2020 (the year we set the commitment) all over again.

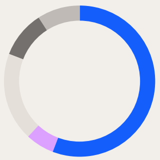
Sustainability continued
Climate+ continued

Reducing carbon footprint at every stage of the life-cycle

We are committed to continue offering our customers the lowest carbon packaging solutions in every market segment and pioneering even lower carbon packs, guided by our science-based life-cycle approach. The visual below shows how we are working to reduce the carbon footprint of our packs at every stage of their life-cycle.

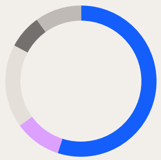
For more on the results of our life-cycle assessments, see Sustainable innovation →

Aseptic carton[3]



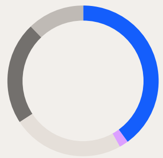
Sourcing	56%
Manufacturing	6%
Transport	19%
Filling	10%
Recycling	9%

Bag-in-box[4]

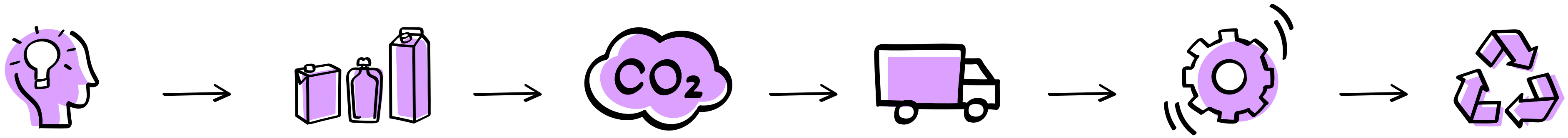


Sourcing	55%
Manufacturing	10%
Transport	18%
Filling	7%
Recycling	10%

Spouted pouch[5]



Sourcing	40%
Manufacturing	2%
Transport	24%
Filling	22%
Recycling	12%



Design

Minimizing the life-cycle impacts of our packaging solutions starts with design. Environmental factors are core value drivers in our product development and we are cutting carbon further through sustainable innovation. Key focus areas include reducing use of virgin fossil-based polymers or replacing them with renewable or recycled alternatives, eliminating the need for carbon-intensive aluminum, optimizing resource use in packs and filling, and making more of our bag-in-box and spouted pouch solutions recycle-ready.

See Sustainable innovation →

Sourcing

Our cartons are made mainly from renewable paperboard. We are sourcing more renewable polymers[1] for our SIG Terra solutions. We offer recycled polymers[2] for aseptic cartons and we are piloting these for bag-in-box. We also reduce the carbon footprint of materials by sourcing them with certifications, such as FSC™, which provides carbon benefits from sustainable forestry, and ASI, which requires aluminum smelters to limit their carbon emissions.

See Our supply chain →

Manufacturing

We make our packaging using 100% renewable electricity and we compensate emissions from use of non-renewable energy in production through Gold Standard CO_2 offsets while we explore viable alternatives. Our ISO 14001 certified environmental management systems support continuous improvement in energy use and greenhouse gas emissions at our plants.

See more on our use of renewable energy → and on energy efficiency measures at our plants →

Transport

Our aseptic packs avoid the need for fuel-intensive refrigerated transport by enabling food to be safely transported in ambient conditions. Our packs also help customers cut emissions from distributing their products as they are lighter weight and use space more efficiently than alternative packaging types.

We further reduce transport emissions by delivering our packs to customers in compact form and filling trucks fuller for fewer journeys and less fuel use.

See more on logistics →

Filling

Our aseptic filling technology helps to prevent food waste – a major driver of global CO_2 emissions – by enabling food to be safely stored with a shelf life of up to 12 months.

We also strive to improve the efficiency of our filling machines with every new generation. Our technical service teams help aseptic carton customers minimize energy use, and associated carbon emissions, in their factories, including through upgrade kits that reduce the amount of energy needed to operate our existing machines.

See Sustainable innovation →

Recycling

All our cartons are designed to be fully recyclable and we are working to make more of our bag-in-box and spouted pouch solutions recycle-ready. We work through industry associations to advocate enabling legislation and we partner with a range of local stakeholders on programs to improve collection and recycling rates of used packaging to cut emissions from landfill and keep materials in circulation.

See Resource+ →

1 Linked to forest-based renewable material via an independently certified mass balance approach.
2 Linked to post-consumer recycled plastics via an independently certified mass balance approach.
3 Illustrative figures referring to the climate change impact of an average 1 liter SIG aseptic beverage carton in EU27+3 based on indicative results from our internal LCA tool.
4 Illustrative figures referring to the climate change impact of an average 3 liter retail bag-in-box in EU27+3 based on indicative results from our internal LCA tool.
5 Illustrative figures referring to the climate change impact of an average small-size spouted pouch in EU27+3 based on indicative results from our internal LCA tool. Contribution from filling includes forming and sealing of spouted pouch.

Sustainability continued
Climate+ continued

Climate-related risks and opportunities

We follow the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to identify, manage, and report climate-related risks and opportunities for our business – including potential financial impacts.

See our TCFD report for more information, including scenario analysis and how we have embedded climate mitigation and adaptation as part of our risk management approach →.

We also disclose additional information on climate risks and opportunities through our annual responses to the CDP and S&P Global Corporate Sustainability Assessment (used to inform the Dow Jones Sustainability Indices responses).

Our targets

2025 target	Progress tracker
Net Zero value chain greenhouse gas emissions **by 2050**	More work to do
Reduce Scope 1 and 2 greenhouse gas emissions by 42% **by 2030** – and by 90% **by 2050** (from 2020)	On track
Reduce Scope 3 greenhouse gas emissions by 51.6%[1] per liter packed **by 2030** – and by 97% **by 2050** (from 2020)	More work to do
Maintain 100% renewable electricity[1] 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 our aseptic cartons[2]	On track
Reduce CO_2 emissions from inbound and outbound logistics by 18% (from 2020)[3]	On track

1 Target wording changed in 2023 in line with SBTi-approved target.
2 Target wording amended to clarify that this applies to our aseptic cartons only.
3 Target revised to include the bag-in-box, spouted pouch, and chilled carton businesses we acquired in 2022.

Sustainability continued
Climate+ continued

Performance in 2023[1]

Towards Net Zero

- The SBTi approved our science-based Net Zero target (and accompanying near- and long-term targets), and we are driving progress through a series of workstreams targeting reductions in our operations and our value chain.
- We continued to decarbonize our operations, reducing Scope 1 and 2 greenhouse gas emissions by 19% in 2023, and by 79% from the 2020 baseline, putting us well on track to meet our near-term reduction target of 42% by 2030.
- Value chain Scope 3 greenhouse gas emissions remained at a steady level in 2023, with an increase in the number of filling machines sold and disproportionate growth in smaller packaging units contributing to a delay in Scope 3 emissions reductions. Scope 3 greenhouse gas emissions per liter of food packed in SIG packs decreased by 1% in 2023 and by 6% compared with 2020.
- Overall, Scope 1, 2, and 3 greenhouse gas emissions per liter of food packed in SIG packs have decreased by 9% in 2023 compared with 2020.

SIG Group carbon footprint Scope 1 and 2 (thousand metric tons of CO_2 equivalent)

	2020[6]	2021[6]	2022[6]	2023
Scope 1	31.4	30.1	26.6	20.9
Scope 2 (market based)[2]	69.1	45.8	47.1	0
Total	**100.4**	**75.9**	**73.6**	**20.9**

Value chain carbon footprint (million metric tons of CO_2 equivalent)[3]

	2020	2021	2022	2023
Total Scope 3	**1.90**	**1.93**	**1.95**	**1.90**

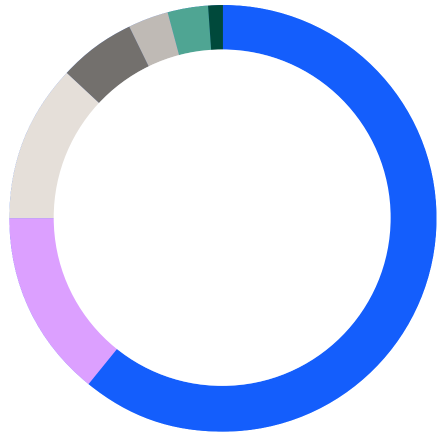
Value chain footprint and emissions rates (grams of CO_2 equivalent/liter of food packed)[3]

	2020	2021	2022	2023
Scope 3 greenhouse gas emissions (grams CO_2 equivalent) per liter packed	68	66	65	64
Scope 1, 2, and 3 greenhouse gas emissions (grams CO_2 equivalent) per liter packed	72	68	67	65

Energy use for production (GWh, by type)

	2020[5]	2021[5]	2022[5]	2023
Natural gas	133	133	112	88
Liquified natural gas	6	7	6	8
Diesel	1	1	1	1
Electricity (non-renewable)	34	0	0	0
Electricity (renewable)	209	261	269	395
Total	**383**	**402**	**388**	**492**

Scope 3 emissions by category in 2023[4]



- Purchased goods and services – **61%**
- End-of-life of treatment of products – **14%**
- Use of products – **12%**
- Upstream transportation – **6%**
- Downstream transportation – **3%**
- Fuel and energy-related activities – **3%**
- Other (waste and business travel) – **1%**

1 Scope 3 greenhouse gas emissions data includes our production plant in Baie-d'Urfé and our production plant in Voronezh.
2 Location-based emissions (based on the electricity grid average amount) totaled 163 thousand metric tons of CO_2 equivalent in 2023.
3 Data includes our production plant in Baie-d'Urfé and our production plant in Voronezh. Data for previous years adjusted in line with our restatement policy, which follows Greenhouse Gas Protocol requirements.
4 Data includes our production plant in Baie-d'Urfé and our production plant in Voronezh.
5 Energy data for previous years is for our aseptic carton business only.
6 Restatement based on changed emission factors 2023

Sustainability continued
Climate+ continued

Decarbonizing our operations

We continued to focus on reducing carbon emissions in our operations by further improving energy efficiency, while continuing to source 100% renewable electricity for production.

Improving energy efficiency in our operations

- All SIG's production sites globally achieved certification to ISO 14001 (including the plants we acquired in 2022). Accompanying training helped employees understand how they can play their part in cutting our environmental impacts, including energy use and greenhouse gas emissions.
- We maintained ISO 50001 certification for energy management systems at our three aseptic carton production plants in Europe.
- Energy conservation programs contributed to a 4.4% reduction in the energy intensity of our aseptic carton production to 175 MWh/million m² of sleeves produced in 2023. They also supported a 16% decrease in greenhouse gas emissions intensity for our aseptic carton production to 10 metric tons of CO_2 equivalent/million m² of sleeves produced in 2023.

Sustainable design cuts carbon at our new plant in Mexico

Our new aseptic carton production plant in Querétaro (Mexico), opened this year, has achieved the Gold sustainable building standard from LEED. The plant's low carbon design features LED lighting, automated lighting shut-offs, a building management system that optimizes the use of air conditioning, and rooftop solar panels that will generate around 990 MWh of renewable electricity per year.

- Local initiatives included:
  - A range of projects at our plants in China – including waste heat recovery, upgrades to more efficient lighting and equipment, and energy management systems – that together saved 1,300 MWh of electricity, 112,000 m³ of natural gas, and an estimated 986 metric tons of CO_2-equivalent emissions per year. Our Suzhou aseptic carton production plant received government recognition in 2023 as a Green Factory in Jiangsu Province, based on its environmental performance and role in championing green manufacturing.
  - A new heat recovery system that has cut natural gas use by 45% at our plant in Austria – saving an estimated 790 metric tons of CO_2-equivalent emissions per year – by harnessing heat from production equipment to provide heat needed for printing.
  - Infrastructure improvements, including highly efficient chillers and heat recovery systems, implemented over the last four years that have together contributed to a 64% reduction in CO_2-equivalent emissions at our plant in Linnich (Germany) compared with 2019.
  - Energy efficiency measures built into the design of our new plant in Mexico that helped it achieve Gold certification to the LEED sustainable building standard (see left).

Investing in renewable energy

- We continued to purchase 100% renewable electricity for production, including for our newly acquired businesses from January 1, 2023.
- We increased the positive impact we deliver through our sourcing of renewable electricity by securing more physical power purchase agreements (PPAs) that support further investment in renewable power as part of the global energy mix.
- Our on-site solar capacity has more than tripled to 34.5 MWp this year with two major installations coming online in Germany (see right), as well as smaller installations in Mexico and Switzerland. We have also identified more opportunities for on-site solar in Brazil, Saudi Arabia, the United Arab Emirates, and the USA.
- On-site solar power met 5.1% of our global electricity needs for production this year and overall renewable PPAs (both on- and off-site) met 21.8%.
- We are also exploring the feasibility of alternatives to replace heating from fossil fuels, including potentially using renewable electricity for heat as well as power. In the meantime, we continue to compensate all non-renewable energy from production through Gold Standard CO_2 offsets.

New solar arrays triple SIG's solar energy generation

Vast new solar arrays at two of our production sites in Germany have more than tripled our global on-site renewable energy capacity this year. Both sites use a combination of rooftop and ground-mounted arrays to maximize the amount of power they can generate.

The 22,300 photovoltaic panels installed at Linnich provide 10.25 MWp of power and 19,000 panels at Wittenberg supply 9.2 MWp of power. The renewable electricity they generate will avoid over 5,600 metric tons of CO_2 equivalent emissions per year.

We already use 100% renewable electricity to produce our packs worldwide, mainly procured through Energy Attribute Certificates. Now we are improving the quality of this renewable electricity through physical power purchase agreements (PPAs) that support investment in additional renewable capacity – on our own sites or beyond – as part of the global energy mix.

The new on-site solar installations – combined with wind power on a real-time supply basis and a flexible top-up of hydropower – now provide 100% of the electricity for our aseptic carton production in Germany through physical PPAs.

Sustainability continued
Climate+ continued

Decarbonizing our value chain

We have continued to drive reductions in Scope 3 emissions from:

- **Raw materials:** From January 2023, the aluminum we source for our aseptic cartons comes from ASI Certified sources, which includes strict requirements on carbon reductions in aluminum production. We continued to engage with suppliers to encourage targets and actions to reduce emissions. This year, Stora Enso, one of our main paperboard suppliers, committed to Net Zero emissions by signing The Climate Pledge and invested in a new on-site solar installation at one of the paper mills we source from. We are sourcing more polymers linked to renewable content[1] as uptake for our SIG Terra Forest-based polymers grows, and eight of our nine aseptic carton production plants have transitioned from fossil-based to plant-based ethanol for printing.
- **Logistics:** We are targeting an 18% reduction in emissions from transportation (inbound and outbound) across SIG Group by 2025. This year, these emissions have decreased by 18% from the 2020 baseline. Future reductions in outbound logistics will depend on the availability of lower carbon alternatives in the truck market and we have engaged with a logistics provider to explore the viability of using electric trucks. Our new aseptic carton production plant in Mexico has increased local production capacity to serve the Americas, reducing transport distances to customers, and globally we have maintained a high rate of full truck loads (95%) for delivery of our aseptic cartons.
- **Filling:** The first commercial filling has begun using SIG NEO, our next-generation filling machine for family-size aseptic cartons, which is designed to cut energy use and offer a 25% lower carbon footprint.[2] We also supported customers in reducing use of utilities – and related greenhouse gas emissions – for filling through the SIG EcoFill Consulting program and new kits that reduce the amount of compressed air needed for filling.
- **Recycling:** We continued to advocate and partner with others to support increased collection and recycling of packs after use, and we have set ambitious new targets to drive progress. **See Resource+ →**

Reducing the carbon footprint of our packaging solutions

- SIG Terra[3] solutions that lower the carbon footprint of our aseptic cartons by up to 63%[4] have now avoided an estimated 68,600 metric tons of CO_2 equivalent emissions (compared with standard SIG aseptic cartons).[5] Sales of these solutions increased by a further 12% this year.
- Our innovative SIG Terra Alu-free + Full barrier solution – which cuts the carbon footprint of our aseptic cartons by 25%[6] and offers equivalent barrier properties to protective sensitive food such as juices without the need for an aluminum layer – had its first commercial launches in 2023 and was recognized for its climate potential at Packaging Europe's Sustainability Awards.
- Further life-cycle assessments this year reconfirmed that our cartons offer customers the lowest carbon solutions compared with alternative types of packaging across different regions and market segments. Independent, critically reviewed, ISO-compliant life-cycle of our newly acquired bag-in-box and spouted pouch solutions are in progress, building on our initial analysis in 2022.
See Sustainable Innovation →

Driving positive impact beyond our value chain

See Forest+ →, Resource+ →, and Food+ → for other ways we are driving positive carbon impact beyond our value chain.

1 Via an independently certified mass balance system.
2 Estimated reductions for the filling and packaging process per pack compared with our previous generation filling machines, to be confirmed through first commercial filling.
3 Formerly **SIG**NATURE portfolio.
4 Based on independent, critically reviewed life-cycle assessments conducted in line with ISO 14040 and ISO 14044 standards.
5 Compared with standard SIG packaging material for aseptic cartons, based on EU27+3 average, cradle-to-grave results of independent, critically reviewed life-cycle assessments conducted in line with ISO 14040 and ISO 14044 standards.
6 Based on independent ISO-compliant life-cycle assessment. Data has been critically reviewed and the full report will be published in 2024.

Sustainability continued
Forest+

Forest+

We are protecting, restoring, or improving management of forests – beyond what it takes to make our packs. Helping forests thrive is one of the ways we are creating positive outcomes for nature.

We continued to purchase

100%

of the paperboard for our aseptic cartons with FSC™ certification

Project in Mexico to improve management of

100,000

hectares of forest landscapes

The world's forests create essential ecosystems for wildlife and people, play a critical role in regulating the climate, and offer a wealth of natural resources that can be continually renewed. They also provide the raw materials for the paperboard that makes up most (an average of 75% or more) of our cartons[1] – and the wood residues from paper making that link SIG Terra Forest-based polymers to 100% renewable materials.[2]

We protect the forests we source from through Forest Stewardship Council™ (FSC™) certification which assures us, our customers, and consumers (through the FSC™ label on our packs) that the paperboard we use in our cartons comes from sustainably managed forests and other controlled sources.[3]

We are going further through partnerships to create, protect, restore, or improve management of additional areas of forest beyond our value chain.

Our Forest+ commitments will help us secure a continually regenerated supply of raw materials for our business to serve our customers now and in the future. Through these commitments, we are also supporting global goals on climate and nature by tackling forest loss and degradation that contribute to climate change and biodiversity loss (**see Towards nature positive →**).

We also strive to reduce pressure on forest land and resources through our commitments to increase recycling of used cartons so forest-based materials can be used again to create new paper and board products (**see Resource+ →**).

Progress in 2023

We continued to purchase 100% of the paperboard for our aseptic cartons with FSC™ certification[3] and achieved this milestone for our newly acquired chilled carton business from January 2024.

Our first on-the-ground project with WWF Switzerland is underway in Mexico to support progress towards our 2030 target to create, restore, protect, or improve management of 650,000 hectares of forest beyond what we use in our packs.[4]

Read on for more on

Forest+ →

Or go to

Resource+ →

Restoring forest ecosystems in Mexico

Mexico is home to 12% of the world's species, making it one of the world's most biodiverse countries. It is also one of the most deforested, with a staggering 180,000 hectares of forest lost every year.[5]

We have joined forces with WWF Switzerland and WWF Mexico on a project to improve the landscape management of 100,000 hectares of forest landscapes, and to reforest and restore a further 750 hectares of degraded land, in the Central Pacific landscape on Mexico's western coast. The project will support key ecosystems and help secure a critical corridor for jaguars to move across forest and mangrove habitats.

This year, the project team analyzed jaguars' habitats and movements to pinpoint which areas are critical to their preservation, and engaged with local stakeholders on how to improve forest management in a way that fosters coexistence between local communities and wildlife. The findings will inform a roadmap for reforestation and restoration that will begin in 2024.

View video →

WWF | Together supporting thriving forests | SIG

1 Our cartons use paper-based liquid packaging board, referred to throughout as "paperboard". Our supply chains for bag-in-box and spouted pouch solutions are not connected to forest-based materials as we do not manufacture or sell the cardboard box of our bag-in-box solutions.
2 Via an independently certified mass balance system.
3 SIG uses FSC™ Mix material that allows the mixing of FSC™ certified wood with FSC™ controlled wood and ensures that an equivalent amount of FSC™ certified wood is procured at the beginning of the value chain.
4 Based on the equivalent forest area needed to continually regenerate the wood needed to produce all the SIG cartons made in 2020 (the year we set the commitment) all over again.
5 World Economic Forum

Sustainability continued
Forest+ continued

Our commitment

Sourcing from sustainably managed forests

FSC™ certification ensures that forests are managed sustainably and continually regrown – to avoid forest degradation or deforestation, protect biodiversity, maintain ecosystem services and carbon storage, and respect the rights of workers, local communities, and indigenous peoples.

We have led the industry in our commitment to FSC™ certification and partnership with FSC™. We first achieved FSC™ Chain of Custody certification at all the paper mills we source from and all carton production sites and sales offices in 2009, enabling the board used in our cartons to be traced through the supply chain to sustainably managed forests.

All the paperboard for our aseptic cartons is procured with FSC™ certification[1] – an industry first, achieved in 2021 – and we achieved this milestone for our newly acquired chilled carton business from January 2024. Customers can include the FSC™ label[2] on any of our cartons to demonstrate their commitment to sustainable sourcing and we encourage them to do so to raise consumer awareness of sustainable forestry.

Partnering to expand our positive impact

The area of forest needed to produce our cartons is already protected and continually regrown through FSC™-certified forestry management. To increase our net positive impact, we are committed to create, restore, protect, or improve management of an additional 650,000 hectares of forest by 2030 – beyond what we use for our cartons, which is regrown. See right how we quantified this target.

How we quantified our 650,000 hectare target

In 2020, we set out to create, restore, protect, or improve management of an additional 650,000 hectares of forest by 2030 – that's one additional hectare of forest for every hectare we sourced from that year.

We calculated the area of sustainably managed forest it took to produce the raw materials for all the cartons we made in 2020 based on the following assumptions:

400,000
metric tons of paperboard used to produce our cartons in 2020

x

5 m^3
of wood needed to produce each metric ton of paperboard

= **2 million m^3**
of wood needed to make the cartons we produced in 2020

÷

3 m^3
of wood produced (and continually regenerated) on average per hectare of FSC™-certified forest in Sweden (where much of the wood for our paperboard comes from)

= around **650,000**
hectares of forest that is continually regrown to produce our cartons

WWF has confirmed this is a rigorous commitment and rationale.

1 SIG uses FSC™ Mix material that allows the mixing of FSC™ certified wood with FSC™ controlled wood and ensures that an equivalent amount of FSC™ certified wood is procured at the beginning of the value chain.
2 The FSC™ label that customers can include on SIG packs is the FSC™ Mix label, which means the product is made with a mixture of materials from FSC-certified forests, recycled materials, and/or FSC-controlled wood.

Sustainability continued
Forest+ continued

We are partnering with WWF Switzerland to invest directly in field projects that will help us deliver measurable progress towards our 650,000 hectare commitment. Each project is carefully selected to deliver targeted positive outcomes for nature, with a strong focus on biodiversity.

As a participant in WWF's Forests Forward program, we have committed to a series of actions (see table on the next page) that are 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.

We have a longstanding partnership with the FSC™ to support the development and implementation of its rigorous certification standard.

Through a five-year partnership with WWF Switzerland, we are investing directly in field projects to create, protect, restore, or improve the management of forest land, with a strong focus on biodiversity.

We are a participant in WWF's Forests Forward program, which supports companies to scale up action on forests and drive lasting change that makes a tangible difference to people and the planet.

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[1] **by 2030**	On track
Partner with a non-governmental organization (NGO) to develop a methodology to measure the impact of FSC™ certification	More work to do
Work with customers to include the FSC™ label on 100% of the cartons we sell (up from 97% in 2020)[2]	On track
Maintain 100% FSC™-certified supply of paperboard for our cartons[3] (*also a target for Supply Chain*)	On track

1 Based on the equivalent forest area needed to continually regenerate the wood needed to produce all the SIG cartons made in 2020 (the year we set the commitment) all over again.
2 Target wording amended to clarify that this target refers only to cartons (as our other packs do not use paperboard) and to clarify the baseline figure SIG is working from.
3 Target wording revised to clarify that it only applies to our cartons (aseptic and chilled). Our cartons use paper-based liquid packaging board, referred to throughout as "paperboard". Our supply chains for bag-in-box and spouted pouch solutions are not connected to forest-based materials as we do not manufacture or sell the cardboard box of our bag-in-box solutions.

Sustainability continued
Forest+ continued

Performance in 2023

Sourcing from sustainably managed forests

- We continued to purchase 100% of the paperboard for our aseptic cartons with FSC™ certification – and achieved this milestone for our chilled carton business (acquired last year) from January 2024. Overall, 98% of the paperboard for our cartons was procured with FSC™ certification in 2023.
- Almost all (99%) of the 44 billion aseptic packs we sold last year carried the FSC™ label. To close the remaining gap, we are working with the small number of customers not using the FSC™ label to integrate it into their next décor design update. We are also beginning to engage with customers of our newly acquired chilled carton business on this topic. Overall, 94% of the cartons (aseptic and chilled) we sold in 2023 carried the FSC™ label.
- We maintained FSC™ Chain of Custody certification across our aseptic and chilled carton production sites globally.
- We began engaging with suppliers regarding the requirements of the EU Deforestation Regulation.

Partnering to expand our positive impact

- The first on-the-ground project through our five-year partnership with WWF Switzerland is underway to restore and protect degraded forest in Mexico (**see case study →**). By improving the landscape management of 100,000 hectares of forest, as well as reforesting and restoring a further 750 hectares of degraded land, this project will make an important contribution towards our target to create, restore, protect, or improve management of 650,000 hectares of forest by 2030.
- We made good progress on the public commitments we have made through WWF's Forests Forward program, which is working with businesses and local communities to help change the way forests are valued, managed, protected, and restored (see right).

Our Forests Forward commitments

Commitment	Progress in 2023	Global goals supported
Maintain achievement of SIG's 100% FSC™ sourcing goal (first reached in 2021)	We continued to purchase 100% of the paperboard for our aseptic cartons with FSC™ certification and achieved this milestone for our chilled carton business (acquired last year) from January 2024.	SDG 12.6 & 12.7
By end of 2024, key liquid packaging board[1] suppliers move forest sourcing from FSC™ controlled wood to FSC™ forest management certification	We are engaging with key suppliers to help us achieve these commitments.	SDG15.7
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		
SIG shows the way in this partnership for key customers, investors, and peers to contribute and join efforts to facilitate market shift	We have joined the SBTN Corporate Engagement Program this year, as well as presenting our Forest+ approach to customers.	
SIG and WWF co-develop SIG's comprehensive approach to support thriving forests, building upon SIG's 100% FSC™ sourcing achievements	Our first on-the-ground project with WWF Mexico will support a biodiversity hotspot and secure an important corridor for the jaguar, as well as creating enabling conditions for forest landscape restoration at a local and national level. A second project with WWF is in development.	SDG15.2
By 2025, invest in forest restoration in at least three ecologically important landscapes		

See Contribution to the United Nations Sustainable Development Goals for more →

1 Our cartons use paper-based liquid packaging board, referred to throughout as "paperboard".

Sustainability continued
Forest+ continued

Towards nature positive

The world's natural ecosystems are declining at unprecedented rates[1] – driven by changes in land and water use, exploitation of natural resources, environmental pollution, and climate change.

Since 1970, global wildlife populations have been decimated by an average of

69%

Global economy under threat from biodiversity loss

50%

Since 1970, global wildlife populations have been decimated – by 69% on average – and 1 million species face extinction today.[2] This is not only catastrophic for nature, but for people and businesses, with 50% of the global economy under threat from biodiversity loss.[3]

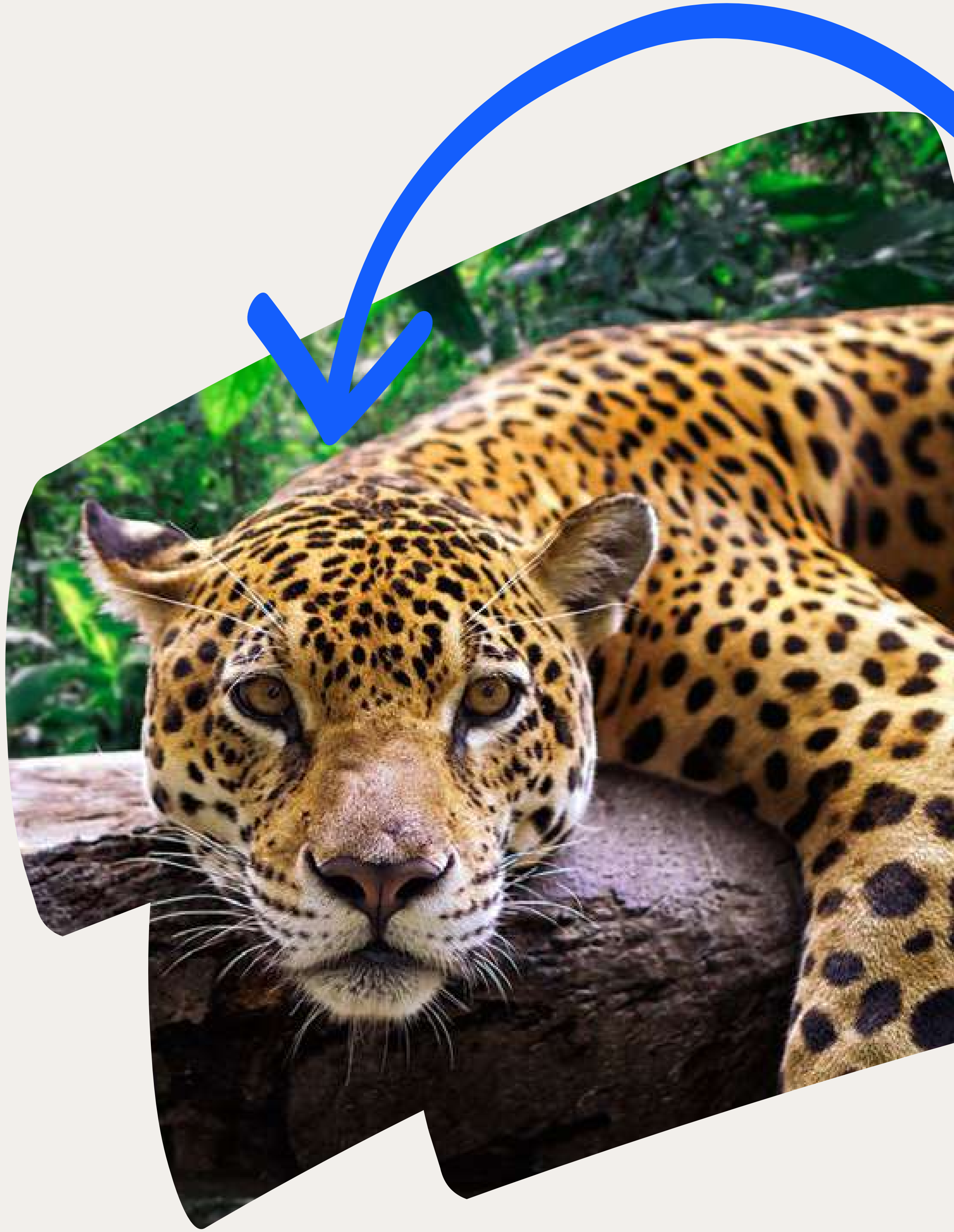
The Global Biodiversity Framework, adopted at the COP15 summit in December 2022, has catalyzed efforts to tackle biodiversity loss and restore natural ecosystems with far-reaching global goals for 2030. These include: conservation, management, and restoration of ecosystems; halving food waste; providing information to help consumers make sustainable choices; and requiring companies to monitor, assess, and disclose biodiversity risks, dependencies, and impacts through the value chain.

The framework requires businesses to do their part, and stakeholders increasingly expect us to take action. Regulations and reporting requirements are growing in this area. Biodiversity loss is second only to climate change on the list of environmental concerns for consumers globally – and tops the list in Brazil and China.[4] And investors want companies to demonstrate that they are addressing nature-related financial risks and opportunities.

Biodiversity: Time to Act

SIG contributed to a study – **Biodiversity: Time to Act** – on the biodiversity opportunities and risks for Swiss businesses. The study, published this year, was produced by WWF and consulting firm Bain & Company. It found that risk mitigation is becoming more important, and biodiversity pioneers are expected to gain tangible competitive advantages in the medium and long term.

Read the study →



1 United Nations Report.
2 WWF Living Planet Report, Biodiversity: Time to Act.
3 WEF.
4 SIG analysis, UEBT Biodiversity Barometer 2022.

Sustainability continued
Forest+ continued

How we contribute

Delivering regenerative impact for the planet is fundamental to our net positive ambition.

We are contributing to global goals to reverse biodiversity loss and create positive outcomes for nature through our **four interconnected net positive action areas:**

Forests are home to most of the planet's land-based plant and animal species

80%

Climate+

Biodiversity loss is closely related to climate change and the related harm to wildlife and ecosystems from more frequent droughts, flooding, and desertification. Projected loss of terrestrial and freshwater biodiversity significantly rises with higher temperature scenarios above 2°C.[1] Our science-based Net Zero targets are aligned with the Paris Agreement's global goal to limit temperature increase to 1.5°C.

See Climate+ →

Forest+

Forests are home to most (80%) of the planet's land-based plant and animal species,[2] but 10 million hectares of forests are lost every year.[3] We are contributing to efforts to protect and restore these ecosystems, to help them thrive. We do this by sourcing paperboard for our cartons with FSC™ certification, and partnering with WWF Switzerland to protect and restore forest landscapes that offer critical habitats.

See Forest+ →

Resource+

We manage biodiversity impact in our supply chain by sourcing paperboard and aluminum for our cartons with FSC™ and ASI Certification, respectively. By improving waste collection systems, we are helping to prevent used packaging entering the environment as litter that can harm wildlife, particularly in the world's oceans. This also provides a source of recycled raw materials for other industries that in turn relieves pressure on nature from sourcing additional virgin raw materials.

See Resource+ →

Food+

The global food production system is the primary driver of biodiversity loss.[4] The Global Biodiversity Framework targets a 50% reduction in global food waste,[5] which will in turn help reduce climate impacts, pressure on land and resources, and associated impacts on biodiversity. Our aseptic packs help to reduce waste by keeping food safe and nutritious for longer and without the need for refrigeration, and our innovative Cartons for Good project, led by the SIG Foundation, turns food loss into nutritious meals. We are also partnering to explore further ways to support the transition to a regenerative and just food system.

See Food+ →

1 WWF.
2 WWF.
3 UNEP.
4 Chatham House report, Food System Impacts on Biodiversity Loss supported by UNEP.
5 Convention on Biological Diversity.

Sustainability continued
Forest+ continued

Taking a science-based approach

Our assessment of SIG's most material topics (**see Our material topics →**) links biodiversity closely to forest ecosystems, where we can have the biggest impact on reducing biodiversity loss and delivering positive outcomes for nature.

We have already set a quantified nature positive target to create, restore, protect, or improve management of an additional 650,000 hectares of forest by 2030, using a rigorous rationale that was confirmed by WWF (**see how we quantified our 650,000 hectare target →**).

We will build on this by working towards science-based targets for nature, encompassing a range of environmental impacts, that can be externally verified in line with emerging standards. To do this, we will use tools and methodologies developed by the Science Based Targets Network (SBTN), which released the first guidance on science-based targets for nature this year. We will contribute our expertise to the development of further guidance on science-based targets for nature as a member of the Science Based Targets Network (SBTN) Corporate Engagement Program.

We are engaging with others, including the Sustainability and Health Initiative for NetPositive Enterprise (SHINE), on ways to make use of established tools, such as life-cycle assessment, to help measure and communicate biodiversity impact in a standardized way to support informed stakeholder choices, for example by consumers, based on a product's impact on nature.

Science Based Targets Network

SIG is a Science Based Targets Network (SBTN) Corporate Engagement Program participant, pledging alignment with the SBTN's goals and vision, and contributing advice and end-user insights to the development of SBTN methods and tools.

Managing nature-related risks and opportunities

Our business depends on nature and the ecosystem services it provides. Forest-based paperboard is the main raw material for our cartons, and the food that customers use our packs to deliver is made from ingredients that come from farmland. The production of paperboard also depends strongly on water resources.

SIG policies on Responsible Sourcing, Environment, Health and Safety, and Product Stewardship set out our commitment and procedures for managing biodiversity impact across our value chain. See ESG policies. Measures include:

- **Sourcing raw materials** from certified responsible sources, including all paperboard for our cartons with FSC™ certification, and engaging with paperboard suppliers on their biodiversity strategies.
- **Maintaining ISO 14001 certification** for environmental management across our global operations, assessing compliance with environmental standards through rigorous SEDEX SMETA audits at all our production sites, and identifying high-risk sites to support targeted mitigation measures.
- **Reducing food loss and waste** through our aseptic packs and highly efficient filling machines, and improving waste collection systems to prevent packaging waste entering the environment as litter – as well as encouraging customers to include the FSC™ label and the ASI Responsible Aluminium Sourcing logo on relevant packs to raise consumer awareness and enable informed purchasing choices.

We are working on a detailed analysis to identify nature-related dependencies, impacts, risks, and opportunities as part of our preparations for reporting in line with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD).

We consider potential biodiversity-related risks within our enterprise risk management and have started to assess our exposure to sensitive biodiversity areas. In 2023, we used the WWF Biodiversity Risk Filter to conduct an initial self-assessment risk mapping based on the state of biodiversity health at our sites around the world to help us identify biodiversity-related risks related to our operational footprint. Our self-assessment of water-related risks using the WWF Water Risk Filter (**see Resource+ →**) informs our assessment of risks, dependencies, and impacts on water.

Nature-related risks and opportunities are managed as part of our governance on sustainability and ESG matters, with oversight from the Board of Directors' Nomination and Governance Committee (**see Sustainability built in; Governance →**).

Sustainability continued
Resource+

Resource+

We are accelerating progress towards a circular economy that eliminates waste and regenerates nature.

At least
90%
paper content aseptic carton targeted by 2030

Recycle-ready
bag-in-box and spouted pouch solution in all our relevant market segments targeted by 2025

Our cartons are made mainly from renewable paper content, sourced from sustainably managed forests and other controlled sources, and are designed to be fully recyclable. We offer innovative solutions that enhance circularity by eliminating aluminum foil, linking polymers to renewable or recycled materials, tethering caps, and swapping plastic for paper straws.

We are also innovating to make more of our bag-in-box and spouted pouches recycle-ready[1] and to link their polymer content, already optimized through lightweighting, to post-consumer recycled plastics.[2]

We are going further with bold ambitions to further increase paper content in our cartons, keep high-quality materials in circulation, and avoid waste entering the environment as litter through effective waste collection and increased recycling (see right).

We strive to optimize material use by lightweighting our packaging (including closures and connection systems), minimizing production waste, and innovating to make our filling machines even more efficient. Certified systems help us continuously improve resource use – including managing waste and water – in our operations and supply chain.

Our Resource+ commitments help customers reduce the environmental impact of their packaging, comply with growing regulations that mandate extended producer responsibility for packaging waste, and reduce resource use for filling lines at their factories. They also contribute to global goals on climate (**see Climate+ →**) and nature (**see Towards Nature Positive →**).

Our Resource+ ambitions

1. Achieve a **90% collection and 70% recycling rate** for our beverage cartons in Europe by 2030
2. Offer a **recycle-ready[1] bag-in-box and spouted pouch solution** in all our relevant market segments by 2025
3. Keep materials in circulation by **offering renewable and/or recycled polymer content[2]** for all our packaging by 2025
4. Help eliminate litter by **increasing used packaging collection** worldwide through our advocacy efforts
5. Partner with industry and stakeholders to strive for **recycling at scale** for all our packaging in all our priority markets

Progress in 2023

We have set bold new ambitions for 2025 and 2030 to catalyze progress on circularity across our packaging portfolio.

Our innovative SIG Terra Alu-free + Full barrier aseptic carton solution with no aluminum layer had its first commercial launches, we added recycle-ready[1] bag-in-box and spouted pouch solutions to our SIG Terra portfolio, and we trialed a circular bag-in-box solution. The first saveBOARD recycling facility opened in Australia, making high-performance construction materials from used beverage cartons, and two more are in development. We have extended our social recycling programs in Egypt and Indonesia, and our Recicleiros model for municipal waste collection has been adopted as federal policy in Brazil.

1 In line with Design for Recycling criteria developed by APR (Association of Plastic Recyclers) and Recyclass.
2 Via an independently certified mass balance system.

Sustainability continued
Resource+ continued

Pioneering recycling model adopted by the government in Brazil

Our pioneering Recicleiros Cidades program in Brazil channels corporate funding into municipal waste collection, helps businesses meet regulatory requirements, and ensures decent working conditions for waste pickers.

This year, the Brazilian government adopted the Recicleiros Cidades model as federal public policy. It incentivizes investment in waste collection and recycling by enabling companies to meet their legal obligations on reverse logistics through programs that guarantee a certain volume of waste material will be recycled within five years. The law mandates social as well as environmental benefits through the productive inclusion of waste pickers.

Recicleiros Cidades is already operational in 14 municipalities, with seed investment from SIG and support from more than 60 businesses. More than 600 municipalities across the country applied to join this year. Over the last six years, the program has collected over 10,870 metric tons of waste, reached 978,000 citizens, and created reliable jobs for 347 waste pickers together with training through the Recicleiros Waste Pickers' Academy.

Recicleiros Cidades is part of our holistic recycling approach in Brazil, alongside the so+ma vantagens rewards-based community collection program and the construction of a new recycling plant.

"The Recicleiros Cidades process proposed a revolution in municipal solid waste management, enabling a legal, administrative, and operational reorganization of this important public service. It is a watershed for municipalities that are willing to improve management.

Eliel Pacheco
Junior Secretary of the Environment, Municipality of Pederneiras, São Paulo

Partnering with the German Development Cooperation to boost recycling and livelihoods in Egypt

We have launched a three-year public–private partnership with GIZ (the German Development Cooperation) and Plastic Bank to create an effective system for collecting and recycling used beverage cartons in Egypt – and improve working conditions for informal waste collectors, known as collection members.

Plastic Bank's blockchain technology will be used to verify ethical working conditions and enable full traceability of the volume of used beverage cartons and other waste removed from the environment. Together, we will roll the program out in Greater Cairo, where there is currently no formal segregation of waste at household level.

Over the next three years, we will partner with GIZ and Plastic Bank, aiming to collect and recycle 700 metric tons of used beverage cartons and improve livelihoods for 1,030 collection members (including 300 women and 400 young adults aged 18-26).

Collection members log each piece of waste they collect on an app to earn incentives via digital wallets. The incentive paid aims to help collection members to buy food products and pay school fees to support their children. Additionally, collection members have access to a full coverage medical insurance plan funded by Plastic Bank's partners. They also receive health and safety training and personal protective equipment to help ensure their safety while working.

Our three-month pilot with Plastic Bank last year collected 110 metric tons of used beverage cartons and supported 82 people in four communities, boosting their income by an average of 10%.

The partnership is supported through the German Federal Ministry for Economic Cooperation and Development's (BMZ) funding program develoPPP and its "Decent Work for a Just Transition" Special Initiative.

Read on for more on
Resource+ →
Or go to
Food+ →

Sustainability continued
Resource+ continued

Our commitment

We strive to lead the way towards a fully circular packaging system. Our ambitious targets aim to increase renewable or recycled content, offer more recycle-ready[1] solutions through design for recycling, and foster collection and recycling of used packaging at scale.

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 – all underpinned by the use of renewable energy.

See Climate+ →

Our circular packaging journey

Renewable and recycled content

Our ambition
Lead the industry for renewable content by continually increasing paper content in our flagship aseptic cartons,[2] and comply with regulatory requirements on post-consumer recycled plastic content[3] in every relevant SIG packaging.

Today
- All our cartons are made mostly of renewable forest-based paperboard.
- We offer forest-based polymer solutions[3] for all our aseptic cartons.
- We offer the world's first full-barrier aseptic carton packaging material linked to 100% forest-based renewable content[4] with no aluminum layer.
- We offer circular polymer solutions linked to post-consumer recycled plastics[3] for all our aseptic cartons and we are piloting circular polymers for bag-in-box.

By 2025
- We will develop a full barrier aseptic carton with at least 85% paper content (excluding closure).
- We will keep materials in circulation by offering renewable and/or recycled polymer content for all our packaging.

By 2030
We will develop a full barrier aseptic carton with at least 90% paper content (including closure).

We will make all our flagship aseptic carton formats[2] available with no aluminum layer.

Design for recycling

Our ambition
Lead the industry in designing for recycling to offer recycle-ready options for every relevant SIG packaging – in line with our sustainable packaging guidelines.

Today
- All our cartons are already designed to be fully recyclable.[5]
- Our SIG Terra portfolio already includes recycle-ready[1] bag-in-box or spouted pouch solutions.

By 2025
- We will offer a recycle-ready[1] bag-in-box and spouted pouch solution in all our relevant market segments.

Recycling at scale

Our ambition
Advocate and partner through industry associations to achieve recycling at scale in all priority countries where SIG is active.

Today
- We support collection and recycling through country specific roadmaps in priority countries that account for more than 90% of our global packaging sales (by weight).

By 2025
- We will partner with industry and stakeholders to implement dedicated and country-specific roadmaps to support increased collection and recycling of beverage cartons, bag-in-box, and spouted pouches in priority countries that account for more than 90% of our global packaging sales (by weight).

By 2030
We will achieve a 90% collection and 70% recycling rate for our beverage cartons in Europe (through our commitment to the ACE 2030 roadmap).

1 In line with Design for Recycling criteria developed by APR (Association of Plastic Recyclers) and Recyclass.
2 Top five SIG aseptic carton formats by sales volume.
3 Via an independently certified mass balance system.
4 Excluding negligible constituents, such as inks and pigments. Polymers linked to wood residues from paper making via an independently certified mass balance system.
5 In line with guidelines developed by ACE and 4evergreen, and the relevant EN643 standard.

Sustainability continued
Resource+ continued

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

ACE 2030 roadmap: industry commitments in Europe

Through ACE, together with others in our industry, by 2030 we are committed in Europe to:

1. **Produce beverage cartons only from renewable materials**
2. **And/or produce beverage cartons from recycled materials**
3. **Use more fiber[1] and less plastic**
4. **Decarbonize our value chain in line with 1.5°C target**
5. **Deliver the lowest carbon footprint packaging**
6. **Design for circularity**
7. **Achieve a 90% collection rate of beverage cartons for recycling**
8. **Achieve at least a 70% recycling rate verified by third parties**
9. **Meet the highest sustainability sourcing standards for all materials**
10. **Increase carbon seques-tration, enhance biodiversity, and increase forest growth**

Increasing renewable and recycled content

Through our focus on **Sustainable innovation** →, we are developing ways to increase use of renewable or post-consumer recycled materials across our packaging portfolio – particularly to replace aluminum and virgin fossil-based polymers.

Our standard aseptic cartons are already made of around 75% renewable paperboard on average. SIG Terra Alu-free,[2] first launched in 2010, increases the renewable paperboard content to around 82% by removing the aluminum layer of aseptic cartons for oxygen insensitive food products such as white UHT milk.

SIG Terra Alu-free + Forest-based polymers[3] increases use of renewable materials by linking the polymers in our aseptic cartons to renewable forest-based materials. Introduced in 2017, it is the world's first aseptic carton solution linked to 100% renewable materials.[4] SIG Terra Alu-free + Full barrier,[5] which had its first commercial launches in 2023, extends our aluminum-layer-free offering for use with oxygen sensitive food products, such as juice, by offering equivalent barrier properties to our standard aseptic cartons.

We are now targeting increased paper content in our full barrier aseptic cartons – to at least 85% paper content (excluding closure) by 2025 and at least 90% paper content (including closure) by 2030. We also offer renewable paper straw solutions to replace polymer straws for on-the-go cartons.

In addition, we are looking for ways to reuse valuable resources by linking our packaging materials to recycled content. We already offer SIG Terra Circular polymers linked to post-consumer recycled plastics[6] for aseptic cartons and we are piloting circular polymers for bag-in-box. These solutions can also support customers in meeting forthcoming regulations mandating the use of recycled content in plastic packaging.

We use an innovative mass balance system, independently verified through ISCC PLUS certification,[7] to link polymers in our packaging materials to renewable or recycled materials. This system ensures the equivalent amount of renewable or recycled raw materials allocates to the relevant packs are sourced and used in the production of the packs. The certified materials are physically mixed in with conventional fossil-based feedstock to produce polymers to the required grade, but kept separately via verifiable bookkeeping 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.[8]

1 Fiber refers to wood-based fiber in the paper content of cartons.
2 Formerly known as combibloc **ECO**PLUS. Polymers are linked to wood residues from paper making via an independently certified mass balance system.
3 Formerly known as **SIG**NATURE 100.
4 Excluding negligible constituents, such as inks and pigments. Polymers linked to wood residues from paper making via an independently certified mass balance system.
5 Formerly known as **SIG**NATURE EVO.
6 Via an independently certified mass balance system.
7 Or in some cases REDcert².
8 The Ellen MacArthur Foundation Mass Balance White Paper.

Sustainability continued
Resource+ continued

Designing for recycling

Recyclability is a core consideration in the development of our packaging solutions.

We follow industry guidelines on design for recycling to help us design packs that are not only technically recyclable, but are also widely accepted in available recycling streams. These include design for recycling guidelines we helped to establish for cartons through ACE and 4evergreen, as well as guidelines from CEFLEX, Recyclass, and the US Association of Plastic Recyclers (APR) that apply to our bag-in-box and spouted pouches. We have also introduced internal sustainable packaging guidelines, including detailed criteria on design for recycling, for our polymer bag-in-box and spouted pouch solutions.

All our cartons are already designed to be fully recyclable[1] and we are innovating to make more of our bag-in-box and spouted pouch solutions recycle-ready.

Simplifying the design of packaging by reducing the number of different materials that go into a pack can enable recycling more widely.

Our industry-leading aseptic carton solutions with no aluminum layer offer the potential to simplify the process needed to recycle them – with just two materials to separate rather than three. This can also enhance the quality of the recycled polymers recovered. Increasing paper content in our aseptic cartons, as we are targeting, will also enable the packs to be recycled in regions where only paper recycling streams are available.

The SIG Terra portfolio already includes recycle-ready bag-in-box and spouted pouch solutions, and we are innovating to expand the recycle-ready range with a strong focus on solutions that are made mostly from a single type of polymer to facilitate recycling. The cardboard boxes – not manufactured or sold by SIG – that make up the majority of the materials in bag-in-box solutions can already be recycled through widely available paper recycling streams.

Other solutions that support recycling across our packaging portfolio include tethered closures that ensure caps stay with their packs after use.

Advocating circular packaging

Driving progress towards a circular economy is not something we can do alone. We collaborate with industry partners, customers, governments, non-governmental organizations, and communities to develop and implement solutions.

Through industry partnerships (see right), we drive initiatives to create common industry guidelines, develop and share best practices, support enabling legislation, build recycling capacity, improve collection systems, and raise consumer awareness.

Advocating through industry associations creates a stronger voice for favorable recycling policies and regulations at global, regional, and national level. Extended producer responsibility (EPR) is one of the enabling regulatory frameworks we advocate.

EPR legislation incentivizes uptake of recyclable packaging and investment in collection, sorting, and recycling infrastructure by holding manufacturers responsible for their products and packaging through their life-cycle. In cases where EPR legislation alone does not achieve high collection rates, we support the use of deposit return schemes to encourage people to return used items for recycling.

We also work with partners to develop effective systems for collection and recycling in countries where there is no enabling legislation.

Industry partnerships

We collaborate through industry partnerships at global and regional levels:

We are also part of national producer responsibility organizations (PROs), industry associations, and other interest groups that seek to promote recycling in countries such as Australia, China, India, Indonesia, Malaysia, New Zealand, South Korea, Thailand, the USA, and Vietnam.

1 In line with guidelines developed by ACE and 4evergreen, and the relevant EN643 standard.

Sustainability continued
Resource+ continued

Increasing recycling capacity
We are supporting the development of infrastructure to enable our packs to be recycled at scale, with an initial focus on recycling of used beverage cartons.

The high-quality fiber in the paperboard that makes up the majority of our cartons can be separated and recycled relatively easily for reuse at paper mills. We are therefore focusing on increasing capacity to recycle the remaining polymer and aluminum – either together as a robust PolyAl material for roof tiles or furniture, or separately to enable wider applications for the recycled materials. Infrastructure is already in place for recycling PolyAl, including at facilities we have invested in that are located in Australia, Germany, and Brazil. Through EXTR:ACT, we keep apprised of new recycling technologies and facilities being developed independently and through industry associations.

We aim to incentivize development of recycling infrastructure by creating a market for recycled materials – including innovating to use recycled content for our packs (see previous page).

Fostering collection and awareness
Used packaging must be collected before it can be recycled. We support the development of effective collection systems and encourage consumers to recycle packaging materials instead of discarding them as litter or sending them to landfill.

Our tailored Going Circular roadmaps are designed to catalyze collection and recycling in priority countries that together account for around 90% of our global packaging sales (by weight). Many of the programs we support have a wider positive impact by increasing collection and recycling of other types of packaging, not just ours.

Local programs use innovative models for waste collection that provide additional social benefits. These include ethical labor conditions for waste workers through our municipal recycling model in Brazil, the use of blockchain technology in Egypt, and rewards offered in exchange for waste collected in underprivileged communities in Brazil and Indonesia.

We also partner with customers to raise awareness of sustainable packaging and the importance of recycling through on-pack labeling and communications campaigns.

Optimizing resource use in filling
Our filling machines for aseptic cartons have an industry-leading waste rate that means less than 0.5% of our packs are wasted during the filling process. With each new machine, we strive to further optimize the amount of resources – including water, energy, and hydrogen peroxide for sterilization – that customers need to fill our cartons at their factories (**see Sustainable innovation →**).

Through our SIG EcoFill Consulting program, we support aseptic carton customers in identifying further ways to reduce resource use in the filling lines at their factories. We also aim to improve the efficiency of our filling machines for chilled cartons, and plan to review opportunities to reduce resource use in filling our bag-in-box and spouted pouch solutions in the coming year.

We work with customers to ensure that our filling machines, and their parts, are recycled or disposed of responsibly at end of life.

Minimizing waste and water use in pack production
We are committed to monitoring and managing environmental impacts from our operations – including minimizing waste and use of resources such as water. Robust environmental management systems, certified to ISO 14001 at all our production plants, 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 strive to use water resources responsibly by considering water quantity, quality aspects, and water stress risk. We monitor water use at our production plants and aim to minimize consumption where feasible. Sites in water-stressed areas, identified through a self-assessment using the WWF Water Risk Filter, are required to have water management systems.

Managing resources responsibly in our supply chain
We strive to ensure responsible management of natural resources in the supply chain by sourcing our raw materials with certifications to rigorous external standards, such as FSC™ for paperboard and ASI for aluminum foil (**see Our supply chain →**).

Both these certifications include requirements to conserve natural resources, including through sustainably managed forestry operations (**see Forest+ →**), waste management, and water stewardship. In addition, relevant sustainability topics, including water management, are covered through our working groups with paperboard suppliers and we are engaging with aluminum suppliers to increase content from post-industrial waste in the foil we purchase.

Our self-assessment of A-material suppliers using the WWF Water Risk Filter found that none have a substantive impact on water, but our paperboard suppliers are dependent on access to water for the paper-making process. We are using the findings to further evaluate the nature and conditions of the river basins where they operate to better understand potential impacts on water security.

Sustainability continued
Resource+ continued

Our targets

2025 target	Progress tracker
Launch a full barrier carton linked to 100% renewable materials[1]	On track
Further reduce the amount of non-paper[2] 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**	Target replaced
Develop a full barrier aseptic carton with at least 85% paper content (excluding closure) by 2025 – and at least 90% paper content (including closure) **by 2030**	New target
Offer a recycle-ready[3] bag-in-box and spouted pouch solution in all our relevant market segments	New target
Partner with stakeholders to implement dedicated and country-specific roadmaps to support increased collection and recycling of beverage cartons, bag-in-box, and spouted pouches in priority countries that account for more than 90% of our global packaging sales (by weight)	On track
Scale up and expand our community recycling model	On track
25% reduction in grams of waste per m^2 of packaging material used to produce our aseptic cartons[4] (from 2016)	More work to do
Zero landfill – all waste to be recycled or used as renewable biofuel	On track
Maintain certification to ISO 14001:2015 at all production plants	On track

1 Excluding negligible constituents, such as inks and pigments.
2 Target wording amended from "fiber" to "paper" to align with wording of new quantified targets.
3 In line with Design for Recycling criteria developed by APR (Association of Plastic Recyclers) and Recyclass.
4 Wording amended to clarify that this target is for aseptic carton production only.

Sustainability continued
Resource+ continued

Performance in 2023

We set bold ambitions to catalyze progress on increasing renewable and recycled content, designing for recycling, and fostering recycling at scale.

See Our circular packaging journey →

Innovative circular bag-in-box solution

We are piloting an innovative circular solution for bag-in-box, using bags made with post-consumer recycled plastics[1] that are recycled again after use to make into new bag-in-box or other products.

Sustainable innovation →

Increasing renewable and recycled content

- We continued to develop and launch packaging solutions that support our goals to replace aluminum and virgin fossil-based polymers. Highlights in 2023 include the first commercial launches of our SIG Terra Alu-free + Full barrier aseptic carton solution and a circular solution we are piloting for bag-in-box that includes bags made with post-consumer recycled plastics[1] (see below left).

See Sustainable innovation →

Designing for recycling

- The sustainable packaging guidelines we have introduced for our new bag-in-box and spouted pouch businesses include detailed criteria on design for recycling, and we have increased uptake of a recycle-ready spouted pouch solution by a major customer. In 2023, 100% of our carton packaging was designed for recycling,[2] and we offered recycle-ready[3] or recycle-ready alternative bag-in-box and spouted pouch solutions for 69% of our bag-in-box and spouted pouch packaging.

See Sustainable innovation →

Advocating circular packaging

- We contributed to further development of industry guidelines for recycling this year, as well as advocating and preparing for enabling regulations on recycling.
- We worked with industry partners to update the ACE industry roadmap (to be published in 2024) and review the ACE Design for Recyclability Guidelines. We also contributed to the update of 4evergreen's Circularity by Design guidance for fiber-based packaging (published in 2023) that now includes specific recommendations for the design of beverage cartons to be compatible with recycling processes that corresponds with the ACE guidelines. This follows on from the guidance on improved collection and sorting for recycling published last year.
- We have joined the Alliance to End Plastic Waste and, through our bag-in-box and spouted pouch business, we have become a member of CEFLEX (a circular economy for flexible packaging), a collaboration to drive progress towards a circular economy for flexible packaging.
- Advocacy at country level this year included:
  - In China, we joined the Alliance of Technological Innovation in Compulsory Resources Recycling Industry (ACTRR) Lightweight Packaging Recycling Association to gain a better understanding of the recycled plastics standards system in preparation for standardized recycling. We are also participating in industry standard-setting to promote a scientific approach to recycling and calculation of related greenhouse gas emissions reductions.
  - In Brazil, the municipal recycling model established through our Recicleiros Cidades program (see case study →) was adopted by the federal government as public policy this year, and a local SIG representative attended the ceremony when the President signed the policy into law. SIG was also recognized by the Brazilian SESI (Industrial Social Service) Awards in 2023 for the contribution of our so+ma vantagens program to the United Nations Sustainable Development Goals.
  - Through the Swiss association for beverage cartons (GKR), we joined forces with more than 70 organizations along the value chain to voluntarily establish a harmonized country-wide collection system for plastic packaging and beverage cartons in Switzerland.

1 Linked to post-consumer recycled plastics via an independently certified mass balance system.
2 Our evaluation of recyclability is based on the relevant EN643 standard.
3 Our evaluation of recycle-readiness is in line with Design for Recycling criteria developed by APR (Association of Plastic Recyclers) and Recyclass.

Sustainability continued
Resource+ continued

ALLIANCE TO END PLASTIC WASTE

Joining the Alliance to End Plastic Waste

We have joined the Alliance to End Plastic Waste – a community of pioneering companies dedicated to building a circular economy for plastic – to support our efforts to improve collection and recycling of our bag-in-box and spouted pouch solutions globally.

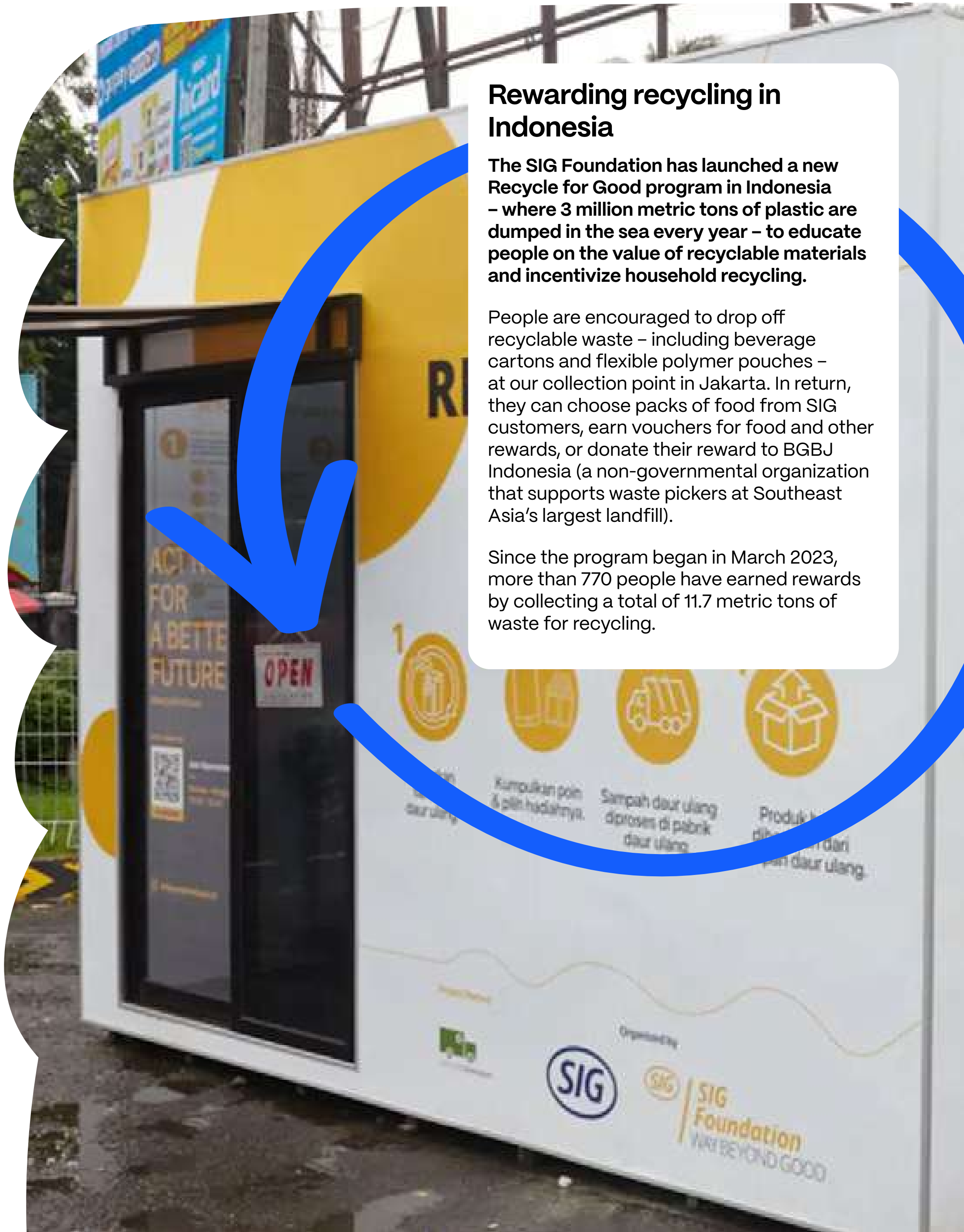
The Alliance to End Plastic Waste focuses on enhancing waste management capacity and capability by improving collection, sorting, processing, and recycling systems, especially in underserved regions. We are part of working groups that aim to drive innovation in recycling technologies in developed markets, and improve collection and recycling in developing markets.

4evergreen Circularity Success Stories

The 4evergreen Alliance recognized SIG in its Circularity Success Stories in 2023. SIG Terra Alu-free + Full barrier, our full barrier packaging material for aseptic carton packs with no aluminum layer, earned the Design for Circularity award. In addition, the Palurec PolyAl recycling plant we invest in with industry partners won the Circularity Best Practices award for its work recovering polymers and aluminum from PolyAl for use in a range of products.

Increasing recycling capacity

- We continued to invest in and support development of new recycling facilities for used beverage cartons this year.
- In Australia, the first saveBOARD recycling facility – which makes high-performance construction materials from used beverage cartons – was officially opened in 2023 with support from SIG and the Global Recycling Alliance for Beverage Cartons and the Environment (GRACE), and we have helped to secure government funding for two further saveBOARD plants.
- In Brazil, we are constructing a new recycling plant for beverage cartons that will use innovative technology to separate the polyethylene from the aluminum in PolyAl to create a wider market and demand for these recycled materials, increasing their value by more than 50%.
- In Europe, we engage through EXTR:ACT to monitor the development of new recycling technologies and facilities. This year, we welcomed the construction of Saperatec, a second PolyAl recycling facility in Germany in addition to the Palurec facility we invest in with industry partners. Existing facilities can already process around 50,000 metric tons of PolyAl annually, enabling polymer and aluminum to be recovered from around 30% of the total PolyAl produced from recycled beverage cartons in Europe.
- We have begun initial analysis to inform our future strategy on increasing recycling capacity for our bag-in-box and spouted pouch solutions.



Rewarding recycling in Indonesia

The SIG Foundation has launched a new Recycle for Good program in Indonesia – where 3 million metric tons of plastic are dumped in the sea every year – to educate people on the value of recyclable materials and incentivize household recycling.

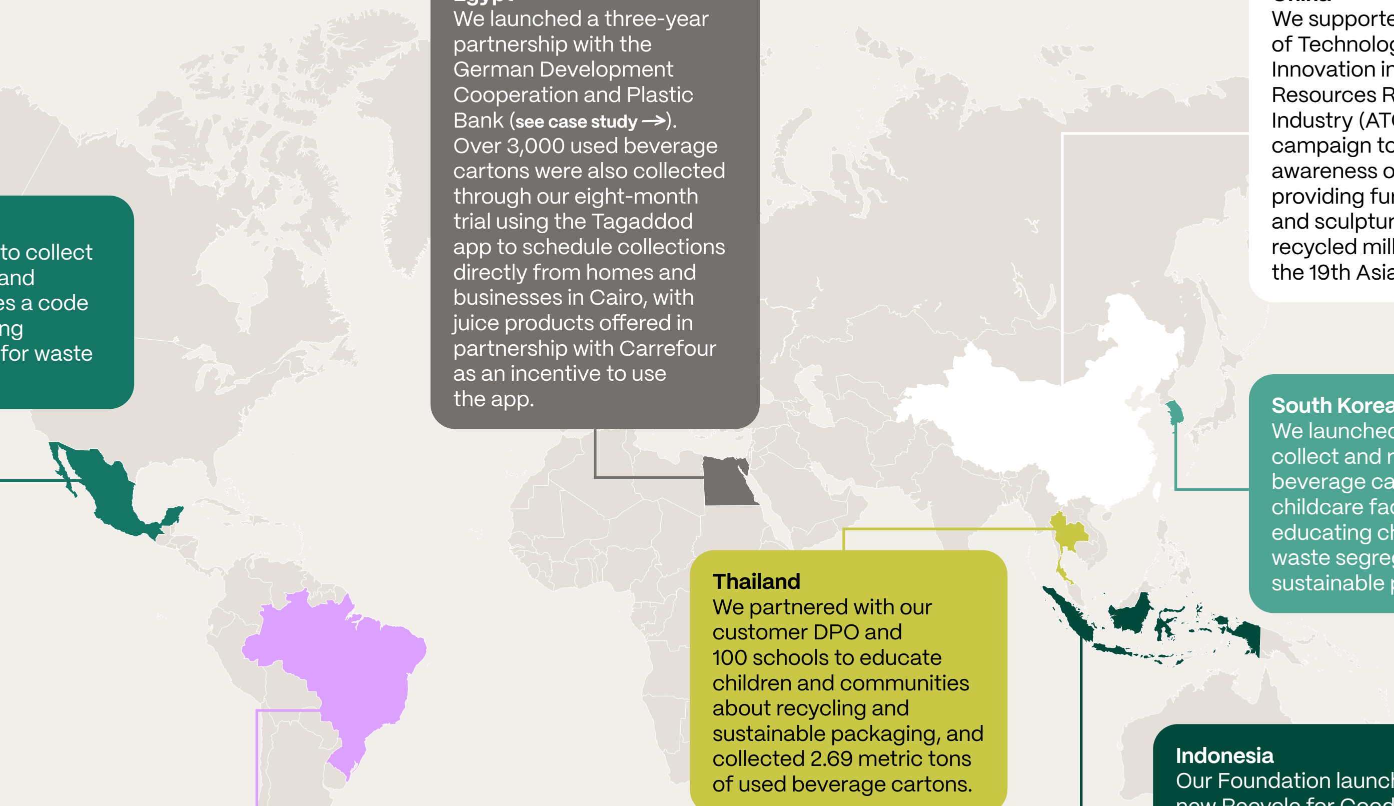
People are encouraged to drop off recyclable waste – including beverage cartons and flexible polymer pouches – at our collection point in Jakarta. In return, they can choose packs of food from SIG customers, earn vouchers for food and other rewards, or donate their reward to BGBJ Indonesia (a non-governmental organization that supports waste pickers at Southeast Asia's largest landfill).

Since the program began in March 2023, more than 770 people have earned rewards by collecting a total of 11.7 metric tons of waste for recycling.

Sustainability continued
Resource+ continued

Fostering collection and awareness

As well as supporting recycling infrastructure, we continued to implement local partnerships to raise awareness and improve collection rates as part of our Going Circular roadmaps in priority countries – including those identified in 2023 for our bag-in-box and spouted pouch businesses.



Egypt
We launched a three-year partnership with the German Development Cooperation and Plastic Bank (**see case study →**). Over 3,000 used beverage cartons were also collected through our eight-month trial using the Tagaddod app to schedule collections directly from homes and businesses in Cairo, with juice products offered in partnership with Carrefour as an incentive to use the app.

China
We supported the Alliance of Technological Innovation in Compulsory Resources Recycling Industry (ATCRR) campaign to raise awareness of recycling by providing furniture, bins, and sculptures made of recycled milk cartons for the 19th Asian Games.

Mexico
We established a new partnership to collect used packaging from households and hospitality premises, which includes a code of conduct to ensure ethical working conditions and fair compensation for waste workers.

South Korea
We launched a project to collect and recycle used beverage cartons from childcare facilities, while educating children about waste segregation and sustainable packaging.

Thailand
We partnered with our customer DPO and 100 schools to educate children and communities about recycling and sustainable packaging, and collected 2.69 metric tons of used beverage cartons.

Indonesia
Our Foundation launched a new Recycle for Good program (**see case study →**), building on our established rewards-based community recycling model in Brazil.

Brazil
1,864 families participating in the so+ma vantagens program brought 165 metric tons of waste to our five collection points this year in exchange for rewards such as food, training, and school materials – and we enrolled further municipalities in our Recicleiros Cidades program.
See case study →

Sustainability continued
Resource+ continued

Optimizing resource use in filling

- We continued to support aseptic carton customers in reducing resource use in their factories through our SIG EcoFill Consulting program and further sales of upgrade kits for our filling machines that reduce water use. We began the first commercial filling with SIG NEO, our next-generation filling machine for family-size aseptic cartons, which is designed to reduce overall use of utilities (hydrogen peroxide, compressed air, and water) by 30% on average.[1] **See Sustainable innovation →**

Minimizing waste and water use in production

- We achieved global ISO 14001 certification across SIG Group – including our newly acquired sites for the first time this year – for our environmental management systems, which help to drive continuous improvements in waste management and water management.
- We generated a total of 80,445 metric tons of waste at our production sites in 2023, of which 91% was reused or recycled, 2% was recovered for energy, and only around 0.8% went to landfill. We have achieved zero waste to landfill at 16 of our 27 production plants. This year's production waste included 1,735 metric tons of hazardous waste that was disposed of by certified waste management contractors.
- Our waste rate for production of aseptic cartons decreased by 3% to 31 grams per m² of packaging material in 2023, representing a 10% reduction since 2016.
- We continue to seek ways to minimize production waste through local initiatives. For example, in Neuhausen (Switzerland), we have cut production waste by 1% by installing a new system to avoid damage to aseptic carton closures during transport around our production plant. In Rayong (Thailand), following initial trials in 2022, we began using pallets made from PolyAl that is recycled from our production waste and used beverage cartons. The hardwearing pallets can also be returned by customers for reuse.
- We conducted a self-assessment using the WWF Water Risk Filter to identify which of our production plants are in water-stressed areas. The plants in water-stressed areas – Merced (USA), Querétaro (Mexico), Riyadh (Saudi Arabia), and Suzhou (China) – together account for 14% of our production plants. We began work to conduct site water risk assessments and develop action plans for water management at each of these plants, in addition to their existing water management systems. We used a total of 486,462 m³ of water in 2023, including 124,473 m³ in water-stressed areas.[2] We discharged 308,312 m³ of wastewater in 2023 (around 63% of the total used).

Sourcing sustainable materials

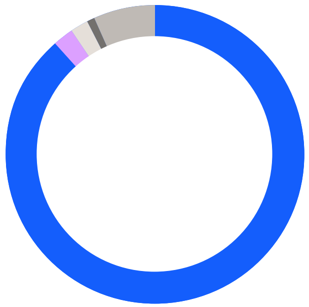
- We continued to purchase 100% of the paperboard for our aseptic cartons with FSC™-certification[5] – and for our chilled cartons from January 2024. We procured 100% of the aluminum foil for our aseptic cartons with ASI Certification and engaged with suppliers to increase use of aluminum content made with post-industrial waste. We also sourced more polymers linked to renewable materials[6] to meet growing demand for our SIG Terra Forest-based polymers solution for aseptic cartons.
See Our supply Chain →

Production waste rate for aseptic cartons (grams of waste per m² of sleeves produced)

Production waste by type (thousand metric tons)

	2020[7]	2021[7]	2022[7]	2023
Raw and laminated carton	48.4	58.3	57.3	**62.5**
Polyethylene	1.6	3.5	3.3	**9.3**
Hazardous waste	2.9	3.7	3.8	**6.5**
Aluminum (<1%)	–	–	0.3	**0.3**
Total	**53.1**	**65.5**	**64.7**	**78.6**

Production waste by disposal method in 2023

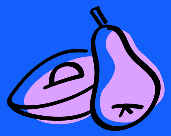


Production waste by disposal method[4] (metric tons) in 2023

	Non-hazardous waste	Hazardous waste	Total waste
Recycled	71,077	193	71,270
Reused	1,158	437	1,595
Recovered from energy	740	973	1,713
Landfill	618	–	618
Other disposal options[3]	5,117	132	5,249
Total	**78,710**	**1,735**	**80,445**

1 Anticipated savings compared with our previous generation filling machines, to be confirmed through first commercial filling.
2 Based on a self-assessment using the WWF Water Risk Filter.
3 Such as incineration without energy recovery.
4 Production waste and waste rate are for sleeves production only and exclude our closures plant in Switzerland.
5 SIG uses FSC™ Mix material that allows the mixing of FSC™ certified wood with FSC™ controlled wood and ensures that an equivalent amount of FSC™ certified wood is procured at the beginning of the value chain.
6 Via an independently certified mass balance system.
7 Waste data for previous years is for our aseptic carton business only.

Sustainability continued
Food+



Food+

Our packs help bring food and drink to millions of people every day in a safe, sustainable, and affordable way.

15.5bn

liters of nutritious[1] food and drink delivered in SIG packaging in 2023

SIG packaging systems are extremely well placed to contribute to a net positive food system – while helping our customers and our business grow.

Our aseptic packs preserve nutritional content without chilling, supporting wider access to safe nutrition where it is most needed. They are well suited to deliver nutritious food and drinks – such as milk and plant-based dairy alternatives, juices, fruit and vegetable purees, soups, and now the world's first long-life probiotic drink.

Through our focus on Food+, we help customers develop and deliver new nutritious food products to more people around the world. Maintaining product safety is a priority. We also strive to minimize food loss and waste to reduce climate impacts, resource use, and associated biodiversity loss.

See Towards nature positive →

Progress in 2023

Customers used our packs to deliver 15.5 billion liters of nutritious[1] food and drink in 2023, with the inclusion of our new bag-in-box and spouted pouch solutions contributing to a 28% increase this year.

We partnered with AnaBio Technologies to create a new product category – the world's first long-life probiotic drink – for our aseptic cartons and spouted pouches. We continued our SIG Incubator program for start-ups launching nutritious products, and the SIG Foundation engaged with NGO partners to scale up its flagship Cartons for Good project in Bangladesh and Egypt. We maintained robust food safety standards at all production sites globally, and continued to minimize food loss from filling.

Together with the expert team at SIG, we're not only able to offer consumers probiotic products with unique health benefits, but also a longer product shelf life for greater convenience. It's a real step-change innovation in the field of probiotic beverage products.

Dr Sinéad Bleiel
Founder, AnaBio Technologies

Joint innovation leads to world's first long-life probiotic drink

We partnered with AnaBio Technologies to create the world's first long-life probiotic drink, a new product category for aseptic packaging and a completely new consumer offering.

Probiotics can offer many health benefits such as improved gut health and strengthened immunity. But until now it has not been possible to offer probiotics in aseptic packaging because they could not survive the high temperatures commonly used in processing. Probiotics can also be unstable during storage, typically restricting their use to beverages with a short shelf life that need to be refrigerated during distribution and storage.

The combination of AnaBio's patented "encapsulation" technology and our gentle aseptic filling technology overcomes these restrictions. This enables drinks containing live probiotics to be packed in aseptic carton, bag-in-box, and spouted pouch solutions and kept at room temperature for extended periods without refrigeration.

Launched globally this year, this game-changing development fulfills the need for healthy, tasty, and nutritious probiotic beverages in sustainable and convenient packaging that can be stored and distributed at ambient temperatures without the need for energy-intensive refrigeration (and related greenhouse gas emissions). We have already completed successful filling line trials with two customers in India.

Read on for more on
Food+ →
Or go to
Sustainable innovation →

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

Sustainability continued
Food+ continued

Our commitment

We aim to partner with more customers that provide nutritious food and drink, and help them increase access to their products in more locations and outlets, particularly in the markets where this can make the biggest difference.

We also support the development of new technologies that use our aseptic packaging systems to extend access to valuable nutrients without the need for refrigeration during delivery and storage.

The SIG Incubator[1] program supports start-ups launching nutritious new food and beverage products by providing access to advice, expertise, and consumer-focused insights – as well as enabling them to use our filling machines, either at our own Tech Centers or at existing SIG customers' plants.

0.5%

Our highly efficient filling machines cut waste of packs (and associated food content) during filling to an industry-leading 0.5% or less for aseptic cartons

Our aseptic packs reduce food waste by design, enabling food to be kept safely for up to 12 months without refrigeration. Through our Cartons for Good project, led by the SIG Foundation, we are going further with an innovative model to pack and store surplus food crops that would otherwise be lost – and turn them into nutritious meals for people in need.

We are also committed to minimizing food loss during filling. Our highly efficient filling machines cut waste of packs (and associated food content) during filling to an industry-leading 0.5% or less for aseptic cartons, and as little as 0.7% for bag-in-box and spouted pouches.

We also aim to minimize food waste from residues left in the pack after consumer use by offering very high evacuation rates for our bag-in-box and spouted pouch solutions and innovating to further improve pourability of our cartons.

We maintain certifications to recognized standards for food safety management systems at all relevant SIG production plants.

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[2] 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 Incubator program to share unused filling capacity to deliver nutritious food safely and efficiently[3]	On track
Maintain existing ISO 9001:2015 certifications at production plants (including all aseptic carton plants)[4]	On track
Maintain top level GFSI[5]-recognized certification at all packaging production plants[6]	On track
Create self-sustaining, scalable models for the SIG Foundation's Cartons for Good project[7] (also a target for Communities)	More work to do

1 Formerly **SIG**CUBATOR.
2 Different types of products are categorized according to their nutritional profile based on the independent Health Star Rating System.
3 Target amended to include any unused filling capacity and reflect the new name of the SIG Incubator program (formerly **SIG**CUBATOR).
4 Target amended following integration of our newly acquired, bag-in-box, and spouted pouch businesses.
5 Global Food Safety Initiative (GFSI)-recognized certifications include the Brand Reputation Compliance Global Standards (BRCGS) packaging standard, Safe Quality Food (SQF), Food Safety System Certification (FSSC 22000), and International Featured Standard (IFS).
6 Target expanded to include other GFSI-recognized standards (not just BRCGS), following integration of our newly acquired bag-in-box, spouted pouch, and chilled carton businesses.
7 Target wording shortened by removing the full name of the SIG Way Beyond Good Foundation.

Sustainability continued
Food+ continued

Performance in 2023

Delivering nutrition

- The integration of bag-in-box and spouted pouches into our portfolio (through an acquisition completed in 2022) has significantly expanded 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.
- Our packaging solutions helped deliver 28.3 billion liters of food and beverages to consumers globally in 2023. This included 15.5 billion liters of nutritious products, such as milk and fruit juice, that contribute to a balanced diet (as defined by the independent Health Star Rating System), an increase of 39% since 2020. The amount of nutritious food packed in our cartons alone increased by a further 1.5% to 12.3 billion liters, up 10% from 2020.
- Customers used our packs to launch a range of nutritious food and beverages around the world, including:
  - **Plant-based milk and protein products** from NotCo, Latin America's fastest-growing plant-based food technology company, in aseptic cartons.
  - **Oat-based beverages** in aseptic cartons from leading German dairy cooperative Hochwald, as it entered the growing plant-based market for the first time.
  - **Locally produced white cheese** from Baladna, Qatar's leading dairy and beverage producer, in aseptic cartons.
  - **Pulses such as beans, peas, and lentils** from major Italian food producer La Doria, packed in long-life SIG SafeBloc cartons as a more sustainable alternative to retort cans.
  - **Broths** from ARIAKÉ in aseptic cartons that retain the quality, taste, aroma, and natural nutrients, vitamins, flavors, and colors – to be sold initially in France, and soon Belgium.

Innovating to drive progress

- We partnered with AnaBio Technologies to develop a groundbreaking solution, the world's first long-life probiotic drink, to enable wider access to probiotics without the need for refrigeration (**see case study** →). Trials at our Tech Center in Germany this year supported validation of the concept's technology and market viability.
- Our next-generation filling system for aseptic spouted pouches will lower the total cost of ownership of filling operations to support wider access to affordable healthy foods. In 2024, we will enable customers, and start-ups participating in SIG's Incubator program, to test their products in spouted pouches using a filling system specifically for research and development at our Tech Center in Dubai.
- We have joined MISTA, a new food innovation platform, to provide our expertise in sustainable packaging to co-create next generation food solutions with other member companies (see right).
- We continued to work with NGO partners, such as Forum for the Future, to explore how to increase our positive impact within the global food supply system, focusing on opportunities to foster a regenerative food supply.

Joining food innovation platform MISTA

SIG is the only packaging provider to join US-based food innovation platform MISTA, which brings together leaders from the global food and beverage industry to explore innovative ways to accelerate the transformation of the global food system into a more regenerative one.

Joining the platform will help us drive progress on our Food+ ambitions and help tackle global challenges by co-creating solutions not only for packaging, but also for food products.

MISTA

We are excited to have SIG as part of the MISTA network. SIG's expertise and capabilities in aseptic filling and sustainable packaging solutions and their global test filling and co-creation capabilities will enable members to bring new product concepts and ideas to life and co-create next-generation solutions. By joining forces with ingredient experts, processing partners, and SIG as a filling and packaging solution provider, the whole value chain is covered.

Scott May
Founder & Head of MISTA

Sustainability continued
Food+ continued

Supporting start-ups

- The SIG Incubator program provided advice, consumer insight and filling machine capacity to the start-up Earth and Iron, enabling it to test processing requirements and launch its plant-based and highly nutritious drink in SIG cartons in the UK. The program also contributed to our partnership with AnaBio Technologies (see Joint innovation leads to world's first long-life probiotic drink →).
- To date, we have supported six start-ups through the SIG Incubator program and alumni have continued to prosper this year. For example, GROUNDED gained a national listing with a UK retailer for its plant-based protein shake, and Tiptoh's pea protein beverage is now sold online and stocked in three national supermarkets in Belgium.

In 2024, we will extend the SIG Incubator program to include access to our bag-in-box and spouted pouch packs, filling capacity, and expertise.

Turning food loss into safe nutrition for those in need

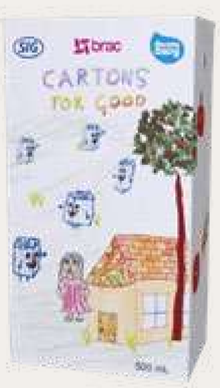
- Cartons for Good, the SIG Foundation's flagship project, continued in Bangladesh using our specially designed mobile filling unit to turn 4.5 metric tons of harvest food loss that farmers could not otherwise sell into more than 23,000 nutritious meals preserved in SIG cartons. Our project partner BRAC, a local NGO, distributed filled Cartons for Good packs to schools to offer regular hot meals for 140 children in the urban slums of Dhaka.
- The SIG Foundation has developed a technical concept and partnership model to scale up the Cartons for Good project, and engaged with an NGO to explore bringing this innovative model to Egypt (see right).
- In 2023, Cartons for Good won the SAVE FOOD Initiative's inaugural SAVE FOOD Project competition, which promotes solutions that contribute to reducing global food waste and loss.

Scaling up the SIG Foundation's award-winning Cartons for Good project

The SIG Foundation's innovative Cartons for Good project uses SIG's know-how, filling technology and packs to preserve surplus food that would otherwise be lost and turning it into meals for people in need. We have piloted the project over the last four years using a specially designed mobile filling unit in Bangladesh.

Building on learnings from the pilot, we have developed a new model to scale up Cartons for Good to further reduce food loss and get nutrition to more people in need. The model includes plans for an on-site laboratory that can increase food production from 200 to 1,500 packs per day.

We will continue to support the project as the provider of the concept, packs, filling technology, and service, while engaging outside partners to finance and implement expansion. The SIG Foundation signed a memorandum of understanding this year with the Natural Resources and Climate Protection Foundation to pave the way for the launch of the project in Egypt.



In 2023, Cartons for Good was recognized with an award from the SAVE FOOD Initiative that strives to curb global food waste and loss. The SIG Foundation will invest the prize money from this award in a comprehensive local study to understand how to maximize the impact of Cartons for Good in Egypt.

Cartons for Good won the SAVE FOOD Initiative's Inaugural SAVE FOOD Project competition in 2023, which promotes solutions that contribute to reducing global food waste and loss.

Maintaining food quality and safety

- We assessed the health and safety impacts of our products and services across our portfolio. There were no incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of our products and services in 2023.
- We maintained certification to the ISO 9001:2015 quality management standard across our aseptic carton business, and at nine of our bag-in-box, spouted pouch, and chilled carton production plants.
- We achieved GFSI-recognized food safety standards, such as BRCGS, at the highest level at 26 of our 27 relevant production plants – including eight plants that passed an unannounced audit to gain AA+ BRCGS certification. The remaining chilled carton plant in Taiwan, acquired in 2022, maintained certification to ISO 22000:2018 and is working towards certification to a GFSI-recognized standard.

Minimizing food loss from filling

- Our filling machines for aseptic cartons continue to lead the industry with a waste rate of 0.5% or less and SIG NEO, our next-generation filling machine that is designed to cut waste rates even further, commenced its first commercial filling in 2023.
- At our Tech Centers in Germany and China, we have started using a nutrient solution instead of milk to test the functionality of our aseptic carton filling machines, saving between 100,000 and 200,000 liters of milk per year.

Sustainability continued
Sustainable innovation

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.

SIG Terra Alu-free + Full barrier offers

-25%

lower carbon footprint than our standard aseptic cartons[5]

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 assessments show our carton, bag-in-box, and spouted pouch solutions offer significant reductions in environmental impacts compared with other types of packaging, such as glass, plastic tubs and bottles, or cans.[1]

Our packs' strong environmental credentials are an important differentiator as market demand for sustainable packaging solutions continues to grow. Choosing our solutions helps customers respond to rising consumer expectations, comply with increasingly stringent regulations, and achieve their sustainability ambitions.

We strive to make our packs even more sustainable through innovation. Across our portfolio, we are innovating to design more recycle-ready[2] packs that optimize material use, and to replace virgin fossil-based polymers with renewable or recycled alternatives. We are also creating new solutions to further reduce the resources needed to fill our packs in customers' factories.

We have already achieved a host of industry firsts (**see our sustainable innovation journey →**). Our SIG Terra[3] portfolio showcases our most sustainable innovations – including aseptic cartons with no aluminum layer, polymers linked to forest-based and recycled materials,[4] and recycle-ready bag-in-box and spouted pouch solutions.

Our focus on sustainable innovation drives progress towards our net positive ambitions by cutting the carbon footprint of our packaging solutions (**see Climate+ →**), contributing to a circular economy (**see Resource+ →**), using more renewable materials from sustainably managed forests (**see Forest+ →**), and helping customers deliver more nutritious food with less waste (**see Food+ →**).

Progress in 2023

Uptake of our SIG Terra portfolio grew by a further 12% in 2023 for aseptic cartons, our innovative SIG Terra Alu-free + Full barrier solution was launched commercially by the two largest dairy companies in China, and we added recycle-ready[2] bag-in-box and spouted pouch solutions to our SIG Terra portfolio.

We have set bold new ambitions to enhance circularity by design – by further increasing the paper content of our cartons and offering a recycle-ready bag-in-box and spouted pouch solution in all our relevant market segments. We have developed detailed new internal guidelines to support progress and we are already piloting a circular bag-in-box solution.

Read on for more on

Sustainable innovation →

Or go to

Responsible culture →

First product launch with SIG Terra Alu-free + Full barrier

SIG Terra Alu-free + Full barrier for aseptic cartons – which offers equivalent barrier properties to our standard aseptic cartons, but with no aluminum foil layer – made its commercial debut in 2023 with China's two largest dairy companies adopting this innovative packaging solution.

Yili Group, China's largest dairy producer, was the first customer to launch SIG Terra Alu-free + Full barrier – for its flagship Satine brand. The launch was announced at its Zero Carbon Summit, where SIG was named as Yili Group's Global Supply Chain Low-carbon Pioneer. Mengniu, China's second largest dairy company and sponsor of the 2024 Paris Olympic Games, has also taken up SIG Terra Alu-free + Full barrier for its Zhenguoli (ZGL) yogurt drink.

A critically reviewed life-cycle analysis shows that SIG Terra Alu-free + Full barrier cuts the carbon footprint of our cartons by 25%,[5] compared with our standard structure for SIG MiniBloc 200 ml packs in China. Removing the aluminum layer also offers the potential to simplify the recycling process for beverage cartons, with just two materials to separate (paperboard and polymers) instead of three.

Customers can use existing SIG filling machines, with a modification kit, for both our standard structure and the new SIG Terra Alu-free + Full barrier material with no aluminum layer.

1 For a wide range of food and beverages, based on independent critically reviewed life-cycle assessments for beverage cartons conducted in line with ISO 14040 and ISO 14044 standards, and on preliminary results of our life-cycle analysis of bag-in-box and spouted pouch solutions (an independent, critically reviewed life-cycle assessment for these solutions is in progress).
2 In line with Design for Recycling criteria developed by APR (Association of Plastic Recyclers) and Recyclass.
3 Formerly **SIG**NATURE.
4 Via an independently certified mass balance system.
5 Based on independent ISO-compliant life-cycle assessment. Data has been critically reviewed and the full report will be published in 2024.

Sustainability continued
Sustainable innovation continued

Our sustainable innovation journey so far

Our starting point

Standard SIG aseptic carton and filling machine

- Aseptic cartons made of, on average, 75% FSC™-certified renewable paperboard,[1] 21% polymers, and an ultra-thin layer of aluminum foil.
- 28–70% lower carbon footprint than alternative packaging, such as plastic and glass bottles, and aluminum cans.[2]
- Industry-leading waste rate (<0.5%) through highly efficient filling process.

2010

SIG Terra Alu-free[3]

Industry Leader

- **World's first** packaging material for aseptic cartons with no aluminum layer.
- 82% renewable paperboard.
- Up to 23% less carbon than standard SIG packaging material for aseptic cartons.[2]
- For use with dairy products.

2013

SIG Dome[4]

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

2016

RS structure

- Optimizes use of materials while improving the robustness of our aseptic cartons during processing and distribution.

2017

SIG Terra Alu-free + Forest-based polymers[5]

Industry Leader

- **World's first** aseptic carton linked to 100% renewable material.[6]
- No aluminum layer.
- Up to 63% less carbon than standard SIG packaging material for aseptic cartons.[2]
- For use with dairy products.

2018

SIG Terra Forest-based polymers[6]

- Polymers linked to 100% renewable material.[7]
- Ultra-thin aluminum foil layer to protect oxygen-sensitive products, such as orange juice.
- Up to 41% less carbon than standard SIG packaging material for aseptic cartons.[2]

2018

Heat&Go

- Our first aseptic carton that can be heated in the microwave.
- Enhanced barrier film and pigmented laminated layer replace aluminum foil.

1 Our cartons use paper-based liquid packaging board, referred to throughout as "paperboard". SIG uses FSC™ Mix material that allows the mixing of FSC™ certified wood with FSC™ controlled wood and ensures that an equivalent amount of FSC™ certified wood is procured at the beginning of the value chain.
2 Based on independent ISO-compliant life-cycle assessments.
3 First launched as combibloc **ECO**PLUS.
4 First launched as combidome.
5 First launched as **SIG**NATURE 100.
6 Excluding negligible constituents, such as inks and pigments. Polymers linked to wood residues from paper making via an independently certified mass balance system.
7 First launched as **SIG**NATURE FULL BARRIER.

Sustainability continued
Sustainable innovation continued

2019

Paper straw solution

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

Industry Leader

2019

ASI-labeled packs

- **World's first** aseptic carton packaging materials with ASI-Certified aluminum foil.
- The only cartons that can carry the ASI Responsible Aluminium Sourcing logo.

Industry Leader

2020

SIG Terra Circular polymers[1]

- **World's first** aseptic carton solution offered with post- consumer recycled content.
- Polymers linked to 100% recycled plastics.[2]

Industry Leader

2021

SIG NEO

- Next-generation filling machine for family-size aseptic carton packs.
- 25% less carbon by design for the filling and packaging per pack.[3]
- 30% less consumables by design (hydrogen peroxide, compressed air, and water).[3]

2022

SIG Terra Alu-free + Full barrier[4]

- **World's first** full barrier solution for aseptic cartons with no aluminum layer.
- For use with both liquid dairy and oxygen-sensitive products, such as fruit juices, nectars, flavored milk, or plant-based beverages.

Industry Leader

2022

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-recognized recycle-ready bag-in-box.[5]
- World's first bag-in-box linked to recycled content.[2]

Industry Leader

2023

SIG Dome Mini

- Portion size.
- Looks and pours like a bottle.
- Environmental benefits of a carton.

2023

SIG Terra Alu-free + Full barrier commercially available

- **World's first** full barrier solution for aseptic cartons with no aluminum layer launched commercially in China.
- Up to 25% less carbon than standard SIG packaging material for aseptic cartons.[6]

Industry Leader

Icon indicates innovations where SIG led the industry according to SIG's global commercial intelligence.

1 First launched as **SIG**NATURE CIRCULAR.
2 Via an independently certified mass balance system.
3 Anticipated savings compared with our previous generation filling machines, to be confirmed through first commercial filling.
4 First launched as **SIG**NATURE EVO.
5 Association of Plastic Recyclers (APR).
6 Based on independent ISO-compliant life-cycle assessment. Data has been critically reviewed and the full report will be published in 2024.

Sustainability continued
Sustainable innovation continued

Our commitment

We are committed to investing in research and development to better meet the needs of customers and consumers, including further reducing the environmental impact of our packaging solutions.

Sustainability criteria are core value drivers in all our product development, alongside other critical factors such as safety and affordability. Our Innovation Board regularly reviews our entire innovation pipeline in the light of evolving sustainability considerations, such as forthcoming regulations and customer needs.

We have established clear internal guidelines on sustainable packaging design for our cartons, and separately for our bag-in-box and spouted pouch solutions, with accompanying training for relevant teams. These guidelines include detailed market-level criteria on design for recycling.

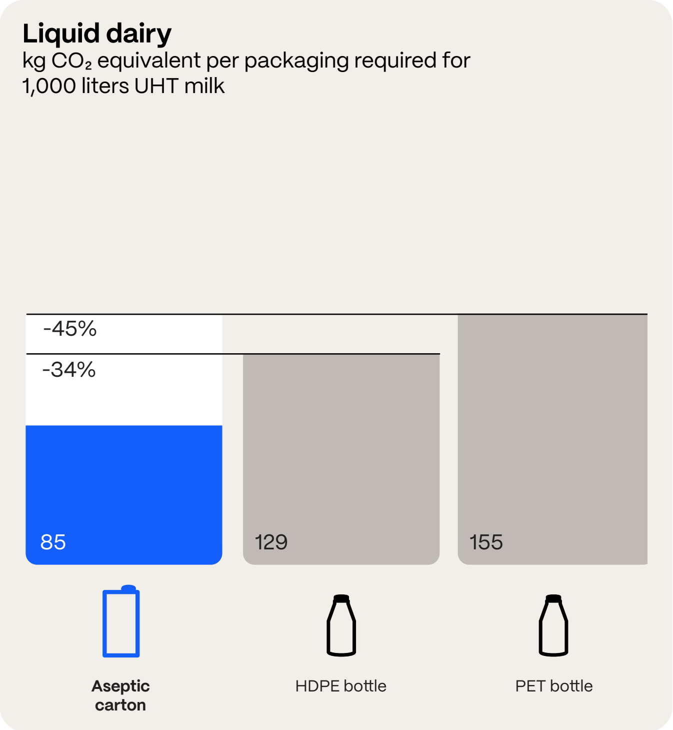
Our marketing and sales teams are trained and incentivized to increase customer uptake of our most sustainable solutions, which in turn helps us amplify our net positive impact across our sustainability action areas.

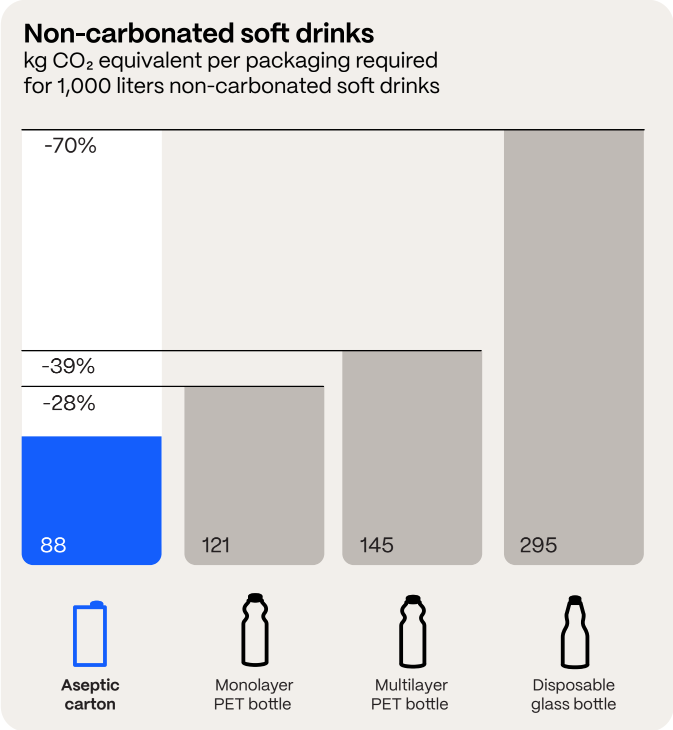
Taking a life-cycle approach

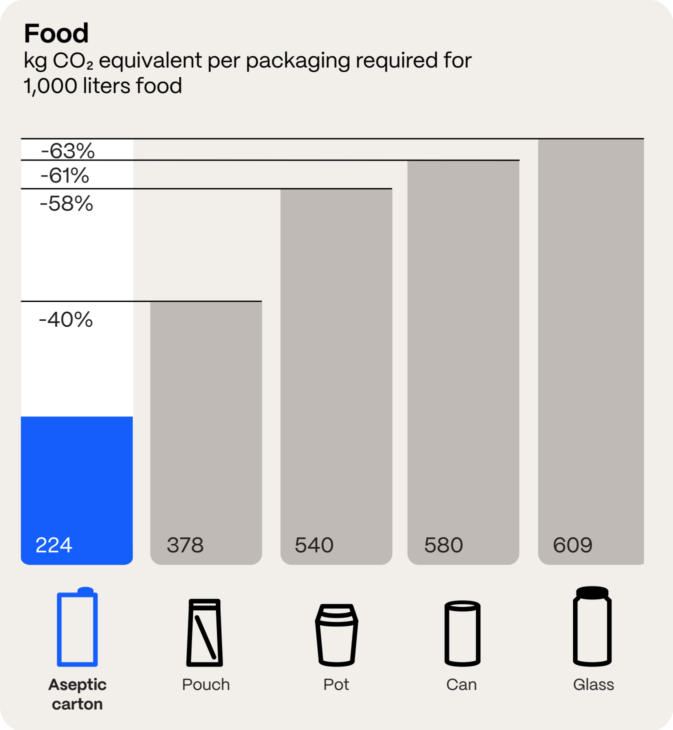
We evaluate the environmental impacts of our packaging innovations through robust life-cycle assessments (LCAs) carried out by credible independent institutes, using the ISO 14040 and 14044 international standards and critically reviewed by an independent expert panel.

LCAs consistently confirm that our packs offer significant reductions in environmental impacts compared with alternative types of packaging and our SIG Terra solutions lower the impact of our aseptic cartons even further. See charts below.

Life-cycle carbon footprint: How our aseptic cartons compare[1]





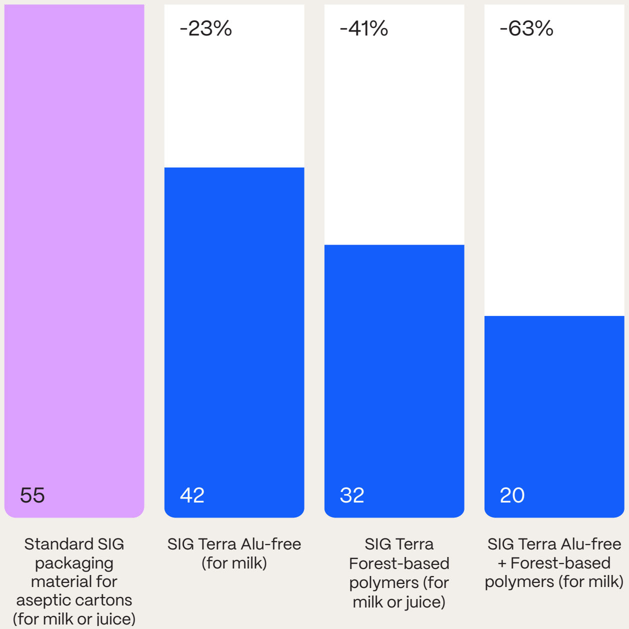


1 Based on independent ISO-compliant life-cycle assessments.

Sustainability continued
Sustainable innovation continued

Life-cycle carbon footprint: Additional savings with SIG Terra solutions for aseptic cartons

kg CO_2 equivalent per packaging required for 1,000 liters of milk or juice in 1 liter SIG SlimlineBloc pack format (with SIG SwiftCap)[1]



Optimizing use of materials

We already optimize material use in our existing solutions through the exceptionally high product-to-package ratio of bag-in-box and spouted pouches, and our innovative RS structure that reduces the amount of polymers needed to make our aseptic cartons.

Our standard procedures mandate that new packaging designs must demonstrate optimized resource use compared with previous models, while continuing to deliver the quality and functionality that customers and consumers demand.

Removing aluminum foil

Aluminum foil makes up only around 4% of an aseptic carton, but a much higher proportion of its life-cycle carbon footprint.

We have led the industry with the first solutions for aseptic cartons that remove the need for the aluminum foil barrier layer – SIG Terra Alu-free for use with oxygen-insensitive products, such as white UHT milk, and SIG Terra Alu-free + Full barrier, which offers the full barrier properties required to preserve oxygen-sensitive products, such as juices. We are now working to achieve cost parity of our SIG Terra Alu-free packaging materials with our standard materials for aseptic cartons to support increased uptake.

Where we still use aluminum foil in our aseptic cartons, we purchase 100% of it (from the start of 2023) as Aluminium Stewardship Initiative (ASI) Certified.

Customers can include the ASI Responsible Aluminium Sourcing logo on their packs to demonstrate and raise consumer awareness of responsible aluminum sourcing.

Increasing renewable or recyclable content

A priority for our sustainable innovation is to find ways to introduce renewable or recycled alternatives to virgin fossil-based polymers. We are doing this by linking polymers to renewable or recycled content using an innovative mass balance system.[2]

See Resource+ →

The SIG Terra portfolio includes Forest-based polymers linked to 100% renewable materials.[3] SIG Terra Alu-free + Forest-based polymers, for use with oxygen-insensitive products, links the packaging materials for our aseptic cartons to 100% renewable materials.[4] We also offer circular packaging materials linked to post-consumer recycled content – using polymers linked to post-consumer recycled plastics.[5]

We also offer renewable paper straw solutions for our on-the-go cartons as an alternative to plastic straws.

Designing for recycling

All our cartons are designed to be fully recyclable. The paper content that makes up around 75% of aseptic cartons (on average) is easily separated in paper recycling streams, and we are partnering to increase recycling capacity for the remaining polymer and aluminum content.

See Resource+ →

SIG Terra solutions with no aluminum layer can facilitate further recycling of aseptic cartons with just two materials to separate. Our new targets to create solutions that further increase the paper content of our aseptic cartons – to at least 85% (excluding closure) by 2025 and at least 90% (including closure) by 2030 – will not only increase the share of renewable materials, but also enable SIG cartons to be recycled in regions where only paper recycling streams are available.

The cardboard box (not manufactured or sold by SIG) of bag-in-box solutions can be easily separated from the bag by consumers, and is fully recyclable in paper recycling streams. Our SIG Terra portfolio includes recycle-ready solutions for the bag of our bag-in-box and for our spouted pouches. Bag-in-box solutions for dairy are already recycle-ready, and our bag-in-box for water is the first to be recognized as 100% recycle-ready by the US Association of Plastic Recyclers (APR).

We are introducing tethered closures across our packaging portfolio to help ensure the cap is recycled together with the pack, and to comply with forthcoming EU regulations that require caps to be tethered. We already offer tethered ("Linked") closures for SIG carton formats that account for around 90% of our carton sales in Europe (by volume), with one remaining format to be launched in 2024. Several of our spouted pouches also include tethered closures and the closures for bag-in-box solutions are tethered by design.

1 Based on independent ISO-compliant life-cycle assessment CB-100734 for Europe.
2 Or in some cases REDcert².
3 Linked to wood residues from paper making via an independently certified mass balance system.
4 Excluding negligible constituents, such as inks and pigments.
5 Via an independently certified mass balance system.

Sustainability continued
Sustainable innovation continued

Reducing resource use in filling

Our highly efficient filling machines for aseptic cartons offer the lowest waste rate in the beverage carton industry, with just 0.5% or less of our packs wasted during filling.

We aim to reduce the amount of resources needed to run the machines at our customers' factories by designing every new machine to use resources even more efficiently. This includes energy for heating and sealing the packs, as well as compressed air, hydrogen peroxide, and water used in cleaning, sterilization, and packaging processes.

Through our SIG EcoFill Consulting program, our technical service teams work with customers to identify ways to reduce resource use in the filling lines at their factories, including through a range of upgrade kits that reduce energy and water needed to use our existing machines – which often remain in use for decades.

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 targets

2025 target	Progress tracker
Launch a full barrier carton linked to 100% renewable materials[1] (**also a target for Resource+ →**)	On track
Further reduce the amount of non-paper[2] 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+ →**)	Target replaced
Develop a full barrier aseptic carton with at least 85% paper content (excluding closure) by 2025 – and at least 90% paper content (including closure) **by 2030** (**also a target for Resource+ →**)	New target
Offer a recycle-ready[3] bag-in-box and spouted pouch solution in all our relevant market segments (**also a target for Resource+ →**)	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 aseptic carton packs[4] (**by 2024**)	More work to do
Reduce use of consumables by 25% for the next-generation filling machine for small format aseptic carton packs[5]	More work to do

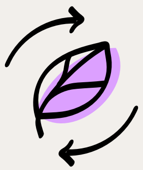
1 Excluding negligible constituents, such as inks and pigments.
2 Target wording amended from "fiber" to "paper" to align with wording of new quantified targets.
3 In line with Design for Recycling criteria developed by APR (Association of Plastic Recyclers) and Recyclass.
4 Targeted reductions compared with our previous generation filling machines. Target wording changed to clarify this refers to filling of aseptic cartons.
5 Target wording changed to clarify this refers to filling of aseptic cartons.

Performance in 2023

Driving sustainable innovation in our packaging

- We rolled out new guidance on sustainable packaging design – for our aseptic carton solutions, and separately for our bag-in-box and spouted pouch solutions – with training for employees in relevant roles, such as research and development, marketing, and sustainability. These guidelines include detailed market-level criteria on design for recycling to support progress towards our new targets in this area (see highlight next page).
- Our focus on sustainable innovation earned further plaudits this year, with external recognition for SIG Terra Alu-free + Full barrier (see highlight below).

Recognition for our new SIG Terra Alu-free + Full barrier aseptic carton solution



Included in the China Packaging Federation's 2023 Blue Book of Green and Low-carbon Development of the Packaging Industry.

Winner of the 4evergreen Alliance's Design for Circularity award in its 2023 Circularity Success Stories.

Winner of the top prize in the Climate category of the Sustainability Awards 2023 from Packaging Europe.

Sustainability continued
Sustainable innovation continued

Reducing life-cycle impact

- We continued our science-based approach through LCAs to understand and measure the environmental benefits of our most sustainable innovations.
- We conducted our first LCAs of SIG Terra solutions outside Europe, in Brazil and China. The LCA of SIG Terra Alu-free + Full barrier in China, where it was launched on the market in 2023 (**see case study →**), found that this solution cuts the carbon footprint of our SIG MiniBloc 200 ml aseptic cartons by 25% compared with our standard structure.[1]
- SIG Vita with tethered SIG TruCap – our new 1 liter aseptic carton for use with our next-generation SIG NEO filling machines – offers a carbon footprint up to 66% lower than a 1 liter PET bottle for dairy and juice markets in Europe. Choosing SIG Vita with SIG Terra Forest-based polymers cuts the footprint by a further 50% compared with standard SIG Vita.[2]
- We built on the initial carbon footprint analysis we completed last year by conducting full LCAs of our bag-in-box for wine and our spouted pouch for fruit purees in Europe and the USA that are now undergoing critical review.
- We sold over 24 billion aseptic cartons in 2023 with the relevant ASI CoC Document with claims to show that the aluminum foil they contain is sourced with ASI certification, which sets strict requirements for greenhouse gas emissions in aluminum production. Of these, 2.8 billion featured the ASI Responsible Aluminium Sourcing logo. This number has more than doubled in 2023, compared with the previous year, as more customers opt to include the ASI logo on their packs to demonstrate and raise awareness of responsible aluminum sourcing.

Bold new targets on designing for circularity

We will develop a full barrier aseptic carton with at least 85% paper content (excluding closure) by 2025 – and at least 90% paper content (including closure) by 2030.

We will offer a recycle-ready[3] bag-in-box and spouted pouch solution in all our relevant market segments by 2025.

Designing for circularity

- We have set bold new targets to drive progress in designing for circularity across our portfolio as part of our renewed Resource+ ambition (see highlight above).
- We began piloting an innovative circular solution for bag-in-box with polymers linked to post-consumer recycled plastics[4] (see right). We are also in discussions with major global brands to offer our aseptic cartons with SIG Terra Circular polymers linked to post-consumer recycled plastics[4] as a solution to help them transition to circular packaging and comply with growing regulations related to recycled plastic content.
- Following market testing, a major customer confirmed technical approval for our recycle-ready 10 and 20 liter SIG Terra RecShield 102B bag-in-box for post-mix syrup in China, and launched it commercially in Indonesia. This bag, including its fitment, is made from 97% polyethylene to support recycling and cuts greenhouse gas emissions by 17%.[5]
- We are developing tethered cap solutions, which ensure the cap is kept together with the pack for recycling, for all SIG pack formats for beverage packaging sold in Europe, ahead of EU regulatory requirements that are due to come into force in July 2024. We have already launched Linked solutions for five of our six closures for aseptic cartons that together account for more than 90% of SIG's European closures by volume – and a Linked solution for the remaining closure will be launched in early 2024. We are also developing tethered caps for more of our bag-in-box and spouted pouch solutions.

A world first with our circular bag-in-box solution

We have joined forces with one of the world's biggest beverage companies, one of the biggest quick-service-restaurant (QSR) chains, and our polymer supplier SABIC to pilot a new circular bag-in-box solution in the Netherlands. The pilot involves partners throughout the value chain to create an innovative circular system on a mass balance basis.

The 20 liter and 250 liter bag-in-box being piloted are made with SIG Terra FlexiGuard 46 Circular Polymer film and use a growing share of post-consumer recycled plastics – up to 53% for the 20 liter bag-in-box and 42% for the 250 liter bag-in-box – via an ISCC PLUS-certified mass balance system. The polymers we use to make the film are supplied by SABIC.

The bags are filled with post-mix syrup by the beverage company and delivered to quick-service restaurants. After use, the bags are recycled using an advanced recycling process for SABIC to produce new food-grade certified circular polymers. These are then used in our bag-in-box and other applications, thus closing the circle.

With more and more customers asking for recycled content in their packaging, our innovative circular bag-in-box solution can support their sustainability ambitions and help them comply with emerging regulations.

1 Compared with standard SIG packaging material for aseptic cartons, based on independent ISO-compliant life-cycle assessment. Data has been critically reviewed and the full report will be published in 2024.
2 Based on independent ISO-compliant life-cycle assessment. Data has been critically reviewed and the full report will be published in 2024.
3 In line with Design for Recycling criteria developed by APR (Association of Plastic Recyclers) and Recyclass.
4 Via an independently certified mass balance system.
5 Based on cradle-to-customer gate carbon footprint calculation for China.

Sustainability continued
Sustainable innovation continued

Switching to SIG Terra Forest-based polymers packaging material ensures we are giving our consumers the most sustainable, yet convenient, packaging solution. We have a strong heritage in producing high quality tomato products which respect nature, always working in an ethical and sustainable way along the entire supply chain. Our cooperation with SIG means we're always ahead of the curve in being able to offer high quality food, while also increasing our commitment to sustainability.

Fabrizio Fichera
Marketing & Business Development Director, Casalasco Società Agricola S.p.A.

Growing uptake of our most sustainable innovations

- Across our packaging portfolio, we have now sold enough packs with SIG Terra solutions to fill around 4.3 billion liters of food. In 2023 alone, 1.5 billion liters of food were packed in packs with SIG Terra packaging materials. SIG Terra solutions accounted for 5.3% of the food packed in SIG packaging globally in 2023.
- Sales of our SIG Terra packaging materials for aseptic cartons increased by 12% this year, with further expansion in Europe, as well as a market debut in China. SIG Terra solutions in aseptic cartons accounted for 9.7% of the food packed in SIG aseptic cartons in Europe – where uptake has been particularly strong – and 3.9% worldwide. Market debuts this year included:
  - The first commercial launches of our new SIG Terra Alu-free + Full barrier solution for aseptic cartons – by Yili Group and Mengniu, China's two largest dairy companies (see Case study →).
  - The first use of aseptic cartons with SIG Terra Forest-based polymers for food products in Europe, by Casalasco Società Agricola S.p.A., a major producer and co-packer of tomato products, for its Pomì Finely Chopped Tomatoes (see left).
  - The first launch of SIG Terra Alu-free aseptic carton packs in Austria, by Gmundner Dairy, the country's third largest dairy, for its Gmundner premium milk (see below right).
- We have expanded our SIG Terra portfolio this year to include recycle-ready bag-in-box and spouted pouch, and extended uptake of our first recycle-ready spouted pouch, launched in 2022. Our largest spouted pouch customer, one of the world's biggest fruit puree brands, used 3 million m² of our SIG Terra RecShield PE-B polymer film this year – enough to make over 139 million pouches and fill more than 11 million liters of food.
- We partnered with a major customer in China in the first commercial launch of our aseptic bag-in-box with RecShield PP-109B, which showcases recycle-readiness according to the Consumer Goods Forum's Golden Design Rules for optimal plastic design, production, and recycling. The customer has now transitioned all its 10 liter and 20 liter format bag-in-box to this solution.
- More than 33 customers have rolled out SIG SwiftCap Linked, the tethered version of our most used closure for aseptic cartons (by volume), and four more of our Linked closures – SIG MaxxCap Linked, SIG DomeCap Linked, SIG TruCap Linked, and SIG SmartCap Linked – had their first commercial launch this year.
- We have now sold over 1.1 billion small-format on-the-go packs with our paper straw solutions, which offer a renewable alternative to plastic straws and support customers in complying with growing regulations on single-use plastics.

As the first producer in Austria to bring shelf-stable milk to the market in a carton pack without an aluminum layer, we are pleased to be working with SIG to set a new, sustainable impulse in the field of packaging. Offering aseptic carton packs without an aluminum layer is a milestone in sustainability not only for our company, but also for retailers and consumers.

Christoph Engl
Managing Director, Gmundner Dairy

Sustainability continued
Sustainable innovation continued

Uptake of SIG Terra[1] packaging materials (million liters)

	2020	2021	2022	2023	Total since launch
SIG Terra solutions for aseptic cartons					
SIG Terra Alu-free[2] (*launched 2010*)	329.4	369.4	381	429.3	**2,572.8**
SIG Terra Alu-free + Forest-based polymers[3] (launched 2017)	86.9	102.4	84.4	60	**351.8**
SIG Terra Forest-based polymers[4] (*launched 2018*)	40.9	69.2	148.1[5]	195.6	**492**
SIG Terra Alu-free + Full barrier[6] (*launched in 2022*)	–	–	–	0.6	**0.6**
SIG Terra recycle-ready[7] solutions for bag-in box and spouted pouch					
SIG Terra bag-in-box and spouted pouch solutions (*added to our portfolio in 2022*)	–	–	–	858.7	**858.7**
All SIG Terra portfolio	**457.2**	**540.9**	**613.5[5]**	**1,544.2**	**4,275.9**

Reducing resource use in filling

- We supported 20 customers in identifying ways to reduce resource use in their filling machines and factories through the SIG EcoFill Consulting program this year. We helped one of them achieve annual savings of around 6 million liters of water, 345,100 m^3 of compressed air, 28 MWh of energy, and 22 metric tons of CO_2 emissions.
- We sold 23 more water reduction kits, designed to cut water consumption by up to 50% during filling of our aseptic cartons, and extended this solution to an additional filling machine format. All new filling machines are now deployed with water reduction upgrade kits already installed. We also sold more of our semi-automated cleaning machines that can cut water use by 54% compared with manual cleaning of aseptic carton filling machines.
- We introduced new upgrade kits that reduce the amount of compressed air (and related energy use and greenhouse gases) needed for filling, by reducing pressure and supplementing the use of compressed air for drying our aseptic cartons on the filling production line.
- The first commercial filling using SIG NEO, our next-generation filling machine for family-size aseptic cartons, is underway with Hochwald, one of the largest dairy cooperatives in Germany. SIG NEO is designed to reduce overall use of utilities (hydrogen peroxide, compressed air, and water) by 30% on average[8] and the results of the first commercial filling will enable us to confirm and report actual reductions in 2024. We have also commenced pre-development of our next-generation filling machine for small format packs, with a reduction of consumables being considered in the concept phase.
- We are targeting reductions in hydrogen peroxide, energy, and water use in our filling machines for chilled cartons, and plan to review opportunities to reduce resource use in filling our bag-in-box and spouted pouch solutions in 2024.

1 Formerly **SIG**NATURE.
2 Formerly combibloc **ECO**PLUS.
3 Formerly **SIG**NATURE 100.
4 Formerly **SIG**NATURE FULL BARRIER.
5 Previously published data restated in line with restatement policy.
6 Formerly **SIG**NATURE EVO.
7 In line with Design for Recycling criteria developed by APR (Association of Plastic Recyclers) and Recyclass.
8 Anticipated savings compared with our previous generation filling machines, to be confirmed through first commercial filling.

Sustainability continued
Responsible culture: Our supply chain

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 procured
100%
ASI-certified aluminum foil for our aseptic cartons in 2023

We continued to purchase
100%
FSC™-certified paperboard for our aseptic cartons in 2023

We spend over €2.2 billion a year with more than 11,000 suppliers around the world. Around 50% of this goes on raw materials to make our packs. The rest goes on parts for our filling machines, and on other products and services to support our business.

Demonstrating that our suppliers uphold high ethical, labor, health and safety, and environmental standards is critical to meet customer and investor requirements – and to prevent breaches in our supply chain that could disrupt our supply or affect our reputation.

Sustainable sourcing of raw materials helps us secure supplies to meet our customers' needs now and in the future, as well as supporting progress towards our **Forest+** →, **Resource+** →, and **Climate+** → commitments. Using raw materials certified to responsible sourcing standards endorses the environmental credentials of our packs.

Progress in 2023

We continued to purchase 100% of the paperboard[1] for our aseptic cartons with FSC™ certification,[2] and achieved this milestone for our newly acquired chilled carton business from January 2024.

For our aseptic cartons, we procured 100% of the aluminum foil with ASI Certification in 2023 – a first for the aseptic carton industry – and we used more ISCC PLUS-certified polymers linked to renewable forest-based materials[3] to meet growing demand for SIG Terra Forest-based polymers. We have also made good progress integrating the businesses we acquired in 2022 into our established responsible sourcing program.

Read on for more on
Our supply chain →
Or go to
Human rights →

Our responsible aluminum journey with ASI

SIG has led the industry in the responsible sourcing of aluminum through certification to the Aluminium Stewardship Initiative (ASI), which enables us, and our customers, to trace the aluminum in our aseptic cartons through the value chain from mine to smelter to carton.

ASI certification includes independent audits of the aluminum supply chain against strict ethical, environmental, and social standards – including on greenhouse gas emissions reductions, water stewardship, waste management, and labor rights.

2017
ASI launches its Performance Standard and we assess readiness with a key supplier prior to the launch.

2018
SIG becomes the first in the industry, and one of the first companies in the world, to achieve ASI Certification – to the ASI Performance Standard at company level and ASI Chain of Custody at one production plant.

2019
ASI Chain of Custody certification in place at all our aseptic carton production plants in Europe. SIG is the first and only carton producer to offer ASI-labeled packs.

2020
ASI Chain of Custody certification extended to all our aseptic carton production plants globally.[4]

2021
ASI Certification achieved by suppliers representing over 70% of our global aluminum foil supply.

2022
Customers feature the ASI logo on 1.4 billion of their SIG aseptic cartons to raise awareness of responsible aluminum sourcing.

2023
We procure 100% of our aluminum foil with ASI Certification, enabling the ASI logo to be included on any of our aseptic cartons – an industry first.

Next steps:
Our next focus is on increasing content linked to post-industrial waste in the aluminum foil we purchase.

1 Our cartons use paper-based liquid packaging board, referred to throughout as "paperboard".
2 SIG uses FSC™ Mix material that allows the mixing of FSC™ certified wood with FSC™ controlled wood and ensures that an equivalent amount of FSC™ certified wood is procured at the beginning of the value chain.
3 Polymers linked to wood residues from paper making via an independently certified mass balance system. In some cases REDcert² certification is used in place of ISCC PLUS.
4 Except the plant in Melbourne, Australia, which was acquired in 2019 and ceased operating in mid-2021.

Responsible culture continued
Our supply chain continued

Our commitment

Sourcing responsibly

We expect suppliers to meet our responsibility requirements to help mitigate social and environmental risks in our supply chain.

Our Supplier Code of Conduct sets out our expectations on topics such as labor, health and safety, and environmental protection.

Further due diligence on responsible sourcing focuses on our significant suppliers (see right how we define significant suppliers). This includes screening against social and environmental criteria, requiring formal acceptance of our Supplier Code of Conduct, and monitoring compliance through risk assessments and audits. Screening criteria cover human rights, labor practices, health and safety, resource efficiency, energy use and greenhouse gas emissions, and pollution.

Through our Supplier Code of Conduct, and our general terms and conditions, we require equipment suppliers providing parts for our filling machines to comply with all applicable laws and regulations related to conflict minerals from conflict-affected or high-risk areas. We also require them to complete an additional questionnaire on critical raw materials and a conflict minerals reporting template to support our responsibility to provide transparency about the minerals in the supply chain of our products.

Our Responsible Sourcing Directives, and accompanying training, provide procurement teams with detailed guidance to support implementation of our responsible sourcing approach, which also supports human rights due diligence in our supply chain. **See Human rights →**

How we define significant suppliers

Significant suppliers are those considered most significant to our business (excluding equipment suppliers, see below) – 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. They include all direct suppliers that provide materials for our packs, as well as some indirect suppliers of secondary packaging and services (such as facilities management and logistics).

Significant equipment suppliers are the equipment suppliers considered most significant to our aseptic carton machine business units – based on critical countries where suppliers are located, materials are produced, or services are provided – and also include those providing equipment or components that include conflict minerals.

See Our targets →

Sustainable raw materials

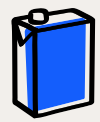
We are working to replace virgin and fossil-based materials with renewable and recycled alternatives, and we remain committed to sourcing the A-materials that go directly into our packs (see right) from certified, responsible sources. These include:

- **Paperboard[1]:** Forest Stewardship Council™ (FSC™) certification traces materials back to sustainably managed forests and other controlled sources.[2] FSC™ certification ensures that forestry operations avoid forest degradation or deforestation, protect biodiversity, maintain eco-system services and carbon storage, and respect the rights of workers, local communities, and indigenous peoples.
- **Aluminum foil:** ASI Certification supports responsible aluminum through the supply chain. It sets strict standards, including on greenhouse gas emissions reductions, water stewardship, waste management, and labor rights.
- **Polymers and films:** There is no suitable certification for fossil-based polymers. Our focus is on linking more of the polymers in our packs to renewable or recycled alternatives. We do this using a mass balance system – verified through International Sustainability & Carbon Certification (ISCC) PLUS certification[3] – which supports a broader transition away from fossil-based feedstock within the mainstream polymer industry, ensuring the traceability of certified materials along the entire supply chain
- **Inks and solvents:** We are working to transition to bio-based alternatives where we use fossil-based inks and solvents. The volumes sourced are negligible compared with other A-materials.

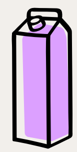
Where feasible, we aim to source locally within each region to increase resilience, support local economies and communities, and reduce environmental impacts from transporting goods over long distances.

How we define our A-materials

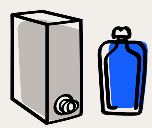
A-materials are the raw materials that go directly into our packs.



Aseptic cartons
paperboard, polymers, aluminum foil, ink, and solvents



Chilled cartons
paperboard, polymers, ink, and solvents



Bag-in-box and spouted pouches
polymers and films

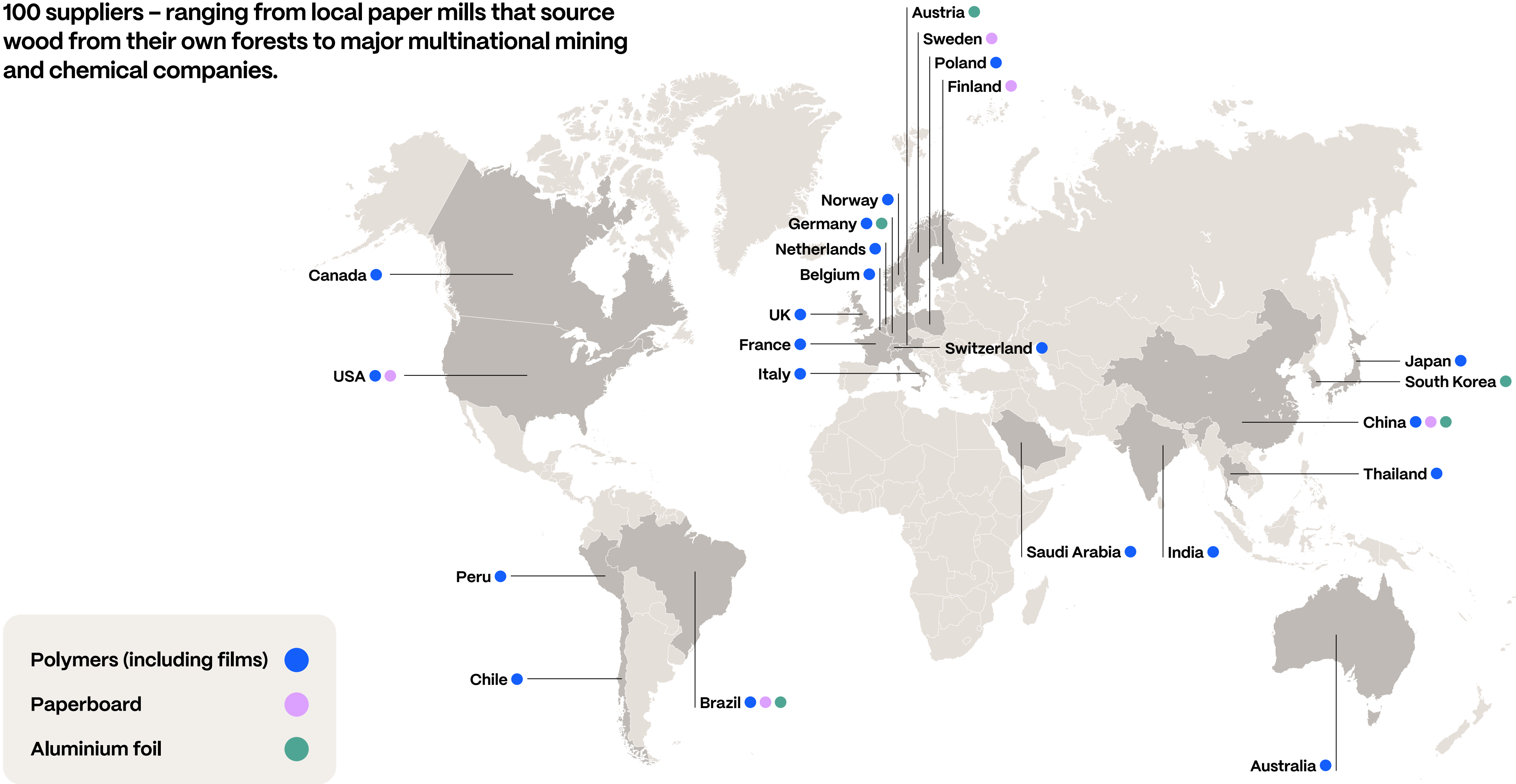
SIG does not manufacture or sell the cardboard box of our bag-in-box solutions.

1 Our cartons used paper-based liquid packaging board, referred to throughout as "paperboard".
2 SIG uses FSC™ Mix material that allows the mixing of FSC™ certified wood with FSC™ controlled wood and ensures that an equivalent amount of FSC™ certified wood is procured at the beginning of the value chain.
3 Or in some cases through REDcert^2 certification.

Responsible culture continued
Our supply chain continued

Where our A-materials come from

We source the main[1] A-materials for our packs from around 100 suppliers – ranging from local paper mills that source wood from their own forests to major multinational mining and chemical companies.



1 Excludes inks and solvents which we source in negligible volumes compared to our other A-materials.

Responsible culture continued
Our supply chain continued

Our targets

2025 target	Progress tracker
Ensure 100% of significant suppliers[1] accept our Supplier Code of Conduct or have an equivalent code in place	On track
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
100% A-materials[2] from certified sources	More work to do
Maintain 100% FSC™-certified supply of paperboard for our cartons[3] (*also a target for Forest+*)	On track
Transition to 100% bioethanol or other bio-materials for printing our aseptic cartons[4] (*also a target for Climate+*)	On track

Performance in 2023

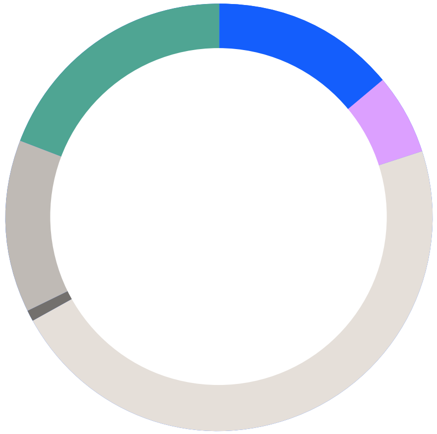
Aligning our approach on responsible sourcing

- We have worked to integrate the businesses we acquired in 2022 into our established responsible sourcing program and reporting. By the end of the year, we had aligned our approach for all significant suppliers[1] to our chilled carton business and all identified direct significant suppliers to our bag-in-box and spouted pouch business. We will work to add further significant suppliers for our bag-in-box and spouted pouch business in future, including indirect suppliers providing secondary packaging and services.
- We updated our Responsible Sourcing Directive to include our newly acquired businesses, and provided training for all global, regional and local procurement teams. We also developed a separate Responsible Sourcing Directive specifically for our aseptic carton filling machine business, to be rolled out in 2024, which articulates our approach and requirements related to human rights and conflict minerals to support due diligence and transparency in this area.

Screening and assessing suppliers

- We screened 100% of new significant suppliers for our carton businesses as part of our onboarding process, including all those newly supplying SIG Group through the acquisition of our chilled carton business in 2022. We also screened 100% of identified direct significant suppliers for our bag-in-box and spouted pouch business. No suppliers were rejected for failing to meet our standards in 2023.
- 80% of in-scope significant suppliers have signed up to our Supplier Code of Conduct or an equivalent, as well as 85% of significant equipment suppliers for our aseptic carton filling machine business.
- We asked our 890 in-scope significant suppliers to respond to a self-assessment on our responsibility requirements and 712 (80%) responded.
- Based on their self-assessments, 65 significant suppliers are currently engaged in development plans to improve their social and environmental performance.
- Twelve significant suppliers were identified as high risk this year. We will engage with them to improve in the coming year and, if any remain high risk following our engagement, we will audit at least half of these.
- We audited one of the six suppliers that was identified as high risk through self-assessments in 2022 and we are following up on areas identified for improvement. Four further suppliers that were identified as high risk in 2022 are no longer high risk because they have accepted our Supplier Code of Conduct, provided SEDEX SMETA audit results, or confirmed an EcoVadis rating of Silver or higher (or an equivalent). This means we have met our annual target to audit 50% of high-risk significant suppliers this year.
- All relevant equipment suppliers were asked to complete a self-assessment questionnaire related to critical raw materials. We also requested those supplying equipment or components that include conflict minerals to provide a completed conflict minerals reporting template. By the end of 2023, we had already received responses from more than 65% of relevant suppliers and we have begun appropriate follow up activities.

Rating in-scope significant suppliers on responsible sourcing standards



- **Advanced** – Demonstrated strong performance through SEDEX audit findings, EcoVadis Silver/Gold/Platinum, or equivalent evidence (status valid for up to two years) – **14%**
- **Compliant** – Demonstrated compliance through SEDEX audit, EcoVadis Bronze, or equivalent evidence (status valid for two years) – **6%**
- **Accepted** – Signed up to the SIG Supplier Code of Conduct (or equivalent code) and achieved minimum standard in our assessment. Depending on the type of supplier, some are expected to improve their performance and submit plans to achieve certification to recognized standards or third-party assessments (status valid for two years) – **47%**
- **High risk** – Failed to sign up to our Supplier Code of Conduct (or equivalent code), or provide evidence of third-party assessments (status valid for one year) – **1%**
- **Re-assessment running** – Currently undergoing re-assessment – **13%**
- **Under review** – Currently undergoing initial assessment – **19%**

1 **See Our supply chain: 'How we define significant suppliers' →.**
2 A-materials are the raw materials that go directly into our packs: paperboard, polymers, aluminum foil, ink, and solvents for aseptic cartons; paperboard, polymers, and ink for chilled cartons; and polymers and films for bag-in-box and spouted pouches. (SIG does not manufacture or sell the cardboard box of our bag-in-box solutions.)
3 Target wording revised to clarify that it only applies to our cartons (aseptic and chilled). Our cartons use paper-based liquid packaging board, referred to throughout as "paperboard". Our supply chains for bag-in-box and spouted pouch solutions are not connected to forest-based materials as we do not manufacture or sell the cardboard box of our bag-in-box solutions.
4 Target wording amended to clarify that this applies to our aseptic cartons only.

Responsible culture continued
Our supply chain continued

Sourcing sustainable raw materials

- We continued to increase the volume of A-materials from certified and renewable sources for our aseptic cartons and from 2023 we report these metrics for all our packs. Overall, 69% of A-materials for all our packs came from certified sources and 66% came from renewable sources (see table below).

Paperboard

- We continued to purchase 100% of the paperboard for our aseptic cartons with FSC™ certification[2] – and achieved this milestone for our chilled carton business (acquired in 2022) from January 2024. Overall, 98% of the paperboard for our cartons was procured with FSC™ certification in 2023.

Aluminum foil

- Starting in January 2023, we now procure 100% of the aluminum foil for our aseptic cartons with ASI Certification and we remain the only carton producer to offer aseptic cartons with ASI-certified aluminum.
- We maintained Group certification to the ASI Performance Standard for our aseptic carton business and ASI Chain of Custody Certification at all our aseptic carton production plants.
- We engaged with suppliers to work towards increasing content linked to post-industrial waste in the aluminum foil we purchase.

Polymers

- We sourced more ISCC PLUS-certified polymers linked to renewable materials[3] in 2023 to meet growing customer demand for SIG Terra Forest-based polymers, but the total volume remains low compared to the amount of fossil-based polymers we source.
- We began sourcing ISCC PLUS-certified polymers linked to post-consumer recycled plastics[3] for a pilot of a circular bag-in-box solution (see Sustainable innovation →).
- Our new aseptic carton production plant in Querétaro (Mexico) achieved certification to handle ISCC PLUS certified materials this year. We have this certification in place at all aseptic carton production plants globally, our cap production plant in Switzerland, and two bag-in-box production plants in Europe.

Ink

- Eight of our nine aseptic carton production plants have already transitioned from fossil-based solvents to plant-based bioethanol for printing. We expect our plant in Riyadh (Saudi Arabia) to achieve this transition in the coming year.

Secondary packaging

- We continued to purchase 100% of the corrugated cardboard we use for secondary packaging to transport our aseptic cartons in the Americas, Europe, and Asia Pacific (excluding China) from FSC™-certified sources. In India, Middle-East and Africa, we reached 75% this year and expect to get to 100% through our upcoming tender process.

Sourcing A-materials[1] for our packs

	For our aseptic cartons				For all our packs
	2020	2021	2022	2023	2023
A-materials purchased (metric tons)	594,000	666,000	687,000	687,000	**810,000**
% A-materials from renewable sources (by volume)	72%	69%	71%	72%	**66%**
% A-materials from certified sources (by volume)	62%	70%	74%	75%	**69%**

1 Excludes inks and solvents which we source in negligible volumes compared to our other A-materials.
2 SIG uses FSC™ Mix material that allows the mixing of FSC™ certified wood with FSC™ controlled wood and ensures that an equivalent amount of FSC™ certified wood is procured at the beginning of the value chain.
3 Via an independently certified mass balance system.

Responsible culture continued
Human rights

Human rights

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

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 Organization for Economic Co-operation and Development (OECD) frameworks.

Progress in 2023

We continued to make progress on our roadmap to strengthen human rights due diligence, with oversight from a new steering committee that includes Group Executive Board representation.

We updated our policy, and conducted further assessments of our operations and supply chain – including rigorous SEDEX Members Ethical Trade Audits (SMETA) audits at all our production plants.[1]

Read on for more on
Human rights →
Or go to
Our people →

Upholding labor standards across our sites

We set strict standards to ensure we uphold human rights across our operations. We check compliance through rigorous external audits every two years at our production sites, where risks are highest.

All 27 SIG production plants globally completed four-pillar SEDEX Members Ethical Trade Audits (SMETA) – including our newly acquired chilled carton, bag-in-box, and spouted pouch sites – in our 2023 two-yearly audit cycle.[1]

Human rights risks are assessed as part of the pillars on labor and health and safety, alongside business ethics and environment. The intensive audits include in-depth reviews of our policies and processes, site visits, and interviews with workers to check for unsafe conditions, overwork, discrimination, low pay, and forced labor.

WE SUPPORT

United Nations Global Compact

SIG is a signatory of the United Nations Global Compact, which includes a strong focus on human rights. We support its ten principles and submit an annual Communication on Progress.

AIM-PROGRESS

SIG is a member 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 use its established methodology to assess, and identify opportunities to strengthen, human rights due diligence related to our supply chain.

1 Includes one audit within the 2023 cycle that was completed in early January 2024.

Responsible culture continued
Human rights continued

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 Labor Organization's (ILO) core labor 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 proactively address salient human rights issues in our operations and supply chain. Representatives from relevant business functions form a task force to implement our roadmap to strengthen our due diligence framework, with oversight from a human rights steering committee that includes members of our Group Executive Board and other senior leaders.

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

SEDEX SMETA audits conducted at our production sites every two years include an assessment of potential human rights risks and impacts as part of the labor pillar and the health and safety pillar, and help us check that we are living up to our commitments in our 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 labor 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. This supports compliance with human rights due diligence regulations (**see Appendix on ESG Disclosures →**).

We encourage significant suppliers to undergo third-party assessments, such as SMETA audits, and criteria for our own audits of high-risk suppliers include human and labor rights. FSC™ certification for the paperboard used in our cartons includes criteria on protecting human and indigenous rights in communities. We also set specific requirements for equipment suppliers on conflict minerals (**see Our supply chain →**). As a member of AIM-PROGRESS (see previous page), we use its methodologies to help us evaluate our human rights supply chain due diligence against established best practices.

Annual certification and training on the SIG Code of Conduct, which includes human rights, is mandatory for all employees. Any grievances can be reported through our Integrity & Compliance Hotline, which is open to employees and external stakeholders such as investors, suppliers, customers, and other business partners. It is available to anyone who wants to raise a concern regarding human rights or the environment related to our own operations or our suppliers' business activities.

We investigate all reported concerns, take appropriate action, and seek to find solutions together with the affected person or persons.

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 suppliers[1] accept our Supplier Code of Conduct or have an equivalent code in place *(also a target for Our supply chain)*	On track
Audit 50% of high-risk significant suppliers[1] each year *(also a target for Our supply chain)*	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 Our supply chain)*	On track

1 **See Our supply chain: 'How we define significant suppliers' →.**

Responsible culture continued
Human rights continued

Performance in 2023

Strengthening human rights due diligence

- We have continued implementing our three-year roadmap to strengthen human rights due diligence. The roadmap is based on an analysis of our operations and supply chain that we completed in 2022, and the findings of a maturity assessment using the methodology established by AIM-PROGRESS. It also builds on the requirements of emerging regulations, such as the new Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labor.
- We established a steering committee to oversee implementation of our human rights due diligence roadmap. Members include our Chief People and Culture Officer (a member of our Group Executive Board with designated responsibility for human rights) and senior leaders from relevant business functions.
- Our human rights taskforce undertook extensive activities this year to strengthen our human rights due diligence, including reviewing and updating our policy, conducting further risk assessments and analyses to inform identification of salient human rights issues, and extending our grievance mechanism to suppliers and other third parties.
- We updated our Human Rights, Labor, and Community Engagement Policy to reflect our strengthened due diligence framework and governance, including more explicitly allocating responsibility for human rights to our steering committee and specific business functions.

Upholding labor rights in our operations

- Following on from a human rights risk assessment of our operations as a whole in 2022, all 27 of our production sites completed SEDEX SMETA audits in our 2023 two-yearly cycle[1] (**see Case study →**). Our office sites in Australia and Mexico, and several SIG legal entities in Germany and Switzerland, also completed SMETA audits.
- We continued efforts to promote diversity, equity, and inclusion (**see Our people →**). We assessed pay for employees in two countries (Austria and Romania) to support fair and equitable pay levels, and we plan to review pay in all countries with more than 100 employees (covering around 90% of our workforce) over the next five years to inform our fair pay roadmap.
- Around 44% of employees globally were covered by collective bargaining agreements in 2023. We continued to engage on pay, benefits, and other relevant local topics in formal consultations with employee representatives.

Addressing risks in our supply chain

- Our assessment of human rights risks in the supply chain last year focused on identifying high-risk suppliers by their country of operation. We used the findings to inform further risk assessment of raw material and equipment suppliers this year. This involved mapping suppliers against publicly available country and product risk data, then conducting an in-depth assessment of selected suppliers using information from sources such as EcoVadis and SEDEX SMETA audits.
- We also continued our regular assessments of suppliers for compliance with our Supplier Code of Conduct, which includes requirements on human and labor rights, and began to extend these requirements in our newly acquired bag-in-box, spouted pouch, and chilled carton businesses (**see Our supply chain →**).

Raising awareness and acting on concerns

- Approximately 99% of employees completed an annual certification on the SIG Code of Conduct, which includes requirements to respect human rights.
- We promoted our Integrity & Compliance Hotline through campaigns, ongoing communication, and training to ensure employees understand how to raise a concern. In 2023, we extended access to the hotline to external stakeholders such as investors, suppliers and customers, or other business partners (**see Governance and ethics →**).
- We investigated all reported concerns and took disciplinary action as appropriate. No incidents of discrimination were substantiated in 2023.

1 Includes one audit within the 2023 cycle that was completed in early January 2024.

Responsible culture continued
Our people

Our people

Our culture of striving for better celebrates an inclusive and diverse environment that encourages our people to grow and realize their potential.

40%
women on our Group Executive Board in 2023

85%
sustainable engagement score (up two points) in 2023

At SIG, we offer a unique combination of development, collaboration, and entrepreneurial freedom that enables our people to deliver better and create lasting value for customers, consumers, and the world.

We strive to create an inclusive culture, embrace diversity, and foster a positive working environment. We invest in training and development to help employees achieve their goals and build their careers with SIG. We listen and respond to our people, and we recognize and reward the work they do.

Upholding these commitments delivers positive impact for our people and our business. It helps us: recruit and retain the best talent; develop the skills we need now and in the future; maintain strong levels of job satisfaction, motivation, engagement, and productivity; support our diverse customers; foster innovation; and meet expectations from investors and other stakeholders.

Progress in 2023

Representation of women increased to 40% of our Group Executive Board and 25% of our leaders in 2023. We continued to train senior leaders on diversity, equity, and inclusion (DE&I) topics, and enhanced cultural diversity through international work placements.

We launched a new competency framework and expanded learning and development opportunities, including through mentoring and digital learning. Our latest employee survey showed strong levels of engagement and we outperformed the industry benchmark[1] across all categories.

Read on for more on
Our people →
Or go to
Health, safety, and wellbeing →

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

Expanding horizons and embracing cultural diversity

A career with SIG is a journey of personal and professional discovery. Opportunities to work in a different country enable our people to learn about diverse cultures and support their career development. International assignments support an inclusive working environment and encourage the exchange of ideas to foster innovation.

"Being a foreigner working in Asia has been an incredible journey. The workplace is a melting pot of cultures, languages, and backgrounds and it's been a privilege to experience this firsthand. Working in such an inclusive environment has not only broadened my horizons, but also taught me the value of unity in diversity.

Maroun Hannoun
Head of Service Business, who relocated with SIG from Lebanon to Thailand

"The exchange of cultures adds immense value to our business. Diverse perspectives, rooted in different cultural and socio-economic backgrounds, lead to innovative solutions for our customers.

Thiago Balbino
Product Development Engineer, who relocated with SIG from Brazil to Germany

Responsible culture continued
Our people continued

Our commitment

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.

In 2023, we employed approximately

9,000

employees

Our employees represent

93

nationalities

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 aim to provide opportunities for our people through investment in training and development, approachable leadership, continuous learning, development opportunities, coaching, and mentoring. Any employee can become a mentor or a mentee (or both) to help our people learn from each other, grow together, and enhance networking within SIG.

We continually work to improve the frequency and quality of feedback and appraisal sessions to support employee engagement, development, and performance. We strive to promote from within where appropriate as part of our commitment to developing and promoting talent within SIG.

We want everyone at SIG to understand how they contribute to our purpose as we strive to be a driving force for better. We are committed to creating an open, engaging, and energizing work environment where our people feel that their ideas, needs, and concerns are heard and valued, they are recognized and rewarded for what they do, and they understand how their work contributes to the success of the business. One of the ways we assess and recognize individual and team performance annually is through our Short-Term Incentive Plan.

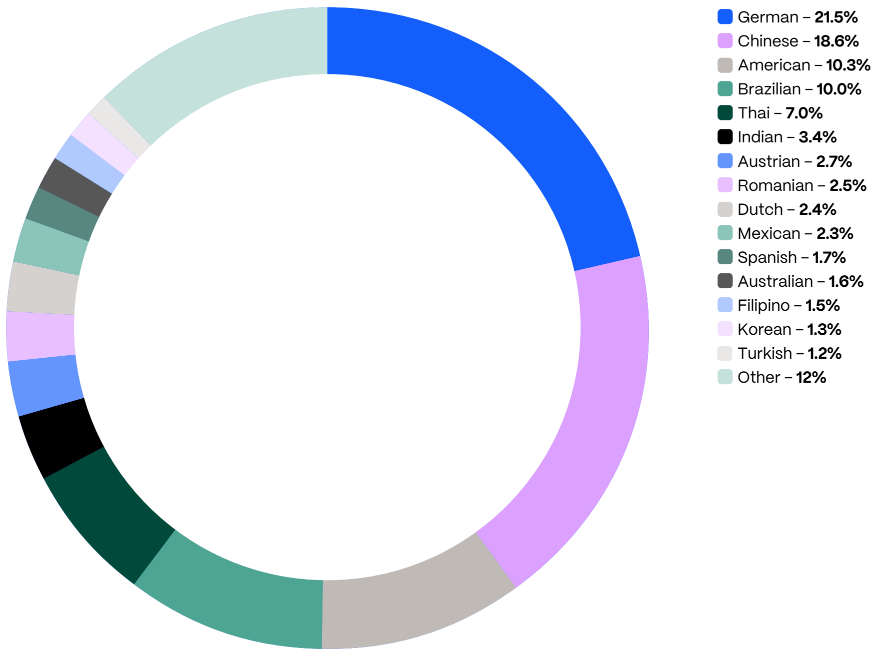
Feedback from our annual employee survey provides a holistic view of our employees' experience at SIG and serves as a foundation for further improvements.

Positive working conditions are reinforced by ensuring fair pay, working hours, and days off, providing job security, enabling a positive work-life balance, and offering competitive benefits in each local market. Upholding fair labor practices is central to our commitment to human rights (**see Human rights →**).

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[1]	More work to do
Achieve engagement level above industry benchmark[1]	On track
Increase % of employees who feel SIG has responded to their feedback based on the last survey	On track
Increase % of employees who feel SIG makes adequate use of recognition and reward other than money	On track

Employees by nationality in 2023



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

Responsible culture continued
Our people continued

Performance in 2023

Improving gender balance at senior levels

- We have further increased representation of women on our Group Executive Board (GEB). In 2023, women made up 40% (four of ten) of our GEB and 33% (three of nine) of our Board of Directors. We increased the number of women in leadership positions to 25%, up from 23% last year, and we remain on track to hit our 30% target by 2025.
- Nineteen more women joined our Women Acceleration program, which aims to help close the gender gap in leadership positions by supporting ambitious women at SIG to develop leadership skills, gain visibility and sponsorship from leaders, and widen their networks. They accessed virtual learning, coaching, and mentoring from our senior leaders, and had the opportunity to present to our GEB. By the end of 2023, 61% of those participating in the program to date had been promoted, had their roles broadened to take on more responsibilities, or made a lateral career move. Alumni of the program were also invited to talks this year to hear insights from inspirational SIG women.
- Two female leaders are nominated in the external She4Her mentoring program to help them build networks, develop an entrepreneurial mindset, and navigate challenges posed by digitization and new business models. We also worked with external partners, such as the European Women on Boards, to attract female leaders from outside SIG.

Women represented

25%

of leadership positions in 2023

Women in management (%)

	2020	2021	2022	2023
Women in leadership positions[1] (target 30% by 2025)	18%	20%	23%	**25%**
Group Executive Board	0	14% (1 of 7)	33% (3 of 9)	**40% (4 of 10)**
Senior management	22%	16%	8%	**13%**
Middle management	18%	20%	19%	**25%**
Junior management	24%	25%	25%	**25%**
All management	19%	22%	23%	**25%**
All employees	19%	19%	20%	**23%**

Attracting and hiring diverse talent

- We revised our recruitment practices to help us attract diverse talent, including updating our job advertisements to avoid gendered language, introducing standardized interview questions, and striving for diverse interview panels where possible.
- We continued to train recruiters and hiring managers on unconscious bias and cultural awareness, emphasizing our commitment to select the best person for each job regardless of gender, ethnicity, age, or any other relevant category.
- Local initiatives to attract diverse talent included establishing a talent pool of people with disabilities and people of color in the Americas South region and joining school career fairs to encourage more young women into engineering roles in Europe.

Creating an inclusive culture

- We established a new DE&I Council, made up of four GEB members, to champion DE&I from the top of the business. Members completed training this year on topics such as allyship and inclusive leadership. They are supported by a team of 20 employee representatives forming our DE&I Alliance.
- We piloted training in the Americas to help managers create psychological safety at work to help our people feel confident to bring their whole selves to work. This training will be rolled out across the business in 2024, together with mandatory training on unconscious bias and inclusion for all SIG leaders.
- We raised awareness of DE&I issues through cultural days and other events, including local talks on topics such as imposter syndrome and wellbeing on International Women's Day and a global webinar on allyship to support the LGBTQIA+ community on Pride Day.
- We established employee resource groups to help people with shared characteristics or experiences connect – including groups for parents, new mothers, and alumni of our Women Acceleration program.
- In our 2023 employee survey, 85% of our people agreed SIG creates an inclusive and diverse work environment where they feel respected, free from discrimination, and have equal access to opportunities – eight points above the industry benchmark.[2]

Developing talent

- More people got involved in our global mentoring program, with a total of 75 mentors and 70 mentees by the end of 2023. We also launched a reverse mentoring pilot with 12 senior leaders being mentored by juniors on specific topics. We continued to offer coaching at various levels globally, with support from external providers such as Bettercoach.
- Leadership development programs this year included:
  - Our Transformational Leadership Program, which analyzes the approach of each leader and their team to help them work together to take their performance to the next level. The first cohort of 75 employees completed the one-year global program, including face-to-face workshops with our leadership teams, and a further 650 have enrolled as part of a wider rollout.
  - Our Operations Leaders Development Program, which includes training and workshops on leadership and functional topics to help operations leaders prepare for higher management operations roles. In 2023, 16 people participated.
  - Our New Leaders Development Program, which provides workshops and coaching to help people who are leaders for the first time build management and leadership skills. In 2023, 28 newly appointed leaders took part.
  - Leading with Presence: Storytelling, a program to help leaders build skills to deliver impactful presentations, create inspirational visions and narratives, and enhance their presence when presenting at executive meetings. We piloted the program with 16 leaders in 2023 and plan to roll it out globally in 2024.

1 Includes GEB, senior and middle management roles.
2 Industry benchmark defined as norms for manufacturing companies participating in the Willis Towers Watson employee engagement survey.

Responsible culture continued
Our people continued

- We continued to offer a wide range of training and development resources, including:
  - Our new SIG Academy – a refreshed digital platform that provides online training, live webinars, and face-to-face sessions to keep employees informed, including a sales module for those in customer-facing roles and a new interactive module on sustainability.
  - The Bookboon e-library – an on-demand learning service used by more than 1,420 people this year to access over 7,700 units of content, including eBooks, audio learning, and virtual classes.
  - SPEEX – an online language learning platform used by 33 employees to access language learning.
  - A new competency framework and accompanying training that clarifies expectations on the knowledge, skills, and behaviors required from employees to perform effectively in their role.
- Overall, we provided 23.6 hours of training per employee in 2023, an increase from 20.9 in 2022 but falling just short of the pre-pandemic industry benchmark of 24.0 hours.[1]
- We provided regular performance and career development reviews to 61% of employees.
- Around 40 employees got the opportunity to work for SIG in another country, enhancing opportunities for professional and personal development, and supporting cultural diversity and innovation (**see case study →**).
- 75% of employees responding to our 2023 survey agreed they are very satisfied with learning and development opportunities, nine points above the industry benchmark.[2]

We outperformed the industry benchmark in all 11 categories in our 2023 employee survey.

Employee satisfaction

- We were again recognized externally for our efforts on employee satisfaction this year. SIG received Great Place to Work™ certification – the global benchmark for outstanding employee experience based on surveys of employees – in South America and Mexico. Local SIG entities also received recognition in Brazil, China, and Thailand.
- Nearly 7,200 (80%) of our people participated in our global employee survey this year. Engagement was strong at 85%, up from 83% last year and two points above the 2023 industry benchmark.[2] Our employee surveys are now run annually (previously every two years).
- SIG outperformed the industry benchmark[2] by between two and nine points in all 11 categories – most significantly in relation to learning and development, DE&I, retention, and corporate responsibility (including on social and environmental questions, **see Engaging our people on sustainability →**). We also strengthened performance in all categories compared with our last survey in 2022, most notably on reward and recognition, learning and development, and survey follow-up.
- Survey feedback helped us identify several key areas of focus for the coming year, including: ensuring people have the necessary work equipment and resources for exceptional performance; enhancing physical working conditions; increasing recommendations for SIG as a great place to work; and further emphasis on non-monetary recognition. We shared the survey results with managers and employees at global and local levels, and created action plans to address specific concerns.
- In 2023, 62% of employees felt significant actions had been taken to address priorities identified in the previous survey (up from 60% in 2022). These focused on initiatives to empower leaders, better manage wellbeing and workload, and improve reward and recognition.
- Our voluntary turnover rate remained low at 5.6% in 2023, down from 6.6% in 2022.[3]

Average hours of training[3]

Employee category	2020	2021	2022	2023
Male	19.4	20.2	21.0	18.7
Female	19.5	21.7	20.6	16.5
Management	26.3	24.8	31.9	25.7
Non-management	18.4	19.9	19.3	23.2
Total	**19.4**	**20.5**	**20.9**	**23.6**

Employee survey results related to our people commitments

Employee category	2020[4]	2022	2023	Comparison with 2023 industry benchmark[2]
Sustainable engagement score	87%	83%	85%	+2
Diversity, equity, and inclusion score	–	83%	85%	+8
% employees who feel SIG makes adequate use of recognition and reward other than money	63%	58%	63%	-1
% employees who feel we have responded to their feedback based on the last survey	61%	60%[5]	62%	+2

1 Excludes employees in our bag-in-box and spouted pouch business, who will be integrated into our training data from 2024.
2 Industry benchmark defined as norms for manufacturing companies participating in the Willis Towers Watson employee engagement survey.
3 Excludes employees in our bag-in-box and spouted pouch business.
4 Scores were unusually high in 2020 due to the exceptional circumstances at the start of the COVID-19 pandemic.
5 Excludes employees from parts of the business not included in our previous survey: the Middle East and Africa region, which SIG took full ownership of in 2021, and Scholle IPN and the Asia business acquired from Evergreen that joined SIG in 2022.

Responsible culture continued
Our people continued

Reward and recognition

- In line with our five-year fair pay roadmap, we continued to review pay and benefits to ensure they remain competitive within each local market. We also conducted an in-depth review of two markets this year to assess fair pay, gender pay gap, and living wages. We will use the findings to identify and implement any remediation measures needed, and further develop and strengthen our fair pay approach across the Group.
- We expanded the SIG Shine Awards to provide further non-monetary recognition this year. In 2023, we recognized individuals and teams from across the business in seven categories – including leader, team, and plant of the year – with awards presented by our CEO and GEB members at a virtual townhall meeting. Similar awards have been launched at a regional level and we have established several initiatives that enable colleagues to recognize each other for outstanding efforts.
- Our employee survey indicated we made good progress on non-monetary reward and recognition, with 63% agreeing that we make adequate use of recognition and rewards other than money to encourage good performance. While the score for this question increased from 58% last year, it is still one point below the industry benchmark[1] and we will continue to focus on non-monetary recognition programs in 2024.

Engaging employees

- We communicated regularly via one-to-one and townhall meetings to keep employees informed about our plans and the integration of the businesses we acquired in 2022. Local leaders played a pivotal role in consulting with employees to gather feedback, and give them the opportunity to voice questions and concerns.
- We have focused on improving our organizational structure, informed by management and employee input, to enhance efficiency and collaboration within teams, and take full advantage of our product portfolio and global footprint.
- We launched a new internal news app – known as the SIGer app – to foster a sense of community across SIG, and help colleagues in different parts of the business share their stories and learn from each other. By the end of 2023, more than 7,100 (68%) of our employees were active users and the app had clocked up over 441,200 engagements with news stories, around 20,400 likes and reactions, and more than 1,700 comments.
- We hosted activities throughout the year to unite and engage employees across the business, including celebrations to mark SIG's 170th anniversary (see right) and our global SIG Future+ Day (see Communities →).

Celebrating 170 years of SIG

To mark SIG's 170th anniversary in June 2023, we invited our people to explore SIG's past, present, and future through a global quiz and local events around the world to bring to life SIG's vision for better.

We created an online social wall for employees to share their stories and photos of team get-togethers. Employees also took part in a fitness challenge, clocking up 71 million steps over three months.

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

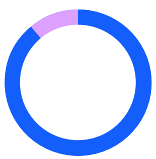
Responsible culture continued
Our people continued

Our workforce in 2023

	Asia Pacific	Americas	Europe	India, Middle East and Africa	Total	%
Total number of employees:	**2,814**	**2,402**	**3,393**	**693**	**9,302**	
Male	2,105	1,643	2,743	626	7,117	77
Female	709	759	650	67	2,185	23
Employees with a permanent contract:	**1,913**	**2,318**	**3,135**	**690**	**8,056**	
Male	1,507	1,603	2,524	624	6,258	78
Female	406	715	611	66	1,798	22
aged up to 30	180	560	394	138	1,272	16
aged 31 to 50	1,419	1,352	1,449	487	4,707	58
aged above 50	314	406	1,292	65	2,077	26
Full-time employees:	**1,894**	**2,312**	**2,890**	**690**	**7,786**	
Male	1,506	1,601	2,373	624	6,104	78
Female	388	711	517	66	1,682	22
Part-time employees:	**19**	**6**	**245**	**0**	**270**	
Male	1	2	151	0	154	57
Female	18	4	94	0	116	43
Employees with a fixed-term contract:	**901**	**84**	**258**	**3**	**1,246**	
Male	598	40	219	2	859	69
Female	303	44	39	1	387	31
thereof Apprentices	**0**	**29**	**141**	**0**	**170**	**14**

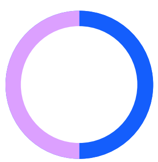
Governance bodies by age group in 2023

Board of Directors



Aged above 50 – **8**	**89%**
Aged 31 to 50 – **1**	**11%**
Aged up to 30 – **0**	**0%**

Group Executive Board



Aged above 50 – **5**	**50%**
Aged 31 to 50 – **5**	**50%**
Aged up to 30 – **0**	**0%**

Our workforce in 2023 continued

	Asia Pacific	Americas	Europe	India, Middle East and Africa	Total
Total number of new hires:	**80**	**228**	**151**	**88**	**547**
Male	56	171	93	75	395 (72%)
Female	24	57	58	13	152 (28%)
aged up to 30	32	96	57	48	233 (43%)
aged 31 to 50	43	124	81	38	286 (52%)
aged above 50	5	8	13	2	28 (5%)
Rate of new hires:	**5%**	**23%**	**6%**	**16%**	**9%**
Male	4%	23%	4%	15%	8%
Female	7%	23%	12%	23%	13%
aged up to 30	20%	33%	17%	52%	27%
aged 31 to 50	3%	20%	7%	9%	8%
aged above 50	2%	12%	1%	4%	2%

Employee turnover in 2023

	Asia Pacific	Americas	Europe	India, Middle East and Africa	Total
Total employee turnover	**18%**	**19%**	**11%**	**15%**	**15%**
Voluntary employee turnover rate	**6%**	**7%**	**3%**	**12%**	**6%**
Total employee turnover:	**320**	**184**	**286**	**86**	**876**
aged up to 30	62	79	116	27	284 (32%)
aged 31 to 50	216	94	113	51	474 (54%)
aged above 50	42	11	57	8	118 (14%)
Male	219	113	217	68	617 (70%)
Female	101	71	69	18	259 (30%)

Responsible culture continued
Health, safety, and wellbeing

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 behaviors at work, we can also have a wider positive impact when they take the same safe behaviors 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.

Progress in 2023

We have continued to prioritize integration of the businesses we acquired in 2022 into our established governance and management systems, including making regional leaders responsible for environment, health and safety (EHS) across our businesses in each region, increasing focus on behavior-based safety at more plants, and working towards ISO 45001 certification across the Group. Regular global awareness sessions emphasized our continued support for wider health and wellbeing.

Read on for more on

Health, safety, and wellbeing →

Or go to

Communities →

Keeping the conversation going on safety

Safety is one of SIG's core values and it is fundamental to everything we do. Most of our biggest risks are at our production plants. We have introduced a weekly Safety Flash to raise awareness of these risks – and how to avoid them – among production teams globally.

Each Safety Flash covers a specific topic with a simple overview of why it matters, associated risks, safe behaviors to mitigate the risks, and steps everyone can take to promote safe behaviors. We started out by covering key safety risks that are the main causes of incidents across the business: handling cutters and knives; slips, trips, and falls; using moving and rotating equipment; and forklift truck safety.

Plant supervisors, team leaders, and shift managers use each Safety Flash to stimulate lively discussions during team meetings. Key messages are then reinforced through posters at our plants.

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**

Golden Rule

Intervene to stop work if conditions or behaviors are unsafe.

Responsible culture continued
Health, safety, and wellbeing continued

Our commitment

We strive to prevent work-related incidents and illnesses, manage risks, empower employees to adopt safe behaviors, and support health and wellbeing.

Managing risks

Robust health and safety management systems promote continuous improvement. These are certified to ISO 45001 standards at all production plants in our aseptic carton business and we are working towards certification across SIG Group.

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

Empowering employees

Everyone at SIG is trained on health and safety, including our Life Saving Rules targeting the biggest risks to our people. Training for each employee covers 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 empower our people to provide input and constructive feedback through our focus on safe behavior. Plants where our behavior-based safety program is established must ensure that at least 15% of employees have completed training on behavior-based safety – with some sites targeting 100% – and we track progress as part of our monthly health and safety metrics.

Employees also contribute to our health and safety steering committees. These include plant management and employee representatives, as well as other participants such as local EHS managers, people and culture teams, works council representatives, and medical doctors.

Supporting health and wellbeing

We are committed to supporting the health and wellbeing of our employees. We take a holistic approach that encompasses physical, mental, financial, and social wellbeing to enable our employees to lead fuller, more productive lives both at work and at home.

Many of our larger sites offer access to medical professionals, health insurance, health check-ups, and fitness programs to support physical health. We continue to extend our behavior-based model to occupational health issues, such as ergonomics, and we provide ergonomic workstations and training. We also recognize that musculoskeletal health issues, such as back problems, can be an indicator of wider health and wellbeing issues.

To enhance wellbeing, we offer support to help our people manage workload, reduce stress, and achieve a better work-life balance through flexible working arrangements, regular wellness awareness campaigns, mental health training, and counselling. We hold employee focus groups and include questions on wellbeing in our annual employee survey to inform our efforts.

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]	Target discontinued[4]
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.
4 We have discontinued this target to focus on more meaningful performance drivers, with a strong focus on integration of the bag-in-box, spouted pouch, and chilled carton businesses we acquired in 2022 into our established health and safety systems, procedures, and reporting.

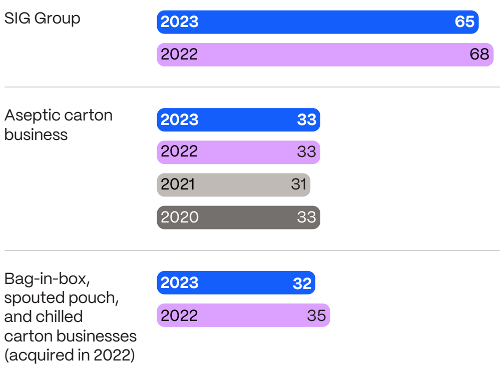
Responsible culture continued
Health, safety, and wellbeing continued

Performance in 2023

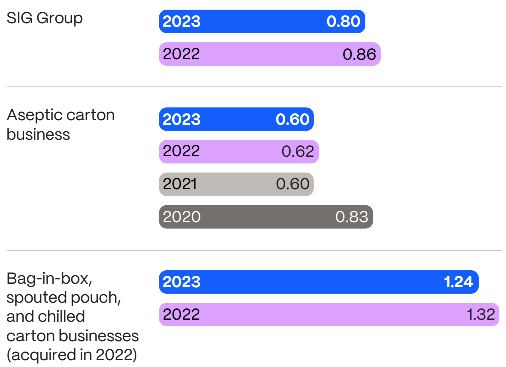
Reporting on safety incidents

- In 2023, there were 65 recordable cases across SIG Group (down from 68 in 2022), including 40 cases leading to lost working time, 13 requiring medical treatment, and 11 resulting in restricted work. The total recordable case rate for SIG Group decreased by 7% to 0.80 recordable cases per 200,000 hours worked. Nine of our sites achieved zero recordable cases and 16 sites achieved zero lost-time cases in 2023. We maintained our record of zero fatalities across SIG Group.
- The lost-time case rate for SIG Group increased to 0.49 lost-time cases per 200,000 hours worked in 2023 and the rate of severity[5] of lost-time cases was 0.51 (compared with 0.43 in 2022). There were also ten lost-time cases among contractors working at our production sites this year and the lost-time injury frequency rate for contractors was 0.75 per 200,000 hours worked.

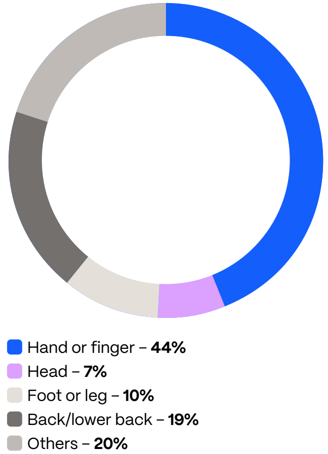
Total recordable cases[1]



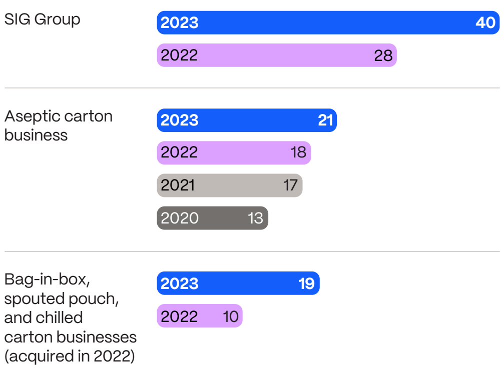
Total recordable case rate[4]



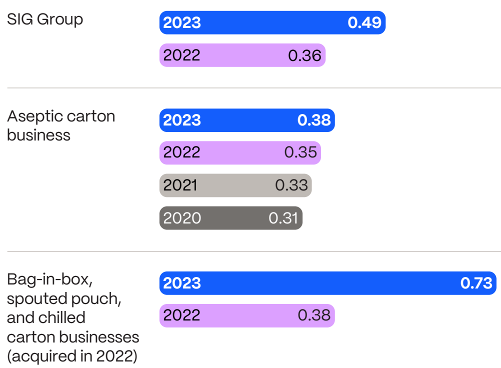
Recordable injuries by type in 2023 (%)



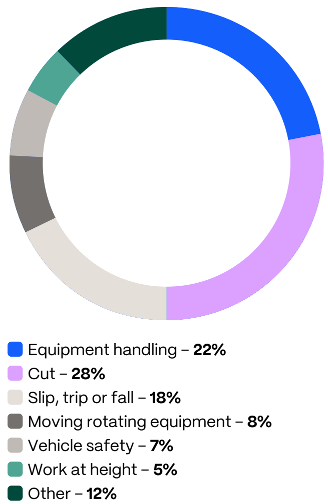
Lost-time cases[2]



Lost-time case rate[3]



Recordable injuries by cause in 2023 (%)



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 Lost-time cases per 200,000 hours worked.
4 Total recordable cases per 200,000 hours worked.
5 Severity rate based on number of days away from work x 1,000 / 1,000,000.

Responsible culture continued
Health, safety, and wellbeing continued

Managing health and safety

- We maintained global certification to the ISO 45001 standard for health and safety management across our aseptic carton production plants and aim to extend it to all our production plants in 2024.
- All our production plants, including all our newly acquired production sites, completed SEDEX SMETA audits – which include health and safety as one of the four pillars – in the 2023 two-yearly cycle.[1]
- We continued to integrate the new businesses into our health and safety systems this year. Building on last year's efforts to train new colleagues on the Life Saving Rules and how to create a safety culture, we focused on aligning incident reporting based on our global standards and ensuring every site has an EHS manager to put our approach into practice at a local level. Our Group EHS team conducted site assessments against SIG standards at all new plants and used the findings, together with the results of the SEDEX SMETA audits, to inform the development of improvement plans.
- To support best practice sharing across the business, we made regional leaders responsible for EHS for all SIG businesses in their region and created a network of experienced EHS managers to learn from each other, align our health and safety approach across the Group, and drive improvements in performance.
- Our plant in Rayong (Thailand) was recognized by the Thailand Ministry of Labor for excellence in its management of occupational health and safety for a second year.

Creating a "take-care" culture

- We introduced a new global weekly Safety Flash to get production teams across SIG Group talking about important safety topics on an ongoing basis (**see case study Keeping the conversation going on safety →**).
- We continued to encourage employees to observe and provide constructive feedback to correct unsafe behaviors. At our aseptic carton production plants, 23% of employees reported more than 39,100 observations in 2023 (up from 16% of employees reporting around 35,000 observations in 2022), enabling us to remove more than 4,000 barriers to safe behavior. We also began extending our focus on safe behavior to our newly acquired plants, including at our plant in Merced (USA) (see case study below left).
- Following a successful pilot in Linnich (Germany), we have extended training on advanced behavior-based safety to our aseptic carton production plants in Wittenberg (Germany) and Saalfelden (Austria), and appointed safety observers at each site. The advanced process aims to establish a list of specific behaviors for each department at each site to focus on, based on previous incidents and near misses, and set targets for safe behavior – emphasizing positive feedback and recognition for safe work practices rather than penalties for risky behavior.
- We increased reporting of near misses this year, which supports our efforts to prevent incidents. Our aseptic carton business recorded 395 near misses in 2023 (compared with 302 in 2022) and the frequency rate of near misses per 200,000 working hours increased to 7.2 (compared with 5.9 in 2022). A total of 619 near misses were recorded across SIG Group in 2023, with a frequency rate of 7.7 per 200,000 working hours.
- Local initiatives to target specific health and safety risks include mobile platforms to enhance safety when working at height in Riyadh (Saudi Arabia), an enhanced focus on electrical safety in Vinhedo (Brazil), and an innovative docking system for loading trucks in Suzhou (China).
- Our employee-management health and safety committees continued to meet regularly to review standards and improvement plans. This year, they discussed topics such as incident tracking, behavior-based observations, and progress of safety projects.
- 90% of employees participating in our global engagement survey this year agreed SIG does a good job of ensuring workers' health and safety wherever we operate, up two points from last year and seven points above the 2023 industry benchmark.[2]

Incentivizing safe behavior at our US production plant in Merced, USA

We introduced a new system to incentivize safe behavior at our bag-in-box and spouted pouch film production plant in Merced (USA) in 2023 and 94% of the plant's employees got involved.

Everyone at the site is encouraged to take responsibility for their safety and the safety of those around them by completing training, participating in audits, and conducting a safety walk at least once a month.

The aim is to support observation and reporting of unsafe practices and processes, and encourage adoption of safe behaviors.

1 Includes one audit within the 2023 cycle that was completed in early January 2024.
2 Industry benchmark defined as norms for manufacturing companies participating in the Willis Towers Watson employee engagement survey.

Responsible culture continued
Health, safety, and wellbeing continued

Supporting health and wellbeing

- Global awareness campaigns, such as our monthly Wellbeing Wednesday, reinforced our holistic approach to physical, mental, financial, and social wellbeing. They included a range of discussions and activities to encourage physical activity, promote self-care, and help employees connect socially – from free yoga classes to encouraging people to discuss what creates a healthy workplace over a coffee. We also ran a step challenge to celebrate SIG's 170th birthday, with employees collectively logging 71 million steps over three months.
- We offered access to resources on wellbeing topics, such as stress management, mindfulness, and work–life balance, through the Bookboon e-library. We also raised awareness of mental wellbeing and provided related guidance on our internal social platform, including on World Mental Health Day and during Stress Awareness Week.
- We implemented our guidelines on ways of working for office workers, and developed new guidelines on ways of working specifically for employees working in production roles and in the field as service engineers. These set out clear guidance and tangible steps to support wellbeing and work–life balance. We also continued to support employees in balancing work and family commitments through flexible working options in certain regions, including compressed work weeks and hybrid working (see quotes), as well as offering training on effective time management.
- We rolled out a toolkit for managers on how to create a healthy workplace to support their teams, as well as launching a new series of podcasts on our SIGer internal social platform in which senior leaders talk about leadership and wellbeing. In 2024, we will integrate psychological safety into our transformational leadership training to further reinforce our leaders' focus on wellbeing.
- Local health and wellbeing initiatives this year included health check-ups, talks on emotional health, fitness memberships, an anti-smoking campaign, ergonomics training, and sports activities.
- Our 2023 global engagement survey results indicated employees feel positively about their work–life balance, with 84% agreeing they have flexibility to balance work and personal responsibilities. The survey also identified physical working conditions as an area we will aim to improve next year – 78% agreed that physical working conditions (such as facilities, hygiene, and temperature) are good, two points below the industry benchmark.[1]
- Our health rate among full-time employees was 97.7%[2] in 2023 – up from 95.6% in 2022.

"Hybrid working has given me balance between my personal and professional life. Now when I finish work, I can spend time with my daughter, go to the gym, or go for a walk instead of spending an hour and a half sitting in traffic. When I go to the office, I focus on being with the team, interacting with people I don't have daily contact with, and solving issues that require meetings.

Juliana Camargo
Product and Category Specialist, Brazil

"Apart from work–life balance, hybrid working to me fosters a certain amount of creativity and space to structure my approach to challenging tasks. I like the autonomy it provides as it requires you to take more ownership in both your professional and personal space.

James George
Market Insight Manager, India, Middle East and Africa

1 Industry benchmark defined as norms for manufacturing companies participating in the Willis Towers Watson employee engagement survey.
2 Based on a sickness absence rate of 2.3% (sick days per total days worked). Sickness absence and health rates are based on available data covering more than 90% of employees.

Responsible culture continued
Communities

Communities

We engage and support our communities to help them thrive.

Supporting local communities where we operate helps us strengthen our business by being a good neighbor and an employer of choice, enhancing our corporate image, and exploring new models and markets.

New model developed to scale up Cartons for Good

Recycle for Good community recycling program launched in Indonesia

Progress in 2023

The SIG Foundation[1] launched a new Recycle for Good initiative in Indonesia this year and engaged with NGOs to scale up its flagship Cartons for Good program.

We encouraged employees to make a positive contribution to their communities and the environment through our global SIG Future+ Day and local community engagement programs throughout the year.

Read on for more on
Communities

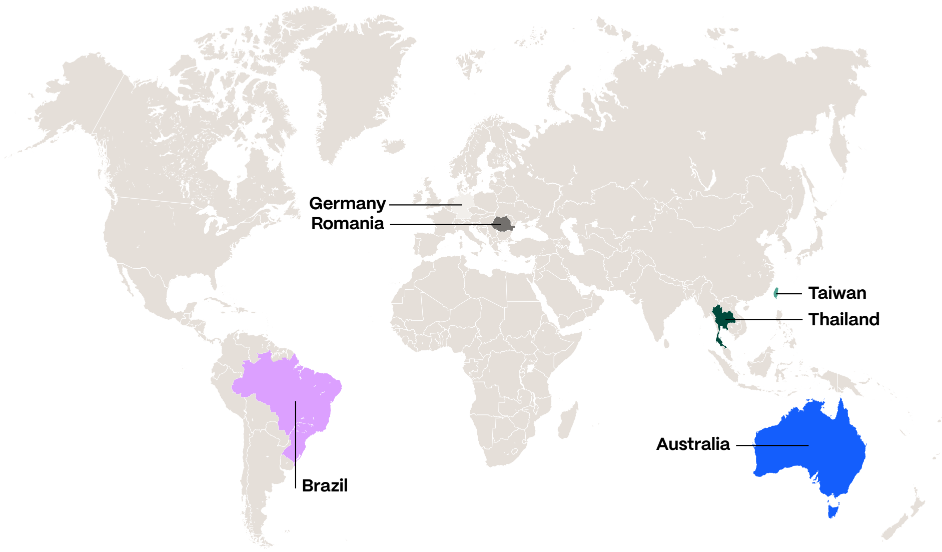
Or go to
Governance and ethics

1 Formally known as the SIG Way Beyond Good Foundation.

Uniting our people to support communities

SIG Future+ Day on 6 September 2023 united employees around the world in a global engagement day to do good together.

We encouraged everyone across the business to do something that contributes a positive impact to people or the planet, no matter how big or small – either individually or through local team initiatives run by our Future+ Ambassadors.



Australia
We built and distributed nest boxes for local birds to rest, roost, and shelter.

Brazil
We planted native species to preserve biodiversity in the Araucaria forest.

Germany
We organized a recycling fair with a quiz to raise awareness about waste separation.

Romania
We ran a garage sale to raise funds for local high school students entering a global technology competition.

Taiwan
We installed plants in eco-pots made with recycled materials at our office.

Thailand
We ran activities at a local school to educate children about recycling, including making hats from used beverage cartons.

Responsible culture continued
Communities continued

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 impact for people and the planet.

We channel support through the SIG Foundation, which focuses on projects that strengthen civil society and create positive impacts for the environment.

We also mobilize our people to support their communities through local initiatives led by our network of Future+ Ambassadors, with support from employee volunteers.

Performance in 2023

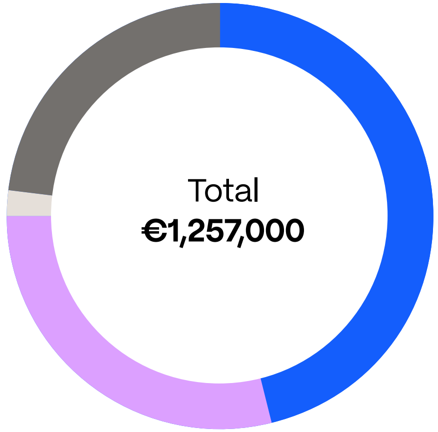
Supporting communities through the SIG Foundation

- We contributed €295,000 in grants in 2023 to support the work of the SIG Foundation, including its flagship Cartons for Good program and new Recycle for Good program (see next page).
- The SIG Foundation ran a global fundraising campaign to encourage employee donations to support communities affected by the earthquake in Turkey and Syria in February 2023. We also partnered with our dairy customer Güney to provide the Turkish Red Crescent with a truckload of milk, packed in cartons donated by SIG.
- Our annual corporate festive donation supported improved learning conditions at a school in a very hot region close to the Marismas Nacionales Biosphere Reserve in Mexico, facilitated by WWF Mexico. The funds, directed via the SIG foundation, are being used to provide lighting and fans, and install battery storage for renewable electricity generated by the solar panels that we funded last year.

Our targets

2025 target	Progress tracker
Create self-sustaining, scalable models for the SIG Foundation's Cartons for Good project[1]	More work to do
Scale up and expand our community recycling model	On track
Increase the impact of community engagement programs by 50% (from 2020)	More work to do

SIG's charitable contributions 2023



- Cash contributions – **€581,295**
- Time: employee volunteering during working hours – **€364,173**
- In-kind giving: donation, projects or services, projects or partnerships – **€24,232**
- Management overheads – **€287,300**

Mobilizing our people to contribute to positive change

- We held a SIG Future+ global engagement day to inspire employees to have a positive impact on people and the planet – and help us engage our people on sustainability (see previous page).
- Our Future+ Ambassadors launched a campaign to promote conservation and raise awareness of biodiversity among our people and communities that will continue into 2024, with activities focusing on ecosystems enrichment, clean-ups, restoration, and education.
- Employees also took part in other community engagement initiatives throughout the year, including beach clean ups in the United Arab Emirates, a school renovation project in Romania, a blood donation drive in Germany, food donations in Egypt, and a food festival in Switzerland to celebrate SIG's 170th anniversary.
- Overall, community engagement programs run by employees achieved a total impact score of 21,997 during 2023, up 29% from 2020.[2]

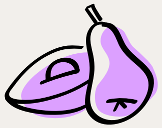
1 Target wording shortened by removing the full name of the SIG Way Beyond Good Foundation.
2 Impact score is derived through an assessment of our employee-led community engagement projects – by the employees and communities involved in them – based on who benefits from each project, the type of impact it has and its potential to contribute to the United Nations Sustainable Development Goals.

Responsible culture continued
Communities continued

Channeling support through the SIG Foundation

The SIG Foundation's purpose is to identify, drive, and promote activities and projects that strengthen civil society and create positive impacts for the environment.

We have provided over €1.7 million in grants to support the SIG Foundation since it was founded in 2018. Its two key programs deliver social and environmental benefits through innovative models for preventing food loss and recycling packaging waste:



Cartons for Good – the SIG Foundation's flagship program helps prevent food loss and malnutrition by using SIG's filling expertise and packs to turn surplus crops into nutritious meals for people in need. The pilot in Bangladesh has turned over 15 metric tons of food loss into more than 53,000 nutritious school meals for underprivileged children since it began in 2019. The Foundation won the SAVE FOOD Project award for Cartons for Good in 2023 and has agreed a new partnership to expand the impact of the program with a similar model in Egypt.

See Food+ →

Recycle for Good – the SIG Foundation launched a new program in Indonesia this year, building on the community recycling model SIG has established in Brazil. The program aims to incentivize recycling and provide social support for people in low-income communities through a collection point that offers food and other rewards in exchange for recyclable waste – with a strong focus on used beverage cartons and polymer pouches. By the end of 2023, more than 770 people had already collected 11.7 metric tons of waste in exchange for rewards.

See Resource+ →

Find out more about the SIG Foundation on our website.

Sustainability continued
Responsible culture: Governance and ethics

Governance and ethics

We expect all our employees and everyone working with us to act with integrity, always.

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.

Progress in 2023

Approximately 99% of employees completed an annual certification on the SIG Code of Conduct in 2023 and 95% completed additional in-person or virtual training on the Code.

We continued to provide further training on specific compliance topics, such as anti-bribery, anti-corruption, and anti-trust, for those in high-risk roles. We encouraged people to speak up by raising awareness of our Integrity & Compliance Hotline, and extended access to the hotline to external stakeholders. We also reinforced a culture of security awareness to help employees remain vigilant.

Read on for more on
Governance and ethics →
Or go to
Sustainability KPIs →

Integrity & Compliance Hotline

We encourage people to speak up if they have any questions or concerns, without fear of retaliation. Our Integrity & Compliance Hotline is one of the channels available to report an issue or concern.

The Hotline is available to all SIG employees, as well as to external stakeholders such as investors, suppliers, customers, or other business partners. It is also available to anyone who wants to raise a concern regarding ethical conduct, human rights or the environment related to our own operations or our suppliers' business activities. Reports can be submitted anonymously (where permitted by local legislation).

Details on the hotline and how to report a concern can be found on our website below:

Hotline →

Embedding a culture of security awareness

With cyberattacks on the rise globally, building employees' awareness of IT security and safeguarding personal data is increasingly important.

This year, we built on our existing mandatory security training to focus on behaviors through an ongoing awareness campaign. We also introduced quarterly simulated phishing attacks to help employees spot common phishing tactics, together with guidance explaining how to report any suspicious emails they may encounter.

We provided practical tips every month, ran gamified security challenges every quarter, and promoted awareness on International Data Privacy Day and throughout Cybersecurity Awareness Month. Next, we will introduce monthly bite-sized refresher training on key topics. Annual assessments and benchmarking exercises help us measure progress in creating a culture of security awareness.

Get your phishing cheat sheet here

Sustainability continued
Responsible culture: Governance and ethics continued

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. These ethical principles include:

- Ethical and legal behavior.
- 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 is approved by our Board of Directors and detailed by policies and guidelines on specific topics. Available in 19 languages, it sets out our expectations on topics such as anti-bribery and anti-corruption, avoidance of and dealing with 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, detailed in 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 they are required to complete 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, our people and culture teams, or global and regional Legal and Compliance Officers. Employees, supplier workers, and third parties can also report concerns via our confidential Integrity & Compliance Hotline (anonymously if they wish, where permitted by local legislation).

We investigate all concerns and take appropriate action, including, but not limited to, disciplinary measures.

Our targets

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

Performance in 2023

Training our people and raising awareness

- Approximately 99% of employees completed an annual certification on the SIG Code of Conduct this year, and approximately 95% completed additional in-person or virtual training on the Code of Conduct.
- We provided additional in-depth training on specific topics for those working in high-risk roles. This included further training for sales, procurement, and finance teams on anti-bribery, anti-corruption, and anti-trust, as well as further training for people and culture teams on data privacy.
- We continued to reinforce key messages on ethics and compliance topics through ongoing awareness activities. This included running a campaign to promote our Integrity & Compliance Hotline (see highlight on the previous page) and creating a dedicated compliance page on our SIGer internal social app, as well as regular articles, emails, and posters.

Investigating and acting on concerns

- Concerns reported via our Integrity & Compliance Hotline and other channels in 2023 mainly related to workplace and employee matters.
- We investigated all reported concerns and took disciplinary action, including reprimands and dismissals, where appropriate.
- No cases of corruption were substantiated in 2023.

Maintaining ethical and compliance standards

- All our production plants, including all our newly acquired production sites, completed SEDEX SMETA audits – which include business ethics as one of the four pillars – in the 2023 two-yearly cycle.[1]

Focusing on data security and privacy

- We continued to implement our security acceleration program to bolster our preparedness and response to cyber threats, including upgrading security software, strengthening our incident response process, and reinforcing a culture of security awareness (see case study on the previous page).
- 97% of our employees completed our refreshed data security and privacy training. We also rolled out training on how to classify documents to around 4,000 employees in relevant roles (approximately 43% of all employees).
- We maintained certification to the international ISO 27001 standard on information security management for SIG IT in China, Germany, and Romania.

1 Includes one audit within the 2023 cycle that was completed in early January 2024.

Sustainability continued
Sustainability key performance indicators

Sustainability key performance indicators

The tables on this and the following pages provide a summary of the key performance indicators we use to measure progress towards our sustainability targets and performance on our most material issues.

Scope of data

Our sustainability reporting covers the 2023 calendar year. Unless otherwise stated, data covers all operations fully owned by SIG globally, except for our production plant in Baie-d'Urfé (which closed in 2023) and our production plant in Voronezh.

Assurance

In the tables on this and the following pages, data for 2021, 2022 and 2023 has been assured with limited assurance by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Germany, except where otherwise noted. See Assurance statement →. See previous years' reports for details of 2021 and 2022 assured data and assurance scope. Some data for previous years has been restated in this report in line with our restatement policy and changes to our business to enable a better understanding of performance trends on a like-for-like basis. See footnotes for clarification.

Data assured

Metric	2020	2021	2022	2023
Climate+				
Material issue: Climate change				
Total Scope 1 and 2 greenhouse gas emissions (thousand metric tons CO_2 equivalent)	100.4[2, 5]	75.9[2, 5]	73.6[2, 5]	**20.9**
Total Scope 3 greenhouse gas emissions (million metric tons CO_2 equivalent)[1]	1.9[2]	1.9[2]	2.0[2]	**1.9**
Scope 3 greenhouse gas emissions intensity (grams CO_2 equivalent/liter of food packed)[1]	68[2]	66[2]	65[2]	**64**
Scope 1, 2, and 3 greenhouse gas emissions intensity (grams CO_2 equivalent/liter of food packed)[1]	72[2]	68[2]	67[2]	**65**
Scope 1 greenhouse gas emissions for production (thousand metric tons CO_2 equivalent)	31.4[2, 5]	30.1[2, 5]	26.6[2, 5]	**20.9**
Scope 1 greenhouse gas emissions for our aseptic carton production (thousand metric tons CO_2 equivalent)	31.1	29.8	25.1	**19.5**
Scope 2 greenhouse gas emissions for production (market based) (thousand metric tons CO_2 equivalent)	69.1[2, 5]	45.8[2, 5]	47.1[2, 5]	**0**
Scope 2 greenhouse gas emissions for our aseptic carton production (market based) (thousand metric tons CO_2 equivalent)	22.9	0	0	**0**
Scope 1 and 2 greenhouse gas emissions intensity for production (aseptic carton sleeves only) (metric tons CO_2 equivalent/million m^2 of sleeves produced)	17	15	12	**10**
Energy used for production from renewable sources (Power Purchase Agreements or Energy Attribute Certificates) or compensated using Gold Standard CO_2 offset (%)	100[3]	100[3]	100[3]	**100**
Electricity used for production from renewable sources (Power Purchase Agreements or Energy Attribute Certificates) (%)	100[2, 3]	100[2, 3]	100[2, 3]	**100**
Operational energy use for our production (GWh)	383[3]	402[3]	388[3]	**492**
Energy intensity for production (aseptic carton sleeves only) (MWh/million m^2 of sleeves produced)	201	197	183	**175**
Forest+				
Material issue: Biodiversity & forest ecosystems				
SIG carton packs[4] sold labeled with FSC™ logo (%)	97[3]	98[3]	99[3]	**94**

1 Data includes our production plant in Baie-d'Urfé and our production plant in Voronezh. 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.
2 Not assured.
3 Aseptic carton business only.
4 Includes aseptic and chilled cartons.
5 Restatement based on changed emission factors 2023

Sustainability continued
Sustainability key performance indicators continued

Metric	2020	2021	2022	2023
Resource+[1]				
Material issue: Waste management & circular economy				
SIG carton packaging[7] that is designed for recycling[2] (%)	100[8]	100[8]	100[8]	**100**
SIG bag-in-box and spouted pouch packaging that is recycle-ready[3] or for which we offer alternative recycle-ready bag-in-box and spouted pouch solutions (%)	–	–	–	**69**
SIG packaging portfolio that is recycle-ready[4] (%)	–	–	–	**90**
Waste rate for production (aseptic carton sleeves only) (grams of waste per m² of packaging material)	32	34	32	**31**
Food+				
Material issue: Product safety & integrity				
Significant carton[7] product and service categories which health and safety impacts are assessed for improvement (%)	100[8]	100[8]	100[8]	**100[8]**
Significant bag-in-box and spouted pouch product and service categories for which health and safety impacts are assessed for improvement (%)	–	–	–	**100**
Non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services in our carton businesses[7] (number of incidents)	0[8]	0[8]	0[8]	**0[7]**
Non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services in our bag-in-box and spouted pouch business (number of incidents)	–	–	–	**0**
Additional strategic topic: Access to nutrition & hydration[5]				
Nutritious food and beverage products[6] brought to consumers in SIG packaging (billion liters)	11.2[7,9]	11.8[7,9]	12.1[7,9]	**15.5[9]**

1 A KPI for the material issue of water is in development.
2 Our evaluation of recyclability of cartons is based on the relevant EN643 standard.
3 Our evaluation of recycle-readiness for bag-in-box and spouted pouch is in line with Design for Recycling criteria developed by APR (Association of Plastic Recyclers) and Recyclass.
4 Our evaluation of recyclability of cartons is based on the relevant EN643 standard and our evaluation of recycle-readiness for bag-in-box and spouted pouch is in line with Design for Recycling criteria developed by APR (Association of Plastic Recyclers) and Recyclass.
5 Additional strategic topic for our Food+ action area (not a material issue).
6 Defined by the independent Health Star Rating System as food and drinks that contribute to a balanced diet and lead to better health.
7 Includes aseptic and chilled cartons.
8 Aseptic carton business only.
9 Not assured.

Sustainability continued
Sustainability key performance indicators continued

Metric	2020	2021	2022	2023
Sustainable innovation				
Material issue: Innovation in products & services				
Food packed with SIG Terra[9] packaging materials (million liters)	457.2[7,14]	540.9[7,14]	613.5[6,7,14]	**1,544.2**
Food packed in SIG Terra[9] packaging materials (% of total liters packed in SIG packs)	3.1[7,14]	3.5[7,14]	3.4[7,14]	**5.3**
SIG aseptic carton packs sold labeled with ASI logo (million packs)	80.0[7]	577.0	1,383.7	**2,801.0**
Supply chain				
Material issue: Responsible suppliers				
New suppliers[10] screened using social responsibility criteria (% of significant suppliers[11] for our carton businesses)[8]	100	100	100[1]	**100**
New suppliers[10] screened using social responsibility criteria (% of significant suppliers[11] for our bag-in-box and spouted pouch business)	–	–	–	**100[2]**
Material issue: Sustainable raw materials				
A-materials[12] from certified sources for our cartons[8] (% by volume)	62[7,14]	70[14]	74[14]	**75[14]**
A-materials[12] from certified sources for all our packaging (% by volume)	–	–	–	**69**
Human rights				
Material issue: Human rights[3]				
Plants completed SEDEX Members Ethical Trade Audit (of total number of plants)[4]	8 of 9[13]	9 of 9[13]	8 of 8	**27 of 27[5]**

1 Excludes the chilled carton business acquired part way through 2022.
2 Integration of our bag-in-box and spouted pouch business into our Group procurement processes is ongoing. Data for 2023 includes the direct significant suppliers we have identified that provide raw materials for our bag-in-box and spouted pouch packs. We will work to add further significant suppliers for our bag-in-box and spouted pouch business in future, including indirect suppliers providing secondary packaging and services.
3 Includes freedom of association, freely chosen labor, living standards, and protection of the child.
4 SEDEX audits are completed on a two-yearly cycle and plants are considered to hold completed status for the year following their last audit. We report the number of plants that have completed SEDEX audits, but SIG's total number of SEDEX certifications is higher due to multiple entities being audited at a single plant as well as additional SIG business entities undergoing SEDEX audits beyond our production plants.
5 Includes one audit within the 2023 cycle that was completed in early January 2024. The bag-in-box, spouted pouch, and chilled carton production plants we acquired in 2022 joined our scheduled two-yearly cycle of audits in 2023.
6 Data restated due to an error in reporting.
7 Not assured.
8 Includes aseptic and chilled cartons.
9 Formerly known as our SIGNATURE portfolio for aseptic carton solutions. From 2023, recycle-ready bag-in-box and spouted pouch solutions have also been added to the SIG Terra portfolio.
10 Includes suppliers that are new to SIG Group through our acquisitions in 2022.
11 Significant suppliers are those considered most significant to our business (excluding equipment 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.
12 A-materials are the raw materials that go directly into our packs: paperboard, polymers, aluminum foil, ink, and solvents for aseptic cartons; paperboard, polymers, ink, and solvents for chilled cartons; and polymers and films for bag-in-box and spouted pouches. (SIG does not manufacture or sell the cardboard box of our bag-in-box solutions.)
13 The Australia production site acquired in 2019 completed its first SEDEX audit in 2021 as part of our two-yearly audit cycle. The site ceased production in mid-2021.
14 Aseptic carton business only.

Sustainability continued

Sustainability key performance indicators continued

Metric	2020	2021	2022	2023
Our people				
Material issue: Diversity, equity & inclusion				
Women in leadership positions	18%[3]	20%	23%[6]	**25%**
Material issue: Employee satisfaction, development, and working environment				
Sustainable engagement score (% favorable responses)	87[4]	–[5]	83	**85**
Training and development investment (average training hours/employee)	19.4[4]	20.5[4]	20.9[6]	**23.6[6]**
Health, safety, & wellbeing				
Material issue: Health, safety, & wellbeing				
Total recordable cases[1] across SIG Group	–	–	68[3]	**65**
Total recordable case rate (per 200,000 hours worked) across SIG Group	–	–	0.86[3]	**0.80**
Lost-time cases[2] across SIG Group	–	–	18[3]	**40**
Lost-time case rate (per 200,000 hours worked) across SIG Group	–	–	0.36[3]	**0.49**
Total recordable cases[1] in our aseptic carton business	33[3]	31[3]	33	**33**
Total recordable case rate (per 200,000 hours worked) in our aseptic carton business	0.83[3]	0.60[3]	0.62[3]	**0.60**
Lost-time cases[2] in our aseptic carton business	13	17	18	**21**
Lost-time case rate (per 200,000 hours worked) in our aseptic carton business	0.31	0.33	0.35	**0.38**
Total recordable cases[1] in our bag-in-box, spouted pouch, and chilled carton businesses	–	–	35[3]	**32**
Total recordable case rate (per 200,000 hours worked) in our bag-in-box, spouted pouch, and chilled carton businesses	–	–	1.32[3]	**1.24**
Lost-time cases[2] in our bag-in-box, spouted pouch, and chilled carton businesses	–	–	10[3]	**19**
Lost-time case rate (per 200,000 hours worked) in our bag-in-box, spouted pouch, and chilled carton businesses	–	–	0.38[3]	**0.73**

1 Total recordable cases include medical treatment and restricted work cases as well as lost-time cases.
2 A lost-time case is defined as absence for one or more shifts or loss of one or more working days.
3 Not assured.
4 Aseptic carton business only.
5 There was no employee survey in 2021 as it was previously run every two years.
6 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 in 2022.

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 2023 (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.

Audit Firm's Independence and Quality Management

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 Management 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality management for audit firms (IDW Qualitätsmanagementstandard 1: Anforderungen an das Qualitätsmanagement in der Wirtschaftsprüferpraxis – IDW QMS 1 (09.2022)), which requires the audit firm to design, implement and operate a system of quality management that complies with the applicable legal requirements and professional standards.

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 2023 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), Curitiba (Brazil), Suzhou (China), Queretaro (Mexico), Merced (USA), Chilhowie (USA), Heieinde (Netherlands), Jellinghaus (Netherlands), Santiago (Chile)
- 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 2023 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.

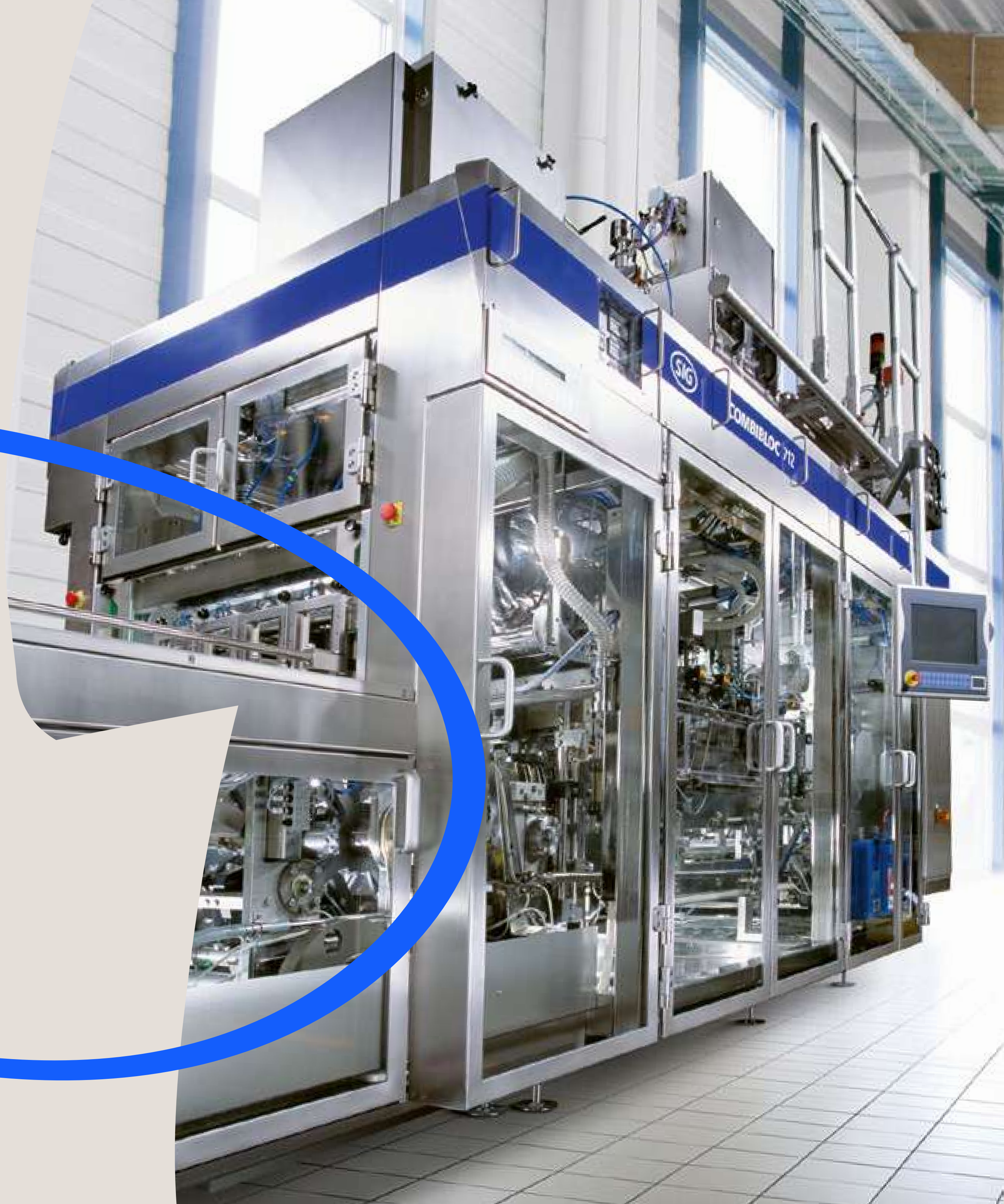
Munich, 22 February 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Hendrik Fink Wirtschaftsprüfer (German Public Auditor)	ppa. Christopher Hintze Wirtschaftsprüfer (German Public Auditor)

Our governance

In this section



Board of Directors

Andreas Umbach
Chair of the Board

N

Read the CV →

Matthias Währen

A C

Read the CV →

Florence Jeantet

Read the CV →

Werner Bauer

A N

Read the CV →

Wah-Hui Chu

C N

Read the CV →

Mariel Hoch

A C

Read the CV →

Abdallah al Obeikan

Read the CV →

Martine Snels

A N

Read the CV →

Laurens Last

Read the CV →

Key to committee membership

- N Nomination and Governance Committee
- A Audit and Risk Committee
- C Compensation Committee
- Chair of Committee

Group Executive Board

Samuel Sigrist
Chief Executive Officer

Read the CV →

Ann-Kristin Erkens
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 →

José Matthijsse
President and General Manager, Europe

Read the CV →

Christoph Wegener
Chief Markets Officer

Read the CV →

Angela Lu
President and General Manager, Asia Pacific

Read the CV →

Ricardo Rodriguez
President and General Manager, Americas

Read the CV →

Abdelghany Eladib
President and General Manager, IMEA

Read the CV →

Gavin Steiner
Chief Technical Officer

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 2023).

1 Group structure and shareholders

1.1 Group structure

SIG Group AG, Neuhausen am Rheinfall ("**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 capitalization of the Company amounted to CHF 7,397 million as of 31 December 2023.

Please see note 27 of the consolidated financial statements for the year ended 31 December 2023 for a comprehensive list of the Group's subsidiaries and of its joint venture. 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 2023 is as follows:

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

Subject to Swiss law and in accordance with the Company's articles of association ("**Articles of Association**") and the Company's organizational regulations ("**Organizational 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 Organizational Regulations[2]. The Group Executive Board comprises ten members, specifically the CEO, the chief financial officer ("**Chief Financial Officer**" or "**CFO**"), the chief supply chain officer ("**Chief Supply Chain Officer**" or "**CSCO**"), the chief technology officer ("**Chief Technology Officer**" or "**CTO**"), the chief people and culture officer ("**Chief People and Culture Officer**" or "**CPCO**"), the chief markets officer ("**Chief Markets Officer**" or "**CMO**"), the president and general manager of Europe ("**President and General Manager Europe**"), the president and general manager of Asia Pacific ("**President and General Manager Asia Pacific**"), the president and general manager of Americas ("**President and General Manager Americas**"), and the president and general manager of India, Middle East and Africa ("**President and General Manager IMEA**"). For further information on the Group's segments, please refer to note 7 of the consolidated financial statements for the year ended 31 December 2023. The Group Executive Board is directly supervised by the Board of Directors and its Committees. The Organizational Regulations can be accessed under https://www.sig.biz/investors/en/governance/organizational-regulations.

1.2 Significant shareholders

According to the disclosure notifications reported to the Company during 2023 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 or purchase positions for securities of the Company as of 31 December 2023[3]:

Significant shareholders	% of voting rights[4]	Number of shares[5]
Haldor Foundation[6]	9.95%	38,035,955
Laurens Last[7]	9.6357%	36,834,596
Fahad al Obeikan[8]	4.9976%	17,417,632
BlackRock, Inc. (mother company)	5% / 0.24%[9]	16,512,989[10]
UBS Fund Management (Switzerland) AG	3.18%	10,176,211
Swisscanto Fondsleitung AG	3.1255%	10,549,237

Notifications made in 2023 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 2023, the Company held 39,985 treasury shares.

1.3 Cross-shareholdings

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

1 References to "SIG Group", "Group" or "we" are to the Company and its consolidated subsidiaries.
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 sharehold-ings 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 notifi-cation. The percentage of voting rights is calculated based on the share capital registered with the commercial register as at the date of the last disclosure of shareholdings; such number may have changed due to changes in the share capital registered with the commercial register.
4 According to SIX: https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/
5 According to SIX: https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/
6 Direct shareholder: Winder Pte Ltd.
7 Direct shareholder: Clean Holding B.V. (formerly CLIL Holding B.V.).
8 Direct shareholder: Al Obeikan Group for Investment Company CJS.
9 The 0.24% refer to the notified selling positions.
10 Of which the following voting rights were delegated by a third party and can be exercised at BlackRock, Inc.'s own discretion: 2,603,928 company shares.

Corporate Governance Report continued

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 2023.

It currently consists of 382,270,872 fully paid-up registered shares with a nominal value of CHF 0.01 per share.

2.2 Capital band and conditional share capital

The Company has a capital band ranging from CHF 3,440,437.85 (lower limit) to CHF 4,587,250.46 (upper limit). The Board of Directors is authorized to increase or reduce the share capital within the capital band at any time or from time to time and in any (partial) amounts or to cause the Company or any of its Group companies to acquire (including under a share repurchase program) shares directly or indirectly, until the earlier of 20 April 2026 or the full use of the capital band. Within the capital band, a capital increase may be affected by issuing up to 76,454,174 fully paid-in registered shares, each with a nominal value of CHF 0.01, and a capital reduction by way of cancelling up to 38,227,087 registered shares, each with a nominal value of CHF 0.01. A capital increase or capital reduction may further be affected with the capital band by way of an increase or a reduction of the par value of the existing shares or by a simultaneous reduction and re-increase of the share capital.

The Company furthermore has a conditional share capital of CHF 640,106.48 as of 31 December 2023. The conditional share capital of CHF 640,106.48 (i.e., 64,010,648 shares of CHF 0.01 nominal value each) is divided into the following amounts:

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

If the share capital increases as a result of a conditional capital increase pursuant to art. 4 or art. 5 of the Articles of Association, the upper and lower limits of the capital band shall increase in an amount corresponding to such increase in the share capital. In the event of a reduction of the share capital within the capital band, the Board of Directors shall, to the extent necessary, determine the use of the reduction amount. The Board of Directors may also use the reduction amount for the partial or full elimination of a share capital shortfall as provided for in art. 653p of the Swiss Code of Obligations ("**CO**") or may, as provided for in art. 653q CO, simultaneously reduce and increase the share capital to at least the previous amount.

The total number of registered shares issued from (i) the capital band according to art. 6 of the Articles of Association where the shareholders' subscription rights are excluded and (ii) the conditional share capital according to art. 5 of the Articles of Association where the shareholders' advance subscription rights for Equity-Linked Financing Instruments are excluded, may not exceed 38,227,087 registered shares up to 20 April 2026. 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.

Reference is made to the Articles of Association for the precise wording of provisions relating to conditional share capital and capital band, 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 Articles of Association can be downloaded as a PDF document at https://www.sig.biz/investors/en/governance/articles-of-association.

2.3 Changes in capital

There have been no changes in capital in the year 2023.

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 authorized 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 authorized share capital. The net proceeds from the capital increase were used to partially finance the acquisition of Pactiv Evergreen Inc.'s Asia Pacific chilled 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 authorized share capital. The newly issued shares were transferred 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 authorized 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 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.

Corporate Governance Report continued

2.5 Dividend-right certificates (*Genussscheine*)

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 it is holding 1% or more of the outstanding share capital available at the time, and provided that the disclosure requirement stipulated in the FMIA is complied with. In addition, the Board of Directors has the right to conclude agreements with nominees concerning their disclosure requirements. Such agreements may further specify the disclosure of beneficial owners and contain rules on the representation of shareholders and the voting rights. The percentage limit mentioned above also applies if shares are acquired by way of exercising subscription, advance subscription, option or conversion rights arising from shares or any other securities issued by the Company or any third party.[1]

The setting and cancelling of the limitation on transferability in the Articles of Association require a resolution of the shareholders' meeting of the Company passed by at least 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 2023, the Company had no outstanding bonds or debt instruments convertible into, or option rights in, the Company's securities.

As of 31 December 2023, a total of 808,261 performance share units ("**PSUs**") and restricted share units ("**RSUs**") awards were outstanding. Each awarded PSU and RSU represents the contingent right to receive one share of the Company 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 142 – 160 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. 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 2023 for additional information about the EIP options.

3 Board of Directors

3.1 Members of the Board of Directors

Art. 18 of the Articles of Association provides 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[2]
Andreas Umbach	Swiss and German	Chair	2018	AGM 2024
Werner Bauer	Swiss and German	Vice-Chair	2022[3]	AGM 2024
Wah-Hui Chu	Chinese	Member	2018	AGM 2024
Mariel Hoch	Swiss and German	Member	2018	AGM 2024
Florence Jeantet	French	Member	2023	AGM 2024
Laurens Last	Dutch	Member	2022	AGM 2024
Abdallah al Obeikan	Saudi Arabian	Member	2021	AGM 2024
Martine Snels	Belgian	Member	2021	AGM 2024
Matthias Währen	Swiss	Member	2018	AGM 2024

1 For a comprehensive description of the limitations to transferability and nominee registration, refer to art. 7 of the Articles of Association.
2 All Board members are elected annually in accordance with Swiss corporate law and the Articles of Association.
3 Member since 2018.

Corporate Governance Report continued

At the annual general meeting of the Company ("**Annual General Meeting**" or "**AGM**") on 20 April 2023 ("**Annual General Meeting 2023**" or "**AGM 2023**") eight of the previous nine members of the Board were re-elected[1] 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 in the Organizational Regulations. Pursuant to the Company's independence criteria and based on the last assessment performed before the AGM 2024, 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 Schurter Group since December 2023. He has been president of the Zug Chamber of Commerce and Industry since 2016. Mr. Umbach previously served as chair of the board of directors of Rovensa SA (2020 to September 2023) and 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 (Diplom-Ingenieur) from the Technical University of Berlin, Germany.

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 also served as vice chair of the board of directors of Givaudan SA (SIX: GIVN) (2014–2023) and of Bertelsmann SE & Co. KGaA (since 2012). He has further served as 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 several 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). 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.

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 Bloom Biorenewables SA since 2020 and as a member of the board of trustees of the Givaudan Foundation (since 2013) and the HBM Foundation (since 2018). Mr. Währen further served as a member of the board of directors of Keto Swiss AG (from 2020 to June 2023) and of ph. AG (from 2020 to December 2023). Mr. Währen was previously a member of the regulatory board of SIX Swiss Exchange from 2006 to 2017, a member of the board of science industries 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. He also 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.

Florence Jeantet is a French citizen and has served as a member of the Board of Directors since April 2023. She has further served as a member of the "Conseiller au Conseil Economique de la France" (Advisor to the Economic Council) since 2010. Ms. Jeantet was previously with Danone from 2004 to September 2023 with her last role being Senior Vice President, Chief Sustainability Officer. She previously held various leadership positions at Danone inluding SVP-OP2B General Manager, SVP-Danone 2025 & Health Mission, Chief Growth Officer, Danone Worldwide Business Unit Early Life Nutrition, Vice President Medical, Quality and R&D, Danone Early life Nutrition, Vice President, Research & Development, Danone Baby Nutrition, Vice President, Research and Development, Danone Waters Division. From 1991–2004, Ms. Jeantet held various leadership positions at Unilever in France, Netherlands as well as Russia. Ms. Jeantet holds a Master's in Food Science and Technology Engineering from Polytech Montpellier, France. Ms. Jeantet holds a Certificate d'Administrateur de Societes from SciencesPo-IFA, Paris, and completed the Women on Boards Program at Harvard Business School, USA.

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 further served as a member of the board of directors of Mettler Toledo International (NYSE: MTD) from 2007 to 2023. He is also the founder and chair of iBridge TT International Limited (Hong Kong) since 2018 and founded M&W Consultants Limited (Hong Kong) in 2007. From 2013 to 2014, Mr. Chu served as CEO and a member of the board of directors of Tingyi Asahi Beverages Holding and from 2008 to 2011 he served 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.

1 Colleen Goggins had decided not to stand for re-election at the AGM 2023.

Corporate Governance Report continued

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 has also served as a 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 also served as 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, a member of the Law and Economics Foundation St. Gallen since 2020 and a member of the foundation board of Orpheum Foundation since October 2023. Ms. Hoch also served as a 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 has also served as a member of the board of directors of Arabian Shield Cooperative Insurance Company (TADAWUL: ARABIAN SHILED), listed on Tadawul Stock Exchange, KSA. He has further served 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 served as 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 has also served as 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, Martine Snels is the founder and CEO of L'Advance BV (since 2020). She also served as a member of the supervisory board of URUS Group LLC (since 2021 until the sale of the company in 2023). 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 a 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 has also served as a director of TSAL Family office B.V. (since 2023), Lorenzo marine Ltd. (since 2023) and Roque Marine Ltd (since 2023). He previously served as a director of Clean Holding B.V. (from 2019 to 2023), TSAL Holding NV (from 2015 to 2023) and Clean Cycle Investments BV (from 2021 to 2023). He founded and served as CEO of International Packaging Network (IPN) and afterwards as chairman and a member of the Board of Scholle IPN (until 2022). Before pursuing his entrepreneurial ventures, Mr. Last studied at HEAO Business School in the Netherlands.

As of 31 December 2023, 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 installments of up to USD 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 earn-out 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 had ended in May 2023 and had no significant impact on the Group.

Corporate Governance Report continued

The Company 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 summarizes the current set of skills/traits grouped into 13 categories:

Board skill matrix

	Board member								
Qualifications and experience	Andreas Umbach	Werner Bauer	Wah-Hui Chu	Mariell Hoch	Florence Jeantet	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

Corporate Governance Report continued

3.2 Number of permissible activities

In the interest of good governance, art. 28 para. 1 of the 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; and

ii. up to ten mandates in non-listed firms[1].

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

3.3 Election and term of office

The members of the Board of Directors are elected individually each year by the Annual General Meeting of the Company for a term of office of one year and can be re-elected. The 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 124.

3.4 Internal organization – 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[2], 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 2023, the members of the Compensation Committee were Mariel Hoch (chair), Matthias Währen and Wah-Hui Chu.

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

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

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

- 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[3].

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 2023, the members of the Audit and Risk Committee were Matthias Währen (chair), Mariel Hoch, Martine Snels and Werner Bauer.

1 Pursuant to art. 727 para. 1 number 1 CO.
2 https://www.sig.biz/investors/en/governance/articles-of-association
3 The organization and responsibilities of the Compensation Committee are stipulated in the Articles of Association (art. 21).

Corporate Governance Report continued

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

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

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

The responsibilities of the Audit and Risk Committee 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.

The Audit and Risk Committee also reviews and discusses with management and, to the extent applicable and relevant, with the Group's assurance providers, the Group's corporate sustainability reports. In this context, it also recommends the corporate sustainability reports for approval by the Board of Directors and, with respect to the statutory non-financial matter reporting pursuant to art. 964a et seq. CO, for submission to the Annual General Meeting for approval by the Company's shareholders.

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 2023, 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.

Corporate Governance Report continued

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 two day joint strategy meeting with the Group Executive Board. The task at these meetings is to analyze the positioning of the Group in the light of the current macroeconomic and competitive environment, and to review and, if necessary, redefine the strategic orientation.

In the period under review, the Board held seven ordinary meetings, of which (i) four were in-person meetings, of which one was a strategy meeting lasting two full days and one was a half-day meeting followed by a visit of one of the newly acquired Scholle IPN and customer facilities and (ii) three were virtual half-day meetings. In addition, the Board held one extraordinary virtual meeting lasting for one hour. All Board members participated in all Board meetings except one Board member missing one Board meeting, resulting in an attendance rate of 98.5% 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. Attendance at the Board meetings in 2023 may be summarized as follows:

Meetings of the Board of Directors, 1 January 2023 to 31 December 2023

Dates	Feb. 23, 2023	Mar. 10, 2023	Apr. 19/20, 2023	May. 10, 2023	Jun. 23, 2023	Jul. 20, 2023	Sept. 13, 2023	Dec. 7, 2023
Andreas Umbach	●	●	●	●	●	●	●	●
Werner Bauer	●	●	●	●	●	●	●	●
Wah-Hui Chu	●	●	●	●	●	●	●	●
Colleen Goggins	●	●	●	n/a[1]	n/a[1]	n/a[1]	n/a[1]	n/a[1]
Mariel Hoch	●	●	●	●	●	●	●	–
Florence Jeantet	n/a[2]	n/a[2]	●	●	●	●	●	●
Laurens Last	●	●	●	●	●	●	●	●
Abdallah Al Obeikan	●	●	●	●	●	●	●	●
Martine Snels	●	●	●	●	●	●	●	●
Matthias Währen	●	●	●	●	●	●	●	●

1 Colleen Goggins decided not to stand for re-election at the AGM 2023.
2 Florence Jeantet was elected at the AGM on 20 April 2023.

Corporate Governance Report continued

For the period under review, the Compensation Committee held five ordinary meetings with an average duration of approximately three hours, of which four were in-person meetings and one was a virtual meeting. Furthermore, the Compensation Committee held two extraordinary virtual meetings with an average duration of approximately one hour. All Compensation Committee members participated in all meetings, resulting in an attendance rate of 100%.

Meetings of the Compensation Committee, 1 January 2023 to 31 December 2023

Dates	Jan. 26, 2023	Feb. 22, 2023	Apr. 19, 2023	Jun. 16, 2023	Jul. 19, 2023	Sept. 12, 2023	Dec. 6, 2023
Wah-Hui Chu	●	●	●	●	●	●	●
Colleen Goggins	●	●	●	**n/a**[1]	**n/a**[1]	**n/a**[1]	**n/a**[1]
Mariel Hoch	●	●	●	●	●	●	●
Matthias Währen	**n/a**[2]	**n/a**[2]	●	●	●	●	●

The Nomination and Governance Committee held four ordinary meetings with an average duration of approximately three hours, of which two were in-person meetings and two were virtual meetings. Furthermore, the Nomination and Governance Committee held two extraordinary meetings with an average duration of approximately one hour, of which one was a virtual meeting. The Nomination and Governance Committee meetings had an attendance rate of 95%.

Meetings of the Nomination and Governance Committee, 1 January 2023 to 31 December 2023

Dates	Feb. 20, 2023	Apr. 19, 2023	Jun. 16, 2023	Jul. 19, 2023	Nov. 2, 2023	Dec. 6, 2023
Andreas Umbach	●	●	●	●	●	●
Werner Bauer	●	●	●	●	●	●
Wah-Hui Chu	●	●	●	●	●	●
Martine Snels	●	●	●	●	●	●

1 Colleen Goggins had decided not to stand for re-election at the AGM 2023.
2 Matthias Währen was elected at the AGM in April 2023.

Corporate Governance Report continued

The Audit and Risk Committee held five ordinary meetings and one extraordinary meeting with an average duration of approximately 3.5 hours, of which two were in-person meetings and four were virtual meetings. All Audit and Risk Committee members participated in all meetings, resulting in an attendance rate of 100%. The five ordinary meetings of the Audit and Risk Committee were partially attended by the external auditors.

Meetings of the Audit and Risk Committee, 1 January 2023 to 31 December 2023

Dates	Feb. 22, 2023	Apr. 4, 2023	May. 2, 2023	Jul. 19, 2023	Oct. 19, 2023	Dec. 6, 2023
Matthias Währen	●	●	●	●	●	●
Werner Bauer	●	●	●	●	●	●
Mariel Hoch	●	●	●	●	●	●
Martine Snels	●	●	●	●	●	●

With the exception of certain directors-only sessions, the Board meetings were usually attended by the CEO 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 CEO, the CFO (after her appointment), the heads of the finance function ad interim and the Group General Counsel & Chief Compliance Officer. 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 and the Company Secretary. The Nomination and Governance Committee meetings were regularly attended by the CEO and by the Company Secretary.

Corporate Governance Report continued

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. Further, the Board monitors progress of previously defined strategic initiatives and priorities. In addition, the Board is also responsible for maintaining a corporate culture with high ethical standards which emphasizes the integrity of the Group and its employees. 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 Organizational Regulations. The Board's non-transferable and irrevocable duties, as set out in the CO and art. 19 para. 4 of the Articles of Association, include[1]:

- the supreme managerial responsibility for the Company and for issuing the necessary directives;
- determining the Company organization;
- 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 supervision of those persons responsible for the conduct of business, especially in terms of their compliance with the law, with the Articles of Association and with regulations and directives;
- the production of the Annual Report and of the Compensation Report, and the preparation of the General Meeting and the implementation of its resolutions;
- all decisions relating to the subsequent paying-in of non-fully-paid-up shares;
- all decisions relating to capital increases and the consequent amendments to the Articles of Association;
- filing an application for a debt restructuring moratorium and notifying the court in the event that the Company is overindebted;
- all other non-transferable and inalienable responsibilities attributed to the Board of Directors by law or these Articles of Association.

In addition, Swiss law and the Organizational 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.

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 Organizational Regulations. The Group Executive Board is responsible for implementing and achieving the Company's corporate objectives, and for the management and control of all Group companies[2]. The Group Executive Board is directly supervised by the Board of Directors and its Committees.

Pursuant to the Organizational 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 based on a coordinated and consistent approach to risk management and control. Based on a list of the most important risks, the Group Executive Board establishes a list of measures to prevent and mitigate potential loss and damage. The list is presented to the Audit and Risk Committee at least annually. After review and discussion, the Audit and Risk Committee informs the Board of Directors, which directs the Group Executive Board to ensure that the measures are put into practice.

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

1 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 Organizational Regulations (https://www.sig.biz/investors/en/governance/organizational-regulations)

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

Corporate Governance Report continued

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 CSCO, the CMO, the President and General Manager Europe, the President and General Manager Asia Pacific, the President and General Manager Americas and the President and General Manager IMEA.

The Company announced in a press release on 21 February 2023, the appointment of Gavin Steiner to the Group Executive Board as Chief Technology Officer. He replaced Ian Wood in this role, who became Chief Supply Chain Officer until his resignation from the Group effective as of 1 January 2024.

Ross Bushnell, former President Scholle IPN, departed the Group as of 31 July 2023. As of 1 August 2023, Christoph Wegener, former Senior Vice President Commercial & Sustainability, had been appointed to the Group Executive Board as Chief Markets Officer and also acts as President of Bag-in-Box and Spouted Pouch.

With the press release of 10 August 2023, the Company announced the appointment of Ann-Kristin Erkens as Chief Financial Officer, effective 1 November 2023. Since the departure of Frank Herzog, the former CFO, effective as of 1 January 2023, Jessica Spence, Director of Group Accounting and Financial Reporting, and Dmitry Lebedev, Director of Financial Planning and Analysis and Controlling, co-led the finance function ad interim.

Fan Lidong retired from his role as President and General Manager of Asia-Pacific North on 1 November 2023. Angela Lu, previously President and General Manager of Asia-Pacific South, took on the role of President and General Manager of Asia-Pacific on the same date.

Abdelghany Eladib became President and General Manager of India, Middle East and Africa (IMEA) on 1 November 2023. He was previously President and General Manager of Middle East and Africa (MEA).

The Group Executive Board comprised the following members on 31 December 2023:

Name	Nationality	Position
Samuel Sigrist	Swiss	CEO
Ann-Kristin Erkens	German	CFO
Ian Wood[1]	Swiss and British	CSCO
Gavin Steiner	Swiss and South African	CTO
Suzanne Verzijden[2]	Dutch	CPCO
Christoph Wegener	German	CMO
José Matthijsse	Dutch	President and General Manager Europe
Angela Lu	Chinese	President and General Manager Asia Pacific
Ricardo Rodriguez	Brazilian and Spanish	President and General Manager Americas
Abdelghany Eladib	Egyptian	President and General Manager IMEA

1 In office until 31 December 2023.
2 In office until 31 December 2023.

Corporate Governance Report continued

The biographies on the following pages provide information about the Group Executive Board members in office on 31 December 2023.

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.

Ann-Kristin Erkens is a German citizen and joined SIG in November 2023 as Chief Financial Officer. She has been a member of the supervisory board of Schott Pharma AG & Co KGaA since 2023. Prior to SIG, Ms. Erkens spent 21 years at Henkel AG & Co KGaA, a DAX-40 company gaining significant experience in the industrial sector. In addition to her role as Financial Director of Adhesives Technologies, she was responsible for Global Operations and Supply Chain Adhesive Technologies with more than 100 factories worldwide from 2019 to 2023 and for the region Europe as of 2023. Prior to that she was Financial Commercial Director for the Packaging Adhesives Business and the region India, Middle East, and Africa. Within the broader Henkel Group, she previously served as Corporate Director of Group Strategy. Ms. Erkens holds a degree in Business Management and industrial engineering from the University of Applied Sciences, Wedel, Germany, and a MSc in operations management from the University of Buckingham, UK.

Ian Wood is a Swiss and British citizen and joined SIG in 2018 as Chief Supply Chain Officer. Mr. Wood then became CTO in 2020 and again Chief Supply Chain Officer in March 2023. 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.

Gavin Steiner is a Swiss and South African citizen and joined SIG in 2023 as CTO. Prior to SIG, Mr. Steiner spent 28 at Nestlé, where he was Vice President Global R&D Packaging and Technology from 2018 to 2023. Prior to that, he was Operations and Technical Director for the Eastern Southern Africa region, Global Confectionary R&D Manager and Operations Director for South Korea. He has many years of international experience in senior R&D, production and innovation roles covering a wide range of food quality and safety systems. Mr. Steiner holds an Executive MBA from IMD Lausanne, Switzerland, and a BSc in Microbiology and Biochemistry from the University of Natal, South Africa.

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).

Christoph Wegener is a German citizen and joined SIG in 2015 as Head of Global Sales and Business Development. From 2018 to 2021, Christoph held the position of Chief Markets Officer Middle East and Africa before becoming Senior Vice President Commercial for SIG Group in 2022. In August 2023, Christoph was appointed Chief Markets Officer. Prior to SIG, Mr. Wegener worked as Principal at The Boston Consulting Group, Germany, for eight years. Mr. Wegener holds a Master of Business Administration of Oxford University and a BSc in Business Informatics of University of Rostock, Germany.

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.

Angela Lu is a Chinese citizen and joined SIG in 2022 as President and General Manager Asia-Pacific South. On 1 November 2023, Ms. Lu became President and General Manager Asia Pacific. 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. Angela holds a Bachelor's degree in Industrial Management Engineering (Marketing) from the 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 several 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 originally held the position of Chief Operating Officer in the SIG Combibloc Obeikan joint venture companies, which he joined in 2017. Prior to his current position as President and General Manager IMEA, he acted as President and General Manager Middle East and Africa since 2021. 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 degree in Mechanical Engineering and an MBA and a Diploma in Strategic Management from the Jack Welsh Institute, USA.

Corporate Governance Report continued

8.2 Number of permissible activities

In the interest of good governance, art. 28 para. 2 of the Articles of Association limit the number of outside mandates of the members of the Group Executive Board as follows:

i. one mandate in listed firms[1]; and

ii. up to five mandates in non-listed firms.

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 141 to 159.

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.

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

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 based on 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 5% of the Company's share capital or votes.

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 0.5% of the Company's share capital or votes 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. If an explanatory statement is to be included in the notice of meeting, it must be submitted within the same period and be brief, clear and concise.

Corporate Governance Report continued

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 defense 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 33¹/₃% 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 favor 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[1].

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 2023. 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.

1 For further information on compensation with respect to a change of control, please refer to pages 151 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 1,000	2023
Audit	1,868
Audit-related services	–
Tax and other services (primarily consisting of tax consultancy and support and sustainability support)	209
Total	**2,077**

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 principles, the selection and disclosure of critical accounting estimates, and the effect of alternative assumptions, estimates or accounting principles on the Company's financial statements as well as the status of findings and recommendations from previous audits. The results and findings of this report are discussed in detail with the CFO (after her appointment), the heads of the finance function ad interim 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.

Corporate Governance Report continued

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 2023 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 summarized in the form of a press release. In addition, the Company releases results for the first half of each year within three months after the 30 June balance sheet date. The published half-year and annual consolidated financial statements comply with the requirements of Swiss company law, the listing rules of SIX Swiss Exchange and International Financial Reporting Standards ("**IFRS**"). Furthermore, the Group publishes trading statements for the first and third quarters in the form of a press release. The quarterly press releases contain unaudited financial information prepared in accordance with IFRS.

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

The CEO, CFO and Investors Relations are responsible for communicating with investors and representatives of the financial community, media and other stakeholders. In addition to the publication of results and the Annual General Meeting, the Company also regularly participates in country or sector (non-deal) conferences. Whenever possible and appropriate, meetings with investors are organised via video conferencing technology to reduce carbon emissions and travel costs. In between, however, physical meetings are also held at the investors' premises (roadshow) or at the Group's headquarter. An overview of upcoming events as well as a list of bank analysts covering the share and consensus figures can be found on the Company's website.

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/en/responsibility/cr-reports.

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

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

14 General blackout periods

All directors, officers and employees of any Group company are subject to general blackout periods between the last day 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 are 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. No such exemption has been granted in the reporting year.

Corporate Governance Report continued

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/en/responsibility/cr-reports

Corporate calendar:

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

Contact address:

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

SIG Group AG
Attn. Ingrid McMahon
Laufengasse 18
8212 Neuhausen am Rheinfall
Switzerland
+41 52 543 1224
Ingrid.mcmahon@sig.biz

Financial calendar

The important dates for 2024 include:

Publication of 2023 full-year results and date of earnings call	27 February 2024
Annual General Meeting 2024	23 April 2024
Publication of Q1 2024 trading statement	30 April 2024
Publication of 2024 half-year report	25 July 2024
Publication of Q3 2024 trading statement	29 October 2024

Letter from the Chair of the Compensation Committee

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 December 31, 2023. 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 and other relevant stakeholders. The Compensation Committee regularly assesses, reviews and develops the compensation framework to ensure that it is aligned with these principles.

As part of our annual outreach to investors, the Compensation Committee undertook a broad effort to understand in more detail the views of our shareholders on our compensation system. Overall, our shareholders appreciate our strong and solid compensation structure and how it has been applied since our IPO in 2018. Nevertheless, the Compensation Committee also noted a number of proposals which were raised during the engagement with shareholders. The Compensation Committee reviewed and discussed these in detail in the second half of 2023 and concluded that certain adjustments were warranted.

Specifically, the Compensation Committee looked into the level of transparency of the Compensation Report. With respect to the Short-Term Incentive Plan and Long-Term Incentive Plan of our Group Executive Board, we are pleased to enhance the disclosure relating to the targets we set as well as their achievement. The main aspects and corresponding actions taken are summarized in a separate section in the Compensation Report to give our shareholders detailed insights into the topics addressed. Please refer to page 143.

In addition, the Compensation Committee has recommended to the Board to increase as of 2024 at Group level the weighting of the free cash flow component in the Short-Term Incentive Plan from 15% to 20% while decreasing the weighting of the adjusted EBITDA component from 55% to 50% and at regional level, to replace the regional adjusted operating net working capital as a percent of revenue component by a free cash flow component. Moreover, the Compensation Committee recommended to the Board to increase the minimum shareholding requirements of both the Board of Directors and GEB to further enhance alignment with the interests of our shareholders.

We believe that these steps will align with the expectations of our shareholders, reflecting our ongoing commitment to transparency and shareholder engagement.

As part of its standard annual work, the Compensation Committee regularly assesses, reviews and develops the compensation framework to foster sustainable performance. Following the 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. The Compensation Committee will continue to regularly monitor market trends and developments and to assess opportunities for further development.

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 Plan since 2021. To ensure 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 and Human Rights, Ethics and Sustainable Procurement, and encompasses a comprehensive view on ESG matters with relevance for all SIG stakeholders.

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 regular gender pay analyses, even where we are not required to do so under applicable local laws, thereby underpinning our commitment to a gender-diverse and fair workplace. We provide you with additional insights into our initiatives and activities for our most valued assets – our employees – in the Corporate Responsibility Section of the Annual Report.

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 2025 and the maximum aggregate amount of compensation for the Group Executive Board for the year 2025. 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' and other relevant stakeholders' 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.

Mariel Hoch
Chair of the Compensation Committee
Neuhausen am Rheinfall, December 31, 2023

Compensation Report

Introduction

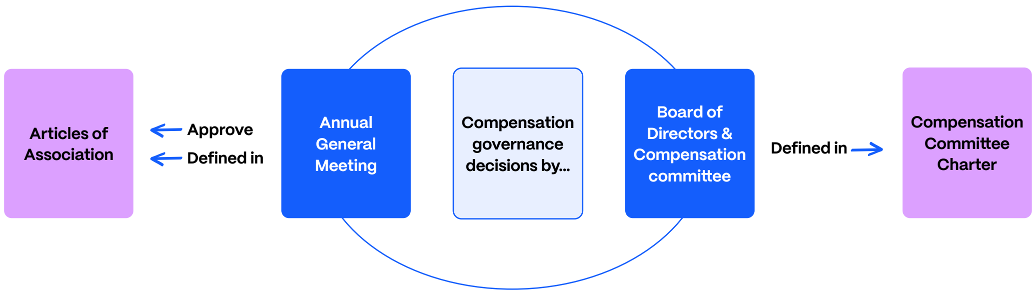
This Compensation Report has been prepared in compliance with Swiss laws and regulations. The report is in line with the relevant section of the Swiss Code of Obligations ("Obligationenrecht"), particularly articles 734 – 734f, the Directive on Information relating to Corporate Governance of SIX and 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 2023
- The compensation of the Group Executive Board ("GEB") for 2023

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 the Company and the group and/or operating units thereof, and/or individual targets.
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 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 approved maximum aggregate amount of compensation for the Group Executive Board for such year.
Principles for the compensation of the members of the Board and the Group Executive Board **(art. 29, para. 2)**	SIG may enter into compensated non-competition agreements with members of the Group Executive Board with a duration of up to 18 months after termination of the employment.
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 healthcare insurances, etc.) outside of the scope of occupational pension benefit regulations to members of the Group Executive Board and may pay them out after retirement.

The Articles of Association can be found on the SIG home page for investors, or downloaded directly here.

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.

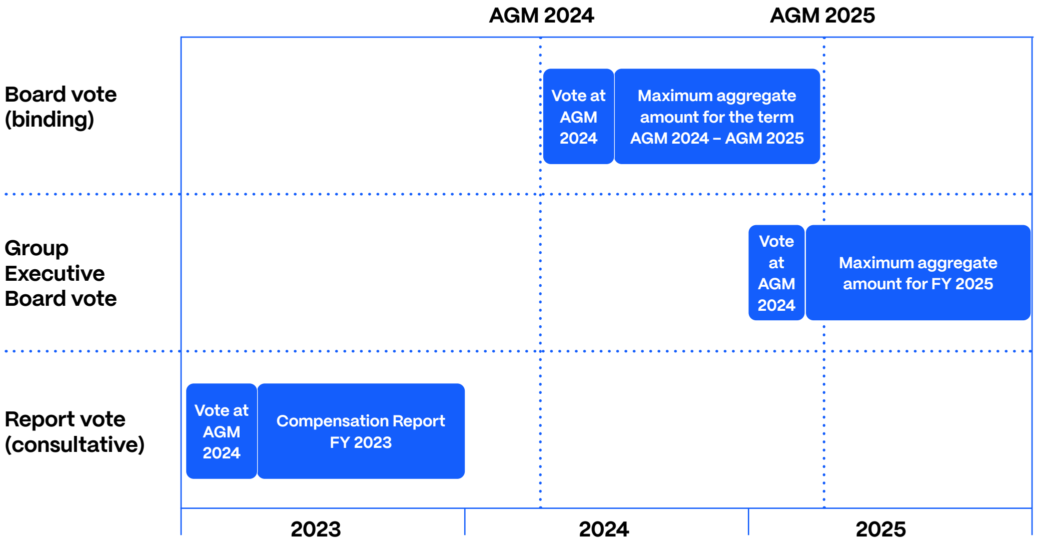
Our Governance continued
Compensation Report continued

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 programs for members of the Board of Directors and Group Executive Board		Proposal	Approval	
Maximum aggregate compensation for members of the Board of Directors		Proposal	Approval (subject to AGM approval)	Approval (binding vote)
Maximum aggregate 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, other than the CEO	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, other than the CEO	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 2024 AGM, as illustrated in Figure 4.

Figure 4: Overview of votes at the 2024 AGM.



Board of Directors and Executive Management
The Corporate Governance report on page 122 provides a detailed overview of the composition of the Board of Directors as well as the Group Executive Board, including biographies of the current members.

Composition of the Compensation Committee
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. At the Annual General Meeting 2023, Wah-Hui Chu and Mariel Hoch were re-elected as members of the Compensation Committee. Colleen Goggins did not stand for re-election and with that also resigned from the Compensation Committee. Her seat in the Committee has been taken over by Matthias Währen who was elected as new member of the Compensation Committee by the AGM 2023. Mariel Hoch was appointed by the Board of Directors to be the Chair of the Committee.

Our Governance continued
Compensation Report continued

Role of the Compensation Committee and activities during 2023
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 2023, the Compensation Committee held seven meetings. Some of the meetings were held as video conferences or hybrid meetings. The topics covered are described in Figure 6. All members of the Compensation Committee had full meeting attendance during 2023.

As part of our annual outreach to investors, the Company undertook a comprehensive effort to engage with their shareholders to understand their opinions and perspectives regarding SIG's compensation framework. The Compensation Committee noted certain concerns and consequently reviewed and discussed them. The following Figure 5 highlights the main actions the Board has taken upon proposal of the Compensation Committee to address concerns expressed around target disclosure for the Short-Term Incentive Plan as well as for the Long-Term Incentive Plan, while Figure 6 summarizes the topics, covered by the Compensation Committee in 2023.

Figure 5: Actions taken to address concerns addressed.

Actions taken

Performance targets Short-Term Incentive Plan

Target setting for Group targets fully transparent and disclosed

Target achievement per Group target in % as well as effective metric disclosed

Performance targets Long-Term Incentive Plan

Target setting for Group targets fully transparent and disclosed

Target achievement per Group target in % as well as effective metric disclosed

General Governance

Enhanced transparency of targets for Short-Term and Long-Term Incentive Plans

Figure 6: Topics covered by the Compensation Committee in 2023.

Agenda Item	Jan.	Feb.	Apr.	Jun.	Jul.	Sep.	Dec.
Principals and design of compensation plans							
Market intelligence (recent developments in compensation, legal, governance landscapes)					●		
Review of general target framework for Short-Term Incentive Plan and Long-Term Incentive Plan					●	●	
Policy review and updates implemented							
– Performance Share Unit Plan						●	●
– Restricted Share Unit Plan						●	●
– Shareholding Guidelines						●	●
Compensation Group Executive Board							
Short-Term Incentive Plan							
– Target achievement 2022	●						
– Target setting 2023	●						
– Define framework and KPI measures for 2024						●	●
Long-Term Incentive Plan							
– Recommendation of plan participants and target setting for grant 2023		●					
– Plan 2020-2023: target achievement and vesting multiple		●	●				
Group Executive Board: employments matters related to succession planning and organizational development			●	●	●	●	●
Benchmarking Compensation for members of the Group Executive Board							
– Comparator group review						●	
– Review results							●

Our Governance continued
Compensation Report continued

Agenda Item	Jan.	Feb.	Apr.	Jun.	Jul.	Sep.	Dec.
Compensation Board of Directors							
Benchmarking of compensation for the Board of Directors							
– Comparator group review						●	
– Review results							●
General Framework							
Shareholding Guidelines Assessment	●						
Pay equity roadmap – status update							●
Communication							
AGM invitation, including determination of the maximum amounts of compensation for the Board of Directors (for the term AGM 2023 to AGM 2024) and the Group Executive Board (year 2024)		●					
Analysis of the compensation voting results of the AGM and the proxy advisors' 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 2023, with some members of the Compensation Committee in attendance to ensure close coordination.

The Compensation Committee may ask members of the Group Executive Board, one or more senior managers in the human resources function and third parties to attend meetings in an advisory capacity and may provide them with 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 minutes of Compensation Committee meetings are available to all members of the Board.

The Compensation Committee may decide to consult external advisers on specific compensation matters. In 2023, the Compensation Committee appointed HCM International Ltd. ("HCM") as an external independent adviser on certain compensation matters including 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 2023. Furthermore, the Compensation Committee mandated Willis Towers Watson ("WTW") to conduct the independent executive salary benchmarking for the Board of Directors and the Group Executive Board. WTW was not appointed for any other mandates in 2023 regarding compensation services for the Board of Directors respectively the Group Executive Board.

Our Governance continued
Compensation Report continued

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 7. They are reviewed by the Compensation Committee on a regular basis.

Figure 7: SIG compensation framework, objectives and principles.

Be competitive to attract and retain top talent and at the same time be reasonable in terms of amount of 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 under-performance	Be fully compliant with relevant laws and regulations	Be aligned with shareholders' interests

The Compensation Committee regularly reviews SIG's compensation system from an internal equity as well as from an external competitiveness perspective. This review offers the Compensation Committee an important market reference points considering similar roles in comparable companies in terms of level and structure.

An initial step is to reassess the underlying principles for the selection of peer companies, which include dimensions such as geography, industry affiliation, governance structure and company size. This detailed assessment of the principles ensures that the selected peer companies considered are relevant, appropriate, and comparable.

Based on this reassessment, the Compensation Committee updated in 2023 the underlying peer groups used for the Board of Directors as well as for the Group Executive Board also reflecting recent acquisitions and the inclusion into the SMI MID Index.

For the Board of Directors, the updated peer group consists of the constituents of the SMI MID Index[1] (Swiss mid-cap stocks in the Swiss equity market as of September 30, 2023). For the Group Executive Board, a broader industry-related Swiss and European peer group[2], has been considered by applying the defined principles, and considering SIG's positioning at the median of the peer group.

For the peer group review and market assessments for the Board of Directors and the Group Executive Board, WTW served as an external advisor. The Compensation Committee assessed the results and decided that no immediate actions regarding levels and structure of compensation are needed. The Committee will continue to review the compensation packages with regards to level and structure for the Board and the Group Executive Board on a regular basis.

1 The peer group used for the compensation benchmarking analysis of the Board consisted of the following SMI MID companies: Adecco Group AG; ams-OSRAM AG; Bachem Holding AG; Baloise Holding AG; Barry Callebaut AG; BELIMO Holding AG; BKW AG; Ch Lindt & Sprüngli AG; Clariant AG; Avolta AG (former Dufry AG); EMS-CHEMIE Holding AG; Flughafen Zürich AG; Galenica AG; Georg Fischer AG; Helvetia Holding AG; Julius Bär Gruppe AG; Meyer Burger Technology AG; PSP Swiss Property AG; Schindler Holding AG; SGS AG, Straumann Holding AG; The Swatch Group AG; Swiss Prime Site AG; Tecan Group AG; Temenos AG, VAT Group AG

2 The peer group used for the compensation benchmarking analysis of the Group Executive Board consisted of the following companies: Alfa Laval; Barry Callebaut AG, BillerudKorsnäs, Bucher; Ch. Lindt & Sprüngli, Dürr AG, Geberit AG, Georg Fischer AG, Gerresheimer AG, Givaudan SA; Huhtamäki Oyi; IMI plc, Mayr-Melnhof Karton AG; Mondi plc; OC Oerlikon; Schindler, SFS Group; Stora Enso; Straumann, Svenska Cellulosa; Tecan Group AG; Weir Group PLC, VAT Group AG

Our Governance continued
Compensation Report continued

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 2023, the Chair and one member of the Board were insured via the Company's pension plan, and both paid for the totality of the pension contributions. 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.

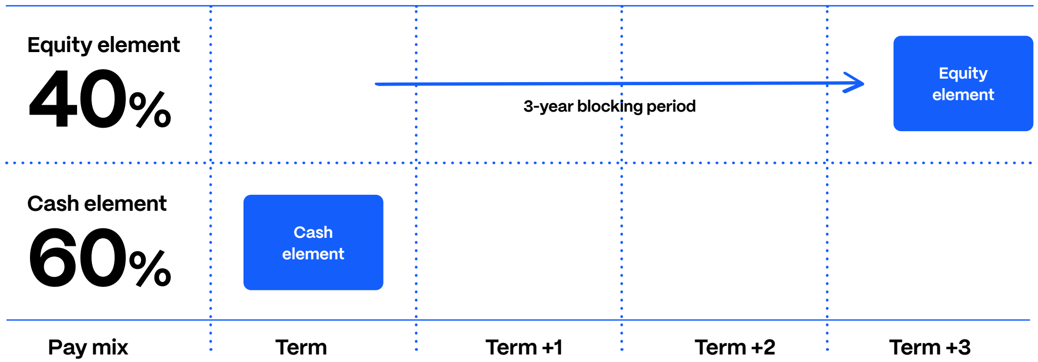
Figure 8: Overview of the Board of Directors' fees.

	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	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, annual Committee fee(s) 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 installments. 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.



Our Governance continued
Compensation Report continued

Compensation awarded to the Board of Directors (audited)
Table 1 summarises the compensation for 2023 of the nine non-executive members of the Board which are all non-executive members.

Table 1: Total compensation of the Board of Directors in 2023 (January 1 – December 31), including comparative figures for the prior year.

Members of the Board of Directors during 2023	Board membership	ARC[1]	CC[2]	NGC[3]	Settled in cash, CHF[4]	Settled in SIG shares, CHF[5]	Social security payments, CHF[6]	Total compensation earned in 2023, CHF	Total compensation earned in 2022, CHF
Andreas Umbach	Chair			Chair	330,000[7]	220,044	33,323	583,367	584,842
Matthias Währen	•	Chair	•[8]		141,256	94,232	13,580	249,068	237,861
Mariel Hoch	•	•	Chair[9]		139,426	93.025	16,260	248,711	230,425
Werner Bauer	•	•		•	129,000	86,045	12,304	227,349	227,239
Abdallah al Obeikan	•				105,000	70,047	12,677	187,724	187,779
Wah-Hui Chu	•		•	•	123,000	82,042	–	205,042	235,738
Florence Jeantet	•[10]				73,269	48,873	–	122,142	–
Laurens Last	•				105,000	70.047	12,677	187,724	140,819[11]
Martine Snels	•	•		•	129,000[12]	86,045	13,539	228,583	205,032
Colleen Goggins	•[13]		Chair[13]		39,338	26,259	–	65,596	247,288
Total					1,314,288	876,659	114,359	2,305,306	2,297,023

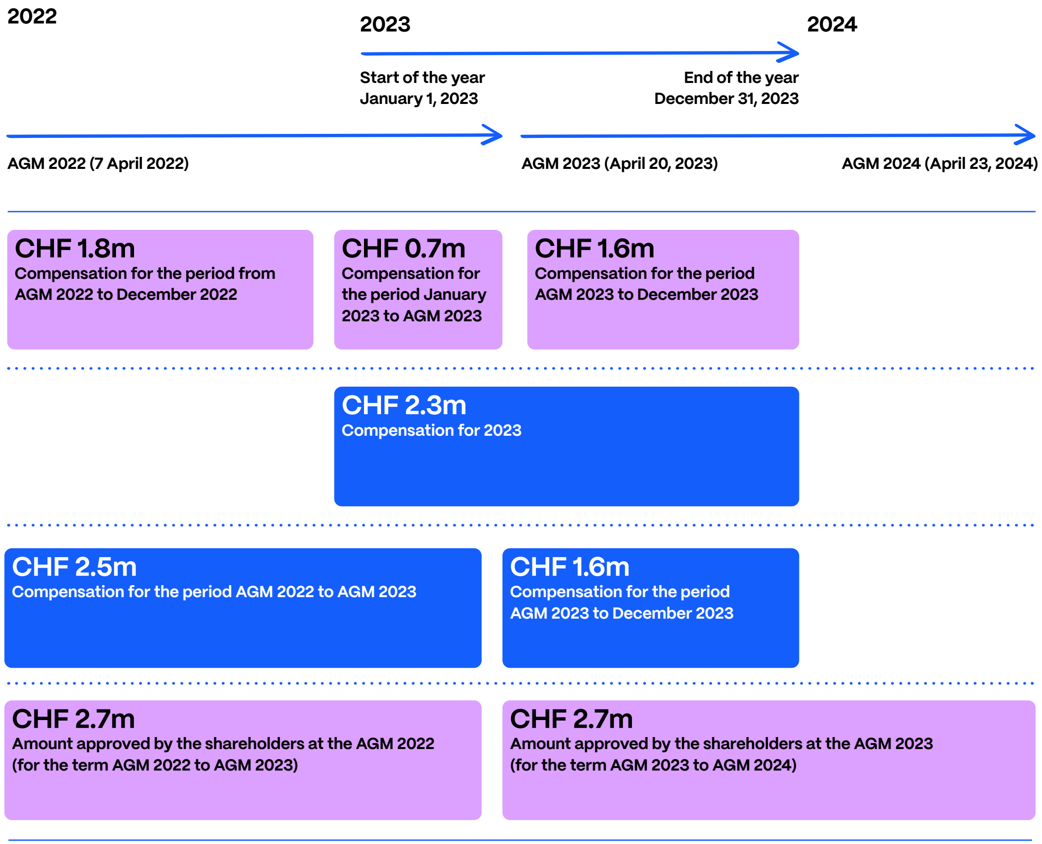
1 Audit and Risk Committee
2 Compensation Committee
3 Nomination and Governance Committee
4 Represents gross amounts paid, prior to any deductions such as employee social security and income withholding tax
5 Represents gross amounts settled in blocked SIG shares, prior to any deductions such as employee 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 volume-weighted average closing price of a share on the SIX Swiss Exchange over the last ten trading days of the second month of the Quarter plus the first ten trading days of the third month of the quarter for which the blocked SIG shares are granted (until 2022: 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 41,440 funded by the Chair through a reduction of the cash portion of the fee.
8 Matthias Währen replaced Colleen Goggins as member of the CC as of the AGM in April 2023. The respective numbers disclosed reflect the Committee remuneration for the period from April 21, 2023 to December 31, 2023.
9 Mariel Hoch became Chair of the CC as of the AGM in April 2023. The respective numbers disclosed reflect the remuneration as member of the Committee for the period from January 1, 2023 to April 20, 2023 and the fee for remuneration as the Chair of the CC for the period from April 21, 2023 to December 31, 2023.
10 Florence Jeantet was elected as member of the Board at the Annual General Meeting in April 2023. The respective number disclosed reflects the period from April 21, 2023 to December 31, 2023.
11 Laurens Last was elected as member of the Board at the Annual General Meeting in April 2022. The respective number disclosed reflects the period from April 7, 2022 to December 31, 2022.
12 Includes employer pension contributions of CHF 24,511 funded by the Member through a reduction of the cash portion of the fee.
13 Mandate until AGM 2023 – the compensation disclosed reflects the period from January 1, 2023 to April 20, 2023.

Our Governance continued
Compensation Report continued

Reconciliation of compensation approved for and paid to the Board of Directors
The compensation level for the Board of Directors was unchanged compared with the previous compensation period and the overall total compensation paid to the Board of Directors in 2023 could be kept on the same level. The small difference is given to certain movements in social security contributions.

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

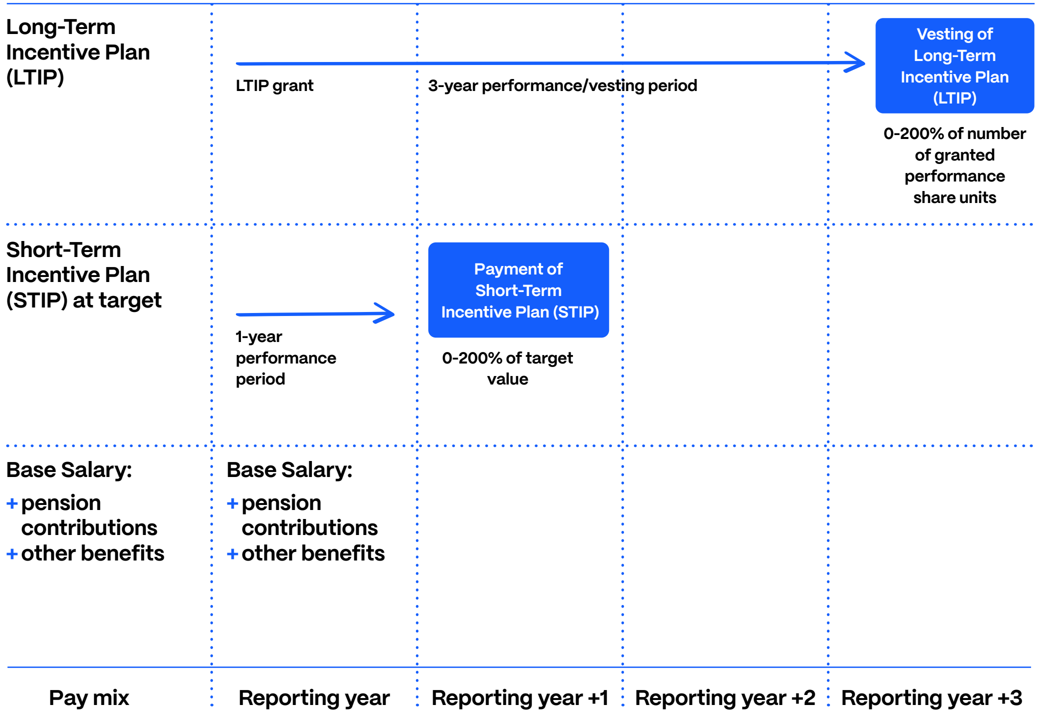
Figure 10: Reconciliation of compensation of the Board of Directors.



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 2023.



Our Governance continued
Compensation Report continued

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 installments 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 and where needed, a third-party validation of the forfeiting value. 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 KPI 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 and Human Rights, Ethics and Sustainable Procurement. These areas encompass a wide range of ESG activities and have relevance for all SIG employees.

For each Group Executive Board member, the Compensation Committee determines an individual target amount under the STIP as a percentage of the respective member's base salary which is paid out in case the targets under the KPIs are achieved to 100%. To determine the actual payout under the STIP, the performance of each KPI is assessed individually against pre-determined targets and is expressed in a target achievement rate 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. Detailed information regarding the target amounts, KPI targets as well as achievements of those targets are provided on pages 152 and 153 of this report.

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.

Figure 12: Overview of the Group Executive Board STIP compensation framework in 2023.

	KPIs	Weight 2023	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%		

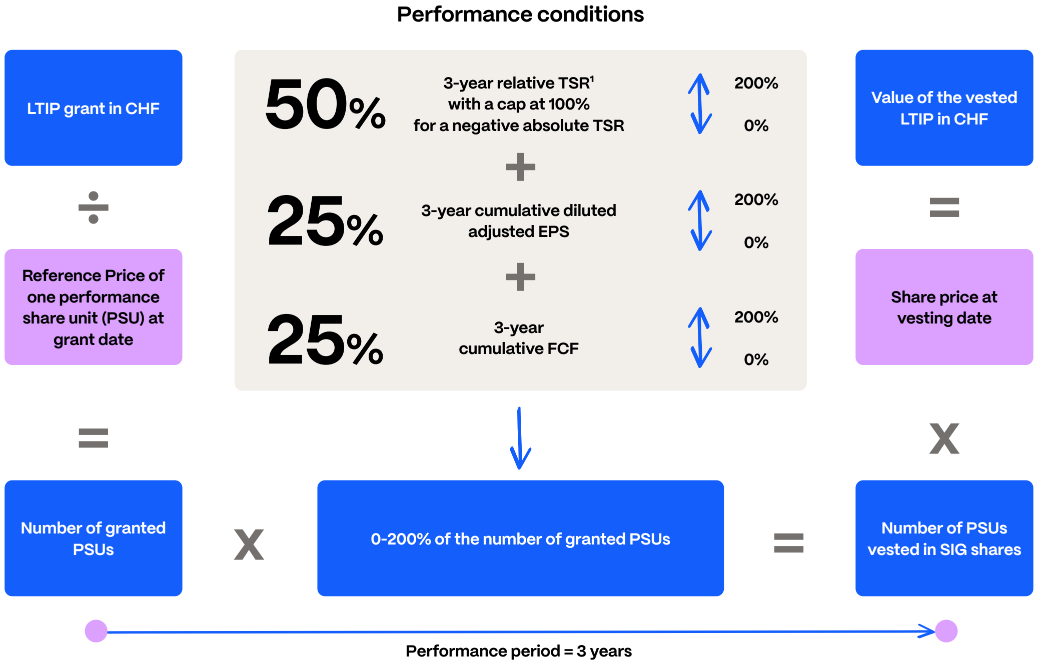
Our Governance continued
Compensation Report continued

The role of Chief Markets Officer has been created. The Chief Markets Officer also acts as President of Bag-in-Box and Spouted Pouch. Going along with that responsibility, the short-term incentive compensation for that position is calculated on 60% Group targets and 40% Bag-in-Box and Spouted Pouch targets in deviation to the framework illustrated in Figure 12.

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, and (ii) the reference price of one PSU. The reference price reflects the 20-day volume-weighted share price before the grant date.

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 period. The number of PSUs vested in SIG shares may vary between 0% and 200% of the granted PSUs and is based on the achievement of the following three weighted KPIs.

KPIs	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 KPI 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 KPIs 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%. Detailed information about the grants, targets and their achievements are provided on pages 153 and 154 of this report.

Since the introduction of the LTIP in 2019, PSUs were granted to the members of the Group Executive Board and selected other members of management on a yearly basis. For an overview of the annual PSU allocations and the outstanding PSUs, see note 31 of the consolidated financial statements for the year ended December 31, 2023 as well as the respective shareholding overview in this report.

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.

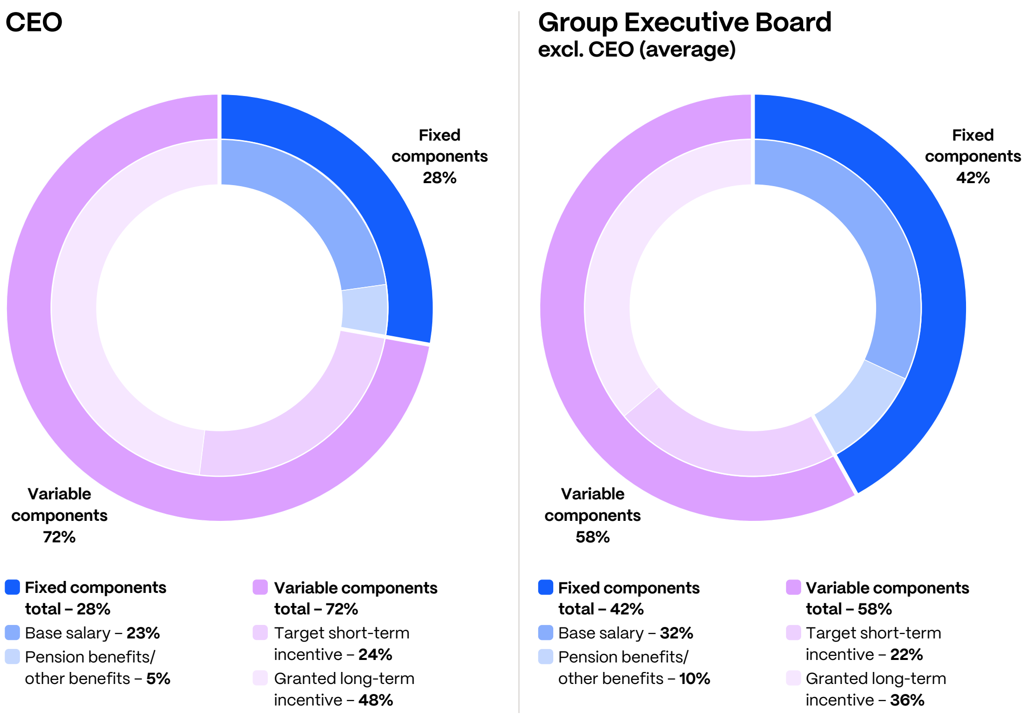
The LTIP awards are subject to a clawback provision. In the event of a financial restatement due to a material non-compliance of the Company with applicable financial reporting requirements, or in the event of fraudulent behavior or other willful misconduct by a plan participant, the Board of Directors 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.

Our Governance continued
Compensation Report continued

Compensation mix
Figure 14 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 14: 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 26% and 68% (42% on average) of the total target compensation and the variable components vary between 32% and 74% (58% on average) of total target compensation as of December 31, 2023.

Holistic approach to align performance and long-term orientation of the compensation structure
SIG's compensation framework is designed to align with its SIG's values of accountability, long-term growth, and ethical leadership. Based on that, the higher portion of compensation for the members of the Group Executive Board is variable and performance-based, with 72% for the CEO and 58% of total target compensation for other members on average. This ensures that payment is up to strongly linked to delivery of tangible results that drive sustainable growth, without promoting excessive risk-taking. SIG believes that this approach encourages performance differentiation and excellence among the members of the Group Executive Board for the benefit of the Company and its stakeholders.

The overall compensation design principles of SIG are long-term oriented with a substantial portion of the overall compensation in the LTIP. The share-based variable compensation is deferred for at least three years, which is in line with the long-term horizon of the business strategies. Overall, it takes over 1.4 years for the members of the Group Executive Board to realize their total compensation packages. The Company believes that this underpins the strong focus on long-term orientation. By integrating these perspectives into the compensation framework, the Company aims to establish alignment and foster a culture of responsible leadership and shared success. That design demonstrates the Company's commitment to delivering consistent and enduring value to its shareholders.

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, but in any event not more than an amount corresponding to the average of compensation of the respective member during the three preceding financial years, 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 12 members of the Group Executive Board active during 2023, with one new member joining in April, one internal senior manager being promoted to the Group Executive Board in August 2023 and one new member joining in November 2023, while one member left the Group in July 2023, another one retired in November 2023 and two members who left at the end of 2023. The total regular compensation for the Group Executive Board amounted to CHF 11.4 million.

Our Governance continued
Compensation Report continued

Table 2: Total compensation of the Group Executive Board in 2023, including comparative figures for the prior year (audited)

CHF[1] gross amounts	Group Executive Board (including the CEO) 2023	Group Executive Board (including the CEO) 2022	Highest payment 2023 Samuel Sigrist (CEO)	Highest payment 2022 Samuel Sigrist (CEO)
Annual base salary	3,483,775	3,557,210	700,000	700,000
Pension benefits	477,837	469,396	124,602	121,346
Short-term variable compensation[2]	1,327,661	2,738,412	147,714	732,830
Long-term variable compensation (granted)[3]	4,973,333[4]	4,875,000[5]	1,425,000	1,325,000
Other benefits[6]	610,960	678,735	34,595	39,278
Social security contributions[7]	607,017	725,059	180,777	224,692
Total regular compensation	**11,480,583**	**13,043,812**	**2,612,688**	**3,143,147**
Payments to former executives	586,302[8]	685,331[9]	–	–
Accruals for non-compete agreements	–	–	–	–
Total compensation	12,066,885	13,729,142	2,612,688	3,143,147

1 Exchange rates 2023: AED/CHF 24.47146; EUR/CHF 0.97177; CNY/CHF 12.70249; BRL/CHF 17.9905; USD/CHF 0.89864; SGD/CHF 66.92377
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
2 Represents an estimate of effective short-term variable compensation for 2023 which will be paid in 2024, after the publication of SIG's audited consolidated financial statements.
3 Amount granted under the LTIP; the number of PSUs that vests depend 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 PSU regulations. See note 31 of the consolidated financial statements for additional details.
4 Includes a one-time grant of PSUs in 2023 to the value of CHF 340,000 to one of the new member of the Group Executive Board, which has been granted to partly compensate forfeited awards from former employer.
5 This item includes a one-time grant of restricted share units ("RSUs") in 2022 (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.
6 Comprise payments related to additional insurances, car benefits and other allowances and benefits. This item also includes a payment in 2022 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.
7 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.
8 Includes payments to the former member of the Group Executive Board who left the Group Executive Board on December 31, 2022. The amount includes employer social security contributions.
9 Includes payment to the former member of the Group Executive Board who left the Group Executive Board on December 31, 2021. The amount includes employer social security contributions.
10 The EcoVadis score is a third-party assessment of our environmental, social and governance performance, measured relatively. The Company received a platinum rating in 2023. For the Company's sustainability performance and its EcoVadis platinum rating, for details please refer to the Corporate Sustainability Report.

Approved versus total regular compensation for the Group Executive Board
The total compensation for the Group Executive Board for 2023 is CHF 12.1 million (including social security contributions), which is below the maximum aggregate compensation amount of CHF 18.0 million approved for 2023 at the Annual General Meeting on April 7, 2022. This amount includes CHF 0.6 million relating to payments to one former member of the Group Executive Board.

Short-Term Incentive Plan ("STIP") 2023
In 2023, the target individual short-term incentive equals 100% of the base salary for the CEO and lies between 60% and 82% of the respective base salaries for other members of the Group Executive Board.

The threshold, target and cap (together the "targets") for both the financial KPIs and the ESG KPI are determined by the Board, based on the recommendation of the Compensation Committee each year, following a well-established process. To calibrate the achievement curve 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 others, 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. In line with this, achieving 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.

Figure 15 illustrates the targets that were set for the financial year 2023 including threshold and cap for the payout.

Figure 15: Target setting for the Short-Term Incentive Plan for the financial year 2023.

Performance measures	Weight	Threshold (0% payout)	Target (100% payout)	Cap (200% payout)
Group adjusted EBITDA	55%	818.2m EUR	852.3m EUR	903.5m EUR
Group revenue first half year	6%	1,528.9m EUR	1,560.1m EUR	1,606.9m EUR
Group revenue full year	14%	3,201.1m EUR	3,266.5m EUR	3,364.5m EUR
Group free cash flow	15%	290.9m EUR	303.0m EUR	321.2m EUR
EcoVadis score[10]	10%	79 points	81 points	84 points

For the Group as a whole, as illustrated in Figure 16 below, financial KPIs for 2023 were only partly achieved. The Company overall was able to improve its EcoVadis score in 2023 versus the prior year. The aseptic business did achieve the target set while the Bag-in-Box and Spouted Pouch businesses did a tremendous step forward and overachieved the target set. This leads to an overall slightly overachievement of the target that had been set. Please refer to the Corporate Responsibility Report for further information relating to the Group's environmental and sustainability performance.

Our Governance continued
Compensation Report continued

Figure 16: 2023 performance at Group level relevant for STIP performance assessment.

Performance measures	Weight	Target achievement (0% / 100% / 200%)	Result achieved
Group adjusted EBITDA	55%	0%	803.0m EUR
Group revenue first half year	6%	55%	1,546.5m EUR
Group revenue full year	14%	63%	3,242.3m EUR
Group free cash flow	15%	0%	219.5m EUR
EcoVadis score[1]	10%	115%	82 points

● Target achievement

In line with the Company's revenue guidance, target revenue is reported at constant currency, i.e target revenue of the Group is calculated at the applied exchange rate used for the Group's 2023 consolidated financial statements. For the Group's constant currency definition please refer to the following link https://www.sig.biz/investors/en/performance/definitions. Target revenue was decreased by 55.4m EUR (first half of the year) respectively 129.8m EUR (full year) as a result of this calculation.

The Group target achievement of 23.6% was reduced by 2.5% to 21.1% due to a regional correction. The achievement for the 2023 STIP was 21.1% for the CEO (104.7% in 2022) and between 14.4% and 107.8% for the other members of the Group Executive Board (56.8% to 113.6% in 2022).

Long-Term Incentive Plan ("LTIP") 2023
In 2023, the LTIP grant in CHF amounted to 204% of the base salary for the CEO and was between 47% and 142% of the respective base salary for other members of the Group Executive Board.

The threshold, target and cap (together the "targets") performance levels for the three LTIP performance measures for the 2023 grant are illustrated in Figure 17 and were set by the Board, based on the recommendation of the Compensation Committee based on a robust, stringent approach supported by HCM International Ltd. The vesting curves for each KPI under the LTIP are defined to support the balanced performance and payout situations below and above the target and allow for a realistic performance-related chance to realise vesting.

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 2023. For the Company's sustainability performance and its EcoVadis platinum rating, for details please refer to the Corporate Sustainability Report.

Figure 17: Overview of the vesting curve of the LTIP 2023.

Performance measures	Weight	Threshold (0% payout)	Target (100% payout)	Cap (200% payout)
3-year total shareholder return measured relative to the SPI® ICB Industry 2000 "Industrials" Total Return	50%	-16% of index	-0% compared with index	+10% of index
3-year cumulative diluted adjusted earnings per share	25%	64.2% of target	100% target as set by the Board of Directors	135.8% of target
3-year cumulative free cash flow	25%	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, and that the plan is still running until 2025, 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 2023 grant.

Further, the approved targets for 2023 lie above the targets for the previous grants.

The 2020 LTIP grant vested on March 31, 2023. The share price and operational performance in the three-year period from 2020 to 2023 was strong and above the challenging targets, resulting in a total vesting multiple of 168%. 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.

Our Governance continued
Compensation Report continued

Figure 18: Vesting multiple of the performance share unit grant 2020 for the period 2020 to 2023.

Performance measures	Weight	Vesting multiple (0% – 100% – 200%)	Result achieved
3-year total shareholder return measured relative to the SPI® ICB Industry 2000 "Industrials" Total Return	50%	200%	16 p.p.
3-year cumulative diluted adjusted earnings per share	25%	96%	2.17 EUR
3-year cumulative free cash flow	25%	174%	745m EUR

● Target achievement

The Compensation Committee has defined a robust process to assess the materiality of major events, such as acquisitions completed during the three-year performance period of the plan. Based on the assessment, results achieved are adjusted to consider the influence of these events.

For an overview of the annual PSUs granted and outstanding PSUs, please refer to note 31 of the consolidated financial statements.

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

In comparison to the previous year, the total regular compensation of the entire Group Executive Board decreased by 12.4%. The overall movement is mainly driven by the performance-related aspects of the STIP payout, as previously described, in addition, by the personnel changes to the Group Executive Board, as well as some exchange rate movements.

Personnel changes during 2023 in the Group Executive Board:

- Gavin Steiner joined the Group Executive Board as Chief Technology Officer in April 2023.
- Christoph Wegener joined the Group Executive Board in August 2023. He took on the newly created role of Chief Markets Officer and also acts as President of the Bag-in-Box and Spouted Pouch business. Ross Bushnell, former President of Bag-in-Box and Spouted Pouch, left the Group end of July 2023.
- Ann-Kristin Erkens joined the Group Executive Board as Chief Financial Officer in November 2023 and replaced Frank Herzog, who resigned effective December 31, 2022.
- Fan Lidong retired from his role as President and General Manager of Asia-Pacific North in November 2023. Angela Lu, previously President and General Manager of Asia-Pacific South, took on the reinstated role of President and General Manager of Asia-Pacific on the same date.
- Suzanne Verzijden, Chief People and Culture Officer, and Ian Wood, Chief Supply Officer, resigned as members of the Group Executive Board effective December 31, 2023.

The personnel changes in the Group Executive Board in the course of 2023, resulted in a forfeiture of 76,252 PSUs and RSUs out of the 2021, 2022 and 2023 grants, representing a total value (at grant fair value) of CHF 1.7 million.

Impact of currency exchange rates

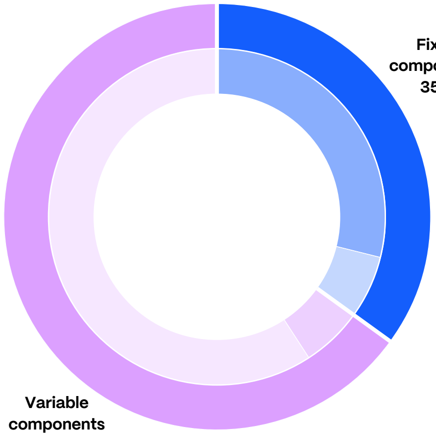
Seven members of the Group Executive Board were paid in foreign currencies during 2023. Their compensation is converted into Swiss francs for the disclosures in this report and has changed due to shifts in currency exchange rates even though the compensation amount in local currency has remained unchanged. This leads to slightly different compensation levels in comparison to the previous reporting period.

Our Governance continued
Compensation Report continued

Figure 19 illustrates the actual compensation mixes for the CEO and the Group Executive Board in 2023, highlighting the strong focus on short- and long-term variable compensation elements.

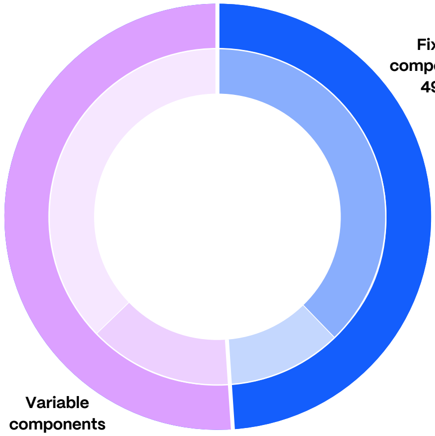
Figure 19: Overview of the actual compensation mix in 2023 for the CEO and the Group Executive Board (excl. CEO) (reflects the amount granted under the LTIP).

CEO



- **Fixed components total – 35%**
  - Base salary – **29%**
  - Pension benefits/ other benefits – **6%**
- **Variable components total – 65%**
  - Target short-term incentive – **6%**
  - Granted long-term incentive – **59%**

Group Executive Board
excl. CEO (average)



- **Fixed components total – 49%**
  - Base salary – **38%**
  - Pension benefits/ other benefits – **11%**
- **Variable components total – 51%**
  - Target short-term incentive – **14%**
  - Granted long-term incentive – **37%**

For the Group Executive Board members excluding the CEO, the fixed components (annual base salary and pension benefits/other benefits) vary between 30% and 94% (49% on average) of the total compensation paid and the variable components vary between 6% and 70% (51% on average) of total compensation paid in 2023.

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 granted), 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-fulfillment 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.

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. Reflecting that the build-up period for members of the Group Executive Board was still ongoing in the reporting year, the annual shareholding assessment showed full compliance with the regulation. The members in office since the Company's IPO in 2018 already fulfill the required shareholdings despite the ongoing build-up period.

Our Governance continued
Compensation Report continued

Shareholdings (audited)
The following tables show the shareholdings as well as holdings of option rights of the members of the Board of Directors as well as the members of the Group Executive Board as of December 31, 2023 and December 31, 2022.

Board of Directors
Table 3: Shareholdings of the Board of Directors as of December 31, 2023, including comparative figures for the prior year.

	Number of directly or beneficially held SIG shares[1]	Number of indirectly held shares	Total shareholdings Dec. 31, 2023	Total shareholdings Dec. 31, 2022	Total options[2] held on Dec. 31, 2023	Total options[2] held on Dec. 31, 2022
Andreas Umbach (Chair)	110,186	–	110,186	100,407	–	–
Matthias Währen (Member)	38,603	–	38,603	34,414	–	–
Mariel Hoch (Member)	24,277	–	24,277	20,141	–	–
Werner Bauer (Member)	63,340	–	63,340	59,516	–	–
Abdallah al Obeikan (Member)	8,240	1,827,110[3]	1,835,350	1,832,237[4]	–	–
Wah-Hui Chu (Member)	55,561	–	55,561	51,915	–	–
Florence Jeantet (Member)	2,184		2,184	–[5]	–	–
Laurens Last (Member)	5,550	35,921,188[6]	35,926,738	35,132,170[7]	1,073,430[8]	–
Martine Snels (Member)	9,507	–	9,507	5,683	–	–
Colleen Goggins (Member)	-	–	–[9]	39,690	–[9]	–
Total	**317,448**	**37,748,298**	**38,065,746**	**37,276,173**	**1,073,430**	–

1 Ordinary registered shares of SIG Group AG, including blocked shares.
2 Options to purchase ordinary registered shares of SIG Group AG
3 Shares indirectly held by Abdallah al Obeikan via his shareholding in Al Obeikan Group for Investment Company CJS
4 Includes indirectly shares held by Abdallah al Obeikan via his shareholding in Al Obeikan Group for Investment Company CJS.
5 Florence Jeantet was elected as member of the Board of Directors at the 2023 AGM, so she was not in office on December 31, 2022.
6 Shares indirectly held by Laurens Last via Clean Holding B.V.
7 Includes indirectly held shares by Laurens Last via Clean Holding B.V.
8 Through reverse convertible products held by Laurens Last via Clean Holding B.V.
9 The mandate of Colleen Goggins ended at the 2023 AGM, so the Shareholding Guidelines and disclosure obligations no longer apply for her.

Our Governance continued
Compensation Report continued

Group Executive Board

Table 4: Shareholdings of the members of the Group Executive Board as of December 31, 2023, 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 Dec. 31, 2023	Total shareholdings Dec. 31, 2022	Number of PSUs[3] held Dec. 31, 2023	Number of PSUs[3] held Dec. 31, 2022	Total options[4] held on Dec. 31, 2023	Total options[4] held on Dec. 31, 2022
Samuel Sigrist (CEO)	220,000	–	–	220,000	210,000	182,146	176,207	–	–
Ann-Kristin Erkens (CFO)	–	–	–	–	–[5]	24,019	–[5]	–	–[5]
Gavin Steiner (CTO)	–	–	–	–	–[5]	13,141	–[5]	–	–[5]
Suzanne Verzijden (CPCO)	–	3,416	–	3,416	6,831	3,048	4,554	–	–
Christoph Wegener (CMO)	21,731	–	–	21,731	–[5]	21,628	–[5]	26,525	–[5]
Ian Wood (CSO)	110,000	–	–	110,000	100,000	27,037	94,085	-	–
Abdelghany Eladib (President & General Manager, India Middle East and Africa)	7,920	–	–	7,920	7,920	42,440	27,109	14,840	14,840
Angela Lu (President & General Manager, Asia Pacific)	–	–	–	–	–	26,803	13,662	–	–
José Matthijsse (President & General Manager, Europe)	–	–	–	–	–	42,440	27,109	–	–
Ricardo Rodriguez (President & General Manager, Americas)	–	–	225,000[6]	225,000	235,000[7]	60,374	70,564	–	–
Frank Herzog	–	–	–	–[8]	–	–[8]	16,285	–[8]	–
Ross Bushnell	–	–	–	–[9]	–	–[9]	13,662	–[9]	–
Fan Lidong	–	–	–	–[10]	181,478	–[10]	48,310	–[10]	–
Total	**359,651**	**3,416**	**225,000**	**588,067**	**741,229**	**443,076**	**491,547**	**41,365**	**14,840**

1 Ordinary registered shares of SIG Group AG.
2 The RSUs will vest in SIG shares.
3 The PSUs will vest, based on performance conditions, in SIG shares.
4 Options to purchase ordinary registered shares of SIG Group AG
5 Ann-Kristin Erkens, Gavin Steiner and Christoph Wegener joined the Group Executive Board during 2023, so the Shareholding Guidelines and disclosure obligations did not apply to them as of December 31, 2022.
6 Shares indirectly held by Ricardo Rodriguez via his shareholding in Artmat.
7 Includes indirectly shares held by Ricardo Rodriguez via his shareholding in Artmat.
8 Frank Herzog (former CFO) left the Group Executive Board as of Dezember 31, 2023, so the Shareholding Guidelines and disclosure obligations no longer apply to him.
9 Ross Bushnell (former President of Bag-in-Box and Spouted Pouch) left the Group Executive Board as of July 31, 2023, so the Shareholding Guidelines and disclosure obligations no longer apply to him.
10 Lidong Fan (former President and General Manager of Asia-Pacific North) left the Group Executive Board as of November 1, 2023, so the Shareholding Guidelines and disclosure obligations no longer apply to him.

Our Governance continued
Compensation Report continued

Functions of the members of the Board of Directors and members of the Group Executive Board (audited)
Further activities and functions of the members of the Board of Directors and of the members of the Group Executive Board are listed in the relevant sections for each body in the Corporate Governance Report.

For a summary of mandates with a business purpose of members of the Board of Directors respectively the Group Executive Board, acting during 2023, please refer to the following tables.

Table 5: Mandates of the members of the Board of Directors in 2023:

Board of Directors	Mandates in year 2023
Andreas Umbach	Chair of the board of directors of Landis+Gyr Group AG Chair of the supervisory board of Techem Energy Services GmbH Chair of the board of directors of Rovensa SA (until September 2023) Chair of the board of directors of Schurter Group AP (since December 2023) President of the Zug Chamber of Commerce
Werner Bauer	Vice chair of the board of directors of Givaudan SA (until December 2023) Vice chair of the board of directors of Bertelsmann SE & Co. KGaA Chair of the board of trustees at the Bertelsmann Foundation
Wah-Hui Chu	Chair of iBridget TT International Limited Member of the board of directors of Mettler Toledo International (ended in 2023)
Mariel Hoch	Partner at Bär & Karrer Vice chair of the board of directors of Comet Holding AG Member of the board of directors of Komax Holding AG Member of the board of directors of MEXAB AG
Florence Jeantet[1]	Senior Vice President, Chief Sustainability Officer at Danone (until September 2023) Advisor to the Economic Council in France
Laurens Last	Director of TSAL Family office B.V. Director of Lorenzo Marine Ltd. Director of Roque Marine Ltd.
Abdallah al Obeikan	Member of the board of directors of Arabian Shield Cooperative Insurance Company Member of the board of directors and CEO of Obeikan Investment Group and chair of Obeikan AGC Glass Company Chair of Riyadh Polytechnic Institute Member of the board of directors of National Water Company Member of the board of directors of Social Development Bank Member of the advisory boards of KSA agencies
Martine Snels	CEO of L'Advance BV Member of the supervisory board of Prodrive Technologies Member of the board of directors of Electrolux Professional AB Member of the supervisory board of URUS Group LLC (ended in 2023)
Matthias Währen	Member of the board of directors of Keto Swiss AG (until June 2023) Member of the board of directors of Bloom Biorenewables SA Member of the board of directors ph. AG (until December 2023) Member of the board of trustees of the Givaudan Foundation and the HBM Foundation
Colleen Goggins[2]	Member of the board of directors of TD Bank Group Member of the supervisory board of Bayer AG Member of the board of directors of IQVIA Member of the advisory boards of ZO Skin Health, Sabert Inc. and Acacium

1 Florence Jeantet was elected as member of the Board at the Annual General Meeting in April 2023. The mandates are therefore provided for the period from April 20, 2023 until December 31, 2023.
2 Colleen Goggins left the Board of Directors at the Annual General Meeting in April. The mandates are therefore provided for the period January 1, 2023 until April 20, 2023.

Our Governance continued
Compensation Report continued

Table 6: Mandates of the members of the Group Executive Board in 2023

Group Executive Board	Mandates in year 2023
Samuel Sigrist	None
Ann-Kristin Erkens[1]	Member of the supervisory board of SCHOTT Pharma AG & Co. KGaA
Ian Wood	None
Gavin Steiner[2]	None
Suzanne Verzijden	Member of the supervisory board of Essity
Christoph Wegener[3]	None
José Matthijsse	None
Angela Lu	None
Ricardo Rodriguez	None
Abdelghany Eladib	None
Ross Bushnell[4]	None
Lidong Fan[5]	None

1 Ann-Kristin Erkens joined the Company on November 1, 2023. The list covers the relevant mandates for the period from November 1, 2023 until December 31, 2023
2 Gavin Steiner joined the Company on April 1, 2023. The list covers relevant mandates for the period from April 1, 2023 until December 31, 2023.
3 Christoph Wegener was appointed as a member of the Group Executive Board as of August 1, 2023. The list covers the relevant mandates for the period from August 1, 2023 until December 31, 2023.
4 Ross Bushnell left the Company on July 31, 2023. The mandates provided for the period from January 1, 2023 until July 31, 2023.
5 Lidong Fan retired on November 1, 2023. The mandates provided for the period from January 1, 2023 until November 1, 2023.

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

SIG's Articles of Association do not foresee 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.

Outlook

With regard to the STIP, the Compensation Committee has recommended to the Board to increase as of 2024 at Group level the weighting of the free cash flow component in the Short-Term Incentive Plan from 15% to 20% by decreasing the weighting of the adjusted EBITDA component from 55% to 50% and at regional level, to replace the regional adjusted operating net working capital as a percent of revenue component by a free cash flow component.

To further strengthen the alignment of shareholders' interests with those of the members of the Board of Directors and members of the Group Executive Board, the Board of Directors decided to increase the level of shareholding requirement as of 2024. The shareholding requirement for members of the Board of Directors will be increased from 100% of the annual base fee to 200% of the annual base fee. Shareholding requirements for the CEO will be increased from 200% to 300%, for the CFO it will be raised from 100% to 150% and for all other members of the Group Executive Board from 100% to 120% of the annual base salary. While the build-up period for the members of the Board of Directors will be prolonged from three to five years, the build-up period for all the members of the Group Executive Board remains unchanged with at five years. The Company is convinced that with that revised shareholding requirement a further alignment with the interests of external stakeholders and the Board of Directors and the Group Executive Board with a long-term focus can be achieved.

Our Governance continued
Report of the statutory auditor

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 December 31, 2023. The audit was limited to the information pursuant to article 734a-734f CO in the tables marked 'audited' on pages 147 to 152 and pages 156 to 159 of the Compensation Report.

In our opinion, the information pursuant to article 734a-734f CO in the Compensation Report pages 141 to 159 complies 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 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. It 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 pursuant to article 734a-734f CO 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 Licensed audit expert Auditor in charge	Manuela Baldisweiler Licensed audit expert

Basel, February 22, 2024

Financials

In this section

Consolidated financial statements

In this section

Consolidated financial statements for the year ended December 31, 2023

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 Dec. 31, 2023	Year ended Dec. 31, 2022
Revenue	6, 7	3,230.3	2,779.9
Cost of sales		(2,468.9)	(2,204.7)
Gross profit		**761.4**	**575.2**
Other income	8	97.6	24.7
Selling, marketing and distribution expenses		(135.3)	(110.6)
General and administrative expenses		(258.9)	(200.6)
Other expenses	8	(15.6)	(173.9)
Share of loss of joint venture		(0.1)	–
Profit from operating activities		**449.1**	**114.8**
Finance income		14.5	35.9
Finance expenses		(139.6)	(61.9)
Net finance expense	24	**(125.1)**	**(26.0)**
Profit before income tax		**324.0**	**88.8**
Income tax expense	32	(80.8)	(51.0)
Profit for the period	9	**243.2**	**37.8**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Currency translations of foreign operations:			
– recognized in translation reserve		(69.8)	43.1
Cash flow hedges:			
– effective portion of changes in fair value	28	–	38.3
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	30	53.2	(81.8)
Total other comprehensive income, net of income tax		**(16.6)**	**(0.4)**
Total comprehensive income		**226.6**	**37.4**
Basic earnings per share (in €)	10	0.64	0.10
Diluted earnings per share (in €)	10	0.64	0.10

Consolidated financial statements

Consolidated statement of financial position

(In € million)	Note	As of Dec. 31, 2023	As of Dec. 31, 2022
Cash and cash equivalents	17	280.9	503.8
Trade and other receivables	16	422.7	460.3
Inventories	15	384.4	402.7
Current tax assets	32	6.0	18.0
Other current assets	21	23.4	26.8
Total current assets		**1,117.4**	**1,411.6**
Non-current receivables	16	13.2	18.8
Investment in joint venture	27	0.4	0.6
Deferred tax assets	32	60.6	60.0
Property, plant and equipment	12	1,795.4	1,667.8
Right-of-use assets	13	267.3	243.6
Intangible assets	14	4,054.4	4,246.2
Employee benefits	30	191.8	114.6
Other non-current assets	21	32.0	35.9
Total non-current assets		**6,415.1**	**6,387.5**
Total assets		**7,532.5**	**7,799.1**

(In € million)	Note	As of Dec. 31, 2023	As of Dec. 31, 2022
Trade and other payables	18	1,006.4	1,036.8
Loans and borrowings	23	264.4	489.2
Current tax liabilities	32	49.3	46.3
Employee benefits	30	61.0	60.9
Provisions	19	15.7	26.6
Deferred revenue	20	102.9	92.8
Other current liabilities	21	14.2	23.4
Total current liabilities		**1,513.9**	**1,776.0**
Non-current payables	18	14.9	17.4
Loans and borrowings	23	2,187.4	2,185.5
Deferred tax liabilities	32	244.2	261.3
Employee benefits	30	110.4	104.6
Provisions	19	25.1	21.1
Deferred revenue	20	284.4	264.8
Other non-current liabilities	21	55.1	113.2
Total non-current liabilities		**2,921.5**	**2,967.9**
Total liabilities		**4,435.4**	**4,743.9**
Share capital	25	3.4	3.4
Additional paid-in capital	25	2,684.9	2,868.6
Translation reserve		(149.0)	(79.2)
Treasury shares	25	(1.5)	(1.3)
Retained earnings		559.3	263.7
Total equity		**3,097.1**	**3,055.2**
Total liabilities and equity		**7,532.5**	**7,799.1**

Consolidated financial statements

Consolidated statement of changes in equity

(In € million)	Note	Share capital	Additional paid-in capital	Translation reserve	Hedging reserve	Treasury shares	Retained earnings	Total equity
Equity as of January 1, 2023		**3.4**	**2,868.6**	**(79.2)**	**–**	**(1.3)**	**263.7**	**3,055.2**
Profit for the period							**243.2**	**243.2**
Other comprehensive income								
Items that may be reclassified to profit or loss								
Currency translations of foreign operations:								
– recognized in translation reserve				(69.8)				**(69.8)**
Items that will not be reclassified to profit or loss								
Remeasurement of defined benefit plans	30						53.2	**53.2**
Total other comprehensive income, net of income tax		**–**	**–**	**(69.8)**	**–**	**–**	**53.2**	**(16.6)**
Total comprehensive income for the period		**–**	**–**	**(69.8)**	**–**	**–**	**296.4**	**226.6**
Acquisition of non-controlling interest	27, 28						(3.3)	**(3.3)**
Share-based payments	31						6.9	**6.9**
Purchase of treasury shares	25					(9.4)		**(9.4)**
Settlement of share-based payment plans and arrangements	25, 31		(3.5)			9.2	(4.4)	**1.3**
Dividends	25		(180.2)					**(180.2)**
Total transactions with owners		**–**	**(183.7)**	**–**	**–**	**(0.2)**	**(0.8)**	**(184.7)**
Equity as of December 31, 2023		**3.4**	**2,684.9**	**(149.0)**	**–**	**(1.5)**	**559.3**	**3,097.1**

Consolidated financial statements

Consolidated statement of changes in equity continued

(In € million)	Note	Share capital	Additional paid-in capital	Translation reserve	Hedging reserve	Treasury shares	Retained earnings	Total equity
Equity as of January 1, 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:								
– recognized in translation reserve				43.1				**43.1**
Cash flow hedges:								
– effective portion of changes in fair value	28				38.3			**38.3**
Items that will not be reclassified to profit or loss								
Remeasurement of defined benefit plans	30						(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	28				**(38.3)**			**(38.3)**
Issue of shares, net of costs	25, 28	0.4	886.3					**886.7**
Share-based payments	31						5.4	**5.4**
Purchase of treasury shares	25					(16.3)		**(16.3)**
Settlement of share-based payment plans and arrangements	25, 31		(9.8)			15.1	(5.3)	**–**
Dividends	25		(147.9)					**(147.9)**
Total transactions with owners		**0.4**	**728.6**	**–**	**–**	**(1.2)**	**0.1**	**727.9**
Equity as of December 31, 2022		**3.4**	**2,868.6**	**(79.2)**	**–**	**(1.3)**	**263.7**	**3,055.2**

Consolidated financial statements

Consolidated statement of cash flows

(In € million)	Note	Year ended Dec. 31, 2023	Year ended Dec. 31, 2022
Cash flows from operating activities			
Profit for the period		243.2	37.8
Adjustments for:			
Depreciation and amortization	12-14	412.2	366.7
Impairment losses	12	4.8	6.3
Net change in fair value of operating derivatives		(9.2)	39.5
Realized gain on settlement of deal-contingent derivative	28	–	(16.6)
Share-based payment expense	31	6.9	5.4
Gain on sale of property, plant and equipment and non-current assets		(1.5)	(0.5)
Share of loss of joint venture		0.1	–
Net finance expense	24	125.1	26.0
Interest paid		(124.9)	(52.2)
Payment of transaction and other costs relating to financing		–	(3.3)
Income tax expense	32	80.8	51.0
Income taxes paid, net of refunds received		(93.9)	(94.4)
		643.6	**365.7**
Change in trade and other receivables		30.4	(34.0)
Change in inventories		10.1	(53.1)
Change in trade and other payables, including advance payments		(6.3)	234.3
Change in provisions and employee benefits		(5.1)	(14.4)
Change in other assets and liabilities, including deferred revenue		(9.4)	79.7
Net cash from operating activities	11	**663.3**	**578.2**

(In € million)	Note	Year ended Dec. 31, 2023	Year ended Dec. 31, 2022
Cash flows from investing activities			
Acquisition of businesses, net of cash acquired	28	(0.5)	(700.4)
Settlement of deal-contingent derivatives	28	–	61.1
Acquisition of property, plant and equipment and intangible assets	12, 14	(398.9)	(299.7)
Proceeds from sale of property, plant and equipment and other assets	28	2.3	19.1
Investment in/proceeds from sale of securities	21	(2.4)	0.4
Interest received		3.6	1.6
Net cash used in investing activities	11	**(395.9)**	**(917.9)**
Cash flows from financing activities			
Proceeds from issue of shares	25	–	203.5
Payment of costs for placement of shares	25	–	(3.6)
Acquisition of non-controlling interest	27	(3.3)	–
Proceeds from loans and borrowings	23	725.1	1,710.0
Repayment of loans and borrowings	23	(961.2)	(1,189.0)
Settlement of deal-contingent derivative	28	–	15.5
Payment of lease liabilities	23	(47.2)	(34.5)
Purchase of treasury shares	25	(9.4)	(16.3)
Sale of treasury shares	25, 31	1.3	–
Payment of dividends	25	(180.2)	(147.9)
Other		(1.6)	1.1
Net cash (used in)/from financing activities	11	**(476.5)**	**538.8**
Net (decrease)/increase in cash and cash equivalents		**(209.1)**	**199.1**
Cash and cash equivalents as of the beginning of the period		503.8	304.5
Effect of exchange rate fluctuations on cash and cash equivalents		(13.8)	0.2
Cash and cash equivalents as of the end of the period	17	**280.9**	**503.8**

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 in the year are highlighted.

1 Reporting entity and overview of the Group

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

The consolidated financial statements for the year ended December 31, 2023 comprise the Company and its subsidiaries (together referred to as the "Group" or the "SIG Group"). The subsidiaries and joint venture reflected in the consolidated financial statements are listed in note 27.

For information about the acquisitions of Scholle IPN on June 1, 2022 and Evergreen's chilled carton business in Asia Pacific ("Evergreen Asia") on August 2, 2022, see note 28.

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 December 31, 2023 have been prepared in accordance with IFRS Accounting Standards. They were approved by the Company's Board of Directors on February 22, 2024. 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 and equity securities, contingent purchase price obligations relating to business combinations and liabilities for cash-settled share-based payment plans that are measured at fair value. Furthermore, certain components of inventory are measured at net realizable value and defined benefit obligations are measured under the projected unit credit method.

Consolidated financial statements

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	6 Revenue	12 Property, plant and equipment	22 Capital management	27 Group entities	30 Employee benefits	32 Income tax
2 Preparation of the consolidated financial statements	7 Segment information	13 Right-of-use assets	23 Loans and borrowings	28 Business combinations	31 Share-based payment plans and arrangementss	33 Financial instruments and fair value information
3 Structure of the consolidated financial statements	8 Other income and expenses	14 Intangible assets	24 Finance income and expenses	29 Related parties		34 Contingent liabilities
4 Key events and transactions	9 Alternative performance measures	15 Inventories	25 Equity			35 Subsequent events
5 General accounting policies and topics	10 Earnings per share	16 Trade and other receivables	26 Financial risk management			
	11 Cash flow information	17 Cash and cash equivalents				
		18 Trade and other payables				
		19 Provisions				
		20 Deferred revenue				
		21 Other assets and liabilities				

Potentially material accounting policies and information about management judgments, estimates and assumptions are provided in the respective notes throughout the consolidated financial statements. Potentially material 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 December 31, 2023.

Refinancing

The Group accessed an unsecured bridge loan facility of €350 million on June 16, 2023. The proceeds from this bridge loan, together with available cash, were used to repay €450 million of the Group's senior unsecured notes on June 20, 2023. The bridge loan facility was repaid in the last quarter of 2023. See further note 23.

Changes in segment reporting

The Group changed its internal reporting structure as of November 1, 2023. The Group's Indian operations and the former segment Middle East and Africa ("MEA") are since then reported as a new segment: India, Middle East and Africa ("IMEA"). The Indian operations were previously part of Asia Pacific ("APAC"). See further note 7.

Consolidated financial statements

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

Gavin Steiner joined the Group Executive Board as Chief Technology Officer on April 1, 2023. He took over this role from Ian Wood, who became Chief Supply Chain Officer.

Christoph Wegener joined the Group Executive Board on August 1, 2023. He took on the newly created role of Chief Markets Officer and also acts as President of Bag-in-Box and Spouted Pouch. Ross Bushnell left the Group and his role as President of Bag-in-Box and Spouted Pouch on July 31, 2023.

Ann-Kristin Erkens joined the Group Executive Board as Chief Financial Officer on November 1, 2023. The former Chief Financial Officer, Frank Herzog, left the Group as of December 31, 2022.

Fan Lidong retired from his role as President and General Manager of Asia-Pacific North on November 1, 2023. Angela Lu, previously President and General Manager of Asia-Pacific South, took on the reinstated role of President and General Manager of Asia-Pacific on the same date. The roles of Presidents and General Managers of Asia-Pacific North and Asia-Pacific South will not be replaced.

Abdelghany Eladib became President and General Manager of IMEA on November 1, 2023. He was previously President and General Manager of MEA. His role changed due to changes in the composition of the Group's segments (see "Changes in segment reporting" above).

Ian Wood left the Group and his role as Supply Chain Officer as of December 31, 2023.

Suzanne Verzijden left her role as Chief People and Culture Officer as of December 31, 2023.

Florence Jeantet was elected to the Board of Directors at the Annual General Meeting on April 20, 2023. Colleen Goggins did not stand for re-election.

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 December 31, 2023 are consistent with those applied in the consolidated financial statements for the year ended December 31, 2022.

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 January 1, 2023. The Group has applied the mandatory exception from deferred tax accounting for pillar two top-up income taxes under the amendment to IAS 12 *Income Taxes* (International Tax Reform – Pillar Two Model Rules) since its publication on May 23, 2023. There was no impact on the Group's consolidated financial statements of adopting this amendment (see also note 32). The Group also has applied *Disclosure of Accounting Policies* (Amendments to IAS 1 and IFRS Practice Statement 2) for the first time, with no significant impact on the accounting policy information already provided. The other applicable standards and interpretations also had no, or no material, impact on the consolidated financial statements.

5.3 Adoption of standards and interpretations in 2024 and beyond

A number of new or amended standards and interpretations are effective for annual periods beginning on January 1, 2024 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 judgments, estimates and assumptions

In preparing these consolidated financial statements, management has made judgments, 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 recognized 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 judgments, estimates and assumptions:

- Liabilities for various customer incentive programs – 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 26, 28 and 33.
- Measurement of obligations under defined benefit plans – see note 30.
- Determination of income tax liabilities – see note 32.
- Realization of deferred tax assets – see note 32.

The impacts of global economic uncertainty on the SIG Group broadly remain unchanged compared to the year ended December 31, 2022 as described below.

Consolidated financial statements

Global economic uncertainty

Events such as the war in Ukraine, the conflicts in the Middle East and outbreaks of various COVID-19 variants, together with raw material and energy prices still at elevated levels, disruption on major shipping routes and generally high levels of inflation, are contributing to global economic uncertainty. High levels of inflation may indirectly impact the demand in the short term as consumers adjust to higher price levels.

These events have significant impacts on the global economy in general, impacting 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. These effects can be, and have been, 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. Prior to the acquisition of Scholle IPN, the Group only had 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.

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 recognized 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, or at average rates that approximate 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 recognized 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 generally translated into Euro at average rates for the reported periods as these rates generally 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 recognized 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	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Brazilian Real (BRL)	5.40157	5.42968	5.36180	5.63860
Chinese Renminbi (CNY)	7.65023	7.07715	7.85090	7.35820
Mexican Peso (MXN)	19.18382	21.15826	18.72311	20.85601
Swiss Franc (CHF)	0.97177	1.00514	0.92600	0.98470
Thai Baht (THB)	37.60705	36.86058	37.97307	36.83504
US Dollar ($ or USD)	1.08138	1.05277	1.10500	1.06660

Consolidated financial statements

5.5.2 Lease accounting

The Group as lessor

The Group deploys filling lines and other related equipment at its customers' sites under both lease and sale 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.

Lease contracts in the bag-in-box, spouted pouch and chilled carton businesses are accounted for as operating or finance leases in accordance with IFRS 16 *Leases*. The impact of these 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 recognized as right-of-use assets with corresponding lease liabilities. See notes 13 and 23 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 recognized 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 recognized 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 the SIG trademarks 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 recognized in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss may be reversed.

Additional 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 recognized in the statement of financial position but are disclosed separately. If realization of a contingent asset becomes virtually certain, it is no longer considered contingent and is recognized as an asset.

Consolidated financial statements

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 Dec. 31, 2023	Year ended Dec. 31, 2022
Revenue from sale and service contracts	3,067.4	2,621.0
Revenue from filling line and other related equipment contracts accounted for as operating leases	162.9	158.9
Total revenue	**3,230.3**	**2,779.9**

The Group's total revenue is disaggregated by major product/service line in the table below.

(In € million)	Year ended Dec. 31, 2023	Year ended Dec. 31, 2022
Revenue from the sale of carton, bag-in-box and spouted pouch	2,825.3	2,415.1
Filling line and other related equipment revenue	225.5	200.3
Service revenue	179.0	164.0
Other revenue	0.5	0.5
Total revenue	**3,230.3**	**2,779.9**

Revenue from the sale of carton, bag-in-box and spouted pouch is mainly composed of revenue from the sale of aseptic carton sleeves and closures.

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.

The Group's revenue is disaggregated by type of business in the table below.

(In € million)	Year ended Dec. 31, 2023	Year ended Dec. 31, 2022
Revenue from the carton business	2,626.3	2,417.3
Revenue from the bag-in-box and spouted pouch businesses	604.0	362.6
Total revenue	**3,230.3**	**2,779.9**

Revenue from the carton business mainly relates to the provision of aseptic carton packaging solutions but also to the provision of chilled carton packaging solutions in Asia.

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

Consolidated financial statements

Accounting policy, significant judgments 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 recognized 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 the deployment of filling lines and other related equipment under contracts accounted for as sale contracts is recognized at a point in time, while revenue from service contracts is recognized over time.

Lease payments for filling lines and other related equipment that are deployed under operating lease contracts are recognized on a straight-line basis over the lease term. 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 recognized as a deferred revenue liability in the statement of financial position, and recognized 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 recognized. The amount of sales incentives expected to be earned or taken by customers in conjunction with incentive programs 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 programs 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, India, Middle East and Africa ("IMEA"), Asia Pacific ("APAC") and Americas.

Changes in the Group's internal reporting structure, including changes to the reporting of information to the Group's Chief Operating Decision Maker ("CODM") for resource allocation and assessment of segment performance, were made as of November 1, 2023 and resulted in changes to two of the Group's segments. To better leverage similarities in consumer needs and consumption patterns, the Indian operations are since the changes in the internal reporting structure managed with the Middle East and African operations. The former segment MEA thereby became IMEA. The Indian operations were previously part of APAC. To reflect these changes in the composition of the Group's segments, the previously reported comparative segment information has been restated. The segment information is reported as if the changes had taken place as of January 1, 2022.

The packaging solution offered by the segments consists of filling lines and other related equipment, packaging material and after-market services. Prior to the acquisition of Scholle IPN on June 1, 2022, all segments provided the same aseptic carton packaging solutions. The acquisition of Scholle IPN did not result in a change in the Group's segmentation. The acquired bag-in-box and spouted pouch business was allocated to Europe, MEA, APAC and Americas. Since the acquisition of Evergreen Asia on August 2, 2022, APAC also provides chilled carton packaging solutions.

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.

IMEA covers the Group's customers in India, Middle East and Africa. The operations of the former joint ventures in the Middle East, including an aseptic carton production plant, are part of this segment. In addition, IMEA includes production of barrier film and fitments for bag-in-box and spouted pouches and an assembly plant in India for filling lines and other related equipment used for bag-in-box and spouted pouches. From 2025, IMEA will also include the Group's first aseptic carton production plant in India.

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 and the assembly of filling machines for the chilled market in Asia.

Americas covers the Group's customers in North and South America. South America has one aseptic carton production plant. Commercial production of aseptic carton sleeves for the North American market started at the Group's first plant in Mexico in February 2023. Prior to that, North America was primarily supplied with aseptic carton sleeves from the Group's European and Asian plants. 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.

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 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).

Consolidated financial statements

Segment financial information

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

	Year ended December 31, 2023							
(In € million)	Europe	IMEA[5]	APAC[5]	Americas	Total segments	Group Functions	Reconciling items	Total
Revenue from transactions with external customers	984.1	404.0	936.1	905.1	**3,229.3**	1.0	–	**3,230.3**
Revenue from inter-segment transactions	398.6	19.3	43.2	7.7	**468.8**	66.9	(535.7)	**–**
Segment revenue	1,382.7	423.3	979.3	912.8	**3,698.1**	67.9	(535.7)	**3,230.3**
Adjusted EBITDA[1]	278.7	106.7	276.0	210.2	**871.6**	(68.6)	–	**803.0**
Capital expenditure:[2]	(85.7)	(85.2)	(129.5)	(102.2)	**(402.6)**	6.0	–	**(396.6)**
PP&E and intangible assets[3,4]	(24.8)	(30.2)	(38.2)	(53.3)	**(146.5)**	(17.2)	–	**(163.7)**
Net filling lines and other related equipment[4]	(13.1)	(16.9)	(51.3)	(28.8)	**(110.1)**	23.2	–	**(86.9)**
Net capital expenditure[2]	(37.9)	(47.1)	(89.5)	(82.1)	**(256.6)**	6.0	–	**(250.6)**

	Year ended December 31, 2022							
(In € million)	Europe	IMEA[5]	APAC[5]	Americas	Total segments	Group Functions	Reconciling items	Total
Revenue from transactions with external customers	841.8	371.4	867.7	697.4	**2,778.3**	1.6	–	**2,779.9**
Revenue from inter-segment transactions	397.2	7.3	14.3	7.9	**426.7**	74.7	(501.4)	**–**
Segment revenue	1,239.0	378.7	882.0	705.3	**3,205.0**	76.3	(501.4)	**2,779.9**
Adjusted EBITDA[1]	200.5	93.4	272.5	141.1	**707.5**	(55.3)	–	**652.2**
Capital expenditure:[2]	(70.1)	(63.3)	(87.1)	(54.4)	**(274.9)**	(5.7)	–	**(280.6)**
PP&E and intangible assets[3,4]	(25.0)	(7.7)	(32.0)	(17.0)	**(81.7)**	(26.0)	–	**(107.7)**
Net filling lines and other related equipment[4]	14.5	(47.2)	4.7	(28.6)	**(56.6)**	20.3	–	**(36.3)**
Net capital expenditure[2]	(10.5)	(54.9)	(27.3)	(45.6)	**(138.3)**	(5.7)	–	**(144.0)**

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 The Group's Indian operations are reported as if they had been included in IMEA (previously MEA) throughout the two reporting periods. The Indian operations were included in APAC until November 1, 2023. See further the introduction to this note.

Consolidated financial statements

Disaggregation of segment revenue

The following tables present revenue from transactions with external customers for the segments, split by major product/service line.

	Year ended December 31, 2023						
(In € million)	Europe	IMEA[1]	APAC[1]	Americas	Total segments	Group Functions	Total
Revenue from the sale of carton, bag-in-box and spouted pouch	857.1	349.4	809.7	809.1	**2,825.3**	–	**2,825.3**
Filling line and other related equipment revenue	77.8	24.2	70.2	53.3	**225.5**	–	**225.5**
Service revenue	49.2	30.4	56.2	42.7	**178.5**	0.5	**179.0**
Other revenue	–	–	–	–	**–**	0.5	**0.5**
Total revenue	**984.1**	**404.0**	**936.1**	**905.1**	**3,229.3**	**1.0**	**3,230.3**

	Year ended December 31, 2022						
(In € million)	Europe	IMEA[1]	APAC[1]	Americas	Total segments	Group Functions	Total
Revenue from the sale of carton, bag-in-box and spouted pouch	751.9	313.3	735.9	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	26.9	55.2	37.6	**163.4**	0.6	**164.0**
Other revenue	–	–	–	–	**–**	0.5	**0.5**
Total revenue	**841.8**	**371.4**	**867.7**	**697.4**	**2,778.3**	**1.6**	**2,779.9**

1 The Group's Indian operations are reported as if they had been included in IMEA (previously MEA) throughout the two reporting periods. The Indian operations were included in APAC until November 1, 2023. See further the introduction to this note.

Consolidated financial statements

Geographic information

The Group operates nine plants that produce aseptic carton sleeves (two each in Germany and in China, and one each in Austria, Saudi Arabia, Thailand, Brazil and Mexico). The plant in Mexico became operational in February 2023. The Group is also building an aseptic carton production plant in India that is expected to be operational at the end of 2024.

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 centers (one each in Germany, Switzerland and China), three technology centers (one each in Germany, the UAE and China), one packaging development center in Germany and five training centers (one each in Germany, the UAE, China, Thailand and Brazil).

In addition, the Group operates 14 plants that produce barrier film and fitments for bag-in-box and spouted pouches (four in the USA, two each in the Netherlands and in India, and one each in Germany, Russia, Australia, China, Brazil and Chile). The Group stopped production in Canada in 2023 and is in the process of vacating the plant. It also operates 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 centers (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 Group is also building a new chilled carton production plant in China. Commercial production is expected to start in the first half of 2024.

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 Dec. 31, 2023	Year ended Dec. 31, 2022
China	996.6	916.9
Germany	961.5	1,132.6
USA	961.3	973.4
United Arab Emirates	596.5	616.0
Thailand	556.7	494.6
Switzerland[1]	541.6	505.4
Other countries	1,530.0	1,547.2
Total non-current assets	**6,144.2**	**6,186.1**

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 Dec. 31, 2023	Year ended Dec. 31, 2022
USA	423.5	290.2
China	417.8	410.4
Germany	276.5	235.4
Switzerland	15.4	13.4
Other countries	2,097.1	1,830.5
Total revenue from external customers	**3,230.3**	**2,779.9**

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

Information about major customers

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

Consolidated financial statements

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 excluded in the calculation of 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 Dec. 31, 2023	Year ended Dec. 31, 2022
Net foreign currency exchange gain	4.0	–
Net change in fair value of operating derivatives	9.2	–
Realized gain on settlement of deal-contingent derivative	–	16.6
Change in fair value of contingent consideration	54.6	–
Income from miscellaneous services	3.0	2.6
Rental income	0.8	0.7
Other	26.0	4.8
Total other income	**97.6**	**24.7**
Net foreign currency exchange loss	–	(19.2)
Net change in fair value of operating derivatives	–	(39.5)
Transaction- and acquisition-related costs	(1.4)	(24.1)
Integration costs	(12.9)	(17.1)
Change in fair value of contingent consideration	–	(74.0)
Other	(1.3)	–
Total other expenses	**(15.6)**	**(173.9)**

For the year ended December 31, 2023, the Group recognized an unrealized net gain on commodity and foreign currency derivatives of €9.2 million (an unrealized net loss of 39.5 million for the year ended December 31, 2022). This arose primarily because the Group entered into commodity derivative contracts fixing prices for mainly polymers and aluminum at levels below the current forward prices (above the current forward prices in the year ended December 31, 2022).

The "Other" income category for the year ended December 31, 2023 primarily relates to a reversal of an acquisition-related provision.

For the year ended December 31, 2022, the Group recognized a net foreign currency exchange loss of €19.2 million. This mainly related to a realized net loss on foreign currency derivatives.

See note 9 for information about the transaction- and acquisition-related costs, the integration costs, the change in the fair value of the contingent consideration, the reversal of the provision included in the "Other" income category and the realized gain on settlement of the deal-contingent derivative (relating to the acquisition of Scholle IPN). 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.

Adjusted EBITDA and adjusted net income are presented in this note. See note 10 for adjusted earnings per share, note 11 for net capital expenditure and free cash flow and note 22 for the Group's net leverage ratio.

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 amortization 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, unrealized 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.

Consolidated financial statements

The following table reconciles profit for the period to EBITDA and adjusted EBITDA.

(In € million)	Year ended Dec. 31, 2023	Year ended Dec. 31, 2022
Profit for the period	**243.2**	**37.8**
Net finance expense	125.1	26.0
Income tax expense	80.8	51.0
Depreciation and amortization	412.2	366.7
EBITDA	**861.3**	**481.5**
Adjustments to EBITDA:		
Unrealized (gain)/loss on operating derivatives	(9.2)	39.5
Restructuring costs, net of reversals	6.0	4.9
Transaction- and acquisition-related costs	1.4	24.1
Integration costs	12.9	17.1
Realized gain on settlement of deal-contingent derivatives	–	(16.6)
Fair value adjustment on inventories	–	20.6
Change in fair value of contingent consideration	(58.2)	74.6
Impairment losses	4.8	6.3
Other	(16.0)	0.2
Adjusted EBITDA	**803.0**	**652.2**

The integration costs for the year ended December 31, 2023 and December 31, 2022 and the transaction- and acquisition-related costs for the year ended December 31, 2022 mainly relate to the acquisitions of Scholle IPN and Evergreen Asia in 2022 (see note 28).

The change in the fair value of the contingent consideration (including unrealized foreign currency exchange impacts) in the year ended December 31, 2023 and December 31, 2022 relates to the remeasurement of the US Dollar contingent consideration for Scholle IPN at fair value as of December 31, 2023 and December 31, 2022. See further notes 28 and 33.

The "Other" category for the year ended December 31, 2023 includes a reversal of an acquisition-related provision of €14.7 million. See also note 19.

The settlement of the deal-contingent foreign currency derivatives that the Group entered into relating to the consideration paid in cash for Scholle IPN and for Evergreen Asia in 2022 resulted in a total realized gain of €61.1 million in the year ended December 31, 2022, of which €16.6 million is recognized in profit or loss as part of other income. Due to the designation of the derivatives as hedging instruments in a cash flow hedge, the larger part of the realized gain reduced the amounts of goodwill recognized for Scholle IPN and Evergreen Asia. See further note 28.

The fair value adjustment on inventories in the year ended December 31, 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 28). These inventories were subsequently sold.

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 currency exchange impact of non-functional currency loans, amortization of transaction costs, the net change in fair value of financing-related derivatives, purchase price allocation ("PPA") depreciation and amortization, 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 amortization relates to all acquisitions of the Group.

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

(In € million)	Year ended Dec. 31, 2023	Year ended Dec. 31, 2022
Profit for the period	**243.2**	**37.8**
Non-cash foreign currency exchange impact of non-functional currency loans and realized foreign currency exchange impact due to refinancing	(1.3)	(4.6)
Amortization of transaction costs	4.8	7.0
Net change in fair value of financing-related derivative	2.0	(9.0)
Realized gain on settlement of deal-contingent derivative (relating to repayment of loan)	–	(15.5)
PPA depreciation and amortization – Onex acquisition	103.4	103.5
PPA amortization – other acquisitions	47.7	34.1
Net effect of early repayment of loan	–	1.0
Adjustments to EBITDA[1]	(58.3)	170.7
Tax effect on above items	(23.3)	(38.2)
Adjusted net income	**318.2**	**286.8**

1 For the different adjustments to EBITDA, refer to the adjusted EBITDA table at the beginning of this note.

The realized gain on settlement of the deal-contingent derivative in the year ended December 31, 2022 relates to the repayment of the acquired US Dollar loan of Scholle IPN (see note 28).

Consolidated financial statements

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 (registered) 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.

	Weighted average number of registered shares
Issued shares as of January 1, 2022	337,520,872
Effect of issue of shares on May 18, 2022	6,871,233
Effect of issue of shares on May 23, 2022	20,619,863
Effect of treasury shares held	(903,281)
Weighted average number of shares as of December 31, 2022 – basic	**364,108,687**
Effect of share-based payment plans and arrangements	466,019
Weighted average number of shares as of December 31, 2022 – diluted	**364,574,706**
Issued shares as of January 1, 2023	382,270,872
Effect of treasury shares held	(56,739)
Weighted average number of shares as of December 31, 2023 – basic	**382,214,133**
Effect of share-based payment plans and arrangements	171,254
Weighted average number of shares as of December 31, 2023 – diluted	**382,385,387**

The following table shows basic and diluted earnings per share.

(In € million unless indicated)	Year ended Dec. 31, 2023	Year ended Dec. 31, 2022
Profit for the period	243.2	37.8
Weighted average number of shares for the period – basic (in numbers)	382,214,133	364,108,687
Basic earnings per share (in €)	**0.64**	**0.10**
Profit for the period	243.2	37.8
Weighted average number of shares for the period – diluted (in numbers)	382,385,387	364,574,706
Diluted earnings per share (in €)	**0.64**	**0.10**

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 basic and diluted adjusted earnings per share.

(In € million unless indicated)	Year ended Dec. 31, 2023	Year ended Dec. 31, 2022
Adjusted net income	318.2	286.8
Weighted average number of shares for the period – basic (in numbers)	382,214,133	364,108,687
Adjusted earnings per share – basic (in €)	**0.83**	**0.79**
Adjusted net income	318.2	286.8
Weighted average number of shares for the period – diluted (in numbers)	382,385,387	364,574,706
Adjusted earnings per share – diluted (in €)	**0.83**	**0.79**

Consolidated financial statements

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 notes 18 and 21), 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 Dec. 31, 2023	Year ended Dec. 31, 2022
PP&E and intangible assets (net of sales and excluding filling lines and other related equipment)	163.7	107.7
Filling lines and other related equipment	232.9	172.9
Capital expenditure	**396.6**	**280.6**
Upfront cash	(146.0)	(136.6)
Net capital expenditure	**250.6**	**144.0**

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 Dec. 31, 2023	Year ended Dec. 31, 2022
Net cash from operating activities	**663.3**	**578.2**
Acquisition of property, plant and equipment and intangible assets (net of sales)	(396.6)	(280.6)
Payment of lease liabilities	(47.2)	(34.5)
Free cash flow	**219.5**	**263.1**

Non-cash transactions

Non-cash transactions include the initial recognition of leases on the statement of financial position (see notes 13 and 23) and the granting of instruments under the Group's 2023 and 2022 share-based plans and arrangements (see note 31).

Notably for the year ended December 31, 2023, non-cash transactions also include the €14.7 million reversal of an acquisition-related provision (see notes 9 and 19). For the year ended December 31, 2022, non-cash transactions also included the issue and subsequent transfer of 33,750,000 SIG shares (with a nominal value of CHF 0.01 per share) to CLIL Holding B.V. ("CLIL", subsequently renamed Clean Holding B.V.) on June 1, 2022 as part of the consideration for Scholle IPN. The fair value of the shares was €686.8 million (see notes 25 and 28). In addition, the 15-year lease of the Group's first aseptic carton production plant in Mexico commenced in October 2022 (with an initial lease liability and related right-of-use asset recognized of approximately €29 million each).

There are no other material non-cash transactions for the years ended December 31, 2023 and December 31, 2022.

Cash outflows under lease contracts

The total cash outflow for the Group's lease contracts for the year ended December 31, 2023 was €68.8 million (€48.8 million for the year ended December 31, 2022).

Consolidated financial statements

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 securitization and factoring programs. 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 programs. 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.

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	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 December 31, 2022	**103.4**	**181.4**	**378.4**	**364.2**	**640.4**	**1,667.8**
Cost	106.9	285.3	1,068.8	366.0	1,431.5	**3,248.4**
Accumulated depreciation and impairment losses	(6.6)	(91.8)	(617.7)	–	(747.0)	**(1,453.0)**
Carrying amount as of December 31, 2023	**100.3**	**193.5**	**451.1**	**366.0**	**684.5**	**1,795.4**
Carrying amount as of January 1, 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 December 31, 2022	**103.4**	**181.4**	**378.4**	**364.2**	**640.4**	**1,667.8**

Consolidated financial statements

(In € million)	Land	Buildings	Plant and equipment	Work in progress	Filling lines	Total
Carrying amount as of January 1, 2023	**103.4**	**181.4**	**378.4**	**364.2**	**640.4**	**1,667.8**
Additions	–	1.0	29.6	334.5	22.7	**387.8**
Disposals	–	–	(0.8)	–	–	**(0.8)**
Depreciation	–	(15.0)	(70.4)	–	(128.8)	**(214.2)**
Impairment losses	–	–	(0.5)	–	(4.3)	**(4.8)**
Transfers	–	29.8	127.5	(323.1)	167.8	**2.0**
Effect of movements in exchange rates	(3.1)	(3.7)	(12.7)	(9.6)	(13.3)	**(42.4)**
Carrying amount as of December 31, 2023	**100.3**	**193.5**	**451.1**	**366.0**	**684.5**	**1,795.4**

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 recognized in the following components in the statement of profit or loss and other comprehensive income.

(In € million)	Year ended Dec. 31, 2023	Year ended Dec. 31, 2022
Cost of sales	202.9	185.4
Selling, marketing and distribution expenses	1.7	1.3
General and administrative expenses	9.6	5.5
Total depreciation	**214.2**	**192.2**

Capital expenditure commitments

As of December 31, 2023, the Group had entered into contracts to incur capital expenditure of €140.7 million for the acquisition of PP&E (€144.7 million as of December 31, 2022). 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.

Consolidated financial statements

Accounting policy, significant judgments 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 recognized 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 recognized as a provision. Subsequent expenditure is capitalized 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 recognized 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 recognized 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 production plant and the then future project to build an aseptic carton production 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 July 1, 2022. The change has been accounted for on a prospective basis as of July 1, 2022. For the year ended December 31, 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 July 1, 2022. The average annual decrease in depreciation for this equipment until the end of 2025 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). These 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 impairment indicator. See note 5.5.3 for further details.

A change in the Group's intended use of certain assets, such as a decision to rationalize 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.

Consolidated financial statements

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	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 Dec. 31, 2022	**175.2**	**64.9**	**3.5**	**243.6**
Cost	228.5	153.4	16.5	**398.4**
Accumulated depreciation and impairment losses	(58.3)	(62.1)	(10.7)	**(131.1)**
Carrying amount as of Dec. 31, 2023	**170.2**	**91.3**	**5.8**	**267.3**
Carrying amount as of Jan. 1, 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 Dec. 31, 2022	**175.2**	**64.9**	**3.5**	**243.6**
Carrying amount as of Jan. 1, 2023	**175.2**	**64.9**	**3.5**	**243.6**
Additions	16.4	44.4	4.8	**65.6**
Depreciation	(18.5)	(22.3)	(2.7)	**(43.5)**
Effect of movements in exchange rates	(2.9)	4.4	0.1	**1.6**
Carrying amount as of Dec. 31, 2023	**170.2**	**91.3**	**5.8**	**267.3**

The increase in right-of-use assets since December 31, 2022 is mainly due to new leases of production equipment for closures but also to an expansion of the SIG Tech Centre in China. The expansion was finalized in August 2023.

The Group's most significant leases relate to its aseptic carton production plants in China (the second plant), Saudi Arabia and Mexico as well as the lease of the SIG Tech Center in China. These leases, with a remaining lease term of between 10 and 17 years, make up the larger part of the carrying amount of leased land and buildings. A purchase option, exercisable by the Group after 15 years, has been considered when estimating the lease term and the lease liability for the aseptic carton production plant in Mexico. The lease of the Mexican plant (the building) commenced in October 2022. The production equipment for the plant has been invested in directly by the Group. Another significant lease is the pre-paid land right-of-use in China, with a remaining lease term of 21 years, that was recognized in connection with the Evergreen Asia acquisition accounting in 2022 (see note 28).

The larger part of the plant and equipment category relates to leases of production equipment for closures with a lease term of four to five years. The lease term of other assets is most commonly in the range of three to five years.

Depreciation of right-of-use assets

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

(In € million)	Year ended Dec. 31, 2023	Year ended Dec. 31, 2022
Cost of sales	33.6	27.7
Selling, marketing and distribution expenses	6.0	5.5
General and administrative expenses	3.9	3.5
Total depreciation	**43.5**	**36.7**

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 was approximately €100 million as of December 31, 2023 (€106 million as of December 31, 2022).

These contracts include to leases of production equipment for closures that are expected to commence within the next three to nine months. As of December 31, 2023, the committed lease payments also concern the lease of a new chilled carton production plant in China that is expected to commence in the first quarter of 2024, and the lease of the Group's first aseptic carton production plant in India that is expected to commence at the end of 2024. As of December 31, 2022, the committed lease payments also concerned the expansion of the SIG Tech Center in China that was finalized in August 2023 and the new chilled carton production plant in China.

Consolidated financial statements

Accounting policy

At the lease commencement date, the Group recognizes a lease liability and a related right-of-use asset. The accounting for lease liabilities is described in note 23.

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 recognized 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 recognized 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.

Right-of-use assets are reviewed regularly and at least annually to identify whether there is an impairment indicator. See note 5.5.3 for further details.

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	3,186.2	357.7	1,035.4	517.3	**5,096.6**
Accumulated amortization and impairment losses	–	(1.4)	(526.5)	(322.5)	**(850.4)**
Carrying amount as of December 31, 2022	**3,186.2**	**356.3**	**508.9**	**194.8**	**4,246.2**
Cost	3,127.3	378.9	1,018.3	259.1	**4,783.6**
Accumulated amortization and impairment losses	–	(4.2)	(616.4)	(108.6)	**(729.2)**
Carrying amount as of December 31, 2023	**3,127.3**	**374.7**	**401.9**	**150.5**	**4,054.4**
Carrying amount as of January 1, 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)**
Amortization	–	(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 December 31, 2022	**3,186.2**	**356.3**	**508.9**	**194.8**	**4,246.2**
Carrying amount as of January 1, 2023	**3,186.2**	**356.3**	**508.9**	**194.8**	**4,246.2**
Additions	–	–	–	7.7	**7.7**
Additions through business combination	0.3	–	–	–	**0.3**
Amortization	–	(2.9)	(97.1)	(54.5)	**(154.5)**
Effect of movements in exchange rates	(59.2)	21.3	(9.9)	2.5	**(45.3)**
Carrying amount as of December 31, 2023	**3,127.3**	**374.7**	**401.9**	**150.5**	**4,054.4**

Consolidated financial statements

Research and development

Research and development costs (excluding depreciation and amortization expense) recognized as a component of general and administrative expenses amount to €66.9 million for the year ended December 31, 2023 (€45.0 million for the year ended December 31, 2022).

In the year ended December 31, 2023, the Group has capitalized development costs of €5.4 million (€15.3 million in the year ended December 31, 2022). The capitalized costs (included in "Technology and other assets" in the table above) mainly relate to the development of the next-generation SIG NEO VITA aseptic carton filling machine.

Amortization of intangible assets

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

(In € million)	Year ended Dec. 31, 2023	Year ended Dec. 31, 2022
Cost of sales	99.6	92.0
Selling, marketing and distribution expenses	3.2	1.7
General and administrative expenses	51.7	44.1
Total amortization	**154.5**	**137.8**

Annual impairment tests of goodwill and trademarks with indefinite useful lives

Goodwill with a carrying amount of €3,127.3 million as of December 31, 2023 (€3,186.2 million as of December 31, 2022) and the SIG trademarks with indefinite useful lives with a carrying amount of €362.9 million as of December 31, 2023 (€341.3 million as of December 31, 2022) 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.

Goodwill

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 (and reportable) segments.

In connection with changes in the Group's internal reporting structure made as of November 1, 2023, €45.0 million of the goodwill that had been allocated to APAC was reallocated to the new segment IMEA (previously MEA). See note 7 for additional details about the changes in the composition of the Group's segments that resulted from the move of the Indian operations from APAC to IMEA. The goodwill that arose upon the acquisition of Scholle IPN in 2022 was allocated to all four the segments as of that time, while the goodwill that arose upon the acquisition of Evergreen Asia in 2022 was fully allocated to APAC.

The table below shows the allocation of goodwill to the Group's four segments as well as the key assumptions used in the impairment test.

	Year ended December 31, 2023			Year ended December 31, 2022		
(In € million or %)	Carrying amount	Growth rate	Pre-tax discount rate	Carrying amount	Growth rate	Pre-tax discount rate
Europe	999.0	2.75%	8.4%	1,000.7	2.5%	8.1%
MEA[1]	–	–	–	533.4	2.5%	11.0%
IMEA[1]	573.2	2.75%	11.5%	–	–	–
APAC[1]	865.4	2.75%	8.2%	949.2	2.5%	8.6%
Americas	689.7	2.75%	11.4%	702.9	2.5%	10.1%
Total goodwill	**3,127.3**			**3,186.2**		

1 The Indian operations were included in APAC until November 1, 2023, when they were moved to MEA. The former segment MEA thereby became IMEA. See further note 7.

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.

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 effects of the war in Ukraine, the conflicts in the Middle East and COVID-19 outbreaks. 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.

Consolidated financial statements

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 9.6% (9.2% in the 2022 annual impairment test) and a terminal growth rate at Group level of 2.75% (2.5% in the 2022 annual impairment test). The royalty fees for the first five years are based on financial plans approved by management. The same methodology as for the goodwill impairment test is used to extrapolate cash flows after the five-year internal planning period and to determine the discount rate.

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

Accounting policy

Goodwill arising upon business combinations is measured at cost less accumulated impairment losses. 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 amortization and accumulated impairment losses. Gains and losses on disposals of intangible assets are recognized in profit or loss as part of other income or expenses.

Development expenditure is capitalized 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 capitalization criteria are not met, development expenditure is recognized in profit or loss as incurred. Expenditure on research activities is recognized in profit or loss as incurred.

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

Customer relationships	10 to 15 years
Scholle trademarks	5 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

Capitalized development costs are amortized over the period that is assessed to reflect the expected useful life of the particular innovation (up to 15 years).

After the acquisitions of Scholle IPN and Evergreen Asia in 2022, the Company launched a new, refreshed branding – SIG for better – to showcase the expanded Group as one company, one family and one brand. In connection with this re-branding launch in 2023, the useful life of the acquired Scholle trademarks were reassessed and changed from the originally assessed seven years to a remaining useful life of four years at the date of change. The change has been accounted for on a prospective basis as of July 1, 2023. The change does not have a significant impact on the Group's amortization charge over the remaining useful life of the Scholle trademarks.

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 impairment indicator. Goodwill and the SIG trademarks with indefinite useful lives are tested for impairment on an annual basis and whenever there is an impairment indicator. See note 5.5.3 for further details.

Significant judgments and estimates

Significant judgment is involved in the annual impairment testing of goodwill and the SIG trademarks with indefinite useful lives. The judgments 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.

Consolidated financial statements

15 Inventories

Composition of inventories and other financial information

(In € million)	As of Dec. 31, 2023	As of Dec. 31, 2022
Raw materials and consumables	130.7	143.0
Work in progress	97.8	96.7
Finished goods	155.9	163.0
Total inventories	**384.4**	**402.7**

As of December 31, 2023, inventories include a provision of €33.4 million due to write-downs to net realizable value (€24.2 million as of December 31, 2022).

Raw materials and consumables recognized as an expense in cost of sales in the statement of profit or loss and other comprehensive income amount to €1,365.1 million in the year ended December 31, 2023 (€1,257.0 million in the year ended December 31, 2022).

Accounting policy

Inventories are measured at the lower of cost and net realizable 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 realizable 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 securitization program under which it sells a portion of its packaging material-related trade receivables without recourse. It also has a small number of minor factoring programs.

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 securitization and factoring programs are presented as trade receivables at fair value. Trade receivables that will not be sold are presented as trade receivables at amortized cost.

(In € million)	As of Dec. 31, 2023	As of Dec. 31, 2022
Trade receivables at amortized cost	301.8	294.1
Trade receivables at fair value	17.8	33.7
Related party trade receivables	0.8	3.8
Note receivables	0.7	–
VAT receivables	38.7	56.3
Other receivables	62.9	72.4
Total current trade and other receivables	**422.7**	**460.3**
Non-current receivables	**13.2**	**18.8**
Total current and non-current receivables	**435.9**	**479.1**

The payment terms for the Group's trade receivables for packaging material is an average of 30 to 45 days (an average of 30 to 45 days also in the comparative period).

Consolidated financial statements

Trade receivables at amortized cost – loss allowance and ageing

(In € million)	As of Dec. 31, 2023	As of Dec. 31, 2022
Current	224.5	226.5
Past due up to 29 days	33.8	31.4
Past due 30 days to 89 days	22.0	17.2
Past due 90 days or more	21.5	19.0
Trade receivables at amortized cost, net of loss allowance	**301.8**	**294.1**
Loss allowance	**(20.8)**	**(9.7)**
Trade receivables at amortized cost, gross	**322.6**	**303.8**

The loss allowance represents the Group's estimate of individually impaired trade receivables as well as expected credit losses on trade receivables that are not individually impaired. It primarily relates to trade receivables past due more than 90 days. The expected credit losses are calculated using a provision matrix based on historical credit loss experience and assessments of current and future conditions. The expected loss rate for trade receivables past due more than 90 days that are not individually impaired is between 25% and 100% (with an expected loss rate of 100% when 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 recognized loss allowance sufficiently covers the risk of default based on historical payment behavior and assessments of future expectations of credit losses, including regular analysis of customer credit risk. The acquired trade receivables of Scholle IPN and Evergreen were recognized at fair value at their respective acquisition dates in 2022. See also the section "Credit risk" in note 26.

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

(In € million)	2023	2022
Loss allowance as of January 1	**9.7**	**6.6**
Change in loss allowance recognized in profit or loss during the year	11.4	2.9
Foreign currency exchange differences	(0.3)	0.2
Loss allowance as of December 31	**20.8**	**9.7**

The increase in the loss allowance in the year ended December 31, 2023 is mainly due to additional loss allowances in the Middle East and South America.

Securitization program

The Group has an asset-backed securitization program under which it sells without recourse a portion of its aseptic carton sleeves-related trade receivables. The securitization program has been expanded in 2023 to also cover a portion of the packaging material-related trade receivables from the bag-in-box and spouted pouch businesses.

The trade receivables are sold 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 securitization program amounted to €227.7 million as of December 31, 2023 (€165.2 million as of December 31, 2022), of which €194.8 million (€140.8 million as of December 31, 2022) has been derecognized and €32.9 million (€24.4 million as of December 31, 2022), 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 program. The securitization expense under the asset-backed securitization program amounted to €9.2 million in the year ended December 31, 2023 (€2.2 million as of December 31, 2022) and is presented as part of other finance expenses (see note 24).

Factoring programs

The Group has a small number of minor factoring programs under which trade receivables sold by the Group qualify for derecognition. The factored amounts totaled €24.6 million as of December 31, 2023 (€32.3 million as of December 31, 2022). The decrease between the periods is due to one customer moving from a factoring program to the Group's securitization program.

Consolidated financial statements

Accounting policy

Trade and other receivables at amortized cost

Trade and other receivables that will not be sold under the Group's securitization and factoring programs are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these receivables are measured at amortized cost using the effective interest method less a loss allowance. 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 recognized. 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 securitization and factoring programs are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are recognized at fair value. These trade receivables are sold and derecognized shortly after their initial recognition in the statement of financial position. Any change in fair value is recognized through profit or loss. The objective of these trade receivables is to realize the cash flows primarily through selling them.

Derecognition of trade receivables

A financial asset is derecognized 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 derecognized financial asset that is retained by the Group is recognized as a separate asset or liability.

17 Cash and cash equivalents

(In € million)	As of Dec. 31, 2023	As of Dec. 31, 2022
Cash and cash equivalents (unrestricted)	275.7	490.0
Restricted cash	5.2	13.8
Total cash and cash equivalents	**280.9**	**503.8**

Cash and cash equivalents mainly consist of cash at bank but may, from time to time, also include short-term bank deposits (€0.2 million as of December 31, 2023 and €64.0 million as of December 31, 2022) with maturities of three months or less that are subject to an insignificant risk of changes in value. The restricted cash mainly relates to cash collected for the benefit of the Group's securitization 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 Dec. 31, 2023	As of Dec. 31, 2022
Trade payables	363.1	406.6
Related party payables	1.6	2.4
Liability for various customer incentive programs	353.8	369.5
Advance payments	159.9	136.8
VAT payables	18.1	17.5
Accrued interest, third parties	8.2	8.5
Other current payables and accrued expenses	101.7	95.5
Current trade and other payables	**1,006.4**	**1,036.8**
Other non-current payables	14.9	17.4
Non-current payables	**14.9**	**17.4**
Total current and non-current trade and other payables	**1,021.3**	**1,054.2**

Consolidated financial statements

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 programs relate to trade discounts, volume rebates and other customer incentives linked primarily to aseptic carton sleeves volumes (see also note 6). These programs 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 December 31, 2023 and December 31, 2022, the liabilities for customer incentive programs mainly represent incentives earned by customers under programs running over a calendar year that have not yet been settled by the Group. The remaining part represents accruals built up for incentive programs running over periods other than a calendar year (ie. refund liabilities). The Group has recognized an insignificant amount as revenue in the current period that was included in the balance of liabilities for customer incentive programs 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 advance payments in relation to the bag-in-box, spouted pouch and chilled carton businesses. These advance payments are recognized as revenue within a short time frame from their initial recognition in the statement of financial position. As of December 31, 2023, the Group had contract liabilities of €62.0 million (€58.0 million as of December 31, 2022). These advance payments are presented as part of the advance payments in the table above (see also the section below). The amount of advance payments recognized as of December 31, 2022 relating to the sale of packaging material and the sale of filling lines and other related equipment under contracts accounted for under the revenue standard has been recognized as revenue in 2023.

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 recognized as part of "Trade and other payables" and presented as part of the advance payments in the table above (€97.9 million as of December 31, 2023 and €78.8 million as of December 31, 2022). Upon deployment of a filling line, the related advance payments received are reclassified to "Other liabilities" and presented as deferred revenue liabilities. These deferred revenue liabilities are then released and recognized as revenue over a certain period (see further note 20).

Other current and non-current payables include liabilities of a total of €17.3 million as of December 31, 2023 (14.7 million as of December 31, 2022) that relate to aseptic carton filling lines that, via the involvement of a financing partner, are deployed with the Group's customers. Under such a sale and lease arrangement, the financing partner pays the Group for a filling line and enters into a filling line lease contract, generally over six years, with the Group's customer. The Group has an obligation to purchase the filling line from the financing partner at the end of the lease term. The liability towards the financing partner initially reduces the amount that is recognized as a deferred revenue liability (see the section above and note 20). The liability gets settled on the repurchase of the filling line by the Group. These arrangements qualify to be accounted for as operating leases (see also note 5.5.2). The Group generally enters into new customer contracts for the filling lines that are purchased from the financing partner at the end of these arrangements.

Accounting policy and significant estimates

Trade and other payables are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are carried at amortized 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.

Consolidated financial statements

19 Provisions

The Group's provisions mainly relate to dismantling costs, warranties, restructuring programs as well as legal and regulatory matters.

Composition of provisions

(In € million)	Dismantling	Product warranty	Restructuring	Other	Total
Carrying amount as of January 1, 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 December 31, 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 December 31, 2022	**16.1**	**8.2**	**4.1**	**19.3**	**47.7**
Carrying amount as of January 1, 2023	**16.1**	**8.2**	**4.1**	**19.3**	**47.7**
Provisions made	4.1	7.9	6.0	3.4	**21.4**
Provisions used	(0.5)	(2.6)	(5.8)	(0.4)	**(9.3)**
Provisions reversed	–	(3.1)	–	(15.1)	**(18.2)**
Effect of movements in exchange rates	(0.5)	–	(0.1)	(0.2)	**(0.8)**
Carrying amount as of December 31, 2023	**19.2**	**10.4**	**4.2**	**7.0**	**40.8**
Current	–	10.4	4.0	1.3	**15.7**
Non-current	19.2	–	0.2	5.7	**25.1**
Carrying amount as of December 31, 2023	**19.2**	**10.4**	**4.2**	**7.0**	**40.8**

Consolidated financial statements

Restructuring provision

The Group has a small number of ongoing restructuring programs. The Group's restructuring programs are generally focused on reducing costs, streamlining the organization and adjusting headcount to be more closely aligned with the Group's needs and changing market demands. Payments are usually expected to be executed within the next one or two years. See also note 9.

Other provisions

Other provisions mainly relate to legal and regulatory matters. In the year ended December 31, 2023, an acquisition-related provision was reversed due to a positive ruling (see also notes 9 and 28).

Accounting policy

A provision is recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 Deferred revenue

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 recognized 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 and sale and lease arrangements. 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).

The table below provides an overview of the deferred revenue liability.

(In € million)	As of Dec. 31, 2023	As of Dec. 31, 2022
Current deferred revenue	102.9	92.8
Non-current deferred revenue	284.4	264.8
Total deferred revenue	**387.3**	**357.6**

In the year ended December 31, 2022, deferred revenue was presented as part of "Other assets and liabilities" on the face of the statement of financial position, with further specification of the amounts provided in a note. Deferred revenue is now presented as a separate line item on the face of the statement of financial position as management believes that such a presentation is more useful for the readers of the consolidated financial statements. The comparative amounts have been reclassified to reflect the new presentation. As of January 1, 2022, current deferred revenue amounted to €81.9 million and non-current deferred revenue amounted to €268.2 million.

Consolidated financial statements

21 Other assets and liabilities

Other assets mainly comprise accrued income, prepaid expenses and deferred expenditure but also a smaller investment made by the Group (via SIG InnoVentures AG) in an early-stage packaging company (see note 27). Other liabilities include the contingent consideration for Scholle IPN. 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 26 and 33 for additional details about the Group's derivatives.

Composition of other assets

(In € million)	As of Dec. 31, 2023	As of Dec. 31, 2022
Derivative assets	3.6	4.3
Other current assets	19.8	22.5
Other current assets	**23.4**	**26.8**
Derivative assets	6.6	8.9
Other non-current assets	25.4	27.0
Other non-current assets	**32.0**	**35.9**
Total other current and non-current assets	**55.4**	**62.7**

Composition of other liabilities

(In € million)	As of Dec. 31, 2023	As of Dec. 31, 2022
Derivative liabilities	14.2	23.4
Other current liabilities	**14.2**	**23.4**
Derivative liabilities	0.1	–
Contingent consideration	55.0	113.2
Other non-current liabilities	**55.1**	**113.2**
Total other current and non-current liabilities	**69.3**	**136.6**

See notes 9, 28 and 33 for details about the contingent consideration, which relates to the acquisition of Scholle IPN.

Consolidated financial statements

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.

22 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 unsecured *Schuldscheindarlehen* ("SSD", a private German debt placement) 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. As per the credit agreement for the US Dollar term loan, the net leverage ratio cannot exceed 4.4x. Note 23 includes additional details about the Group's loans and borrowings.

The table below presents the components of net debt and the net leverage ratio.

(In € million)	As of Dec. 31, 2023	As of Dec. 31, 2022[1]
Gross debt	2,457.5	2,684.1
Cash and cash equivalents	(280.9)	(503.8)
Net debt	**2,176.6**	**2,180.3**
Net leverage ratio	**2.7x**	**3.1x**

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

The net debt as of December 31, 2023 remained at the same level as of December 31, 2022. Both the gross debt and cash balance were lower as a result of net repayment of loans by partly using cash. The adjusted EBITDA performance positively contributed to the net leverage ratio.

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 25 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.

23 Loans and borrowings

The Group's loans and borrowings consist of senior unsecured Euro-denominated notes, senior unsecured credit facilities, an unsecured US Dollar term loan, unsecured Euro *Schuldscheindarlehen* ("SSD", a private German debt placement) and an unsecured credit facility. The senior unsecured credit facilities consist of a Euro-denominated term loan and a multi-currency revolving credit facility. In addition, the Group has access to local credit facilities in various locations. 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 Dec. 31, 2023	As of Dec. 31, 2022
Senior unsecured notes	–	449.3
Unsecured credit facility	100.0	–
Local credit lines	112.1	–
Lease liabilities	52.3	39.9
Current loans and borrowings	**264.4**	**489.2**
Senior unsecured notes	548.5	547.5
Senior unsecured Euro term loan	548.1	546.9
Unsecured US Dollar term loan	243.8	252.5
Unsecured SSD	648.2	647.6
Lease liabilities	198.8	191.0
Non-current loans and borrowings	**2,187.4**	**2,185.5**
Total loans and borrowings	**2,451.8**	**2,674.7**

Consolidated financial statements

Overview of recent financing transactions

On June 20, 2023, the Group repaid €450 million of senior unsecured notes that were due in June 2023. To finance the repayment, the Group used available cash and €350 million from an unsecured bridge loan facility that was accessed on June 16, 2023. The bridge loan facility was repaid in the last quarter of 2023, using available cash and €100.0 million from an unsecured credit facility.

To finance the €415.5 million cash portion of the acquisition of Scholle IPN and the repayment of the acquired Scholle IPN external loans of €387.7 million, the Group accessed an unsecured bridge loan facility of €800 million on May 27, 2022. The bridge loan facility was repaid in two installments in 2022 by using the major portion of the proceeds from an issue of unsecured SSD of €650 million and a new unsecured US Dollar-denominated term loan ($270.0 million). The remaining proceeds from the SSD were used to partly finance the consideration for Evergreen Asia on August 2, 2022.

Additional loans and borrowings details

The table below provides an overview of the main terms of the Group's long-term financing (excluding lease liabilities). Additional details about these loans and borrowings and more short-term financing solutions are provided below the table.

	Principal amount	Maturity date	Interest rate
Notes[1]	€550 million	June 2025	2.125%
Euro term loan[2]	€550 million	June 2025	Euribor+1.2%, with a floor of 0.00%
Multi-currency revolving credit facility[3]	€300 million	June 2025	Euribor+1.2%, with a floor of 0.00%
US Dollar term loan[4]	$270 million	July 2027	SOFR+1.25%, with a floor of 0.00%
SSD tranches 1-3[5]	€557.5 million	June 2025–June 2029	Euribor+1.1%–1.6%, with a floor of 0.00%
SSD tranches 4-6[5]	€92.5 million	June 2025–June 2029	2.79%–3.66%

1 The notes can be redeemed in whole or in part prior to March 18, 2025 at par plus a make-whole premium and after March 18, 2025 at a price equal to 100% of their respective principal amounts. Interest on the notes is paid semi-annually.
2 No repayments of the Euro 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 margin on the Euro term loan is subject to semi-annual adjustments based on the Group's net leverage (as defined in the credit agreement) and to annual adjustments based upon the achievement of certain annual sustainability-linked targets (greenhouse gas emissions, or "GHG" emissions, and rankings per the EcoVadis Report). Interest is paid semi-annually.
3 The Group pays a fee for the undrawn revolver amount per year for the right to use the revolving credit facility.
4 No repayments of the term loan are due prior to maturity. The Group has the right to repay the US Dollar term loan in whole or in part at the end of each interest period without premium or penalty. The margin on the US Dollar term loan is subject to semi-annual adjustments based on the Group's net leverage (as defined in the credit agreement). Interest is paid quarterly.
5 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 margin on the SSD tranches is subject to annual adjustments based on the achievement of certain annual sustainability-linked targets (with reference to the Group's EcoVadis score). 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 largest SSD tranche of €423.5 million is due in June 2027.

The Group's issue of senior unsecured notes is from June 2020. The notes are traded on the Global Exchange Market of Euronext Dublin.

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 amount available under the multi-currency revolving credit facility was €299.5 million as of December 31, 2023 (€295.1 million as of December 31, 2022), due to €0.5 million (€4.9 million as of December 31, 2022) in letters of credit being outstanding under an ancillary facility. The Group has subsequently repaid the €150.0 million of the multi-currency revolving credit facility that had been used as of June 30, 2023 to cover cash requirements in the first half of 2023.

The six tranches of a total of €650 million unsecured *Schuldscheindarlehen* ("SSD", a private German debt placement) were issued by the Group in June 2022.

The Group's unsecured credit facility from July 2022 consists of one US Dollar-denominated term loan. The Group has entered into an interest rate swap to hedge the interest rate cash flow exposure relating to the US Dollar term loan (see also notes 26 and 33).

In December 2023, the Group accessed an existing €100.0 million unsecured credit facility. Repayment is due in June 2024. The amount drawn, together with available cash, was used to repay the Group's bridge loan facility of €350.0 million which was at less beneficial terms than the unsecured credit facility.

The Group also has access to local credit facilities in various locations. As of December 31, 2023, €112.1 million of unsecured unguaranteed local credit lines have been used to cover local working capital needs (nil as of December 31, 2022).

The obligations under the notes, the senior unsecured credit facilities, the US Dollar term loan and the SSD are guaranteed by the Company on a stand-alone basis. The Group was in compliance with all related covenants and there were no events of default as of December 31, 2023 and December 31, 2022.

Lease liabilities

A maturity analysis of the Group's lease liabilities (relating mainly to office buildings, production-related buildings and equipment, warehouses and cars) is provided below.

	Carrying amount of lease liabilities		Interest payments		Contractual undiscounted cash flows	
(In € million)	2023	2022	2023	2022	2023	2022
Less than 1 year	52.3	39.9	16.1	12.9	68.4	52.8
Between 1 and 5 years	111.7	97.5	40.5	41.6	152.2	139.1
More than 5 years	87.1	93.5	48.6	52.8	135.7	146.3
	251.1	**230.9**	**105.2**	**107.3**	**356.3**	**338.2**

Note 13 includes information about lease contracts to which the Group has committed but where the lease has not yet commenced.

Consolidated financial statements

Changes in liabilities arising from financing activities

The following two tables present changes in liabilities arising from financing activities.

The main financing transactions in the year ended December 31, 2023 include the drawing and subsequent repayment of an unsecured bridge loan facility and the repayment of notes. The main financing transactions in the year ended December 31, 2022 included 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.

(In € million)	Jan. 1, 2023	Cash flows from/(used in): Financing activities	Operating activities	Non-cash movements	Effect of movements in exchange rates	Dec. 31, 2023
Principal amount[1]	**2,453.2**	(236.1)	–	–	(10.7)	**2,206.4**
Transaction costs	**(8.6)**	(1.1)	–	4.5	–	**(5.2)**
Original issue discount	**(0.8)**	–	–	0.3	–	**(0.5)**
Loans and borrowings, excl. lease liabilities	**2,443.8**	**(237.2)**	**–**	**4.8**	**(10.7)**	**2,200.7**
Lease liabilities	**230.9**	(47.2)	–	65.6	1.8	**251.1**
Total loans and borrowings	**2,674.7**	**(284.4)**	**–**	**70.4**	**(8.9)**	**2,451.8**
Capitalized cost for revolving credit facility	**(0.8)**	–	–	0.3	–	**(0.5)**
Interest: Accrued/(paid)	**8.5**	–	(124.9)	124.7	(0.1)	**8.2**
	2,682.4	**(284.4)**	**(124.9)**	**195.4**	**(9.0)**	**2,459.5**
Derivative (assets)/liabilities from financing activities	**(8.9)**	–	–	2.0	0.3	**(6.6)**
Total (assets)/liabilities from financing activities and cash/non-cash changes	**2,673.5**	**(284.4)**	**(124.9)**	**197.4**	**(8.7)**	**2,452.9**

1 The net financing cash outflow of €236.1 million relating to the principal amount of loans and borrowings (excluding lease liabilities) shows the net effect of accessing an unsecured bridge loan facility in June 2023 (€350.0 million of cash inflow), the repayment of senior unsecured notes in June 2023 (€450.0 million of cash outflow), the subsequent repayment of the unsecured bridge loan facility that was accessed in June 2023 (€350.0 million of cash outflow), the use and subsequent repayment of the multi-currency revolving credit facility (€150.0 million of cash inflow and cash outflow), drawing from an unsecured credit facility in December 2023 (€100.0 million cash inflow) and the use and subsequent partial repayment of local unsecured credit lines (€125.1 million of cash inflow and €11.2 million of cash outflow).

Consolidated financial statements

(In € million)	Jan. 1, 2022	Cash flows from/(used in): Financing activities	Operating activities	Effect of business combinations[2]	Non-cash movements	Effect of movements in exchange rates	Dec. 31, 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**
Capitalized 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 a foreign currency deal-contingent derivative – see notes 24 and 28), 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).

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 28).

Consolidated financial statements

Accounting policy

Loans and borrowings (excluding lease liabilities) are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized 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 amortized 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 recognized 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 derecognized 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 recognized in profit or loss as part of the net finance expense. Any costs or fees incurred are recognized 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 recognized 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).

Consolidated financial statements

24 Finance income and expenses

The Group's finance income and expenses are 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 Dec. 31, 2023	Year ended Dec. 31, 2022
Interest income	3.8	2.1
Net foreign currency exchange gain	5.5	8.8
Realized 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	5.2	0.5
Finance income	**14.5**	**35.9**
Interest expense on:		
– Loan and borrowings (excluding lease liabilities)	(99.9)	(35.9)
– Lease liabilities	(15.1)	(10.8)
Amortization of original issue discount	(0.3)	(0.3)
Amortization of transaction costs	(4.8)	(7.0)
Net change in fair value of financing-related derivatives	(2.0)	–
Net effect of early repayment of loan	–	(1.0)
Securitization expense	(9.2)	(2.2)
Other	(8.3)	(4.7)
Finance expenses	**(139.6)**	**(61.9)**
Net finance expense	**(125.1)**	**(26.0)**

For the year ended December 31, 2023, the net foreign currency exchange gain primarily consists of positive translation effects on Swiss Franc-denominated intra-group loan receivables that are held by an entity with the Euro as its functional currency, partially offset by negative 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 weakening of the US Dollar against the Euro.

For the year ended December 31, 2022, the net foreign currency exchange gain primarily consisted 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.

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 realized gain of €15.5 million in the year ended December 31, 2022 (see note 28).

See notes 26 and 33 for details about the net change in fair value of financing-related derivatives (an interest-rate swap) and the net interest income on the interest swap.

The increase of the securitization expense in the year ended December 31, 2023 is mainly due to higher interest rates but also to the expansion of the Group's securitization program in 2023 to include trade receivables in the bag-in-box and spouted pouch businesses.

Other finance expenses primarily consist of revolver commitment fees, factoring expenses and interest expense on current tax liabilities.

25 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 28 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 December 31, 2022.

Issued share capital

The Company had 382,270,872 shares in issue as of December 31, 2023 and December 31, 2022, all fully paid and with a nominal value of CHF 0.01 per share. The table below provides an overview of the shares, that are listed on SIX Swiss Exchange.

(Number of shares)	Total shares
Balance as of January 1, 2022	**337,520,872**
Issue of shares on May 18, 2022	11,000,000
Issue of shares on May 23, 2022	33,750,000
Balance as of December 31, 2022	**382,270,872**
Balance as of January 1, 2023	**382,270,872**
Balance as of December 31, 2023	**382,270,872**

On May 18, 2022, the Company issued 11,000,000 registered shares with a nominal value of CHF 0.01 per share from its authorized 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 recognized 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 23 and 28). The new shares were listed and admitted to trading on SIX Swiss Exchange on May 19, 2022. The newly issued shares have the same rights as the Company's other registered shares.

Consolidated financial statements

On May 23, 2022, the Company issued 33,750,000 registered shares with a nominal value of CHF 0.01 per share from its authorized 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 June 1, 2022 (see notes 28 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 registered shares. CLIL has agreed to a lock-up period for these shares of 18-24 months, subject to customary exceptions.

The 382,270,872 shares in issue as of December 31, 2023 represent €3.4 million of share capital (€3.4 million as of December 31, 2022).

Capital band and conditional share capital

The Company had authorized share capital of CHF 565,062.61 and conditional share capital of CHF 640,106.48 as of December 31, 2022. As of December 31, 2023, the Company has conditional share capital of CHF 640,106.48 but no longer any authorized share capital due to the revision of Swiss corporate law. It instead has a capital band ranging from CHF 3,440,437.85 (lower limit) to CHF 4,587,250.46 (upper limit).

Before the Annual General Meeting held on April 20, 2023, the Board of Directors was authorized, at any time until April 21, 2023, to increase the Company's share capital through the issue of up to 56,506,261 registered shares. Capital increases from authorized and conditional share capital were subject to a single combined limit, and could not exceed 64,010,648 shares, equaling CHF 640,106.48. However, the authority to issue shares from authorized and conditional share capital under exclusion of the subscription and advance subscription rights respectively was limited to a single combined maximum of 22,754,174 shares, equaling CHF 227,541.74.

The Annual General Meeting held on April 20, 2023 approved the introduction of a capital band as introduced under the revised Swiss corporate law as of January 1, 2023. The capital band replaces the existing authorized share capital. Under the capital band, the Board of Directors is authorized to increase the share capital by up to 20% of the current share capital if shareholders' subscription rights are granted, and up to 10% if shareholders' subscription rights are excluded. The Board of Directors may also reduce the share capital by up to 10% through cancellation of shares or nominal value reduction or by a simultaneous reduction and re-increase of the share capital. The authorization under the capital band is limited to three years until April 20, 2026 or the full use of the capital band.

The total number of registered shares issued from (i) the capital band where the shareholders' subscription rights are excluded and (ii) the conditional share capital where the shareholders' advance subscription rights for equity-linked financing instruments are excluded, may not exceed 38,227,087 registered shares. Within the limit outlined above, the proportion of new shares assigned to each of the categories is stipulated by the Board of Directors.

The proceeds from an issue of new shares under the capital band 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 favorable 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 December 31, 2023 (also as of December 31, 2022).

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 39,985 shares for this purpose as of December 31, 2023 (23,295 shares as of December 31, 2022), representing an amount of €1.0 million, or €1.5 million including foreign currency exchange movements (€0.5 million as of December 31, 2022, or €1.3 million including foreign currency exchange movements). All treasury shares are carried at acquisition cost.

In the year ended December 31, 2023, the Company transferred 380,166 treasury shares (728,261 treasury shares in the year ended December 31, 2022), representing €9.2 million (€15.1 million for the year ended December 31, 2022) to participants in the Group's equity-settled share-based payment plans and arrangements.

The table below provides an overview of the Group's treasury shares.

	2023		2022	
(Number of treasury shares or in € million)	Number	Amount	Number	Amount
Balance as of January 1	**23,295**	**(1.3)**	**2,430**	**(0.1)**
Purchases	396,856	(9.4)	749,126	(16.3)
Transfer under equity-settled share-based payment plans and arrangements	(380,166)	9.2	(728,261)	15.1
Balance as of December 31	**39,985**	**(1.5)**	**23,295**	**(1.3)**

Dividends

For the year ended December 31, 2023, the Board of Directors will propose to the Annual General Meeting to be held on April 23, 2024 a dividend payment of CHF 0.48 per share, totaling CHF 183.5 million (which, as per the exchange rate as of December 31, 2023, would equal €198.2 million). The dividend payment to be proposed is not recognized as a liability.

A dividend of CHF 0.47 per share, totaling CHF 179.6 million (€180.2 million), was paid to shareholders from the capital contribution reserve (additional paid-in capital) in April 2023. A dividend of CHF 0.45 per share, totaling CHF 151.9 million (€147.9 million), was paid from the capital contribution reserve in April 2022.

Consolidated financial statements

Accounting policy

Incremental costs directly attributable to the issue of shares and purchase of treasury shares are recognized as a deduction from equity. Any resulting tax effects of any transaction costs that are recognized 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 recognized as a share-based payment expense (or any amount received under a sale) is recognized 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.

26 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. Financial risk management is primarily carried out by the Group's Treasury function. Management has delegated authority levels and authorized 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. The Group had unrestricted cash and cash equivalents of €275.7 million as of December 31, 2023 (€490.0 million as of December 31, 2022). It has a multi-currency revolving credit facility in place to cover potential shortfalls and access to local credit facilities in various locations, which are available if needed to support the cash management of local operations. In 2024, the Group will look to refinance part of its loans and borrowings that fall due in mid-2025. See further note 23.

The following table includes information about the remaining contractual maturities for the Group's non-derivative financial liabilities as of December 31, 2023. 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 December 31, 2023						
Trade and other payables	(1,003.2)	**(1,003.2)**	(988.3)	(3.7)	(9.8)	(1.4)
Loans and borrowings:						
– Senior unsecured notes	(548.5)	**(567.1)**	(11.7)	(555.4)	–	–
– Senior unsecured Euro term loan	(548.1)	**(594.3)**	(30.2)	(564.1)	–	–
– Unsecured US Dollar term loan	(243.8)	**(305.9)**	(16.5)	(16.4)	(273.0)	–
– Unsecured SSD	(648.2)	**(764.3)**	(32.3)	(115.7)	(527.6)	(88.7)
– Unsecured credit facility	(100.0)	**(102.5)**	(102.5)	–	–	–
– Local credit lines	(112.1)	**(115.8)**	(115.8)	–	–	–
– Lease liabilities	(251.1)	**(356.3)**	(68.4)	(53.9)	(98.3)	(135.7)
Contingent consideration	(55.0)	**(39.2)**	–	(30.1)	(9.1)	–
Total non-derivative financial liabilities	**(3,510.0)**	**(3,848.6)**	**(1,365.7)**	**(1,339.3)**	**(917.8)**	**(225.8)**

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, three of the SSD tranches and draw-downs of local credit lines 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 23.

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 December 31, 2023, the interest rate swap is estimated to reduce the interest payments on the US Dollar term loan by approximately €5 million in 2024 and €1 million in 2025.

Consolidated financial statements

Significant judgment is involved in assessing the future cash flows relating to the contingent consideration for Scholle IPN (see notes 28 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.

Trade and other payables include liabilities, together with estimated cash outflows, that relate to arrangements where aseptic carton filling lines are deployed with customers via the involvement of a financing partner (see note 18). The majority of the outstanding obligations for the Group to repurchase the filling lines from the financing partners are expected to be settled within two to five years.

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 recognized as of December 31, 2023 and December 31, 2022 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 December 31, 2022.

(In € million)	Carrying amount	Contractual cash flows Total	Up to 1 year	1–2 years	2–5 years	More than 5 years
As of December 31, 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)**

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 28 for an exception to this policy in the year ended December 31, 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 minimize 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 12-month rolling layered approach. See also note 8. The Group does not hedge its exposure to translation gains or losses related to the 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 in 2022, the Group entered into deal-contingent foreign currency derivatives in the year ended December 31, 2022. These derivatives were designated as hedging instruments. See note 28 for further details.

Consolidated financial statements

The following table provides an overview of the outstanding foreign currency derivative contracts entered into as part of the operating business as of December 31, 2023.

Type	Contract type	Currency	Contracted volume	Counter-currency	Contracted conversion range	Contracted date of maturity
Non-deliverable forwards	Buy	EUR	17,400,000	BRL	5.2688 – 5.9640	Jan. 2024 – Dec. 2024
Currency forwards	Buy	EUR	64,239,000	THB	36.1950 – 38.4297	Jan. 2024 – Dec. 2024
Currency forwards	Buy	USD	8,709,699	THB	34.3118 – 34.3315	Jan. 2024 – Jan. 2024
Currency forwards	Sell	EUR	6,300,000	THB	37.9680 – 37.9680	Jan. 2024 – Jan. 2024
Currency forwards	Sell	USD	27,010,000	THB	32.7902 – 36.0349	Jan. 2024 – Dec. 2024
Currency forwards	Buy	EUR	4,060,000	CNY	7.4384 – 7.9201	Jan. 2024 – Jun. 2024
Currency forwards	Buy	USD	21,000,000	CNY	7.1285 – 7.1576	Feb. 2024 – Apr. 2024
Currency forwards	Buy	CNY	307,000,000	EUR	7.7946 – 7.8094	Jan. 2024 – Feb. 2024
Currency forwards	Buy	EUR	4,488,000	AUD	1.6561 – 1.6578	Jan. 2024 – Mar. 2024
Currency forwards	Buy	EUR	70,450,000	USD	1.0658 – 1.1177	Jan. 2024 – Dec. 2024
Currency forwards	Buy	USD	424,000	AUD	0.6616 – 0.6627	Jan. 2024 – Mar. 2024
Currency forwards	Buy	USD	50,000,000	EUR	1.0959 – 1.1108	Jan. 2024 – Mar. 2024
Currency forwards	Buy	USD	40,850,000	MXN	17.1712 – 19.8952	Jan. 2024 – Dec. 2024

The following table provides an overview of the outstanding foreign currency derivative contracts entered into as part of the operating business as of December 31, 2022.

Type	Contract type	Currency	Contracted volume	Counter-currency	Contracted conversion range	Contracted date of maturity
Non-deliverable forwards	Buy	EUR	17,380,000	BRL	5.1890 – 6.7060	Jan. 2023 – Dec. 2023
Currency forwards	Buy	EUR	61,828,988	THB	36.3065 – 37.7894	Jan. 2023 – Dec. 2023
Currency forwards	Buy	USD	13,099,223	THB	34.5900 – 34.5930	Jan. 2023 – Jan. 2023
Currency forwards	Sell	USD	34,625,000	THB	31.9681 – 37.7439	Jan. 2023 – Dec. 2023
Currency forwards	Buy	EUR	16,550,000	CNY	6.9113 – 7.4471	Jan. 2023 – Dec. 2023
Currency forwards	Buy	USD	17,000,000	CNY	6.6625 – 7.2636	Apr. 2023 – Apr. 2023
Currency forwards	Buy	EUR	6,520,880	AUD	1.5295 – 1.5698	Jan. 2023 – Jul. 2023
Currency forwards	Buy	EUR	73,980,000	USD	0.9905 – 1.1581	Jan. 2023 – Dec. 2023
Currency forwards	Buy	USD	388,000	AUD	1.4801 – 1.4836	Jan. 2023 – Mar. 2023
Currency forwards	Buy	USD	36,180,000	MXN	19.5333 – 22.8202	Jan. 2023 – Dec. 2023

The Group's primary unhedged transaction currency exposure as of December 31, 2023 relates 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 December 31, 2023 would result in an unrealized foreign currency exchange loss of €37.8 million as of December 31, 2023. A 5% weakening of the Euro against the US Dollar as of December 31, 2023 would result in an unrealized foreign currency exchange loss of €33.6 million as of December 31, 2023.

Consolidated financial statements

The Group's primary unhedged transaction currency exposure as of December 31, 2022 relates 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 December 31, 2022 would have resulted in an additional unrealized foreign currency exchange loss of €18.4 million as of December 31, 2022. A 5% weakening of the Euro against the US Dollar as of December 31, 2022 would have resulted in an additional unrealized foreign currency exchange loss of €19.6 million as of December 31, 2022.

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 commodity price changes cannot always be passed on to the customers on a timely basis (see also note 5.4). The majority of the customer contracts in the bag-in-box and spouted pouch businesses 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 aluminum. 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 aluminum. This strategy means that the Group is able to fix the raw material prices for the majority of its anticipated polymer and aluminum purchases, which substantially reduces the exposure to raw material price fluctuations over that period. The Group also hedges a part of its electricity price exposure in continental Europe.

The realized gain or loss arising from derivative commodity contracts is recognized in cost of sales, while the unrealized gain or loss associated with derivative commodity contracts is recognized in other income or expenses.

The Group recognized an unrealized gain of €12.9 million for the year ended December 31, 2023 and an unrealized loss of €46.0 million for the year ended December 31, 2022 relating to its derivative commodity contracts as a component of other income. It recognized a realized loss of €32.7 million for the year ended December 31, 2023 and a realized gain of €33.5 million for the year ended December 31, 2022 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 December 31, 2023.

Type	Unit of measure	Contracted volume	Contracted price range	Contracted date of maturity
Aluminum swaps	metric ton	21,770	$2,180 – $2,746	Jan. 2024 – Dec. 2024
Aluminum premium swaps	metric ton	5,400	$256 – $345	Jan. 2024 – Dec. 2024
Polymer swaps	metric ton	16,560	€1,900 – €2,070	Jan. 2024 – Dec. 2024
Polymer swaps	metric ton	5,040	€1,560	Jan. 2024 – Dec. 2024
Polymer swaps	metric ton	15,924	$1,190 – $1,460	Jan. 2024 – Dec. 2024
Monomer swaps	metric ton	35,280	€1,170 – €1,319	Jan. 2024 – Dec. 2024
Electricity swaps	megawatt hour	59,049	€92 – €240	Jan. 2024 – Jan. 2026

The following table provides an overview of the outstanding commodity derivative contracts as of December 31, 2022.

Type	Unit of measure	Contracted volume	Contracted price range	Contracted date of maturity
Aluminum swaps	metric ton	18,060	$2,268 – $3,409	Jan. 2023 – Dec. 2023
Aluminum premium swaps	metric ton	9,050	$294 – $445	Jan. 2023 – Dec. 2023
Polymer swaps	metric ton	19,580	€2,025 – €2,307	Jan. 2023 – Dec. 2023
Polymer swaps	metric ton	2,040	€2,112	Jan. 2023 – Dec. 2023
Polymer swaps	metric ton	6,660	$1,250	Jan. 2023 – Dec. 2023
Polymer swaps	metric ton	4,200	$1,665	Jan. 2023 – Dec. 2023
Polymer swaps	metric ton	8,100	$1,560	Jan. 2023 – Dec. 2023
Monomer swaps	metric ton	29,775	€1,230 – €1,566	Jan. 2023 – Dec. 2023
Electricity swaps	megawatt hour	12,500	€200 – €235	Feb. 2023 – Oct. 2023

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 December 31, 2023 would have had an impact of €15.0 million on the Group's profit before income tax (an impact of €15.9 million on the profit before income tax as of December 31, 2022).

Consolidated financial statements

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 draw-downs of its multi-currency revolving credit facility and local credit lines, but also from cash and cash equivalents. The Group pays a fixed interest rate on its notes and three of the tranches of its SSD and the current draw-down of its unsecured credit facility.

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 recognized 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 December 31, 2023 and December 31, 2022 is presented in the following table.

(In € million)	As of Dec. 31, 2023	As of Dec. 31, 2022
Fixed rate instruments		
Financial assets	5.2	6.9
Financial liabilities	(993.6)	(1,323.4)
	(988.4)	**(1,316.5)**
Effect of interest rate swap	(244.3)	(253.2)
	(1,232.7)	**(1,569.7)**
Variable rate instruments		
Financial assets	280.9	503.8
Financial liabilities	(1,463.9)	(1,360.7)
	(1,183.0)	**(856.9)**
Effect of interest rate swap	244.3	253.2
	(938.7)	**(603.7)**

A 100 basis point increase in the variable component of the interest rate on the Euro term loan, the three SSD tranches at variable interest rates and the draw-downs of local credit lines would increase the annual interest expense by €12.2 million as of December 31, 2023. A 100 basis point increase in the variable component of the interest rate on the Euro term loan and the three SSD tranches at variable interest rates would have increased the annual interest expense by €11.1 million as of December 31, 2022. The US Dollar term loan is not included in these analyses as the interest rate of this loan has been fixed for three years with an interest rate swap.

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 in the aseptic carton business. This also applies for the customers in the bag-in-box, spouted pouch and chilled carton businesses.

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 utilizing securitization and non-recourse factoring programs. 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 recognized loss allowance sufficiently covers the risk of default based on historical payment behavior 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).

Consolidated financial statements

Our group structure and related parties

This section provides information about the Group's subsidiaries and other related parties. It includes certain information about the acquisitions of Scholle IPN and Evergreen Asia in 2022.

27 Group entities

Overview of Group entities

The following table provides an overview of all the Group's subsidiaries and joint venture. The ownership interests are the same as of December 31, 2023 and December 31, 2022, unless specifically stated. The ownership and voting interests are the same for all Group entities. The Group owns 100% of the shares and the reporting date of the entities is December 31, unless specifically stated. The joint venture does not have any subsidiaries.

Companies and countries	As of December 31, 2023 Share capital[1]		Interest
Parent company			
Switzerland			
SIG Group AG, Neuhausen am Rheinfall[2]	3,822,709	CHF	100%
Subsidiaries			
Algeria			
EURL SIG Combibloc Algeria Ltd[3]	1,500,000	DZD	100%
Argentina			
Combibloc S.R.L., Buenos Aires[4]	6,765,005,520	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 December 31, 2023 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	133,000,000	USD	100%
SIG Combibloc (Suzhou) Technology Co. Ltd., Suzhou	3,800,000	USD	100%
SIG Packaging (Shanghai) Co., Ltd., Shanghai[5]	98,374,102	CNY	100%
Czechia			
SIG Combibloc s.r.o., Hradec Králové	200,000	CZK	100%
Egypt			
SIG Combibloc Egypt LLC, Cairo	10,000	EGP	100%
France			
Scholle IPN France SAS, Schalbach[6]			–
SIG Combibloc S.à.r.l., Courbevoie	31,000	EUR	100%
Germany			
Scholle IPN Germany GmbH, Eisfeld[7,8]	25,000	EUR	100%
Scholle IPN Germany GmbH, Linnich[8]			–
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[9,10]	17,649,000	INR	84.71%
Scholle IPN India Packaging Private Ltd., Palghar[9,10,11]	15,290,240	INR	100%
Scholle Packaging (India) Private Ltd., Palghar[9]	155,254,700	INR	100%
SIG Combibloc India Private Ltd., Gurgaon, Haryana[9]	964,721,600	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%

Consolidated financial statements

Companies and countries	As of December 31, 2023		
	Share capital[1]		Interest
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%
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	10,000,000	NGN	100%
Pakistan			
SIG Combibloc Pakistan (SMC – Private) Ltd., Lahore[12]	100,000	PKR	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[10]	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	939,200	RSD	100%
Singapore			
SIG Combibloc Singapore Private Ltd., Singapore	1,000	SGD	100%
South Africa			
SIG Combibloc (South Africa) Pty. Ltd., Cape Town	1,000	ZAR	100%

Companies and countries	As of December 31, 2023		
	Share capital[1]		Interest
South Korea			
SIG Combibloc Korea Ltd., Seoul	260,000,000	KRW	100%
SIG Packaging Korea Ltd., Seoul[13]	899,480,000	KRW	100%
Spain			
Bossar Packaging S.L.U., Barbera del Valles	1,248,000	EUR	100%
SIG Combibloc S.A.U., 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 InnoVentures AG, Neuhausen am Rheinfall[14]	1,000,000	CHF	100%
SIG Procurement AG, Neuhausen am Rheinfall[15]	2,000,000	CHF	100%
SIG Receivables Management AG, Neuhausen am Rheinfall[16]	1,000,000	CHF	100%
SIG Services AG, Neuhausen am Rheinfall[17]	37,931,400	CHF	100%
SIG Schweizerische Industrie-Gesellschaft GmbH, Neuhausen am Rheinfall	20,000	CHF	100%
Taiwan			
SIG Combibloc Taiwan Ltd., Taipei	15,000,000	TWD	100%
SIG Packaging (Taiwan) Co., Ltd., Hsinchu Hsien[18]	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[4]	170,000	TRY	100%
United Kingdom			
Scholle IPN UK Ltd., Gateshead	1	GBP	100%
SIG Combibloc Ltd., Gateshead	250,000	GBP	100%
UAE			
SIG Combibloc FZCO, Dubai	24,000,000	AED	100%
USA			
BBI Company Inc., Northlake[19]			–
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., Chadds Ford	27,000,000	USD	100%
SIG Combibloc US Acquisition Inc., Chadds Ford	10	USD	100%

Consolidated financial statements

Companies and countries	As of December 31, 2023 Share capital[1]		Interest
USA continued			
SIG Combibloc US Acquisition II Inc., Chadds Ford	10	USD	100%
SIG Holding USA, LLC, Chadds Ford	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%

1 Unaudited.
2 The registered address of SIG Group AG is Laufengasse 18, 8212 Neuhausen am Rheinfall, Switzerland.
3 New entity, incorporated in the first quarter of 2023.
4 Argentina and Turkey are regarded as hyperinflationary as of December 31, 2023. The impacts of applying hyperinflationary accounting as per IAS 29 Financial Reporting in Hyperinflationary Economies is not material to the Group.
5 Evergreen Packaging (Shanghai) Co. Ltd. was acquired as part of the Evergreen Asia acquisition on August 2, 2022 (see note 28). The name was changed to SIG Packaging (Shanghai) Co. Ltd. after the acquisition.
6 Scholle IPN France SAS was liquidated in the third quarter of 2023.
7 Previously Scholle IPN Investment GmbH.
8 Scholle IPN Germany GmbH was merged into Scholle IPN Investment GmbH in the second quarter of 2023. In the course of the merger, the name and the registered address of Scholle IPN Investment GmbH, Linnich were changed to Scholle IPN Germany GmbH, Eisfeld.
9 Reporting date is March 31. Financial information prepared as of December 31 is used for consolidation purposes.
10 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.
11 In the acquisition of Scholle IPN in 2022, the Group initially only acquired 90% of the shares of Scholle IPN India Packaging Private Ltd. It acquired the remaining 10% of the shares for €3.3 million on March 29, 2023. The purchase of the Indian non-controlling interest is presented as a reduction of retained earnings in the statement of changes in equity.
12 New entity, incorporated in the second quarter of 2023.
13 Evergreen Packaging Korea Ltd. was acquired as part of the Evergreen Asia acquisition on August 2, 2022 (see note 28). The name was changed to SIG Packaging Korea Ltd. after the acquisition.
14 New entity, incorporated in the first quarter of 2023, that will invest in early-stage companies to support the development of future packaging solutions. SIG InnoVentures AG made its first investment in the fourth quarter of 2023 in an early-stage company that is engaged in the research, development and commercialization of novel fiber-based products for the packaging industry. The investment is not significant. It is presented as part of other non-current assets (see note 21) and measured at fair value.
15 Previously SIG Combibloc Procurement AG. The name was changed to SIG Procurement AG in the third quarter of 2023.
16 Previously SIG Combibloc Receivables Management AG. The name was changed to SIG Receivables Management AG in the third quarter of 2023.
17 Previously SIG Combibloc Services AG. The name was changed to SIG Services AG in the third quarter of 2023.
18 Evergreen Packaging (Taiwan) Co. Ltd. was acquired as part of the Evergreen Asia acquisition on August 2, 2022 (see note 28). The name was changed to SIG Packaging (Taiwan) Co. Ltd., after the acquisition.
19 BBI Company Inc. was liquidated in the second quarter of 2023.

Joint venture in Japan

The Group has a small investment in a joint venture in Japan (DNP • SIG Combibloc Co. Ltd). It is accounted for using the equity method.

The Japanese joint venture 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 the years ended December 31, 2023 and December 31, 2022. Its net assets are also not significant.

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, until the Group loses control.

Intra-group transactions and balances

Intra-group transactions and balances are eliminated upon consolidation.

28 Business combinations

Overview

This note includes information about the acquisitions of Scholle IPN and Evergreen Asia in 2022 that is relevant for the understanding of their impact on the consolidated financial statements for the years ended December 31, 2023 and December 31, 2022. Additional details are included in note 27 of the consolidated financial statements for the year ended December 31, 2022.

Scholle IPN

Overview

On June 1, 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. Laurens Last was elected to the Company's Board of Directors on April 7, 2022. Scholle IPN provides bag-in-box and spouted pouch packaging solutions.

Consolidated financial statements

The following table provides an overview of the consideration transferred, the recognized amounts of assets acquired and liabilities assumed at the acquisition date and the resulting goodwill. The acquisition accounting is final. There have been no material adjustments to the fair values initially recognized.

(in € million)	
Cash	424.3
Shares (33,750,000 registered 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 December 31, 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 January 1, 2022, management estimates that for the year ended December 31, 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 January 1, 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 recognized in the year ended December 31, 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 registered shares with a fair value of €686.8 million to the former owner as consideration for Scholle IPN. The shares were issued from authorized share capital on May 23, 2022 (see note 25). 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 June 1, 2022. See notes 25 and 29 for additional information on the shareholding of the former ultimate beneficial owner of Scholle IPN, Laurens Last, who is a related party to the Company via his representation on the Group's Board of Directors and his shareholding in the Company.

The Group initially retained an amount of €18.7 million ($20.0 million) as per the share purchase agreement, which was payable upon finalization of the completion accounts. The completion accounts were finalized in September 2022 and resulted in a total cash consideration of €424.3 million.

The contingent consideration depends on the acquired bag-in-box and spouted pouch businesses outperforming the top end of the Group's mid-term revenue growth guidance of 4–6% per year for the years ending December 31, 2023, 2024 and 2025, and would be payable in cash in three annual instalments of up to $100 million per year. The fair value of the contingent consideration estimated as of the acquisition date was €38.6 million. As of December 31, 2023, the fair value of the contingent consideration was €55.0 million (€113.2 million as of December 31, 2022). See note 33 for additional details.

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 useful life of the Scholle trademarks has subsequently been shortened (see note 14). 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 was assessed at €96.5 million. Trade receivables comprised gross contractual amounts due of €97.0 million, of which €0.5 million was 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 23 and the section "Deal-contingent derivatives" below).

Consolidated financial statements

Goodwill

Goodwill of €929.8 million for Scholle IPN has been recognized 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 December 31, 2022, the goodwill amounted to €917.8 million. The decrease from the amount initially recognized as goodwill related to foreign currency exchange rate changes.

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, 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. At the acquisition date, the cumulative positive fair value changes of the derivative of €13.6 million (€11.7 million net of tax) recognized in other comprehensive income ("OCI") (net of the cost of hedging) reduced the amount of goodwill. Positive fair value changes recognized in other income until the hedge designation date in April 2022 amounted 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 recognized in finance income (see notes 9 and 24). 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 August 2, 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 chilled carton packaging solutions in Asia.

The following table provides an overview of the consideration transferred, the recognized amounts of assets acquired and liabilities assumed at the acquisition date and the resulting goodwill. The acquisition accounting is final. There have been no material adjustments to the fair values initially recognized.

(in € million)	
Cash	329.8
Fair value of consideration	**329.8**
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	**162.1**
Impact of deal-contingent derivative	(30.9)
Goodwill	**131.2**

"Other net liabilities acquired" mainly relates to deferred tax assets, current tax liabilities, provisions and employee benefits.

For the five months ended December 31, 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 January 1, 2022, management estimates that for the year ended December 31, 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 January 1, 2022.

Consolidated financial statements

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 recognized in the year ended December 31, 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 August 2, 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 was assessed at €30.3 million. Trade receivables comprised gross contractual amounts due of €30.5 million, of which €0.2 million was expected to be uncollectible as of the acquisition date.

Goodwill

Goodwill of €130.9 million for Evergreen Asia has been recognized 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 December 31, 2022, the goodwill amounted to €121.1 million. The decrease from the amount initially recognized as goodwill related to foreign currency exchange rate changes.

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. At the acquisition date, the cumulative positive fair value changes of the derivative of €30.9 million (€26.6 million net of tax) recognized in OCI (net of the cost of hedging) reduced the amount of goodwill. Positive fair value changes recognized in other income until the hedge designation date in April 2022 amounted 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.

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 recognized in profit or loss.

Contingent consideration is measured at fair value at the acquisition date. When contingent consideration is payable in cash, and therefore recognized 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 recognized 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 recognized amount (which is generally fair value) of the identifiable assets acquired and liabilities assumed.

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 recognized 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.

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 was recognized and accumulated in a hedging reserve in OCI (net of tax). The effective portion recognized 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 were recognized in other income and expenses.

The Group designated only the change in fair value of the spot component of the respective derivative as the hedging instrument. The hedge relationship was therefore highly effective. The change in fair value of the forward component of the derivative was accounted for separately as a cost of hedging and recognized in equity. For simplicity, the cost of hedging was 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 was 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 recognized upon the acquisition.

Consolidated financial statements

Significant judgments and estimates

Significant judgments and estimates were made by management relating to the accounting for the acquisitions of Scholle IPN and Evergreen Asia. For example, the assessments of the fair value of the customer relationships and the contingent consideration for Scholle IPN as of the acquisition dates involved significant judgments and estimates. The fair value of the contingent consideration for Scholle IPN is reassessed at each reporting date, with continuous use of significant judgments and estimates (see note 33).

29 Related parties

The Company has related party relationships with its shareholders, subsidiaries, 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 is included in note 28.

Shareholders

The members of the Group Executive Board directly held 0.09% and indirectly held 0.06% of the Company's shares as of December 31, 2023 (directly 0.14% and indirectly 0.06% as of December 31, 2022). The members of the Board of Directors directly held 0.08% and indirectly held 9.9% of the Company's shares as of December 31, 2023 (directly 0.08% and indirectly 9.7% as of December 31, 2022).

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 9.4% of the Company's shares as of December 31, 2023 (9.19% as of December 31, 2022) according to the disclosure notifications reported to the Company by Laurens Last and published by the Company via the electronic publishing platform of SIX Swiss Exchange (see also the section "Key management" below and note 25). In addition to the above shares, Laurens Last reported by disclosure notification 913,408 option rights as per the relevant reporting date. However, based on more recent reporting of management transactions by Laurens Last, he held 1,073,430 option rights to receive registered shares of the Company as of December 31, 2023 (no option rights reported as of December 31, 2022).

Key management

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

See note 4 for organizational changes in the Group Executive Board and the Board of Directors that took place in the year ended December 31, 2023.

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

(In € million)	Year ended Dec. 31, 2023	Year ended Dec. 31, 2022
Short-term employee benefits	6.1	7.6
Post-employment benefits	0.5	0.5
Share-based payments	4.2	3.1
Termination benefits	0.3	0.6
Total compensation to the Group Executive Board	**11.1**	**11.8**

The termination benefits for the year ended December 31, 2023 and 2022 relate to members of the Group Executive Board. The terminations have been reflected in the measurement of the amount recognized 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 totaled €2.4 million for the year ended December 31, 2023 (€2.3 million for the year ended December 31, 2022). 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 2023 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 27. Certain information about the Group's joint venture is also included in note 27.

Related party transactions

The nature of the Company's related party relationships, balances and transactions for the year ended December 31, 2023 has not changed compared with information disclosed in the consolidated financial statements for the year ended December 31, 2022. The Company has not had any significant related party transactions in the years ended December 31, 2023 and December 31, 2022, with the following exceptions.

In the year ended December 31, 2023, the Group acquired the 10% non-controlling interest of one of the acquired Scholle IPN Indian entities on an arm's length basis (see note 27).

On June 1, 2022, the Company acquired Scholle IPN from CLIL. CLIL is controlled by Laurens Last, who was elected to the Board of Directors on April 7, 2022. See note 28 for details about transaction values and outstanding balances concerning the acquisition. Notes 26 and 33 provide additional information about the contingent portion of the consideration for Scholle IPN.

There have been no significant transactions and there were no outstanding balances as of December 31, 2023 and December 31, 2022 relating to companies controlled or jointly controlled by Laurens Last, except for an outstanding payable of €1.6 million as of December 31, 2023 (€1.6 million as of December 31, 2022).

The Group had entered into a one-year transitional service agreement in relation to an entity controlled by Laurens Last that was not part of the acquisition of Scholle IPN. It was extended for a limited period regarding some of the services provided by SIG but has subsequently been terminated. This agreement had no significant impact on the Group.

In the year ended December 31, 2023, the Group recognized revenue of €1.8 million for sales of goods and provision of services to its joint venture in Japan (€4.4 million in the year ended December 31, 2022). It had an outstanding trade receivable balance of €0.8 million relating to the joint venture as of December 31, 2023 (€3.0 million as of December 31, 2022).

There were no other significant related party transactions during the years ended December 31, 2023 and December 31, 2022. As of December 31, 2023 and December 31, 2022, the Group had no commitments to incur capital expenditure with related parties.

Our people

This section covers information about the Group's employee-related expenses and pension plans as well as the Group's share-based payment plans and arrangements. Details about compensation concerning the Group's key management are included in note 29 on related parties.

30 Employee benefits

The Group operates various defined benefit plans. The largest defined benefit plan, also after the acquisitions in 2022, is in Switzerland. In addition, the Group has a number of defined contribution plans.

Overview of employee benefits

(In € million)	As of Dec. 31, 2023	As of Dec. 31, 2022
Salaries and wages accrued	45.8	46.5
Provision for annual leave	15.2	14.4
Provision for other employee benefits	6.1	6.6
Net defined benefit obligations:		
Pension benefit liabilities	104.3	98.0
Total employee benefit liabilities	**171.4**	**165.5**
Current	61.0	60.9
Non-current	110.4	104.6
Total employee benefit liabilities	**171.4**	**165.5**

The Group had a net defined benefit asset of €191.8 million as of December 31, 2023 (€114.6 million as of December 31, 2022). 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 recognized in the statement of profit or loss and other comprehensive income were €585.0 million in the year ended December 31, 2023 (€482.4 million in the year ended December 31, 2022), of which €34.8 million relates to contributions to defined contribution plans (€33.0 million in the year ended December 31, 2022).

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 December 31, 2023, the Swiss retirement plan comprised 71% of the present value of the Group's pension plan obligations (70% as of December 31, 2022). As of December 31, 2023, the fair value of the assets of the Swiss retirement plan exceeded the present value of its pension obligations by €191.8 million (€176.0 million as of December 31, 2022). However, the amount recognized as a net defined benefit asset for the year ended December 31, 2022 was limited by the asset ceiling to €114.6 million. See the section "Expense recognized in other comprehensive income, including impact of the asset ceiling" below. For the year ended December 31, 2023, the amount recognized as a net defined benefit asset did not exceed the asset ceiling.

Expected annual contributions to the Group's defined benefit pension plans during the year ending December 31, 2023 are estimated to be €6.8 million. The Group's pension plans had a weighted average duration of 12 years as of December 31, 2023 (13 years as of December 31, 2022).

Consolidated financial statements

Movement in net defined benefit obligation

Information about the net defined benefit obligation as of and for the year ended December 31, 2023 and the year ended December 31, 2022 is included below.

(In € million)	Defined benefit obligation		Fair value of plan assets		Impact of asset ceiling		Net defined benefit liability/(asset)	
	2023	2022	2023	2022	2023	2022	2023	2022
Carrying amount as of the beginning of the year	**501.9**	**484.1**	**(579.9)**	**(587.5)**	**61.4**	**–**	**(16.6)**	**(103.4)**
Service cost	7.9	8.9	–	–	–	–	7.9	8.9
Interest expense/(income)	13.6	3.9	(13.0)	(3.1)	–	–	0.6	0.8
Administrative expenses	–	–	0.6	0.7	–	–	0.6	0.7
Curtailments and settlements	0.1	(0.4)	–	–	–	–	0.1	(0.4)
Total expense/(income) recognized in profit or loss	**21.6**	**12.4**	**(12.4)**	**(2.4)**	**–**	**–**	**9.2**	**10.0**
Actuarial (gains)/losses arising from:								
Demographic assumptions	6.9	8.7	–	–	–	–	6.9	8.7
Financial assumptions	15.6	(45.7)	–	–	–	–	15.6	(45.7)
Return on plan assets, excluding interest income	–	–	(23.7)	67.0	–	–	(23.7)	67.0
Change in asset ceiling	–	–	–	–	(62.2)	60.1	(62.2)	60.1
Total remeasurement (gains)/losses included in other comprehensive income	**22.5**	**(37.0)**	**(23.7)**	**67.0**	**(62.2)**	**60.1**	**(63.4)**	**90.1**
Contributions by the Group	–	–	(5.8)	(6.2)	–	–	(5.8)	(6.2)
Contributions by plan participants	1.8	1.7	(1.8)	(1.7)	–	–	–	–
Benefits paid by the plans	(35.4)	(36.1)	35.4	36.1	–	–	–	–
Addition through business combinations	–	60.1	–	(59.0)	–	–	–	1.1
Effect of movements in exchange rates	20.2	16.7	(31.9)	(26.2)	0.8	1.3	(10.9)	(8.2)
Total other movements	**(13.4)**	**42.4**	**(4.1)**	**(57.0)**	**0.8**	**1.3**	**(16.7)**	**(13.3)**
Carrying amount as of the end of the year	**532.6**	**501.9**	**(620.1)**	**(579.9)**	**(0.0)**	**61.4**	**(87.5)**	**(16.6)**
Comprised of:								
Swiss retirement plan	375.6	349.5	(567.4)	(525.5)	(0.0)	61.4	(191.8)	(114.6)
All other plans	157.0	152.4	(52.7)	(54.4)	–	–	104.3	98.0
Carrying amount as of the end of the year	**532.6**	**501.9**	**(620.1)**	**(579.9)**	**(0.0)**	**61.4**	**(87.5)**	**(16.6)**
Included in the statement of financial position as:								
Employee benefits (asset)							(191.8)	(114.6)
Employee benefits liability							104.3	98.0
Total net defined pension benefits							**(87.5)**	**(16.6)**

Consolidated financial statements

Expense recognized in profit or loss

The net pension expense is recognized in the following components in the statement of profit or loss and comprehensive income.

(In € million)	Year ended Dec. 31, 2023	Year ended Dec. 31, 2022
Cost of sales	4.8	4.7
Selling, marketing and distribution expenses	1.1	1.0
General and administrative expenses	3.3	4.3
Total net pension expense	**9.2**	**10.0**
thereof the Swiss retirement plan	2.6	5.3

Expense recognized in other comprehensive income, including impact of the asset ceiling

The remeasurement of the Group's defined benefit pension plans as of December 31, 2023 resulted in a €53.2 million increase in other comprehensive income (net of tax), of which €57.1 million relates to the Group's Swiss retirement plan. The increase is due to positive asset performance, partially offset by a decrease in the discount rate, and to an increase of the asset ceiling. The asset ceiling did not limit the amount that could be recognized as a net defined benefit asset as of December 31, 2023.

The remeasurement of the Group's defined benefit pension plans as of December 31, 2022 resulted in a €81.8 million decrease in other comprehensive income (net of tax), of which €101.6 million related to the Group's Swiss retirement plan. The decrease was 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 December 31, 2022 resulted in a significant decrease of the asset ceiling, which limited the amount that could be recognized as a net defined benefit asset for the Group's Swiss retirement plan to €114.6 million as of December 31, 2022.

Plan assets

(In € million)	As of Dec. 31, 2023	As of Dec. 31, 2022
Equity instruments	144.2	125.8
Debt instruments	270.6	246.2
Real estate	174.1	173.3
Other	31.2	34.6
Total plan assets	**620.1**	**579.9**

Approximately 92% of total plan assets were held by the Swiss retirement plan as of December 31, 2023 (91% as of December 31, 2022). 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. An assessment of the investment policy for the Swiss retirement plan is performed yearly.

Actuarial assumptions

The amounts recognized 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 recognized in future years. The mortality table used for the Swiss retirement plan for 2023 and for 2022 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 Dec. 31, 2023	As of Dec. 31, 2022	As of Dec. 31, 2023	As of Dec. 31, 2022
Discount rates	1.50%	2.30%	1.2%–7.1%	1.4%–7.3%
Future salary increases	2.00%	2.00%	0.0%–9.0%	0.0%–9.0%

Consolidated financial statements

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 Dec. 31, 2023	As of Dec. 31, 2022	As of Dec. 31, 2023	As of Dec. 31, 2022
Discount rates				
50 basis points increase	(5.7)	(4.6)	(13.7)	(13.7)
50 basis points decrease	6.2	4.9	15.0	15.0
Future salary increases				
50 basis points increase	1.3	0.9	2.8	2.6
50 basis points decrease	(1.2)	(0.9)	(2.5)	(2.3)

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 recognized 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 recognized 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 recognized 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 recognized in profit or loss.

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 recognized immediately in profit or loss. The Group recognized 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 recognized 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 recognizes any related restructuring costs, whichever occurs earlier.

Significant judgments and estimates

Amounts recognized 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.

Consolidated financial statements

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 25). 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. 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				
	2023	2022	2021	2020	2019
Grant date	April 3, 2023	June 13, 2022	April 1, 2021	April 1, 2020	April 1, 2019
Vesting date	April 1, 2026	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022
Grant date fair value (one PSU)	23.35 CHF	19.56 CHF	22.31 CHF	15.05 CHF	9.49 CHF
Number of participants	16	15	9	8	9
Granted number of PSUs	231,648	234,753	201,707	342,198	537,414
thereof to members of the Group Executive Board	217,846	215,169	187,139	325,586	495,263

The table below provides a reconciliation of the outstanding management PSUs.

	Outstanding PSUs	
Number of PSUs	2023	2022
As of January 1	**525,710**	**692,119**
Granted PSUs	231,648	234,753
Vested PSUs (2020 plan)	(158,088)	–
Vested PSUs (2019 plan)	–	(350,814)
Forfeited PSUs	(75,246)	(50,348)
As of December 31	**524,024**	**525,710**
thereof held by members of the Group Executive Board	432,607	491,547

A total of 158,088 PSUs under the 2020 PSU plan vested on March 31, 2023, of which 142,860 PSUs relate to members of the Group Executive Board at the vesting date. Based on the achievement of the targets described above, the participants were entitled to 265,591 shares, of which 240,007 shares relate to members of the Group Executive Board at the vesting date. Under the 2019 PSU plan, 350,814 PSUs vested on March 31, 2022, of which 205,482 PSUs relate to members of the Group Executive Board at the vesting date. The participants were entitled to 631,469 shares, of which 369,870 shares relate to members of the Group Executive Board at the vesting date.

The Group settled its obligation under the 2020 and 2019 PSU plans by delivering treasury shares. The total amount of €3.0 million recognized as a share-based payment expense for the 2020 PSU plan has been recognized as a decrease in equity (€4.0 million for the 2019 PSU plan). 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.

Consolidated financial statements

Any resignation of members of the Group Executive Board results in forfeitures of a certain number of granted PSUs as per the good and bad leaver clauses in the PSU plan regulations.

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 2020 and 2019 RSU plans vested on March 31, 2023 and on March 31, 2022, respectively. The Group settled its obligation by delivering treasury shares. Under the 2022 RSU plan, 3,416 of the granted RSUs relate to a member of the Group Executive Board (6,831 RSUs as of December 31, 2022).

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.

A total of 190,380 options under the 2020 EIP plan vested on June 1, 2023. The options can be exercised during a ten-month period after the vesting date. A total of 85,265 options had been exercised and settled as of December 31, 2023. The Group's obligation under the 2020 EIP plan has and will be settled by delivering treasury shares.

The grant date for the 2023 EIP plan was June 2, 2023, when 60 employees were granted a total of 130,212 options. Under the 2022 EIP plan, 69 employees were granted a total of 149,450 options on May 27, 2022. The fair value of one option, calculated using the Black-Scholes model, was CHF 4.58 as of the grant date for the 2023 EIP (CHF 2.74 for the 2022 EIP).

A total of 360,794 not yet vested options under all EIPs were outstanding as of December 31, 2023 (459,272 options as of December 31, 2022), of which 41,365 options were held by members of the Group Executive Board (14,840 options as of December 31, 2022).

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 December 31, 2025 depends on the achievement of certain targets, including targets linked to the performance and integration of the two acquired businesses.

A total of 260,234 PSUs under the integration plans were outstanding as of December 31, 2023 (302,792 PSUs as of December 31, 2022), of which 10,469 PSUs were held by a member of the Group Executive Board.

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 38,959 blocked shares to the members of the Board of Directors in the year ended December 31, 2023 (39,932 blocked shares in the year ended December 31, 2022). The fair value of one granted instrument was CHF 24.42 as of the grant date in the year ended December 31, 2023 (CHF 23.40 in the year ended December 31, 2022). The blocked shares have been delivered using treasury shares.

In 2019, two members of the Board of Directors received 14,236 RSUs instead of blocked shares. These RSUs vested in the year ended December 31, 2022. The Group settled its obligation by delivering treasury shares.

Share-based payment expense

The share-based payment expense recognized as a personnel expense for the year ended December 31, 2023 relating to the PSU, RSU, equity investment and integration plans for SIG employees amounts to €6.8 million, of which €4.2 million relates to members of the Group Executive Board (€4.8 million for the year ended December 31, 2022, of which €3.1 million relates to members of the Group Executive Board).

The share-based payment expense recognized as part of general and administrative expenses for the year ended December 31, 2023 relating to the arrangement for the Board of Directors amounts to €0.9 million (€0.9 million for the year ended December 31, 2022).

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 recognized as an expense, with a corresponding increase in equity (retained earnings), over the vesting period. The amount recognized 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 recognized 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.

For cash-settled plans, the fair value of the amounts payable to employees is recognized 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 recognized in profit or loss.

Consolidated financial statements

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.

Amounts recognized in profit or loss

(In € million)	Year ended Dec. 31, 2023	Year ended Dec. 31, 2022
Current year	(113.5)	(88.6)
Adjustments for prior years	2.7	1.3
Current tax expense	**(110.8)**	**(87.3)**
Origination and reversal of temporary differences	40.6	36.6
Tax rate modifications	(8.1)	0.4
Adjustments for prior years	(2.5)	(0.7)
Deferred tax benefit	**30.0**	**36.3**
Income tax expense	**(80.8)**	**(51.0)**

Amounts recognized in other comprehensive income

The Group has recognized in other comprehensive income a deferred tax expense of €10.2 million relating to the remeasurement of defined benefit plans for the year ended December 31, 2023 (a deferred tax income of €8.3 million for the year ended December 31, 2022).

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 December 31, 2023 is unchanged compared to the comparative period (13.94%).

(In € million)	Year ended Dec. 31, 2023	Year ended Dec. 31, 2022
Profit before income tax	**324.0**	**88.8**
Income tax using the Swiss tax rate of 13.94% (2022: 13.94%)	(45.2)	(12.4)
Effect of tax rates in foreign jurisdictions	(28.3)	(16.1)
Non-deductible expenses	(9.0)	(21.2)
Tax-exempt income	28.3	14.0
Withholding tax	(10.6)	(9.5)
Tax rate modifications	(8.1)	0.4
Unrecognized tax losses and temporary differences	(1.3)	(2.7)
Tax uncertainties	(7.3)	(1.2)
Tax on undistributed profits	0.5	(2.9)
Adjustments for prior years	0.2	0.6
Income tax expense	**(80.8)**	**(51.0)**

The effective rate for the year ended December 31, 2023 was 24.9% (57.5% for the year ended December 31, 2022).

Consolidated financial statements

Current tax assets and liabilities

Current tax assets of €6.0 million as of December 31, 2023 (€18.0 million as of December 31, 2022) 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 €49.3 million as of December 31, 2023 (€46.3 million as of December 31, 2022) represent the amount of income taxes payable with respect to current and prior periods.

Current tax liabilities as of December 31, 2022 included an amount of €1.1 million for prior periods that was subsequently reimbursed by PEI Holdings Company LLC (a company associated with Reynolds Group Holdings Limited, the owner of the Group prior to March 13, 2015) in line with the share purchase agreement that was signed when Onex acquired the Group in 2015. The same amount was recognized as part of other receivables.

Recognized deferred tax assets and liabilities

(In € million)	As of Dec. 31, 2023	As of Dec. 31, 2022
Included in the statement of financial position as:		
Deferred tax assets	60.6	60.0
Deferred tax liabilities	(244.2)	(261.3)
Total recognized net deferred tax liabilities	**(183.6)**	**(201.3)**

Consolidated financial statements

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 Jan. 1, 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)**
Recognized in profit or loss	9.6	22.1	(2.9)	(30.0)	6.8	36.1	(2.9)	(2.5)	**36.3**
Recognized 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 Dec. 31, 2022	**(143.8)**	**(159.8)**	**23.6**	**0.3**	**40.1**	**73.6**	**(46.6)**	**11.3**	**(201.3)**
Carrying amount as of Jan. 1, 2023	**(143.8)**	**(159.8)**	**23.6**	**0.3**	**40.1**	**73.6**	**(46.6)**	**11.3**	**(201.3)**
Recognized in profit or loss	(3.6)	26.5	8.5	0.5	(0.6)	1.7	0.5	(3.5)	**30.0**
Recognized in other comprehensive income	–	–	–	–	–	–	–	(10.2)	**(10.2)**
Effect of movements in exchange rates	1.8	0.7	(0.1)	0.1	(2.3)	(1.2)	–	(1.1)	**(2.1)**
Carrying amount as of Dec. 31, 2023	**(145.6)**	**(132.6)**	**32.0**	**0.9**	**37.2**	**74.1**	**(46.1)**	**(3.5)**	**(183.6)**

Other payables mainly include a deferred tax asset relating to liabilities for various customer incentive programs. Other items mainly include net deferred tax assets or liabilities relating to employee benefits and tax loss carry-forwards. Tax loss carry-forwards recognized as a deferred tax asset amount to €5.9 million as of December 31, 2023 (€9.4 million as of December 31, 2022).

Unrecognized deferred tax assets

Deferred tax assets have not been recognized with respect to tax losses of €9.3 million (gross amount €31.2 million) as of December 31, 2023 (€9.2 million, gross amount €28.1 million as of December 31, 2022) because management has assessed that it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom. Under the current applicable tax legislation, €24.3 million of the unrecognized tax losses as of December 31, 2023 does not expire while €0.6 million expires in three to five years and €6.3 million expires after more than five years.

OECD pillar two model rules

In 2021, the OECD published a regulatory framework for a global minimum top-up income tax (the OECD Pillar Two model rules). The rules are designed to ensure that multinational companies within the scope of the rules pay a minimum tax rate of 15% in each jurisdiction where they operate. The Group is within the scope of the OECD Pillar Two model rules.

Both Switzerland and other jurisdictions in which the Group operates have (substantively) enacted the Pillar Two legislation. The legislations will be effective for the Group's financial year beginning on January 1, 2024. In Switzerland, a Qualified Domestic Minimum Tax ("QDMTT") will be levied from January 1, 2024 while the implementation of the Income Inclusion Rule ("IIR") and the Undertaxed Profits Rule ("UTPR") is currently postponed to a later date. Since the Pillar Two legislations were not effective at December 31, 2023, there is no current income tax exposure for the year ended December 31, 2023. The Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes (see note 5.2).

The Group is in the process of assessing its exposure to the Pillar Two legislation when it comes into effect. The assessment indicates that the Group may be effected by top-up tax for its operations in the UAE.

Consolidated financial statements

Accounting policy

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination or items recognized 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 recognized 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 recognized, 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 recognized 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 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 recognized 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. Unrecognized deferred tax assets are reassessed at each reporting date and recognized 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 judgments and estimates

Determining the Group's worldwide income tax liability requires significant judgment 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 judgment 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 recognizes deferred tax assets when the Group considers it probable that the deferred tax assets will be recoverable.

Consolidated financial statements

33 Financial instruments and fair value information

This note provides an overview of the Group's financial instruments, including derivative financial instruments, and their categorization 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 December 31, 2023 and December 31, 2022. They also present the respective levels in the fair value hierarchy for financial assets and liabilities measured at fair value.

	Carrying amount as of December 31, 2023			Fair value hierarchy Level		
(In € million)	At amortized cost	At fair value through profit or loss (mandatorily)	Total	1	2	3
Cash and cash equivalents	280.9		**280.9**			
Trade and other receivables	378.1	17.8	**395.9**		x	
Derivatives	–	10.2	**10.2**		x	
Other financial assets		2.6	**2.6**			x
Total financial assets	**659.0**	**30.6**	**689.6**			
Trade and other payables	(1,003.2)		**(1,003.2)**			
Loans and borrowings:						
– Senior unsecured notes	(548.5)		**(548.5)**			
– Senior unsecured Euro term loan	(548.1)		**(548.1)**			
– Unsecured US Dollar term loan	(243.8)		**(243.8)**			
– Unsecured SSD	(648.2)		**(648.2)**			
– Unsecured credit facility	(100.0)		**(100.0)**			
– Local credit lines	(112.1)		**(112.1)**			
– Lease liabilities	(251.1)		**(251.1)**			
Derivatives		(14.3)	**(14.3)**		x	
Contingent consideration		(55.0)	**(55.0)**			x
Total financial liabilities	**(3,455.0)**	**(69.3)**	**(3,524.3)**			

	Carrying amount as of December 31, 2022			Fair value hierarchy Level		
(In € million)	At amortized 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)**			

Fair value of financial assets and liabilities at amortized 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, the SSD and draw-downs of the unsecured credit facility and local credit lines. The fair value of the Group's notes due in 2025 was €538 million as of December 31, 2023 (in total €973 million as of December 31, 2022 for the notes due in 2025 and the notes that were repaid in June 2023).

Fair value of trade receivables to be sold under securitization and factoring programs

Trade receivables that will be sold under the Group's securitization and factoring programs are categorized as measured at fair value through profit or loss. They are sold shortly after being recognized by the Group and the amount initially recognized for these trade receivables is representative of their fair value. These trade receivables are categorized as level 2 fair value measurements in the fair value hierarchy.

Fair value of derivatives

The following tables show the types of derivatives the Group had as of December 31, 2023 and December 31, 2022, 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	2.1	–	**2.1**	(11.3)	(0.1)	**(11.4)**
Foreign currency derivatives	1.5	–	**1.5**	(2.9)	–	**(2.9)**
Total operating derivatives	**3.6**	**–**	**3.6**	**(14.2)**	**(0.1)**	**(14.3)**
Interest rate swap	–	6.6	**6.6**	–	–	**–**
Total financing-related derivatives	**–**	**6.6**	**6.6**	–	–	**–**
Total derivatives as of December 31, 2023	**3.6**	**6.6**	**10.2**	**(14.2)**	**(0.1)**	**(14.3)**

(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 swaps	–	8.9	**8.9**	–	–	**–**
Total financing-related derivatives	**–**	**8.9**	**8.9**	**–**	**–**	**–**
Total derivatives as of December 31, 2022	**4.3**	**8.9**	**13.2**	**(23.4)**	**–**	**(23.4)**

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 categorized 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 recognized 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 December 31, 2022. See note 28 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.

Consolidated financial statements

Fair value of contingent consideration

The Group's liability for contingent consideration relates to the acquisition of Scholle in 2022 and depends on the acquired bag-in-box and spouted pouch businesses outperforming the top end of the Group's mid-term revenue growth guidance of 4-6% per year for the year ended December 31, 2023 and the years ending December 31, 2024 and 2025. 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 liability will be settled in cash. The maximum amount payable is $300 million ($100 million per year). See also note 28.

The fair value of the contingent consideration was €55.0 million as of December 31, 2023 (€113.2 million as of December 31, 2022), representing a cash outflow of €39.2 million (€212.3 million as of December 31, 2022, see note 26). The unrealized gain of €58.2 million for the year ended December 31, 2023 (an unrealized loss of €74.6 million for the year ended of December 31, 2022) is presented as part of other income and expenses (see notes 8 and 9). The contingent consideration is presented as part of other non-current liabilities.

The fair value of the contingent consideration as of December 31, 2023 reflects that no payment is expected by the Group for the first contingent consideration period. The acquired bag-in-box and spouted pouch businesses did not exceed the required 6% revenue growth for the year ended December 31, 2023, as previously foreseen. The fair value of this current contingent consideration portion accordingly was nil as of December 31, 2023. The decrease in fair value since December 31, 2022 is also due to down-ward adjustments of the revenue growth rates of the acquired businesses for the remaining two contingent consideration periods. The increase in fair value between the acquisition date and December 31, 2022 was mainly due to refined revenue projections.

As significant unobservable inputs are used in the assessment of the fair value of the contingent consideration, it is categorized 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 contingent consideration of €55.0 million as of December 31, 2023 would increase by approximately €9.3 million if the revenue growth rates increased by 1.0 percentage point (decrease by approximately €8.6 million if the revenue growth rates decreased by 1.0 percentage point), and increase by approximately €2.7 million if the discount rates decreased by 1.0 percentage point (decrease by approximately €2.4 million if the discount rates increased by 1.0 percentage point).

The fair value of the contingent consideration of €113.2 million as of December 31, 2022 would have increased by approximately €10 million if the revenue growth rates had increased by 1.0 percentage point (decreased by approximately €11 million if the revenue growth rates had decreased by 1.0 percentage point), and would have increased by approximately €5 million if the discount rates had decreased by 1.0 percentage point (decreased by approximately €5 million if the discount rates had 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 recognizes loans and receivables and any debt issued on the date when they are originated. All other financial assets and liabilities are initially recognized 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 realize 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 recognized 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 recognized in profit or loss. Changes in the fair value of a separated embedded derivative are recognized immediately in profit or loss.

Consolidated financial statements

34 Contingent liabilities

The Group has contingent liabilities relating to legal, tax 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 recognized 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 recognized 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 recognized when the change in probability occurs.

35 Subsequent events

There have been no events between December 31, 2023 and February 22, 2024 (the date these consolidated financial statements were approved) that would require an adjustment to or disclosure in these consolidated financial statements.

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 December 31, 2023, the consolidated statement of financial position as at December 31, 2023, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 162 to 228) give a true and fair view of the consolidated financial position of the Group as at December 31, 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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 Account-ants (including International Independence Standards) issued by 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 32,000,000

We concluded full scope audit work at 12 reporting units in 11 countries.

In addition, specified procedures were performed on a further 7 reporting units in 4 countries. Our audit scope addressed 79% of the Group's revenue.

As key audit matter the following area of focus has been identified:

- Recoverability of Goodwill

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	EUR 32,000,000
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. It is further a generally accepted benchmark.

We agreed with the Audit and Risk Committee that we would report to them misstatements above EUR 3,000,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Report of the statutory auditor
to the General Meeting of SIG Group AG, Neuhausen am Rheinfall

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group financial statements are a consolidation of 90 entities, comprising the Group's operating businesses and centralised functions. The audit strategy for the audit of the consolidated financial statements was determined taking into account the work performed by the component auditors. As Group auditor, we performed the audit of the consolidation, disclosures and presentation of the consolidated financial statements and of the impairment testing of goodwill. Where audits were performed by component auditors, we ensured that, as Group auditor, we were adequately involved in the audit in order to assess whether sufficient appropriate audit evidence was obtained from the work of the component auditors to provide a basis for our opinion. Our involvement comprised communicating the risks identified at Group level, specifying the audit procedures relating to the accounting of key audit areas, specifying the materiality thresholds to be applied, conducting virtual meetings with the component auditors during the planning phase, the interim audit and the year-end audit, review of their working papers and analysing their reporting.

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.

Key audit matter	How our audit addressed the key audit matter
As per December 31, 2023, the carrying amount of goodwill was €3,127.3 million, allocated to different groups of cash generating units (CGUs). The recoverable amounts of the CGUs are calculated based on their value in use. Deriving the value in use requires significant management judgement specifically in determining future cash flows, discount rates and terminal growth rates. 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 CGUs identified by Management are appropriate. We further assessed whether the allocation of goodwill to the respective group of CGUs, including the reallocation of goodwill from APAC to IMEA driven by the change of reporting structure in 2023, 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 ensured consistency of Management's cash flow assumptions by comparing them to the Group's 5-year business plan as approved by the Board of Directors. • We challenged Management's cash flow assumptions, and sensitivity analyses. • We evaluated the planning accuracy of Management's forecast model by comparing historical forecasts to actual results. • We reconciled the recoverable amount to the accounting records and recalculated the headroom for each group of CGUs. 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.

Report of the statutory auditor
to the General Meeting of SIG Group AG, Neuhausen am Rheinfall

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 compensation 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 consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards 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 further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the consolidated financial statements.

We recommend that the consolidated financial statements submitted to you be approved.
PricewaterhouseCoopers AG

Bruno Rossi	Manuela Baldisweiler
Licensed audit expert Auditor in charge	Licensed audit expert

Basel, February 22, 2024

Financial statements

In this section

Financial statements
for the year ended December 31, 2023

SIG Group AG

Income statement

(in CHF thousand)	Note	Year ended Dec. 31, 2023	Year ended Dec. 31, 2022
Income from investments	3.1	97,406.1	147,297.6
Other income	3.2	8,940.8	7,413.5
Total income		**106,346.9**	**154,711.1**
Personnel expenses	3.8	(8,028.2)	(14,671.1)
Other operating expenses	3.2	(11,398.4)	(9,572.9)
Total operating expenses		**(19,426.6)**	**(24,244.0)**
Profit from operating activities		**86,920.3**	**130,467.1**
Finance income		838.5	1,118.7
Finance expenses		(952.1)	(39.9)
Profit before income tax		**86,806.7**	**131,545.9**
Income tax expense		–	–
Profit for the period		**86,806.7**	**131,545.9**

Financial statements

Balance sheet

(in CHF thousand)	Note	As of Dec. 31, 2023	As of Dec. 31, 2022
Cash and cash equivalents		636.2	146.5
Trade receivables		1,104.2	2,683.4
– Due from Group companies	3.3	1,104.2	2,683.4
Current interest-bearing receivables		132,180.0	223,945.7
– Due from Group companies	3.4	132,180.0	223,945.7
Other current receivables		13.2	5.1
– Due from third parties		13.2	5.1
Accrued income and prepaid expenses		166.1	302.4
Total current assets		**134,099.7**	**227,083.1**
Investments	3.5	3,449,752.9	3,446,252.9
Total non-current assets		**3,449,752.9**	**3,446,252.9**
Total assets		**3,583,852.6**	**3,673,336.0**
Trade payables		946.4	354.6
– Due to third parties		856.0	251.8
– Due to Group companies	3.6	90.4	102.8
Current interest-bearing liabilities		4,006.4	463.2
– Due to Group companies	3.7	4,006.4	463.2
Other current liabilities		2,584.8	2,831.8
– Due to third parties	3.8	2,584.8	2,831.8
Accrued expenses	3.9	3,518.9	3,399.0
Total current liabilities		**11,056.5**	**7,048.6**
Non-current liabilities		1,842.6	2,086.5
– Due to third parties	3.10	1,842.6	2,086.5
Total non-current liabilities		**1,842.6**	**2,086.5**
Total liabilities		**12,899.1**	**9,135.1**
Share capital	3.11	3,822.7	3,822.7
Legal reserves		3,009,082.5	3,188,724.2
– Capital contribution reserve	3.12	3,009,082.5	3,188,724.2
Retained earnings		558,971.4	472,164.7
– Profit brought forward		472,164.7	340,618.8
– Profit for the period		86,806.7	131,545.9
Treasury shares	3.13	(923.1)	(510.7)
Total shareholders' equity		**3,570,953.5**	**3,664,200.9**
Total liabilities and shareholders' equity		**3,583,852.6**	**3,673,336.0**

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. 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 December 31, 2023 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 recognized 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 December 31, 2023 and December 31, 2022. 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 unrealized 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.

Financial statements

The following significant exchange rates have been applied.

	Average rate for the year		Spot rate as of	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
EUR to CHF	0.97177	1.00514	0.92600	0.98470
USD to CHF	0.89864	0.95476	0.83801	0.92321

2.3 Investments

Investments are initially recognized at cost. Investments are analyzed 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 recognized at acquisition cost and deducted from equity with no subsequent remeasurement. If the treasury shares are disposed of, the resulting gain or loss is recognized 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 December 31, 2023 consists of a dividend of CHF 97,406.1 thousand from SIG Combibloc Holdings S.à r.l. (a dividend of CHF 147,297.6 thousand for the year ended December 31, 2022).

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 December 31, 2023 and December 31, 2022 mainly consist of management fees charged to direct or indirect subsidiaries.

3.4 Current interest-bearing receivables

As of December 31, 2023, current interest-bearing receivables due from Group companies consist of an interest-bearing inter-company Swiss Franc loan of CHF 125,616.1 thousand (CHF 209,000.0 thousand as of December 31, 2022) due from SIG Schweizerische Industrie-Gesellschaft GmbH, and an interest-bearing inter-company Swiss Franc loan of CHF 6,563.9 thousand (CHF 14,675.8 thousand as of December 31, 2022) due from SIG Services AG (formerly SIG Combibloc Services AG). The loan receivable of CHF 125,616.1 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. It was partially repaid in the year ended December 31, 2023.

3.5 Investments

The following subsidiary is directly held by the Company.

Name and legal form	Registered office	As of Dec. 31, 2023 Capital	As of Dec. 31, 2023 Votes	As of Dec. 31, 2022 Capital	As of Dec. 31, 2022 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 27 of the consolidated financial statements of the Company for the year ended December 31, 2023. For additional information about the acquisitions in 2022 described below, see note 28 of the consolidated financial statements of the Company for the year ended December 31, 2023.

Acquisition of Scholle IPN

On June 1, 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 bag-in-box and spouted pouch packaging solutions.

The Company paid €424.3 million in cash and transferred 33.75 million newly issued SIG registered 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 shares were issued from its authorized share capital on May 23, 2022 (see note 3.11). In addition, there is contingent consideration of a maximum of $300 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 December 31, 2023, 2024 and 2025. No payment is expected for the year ended December 31, 2023.

Financial statements

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 August 2, 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 provides chilled carton packaging solutions in Asia.

The Group paid $335.9 million in cash as consideration for Evergreen Asia. The consideration was partly financed via the issue of 11,000,000 ordinary shares by the Company from its authorized share capital on May 18, 2022. The new shares were offered to investors as part of an accelerated book building process. See note 3.11.

3.6 Trade payables

Trade payables due to Group companies as of December 31, 2023 and December 31, 2022 mainly relate to intra-group recharges.

3.7 Current interest-bearing liabilities

As of December 31, 2023, current interest-bearing liabilities due to Group companies include an interest-bearing inter-company Euro loan of CHF 4,006.4 thousand (CHF 463.2 thousand as of December 31, 2022) from SIG Services AG (formerly SIG Combibloc Services AG).

3.8 Other current liabilities

Other current liabilities for the year ended December 31, 2023 primarily include CHF 2,136.8 thousand for liabilities arising due to share-based payment plans and arrangements (granted in 2021) for certain members of management and the Board of Directors (CHF 1,552.5 thousand for the year ended December 31, 2022, for grants in 2020).

In the year ended December 31, 2023, the performance share units ("PSUs") that were granted to current and former members of management of the Company under the 2020 PSU plan vested. The settlement of this 2020 PSU plan in April 2023 resulted in an additional expense of CHF 2,655.5 thousand (excluding social charges) recognized as part of personnel expenses for the year ended December 31, 2023. The settlement of the vested PSUs under the 2019 PSU plan in April 2022 resulted in an additional expense of CHF 6,808.1 thousand (excluding social charges) recognized as part of personnel expenses for the year ended December 31, 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 December 31, 2023.

For the year ended December 31, 2022, other current liabilities also included CHF 596.4 thousand for termination benefits relating to one former member of the Group Executive Board who left the Group as of December 31, 2022.

3.9 Accrued expenses

Accrued expenses for the year ended December 31, 2023 include employee benefit obligations of CHF 1,145.9 thousand (CHF 2,135.2 thousand as of December 31, 2022). There were no payments outstanding to the pension funds as of December 31, 2023 or December 31, 2022.

3.10 Non-current liabilities

Non-current liabilities primarily consist of liabilities arising due to share-based payment plans (granted in prior years) 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 December 31, 2023.

3.11 Share capital

As of December 31, 2023 and December 31, 2022, the share capital consisted of 382,270,872 shares, issued and fully paid, representing CHF 3.8 million of share capital. The table below provides an overview of these shares.

(Number of shares)	**Total shares**
Balance as of January 1, 2022	**337,520,872**
Issue of shares on May, 18 2022	11,000,000
Issue of shares on May 23, 2022	33,750,000
Balance as of December 31, 2022	**382,270,872**
Balance as of January 1, 2023	**382,270,872**
Balance as of December 31, 2023	**382,270,872**

Financial statements

Issued share capital

On May 18, 2022, the Company issued 11,000,000 registered shares with a nominal value of CHF 0.01 per share from its authorized 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 recognized 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 May 19, 2022.

On May 23, 2022, the Company issued 33,750,000 registered shares with a nominal value of CHF 0.01 per share from its authorized share capital under exclusion of the subscription rights of existing shareholders. SIG Services AG (formerly 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 June 1, 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.

Capital band and conditional share capital

The Company had authorized share capital of CHF 565,062.61 and conditional share capital of CHF 640,106.48 as of December 31, 2022. As of December 31, 2023, the Company has conditional share capital of CHF 640,106.48 but, no longer any authorized share capital due to the revision of Swiss corporate law. It instead has a capital band ranging from CHF 3,440,437.85 (lower limit) to CHF 4,587,250.46 (upper limit).

Before the Annual General Meeting held on April 20, 2023, the Board of Directors was authorized, at any time until April 21, 2023, to increase the Company's share capital through the issue of up to 56,506,261 registered shares. Capital increases from authorized and conditional share capital were subject to a single combined limit, and could not exceed 64,010,648 shares, equaling CHF 640,106.48. However, the authority to issue shares from authorized and conditional share capital under exclusion of the subscription and advance subscription rights respectively was limited to a single combined maximum of 22,754,174 shares, equaling CHF 227,541.74.

The Annual General Meeting held on April 20, 2023 approved the introduction of a capital band as introduced under the revised Swiss corporate law as of January 1, 2023. The capital band replaces the existing authorized share capital. Under the capital band, the Board of Directors is authorized to increase the share capital by up to 20% of the current share capital if shareholders' subscription rights are granted, and up to 10% if shareholders' subscription rights are excluded. The Board of Directors may also reduce the share capital by up to 10% through cancellation of shares or nominal value reduction or by a simultaneous reduction and re-increase of the share capital. The authorization under the capital band is limited to three years until April 20, 2026 or the full use of the capital band.

The total number of registered shares issued from (i) the capital band where the shareholders' subscription rights are excluded and (ii) the conditional share capital where the shareholders' advance subscription rights for equity-linked financing instruments are excluded, may not exceed 38,227,087 registered shares. Within the limit outlined above, the proportion of new shares assigned to each of the categories is stipulated by the Board of Directors.

The proceeds from an issue of new shares under the capital band 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 favorable 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 December 31, 2023 (also as of December 31, 2022).

3.12 Capital contribution reserve

The capital contribution reserve consists of the following:

(In CHF thousand)	**Balance**
Capital contribution reserve as of January 1, 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 December 31, 2022	**3,188,724.2**
Capital contribution reserve as of January 1, 2023	**3,188,724.2**
Dividend payment of CHF 0.47 per share from the capital contribution reserve	(179,667.3)
Dividend not paid on treasury shares held by the Company	25.6
Capital contribution reserve as of December 31, 2023	**3,009,082.5**

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 3,009.1 million as of December 31, 2023 (CHF 3,188.7 million as of December 31, 2022), which is confirmed by the Swiss Federal Tax Administration. Foreign capital contribution reserves included in the capital contribution reserve amount to CHF 1,775.1 million (CHF 1,954.7 million as of December 31, 2022). The whole dividend paid in 2022 and 2023 was distributed from foreign capital contribution reserves. The whole dividend to be proposed to the Annual General Meeting in April 2024 is expected to be distributed from foreign capital contribution reserves.

Financial statements

3.13 Treasury shares

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

(Number of treasury shares or in CHF thousand)	2023		2022	
	Number	Amount	Number	Amount
Balance as of January 1	**23,295**	**(510.7)**	**2,430**	**(53.7)**
Purchases	396,856	(9,095.1)	749,126	(16,434.0)
Transfer under equity-settled share-based payment plans and arrangements	(380,166)	8,682.7	(728,261)	15,977.0
Balance as of December 31	**39,985**	**(923.1)**	**23,295**	**(510.7)**

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 39,985 shares for this purpose as of December 31, 2023 (23,295 shares as of December 31, 2022), representing an amount of CHF 923.1 thousand (CHF 510.7 thousand as of December 31, 2022).

In the year ended December 31, 2023, the Company transferred 380,166 treasury shares (728,261 treasury shares in the year ended December 31, 2022), representing CHF 8,682.7 thousand (CHF 15,977.0 million for the year ended December 31, 2022) 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 2023 and 2022 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 or purchase positions for shares of the Company as of December 31, 2023 and 2022.

Significant shareholders	Voting rights/purchase options as of Dec. 31, 2023	Voting rights/purchase options as of Dec. 31, 2022
Haldor Foundation[1]	9.95%	9.95%
Laurens Last[2]	9.64%	9.19%
al Obeikan Fahad[3]	5.00%	5.00%
BlackRock Inc (Mother company)	5.0%/0.24%	3.57%/0.01%
UBS Fund Management (Switzerland) AG	3.18%	3.18%
Swisscanto Fondsleitung AG	3.13%	3.13%

1 The direct shareholder is Winder Pte Ltd.
2 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. Laurens Last indirectly held 35,921,188 shares (35,129,733 shares as of December 31, 2022) via his 100% shareholding in Clean Holding B.V. (formerly CLIL Holding B.V.). In addition, Laurens Last reported by disclosure notification 913,408 option rights as per the relevant reporting date. However, based on more recent reporting of management transactions by Laurens Last, he held 1,073,430 option rights to receive registered shares of the Company as of December 31, 2023 (no option rights reported as of December 31, 2022).
3 The direct shareholder is Al Obeikan Group for Investment Company CJS.

For further details about the significant shareholders as of December 31, 2023, 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 December 31, 2023 and 2022.

Financial statements

4.3 Granting of instruments under share-based payment plans

The members of the Board of Directors receive 40% of their total compensation in SIG shares that are blocked for three years. The Company granted 38,959 blocked shares to the members of the Board of Directors in the year ended December 31, 2023 (39,932 blocked shares in the year ended December 31, 2022), representing a value of CHF 951.4 thousand based on the grant date fair value (CHF 934.4 thousand for the year ended December 31, 2022).

The members of the Group Executive Board participate in a management 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 after a three year vesting period. In the year ended December 31, 2023, the Company granted 117,099 PSUs under the 2023 PSU plan to members of the Group Executive Board employed by the Company, representing a value of CHF 2,734.3 thousand based on the grant date fair value. In the year ended December 31, 2022, 114,983 PSUs were granted under the 2022 PSU plan to members of the Group Executive Board employed by the Company, representing a value of CHF 2,249.1 thousand.

Further details about compensation and shareholdings of the Board of Directors and Group Executive Board are included in the Compensation Report (see the sections marked as "audited"). Additional information about the share-based payment plans and arrangements is also included in note 31 of the consolidated financial statements for the year ended December 31, 2023. Note 4 includes information about organizational changes in the Group Executive Board and the Board of Directors.

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"). As of December 31, 2023, the debt totaling €1,994.8 million (€2,458.1 million as of December 31, 2022) is taken up by indirectly held subsidiaries of the Company. See further note 23 of the consolidated financial statements of the Company for the year ended December 31, 2023.

Subsequent events

There have been no events subsequent to December 31, 2023 that would require an adjustment to or disclosure in these financial statements.

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 Dec. 31, 2023	As of Dec. 31, 2022
Profit brought forward from previous period	472,164.7	340,618.8
Profit for the period	86,806.7	131,545.9
Retained earnings at the end of the period	**558,971.4**	**472,164.7**
Retained earnings to be carried forward	**558,971.4**	**472,164.7**

The Board of Directors will propose to the Annual General Meeting to be held on April 23, 2024 to carry forward retained earnings of CHF 559.0 million.

Proposal of the Board of Directors for the appropriation of the capital contribution reserve

(In CHF thousand)	
Capital contribution reserve as of December 31, 2022	**3,188,724.2**
Dividend payment of CHF 0.47 per share in April 2023 from the capital contribution reserve	(179,667.3)
Dividend not paid in April 2023 on treasury shares held by the Company	25.6
Proposed dividend of CHF 0.48 per share in April 2024 from the capital contribution reserve	(183,490.0)
Capital contribution reserve carried forward after cash dividend	**2,825,592.5**

Provided that the proposal of the Board of Directors is approved by the Annual General Meeting to be held on April 23, 2024, the dividend will amount to CHF 0.48 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 December 31, 2023, the balance sheet as at December 31, 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 232 to 238) 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

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 17,900,000
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 895,000 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.

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.

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 compensation 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 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.

Report of the statutory auditor
to the General Meeting of SIG Group AG, Neuhausen am Rheinfall

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 further description of our responsibilities for the audit of the financial statements is located on EXPERT-suisse's website. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the financial statements.

We further confirm that the proposed appropriation of retained earnings and the proposed repayment of the capital contribution reserve comply 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
Licensed audit expert Auditor in charge	Licensed audit expert

Basel, February 22, 2024

Appendix

In this section

ESG disclosures

Overview of ESG disclosures

We include our reporting on environmental, social, and governance (ESG) topics in the SIG Annual Report.

The **Sustainability chapter →** outlines our commitments, progress, and performance in each area of our sustainability approach. This appendix provides further disclosures, including:

- A list of ESG reporting frameworks we follow (or are preparing to align with) and additional disclosures we make (see below).
- How we listen and respond through **stakeholder engagement →**
- A summary of **progress towards our sustainability targets →**
- Our contribution to the United Nations Sustainable Development Goals.
- Detailed scope and methodologies used as our basis for reporting on greenhouse gas emissions.
- A **content index →** of our reporting in accordance with the Global Reporting Initiative (GRI) Standards.
- Our material topics, how we identify these and a summary of our management approach on each (included within the **GRI content index →**), as well as links to more details on our approach to material ESG topics on our website.
- **Our TCFD report →**
- **Our EU Taxonomy report →**
- **Our report on non-financial matters in accordance with the Swiss Code of Obligations →**

Reporting frameworks

We align our sustainability reporting and ESG disclosures with recognized external frameworks, including:

- **CDP:** We disclose detailed information for investors and customers on our management and performance on climate, forests, and water through CDP.
- **Dow Jones Sustainability Indices (DJSI):** We responded to the S&P Global Corporate Sustainability Assessment survey for an investor audience for the third time this year.
- **EcoVadis:** We submit extensive information to support our annual assessment by EcoVadis for customers.
- **EU Corporate Sustainability Reporting Directive (CSRD):** We are evaluating the requirements of the CSRD and respective European Sustainability Reporting Standards (ESRS), and working to integrate necessary elements into our corporate governance and future reporting.
- **EU Taxonomy:** Last year, we voluntarily conducted a first eligibility analysis of our aseptic carton business activities following the Taxonomy framework. We have now expanded the eligibility analysis to include our bag-in-box, spouted pouch and chilled carton businesses, which were acquired mid-way through 2022. **See our EU taxonomy report included as an appendix to the Annual Report →**
- **Global Reporting Initiative (GRI):** We report annually in accordance with the GRI Standards. Our GRI reporting for the 2023 reporting year is included in this Annual Report, which was published in 2024. **See GRI content index →**
- **Greenhouse Gas (GHG) Protocol:** Our greenhouse gas emissions are reported in accordance with the GHG Protocol (**see our GHG emissions basis for reporting →**). We are also reviewing guidance from the new Greenhouse Gas Protocol on Carbon Removals and Land Sector (currently in pilot phase) as a basis to establish a FLAG (forest land and agriculture) target once robust data is available in line with the Science Based Target initiative's requirements.
- **Human rights due diligence and transparency:** As part of our workstream on human rights, we conducted a detailed evaluation of due diligence activities, including related reporting required to meet new regulations on this topic, such as the new Swiss Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour (DDTrO) (see below) and the forthcoming German Supply Chain Due Diligence Law (*Lieferkettensorgfaltspflichtengesetz*).
- **Swiss Code of Obligations Art. 964j-l (Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour):** Based on an assessment of our obligations regarding minerals and metals for 2023, we have concluded that SIG falls below the quantitative thresholds and therefore is exempt from the new Swiss requirements on due diligence and reporting on minerals and metals from conflict affected areas. The outcome of our assessment of our due diligence and reporting obligations regarding child labor will be presented in a separate report by the end of June 2024.
- **Swiss law on reporting obligations on non-financial matters:** We report in line with the new requirements of the Swiss law on reporting obligations on non-financial matters (Swiss Code of Obligations article 964b). **See our report on non-financial matters included as an appendix to the Annual Report →**
- **Swiss Ordinance on Climate Reporting:** We are currently evaluating the requirements under the Swiss Ordinance on Climate Reporting, which is based on TCFD, and is applicable for the SIG Group from the 2024 financial year.
- **Task Force on Climate-related Financial Disclosures (TCFD):** We align our public reporting with the TCFD recommendations, including scenario analysis, to address climate-related risks and opportunities. **See TCFD →**
- **Taskforce on Nature-related Financial Disclosures (TNFD):** Building on our established efforts to source renewable raw materials from sustainably managed forests and related to our broader commitments to prevent biodiversity loss and reduce our water footprint, we are using the TNFD framework to inform our assessment of risks and opportunities for our business and working towards TNFD reporting in future. **See Towards nature positive →**
- **United Nations Global Compact:** As a signatory to the United Nations Global Compact, we submit an annual Communication on Progress.
- **United Nations Sustainable Development Goals (SDGs):** We describe how we are contributing to the SDGs in this report. **See Contributing to the United Nations Sustainable Development Goals →**

Find out more about our approach to ESG topics in relation to its ten principles

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.

See our website →

Stakeholder engagement

We engage with stakeholders to understand what matters most to them, and we respond to their feedback.

How we engaged with stakeholders in 2023

How we engage	Key topics and concerns	Our response
Customers		
• Customer questionnaires • Regular interactions with customers through sales and service • Dedicated meetings and workshops on sustainability topics • Partnerships, including to develop new products and support recycling initiatives	Customers want us to meet their requirements on a broad range of environmental and social issues, help them comply with regulations related to packaging, and support progress towards their sustainability goals, such as helping them reduce the life-cycle carbon footprint of their products, and ensure traceability of responsibly sourced products and materials. Recyclability of products, recycling infrastructure, and increased use of renewable and recycled materials remain high on our customers' agendas – as well as meeting evolving consumer needs, including for nutritious and sustainable food and drinks.	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. We commission independent, critically reviewed, ISO-compliant life-cycle assessments of our packaging solutions and provide customers with customized product carbon emission calculations on request. We also help customers promote the sustainability of their products' packaging and report their use of responsibly sourced materials through our FSC™ and ASI certifications and on-pack labels, as well as the use of polymers linked to forest-based renewable materials via independent ISCC PLUS certification. This year, we continued to partner with customers on local recycling initiatives, including through our social recycling programs in Brazil and Indonesia (with food products provided by customers as rewards for recycling) and on a school program in Thailand. **See Resource+ →** We actively seek to secure partnerships with customers that provide nutritious food and drink, and we helped them to develop and launch nutritious new products this year, including plant-based alternatives to milk and the world's first long-life probiotic drink. **See Food+ →**
Employees		
• Annual global employee survey • SIGer internal social app • Regular day-to-day dialogue • Formal appraisals • Consultation with employee representatives • Townhall meetings • Recognition schemes • Future+ Day • Community engagement programs • Health and safety committees	Our global employee engagement survey results indicated overall engagement remained strong in 2023. We outperformed the industry benchmark in all categories, most significantly in relation to learning and development, diversity, equity, and inclusion, retention, and corporate responsibility (including on social and environmental questions, **see Engaging our people on sustainability →**). But there is room for improvement in relation to engagement, collaboration, and physical working conditions.	We shared employee survey results with managers and employees at global and local levels, and created action plans to address specific concerns. This year, these focused on initiatives to empower leaders, better manage wellbeing and workload, and improve reward and recognition. We launched the SIGer internal social media app to foster a sense of community across SIG, and help colleagues in different parts of the business share their stories and learn from each other. We hosted activities throughout the year to engage employees, including through celebrations to mark SIG's 170th anniversary and our global SIG Future+ Day (with the help of our Future+ champions, **see Communities →**). We expanded the SIG Shine Awards to offer further non-monetary recognition in seven categories. Similar awards were launched at a regional level and we established initiatives that enable colleagues to recognize each other for outstanding efforts. 62% of employees agreed that significant actions have been taken to address priorities identified in the last survey, up from 60% in 2022. **See Our people →**

Stakeholder engagement

How we engaged with stakeholders in 2023 continued

How we engage	Key topics and concerns	Our response
Industry		
• Industry associations, including the Alliance for Beverage Cartons and the Environment (ACE), the Global Recycling Alliance for Beverage Cartons and the Environment (GRACE), CEFLEX (a circular economy for flexible packaging), and national associations • The Consumer Goods Forum • The Alliance to End Plastic Waste • Industry platforms such as AIM-PROGRESS, EUROPEN (the European Organisation for Packaging and the Environment), the European Bioplastics association, EXTR:ACT, 4evergreen, MISTA (a new food innovation platform), and the Science Based Targets Network (SBTN) Corporate Engagement Program	Industry peers are keen to work together on common advocacy goals and to meet shared industry challenges, such as increasing collection and recycling rates for used packaging. Companies beyond our own industry also seek to work with others to develop common standards and methodologies related to wider sustainability topics.	We continued to work through industry associations and with others in our industry to improve packaging collection and recycling around the world – including contributing to updates of the ACE industry roadmap and ACE Design for Recyclability Guidelines, and to the Circularity by Design guidance for fiber-based packaging published by 4evergreen in 2023. We also joined the Alliance to End Plastic Waste to improve the circularity of our bag-in-box and spouted pouch solutions globally. **See Resource+ →** We joined the food innovation platform MISTA to explore innovative ways to create a more regenerative global food system and co-create next-generation food solutions with other member companies. We also worked with food technology company AnaBio Technologies to develop the world's first long-life probiotic drink and continued to help start-ups launch nutritious new food and beverage products through the SIG Incubator program. **See Food+ →** SIG is now a SBTN Corporate Engagement Program participant, pledging alignment with the SBTN's goals and vision, and contributing advice and end-user insights to the development of SBTN methods and tools. **See Towards nature positive →**
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 151 investor meetings in 2023) • Investor conferences (seven in 2023, meeting with 48 institutional investors) • Investor questionnaires, including CDP and the S&P Global Corporate Sustainability Assessment survey (used to inform the Dow Jones Sustainability Indices) • Ad hoc visits to our production sites	Investors seek sustainable, long-term returns. The main ESG topics they raised in 2023 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 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 recognized ESG ratings (**see External recognition →**) and sustainability was central to our presentations to investors during our capital markets day in 2023. We communicate in this report how we are aligning with the EU Taxonomy, TCFD recommendations, and other reporting frameworks. **See ESG disclosures →**

Stakeholder engagement

How we engaged with stakeholders in 2023 continued

How we engage	Key topics and concerns	Our response
Suppliers		
• Regular engagement and partnerships • Communication of our expectations on ethical, social, and environmental 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 expectations on ethical, social, and environmental topics through our Supplier Code of Conduct. We continued to encourage suppliers to maintain certification to standards such as FSC™ and ASI on responsible sourcing, and engage with key suppliers to support our net positive ambitions. **See Our supply chain →** We work in partnership with suppliers to identify and source materials that enable us to develop lower-carbon packaging solutions that enhance circularity.
Sustainability experts and non-governmental organizations (NGOs)		
• Responsibility Advisory Group (RAG) • Regular conversations with experts from academia, institutes, government, and NGOs • 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, such as WWF Switzerland	Experts want us to show we are managing our most material issues, setting ambitious targets, and reporting transparently on our performance, following recognized international standards. Independent experts in our RAG met with members of our Group Executive Board twice in 2023 to provide insight and feedback on our approach as we continue to refine our net positive approach. They agreed that SIG's approach is delivering systemic change beyond the packaging value chain, particularly in relation to the environmental priorities of climate and nature, and they recommended we sharpen our focus on key risks and opportunities. **See Integrating external insight →** for direct feedback from RAG members.	We have built sustainability 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. We also use international protocols and standards in the management of specific focus areas. This year, we obtained approval from the SBTi for our latest science-based greenhouse gas emissions targets that support our pathway to Net Zero. **See Climate+ →** We engaged IFEU to conduct ISO-conformant life-cycle assessments of further pack formats and markets this year, and invited its team of experts to tour our plant in Linnich (Germany) to help them gain a better understanding of our operations and filling lines. Our first on-the-ground project through our partnership with WWF Switzerland to protect, restore, and improve management of forests got underway in Mexico, and we made progress on our commitments to change the way forests are valued, managed, protected, and restored as a member of WWF's Forests Forward program. **See Forest+ →** We continued to collaborate, including with the Sustainability and Health Initiative for NetPositive Enterprise (SHINE) and Forum for the Future, to drive the net positive agenda and catalyze transformative change.

Stakeholder engagement

How we engaged with stakeholders in 2023 continued

How we engage	Key topics and concerns	Our response
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 our sustainability action areas and enablers. **See Appendix on ESG Disclosures→** See relevant topic sections in the Sustainability chapter of our Annual Report for more on our response to specific regulatory priorities.
Local communities around SIG production sites		
• Community engagement program • Family days and open days at our sites • Recycling initiatives • Projects run by our Foundation	Issues raised by communities are generally locally specific.	We have continued to increase the positive social and environmental impact we have on communities through the SIG Foundation and our employee-led community engagement initiatives, including SIG Future+ Day. **See Communities →** We also invited members of the local community near our headquarters in Neuhausen (Switzerland) to join us for a food festival to celebrate SIG's 170th anniversary this year. We extended our community recycling programs that use innovative models to support underprivileged communities by enabling people to earn rewards for collecting waste – in Brazil and Indonesia. We have also established a major new partnership with the German Development Cooperation in Egypt that monitors ethical working conditions for waste collectors. **See Resource+ →** Our Foundation engaged with NGOs to scale up its flagship Cartons for Good program that helps communities turn food loss from surplus crops into nutritious school meals for underprivileged children. **See Food+ →**

Progress towards our sustainability targets

2025 target	Progress tracker	2023 performance[1]
Climate+		
Material issue: Climate change		
Net Zero value chain greenhouse gas emissions **by 2050**	More work to do	Our science-based Net Zero target and the accompanying near- and long-term targets (below) were approved by the SBTi this year. Our pathway to Net Zero prioritizes decarbonization of our operations and value chain, and we are implementing a series of workstreams to support progress.
Reduce Scope 1 and 2 greenhouse gas emissions by 42% **by 2030** – and by 90% **by 2050** (from 2020)	On track	We have cut our total Scope 1 and 2 greenhouse gas emissions by 71% in 2023 and by 79% from the 2020 baseline.
Reduce Scope 3 greenhouse gas emissions by 51.6%[2] per liter packed **by 2030** – and by 97% **by 2050** (from 2020)	More work to do	Our Scope 3 emissions per liter packed decreased by 6% from 2020, slightly behind our reduction pathway.
Maintain 100% renewable electricity[2] and Gold Standard CO_2 offset for all non-renewable energy (at production plants)	On track	We used 100% renewable electricity to make our packs and compensated all non-renewable energy for production through Gold Standard CO_2 offsets.
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	We have more than tripled our total on-site solar capacity to 34.5 MWp with two new installations coming online in Germany this year and further developments are in the pipeline. On-site solar power met 5.1% of our global electricity needs for production this year and, overall, renewable PPAs (both on- and off-site) met 21.8%.
Transition to 100% bioethanol or other bio-materials for printing our aseptic cartons[3]	On track	Eight of our nine aseptic carton production plants have already transitioned from fossil-based solvents to plant-based bioethanol for printing. We expect our plant in Riyadh (Saudi Arabia) to achieve this transition in the coming year.
Reduce CO_2 emissions from inbound and out bound logistics by 18% (from 2020)[4]	On track	CO_2 emissions from our inbound and outbound logistics across SIG Group have decreased by 18% from 2020.

1 Greenhouse gas emissions data includes our production plant in Baie-d'Urfé and our production plant in Voronezh.
2 Target wording changed in line with SBTi-approved target.
3 Target wording amended to clarify that this applies to our aseptic cartons only.
4 Target revised to include the bag-in-box, spouted pouch, and chilled carton businesses we acquired in 2022.

Progress towards our sustainability targets continued

2025 target	Progress tracker	2023 performance
Forest+		
Material issue: 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[1] **by 2030**	On track	We have begun our first on-the-ground project through our five-year partnership with WWF Switzerland – to improve the land management of 100,000 hectares and restore a further 750 hectares of degraded forest to create critical habitats and corridors for jaguars in Mexico.
Partner with a non-governmental organization (NGO) to develop a methodology to measure the impact of FSC™ certification	More work to do	Following initial work with the Institute for Energy and Environmental Research (our NGO partner) to refine our approach, we will revisit this target as we work towards nature positive.
Work with customers to include the FSC™ label on 100% of the cartons we sell (up from 97% in 2020)[2]	On track	Almost all (99%) of our aseptic cartons carried the FSC™ label.[3] To close the remaining gap, we are working with the small number of aseptic carton customers not using the FSC™ label to integrate it into their next décor design update, as well as beginning to engage with customers of our newly acquired chilled carton business on this topic. Overall, 94% of the cartons (aseptic and chilled) we sold in 2023 carried the FSC™ label.
Maintain 100% FSC™-certified supply of paperboard for our cartons[4]	On track	We continued to purchase 100% of the paperboard for our aseptic cartons with FSC™ certification[5] – and achieved this milestone for our chilled carton business (acquired last year) from January 2024. Overall, 98% of the paperboard for our cartons was procured with FSC™ certification in 2023.

1 Based on the equivalent forest area needed to continually regenerate the wood needed to produce all the SIG cartons made in 2020 (the year we set the commitment) all over again.
2 Target wording amended to clarify that this target refers only to cartons (as our other packs do not use paperboard) and to clarify the baseline figure SIG is working from.
3 The FSC™ label that customers can include on SIG packs is the FSC™ Mix label, which means the product is made with a mixture of materials from FSC-certified forests, recycled materials, and/or FSC-controlled wood.
4 Target wording revised to clarify that it only applies to our cartons (aseptic and chilled). Our cartons use paper-based liquid packaging board, referred to throughout as "paperboard". Our supply chains for bag-in-box and spouted pouch solutions are not connected to forest-based materials as we do not manufacture or sell the cardboard box of our bag-in-box solutions.
5 SIG uses FSC™ Mix material that allows the mixing of FSC™ certified wood with FSC™ controlled wood and ensures that an equivalent amount of FSC™ certified wood is procured at the beginning of the value chain.

Progress towards our sustainability targets continued

2025 target	Progress tracker	2023 performance
Resource+[6]		
Material issue: Waste and circular economy		
Launch a full barrier carton linked to 100% renewable materials[1]	On track	SIG Terra Alu-free + Full-barrier had its first commercial launch this year. It is the world's first full barrier solution for aseptic carton packs with no aluminum layer that can be used with oxygen-sensitive products, such as juices, as well as liquid dairy. This solution provides comparable barrier properties to our standard aseptic carton solutions that include a layer of aluminum foil. We are working to add Forest-based polymers as an option for SIG Terra Alu-free + Full barrier to complete this target with SIG Terra Alu-free + Full barrier + Forest-based polymers.
Further reduce the amount of non-paper[2] 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**	Target replaced	We have replaced this target with new quantified targets for paper content in our cartons by 2025 and 2030 (see below).
Develop a full barrier aseptic carton with at least 85% paper content (excluding closure) by 2025 – and at least 90% paper content (including closure) **by 2030**	New target	SIG cartons already contain 75% paper content on average, sometimes more, and we have set targets to increase this even further as part of our renewed Resource+ ambition. In addition to a continued focus on increasing collection and recycling rates of beverage cartons, achieving this new target will enable our cartons to be recycled in regions where only paper recycling streams are available.
Offer a recycle-ready[3] bag-in-box and spouted pouch solution in all our relevant market segments	New target	We increased sales of our recycle-ready spouted pouch and continued to offer the first APR[4]-recognized recyclable bag-in-box. We are piloting a circular bag-in-box solution that links the polymers to post-consumer recycled plastics[5] and recycles the bags after use. We have also established detailed guidelines on designing for recycling that will be integrated into our development of all new bag-in-box and spouted pouch solutions.

1 Excluding negligible constituents, such as inks and pigments.
2 Target wording amended from "fiber" to "paper" to align with wording of new quantified targets.
3 In line with Design for Recycling criteria developed by APR (Association of Plastic Recyclers) and Recyclass.
4 Association of Plastic Recyclers.
5 Via an independently certified mass balance system.
6 A target, and accompanying KPI, for the newly identified material issue of water is in development.

Progress towards our sustainability targets continued

2025 target	Progress tracker	2023 performance
Resource+ continued		
Partner with stakeholders to implement dedicated and country-specific roadmaps to support increased collection and recycling of beverage cartons, bag-in-box, and spouted pouches in priority countries that account for more than 90% of our global packaging sales (by weight)	On track	We have Going Circular local roadmaps in priority countries that together account for 90% of our global packaging sales (by weight) – including priority countries identified this year for our newly acquired bag-in-box and spouted pouch businesses. We continued to partner with industry, governments, municipalities, customers, and communities to implement local programs to support increased collection and recycling. These include a new partnership with the German Development Cooperation in Egypt that monitors ethical working conditions for waste collectors, the expansion of our social model for collection to Indonesia, new recycling facilities in development in Australia and Brazil, and awareness and collection programs in a range of other countries. In Europe, our focus is on developing common industry guidelines and advocating effective policies to enable more collection and recycling of used packaging.
Scale up and expand our community recycling model	On track	The SIG Foundation launched a new Recycle for Good program in Indonesia to incentivize recycling and provide social support for low-income people by offering rewards in exchange for recyclable waste – with a strong focus on used beverage cartons and polymer pouches. SIG also launched a new partnership with the German Development Cooperation in Egypt that supports ethical working conditions for waste pickers.
25% reduction in grams of waste per m^2 of packaging material used to produce our aseptic cartons[1] (from 2016)	More work to do	Our waste rate from production of our aseptic carton packs has decreased by 3% this year – and by 10% from 2016.
Zero landfill – all waste to be recycled or used as renewable biofuel	On track	90.8% of waste from production was reused or recycled, 2.0% was recovered for energy, and only around 0.8% went to landfill. We have achieved zero waste to landfill at 16 of our production plants.
Maintain certification to ISO 14001:2015 at all production plants	On track	We maintained our global ISO 14001 certification and extended it to include the production plants that were acquired during 2022.

1 Wording amended to clarify that this target is for aseptic carton production only.

Progress towards our sustainability targets continued

2025 target	Progress tracker	2023 performance
Food+		
Material issue: Product safety and integrity		
Maintain existing ISO 9001:2015 certifications at production plants (including all aseptic carton plants)[1]	On track	We maintained certification to the ISO 9001:2015 quality management standard across our aseptic carton business, and at nine of our bag-in-box, spouted pouch, and chilled carton production plants.
Maintain top level GFSI[2]-recognized certification at all packaging production plants[3]	On track	We achieved top level certification to GFSI-recognized food safety standards at 26 of our 27 relevant production plants. The remaining chilled carton plant in Taiwan, acquired in 2022, maintained certification to ISO 22000:2018 and is working towards certification to a GFSI-recognized standard.
Additional strategic topic: Access to nutrition and hydration[4]		
Use SIG's position within a more sustainable food supply system to create demonstrable positive impacts on nutrition and hydration	On track	We partnered with customers to enable the development of nutritious food and beverages globally, including plant-based milk and protein beverages – and with food technology company AnaBio Technologies to create the world's first long-life probiotic drink. We joined MISTA, a new food innovation platform, to explore innovative ways to create a more regenerative global food system, as well as continuing to work with NGO partners to explore opportunities to foster a regenerative food supply.
Increase the total volume of nutritious[5] food and beverage products brought to consumers in SIG packs by 50% **by 2030** (from 2020)	On track	The integration of bag-in-box and spouted pouches into our portfolio (through acquisitions in 2022) has significantly expanded the amount and types of nutritious food we help customers deliver. In 2023, 15.5 billion liters of nutritious food and beverage products were brought to consumers in SIG packs, up 39% from the 2020 baseline. The amount of nutritious food packed in our cartons alone has increased by 10% from 2020 to 12.3 billion liters.
Support two start-ups per year through our SIG Incubator program to share unused filling capacity to deliver nutritious food safely and efficiently[6]	On track	We have supported six start-ups to date through the SIG Incubator program. In 2023, the program helped Earth and Iron launch a plant-based, highly nutritious drink in the UK, as well as supporting our innovative partnership with AnaBio Technologies (**see Food+; Joint innovation leads to world's first long-life probiotic drink →**). In 2024, we will extend SIG Incubator to include access to our bag-in-box and spouted pouch filling capacity and expertise.
Create self-sustaining, scalable models for the SIG Foundation's Cartons for Good project[7]	More work to do	The SIG Foundation engaged with NGO partners this year to help scale up Cartons for Good in Bangladesh – where the pilot project turned a further 4.5 metric tons of food loss into 23,000 school meals in 2023 – and expand it to Egypt.

1 Target amended following integration of our newly acquired bag-in-box, spouted pouch, and chilled carton businesses.
2 Global Food Safety Initiative (GFSI)-recognized certifications include the Brand Reputation Compliance Global Standards (BRCGS) packaging standard, Safe Quality Food (SQF), Food Safety System Certification (FSSC 22000), and International Featured Standard (IFS).
3 Target expanded to include other GFSI-recognized standards (not just BRCGS), following integration of our newly acquired bag-in-box, spouted pouch, and chilled carton businesses.
4 Additional strategic topic (not a material issue).
5 Different types of products are categorized according to their nutritional profile based on the independent Health Star Rating System.
6 Target amended to include any unused filling capacity and reflect the new name of the SIG Incubator program (formerly SIGCUBATOR).
7 Target wording shortened by removing the full name of the SIG Way Beyond Good Foundation.

Progress towards our sustainability targets continued

2025 target	Progress tracker	2023 performance
Sustainable innovation		
Material issue: Innovation in products and services		
Launch a full barrier carton linked to 100% renewable materials[1]	On track	2023 performance is reported earlier in this table under Resource+.
Further reduce the amount of non-paper[2] 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**	Target replaced	2023 performance is reported earlier in this table under Resource+.
Develop a full barrier aseptic carton with at least 85% paper content (excluding closure) by 2025 – and at least 90% paper content (including closure) **by 2030**	New target	2023 performance is reported earlier in this table under Resource+.
Offer a recycle-ready[3] bag-in-box and spouted pouch solution in all our relevant market segments	New target	2023 performance is reported earlier in this table under Resource+.
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 aseptic carton packs[4] (**by 2024**)	More work to do	We announced the launch of our prototype next-generation filling machine, SIG NEO, in 2021. It is designed to reduce use of energy, hydrogen peroxide, and water. The first commercial filling is underway which will help us confirm whether we have met our reduction targets. We expect to report results in 2024.
Reduce use of consumables by 25% for the next-generation filling machine for small format aseptic carton packs[5]	More work to do	Initial development of our next-generation filling machine for small format packs has commenced, and reduction of consumables is being considered in the concept phase.

1 Excluding negligible constituents, such as inks and pigments.
2 Target wording amended from "fiber" to "paper" to align with wording of new quantified targets.
3 In line with Design for Recycling criteria developed by APR (Association of Plastic Recyclers) and Recyclass.
4 Targeted reductions compared with our previous generation filling machines. Target wording changed to clarify this refers to filling of aseptic cartons.
5 Target wording changed to clarify this refers to filling of aseptic cartons.

Progress towards our sustainability targets continued

2025 target	Progress tracker	2023 performance
Our supply chain		
Material issue: Responsible suppliers		
Ensure 100% of significant suppliers[1] accept our Supplier Code of Conduct or have an equivalent code in place	On track	80% of significant suppliers have signed up to our Supplier Code of Conduct or have an equivalent code in place.
Audit 50% of high-risk significant suppliers each year	On track	In 2023, we audited one of the six suppliers identified as high risk through self-assessments in 2022. A further four of the suppliers identified as high risk in 2022 are no longer high-risk because they have accepted our Supplier Code of Conduct, or provided SEDEX SMETA audit or EcoVadis results (or an equivalent). This means we have met our annual target to audit 50% of high risk significant suppliers this year.
Provide regular training (at least every two years) on ethical supplier standards and sustainable sourcing to all employees who interact frequently with suppliers	On track	We updated our Responsible Sourcing Directive to include our newly acquired businesses, and provided training for all global, regional, and local procurement teams.
Material issue: Sustainable raw materials		
100% A-materials[2] from certified sources	More work to do	We increased the proportion of A-materials from certified sources from 74% to 75% (by volume) for our aseptic cartons this year. Overall, 69% (by volume) of A-materials for all our packs – including chilled cartons and polymer-based bag-in-box and spouted pouch solutions – were from certified sources in 2023.
Maintain 100% FSC™-certified supply of paperboard for our cartons[3]	On track	2023 performance is reported earlier in this table under Forest+.
Transition to 100% bioethanol or other bio-materials for printing our aseptic cartons[4]	On track	2023 performance is reported earlier in this table under Climate+.

1 See Our supply chain for how we define significant suppliers.
2 A-materials are the raw materials that go directly into our packs: paperboard, polymers, aluminum foil, ink, and solvents for aseptic cartons; paperboard, polymers, ink, and solvents for chilled cartons; and polymers and films for bag-in-box and spouted pouches. (SIG does not manufacture or sell the cardboard box of our bag-in-box solutions.)
3 Target wording revised to clarify that it only applies to our cartons (aseptic and chilled). Our cartons use paper-based liquid packaging board, referred to throughout as "paperboard". Our supply chains for bag-in-box and spouted pouch solutions are not connected to forest-based materials as we do not manufacture or sell the cardboard box of our bag-in-box solutions.
4 Target wording amended to clarify that this applies to our aseptic cartons only.

Progress towards our sustainability targets continued

2025 target	Progress tracker	2023 performance
Human rights		
Material issue: 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	Building on the risk assessments of our operations and supply chain that we conducted in 2022, we completed two-yearly SEDEX SMETA audits of our operations (see related target below), as well as further in-depth human rights risk assessments of our supply chain, to inform our work to identify salient human rights issues for SIG.
Conduct assessments of potential human rights risks and impacts in 50% of our own plants every two years	On track	We conducted an assessment of potential human rights risks and impacts through SEDEX SMETA audits at all 27 of our production sites globally – including our newly acquired chilled carton, bag in box, and spouted pouch production sites, which joined our two-yearly SMETA audits for the first time.[2]
Maintain SEDEX Members Ethical Trade Audit (SMETA) at all production sites	On track	
Ensure 100% of significant suppliers[3] accept our Supplier Code of Conduct or have an equivalent code in place	On track	2023 performance is reported earlier in this table under Our supply chain.
Audit 50% of high-risk significant suppliers[3] each year	On track	2023 performance is reported earlier in this table under Our supply chain.
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	2023 performance is reported earlier in this table under Our supply chain.

1 Includes freedom of association, freely chosen labor, living standards, and protection of the child.
2 Includes one audit within the 2023 cycle that was completed in early January 2024.
3 See Our supply chain for how we define significant suppliers.

Progress towards our sustainability targets continued

2025 target	Progress tracker	2023 performance
Our people		
Material issue: Diversity, equity, and inclusion		
Increase percentage of women in leadership positions to 30%	On track	We continued our focus on recruiting and developing women into leadership positions, including through our Women Acceleration program. Overall, women represented 25% of our leaders in 2023, up from 23% in 2022, and we remain on track to hit our 30% target by 2025.
Maintain survey score linked to inclusive environment above industry benchmark[1]	On track	We achieved a score of 85% for diversity, equity, and inclusion in our 2023 employee survey, eight points above the industry benchmark.[1]
Material issue: Employee satisfaction, development, and working environment		
Sustain our training and development investment above industry benchmark	More work to do	We expanded training and development opportunities, and provided an average of 23.6 hours of training per employee.[2] This is an increase from 20.9 hours last year, but falls just short of the pre-pandemic industry benchmark of 24.0 hours.
Achieve engagement level above industry benchmark[1]	On track	We further strengthened our overall engagement score from 83% to 85% in 2023, two points above the industry benchmark.[1]
Increase % of employees who feel SIG has responded to their feedback based on the last survey	On track	62% of employees agreed that significant actions have been taken to address priorities identified in the last survey, up from 60% in 2022.
Increase % of employees who feel SIG makes adequate use of recognition and reward other than money	On track	We continued to extend our non-monetary recognition programs, and 63% of employees felt we made adequate use of recognition and rewards other than money to encourage good performance in 2023. This is a significant improvement from 58% last year, but is one point below the industry benchmark.[1]

1 Industry benchmark defined as norms for manufacturing companies participating in the Willis Towers Watson employee engagement survey.
2 Excludes employees in our bag-in-box and spouted pouch business, who will be integrated into our training data from 2024.

Progress towards our sustainability targets continued

2025 target	Progress tracker	2023 performance
Health, safety, and wellbeing		
Material issue: Health, safety and wellbeing		
Zero recordable cases[1]	More work to do	There were 65 recordable cases across SIG Group in 2023, 4% less than in 2022, and the total recordable case rate for SIG Group decreased by 7% to 0.80 recordable cases per 200,000 hours worked.
Achieve a lost-time case[2] rate in the top 20% of industry peers[3]	Target discontinued	We have discontinued this target to focus on more meaningful performance drivers, with a strong focus on integration of the bag-in-box, spouted pouch, and chilled carton businesses we acquired in 2022 into our established health and safety systems, procedures, and reporting.
Define a holistic strategy and roadmap to foster wellbeing at SIG	More work to do	We rolled out our holistic program to promote physical, mental, financial, and social wellbeing through global awareness activities, guides, training, and a new podcast to equip employees and managers with know-how to support wellbeing.
Communities		
Additional strategic topic: Thriving communities[4]		
Increase the impact of community engagement programs by 50% (from 2020)	More work to do	We have increased the overall impact of our employee-led community engagement programs by 29% from the 2020 baseline to achieve an impact score of 21,997 in 2023[5] – including through local initiatives held on our Future+ Day global engagement day and a campaign to raise awareness of biodiversity and promote conservation activities.
Create self-sustaining, scalable models for the SIG Foundation's Cartons for Good project[6]	More work to do	2023 performance is reported earlier in this table under Food+.
Scale up and expand our community recycling model	On track	2023 performance is reported earlier in this table under Resource+.
Governance and ethics		
Additional strategic topic: Fair business practices[4]		
Mandatory annual Code of Conduct training for all employees	On track	Approximately 99% of employees completed an annual certification on the SIG Code of Conduct and approximately 95% completed additional in-person or virtual training on the Code of Conduct.

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.
4 Additional strategic topic (not a material issue).
5 Impact score is derived through an assessment of our employee-led community engagement projects – by the employees and communities involved in them – based on who benefits from each project, the type of impact it has and its potential to contribute to the United Nations Sustainable Development Goals.
6 Target wording shortened by removing the full name of the SIG Way Beyond Good Foundation.

Contribution to the United Nations Sustainable Development Goals

Governments, businesses, and others must all do their part to achieve the United Nations Sustainable Development Goals (SDGs) for 2030. We are determined to do ours.

We focus our support on the SDGs (and specific targets) where we see opportunities for our business and partnerships to make a meaningful contribution by supporting systemic change at scale (see right). These are closely aligned with the areas where we have the most significant impact. We are driving progress through the four action areas of our sustainability approach.

This targeted approach – focusing on the biggest risks to people or the environment, and the greatest benefits our packaging solutions 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 other SDGs through our sustainability approach. For example:

- Our commitment to health and safety, and fair labor 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 (led by the SIG Foundation), 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 programs considers their alignment with the full range of SDGs.

The table shows the most relevant SDG targets where our action contributes. The relevant SDG targets are listed with the related SIG sustainability action area.

Detailed description of our progress in each of these sustainability action areas can be found here:

- **Climate+:** **see Sustainability; Climate+ → and Sustainability: Appendix; Progress towards our sustainability targets; Climate+ →**
- **Forest+:** **see Sustainability; Forest+ → and Sustainability: Appendix; Progress towards our sustainability targets; Forest+ →**
- **Resource+:** **see Sustainability; Resource+ → and Sustainability: Appendix; Progress towards our sustainability targets; Resource+ →**
- **Food+:** **see Sustainability; Food+ → and Sustainability: Appendix; Progress towards our sustainability targets; Food+ →**

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*	Sustainability action area
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+
	2.3 By 2030, double the agricultural productivity Food+ 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+
	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+
7 AFFORDABLE AND CLEAN ENERGY	**7.2** By 2030, increase substantially the share of renewable energy in the global energy mix	Climate+ Resource+
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+

* Relevant targets identified through an analysis based on the methodology outlined in the UNSC/GRI publication Business Reporting on the SDGs: An Analysis of Goals and Targets.

Contribution to the United Nations Sustainable Development Goals continued

Targeted support for the SDGs continued

SDG	Most relevant SDG targets where our action contributes*	Sustainability action area
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**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+
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+
	12.2 By 2030, achieve the sustainable management and efficient use of natural resources	Resource+ Forest+
	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+
	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	Resource+
	12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	Forest+
	12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities	Forest+

SDG	Most relevant SDG targets where our action contributes*	Sustainability action area
13 CLIMATE ACTION	**13.1** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	Climate+ Forest+
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	Climate+
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+
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+
	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+
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+

* Relevant targets identified through an analysis based on the methodology outlined in the UNSC/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 elsewhere in this Annual Report (**see Climate+ → and the Global Reporting Initiative (GRI) content index →**).

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), our joint venture, and offices (unless they are directly attached to a production facility).

In line with the GHG Protocol, we have restated our Scope 3 GHG emissions data for previous years in line with our recalculation policy, which follows GHG Protocol requirements.

Data related to the bag-in-box, spouted pouch, and chilled carton businesses we acquired in 2022 is integrated into our GHG reporting from 2020. This is the baseline year for our science-based Net Zero target and accompanying targets on near- and long-term GHG emissions reductions for SIG Group that were approved by the SBTi in 2023.

This year, we focused on improving the quality of data and developing a more consolidated data collection process for the newly acquired businesses. We have also added Category 10 (processing of sold products) to our inventory to consider the business model of our bag-in-box and spouted pouch businesses, which differs from the system-based model of our carton business (**see Category 10 description →**).

Some categories of Scope 3 emissions 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 inform 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 that we commissioned in 2022 and 2023.

Inventory boundaries

The inventory boundaries of our GHG accounting take into consideration all relevant GHG Protocol standards.

Our 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), sulfur 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 footnote to table below).

Scope 1 and 2 data are collected and reported for the production of sleeves and spouts for aseptic and chilled cartons, and packaging materials for spouted pouch and bag-in-box solutions. Assembly, offices, and training centers are excluded due to their limited relevance for Scope 1 and 2.

Scope 1 and 2 emissions for SIG Group (thousand metric tons of CO_2-equivalent)[1]

	2020	2021	2022	2023
Scope 1	31.4	30.2	26.7	21.0
Scope 2 (market based)[2]	69.4	46.3	47.7	0.5
Total	100.7	76.6	74.4	21.5

The data reported in this table differs from that reported in the Climate+ section of the report, which excludes our production plant in Baie-d'Urfé and our production plant in Voronezh in line with the scope of our sustainability reporting.

Our data collection and calculation procedures for Scope 3 follow a materiality assessment for each category.

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 from 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 LCA 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 details on Category 1 on the next page**).

1 Includes our production plant in Baie-d'Urfé and our production plant in Voronezh.
2 Location-based emissions (based on the electricity grid average amount) totaled 163.7 thousand metric tons of CO_2 equivalent in 2023.

Greenhouse gas emissions basis for reporting continued

Our Scope 3 emissions include the following categories:[1]

Category 1: purchased goods and services

Category 1 emissions account for the largest share of our value chain GHG emissions. This category includes all materials used to produce and ship our cartons (including sleeves, closures, and straws) and our bag-in-box and spouted pouch solutions (including film, bags, pouch, and fitments), as well as the materials used to manufacture filling machines and other related equipment.

Services, information and communications technology, and items such as office equipment are excluded as they represent a very small share in this category.

We aim to increase the share of specific emissions factors from suppliers. The share of specific data in this category for SIG Group is 60% this year (up from 59% in 2022), with additional suppliers related to our newly acquired businesses added to our data collection program in 2023.

Category 3: fuel and energy-related activities

Category 3 covers the upstream emissions related to purchased electricity and energy carriers at the production facilities that are reported under Scope 1 and 2. Purchased electricity is reported under Scope 2. All other energy carriers, including small amounts of diesel purchased to fuel our own trucks and cars, are reported under Scope 1.

Category 4: upstream transportation and distribution

Category 4 covers all transportation activities for materials delivered to 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. Deliveries of straws and closures do not contribute significantly to this category and are not reported. Inter-company transportation is considered to be negligible.

We have not established an inventory of the transportation activities related to raw material shipments for our bag-in-box, spouted pouch, and chilled carton businesses. 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 businesses, we exclude some limited inter-company transportation from our reporting as 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.

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, equipment and spare parts are excluded from Category 4 for all our businesses, as well as closures for our chilled carton business, as 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 businesses, we based our initial classification of non-product outputs of our aseptic carton business to determine an average waste volume that is considered to undergo further treatment.

For our chilled carton business, data on non-product output in waste categories and treatments paths is available 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. The number of employees per region is used as a basis for extrapolation. Flights are relatively well documented and account for 86% 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 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 bag-in-box and spouted pouch businesses, we have used a similar model for both food service and household applications.

Secondary and tertiary packaging for packed products are excluded as this relates predominantly to the product and not its primary packaging.

Category 10: Processing of sold products

For our aseptic and chilled carton businesses, we have an established system-based business model whereby the packs that we produce (including sleeves, closures, and fitments) are filled and packed on SIG machines (which we report in Category 11), with service solutions also provided by SIG.

A similar system-based model is not widely established for our bag-in-box and spouted pouch businesses. Therefore, we have added category 10 to our GHG inventory to capture all emissions related to the processing of packaging materials produced in our bag-in-box and spouted pouch operations.

1 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).

Greenhouse gas emissions basis for reporting continued

For the entire packaging material product portfolio of our bag-in-box and spouted pouch businesses, we estimate emissions for product treatment related to the processing depth of the product (how close it is to the end product).

For products delivered as formed bag-in-box and spouted pouches, this is the filling and closing process. For laminates and films delivered to customers to make bag-in-box and spouted pouch products, this is filling. For laminates and films delivered for use by customers for other purposes, emissions are based on the production of bags.

The bag-in-box and spouted pouch production process includes the application of fitments. The share of fitments delivered for applications other than bag-in-box and spouted pouch production is minor, and related emissions are excluded from reporting as they are not material.

The emissions factors for the treatment steps are taken from utility consumptions from the produced equipment and from preliminary results of the LCAs we commissioned in 2022 and 2023.

We calculate and report Category 10 emissions based on sales data.

Category 11: use of sold products

For our aseptic and chilled carton businesses, Category 11 covers the use of our 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 characterized by average electricity demand and the need for pressurized air, steam, and hydrogen peroxide for the estimated lifetime capacity of the machine/device using the emissions factors of the reporting year.

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 centers for demonstration purposes are not included.

For our bag-in-box and spouted pouch businesses, we provide filling machines and other related equipment. 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. These machines combine film and fitments and fill product in a single machine at a customer's manufacturing site. For both these types of machines, average consumption data has been used to approximate lifetime emissions.

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.

Category 12: end-of-life treatment of sold products

For our aseptic and chilled carton businesses, 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 bag-in-box and spouted pouch businesses, 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 and equipment are generally in use for decades and are mainly refurbished or recycled at end-of-life so their contribution to this category is considered to be negligible.

Scope 3 emissions for SIG Group by category (metric tons CO_2-equivalent)[1]

Category	2020	2021	2022	2023
1 Purchased goods and services	1,181,485	1,217,364	1,217,314	1,153,343
3 Fuel and energy-related activities	53,129	48,614	49,613	49,817
4 Upstream transportation and distribution	139,550	135,083	119,240	118,614
5 Waste generated in operations	898	1,017	1,050	982
6 Business travel	8,457	7,801	8,440	12,775
9 Downstream transportation and distribution	66,082	66,583	71,286	64,660
10 Processing of sold products	1,494	536	2,801	779
11 Use of sold products	170,655	176,401	187,802	230,606
12 End-of-life treatment of sold products	274,542	280,710	294,078	268,482
12 Biogenic carbon	*153,039*	*161,340*	*154,740*	*151,794*

1 Includes our production plant in Baie-d'Urfé and our production plant in Voronezh.

EU Taxonomy

Overview

As part of the European Green Deal, the European Union (EU) aims to enable a sustainable transition of the economy and to reach net zero greenhouse gas ("GHG") emissions by 2050. In this context, the European Commission developed an action plan on financing sustainable growth aimed at directing investments towards more sustainable projects and activities. A key cornerstone of the action plan is the EU's Taxonomy Regulation 2020/852, which establishes a classification system of environmentally sustainable economic activities.

Under the EU Taxonomy Regulation, an economic activity is considered taxonomy-eligible if it can potentially contribute to at least one of the EU's six climate and environmental objectives in the EU Taxonomy's delegated acts. An economic activity is considered environmentally sustainable, or taxonomy-aligned, if it makes a substantial contribution to at least one of the six climate and environmental objectives by meeting certain technical screening criteria, while at the same time not significantly harming any of these objectives and meeting minimum social safeguards.

The six climate and environmental objectives to which an activity can contribute are:

- climate change mitigation,
- climate change adaptation,
- sustainable use and protection of water and marine resources,
- transition to a circular economy,
- pollution prevention and control, and
- protection and restoration of biodiversity and ecosystems.

SIG Group AG ("SIG" or the "Company", and together with its subsidiaries, "SIG Group") voluntarily reports taxonomy eligibility for the second consecutive year. For information on the SIG Group's progress towards Taxonomy-alignment, refer to section "Our advancement towards Taxonomy-alignment" below.

The disclosures in our EU Taxonomy report are prepared based on the Taxonomy Regulation article 8 and the related delegated acts. The legal framework of the EU Taxonomy was further expanded during 2023. It currently consists of the following: the Taxonomy Regulation,[1] the Climate Delegated Act[2] (as amended in June 2023[3]), the Disclosures Delegated Act[4] (as amended in June 2023[5]), the Complementary Climate Delegated Act,[6] and the Environmental Delegated Act.[7] In addition, the EU Taxonomy FAQs and Notices published by the European Commission have been taken into consideration, where relevant. The terminology in the Taxonomy Regulation is new and may be subject to ongoing changes and uncertainty in interpretation. Therefore, this document presents our interpretation to date and this year's reporting may not be applied in the same way in the future.

Assessment of our activities' Taxonomy-eligibility

Our packs play a key role by offering customers the lowest carbon packaging solutions in each relevant market segment. They have a carbon footprint up to 80% lower than alternatives, such as plastic tubs and bottles, aluminum cans, or glass bottles. Aseptic cartons, bag-in-box, and spouted pouches also help reduce carbon emissions by preserving food for long periods without the need for refrigerated delivery or storage – and by cutting food waste. All our cartons are designed to be fully recyclable. Our SIG Terra portfolio includes recycle-ready solutions for the bag of our bag-in-box and for our spouted pouch. **See Climate+ → and Sustainable innovation for further details →.**

Already in 2022, we voluntarily disclosed an initial eligibility analysis of our aseptic carton business considering the EU Taxonomy's Climate Delegated Act. The activity identified as eligible for our aseptic carton business was 3.6 Manufacture of other low carbon technologies. During 2023, we have conducted a thorough review and update of our eligibility assessment based on the publication in 2023 of the Environmental Delegated Act and the amended Climate Delegated Act as well as evolving market practices. We have also included the bag-in-box, spouted pouch and chilled carton businesses that we acquired in 2022 in our updated eligibility assessment.

For our updated assessment of Taxonomy-eligible activities, we reviewed the provision of goods such as carton 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. Our Taxonomy-eligible activities were identified by mapping SIG's business activities with the economic activities and, where relevant, the Nomenclature of Economic Activities ("NACE") codes listed in the Taxonomy's Climate and Environmental Delegated Acts.

The updated eligibility assessment led to a larger disaggregation of products and services for the aseptic carton business and inclusion of our bag-in box, spouted pouch and chilled carton businesses. Both the aseptic and chilled carton businesses are assessed to be eligible under activity 3.6 Manufacture of other low carbon technologies under the climate change mitigation objective. The bag-in-box and spouted pouch businesses are assessed to be eligible under activity 1.1 Manufacture of plastic packaging goods under the transition to a circular economy objective.

1 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.
2 Commission Delegated Regulation (EU) 2021/2139 of June 4, 2021 supplementing Regulation (EU) 2020/852.
3 Commission Delegated Regulation (EU) 2023/2485 of June 27, 2023 amending Delegated Regulation (EU) 2021/2139.
4 Commission Delegated Regulation (EU) 2021/2178 of July 6, 2021 supplementing Regulation (EU) 2020/852.
5 Commission Delegated Regulation (EU) 2023/2486 of June 27, 2023 amending Commission Delegated Regulation (EU) 2021/2178.
6 Commission Delegated Regulation (EU) 2022/1214 of March 9, 2022 amending Delegated Regulation (EU) 2021/2139.
7 Commission Delegated Regulation (EU) 2023/2486 of June 27, 2023 supplementing Regulation (EU) 2020/852.

EU Taxonomy

The table below provides an overview of the allocation of our activities to the economic activities listed in the EU Taxonomy. Changes may be made to the classification of economic activities in the future as the rules around the EU Taxonomy evolve.

Economy activity in accordance with the EU Taxonomy	Description of economic activity	Application to SIG business
Objective: Climate change mitigation		
3.6 Manufacture of other low carbon technologies	Manufacture of technologies aimed at substantial GHG emission reductions in other sectors of the economy, where those technologies are not covered by activities 3.1 to 3.5	Aseptic carton Chilled carton
Objective: Transition to a circular economy		
1.1 Manufacture of plastic packaging goods	Manufacture of plastic packaging goods	Bag-in-box Spouted pouch

Activity 3.6 – Manufacture of other low carbon technologies

We consider our aseptic and chilled carton packaging solutions, which are able to substantially reduce GHG emissions for our clients in comparison to other packaging formats, as Taxonomy-eligible under activity 3.6. With this, we assess the manufacturing and provision of filling lines and aseptic and chilled carton sleeves as one combined technology. Our provision of after-market services is currently not included in the EU Taxonomy and considered as non-eligible. We are continuously monitoring the inclusion of new activities and will re-assess the inclusion of after-sale services in the future.

Activity 1.1 – Manufacture of plastic packaging goods

We consider our manufacturing and sale of bag-in-box and spouted pouch-related products as Taxonomy-eligible under activity 1.1. Activity 1.1 focuses on the manufacturing of plastic packaging goods. Therefore, we have excluded our provision of filling lines and other related equipment in the bag-in-box and spouted pouch businesses. Our provision of after-market services is currently not included in the EU Taxonomy and considered as non-eligible.

Our Taxonomy KPIs and accounting policies

Our Taxonomy disclosures follow the Taxonomy Regulation and relevant delegated acts and publications as listed above. We use a simplified version of the Taxonomy's reporting template to report on our Taxonomy-eligibility. All key performance indicators ("KPIs") disclosed cover the year ended December 31, 2023. The change in Taxonomy-eligible KPIs in comparison to the prior year is mainly based on our updated eligibility assessment described above.

Our progress towards Taxonomy-alignment is described in section "Our advancement towards Taxonomy-alignment" below.

EU Taxonomy

Turnover KPI

The proportion of Taxonomy-eligible turnover has been calculated as the net turnover (revenue) derived from products associated with Taxonomy-eligible economic activities (numerator) divided by the total net turnover (denominator).

The denominator is net turnover as presented in the SIG Group's consolidated statement of profit and loss and other comprehensive income under the line item "Revenue". For further details on our revenue accounting policy, see note 6 of the consolidated financial statements for the year ended December 31, 2023.

The numerator is the revenue derived from provision of products associated with Taxonomy-eligible economic activities.

For the year ended December 31, 2023, 92.6% of the SIG Group's revenue was Taxonomy-eligible under the objectives of climate change mitigation and transition to a circular economy.

The following table provides an overview of our Taxonomy-eligible turnover.

Year ended December 31, 2023				Substantial contribution criteria					
Economic activities (1)	**Code(s) (2)**	**Turnover (3)**	**Proportion of Turnover (4)**	**Climate Change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity and ecosystems (10)**
		(In € million)	%	EL, N/EL[1]	EL, N/EL[1]	EL, N/EL[1]	EL, N/EL[1]	EL, N/EL[1]	EL, N/EL[1]
A. Taxonomy-eligible activities									
Manufacture of other low carbon technologies	CCM 3.6	2,433.8	75.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacturing of plastic packaging goods	CE 1.1	556.0	17.2%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Turnover of Taxonomy-eligible activities		**2,989.7**	**92.6%**	**75.3%**	**0.0%**	**0.0%**	**0.0%**	**17.2%**	**0.00%**
B. Taxonomy-non-eligible activities									
Turnover of Taxonomy-non-eligible activities		**240.5**	**7.4%**						
Total		**3,230.3**	**100.0%**						

1 EL = Taxonomy eligible activity for the relevant objective.
N/EL = Taxonomy non-eligible activity for the relevant objective.

EU Taxonomy

Capital expenditure ("CapEx") KPI

The CapEx KPI is defined as Taxonomy-eligible CapEx (numerator) divided by total CapEx (denominator).

The denominator consists of additions to tangible and intangible assets, before depreciation, amortization and any re-measurements as well as additions to tangible and intangible assets resulting from business combinations (excluding goodwill) as presented in note 12 Property, plant and equipment, note 13 Right-of-use assets and note 14 Intangible assets of the consolidated financial statements for the year ended December 31, 2023.

The numerator consists of CapEx that is related to assets or processes that are associated with Taxonomy-eligible economic activities. We allocated the Taxonomy-eligible CapEx based on the percentage of our Taxonomy-eligible turnover by type of packaging solution. By doing this, we also ensured that no double counting of eligible CapEx occurs.

For the year ended December 31, 2023, 92.5% of the SIG Group's CapEx was Taxonomy-eligible under the objectives of climate change mitigation and transition to a circular economy.

The following table provides an overview of our Taxonomy-eligible CapEx.

Year ended December 31, 2023				Substantial contribution criteria					
Economic activities (1)	**Code(s) (2)**	**CapEx (3)**	**Proportion of CapEx (4)**	**Climate Change mitigation (5)**	**Climate change adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity and ecosystems (10)**
		(In € million)	%	EL, N/EL[1]	EL, N/EL[1]	EL, N/EL[1]	EL, N/EL[1]	EL, N/EL[1]	EL, N/EL[1]
A. Taxonomy-eligible activities									
Manufacture of other low carbon technologies	CCM 3.6	375.7	81.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacturing of plastic packaging goods	CE 1.1	51.0	11.1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
CapEx of Taxonomy-eligible activities		**426.7**	**92.5%**	**81.5%**	**0.0%**	**0.0%**	**0.0%**	**11.1%**	**0.0%**
B. Taxonomy-non-eligible activities									
CapEx of Taxonomy-non-eligible activities		**34.4**	**7.5%**						
Total		**461.1**	**100.0%**						

1 EL = Taxonomy eligible activity for the relevant objective.
N/EL = Taxonomy non-eligible activity for the relevant objective.

EU Taxonomy

Operating expenditure ("OpEx") KPI

The OpEx KPI is defined as Taxonomy-eligible OpEx (numerator) divided by total OpEx (denominator).

The denominator consists of direct non-capitalized costs related to research and development, maintenance and repair costs, expenses for short-term leases and expenses related to day-to-day serving of property, plant and equipment. Direct costs for training and other human resource needs are not included in the denominator (or the numerator). Research and development costs recognized as an expense are included in note 14 of the consolidated financial statements for the year ended December 31, 2023. This amount includes all non-capitalized research and development costs that is directly attributable to research and development activities (and excludes depreciation and amortization expense). Other values of the denominator are derived from internal reporting systems, which are not directly reconcilable with the consolidated financial statements. Short-term leases are not significant (see note 5.5.2 of the consolidated financial statements for the year ended December 31, 2023).

The numerator consists of the OpEx related to assets or processes that are associated with Taxonomy- eligible activities. We allocated the Taxonomy-eligible OpEx based on the percentage of our Taxonomy-eligible turnover by type of packaging solution. By doing this, we also ensured that no double counting of eligible OpEx occurs.

For the year ended December 31, 2023, 92.5% of the SIG Group's OpEx were Taxonomy-eligible under the objectives of climate change mitigation and transition to a circular economy.

The following table provides an overview of our Taxonomy-eligible OpEx.

Year ended December 31, 2023				Substantial contribution criteria					
Economic activities (1)	Code(s) (2)	OpEx (3)	Proportion of OpEx (4)	Climate Change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)
		(In € million)	%	EL, N/EL[1]	EL, N/EL[1]	EL, N/EL[1]	EL, N/EL[1]	EL, N/EL[1]	EL, N/EL[1]
A. Taxonomy-eligible activities									
Manufacture of other low carbon technologies	CCM 3.6	95.1	72.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacturing of plastic packaging goods	CE 1.1	26.0	19.8%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
OpEx of Taxonomy-eligible activities		**121.0**	**92.5%**	**72.7%**	**0.0%**	**0.0%**	**0.0%**	**19.8%**	**0.0%**
B. Taxonomy-non-eligible activities									
OpEx of Taxonomy-non-eligible activities		**9.8**	**7.5%**						
Total		**130.8**	**100.0%**						

1 EL = Taxonomy eligible activity for the relevant objective.
N/EL = Taxonomy non-eligible activity for the relevant objective.

EU Taxonomy

Our advancement towards Taxonomy-alignment

In 2023, we have made major advancements towards testing the Taxonomy-alignment and meeting the technical screening criteria. The Taxonomy-alignment assessment is ongoing, and our current progress is summarized below.

Further details about our commitments, targets, progress and performance in relation to topics described below are included in the sustainability part of our Annual Reports in the sub-sections Climate+, Resource+, Forest+, Sustainable innovation and Responsible culture: Human rights. Additional information can also be found in our published environmental, social and governance ("ESG") policies covering various ESG matters (https://www.sig.biz/en/responsibility/esg-topics).

Substantial contribution

For all eligible activities in the carton business, we have identified the applicable substantial contribution criteria and performed a pilot assessment of the aseptic carton solutions eligible under activity 3.6 Manufacture of other low carbon technologies. In the absence of prescribed GHG emission reduction performance thresholds, we have developed a structured methodology to quantify and assess the substantial GHG emission reductions in comparison to the best performing alternative on the market. This methodology is supported by our life-cycle assessments, which are conducted in line with international standards such as ISO 14040.

We are committed to continue offering our customers the lowest carbon packaging solutions in every market segment, and work to reduce the carbon footprint of our packs at every stage of their life-cycle.

We continue to work on the substantial contribution of eligible products under activity 1.1 Manufacture of plastic packaging goods. The introduction of circular polymers suitable for food contact applications is one part of our sustainable innovations in the bag-in-box and spouted pouch businesses. In 2023, we have joined forces with our partners to pilot a new circular bag-in-box solution in the Netherlands. The pilot involves partners throughout the value chain to create an innovative circular system on a mass balance basis. With more and more customers asking for recycled content in their packaging, our innovative circular bag-in-box solution can support their sustainability ambitions and help them comply with emerging regulations. Furthermore, we are using lightweight bag-in-box as a solution to steadily replace rigid plastic. We are also working to make more of our bag-in-box and spouted pouch solutions recycle-ready. Our SIG Terra portfolio includes recycle-ready solutions for the bag of our bag-in-box and for our spouted pouches. Bag-in-box solutions for dairy are already recycle-ready, and our bag-in-box for water is the first to be recognized as 100% recycle-ready by the US Association of Plastic Recyclers (APR).

Do no significant harm ("DNSH")

We have also initiated the assessment of the DNSH criteria for the aseptic and chilled carton solutions eligible under activity 3.6 Manufacture of other low carbon technologies under the climate change mitigation objective. We have carried out the assessment at the activity, company and production site or plant level. Below, we describe our approach to assess whether there is any harm to the other five climate or environmental objectives.

Climate change adaptation

Building on our ESG commitments relating to climate change, we performed a comprehensive physical climate risk assessment. We have identified the exposure and vulnerability of our owned and leased production sites to a wide range of climate-related chronic and acute hazards based on the Taxonomy requirements (eg. heatwaves, floods, droughts, precipitation). The asset-level quantification of climate-related physical risks was conducted through scenario analysis and was based on Representative Concentration Pathway ("RCP") scenarios 2.6 and 8.5 by 2030 and 2050. We have initiated the process of amending adaptation solutions for relevant climate risks. For more information about climate risk assessments on our value chain, refer to the "Risk management" section of our **TCFD report** →

Sustainable use and protection of water and marine resources

Building on our ESG commitments relating to environment, health and safety ("EHS"), we have assessed our activities for relevant sites regarding the sustainable use and protection of water and marine resources in line with the recommendations of the Taskforce on Nature-related Financial Disclosures ("TNFD"), analyzing the requirements regarding water quality preservation ("WFD"), water stress avoidance and water impact assessment (eg. environmental impact assessment ("EIA") or comparable process). We included in our analysis the availability of an ISO 14001 certification for an environmental management system, using the WWF Water Risk Filter ("WWF WRF") and, where relevant, other internal and external data sources. The WWF WRF is based on sites' geographic location, which determines a site's basin-related risks, as well as characteristics of its operating nature (eg. its reliance upon water and its water use performance given the nature of the business/site), which impacts a site's operational-related risks.

EU Taxonomy

Transition to a circular economy

Building on our ESG commitments relating to product stewardship, we aim to lead the way towards a fully circular packaging system. We have, for all activities at group level, evaluated the degree of fulfillment of the criteria, where relevant, such as the re-use and use of secondary raw materials and/or reused components in our manufactured products, or the durability, recyclability, disassembly and adaptability of products manufactured. 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 – all underpinned by use of renewable energy.

Pollution prevention and control

The DNSH criteria require that the economic activity in question does not lead to the production, use or trade of chemical substances listed in certain EU regulations and directives (eg. EU regulation 2019/1021, 2017/852, EC 1907/2006 Annex XVII and the REACH directive). We understand the challenges companies are facing with the DNSH criteria for pollution prevention and control and are in the process of implementing an in-depth screening and monitoring process for relevant substances that aims to analyze the compliance with the relevant EU regulations and directives.

Protection and restoration of biodiversity and ecosystems

Building on our ESG commitments relating to EHS, we have initiated a process to identify sites in or near biodiversity-sensitive or protected areas in line with the TNFD's recommendations as well as the principles and methodology of the Science Based Targets Network's ("SBTN"). We based our self-assessment on the WWF Biodiversity Risk Filter ("WWF BRF") and ISO 14001 certification. The WWF BRF is a free-of-charge, web-based, spatially explicit corporate- and portfolio-level screening, and prioritization tool for biodiversity-related risks. It allows us to understand and assess the biodiversity-related risks of our production sites. By using spatially explicit data on biodiversity and freshwater at global scale, the tool provides location-specific and industry-specific assessments of biodiversity-related physical and reputational risks.

Minimum safeguards

The minimum safeguards are drawn from principles expressed by the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the Fundamental Conventions of the International Labor Organization and the International Bill of Human Rights. Their objective is to ensure that any activity labeled as Taxonomy-aligned meets minimum governance standards and does not violate specific social norms, including human and labor rights. We have used a structured assessment to document our compliance with the minimum safeguards at group level. The assessment covers the SIG Group and considers the recommendations for the operationalization of the minimum safeguards as set forth in the Final Report on Minimum Safeguards from the EU Platform on Sustainable Finance.

Outlook

Throughout 2024, we will continue our work and expect to conclude our Taxonomy-alignment assessment for activity 3.6 Manufacture of other low carbon technologies. For activity 1.1. Manufacturing of plastic packaging goods, we plan an initial pilot assessment for the circular economy criteria.

Our assessment may evolve, and we will ensure to update our reporting in line with information from the European Commission and market interpretations. For the year ending December 31, 2024, we expect to disclose our first Taxonomy-alignment results in our 2024 Annual Report.

TCFD

Task Force on Climate-related Financial Disclosures

This report covers our disclosures following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Governance

The Board of Directors (BoD), acting collectively, has the ultimate responsibility for the conduct of business of SIG Group AG ("SIG" or the "Company", and together with its subsidiaries, the "Group" or the "SIG Group") 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.

Our sustainability approach consists of four key action areas that together deliver our net positive ambition: Climate+, Food+, Resource+ and Forest+. It includes targeted activities, eg. on climate change mitigation and adaptation under the action area climate+, while activities in the other action areas are undertaken to mitigate climate change outside of SIG's value chain, e.g. by reducing food waste. The key action areas comprise projects and activities resulting from the double materiality assessment, which is performed in line with the Global Reporting Initiative ("GRI") to capture both potential impacts of SIG's value chain on climate change and risks for the business. **See our GRI Index, section "Material topics" →.**

The BoD's Nomination and Governance Committee (NGC) oversees the Group's strategy and governance on corporate responsibility for environmental, social, and governance (ESG) matters, in particular regarding key issues that may affect the Group's business and reputation, including climate- and nature-related risks and opportunities. The NGC advises the BoD on such matters.

The Audit and Risk Committee ("ARC") reviews and discusses with management and, to the extent applicable and relevant, with the Group's assurance providers, the Group's corporate sustainability reports. It makes recommendations to the BoD on the Group's public reporting on ESG matters and monitors the Group's performance against the Group's corporate sustainability metrics.

The Group Corporate Responsibility Director provides updates on the Group's sustainability approach and ESG performance to the NGC and the BoD twice a year, and provides input to the BoD in its annual strategy meeting. This ensures that the BoD maintains oversight of key climate- and nature-related aspects and KPIs that are relevant to SIG's business. In 2023, all of SIG's four key action areas were covered in BoD meetings. The BoD also approves the Group's ESG policies.

Ultimate accountability for the Group's ESG performance and progress lies with the CEO and the Group Executive Board (GEB). This accountability is underpinned by an ESG-related element incorporated in the GEB members' short-term incentive plan. GEB meetings cover, where relevant, items on sustainability and ESG topics, including climate-related issues.

GEB members are part of the Responsibility Steering Group (RSG), which also includes senior representatives of key functions and each of the regions. The RSG meets twice a year to review progress and ensure alignment of ESG-related work across the business. Together with the CEO and other members of the GEB, the RSG governs climate- and nature-related issues at an operational level.

In 2023, topics discussed in the RSG meeting included the Group's forest/biodiversity project with the WWF and various aspects relating to ESG disclosure requirements.

Members of the GEB also discuss sustainability topics with the independent Responsibility Advisory Group (RAG), a group of external experts who provide strategic input to the Group's RSG and GEB and challenge us to improve. In 2023, the RAG focused on understanding SIG's role in delivering the most sustainable packaging solutions in the context of the increasingly urgent need for action on global challenges. Example of topics discussed in RAG meetings in 2023 include SIG's progress along its Net Positive approach and its sustainability strategy, and the review of developments in key areas such as climate and nature/biodiversity.

For more information on our governance of climate-related issues and an organizational chart of the SIG sustainability structure, refer to section "Governance" in the "Sustainability" chapter under section "Sustainability built in" →. Additional details can also be found in our GRI Index, section "Governance" → For more information on corporate governance-related topics, please see our Corporate Governance Report →

Strategy

Our regular assessment of potential climate-related impacts on our business and strategy helps us to better understand how the Group may be affected by climate-related events, both in terms of risks and opportunities. These assessments help us to ensure that we are well-positioned to navigate risks and challenges and to explore opportunities arising due to climate change.

Our assessment update in 2023 shows that the SIG Group, overall, is well positioned for the transition towards a more sustainable, low-carbon, circular economy. The Climate+ action area includes a program that is designed to reduce the emissions in our operations and throughout the value chain. Our low-carbon packaging solutions enable us to support our customers and consumers to lower their own carbon emissions. This ability to offer low carbon alternatives to other types of packaging is a key differentiator and value driver that not only mitigates climate-related risks but also enables SIG to capitalize on climate-related opportunities. Our products offer a variety of features 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 transitional and physical risks shows that some issues identified may have a potential financial impact on the Group's business. Transitional market risks such as changes in purchasing behavior of customers and consumers and new regulatory measures can increase demand for products that demonstrate high climate and environmental performance. While we are currently well placed to meet such demands and regulations, there is a risk that we in the future would be unable to keep up with such demands and regulations or be outperformed by competitors on these matters, which could potentially translate into a reduction of revenue. Physical risks, ie. chronic or acute climate change impacts on forests, may result in the reduction or loss of forest resources that may translate into disruptions in the supply of liquid packaging board, one of our main raw materials. Such disruptions may limit our ability to supply our products to customers. Potential new and more stringent regulatory measures to limit climate change can pose a transitional risk, as it could increase our production costs, for example by increasing costs for raw materials with comparably high carbon emissions or by demanding higher investments in building up for example recycling infrastructure.

For more information on our climate strategy, please see Climate+ → Our management approach is also described in our GRI Index, section "Governance" →

TCFD

Risk management

The Group has implemented an annual enterprise risk management (ERM) process which involves our regional and functional leadership teams and the GEB. The top risks and mitigation actions are subsequently reviewed by the ARC and ultimately by the BoD. Potential transitional and physical climate- and nature-related risks and opportunities are considered in our risk assessment. **Please refer to section "Governance" above →.**

Following the TCFD's categorization, our assessment of climate-related risks is based on an in-depth internal risk analysis covering regulatory, technology- and market-related transitional risks as well as physical risks related to the acute and chronic physical impacts of a changing climate. This in-depth internal analysis covers potential impacts occurring over a short term (1-3 years), medium term (3–5 years) and long term (over 5 years) in line with the methodology of our ERM. In this analysis, we consider a best-case "Net Zero by 2050" scenario as well as a worst-case scenario based on Representative Concentration Pathway ("RCP") scenarios RCP1.9[1] and RCP8.5[2].

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 regulatory reactions, including increased implementation of carbon pricing mechanisms. Related changes in cost patterns and public awareness may also directly affect consumers' purchasing behavior and preferences for more sustainable products, which may turn into an opportunity for our packaging solutions that 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 likely global mean temperature increase of around 4.8°C by 2100. This scenario considers that no specific or less stringent regulatory or climate mitigation targets or requirements will be set, resulting in a steady rise of emissions over time at a global scale. In comparison to the best-case scenario, social and economic costs are expected to be higher, while physical effects of climate change are expected to be 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 the methodology of our ERM. **For more information on our ERM, see Enterprise risk management →**

As part of our EU Taxonomy eligibility and alignment work, we have performed a comprehensive physical climate risk assessment for our production sites. We identified the exposure and vulnerability of our owned and leased production sites to a wide range of climate-related chronic and acute hazards based on the Taxonomy requirements. We will consider the outcome of this assessment as part of our ERM in 2024 and amend adaptation solutions where appropriate alongside the risks relating to our operations and our ability to supply. **See also EU Taxonomy, sub-section "Climate change adaptation" under section "Do no significant harm" ("DNSH") →**

1 RCP1.9 refers to the Representative Concentration Pathway limiting global warming to below 1.5°C by 2100 in alignment with the Paris Agreement.
2 RCP8.5 refers to the Representative Concentration Pathway of a no-policy high emission global warming scenario, projecting a likely global mean temperature increase of around 4.8°C by 2100.

As part of the annual ERM process, the results of the Group's risk assessments, including climate- and nature-related impacts, where relevant, were reviewed by the ARC and ultimately by the BoD in December 2023. Management is responsible for identifying and reporting risks and for implementing and tracking mitigation measures. Each top risk, including the respective mitigation actions, 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.

Moreover, each focus area of the Group's sustainability approach, including related commitments, is owned by a member of the RSG, who is accountable for setting goals and delivering progress through targeted workstreams. Leaders from relevant business functions and regions are responsible for implementing the Group's sustainability commitments, with support from their teams and subject matter experts.

The Group follows a range of different measures to manage and reduce identified climate-related risks. Examples of risk mitigating measures and actions from 2023 as reported in the Annual Report include:

- Our science-based target to achieve Net Zero greenhouse gas emissions by 2050 was approved by the Science Based Targets initiative (SBTi) this year.
- We progressed on sourcing 100% of our electricity for production from renewable sources, and we installed two vast new solar arrays at two sites to increase renewable capacity.
- We procured 100% of our aluminum foil for our aseptic cartons with ASI certification in 2023.
- We continued to engage with suppliers on emissions reduction plans. For example, one of our suppliers invested in a new on-site solar installation at one of its paper mills.
- Sales of our lowest-carbon solutions for aseptic cartons, in the SIG Terra portfolio, grew by a further 12% globally.
- Our innovative SIG Terra Alu-free + Full barrier solution, which cuts the carbon footprint of our aseptic cartons by 25% while maintaining full barrier performance, had its first commercial launches in 2023 and was recognized for its climate potential at Packaging Europe's Sustainability Awards.
- Our new aseptic carton plant in Querétaro (Mexico), opened this year, has achieved the Gold sustainable building standard from LEED.
- Through our Resource+ ambitions, we advance circularity of our packaging worldwide.

For additional information on our climate-related mitigation and adaptation measures, refer to **Climate+ →, Forest+ →, Resource+ →, Food+ → and Responsible culture: Our supply chain →** for details about other ways we are driving positive carbon impact beyond our value chain.

Metrics and targets

Our path to net zero includes reducing our direct and value chain emissions. We will also continue to help our customers and consumers to further lower their own carbon footprint with our low-carbon packaging solutions. We are already among the group of leading companies that have set science-based targets approved by the SBTi in line with the latest climate science to keep global warming below 1.5°C.

In 2022, we further increased our ambition level in line with new science-based targets approved by the SBTi in 2023, targeting Net Zero by 2050.

Our near-term commitments for 2030 include:

- 42% absolute reduction of Scope 1 and 2 greenhouse gas emissions (from 2020),
- 51.6% reduction of Scope 3 greenhouse gas emissions per liter packed (from 2020), and
- 100% renewable electricity through 2030.

Our long-term targets for 2050 include:

- 90% absolute reduction of Scope 1 and 2 greenhouse gas emissions (from 2020),
- 97% reduction of Scope 3 greenhouse gas emissions per liter packed (from 2020), and
- Net Zero value chain greenhouse gas emissions.

Next to the direct emission reduction KPI targets, we also have KPIs in other action areas that we use to monitor our progress towards our targets.

For more information on our climate-related metrics and targets, as well as on our greenhouse gas reporting, please refer to Climate+ →, Greenhouse gas emissions basis for reporting → as well as our GRI content index →

GRI content index

Statement of use	SIG Group AG has reported in accordance with the GRI Standards for the period of January 1, 2023 to December 31, 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

GRI Standard/ Other source	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 am Rheinfall, Canton of Schaffhausen, Switzerland. • Countries of operation: Please see note 27 of the consolidated financial statements.
	2-2 Entities included in the organization's sustainability reporting	Unless otherwise stated, data covers all operations fully owned by SIG globally, except for our production plant in Baie-d'Urfé (which closed in 2023) and our production plant in Voronezh.
	2-3 Reporting period, frequency and contact point	Since reporting year 2021, sustainability reporting is published once a year as part of SIG's Annual Report. The reporting period is January 1, 2023 to December 31, 2023, corresponding to the Company's financial year. Publication date: February 27, 2024 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 complies with the GRI Universal Standards 2021 and covers the GRI Topic Standards where relevant. Due to changes within the business and two 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, Germany, an independent audit firm, has provided limited assurance on the data points related to our sustainability key performance indicators (**see Sustainability; Key performance indicators →**). **See Sustainability; Independent Practitioner's Report on a Limited Assurance Engagement on Sustainability Information →** PricewaterhouseCoopers AG, Switzerland is the auditor of the Group's financial statements. SIG seeks external assurance from independent assurance providers (see above). At SIG, the assurance process for the sustainability reporting is steered by the Group Corporate Responsibility Director, a direct report of the Chief Markets Officer (CMO). 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 sustainability reporting is approved by SIG's Group Executive Board. Ultimately the Board of Directors' Nomination & Governance Committee (NGC) reviews and recommends to the Board the Group's public reporting on ESG.

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
	Activities and workers	
	2-6 Activities, value chain and other business relationships	SIG is a provider of packaging solutions. Our primary products and services are food and beverage packaging and closures, filling machines and other related equipment, and technical services. We combine and apply various products and services in integrated customer solutions. **See About us (Who we are; Our diversified global footprint; Our distinctive model for superior value creation) → for information on our business. Our supply chain business relationships are described in Sustainability; Responsible culture: Our supply chain →**
	2-7 Employees	**See Sustainability; Responsible culture: Our people; Our workforce in 2023 →**
	2-8 Workers who are not employees	Omission: Information unavailable/incomplete The data necessary to accurately report on 'Workers who are not employees' is not currently available. Data is maintained in various systems at local level that do not enable aggregated global reporting. We are working on upgrading our data collection processes and IT systems (both global and local) to collect the necessary data for accurate reporting. An integrated global human resources application is planned to be implemented with an expected project start in 2025.
	Governance	
	2-9 Governance structure and composition	**See Our governance; Board of Directors →, and Group Executive Board →; see Corporate Governance Report; 3. Board of Directors →; and 4. Committees →** and Corporate Governance Policy, 4.3 Board composition and selection. The Nomination and Governance Committee (NGC) defines and reviews the Group's Governance structure and composition annually with the Board. The NGC considers the applicable skillset and characteristics required to serve on the Board in the context of current operations. This includes consideration such as diversity of viewpoints, background, gender, experience, independence, as well as other factors to ensure a well-balanced Board.
	2-10 Nomination and selection of the highest governance body	**See Corporate Governance Report; 3. Board of Directors ; 3.3 Election and term of office → and 4.Committees; 4.3 Nomination and Governance Committee →.** See also 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 organization.
	2-12 Role of the highest governance body in overseeing the management of impacts	**See Sustainability; Sustainability introduction; Sustainability built in; Embedding sustainability → and Sustainability; Sustainability introduction; Sustainability built in; Governance →**
	2-13 Delegation of responsibility for managing impacts	**See Sustainability; Sustainability introduction; Sustainability built in; Governance → and Corporate Governance Report; 5. Frequency of meetings of the Board of Directors and its Committees → and 6. Areas of responsibility; 7. Information and control instruments vis-à-vis the Group Executive Board →**
	2-14 Role of the highest governance body in sustainability reporting	The Board of Directors' Nomination and 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 Group's business and reputation, including climate and nature-related risks and opportunities. The Board of Directors' Audit and Risk Committee (ARC) reviews and discusses with management and, to the extent applicable and relevant, with the Group's assurance providers, the Group's corporate sustainability reports. It makes recommendations to the Board on the Group's public reporting on ESG matters and monitors the Group's performance against the Group's corporate sustainability metrics. The Board also reviews and approves the Group's ESG Policies. **See Sustainability; Sustainability introduction; Sustainability built in; Governance →**
	2-15 Conflicts of interest	**See Corporate Governance Report; 8.2 Number of Permissible Activities →**

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
	2-16 Communication of critical concerns	**See Corporate Governance Report; 4.2 Audit and Risk Committee →** If there are critical concerns, they are communicated to the Board of Directors, the Group's 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	SIG's Group Executive Board (GEB) and SIG's Board of Directors (the "Board") receive regular updates regarding sustainability initiatives and their progress. The GEB is part of SIG's Responsibility Steering Group (RSG). Deep-dive topics discussed in RSG meeting August 2023: Activities of the SIG Foundation (Cartons for Good, Recycle for Good); Collection and recycling – status and outlook; Forest/Biodiversity project with WWF; ESG Disclosure requirements; Human rights due diligence roadmap. The C-suite members of our GEB (Chief Executive Officer, Chief Financial Officer, Chief Supply Chain Officer, Chief Technology Officer, Chief Markets Officer, Chief People & Culture Officer) also discuss sustainability topics with the Responsibility Advisory Group (RAG). Main topics discussed: RAG meeting May/June 2023: Progress along SIG's Net Positive approach & sustainability strategy; Review of developments in key areas (Climate, Nature/Biodiversity, People & Communities; Systemic action and transformation). RAG meeting December 2023: updated progress along the sustainability strategy and sustainability challenges ahead. The Board regularly reviews with the Group Corporate Responsibility Director the ESG strategy against the backdrop of latest developments in that field. Topics of Board Meeting September 2023: SIGs four action areas to create a net-positive future: Climate+, Forest+, Resource+ (deep-dive), Food+ and the foundations that support the action areas (sustainable innovation and responsible culture). To further advance the collective knowledge of the Board, its members are encouraged to participate in voluntary tutorials regarding sustainability matters. These tutorials take place on an annual basis. In 2023 the deep-dive topic focused on recycling and circular economy. **See also Corporate Governance Report; 3.1 Members of the Board of Directors; Board skill matrix →**
	2-18 Evaluation of the performance of the highest governance body	See the Organizational Regulations published on our website: Organizational Regulations section 2.7 as well as **Corporate Governance Report; 4.3 Nomination and Governance Committee →**
	2-19 Remuneration policies	**See Compensation Report; Compensation governance →** Articles of Association, 4. Compensation of the Board of Directors and the Group Executive Board
	2-20 Process to determine remuneration	**See Compensation; Compensation Report, esp. Figure 3: Authority table regarding compensation →** Our shareholders vote on an advisory basis on our Compensation Report at our Annual General Meetings. In 2023, the Compensation Report 2022 was approved by 79.16% of the votes. The compensation report 2023 will be approved in April 2024 at the next Annual General Meeting. At our 2023 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 2023 until the Annual General Meeting 2024) with 99.28% of the votes, and remuneration of our Group Executive Board for financial year 2024 with 90.98% of the votes. All voting results are publicly available on our website: see pages 7-10 of the Minutes of the ordinary general meeting of shareholders
	2-21 Annual total compensation ratio	Omission: Information unavailable/incomplete Data is maintained in various systems at local level that currently do not enable aggregated global reporting. We are working on upgrading our data collection processes and IT system (global as well as local) to collect the necessary data and make it reportable. An integrated global human resources system is planned to be implemented with an expected project start in 2025.

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
	Strategy, policies, and practices	
	2-22 Statement on sustainable development strategy	**See Chairman and CEO statement →**
	2-23 Policy commitments	**Our commitments:** • Overview of SIG's ESG commitments **Our public policies:** • SIG Code of Conduct • Corporate Governance Policy • Environment, Health and Safety Policy (EHS) • Responsible Sourcing Policy • Human Rights, Labor 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. Please refer to our public ESG policies mentioned above for more details. Approval procedures are dependent on the content and scope of application. The ESG Policies and the SIG Code of Conduct are approved by the Board of Directors. The policies reveal the guiding principles and general commitments of SIG Group 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 AG and its subsidiaries unless otherwise indicated. Our policies are built on the following values: leadership, accountability, quality, integrity, performance, pride, collaboration, and feedback.
	2-24 Embedding policy commitments	Sustainability and responsible business conduct is fundamental to our purpose and is embedded in our Corporate Compass as one of our business priorities. Each focus area of our sustainability approach, including related commitments, is owned by a member of the RSG. Leaders from relevant business functions and regions are responsible for implementing our sustainability commitments, with support from their teams and subject matter experts. Furthermore, we provide employees with training on topics relevant to their role. **See Sustainability; Sustainability introduction; Sustainability built in; Embedding sustainability, Governance, Engaging our people →**

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
	2-25 Processes to remediate negative impacts	Please refer to our SIG Code of Conduct; 15. Reporting Violations. 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 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 employees, shareholders and other financial market participants, customers, international organizations, and local communities. Issues or concerns may be reported through any available channel, including supervisors and managers, representatives of People & Culture, Legal & Compliance, Internal Audit, or the Integrity & Compliance Hotline. The hotline allows reports to be made via a phone number in the local language and on an anonymous basis (where permitted by local legislation), and also electronically. The hotline is available to internal stakeholders including all SIG employees, as well as to external stakeholders such as investors, suppliers and customers, or other business partners. The grievance mechanism is communicated in our Code of Conduct, in trainings and advertised through posters on site, as well as on our website. The effectiveness of the grievance mechanism is regularly assessed, including by statistical analysis of the reports and other controls. The organization 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 through any available channel, including supervisors and managers, representatives of People & Culture, Legal & Compliance, Internal Audit, or the Integrity & Compliance Hotline. The hotline allows reports to be made via a phone number in the local language and on an anonymous basis (where permitted by local legislation), and also electronically. The hotline is available to internal stakeholders including all SIG employees, as well as to external stakeholders such as investors, suppliers and customers, or other business partners. The grievance mechanism is communicated in our Code of Conduct, in trainings and advertised through posters on site, as well as on our website. Training programs 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 17 million, in line with the materiality threshold applied in connection with our consolidated financial statements 2023.
	2-28 Membership associations	SIG is a member of various industry associations, alliances, and initiatives. Key organizations 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); Alliance to End Plastic Waste; 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); Sustainability and Health Initiative for NetPositive Enterprise (SHINE). In addition, SIG is a member of numerous national alliances and initiatives in our core markets. **See Sustainability; Resource+; Performance in 2023 →**

1 Our evaluation of recyclability of cartons is based on the relevant EN643 standard and our evaluation of recycle-readiness for bag-in-box and spouted pouch is in line with Design for Recycling criteria developed by APR (Association of Plastic Recyclers) and Recyclass.

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
	Stakeholder engagement	
	2-29 Approach to stakeholder engagement	**See Appendix; Stakeholder engagement**
	2-30 Collective bargaining agreements	**See Sustainability; Responsible culture: Human rights; Upholding labor rights in our operations**

Material topics

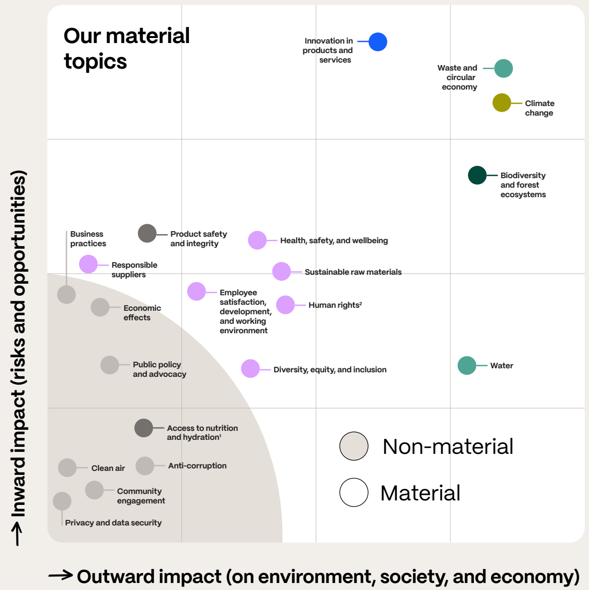
GRI Standard/ Other source	Disclosure	Information/Reference/Omission
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Taking into consideration the update of the GRI Universal Standards in 2021, we redefined our material topics according to the new GRI Standards in 2022. The assessment and its results are still valid for 2023 as there were no major changes in the meantime that would have required a complete update of the assessment. At the beginning of the materiality assessment 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 the second step, the actual and potential impacts on the economy, environment and people, including impacts on their human rights, were 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 prioritized accordingly. The analysis looked at the net impacts, taking into consideration the actions SIG has 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 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 business functions. The validation process led to slight adaptations 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. The materiality assessment was reviewed and approved by SIG's Group Executive Board. SIG's Board of Directors also reviewed the materiality assessment in the course of reviewing SIG's annual reporting 2022.

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
	3-2 List of material topics	The following material topics were identified in the double materiality assessment in Q2 2022 and are still valid for 2023:

- Climate change
- Waste and circular economy
- Biodiversity and forest ecosystems
- Sustainable raw materials
- Water
- Health, safety and wellbeing
- 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.



Our sustainability approach is built on our material topics

Climate+
- Climate change

Forest+
- Biodiversity and forest ecosystems

Resource+
- Waste and circular economy
- Water

Food+
- Product safety and integrity
- Access to nutrition and hydration[1]

Sustainable innovation
- Innovation in products and services

Responsible culture
- Responsible suppliers
- Sustainable raw materials
- Human rights[2]
- Diversity, equity, and inclusion
- Employee satisfaction, development, and working environment
- Health, safety, and wellbeing

1 Additional strategic topic (not a material issue).
2 Includes freedom of association, freely chosen labor, living standards, and protection of the child.

In line with the methodology for the materiality assessment as described in the GRI Universal Standards, the x-axis represents the outward impact perspective and the y-axis represents the inward business risk and opportunity perspective.

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
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. In addition, they 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 sustainability approach 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 recurring measures are listed. In the **Sustainability chapters** → the activities of 2023 are reported. Information on how the goals and targets are set and how they take the sustainability context into account is described in the chapter **Sustainability; Sustainability introduction** → and in the performance sections of the **Sustainability** → 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 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 **Appendix; Stakeholder Engagement** →

Climate change

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
GRI 3: Material Topics 2021	3-3 Management of material topics	**Our direct impacts:** • By conducting our business activity in a sustainable way, we positively contribute to UN SDGs 2, 7, 12, 13 and 17. **See Appendix; Contribution to the SDGs; Targeted support for the SDGs for further information** → • SIG Group AG voluntarily reports taxonomy eligibility for the second consecutive year. For information on the SIG Group's progress towards Taxonomy-alignment please **See EU Taxonomy; Our advancement towards Taxonomy-alignment** → • Our regular assessment of potential climate-related impacts on our business and strategy helps us better understand how the SIG Group may be affected by climate-related events, both in terms of risks and opportunities. **See Task Force on Climate-related Financial Disclosures; TCFD report** → • By offering a packaging solution with the lowest carbon footprint, in comparison to available solutions in the market, we offer our customers and consumers options to further reduce their carbon footprint and impact on climate change. • By further innovating our packaging solutions 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. **See Sustainability; Sustainable Innovation; Our sustainable innovation journey so far** → • A major positive impact on climate change can be achieved by supporting customers and consumers to make more informed choices about the environmental performance of our solutions via transparent and comprehensive studies. • Climate change as a result of global warming is associated with a variety of impacts on the environment and on people. These can be acute or chronic physical impacts. This also includes impacts on people's 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. • A major share of our GHG emissions is generated outside our direct operational control through business partners and customers (sourcing, production, transportation, and operation of filling machines). • Within our value chain the purchased goods have the biggest share of GHG emissions. Thereof, most emissions come from the production of raw materials (incl. aluminum foil, polymers and paperboard). • Sustainable forestry: as a buyer of board made from forest-based fiber, we have influence on how wood is produced and how forests, as important carbon stocks and sinks, are managed. **See Sustainability; Forest+** → • Our direct contribution to climate change primarily results from greenhouse gas (GHG) emissions, generated through production (electricity and gas). • **For more details see Sustainability; Climate+; Reducing carbon footprint at every stage of the life-cycle → and Scope 3 emissions by category in 2023 → and Appendix; Greenhouse gas emissions basis for reporting** →

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
		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 and bag-in-box and spouted pouch collection and recycling in regions. • Statement of intent: We aim to reduce the negative climate-related impacts of our business and maximize climate positive outcomes by adhering to these policies and by taking the actions described below. • We are committed to tackling climate change through both mitigation and adaptation solutions in 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 decarbonize 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. In 2023 our science-based Net Zero target was approved by the SBTi.

		Actions taken to manage the topic and our impacts:
		• We have various actions in place for emissions reduction, such as energy saving programs in packaging production. We purchase 100% renewable electricity through Energy Attribute Certificates, as well as directly through on- or off-site Power Purchase Agreements.
		• Refer to **Sustainability; Climate+** → and to the stated policies to find detailed information on actions taken to manage and minimize our above-mentioned negative impacts on climate change and to enhance positive outcomes.
		• The main projects of our climate positive program 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: Global Production & Supply Chain, supported by Global Environmental, 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 organized in the above-mentioned departments. The level of responsibility in the functional areas varies, but the global department heads have oversight.
		• In our strategic and financial decision-making, including decisions as to which actions to take, we inherently consider climate-related aspects and the potential costs of carbon emissions and corresponding regulations, even though SIG Group is currently not regulated by a carbon pricing system.
		• Our journey to decarbonizing our own operations, and ensuring the effectiveness of our actions, is informed by a carbon price in the form of carbon offset pricing. We purchase Gold Standard CO_2 offsets for all direct GHG emissions mainly from fossil energy carriers. The total costs for the certificates divided by the offset emissions reflect our internal carbon price.

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission

		Tracking the effectiveness of our actions:
		• We have assessed the resilience of our business strategy in the light of climate-related risks, as recommended by the TCFD. We are refining our process to include more specifically future changes in view of costs of carbon eg. in regulation and taxations (such as the Carbon Border Adjustment Mechanism (CBAM)).
		• Growth in low carbon solutions is a central KPI for our sales and markets teams.
		• To assess the effectiveness of our actions, our operations report plant specific data, energy usage and emissions. The results are reported on a monthly basis in our EHS dashboard.
		• A quarterly review of raw materials and energy sourcing is conducted by the VP of Global Sourcing and Procurement, who reports to the CSO. A monthly review of production metrics is conducted by the Group Executive Board.
		• Internal audits and regular review of performance against the sustainability targets by the Group Executive Board.
		• A quarterly review of Climate+ projects is conducted with the Chief Technology Officer.
		• We track and evaluate our performance through external sustainability assessments, such as:
		  • Annual EcoVadis assessments (including actions and results alongside our climate strategy.
		  • Regular ASI Performance Standard audits (including robustness of our product carbon footprint data management).
		• Life-cycle assessments and carbon footprint calculations for our products based on ISO 14040. We compare eco-innovations and average products with competing substrates. **See Sustainability; Sustainable innovation; Taking a life-cycle approach →**
		• **See Progress towards 2025+ targets; Climate+ → and also see Sustainability; Climate+; Our targets → and the subsequent paragraphs on targets and evaluation of progress.**
		• We currently assess where a defined internal carbon price could add further value to our current management approach.

		Engagement with our stakeholders: • Based on feedback from inside and outside the organization from customers, suppliers, employees, investors and other stakeholders we continually review and update the policies and standards. **See Appendix; Stakeholder engagement for further information →**
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG Emissions	**See Sustainability; Climate+; SIG Group carbon footprint (thousand metric tons of CO_2 equivalent) →**
	305-2 Energy indirect (Scope 2) GHG emissions	**See Sustainability; Climate+; SIG Group carbon footprint (thousand metric tons of CO_2 equivalent) →**
	305-3 Other indirect emissions (Scope 3) emissions	**See Sustainability; Climate+; SIG Group carbon footprint (thousand metric tons of CO_2 equivalent) →**
	305-4 GHG emissions intensity	**See Sustainability; Climate+; Value chain emissions rate (grams CO_2 equivalent/liter of food packed) →**
	305-5 Reduction of GHG emissions	SIG reports its reductions in GHG emissions, including emission reductions relating to specific initiatives. **See Appendix; Greenhouse gas emissions basis for reporting → See Sustainability; Climate+; Performance in 2023; Towards Net Zero, Reducing the carbon footprint at every stage of the life-cycle → See Sustainability; Climate+; Improving energy efficiency in our operations → See Sustainability; Climate+; Our targets and the subsequent paragraphs →** Reductions in all scopes can be ascribed to reduction initiatives, such as any reductions relating to energy efficiency measures (Scope 1), reductions relating to purchased electricity (Scope 2), or reductions relating to sourcing of raw materials (Scope 3).

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
GRI 302: Energy 2016	302-1 Energy consumption within the organization	**See Sustainability; Climate+; Energy use for production (GWh, by type)** →
	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 recognized 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 decarbonize in line with our path to net zero – which typically includes the reduction of energy demand and a 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 Appendix; Greenhouse gas emissions basis for reporting** →). 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. The second largest energy consumption in our value chain occurs during the operation of the filling machines and the equipment we manufacture. We work towards the reduction of energy consumption for installed machines and for each new generation of machine. As for our supply chain we use a climate footprint metric to address this; thus, we consider energy use of our filling machines and equipment as both not applicable and confidential.
	302-3 Energy intensity	**See Sustainability; Climate+; Value chain emissions rate (grams CO_2 equivalent/liter of food packed)** →
	302-4 Reduction of energy consumption	**See Sustainability; Climate+; Improving energy efficiency in our operations** → **and Sustainability; Climate+; Energy use for production (GWh, by type)** →
	302-5 Reductions in energy requirements of products and services	Omission: Information unavailable/incomplete For our packaging material products this disclosure is not applicable as the packaging does not require energy during its use phase. For our filling machines and other related equipment this disclosure is applicable. Through continuous improvements, the energy requirements of our filling machines in the aseptic carton business that were sold in 2023 were reduced by 1% vs the base year 2020. For our newly acquired bag-in-box, spouted pouch, and carton businesses, we are defining energy reduction targets and plan to report them from 2025. **See Sustainability; Sustainable innovation; Our targets** →
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Transition and physical risks are assessed within our corporate risk assessment. This also allows us to contextualize the financial implications to manage and mitigate identified risks occurring outside our organization. Risks relating to our operations are integrated into CAPEX planning. **See Our company; Enterprise risk management on material financial risks in relation to climate change** → **See Task Force on Climate-related Financial Disclosures; TCFD report 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** → Our assessment of climate-related opportunities is based on the assessment of revenue implications of increased market shares of our eco-innovations within our low carbon packaging portfolio during 2021.

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
Waste and circular economy		
GRI 3: Material Topics 2021	3-3 Management of material topics	**Our direct impacts:** • Positive contribution to UN SDGs 2, 7, 12, 14 and 17. **See Appendix; Contribution to the United Nations Sustainable Development Goals; Targeted support for the SDGs for further information on our contribution to the SDGs →** • Packaging prevents the occurrence of food loss and waste during filling, distribution, storage, and consumption. • Positive impact through recycling in the supply chain, production and after product use, as less waste occurs. • 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. • Negative impacts arise along our value chain due to the waste generated. During the production of our products byproducts which are considered as waste occur. This also applies to the activities of our business partners. • 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.
		Key policies and commitments: • Overview of SIG's ESG commitments. • Environment, Health and Safety Policy (EHS). • Product Stewardship Policy. • Sustainable Packaging Guidelines for beverage cartons. • Sustainable Packaging Guidelines for bag-in-box and spouted pouches. • Global R&D Process Handbook. • Standard Operating Procedure to improve used beverage carton and bag-in-box and spouted pouch 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 maximize resource positive outcomes. Thereby, we strive to lead the way towards a fully circular packaging system. • We are committed to reducing materials waste, including from electronics. • To tackle environmental pollution, we minimize 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. • **For more information, refer to Sustainability; Resource+; Our commitment →**

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
		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 organized 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. **See Appendix; GRI-Index; Sustainable raw materials →** • 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. • **See Sustainability; Resource+ →** and the stated policies to find detailed information about the actions described 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. • **See Appendix; Progress towards our 2025+ Targets; Resource+ → Also refer to Sustainability; Resource+; Our targets and the subsequent paragraphs 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 Alliance to End Plastic Waste, the Consumer Goods Forum's Coalition of Action on Plastic Waste, and the Circular Economy for Flexible Packaging (CEFLEX) initiative and our platform EXTR:ACT (both in the EU). • Customers can raise questions or concerns about waste and recycling via our sales team. • Exchange with customer and suppliers on the AIM-PROGRESS platform. • Information on end-consumer behavior and local recycling and consumption habits from NGOs and local business partners • **See Appendix; Stakeholder engagement for further information on stakeholder engagement →**

GRI content index continued

GRI Standard/ Other source	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:** • Our ASI Certification supports the management of impacts of aluminium foil production waste. **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 program. **See Appendix; GRI-Index; Climate change →** • cyclos-HTP recyclability certificates for our products.
	306-3 Waste generated	• **See Sustainability; Resource+; Production waste by type (thousand metric tons) →**
	306-4 Waste diverted from disposal	• **See Sustainability; Resource+; Production waste by disposal method (metric tons) in 2023 →**
	306-5 Waste directed to disposal	• **See Sustainability; Resource+; Production waste by disposal method (metric tons) in 2023 →**
Own Disclosure	Waste rate for production (aseptic carton sleeves only) (grams of waste per m² of packaging material)	• **See Sustainability; Key performance indicators; Resource+ → and Sustainability; Resource+; Production waste rate for aseptic carton packs (grams of waste per m² of sleeves produced) →**
	SIG packaging portfolio that is recycle-ready[1] (%)	• **See Sustainability; Key performance indicators; Resource+ → and Sustainability; Resource+; Designing for recycling →**

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
Biodiversity and forest ecosystems		
GRI 3: Material Topics 2021	3-3 Management of material topics	**Our direct impacts:** • Positive contribution to UN SDGs 2, 12, 13, 15, 17. **See Appendix; Contribution to the United Nations Sustainable Development Goals; Targeted support for the SDGs 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. • Another major opportunity is to reduce food loss and waste via the advantages of a highly efficient shelf stable packaging system. This supports the efficiency in the food produce industry and thereby can contribute to lower the pressure to further intensify agriculture. • 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. Paper-based liquid packaging board makes up around 70-80% of each SIG carton 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 cultivated 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 ore 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.
		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 and responsible management practices exist across our value chain.

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
		Responsibility to manage the material topic: • The VP of Global Sourcing and Procurement and Group Corporate Responsibility is responsible for supply chain-related impacts. • 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 landscape projects is further developed in a cooperation with WWF Switzerland involving SIG's Group Executive Board/C-Suite. **See Sustainability; Forest+; Performance in 2023 →** for further information about this partnership. • The internal decision-making, budget allocation and oversight processes are organized 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). • We are working on a detailed analysis to identify nature-related dependencies, impacts, risks and opportunities following the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). • We consider potential biodiversity-related risks within our enterprise risk management and have started to assess our exposure to sensitive biodiversity areas. Our exposure assessment follows a location-specific approach, using insights from self-assessments with the WWF risk filters as well as ISO 14001 and SMETA audits, 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 program, and we focus on restoring, protecting or improving management of forests through partnerships. • We manage our impact on biodiversity in our supply chain, eg. 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, thus lowering the impacts on biodiversity and forest ecosystems. **See Sustainability; Resource+; Our targets →** and the subsequent paragraphs. • In context of our WWF partnership and the Forests Forward membership we are working on agreed targets to improve biodiversity further beyond our direct value chain. • **See Sustainability; Forest+ →** and the stated policies to find detailed information about the actions described 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. • **See Appendix; Progress towards our 2025+ targets →; and Sustainability; Forest+; Our targets and the subsequent paragraphs on targets and evaluation of progress →**

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
		Engagement with our stakeholders: • Partnerships with industry peers to develop recommendations on how life-cycle assessments can be used to better address land use impacts on biodiversity and biodiversity footprints of product systems including all relevant impact drivers such as climate change and pollution. • Based on feedback from inside and outside the organization, including from customers, suppliers, employees, investors and other stakeholders, we continually review and update the policies and related standards. • **See Appendix; Stakeholder Engagement →** for information on stakeholder engagement.
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Omission: Information incomplete Potential biodiversity-related risks concerning our operations are identified through our enterprise risk management framework. We have initiated identification of biodiversity risks related to our exposure to sensitive areas. Our exposure assessment follows a location-specific approach, using insights from self-assessments with the WWF risk filter and the latest guidance from the Science Based Targets Network (SBTN). We are working to implement the outcomes of the assessments and establish a robust reporting in line with the recommendations from the Taskforce on Nature-related Financial Disclosures (TNFD) in 2024.
	304-2 Significant impacts of activities, products, and services on biodiversity	Omission: Information incomplete Potential biodiversity-related risks concerning impacts along our value chain and operations are identified through our enterprise risk management framework. We have initiated identification of our exposure to sensitive biodiversity areas within our operations. Our exposure assessment follows a location-specific approach, using insights from the self-assessment with the WWF risk filter and the latest guidance from the Science Based Targets Network (SBTN). We are working to implement the outcomes of the assessments and establish a robust reporting in line with the recommendations from the Taskforce on Nature-related Financial Disclosures (TNFD) in 2024.
	304-3 Habitats protected or restored	Third-party partnerships are agreed on. Regarding the partnership with WWF Switzerland **See Sustainability; Forest+; Partnering to expand our positive impact →** The findings will inform a roadmap for reforestation and restoration that will begin in 2024.
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Omission: Information incomplete IUCN Red List species and national conservation list species with habitats in areas affected by operations are included as part of our broader assessment of potential adverse impacts on biodiversity at the locations where we operate and will (in case) be disclosed in 2024.
Own Disclosure	% packs sold labelled with FSC™ logo	**See Sustainability; Key performance indicators; Forest+ →**
	% FSC™-certified liquid packaging board	**See Forest+; Sourcing from sustainably managed forests →**

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
Sustainable raw materials		
GRI 3: Material Topics 2021	3-3 Management of material topics	**Our direct impacts:** • Positive contribution to UN SDGs 2, 7, 12, 14 and 17. **See Appendix; Contribution to the United Nations Sustainable Development Goals; Targeted support for the SDGs →** 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 have 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 packaging board sourcing might be linked to deforestation and potentially soil degradation. • The polymers we use depend to a large extent on fossil resources, which carries the potential risk of land and water pollution. • Sourcing of metals is energy-intensive and can impact the local environment. • If natural resources are over-exploited, 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 and bag-in-box and spouted pouch collection and recycling in regions. • Statement of intent: We aim to reduce the negative impacts of our business regarding raw material sourcing by respecting these policies and taking the actions described below. • Our ambition is to make all our packs with exclusively renewable or recycled materials, using only renewable energy. • 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, which encourages companies to pledge support for the United Nations Sustainable Development Goals through FSC™ certification.

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
		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 organized 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 on people and their human rights. • The use of by-products from other industries (eg. woodchips or tall oil) in our production process. • Certification standards: Forest Stewardship Council™ (FSC™) for liquid packaging board, Aluminium Stewardship Initiative (ASI) for aluminum and International Sustainability & Carbon Certification (ISCC) PLUS for plant-based polymers. • We are increasing transparency in the supply chains. • Significant suppliers have to sign the SIG Supplier Code of Conduct or an equivalent code. • **See Sustainability; Resource+ → and Sustainability; Responsible culture: Our supply chain →** and 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: • 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. • **See Appendix; Progress towards our 2025+ targets; Forest+ →, Resource+ →, Responsible culture: Our supply chain → also refer to Sustainability; Forest+; Performance in 2023, Our targets and the subsequent paragraphs → Sustainability; Resource+; Performance in 2023, Our targets and the subsequent paragraphs → and Sustainability; Responsible culture: Our supply chain; Performance in 2023, Our targets and the subsequent paragraphs on targets and evaluation of progress →**
		Engagement with our stakeholders: • Based on feedback from inside and outside the organization from customers, suppliers, employees, investors, and other stakeholders we continually review and update the policies and standards. • By requiring raw material certification standards (FSC™, ASI etc.) we take into account a key perspective of NGOs. • **See Appendix; Stakeholder engagement →** for further information on stakeholder engagement.
GRI 301: Materials 2016	301-1 Materials used by weight or volume	**See Sustainability; Responsible culture: Our supply chain; Sourcing sustainable raw materials; Sourcing A-materials for our packs →**
Own Disclosure	% A-materials from certified sources	**See (also for a definition of A-materials) Responsible culture: Our supply chain; Sourcing sustainable raw materials; Sourcing A-materials for our packs →**

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
Water		
GRI 3: Material Topics 2021	3-3 Management of material topics	**Our direct impacts:** • Positive contribution to UN SDGs 6 and 14. **See Appendix; Contribution to the United Nations Sustainable Development Goals; Targeted support for the SDGs → for further information on our contribution to the SDGs.** • In our own operations, we use process water in closed water circuits to cool machines, primarily in extrusion lines. 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 aseptic carton 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 (eg. hydrogen peroxide) are used in the cleaning process. However, process wastewater is typically directed to a municipal water treatment plant. • Lack of wastewater treatment can cause water pollution and negatively affect the people living in the area (eg. 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). • Product Stewardship Policy. • Aluminum Purchasing Policy. • Statement of intent: We aim to reduce the negative impacts of our business with regard to water by respecting the above policies and taking the actions described below. • We are committed to conservative water use throughout the product supply chain and business operations and strive to responsibly 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 in our operations. • The internal decision-making, budget allocation and oversight processes are organized by local plant management.

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission

		Actions taken to manage the topic and our impacts:
		• For our aseptic carton filling machines:
		  • we provide user guidance on target water use to ensure efficient operation at the customer stage; and
		  • offer water reduction kits and continuously work on product development to lower resource use.
		• 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.
		• By applying the WWF Risk Filter, we have begun to evaluate the nature and conditions of the basins in which we operate, to better understand potential impacts on water security.
		• As water stewardship is included in the Forest Stewardship™ (FSC™) principles and in the Aluminium Stewardship Initiative (ASI) Performance Standard Certification, water impacts are addressed for both raw materials.
		• **Refer to Sustainability; Resource+ and to the stated policies →** to find detailed information about the actions described as well as more actions to manage the above-mentioned impacts.

		Tracking the effectiveness of our actions: • Monthly review of the global performance with the EHS dashboard (water-related KPIs). • Water risks are assessed regularly for the next one to three years in an environmental risk assessment. • 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. • **See Sustainability; Resource+; Our targets → also refer to Performance in 2023 → and Sustainability; Resource+; Minimizing waste and water use in production → and Sustainability; Sustainable innovation; Reducing resource use in filling → 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 teams in R&D and filling machine assembly. • **See Appendix; Stakeholder engagement →** for further information on stakeholder engagement.

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	• Monthly performance review with the EHS dashboard by the Global EHS manager. • Changes to the previous month are analyzed and reported to the Group Executive Board. • The plant specific water use (in cubic meters) is measured from our operations. The results are reported on a monthly basis in our EHS dashboard, which serves the plausibility checking (cloud-based database, Power apps). • Environmental manual for each of our locations. Raw data is delivered by locations for Global EHS dashboard. • Regarding the exchange with local parties on water as a shared resource **see Appendix; GRI-Index; Water; 3-3 Engagement with our stakeholders →** We consider water in our internal risk analysis, which we use as input for the SIG 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. • Bases for water thresholds are regulated in the local applicable laws and regulations, which are regularly reviewed. • 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). • Assessing and managing our water-related risk. • Reducing water consumption. • Developing partnerships with communities.
	303-5 Water consumption	**See Sustainability; Resource+; Minimizing waste and water use in production →**

Health, safety, and wellbeing

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
GRI 3: Material Topics 2021	3-3 Management of material topics	**Our direct impacts:** • Positive contribution to UN SDG 8. **See Appendix; Contribution to the United Nations Sustainable Development Goals; Targeted support for the SDGs →** 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 9,000+ 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 behavior in their private lives, which has a positive impact on their families and on the community. • Negative impact on health & safety can occur through high heat at production sites. • At-risk behavior in the workplace can lead to injuries and lost-time cases. • 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 can potentially have a direct impact on the human right to live.

GRI content index continued

GRI Standard/ Other source	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 the above 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 sits with Global EHS, which reviews performance with the local management and local EHS leads, monitors and manages the sustainable implementation of safety projects and EHS alerts, and provides regular reports to the Global Executive Board. • Head of operations is responsible at operational level. • Group Human Resources is responsible for employee wellbeing. • The internal decision-making, budget allocation and oversight processes are organized in the above-mentioned functions. The level of responsibility in the functional areas varies, but the global heads have oversight. • To support progress a regional governance structure for EHS in our operations has been created. Regional leaders are responsible for EHS across our businesses in each region and are part of a broader network to learn from each other.
		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. • Two-yearly SEDEX SMETA audits, which include health and safety as one of the pillars. • By focusing on human behavior and adopting a "Take Care" culture, we will reduce occupational incidents and additionally achieve positive spill-over effects in other areas (eg. 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 programs to promote work–life balance, healthy lifestyles, mindfulness and smart time management to support employee wellbeing. • We have implemented a bi-weekly newsletter on the topic of safety (Safety Flash) to keep this topic top of mind for our employees. • **Refer to Sustainability; Responsible culture: Health, safety and wellbeing →** and to the stated policies to find detailed information about the actions described as well as more actions to manage the above-mentioned impacts.

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
		Tracking the effectiveness of our actions: • EHS dashboard contains health and safety KPIs and is reviewed by the Group Executive Board each month. • Quarterly reports to the Group Executive Board. • Annual site self-assessments (based on ISO 45001) and internal audits/assessments. • 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 behavior-based safety process. • **See Appendix; Progress towards our 2025+ targets; Responsible culture: Our people → and Sustainability; Responsible culture: Health, safety, and wellbeing; Our targets and Performance in 2023 on targets and evaluation of progress →** • We monitor incidents and near misses. • Lessons learned: preliminary incident reporting, analysis of the incidents, 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. • Board of Directors is regularly updated. • **See Appendix; Stakeholder engagement →** 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 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 are also considered as part of our "Take Care" culture. They are instructed on health and safety protocols before they visit the production site. **See Sustainability; Resource+; Minimizing waste and water use in production →**

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
	403-2 Hazard identification, risk assessment, and incident investigation	• Our health and safety management systems help us to 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, refer to our Environment, Health and Safety Policy (EHS) and **Sustainability; Responsible culture: Health, safety and wellbeing** →
	403-3 Occupational health services	• Local EHS department is responsible for the management of these issues. • For further information, refer to our Environment, Health and Safety Policy (EHS) and **Sustainability; Responsible culture: Health, safety and wellbeing** →
	403-4 Worker participation, consultation, and communication on occupational health and safety	• Programs 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. • Workers are involved in the Risk-Assessment creation and reviews. • Extension of the behavior-based model is used for 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, refer to our Environment, Health and Safety Policy (EHS) and **Sustainability; Responsible culture: Health, safety and wellbeing** →
	403-5 Worker training on occupational health and safety	• All new employees are trained on health and safety as part of their induction. • Training programs are conducted 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, refer to our Environment, Health and Safety Policy (EHS) and **Sustainability; Responsible culture: Health, safety and wellbeing** →

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
	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, eg. through company clinics or disease treatment programs, referral systems, or health insurance or financial contributions. • Rescue chain is trained, documented, and audited. • Examples include health insurance, health check-ups, fitness programs, flexible working arrangements, parental benefits and leave, and access to counselling services to address problems at work or at home through employee assistance programs. • For further information, refer to our Environment, Health and Safety Policy (EHS) and **Sustainability; Responsible culture: Health, safety and wellbeing →**
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	• Investment in business-wide improvements, eg. 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 centers. • **See Sustainability; Responsible culture: Health, safety and wellbeing; Performance in 2023 →**
	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	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. **See Sustainability; Responsible culture: Health, safety and wellbeing; Performance in 2023 →**
	403-10 Work-related ill health	Omission: information unavailable. The data necessary to report on 'Work-related ill health' is not maintained in a global system. We are working on enabling our system landscape (global as well as local) to collect the necessary data and make it reportable. In a next step we will determine whether the data will be maintained globally in a HR system or an EHS system. Depending on the option, implementation of the project is expected to start in 2024 or 2025.

Diversity, equity and inclusion

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
GRI 3: Material Topics 2021	3-3 Management of material topics	**Our direct impacts:** • Positive contribution to UN SDGs 5 and 10. **See Appendix; Contribution to the United Nations Sustainable Development Goals; Targeted support for the SDGs →** 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. • Promoting diversity, equity, and inclusion decreases the likelihood of discrimination and violation of human rights. • Depending on the producing country, there might be a high risk of inequality and discrimination based on gender, race, religion, political affiliation, and sexual orientation in our supply chain.

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
		Key policies and commitments: • SIG Code of Conduct. • Human Rights, Labor 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 against 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 Alliance Group. • We have a single point of contact in every region. • The internal decision-making, budget allocation and oversight processes are organized in the above-mentioned functions. The level of responsibility varies, but the Chief People & Culture 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 behavior 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. Thereby, we apply recruitment practices that help us to attract diverse talent. • **Refer to Sustainability; Responsible culture: Our people →** and to the stated policies to find detailed information about the actions described as well as more actions to manage the above-mentioned impacts.

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
		Tracking the effectiveness of our actions: • Regular dialogue with employees. • SEDEX SMETA site audits, EcoVadis assessments. • Diversity and inclusion dashboard. • Issues or concerns may be reported through any available channel, including supervisors and managers, representatives of People & Culture, Legal & Compliance, Internal Audit, or the Integrity & Compliance Hotline. • We analyze 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. • **See Appendix; Progress towards our 2025+ targets; Responsible culture: Our people → and Sustainability; Responsible culture: Our people; Performance in 2023 and Our progress and the subsequent paragraphs on targets and evaluation of progress →**
		Engagement with our stakeholders: • SIG cooperates with universities and other organizations via websites, campaigns or through networks and communities, to attract female engineers and better engage with women to understand what matters most to them. • **See Appendix; Stakeholder engagement → for further information on stakeholder engagement.**
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance body and employees	**See Sustainability; Responsible culture: Our people; Our workforce in 2023, Governance bodies by age group in 2023 and Women in management (%) →**
	405-2 Ratio of basic salary and remuneration of women to men	Omission: Information unavailable/incomplete The data necessary to accurately report on 'Ratio of basic salary and remuneration of women to men', maintained in the global human resource application, is incomplete. The data currently maintained at global level insufficient for accurate calculation of remuneration ratios. Data is maintained in various systems at local level that do not enable aggregated global reporting. We are working on enabling our system landscape (global as well as local) to collect the necessary data and make it reportable. An integrated global human resources application is planned with an expected project start in 2025. 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. The analysis confirmed that SIG is compliant with the requirements of Swiss law. In 2023 we assessed pay for employees in two countries (Austria and Romania) with an independent third-party provider to support fair and equitable pay levels – including between genders – and living wage rates. For both countries we achieved a result within our internal guidance for gender pay gap.
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	**See Sustainability; Responsible culture: Human rights; Raising awareness and acting concerns →**

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
Employee satisfaction, development and working environment		
GRI 3: Material Topics 2021	3-3 Management of material topics	**Our direct impacts:** • Positive contribution to UN SDG 8. **See Appendix; Contribution to the United Nations Sustainable Development Goals; Targeted support for the SDGs** → 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 programs, 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 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. • We provide opportunities for continuous learning and development.
		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 organized in the above-mentioned functions. The level of responsibility varies, but the Chief People & Culture 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 labor practices or other breaches of the Code of Conduct. • We offer development opportunities, including through mentoring and digital learning, as well as further training opportunities. • 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. • **Refer to Sustainability; Responsible culture: Our people** → and to the stated policies to find detailed information about the actions described as well as more actions to manage the above-mentioned impacts.

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
		Tracking the effectiveness of our actions: • Regular internal or third-party assessments of our operations. • SEDEX SMETA site audits. • Quarterly meeting with Group Executive Board and employees. • Regular dialogue with employees. • Issues or concerns may be reported through any available channel, including supervisors and managers, representatives of People & Culture, Legal & Compliance, Internal Audit, or the Integrity & Compliance Hotline. • Surveys and comparison with other companies. • **See Appendix; Progress towards our 2025+ targets; Responsible culture: Our people → and Sustainability; Responsible culture: Our people; Progress in 2023, Our Targets, Performance in 2023 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. • **See Appendix; Stakeholder engagement → for further information on stakeholder engagement.**
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	**See Sustainability; Responsible culture: Our people; Employee turnover and New hires in 2023 →**
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Omission: Information unavailable/incomplete The data necessary to accurately report on 'Benefits provided to full-time employees that are not provided to temporary or part-time employees' is not maintained in a global human resource application. Data is maintained in various systems at local level that do not enable aggregated global reporting. We are working on enabling our system landscape (global as well as local) to collect the necessary data and make it reportable. An integrated global human resources application is planned with an expected project start in 2025.
	401-3 Parental leave	Omission: Information unavailable/incomplete The data necessary to accurately report on 'Parental leave' is not maintained in a global human resource application. Data is maintained in various systems at local level that do not enable aggregated global reporting. We are working on enabling our system landscape (global as well as local) to collect the necessary data and make it reportable. An integrated global human resources application is planned to be implemented with an expected project start in 2025.
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	**See Sustainability; Responsible culture: Our people; Average hours of training →**

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
	404-2 Programs for upgrading employee skills and transition assistance programs	Omission: Information unavailable/incomplete We maintain all the SIG-related training/programs 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, as the data necessary to accurately report on 'Programs for upgrading employee skills and transition assistance programs' is not maintained in a global human resource application. While all trainings & programs are recorded in our global Learning Management System, other related initiatives and data are maintained in various systems at local level that do not enable aggregated global reporting. We are working on enabling our system landscape (global as well as local) to collect the necessary data and make it reportable. An integrated global human resources application is planned to be implemented with an expected project start in 2025. **See Sustainability; Responsible culture: Our people; Developing talent →**
	404-3 Percentage of employees receiving regular performance and career development reviews	Omission: Information unavailable/incomplete The data necessary to accurately report the breakdown by gender and employee category on 'Percentage of employees receiving regular performance and career development reviews', maintained in the global human resource application, is incomplete. We are working on enabling our system landscape (global as well as local) to collect the necessary data and make it reportable. An integrated global human resources application is planned to be implemented with an expected project start in 2025. For percentages of all employees receiving regular performance and career development reviews please **see Sustainability; Responsible culture: Our people; Developing talent →**
Own Disclosures	Sustainable engagement score	**See Responsible culture: Our people; Employee survey results related to our people commitment →**

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
Responsible Suppliers		
GRI 3: Material Topics 2021	3-3 Management of material topics	**Our direct impacts:** • Through our supplier engagement, we contribute to UN SDGs 8, 12, 13, 15 and 17. **See Appendix; Contribution to the United Nations Sustainable Development Goals; Targeted support for the SDGs → for further information on our contribution to the SDGs.** • Through supplier engagement, we can provide transparency around 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. • In the event of non-compliance by a supplier with our requirements, our process of supplier development will be initiated, which may result in potential termination of business relationships. • Negative impacts in the supply chain can potentially arise due to a violation of human rights, such as those relating to child labor or forced labor, in the upstream business relationships. • For more information, **see Sustainability; Responsible culture: Human Rights → and Appendix; GRI-Index; Biodiversity and forest ecosystems →**

		Key policies and commitments:
		• Overview of SIG's ESG commitments.
		• SIG Supplier Code of Conduct.
		• Liquid Packaging Board Purchasing Policy.
		• Polymer and Aluminum Purchasing Policies.
		• Statement of intent: We aim to reduce the negative impacts of our business regarding responsible suppliers by respecting these policies and taking the actions described below:
		  • 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.
		  • We are committed to screening significant new suppliers for our carton business. This year we also identified direct significant suppliers for our newly acquired bag-in-box and spouted pouch businesses.

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
		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 organized 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, labor practices and human rights. This includes the formal acceptance of our Supplier Code of Conduct. • Equipment suppliers providing parts for our filling machines are required to complete an additional questionnaire related to conflict minerals and/or provide a CMRT document. • 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 two 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. • **Refer to Sustainability; Responsible culture: Our supply chain →** 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. • **See Appendix; Progress towards our 2025+ targets; Responsible culture: Our supply chain → and Sustainability; Responsible culture: Our supply chain; Our targets and the subsequent paragraphs 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 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. • **See Appendix; Stakeholder engagement → for further information on stakeholder engagement.**

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	**See Sustainability; Responsible culture: Our supply chain; Screening and assessing suppliers →**
	308-2 Negative environmental impacts in the supply chain and actions taken	Omission: Information unavailable/incomplete 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. **Refer to Sustainability; Responsible culture: Our supply chain; Performance in 2023 →**
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	**See Sustainability; Responsible culture: Our supply chain; Screening and assessing suppliers →**
	414-2 Negative social impacts in the supply chain and actions taken	Omission: Information unavailable/incomplete 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. **Refer to Sustainability; Responsible culture: Our supply chain; Performance in 2023 →**
Human Rights		
GRI 3: Material Topics 2021	3-3 Management of material topics	**Our direct impacts:** • 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. **Refer to Appendix; Contribution to the United Nations Sustainable Development Goals; Targeted support for the SDGs 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 organization and in business relationships, and in a broader sense to the community. • Possible negative impacts on people and their human rights arising from both our direct operations and the broader supply chain are primarily associated with our initiatives in the areas of health, safety and wellbeing, modern slavery, discrimination and harassment, children's rights, minorities, liberty and security of the person, fair labor 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 2023 within our own operations include issues related to working hours and overtime. We are further investigating these impacts at the plants concerned and are analyzing the root causes at the plant level. We have devised specific action plans, tailored to the circumstances, to address the issue and the impacts at each plant concerned. Additionally, we will establish mechanisms to prevent similar issues recurring in the future.

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission

		Key policies and commitments:
		• Human Rights, Labour and Community Engagement Policy.
		• SIG Code of Conduct.
		• SIG Supplier Code of Conduct.
		• 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, ie. 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, labor, 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 organized 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 labor, freedom of association, health and safety, child labor, wages and benefits, working hours and discrimination, no harsh and inhumane treatment. All our production sites undergo SMETA audits to assess compliance with fair labor 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 labor practices to safeguard our employees' rights in all aspects. **See also Sustainability; Responsible culture: Human Rights** → Issues or concerns may be reported through any available channel, including supervisors and managers, representatives of People & Culture, Legal & Compliance, Internal Audit, 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. • Positive impacts on people and their human rights or success stories can be shared via our Best Practices app. • **Refer to Sustainability; Responsible culture: Human rights** → 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 content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
		Tracking the effectiveness of our actions: • In 2023, we strengthened our human rights due diligence, including reviewing and updating our policy, conducting further risk assessments and analyses to inform identification of salient human rights issues, and explicitly extending our grievance mechanism to suppliers and other third parties. • For tracking the effectiveness of measures taken with regard to human rights violations in the supply chain, **see Sustainability; Responsible culture: Our supply chain →** • **See Appendix; Progress towards our 2025+ targets; Human rights → and Sustainability; Responsible culture: Human rights; Our targets and the subsequent paragraphs on targets and evaluation of progress →**
		Engagement with our stakeholders: • Employees, suppliers and any third parties can report issues or concerns related to human rights via our Integrity & Compliance Hotline, Human Resources teams or 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. • **See Appendix; Stakeholder engagement →**
Own Disclosure	Plants completed SEDEX Members Ethical Trade Audit (of total number of plants)	SEDEX audits are a suitable indicator to address the cumulative topic of human rights issues. **See Sustainability; Responsible culture: Human rights; Upholding labor rights in our operations → and Sustainability; Key performance indicators; Human rights →**

Product safety and integrity

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
GRI 3: Material Topics 2021	3-3 Management of material topics	**Our direct impacts:** • Positive contribution to UN SDGs 2 and 12. **See Appendix; Contribution to the United Nations Sustainable Development Goals; Targeted support for the SDGs →** 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 (eg. taste, smell). • Our commitment to product stewardship includes our commitments to safeguard the environment including, but not limited to, impacts related to climate change and biodiversity.

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
		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. • R&D and filling machine assembly teams for developing and implementing solutions. • The internal decision-making, budget allocation and oversight processes are organized 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 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 recognized methods such as HACCP (hazard analysis and critical control points) and the use of risk analysis tools, eg. FMEA (Failure Mode & Effects Analysis) or simplified risk analysis. • 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 the raw materials used. • Our production plants are certified according to a GFSI recognized Scheme standard/ISO 22000 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 standardized 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. • **Refer to Sustainability; Food+ →** and to the stated policies to find detailed information about the actions described as well as more actions to manage the above-mentioned impacts. • For our actions on supplier monitoring and auditing, please **see Sustainability; Responsible culture: Our supply chain →**

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
		Tracking the effectiveness of our actions: • The traceability system and processes are subject to 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, eg. our product withdrawal procedure is validated 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. 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. We also standardized the customer complaint management process. • **See Appendix; Progress towards 2025+ targets; Food+ → and Sustainability; Food+; Our targets and the subsequent paragraphs on targets and evaluation of progress →**
		Engagement with our stakeholders: • We have a customer feedback program (NPS = Net Promoter Score) which measures customer satisfaction, including in terms of quality and safety. • **See Appendix; Stakeholder engagement → 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	**See Sustainability; Food+; Maintaining food quality and safety → and Sustainability; Key performance indicators; Food+ →**
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	**See Sustainability; Food+; Maintaining food quality and safety → and Sustainability; Key performance indicators; Food+ →**

Innovation in products and services

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
GRI 3: Material Topics 2021	3-3 Management of material topics	**Our direct impacts:** • Positive contribution to UN SDGs 12, 13 and 17. **Please see Appendix; Contribution to the United Nations Sustainable Development Goals; Targeted support for the SDGs → 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 quantity 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 towards less resource-intensive products we mitigate/reduce negative impacts on the environment and on society and avoid potential human rights violations.

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
		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 organized 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. • **Refer to Sustainability; Sustainable innovation →** and to the stated policies to find detailed information about the actions described 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. • Issues or concerns can be reported via the Integrity & Compliance Hotline. • **See Appendix; Progress towards our 2025+ targets → and Sustainability; Sustainable innovation; Our targets 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. • **See Appendix; Stakeholder engagement → for further information on stakeholder engagement.**

GRI content index continued

GRI Standard/ Other source	Disclosure	Information/Reference/Omission
Own Disclosures	SIG aseptic carton packs sold labelled with ASI logo (million packs)	**See Sustainability; Key performance indicators; Sustainable innovation → and Sustainability; Sustainable innovation; Reducing life-cycle impact →**
	Food packed with SIG Terra[1] packaging materials (million liters)	**See Sustainability; Key performance indicators; Sustainable innovation → and Sustainability; Sustainable innovation; Growing uptake of our most sustainable innovations →**
	Food packed in SIG Terra[1] packaging materials (% of total liters packed in SIG packs)	**See Sustainability; Key performance indicators; Sustainable innovation → and Sustainability; Sustainable innovation; Growing uptake of our most sustainable innovations →**
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	**See Sustainability; Responsible Culture: Governance and ethics; Training our people and raising awareness and Investigating and acting on concerns →**
	205-3 Confirmed incidents of corruption and actions taken	**See Sustainability; Responsible Culture: Governance and ethics; Training our people and raising awareness and Investigating and acting on concerns →**
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No legal actions for anti-competitive behavior, antitrust or monopoly practices in 2023.

1 Formerly known as SIGNATURE portfolio for aseptic cartons. From 2023 includes as well BIB&SP Terra products. No chilled carton Terra products defined at this stage.

Report on non-financial matters in accordance with the Swiss Code of Obligations

Introduction

Article 964a-c of the Swiss Code of Obligations (Swiss CO) defines reporting obligations for environmental, social, and governance matters for large Swiss public interest entities. The obligations apply for the financial year 2023 with the first report to be published in 2024.

This report of SIG on non-financial matters has been established in accordance with Art. 964a et seq. of the Swiss CO and it covers environmental, social, employee-related, human rights and corruption issues as required by article 964b of the Swiss CO. For any additional information on our sustainability approach, please refer to our Annual Report.

Our Board of Directors has approved and signed off on the report with regards to the accountability of the Swiss Code of Obligations.

1 General disclosures

1.1 Scope of consolidation

This report covers all subsidiaries of SIG globally.[1] See note 27 of the consolidated financial statements for the year ended December 31, 2023 for a list of the Group's subsidiaries.

1.2 Reporting standards

In addition to the Swiss law on reporting obligations on non-financial matters (Swiss CO article 964 a et seq), SIG reports sustainability and ESG-related disclosures in line with:

- Task Force on Climate-related Financial Disclosures (TCFD).
- EU Taxonomy.
- Global Reporting Initiative (GRI) Standards (including a content index).
- United Nations Sustainable Development Goals.

Please see the Annual Report, Appendix: ESG disclosures, section "Reporting frameworks" for an overview of additional frameworks and regulations followed by SIG.

1.3 Our business model

SIG is a leading solutions provider of packaging for better – better for our customers, for consumers, and for the world. With our unique portfolio of aseptic carton, bag-in-box, and spouted pouch, we work in partnership with our customers to bring food and beverage products to consumers around the world in a safe, sustainable, and affordable way. Additional information about our business model can be found in our Annual Report, section "Who we are".

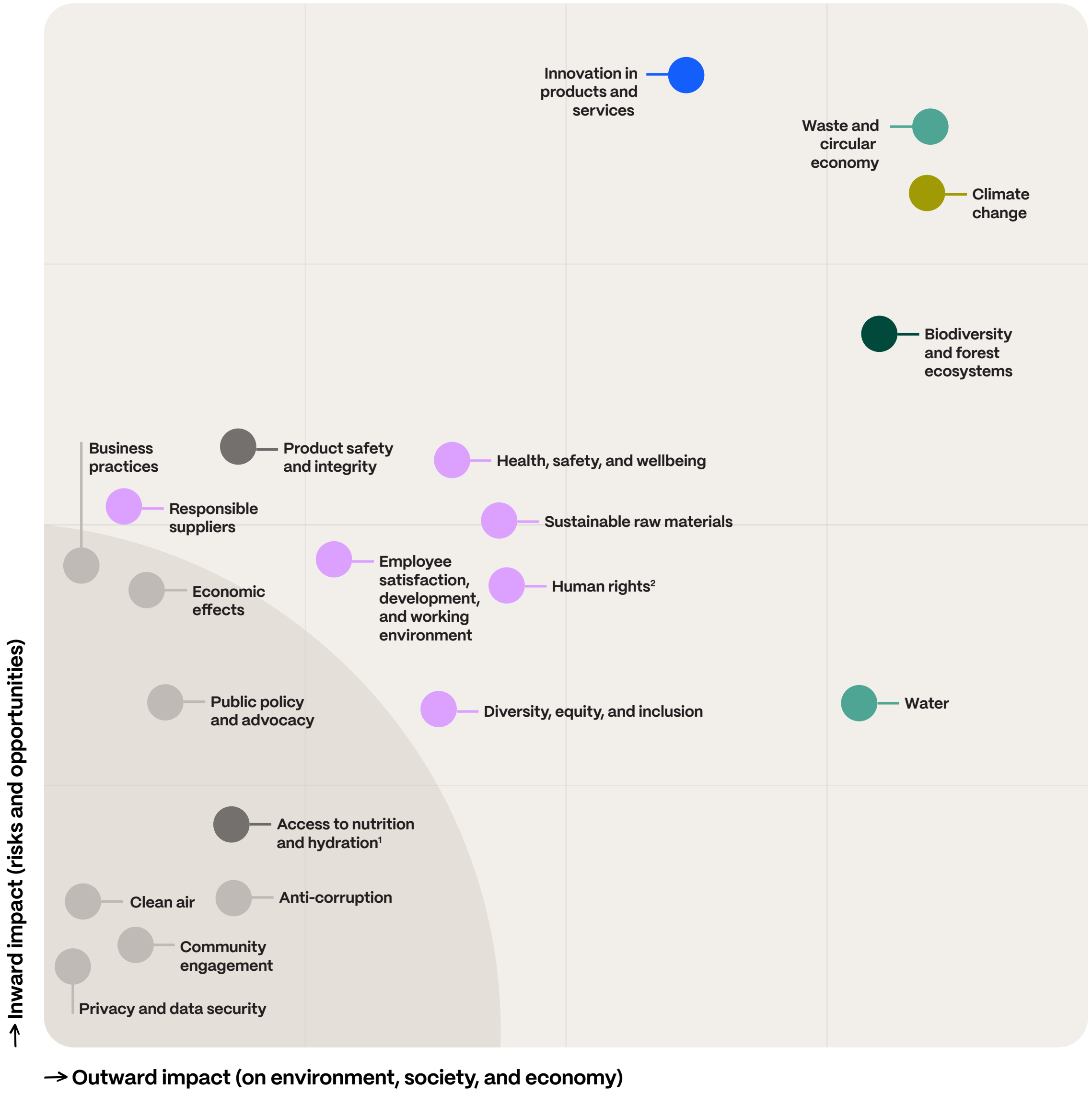
1 Our production plant in Baie-d'Urfé, Canada, has been excluded from this report as it was closed in 2023, unless otherwise stated.

Report on non-financial matters in accordance with the Swiss Code of Obligations

1.4 Main impacts and risks

1.4.1 Material topics

We have identified material sustainability topics, on which we provide detailed disclosures in our Annual Report and in the GRI index.



Our sustainability approach is built on our material topics

Climate+
- Climate change

Forest+
- Biodiversity and forest ecosystems

Resource+
- Waste and circular economy
- Water

Food+
- Product safety and integrity
- Access to nutrition and hydration[1]

Sustainable innovation
- Innovation in products and services

Responsible culture
- Responsible suppliers
- Sustainable raw materials
- Human rights[2]
- Diversity, equity, and inclusion
- Employee satisfaction, development, and working environment
- Health, safety, and wellbeing

Non-material | Material

1 Additional strategic topic (not a material issue).
2 Includes freedom of association, freely chosen labor, living standards, and protection of the child.

Report on non-financial matters in accordance with the Swiss Code of Obligations

The following mapping shows under which of our material topics we address the non-financial matters as required by the Swiss CO. The green coloration indicates under which Swiss CO topic category information on our material topics is disclosed in this report.

	Swiss CO topic categories				
SIG Group's material sustainability topics:	**Environmental matters**	**Social issues****	**Employee-related issues**	**Respect for human rights**	**Combating corruption**
Climate change					
Waste and circular economy					
Biodiversity and forest ecosystems					
Sustainable raw materials					
Water					
Health, safety and wellbeing					
Diversity, equity and inclusion					
Employee satisfaction, development and working environment					
Responsible suppliers					
Human rights					
Product safety and integrity					
Innovation in products and services					
Business practices*					
Anti-corruption*					

* The topics business practices and anti-corruption were part of our double materiality assessment but have not been identified as material.
** Social issues under the Swiss CO mainly relate to information on various stakeholders. Based on our materiality assessment, we have determined that with respect to social issues, the material topics to be covered are our supplier engagement and product safety and integrity. Our stakeholders, other than suppliers, are customers, employees, industry, investors, sustainability experts and non-governmental organizations, policymakers and regulators and local communities round SIG production sites. Information on how we engage with these stakeholders to understand what matters most to them and how we respond to their feedback is included in the Stakeholder Engagement Appendix of our Annual Report.

1.4.2 Risks and due diligence

Enterprise risk management

The Group's enterprise risk management (ERM) 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. 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.

Refer to section Enterprise risk management in our Annual Report for additional details.

Due diligence

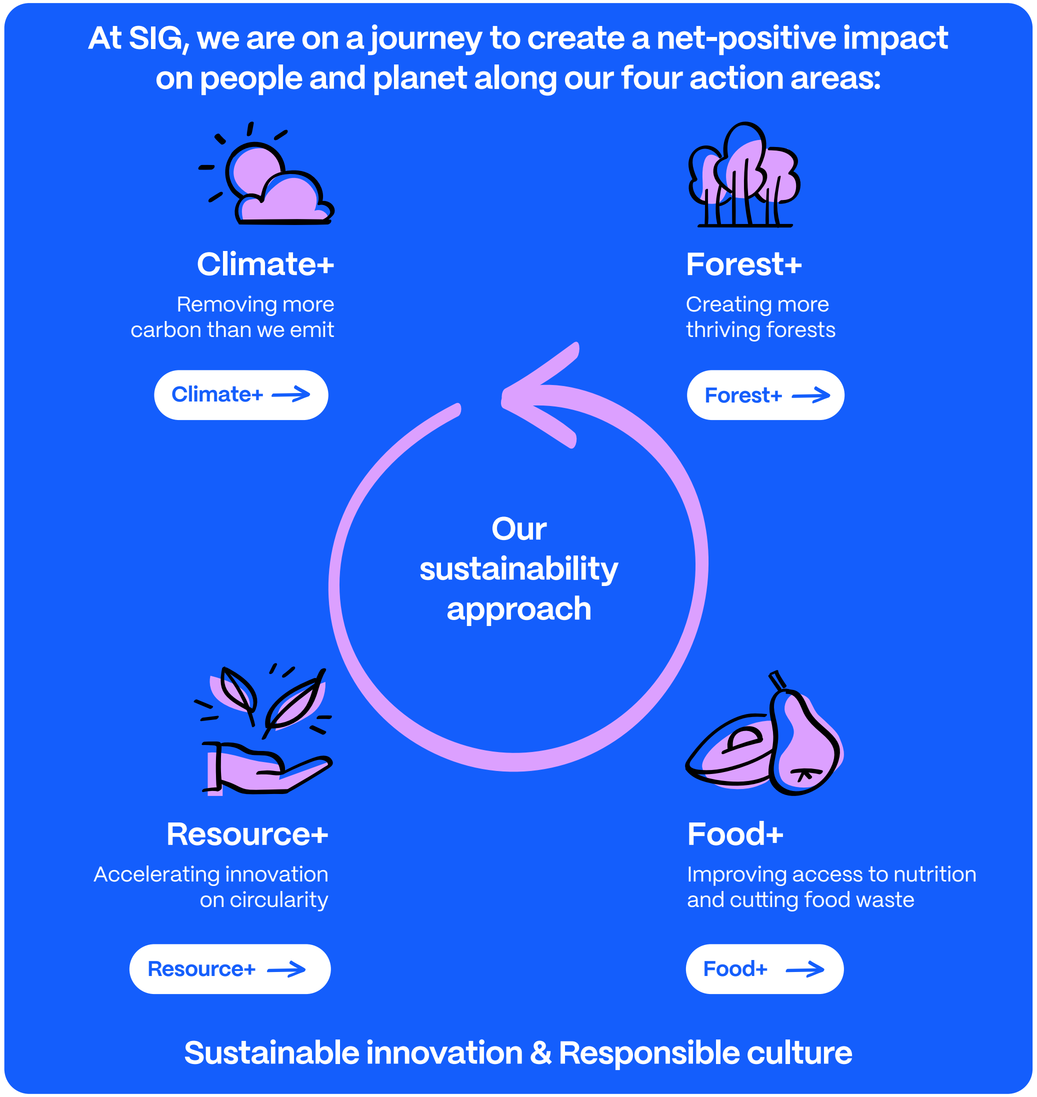
SIG Group applies a due diligence approach to address environmental matters, social matters, employee-related matters, human rights and corruption. Relevant impacts, risks and opportunities are regularly assessed and policies implemented and regularly updated. The policies define commitments and targets, as well as measures (implementation approach) and responsibilities in relation to these matters. Measures in place are aimed at reducing negative impacts or increasing positive impacts, where possible. SIG Group defines KPIs in relation to these matters, which are regularly tracked. Additional details can be found under each material topic described below.

Report on non-financial matters in accordance with the Swiss Code of Obligations

2 Our sustainability approach

2.1 Road to net positive

Our sustainability approach is our roadmap for better. We want our packaging solutions to give more than they take from people and the planet.



SIG is a pioneer of the net positive movement. Our ambitions follow the Net Positive Principles, which demand a material, systemic, regenerative, and transparent approach.

We are striving to minimize our footprint at every stage of the value chain – from sourcing to production, filling, use, and recycling of our packs. And we are going further to bring positive impact beyond our value chain, what we call our handprint.

To achieve a net positive impact, our handprints should exceed our footprints when assessed together. We collaborate with others to develop transparent and credible methodologies to measure both.

2.1.1 Contribution to global goals

The four action areas of our sustainability approach are where we can make the biggest contribution to the United Nations Sustainable Development Goals – by accelerating progress on global goals related to climate, nature, circularity, and nutrition. All four contribute, either directly or indirectly, to preventing biodiversity loss and restoring ecosystems.

We are committed to a science-based approach to help us measure and transparently report progress towards our net positive ambition – and catalyze our contribution to an equitable, Net Zero, and nature positive future.

Our Net Zero and greenhouse gas emissions reduction targets have been approved by the Science Based Targets initiative. In the next phase of our sustainability approach, we aim to establish science-based targets for nature and have joined the Science Based Targets Network (SBTN) Corporate Engagement Program to support the development of an enabling framework.

Our sustainability approach also contributes to the ten principles of the United Nations Global Compact, including through our focus on human rights due diligence as part of our responsible culture.

For more information, see our Annual Report.

Report on non-financial matters in accordance with the Swiss Code of Obligations

2.2 Targets and performance

The following table provides an overview of our progress towards our sustainability targets.

2025 target	Progress tracker	2023 performance[1]
Climate+		
Material issue: Climate change		
Net Zero value chain greenhouse gas emissions **by 2050**	More work to do	Our science-based Net Zero target and the accompanying near- and long-term targets (below) were approved by the SBTi this year. Our pathway to Net Zero prioritizes decarbonization of our operations and value chain, and we are implementing a series of workstreams to support progress.
Reduce Scope 1 and 2 greenhouse gas emissions by 42% **by 2030** – and by 90% **by 2050** (from 2020)	On track	We have cut our total Scope 1 and 2 greenhouse gas emissions by 71% in 2023 and by 79% from the 2020 baseline.
Reduce Scope 3 greenhouse gas emissions by 51.6%[2] per liter packed **by 2030** – and by 97% **by 2050** (from 2020)	More work to do	Our Scope 3 emissions per liter packed decreased by 6% from 2020, slightly behind our reduction pathway.
Maintain 100% renewable electricity[2] and Gold Standard CO_2 offset for all non-renewable energy (at production plants)	On track	We used 100% renewable electricity to make our packs and compensated all non-renewable energy for production through Gold Standard CO_2 offsets.[5]
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	We have more than tripled our total on-site solar capacity to 34.5 MWp with two new installations coming online in Germany this year and further developments are in the pipeline. On-site solar power met 5.1% of our global electricity needs for production this year and, overall, renewable PPAs (both on- and off-site) met 21.8%.[5]
Transition to 100% bioethanol or other bio-materials for printing our aseptic cartons[3]	On track	Eight of our nine aseptic carton production plants have already transitioned from fossil-based solvents to plant-based bioethanol for printing. We expect our plant in Riyadh (Saudi Arabia) to achieve this transition in the coming year.
Reduce CO_2 emissions from inbound and out bound logistics by 18% (from 2020)[4]	On track	CO_2 emissions from our inbound and outbound logistics across SIG Group have decreased by 18% from 2020.

1 Greenhouse gas emissions data includes our production plant in Baie-d'Urfé.
2 Target wording changed in line with SBTi-approved target.
3 Target wording amended to clarify that this applies to our aseptic cartons only.
4 Target revised to include the bag-in-box, spouted pouch, and chilled carton businesses we acquired in 2022.
5 Data excludes our production plant in Voronezh, Russia, due to limitations in respect of data access.

Report on non-financial matters in accordance with the Swiss Code of Obligations

2025 target	Progress tracker	2023 performance
Forest+		
Material issue: 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[1] **by 2030**	On track	We have begun our first on-the-ground project through our five-year partnership with WWF Switzerland – to improve the land management of 100,000 hectares and restore a further 750 hectares of degraded forest to create critical habitats and corridors for jaguars in Mexico.
Partner with a non-governmental organization (NGO) to develop a methodology to measure the impact of FSC™ certification	More work to do	Following initial work with the Institute for Energy and Environmental Research (our NGO partner) to refine our approach, we will revisit this target as we work towards nature positive.
Work with customers to include the FSC™ label on 100% of the cartons we sell (up from 97% in 2020)[2]	On track	Almost all (99%) of our aseptic cartons carried the FSC™ label.[3] To close the remaining gap, we are working with the small number of aseptic carton customers not using the FSC™ label to integrate it into their next décor design update, as well as beginning to engage with customers of our newly acquired chilled carton business on this topic. Overall, 94% of the cartons (aseptic and chilled) we sold in 2023 carried the FSC™ label.
Maintain 100% FSC™-certified supply of paperboard for our cartons[4]	On track	We continued to purchase 100% of the paperboard for our aseptic cartons with FSC™ certification[5] – and achieved this milestone for our chilled carton business (acquired last year) from January 2024. Overall, 98% of the paperboard for our cartons was procured with FSC™ certification in 2023.

1 Based on the equivalent forest area needed to continually regenerate the wood needed to produce all the SIG cartons made in 2020 (the year we set the commitment) all over again.
2 Target wording amended to clarify that this target refers only to cartons (as our other packs do not use paperboard) and to clarify the baseline figure SIG is working from.
3 The FSC™ label that customers can include on SIG packs is the FSC™ Mix label, which means the product is made with a mixture of materials from FSC-certified forests, recycled materials, and/or FSC-controlled wood.
4 Target wording revised to clarify that it only applies to our cartons (aseptic and chilled). Our cartons use paper-based liquid packaging board, referred to throughout as "paperboard". Our supply chains for bag-in-box and spouted pouch solutions are not connected to forest-based materials as we do not manufacture or sell the cardboard box of our bag-in-box solutions.
5 SIG uses FSC™ Mix material that allows the mixing of FSC™ certified wood with FSC™ controlled wood and ensures that an equivalent amount of FSC™ certified wood is procured at the beginning of the value chain.

Report on non-financial matters in accordance with the Swiss Code of Obligations

2025 target	Progress tracker	2023 performance
Resource+[6]		
Material issue: Waste and circular economy		
Launch a full barrier carton linked to 100% renewable materials[1],	On track	SIG Terra Alu-free + Full-barrier had its first commercial launch this year. It is the world's first full barrier solution for aseptic carton packs with no aluminum layer that can be used with oxygen-sensitive products, such as juices, as well as liquid dairy. This solution provides comparable barrier properties to our standard aseptic carton solutions that include a layer of aluminum foil. We are working to add Forest-based polymers as an option for SIG Terra Alu-free + Full barrier to complete this target with SIG Terra Alu-free + Full barrier + Forest-based polymers.[7]
Further reduce the amount of non-paper[2] 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**	Target replaced	We have replaced this target with new quantified targets for paper content in our cartons by 2025 and 2030 (see below).
Develop a full barrier aseptic carton with at least 85% paper content (excluding closure) by 2025 – and at least 90% paper content (including closure) **by 2030**	New target	SIG cartons already contain 75% paper content on average, sometimes more, and we have set targets to increase this even further as part of our renewed Resource+ ambition. In addition to a continued focus on increasing collection and recycling rates of beverage cartons, achieving this new target will enable our cartons to be recycled in regions where only paper recycling streams are available.
Offer a recycle-ready[3] bag-in-box and spouted pouch solution in all our relevant market segments	New target	We increased sales of our recycle-ready spouted pouch and continued to offer the first APR[4]-recognized recyclable bag-in-box. We are piloting a circular bag-in-box solution that links the polymers to post-consumer recycled plastics[5] and recycles the bags after use. We have also established detailed guidelines on designing for recycling that will be integrated into our development of all new bag-in-box and spouted pouch solutions.

1 Excluding negligible constituents, such as inks and pigments.
2 Target wording amended from "fiber" to "paper" to align with wording of new quantified targets.
3 In line with Design for Recycling criteria developed by APR (Association of Plastic Recyclers) and Recyclass.
4 Association of Plastic Recyclers.
5 Via an independently certified mass balance system.
6 A target, and accompanying KPI, for the newly identified material issue of water is in development.
7 Data excludes our production plant in Voronezh, Russia, due to limitations in respect of data access.

Report on non-financial matters in accordance with the Swiss Code of Obligations

2025 target	Progress tracker	2023 performance
Resource+ continued		
Partner with stakeholders to implement dedicated and country-specific roadmaps to support increased collection and recycling of beverage cartons, bag-in-box, and spouted pouches in priority countries that account for more than 90% of our global packaging sales (by weight)	On track	We have Going Circular local roadmaps in priority countries that together account for 90% of our global packaging sales (by weight) – including priority countries identified this year for our newly acquired bag-in-box and spouted pouch businesses. We continued to partner with industry, governments, municipalities, customers, and communities to implement local programs to support increased collection and recycling. These include a new partnership with the German Development Cooperation in Egypt that monitors ethical working conditions for waste collectors, the expansion of our social model for collection to Indonesia, new recycling facilities in development in Australia and Brazil, and awareness and collection programs in a range of other countries. In Europe, our focus is on developing common industry guidelines and advocating effective policies to enable more collection and recycling of used packaging.[2]
Scale up and expand our community recycling model	On track	The SIG Foundation launched a new Recycle for Good program in Indonesia to incentivize recycling and provide social support for low-income people by offering rewards in exchange for recyclable waste – with a strong focus on used beverage cartons and polymer pouches. SIG also launched a new partnership with the German Development Cooperation in Egypt that supports ethical working conditions for waste pickers.[2]
25% reduction in grams of waste per m^2 of packaging material used to produce our aseptic cartons[1] (from 2016)	More work to do	Our waste rate from production of our aseptic carton packs has decreased by 3% this year – and by 10% from 2016.
Zero landfill – all waste to be recycled or used as renewable biofuel	On track	90.8% of waste from production was reused or recycled, 2.0% was recovered for energy, and only around 0.8% went to landfill. We have achieved zero waste to landfill at 16 of our production plants.[2]
Maintain certification to ISO 14001:2015 at all production plants	On track	We maintained our global ISO 14001 certification and extended it to include the production plants that were acquired during 2022.[2]

1 Wording amended to clarify that this target is for aseptic carton production only.
2 Data excludes our production plant in Voronezh, Russia, due to limitations in respect of data access.

Report on non-financial matters in accordance with the Swiss Code of Obligations

2025 target	Progress tracker	2023 performance
Food+		
Material issue: Product safety and integrity[8]		
Maintain existing ISO 9001:2015 certifications at production plants (including all aseptic carton plants)[1]	On track	We maintained certification to the ISO 9001:2015 quality management standard across our aseptic carton business, and at nine of our bag-in-box, spouted pouch, and chilled carton production plants.
Maintain top level GFSI[2]-recognized certification at all packaging production plants[3]	On track	We achieved top level certification to GFSI-recognized food safety standards at 26 of our 27 relevant production plants. The remaining chilled carton plant in Taiwan, acquired in 2022, maintained certification to ISO 22000:2018 and is working towards certification to a GFSI-recognized standard.
Additional strategic topic: Access to nutrition and hydration[4]		
Use SIG's position within a more sustainable food supply system to create demonstrable positive impacts on nutrition and hydration	On track	We partnered with customers to enable the development of nutritious food and beverages globally, including plant-based milk and protein beverages – and with food technology company AnaBio Technologies to create the world's first long-life probiotic drink. We joined MISTA, a new food innovation platform, to explore innovative ways to create a more regenerative global food system, as well as continuing to work with NGO partners to explore opportunities to foster a regenerative food supply.
Increase the total volume of nutritious[5] food and beverage products brought to consumers in SIG packs by 50% **by 2030** (from 2020)	On track	The integration of bag-in-box and spouted pouches into our portfolio (through acquisitions in 2022) has significantly expanded the amount and types of nutritious food we help customers deliver. In 2023, 15.5 billion liters of nutritious food and beverage products were brought to consumers in SIG packs, up 39% from the 2020 baseline. The amount of nutritious food packed in our cartons alone has increased by 10% from 2020 to 12.3 billion liters.
Support two start-ups per year through our SIG Incubator program to share unused filling capacity to deliver nutritious food safely and efficiently[6]	On track	We have supported six start-ups to date through the SIG Incubator program. In 2023, the program helped Earth and Iron launch a plant-based, highly nutritious drink in the UK, as well as supporting our innovative partnership with AnaBio Technologies (see above). In 2024, we will extend SIG Incubator to include access to our bag-in-box and spouted pouch filling capacity and expertise.
Create self-sustaining, scalable models for the SIG Foundation's Cartons for Good project[7]	More work to do	The SIG Foundation engaged with NGO partners this year to help scale up Cartons for Good in Bangladesh – where the pilot project turned a further 4.5 metric tons of food loss into 23,000 school meals in 2023 – and expand it to Egypt.

1 Target amended following integration of our newly acquired bag-in-box, spouted pouch, and chilled carton businesses.
2 Global Food Safety Initiative (GFSI)-recognized certifications include the Brand Reputation Compliance Global Standards (BRCGS) packaging standard, Safe Quality Food (SQF), Food Safety System Certification (FSSC 22000), and International Featured Standard (IFS).
3 Target expanded to include other GFSI-recognized standards (not just BRCGS), following integration of our newly acquired bag-in-box, spouted pouch, and chilled carton businesses.
4 Additional strategic topic (not a material issue).
5 Different types of products are categorized according to their nutritional profile based on the independent Health Star Rating System.
6 Target amended to include any unused filling capacity and reflect the new name of the SIG Incubator program (formerly SIGCUBATOR).
7 Target wording shortened by removing the full name of the SIG Way Beyond Good Foundation.
8 Data excludes our production plant in Voronezh, Russia, due to limitations in respect of data access.

Report on non-financial matters in accordance with the Swiss Code of Obligations

2025 target	Progress tracker	2023 performance
Sustainable innovation		
Material issue: Innovation in products and services		
Launch a full barrier carton linked to 100% renewable materials[1]	On track	2023 performance is reported earlier in this table under Resource+.
Further reduce the amount of non-paper[2] 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**	Target replaced	2023 performance is reported earlier in this table under Resource+.
Develop a full barrier aseptic carton with at least 85% paper content (excluding closure) by 2025 – and at least 90% paper content (including closure) **by 2030**	New target	2023 performance is reported earlier in this table under Resource+.
Offer a recycle-ready[3] bag-in-box and spouted pouch solution in all our relevant market segments	New target	2023 performance is reported earlier in this table under Resource+.
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 aseptic carton packs[4] (**by 2024**)	More work to do	We announced the launch of our prototype next-generation filling machine, SIG NEO, in 2021. It is designed to reduce use of energy, hydrogen peroxide, and water. The first commercial filling is underway which will help us confirm whether we have met our reduction targets. We expect to report results in 2024.
Reduce use of consumables by 25% for the next-generation filling machine for small format aseptic carton packs[5]	More work to do	Initial development of our next-generation filling machine for small format packs has commenced, and reduction of consumables is being considered in the concept phase.

1 Excluding negligible constituents, such as inks and pigments.
2 Target wording amended from "fiber" to "paper" to align with wording of new quantified targets.
3 In line with Design for Recycling criteria developed by APR (Association of Plastic Recyclers) and Recyclass.
4 Targeted reductions compared with our previous generation filling machines. Target wording changed to clarify this refers to filling of aseptic cartons.
5 Target wording changed to clarify this refers to filling of aseptic cartons.

Report on non-financial matters in accordance with the Swiss Code of Obligations

2025 target	Progress tracker	2023 performance
Our supply chain		
Material issue: Responsible suppliers[5]		
Ensure 100% of significant suppliers[1] accept our Supplier Code of Conduct or have an equivalent code in place	On track	80% of significant suppliers have signed up to our Supplier Code of Conduct or have an equivalent code in place.
Audit 50% of high-risk significant suppliers each year	On track	In 2023, we audited one of the six suppliers identified as high risk through self-assessments in 2022. A further four of the suppliers identified as high risk in 2022 are no longer high-risk because they have accepted our Supplier Code of Conduct, or provided SEDEX SMETA audit or EcoVadis results (or an equivalent). This means we have met our annual target to audit 50% of high-risk significant suppliers this year.
Provide regular training (at least every two years) on ethical supplier standards and sustainable sourcing to all employees who interact frequently with suppliers	On track	We updated our Responsible Sourcing Directive to include our newly acquired businesses, and provided training for all global, regional, and local procurement teams.
Material issue: Sustainable raw materials		
100% A-materials[2] from certified sources	More work to do	We increased the proportion of A-materials from certified sources from 74% to 75% (by volume) for our aseptic cartons this year. Overall, 69% (by volume) of A-materials for all our packs – including chilled cartons and polymer-based bag-in-box and spouted pouch solutions – were from certified sources in 2023.
Maintain 100% FSC™-certified supply of paperboard for our cartons[3]	On track	2023 performance is reported earlier in this table under Forest+.
Transition to 100% bioethanol or other bio-materials for printing our aseptic cartons[4]	On track	2023 performance is reported earlier in this table under Climate+.

1 Significant suppliers are those considered most significant to our business (excluding equipment suppliers) – 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. They include all direct suppliers that provide materials for our packs, as well as some indirect suppliers of secondary packaging and services (such as facilities management and logistics).

2 A-materials are the raw materials that go directly into our packs: paperboard, polymers, aluminum foil, ink, and solvents for aseptic cartons; paperboard, polymers, ink, and solvents for chilled cartons; and polymers and films for bag-in-box and spouted pouches. (SIG does not manufacture or sell the cardboard box of our bag-in-box solutions.)

3 Target wording revised to clarify that it only applies to our cartons (aseptic and chilled). Our cartons use paper-based liquid packaging board, referred to throughout as "paperboard". Our supply chains for bag-in-box and spouted pouch solutions are not connected to forest-based materials as we do not manufacture or sell the cardboard box of our bag-in-box solutions.

4 Target wording amended to clarify that this applies to our aseptic cartons only.

5 Data excludes our production plant in Voronezh, Russia, due to limitations in respect of data access.

Report on non-financial matters in accordance with the Swiss Code of Obligations

<table>
<tr><th>2025 target</th><th>Progress tracker</th><th>2023 performance</th></tr>
<tr><td colspan="3">Human rights</td></tr>
<tr><td colspan="3">Material issue: Human rights[1, 4]</td></tr>
<tr><td>Advance our human rights risk identification and assessment processes in our own operations and supply chain to define salient human rights issues</td><td>On track</td><td>Building on the risk assessments of our operations and supply chain that we conducted in 2022, we completed two-yearly SEDEX SMETA audits of our operations (see related target below →), as well as further in-depth human rights risk assessments of our supply chain, to inform our work to identify salient human rights issues for SIG.</td></tr>
<tr><td>Conduct assessments of potential human rights risks and impacts in 50% of our own plants every two years</td><td>On track</td><td rowspan="2">We conducted an assessment of potential human rights risks and impacts through SEDEX SMETA audits at all 27 of our production sites globally – including our newly acquired chilled carton, bag in box, and spouted pouch production sites, which joined our two-yearly SMETA audits for the first time.[2]</td></tr>
<tr><td>Maintain SEDEX Members Ethical Trade Audit (SMETA) at all production sites</td><td>On track</td></tr>
<tr><td>Ensure 100% of significant suppliers[3] accept our Supplier Code of Conduct or have an equivalent code in place</td><td>On track</td><td>2023 performance is reported earlier in this table under Our supply chain.</td></tr>
<tr><td>Audit 50% of high-risk significant suppliers[3] each year</td><td>On track</td><td>2023 performance is reported earlier in this table under Our supply chain.</td></tr>
<tr><td>Provide regular training (at least every two years) on ethical supplier standards and sustainable sourcing to all employees who interact frequently with suppliers</td><td>On track</td><td>2023 performance is reported earlier in this table under Our supply chain.</td></tr>
</table>

1 Includes freedom of association, freely chosen labor, living standards, and protection of the child.
2 Includes one audit within the 2023 cycle that was completed in early January 2024.
3 Significant suppliers are those considered most significant to our business (excluding equipment suppliers) – 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. They include all direct suppliers that provide materials for our packs, as well as some indirect suppliers of secondary packaging and services (such as facilities management and logistics).
4 Data excludes our production plant in Voronezh, Russia, due to limitations in respect of data access.

Report on non-financial matters in accordance with the Swiss Code of Obligations

2025 target	Progress tracker	2023 performance
Our people		
Material issue: Diversity, equity, and inclusion		
Increase percentage of women in leadership positions to 30%	On track	We continued our focus on recruiting and developing women into leadership positions, including through our Women Acceleration program. Overall, women represented 25% of our leaders in 2023, up from 23% in 2022, and we remain on track to hit our 30% target by 2025.[3]
Maintain survey score linked to inclusive environment above industry benchmark[1]	On track	We achieved a score of 85% for diversity, equity, and inclusion in our 2023 employee survey, eight points above the industry benchmark.[1]
Material issue: Employee satisfaction, development, and working environment[3]		
Sustain our training and development investment above industry benchmark	More work to do	We expanded training and development opportunities, and provided an average of 23.6 hours of training per employee.[2] This is an increase from 20.9 hours last year, but falls just short of the pre-pandemic industry benchmark of 24.0 hours.
Achieve engagement level above industry benchmark[1]	On track	We further strengthened our overall engagement score from 83% to 85% in 2023, two points above the industry benchmark.[1]
Increase % of employees who feel SIG has responded to their feedback based on the last survey	On track	62% of employees agreed that significant actions have been taken to address priorities identified in the last survey, up from 60% in 2022.
Increase % of employees who feel SIG makes adequate use of recognition and reward other than money	On track	We continued to extend our non-monetary recognition programs, and 63% of employees felt we made adequate use of recognition and rewards other than money to encourage good performance in 2023. This is a significant improvement from 58% last year, but is one point below the industry benchmark.[1]

1 Industry benchmark defined as norms for manufacturing companies participating in the Willis Towers Watson employee engagement survey.
2 Excludes employees in our bag-in-box and spouted pouch business, who will be integrated into our training data from 2024.
3 Data excludes our production plant in Voronezh, Russia, due to limitations in respect of data access.

Report on non-financial matters in accordance with the Swiss Code of Obligations

2025 target	Progress tracker	2023 performance
Health, safety, and wellbeing		
Material issue: Health, safety and wellbeing[7]		
Zero recordable cases[1]	More work to do	There were 65 recordable cases across SIG Group in 2023, 4% less than in 2022, and the total recordable case rate for SIG Group decreased by 7% to 0.80 recordable cases per 200,000 hours worked.
Achieve a lost-time case[2] rate in the top 20% of industry peers[3]	Target discontinued	We have discontinued this target to focus on more meaningful performance drivers, with a strong focus on integration of the bag-in-box, spouted pouch, and chilled carton businesses we acquired in 2022 into our established health and safety systems, procedures, and reporting.
Define a holistic strategy and roadmap to foster wellbeing at SIG	More work to do	We rolled out our holistic program to promote physical, mental, financial, and social wellbeing through global awareness activities, guides, training, and a new podcast to equip employees and managers with know-how to support wellbeing.
Communities		
Additional strategic topic: Thriving communities[4,7]		
Increase the impact of community engagement programs by 50% (from 2020)	More work to do	We have increased the overall impact of our employee-led community engagement programs by 29% from the 2020 baseline to achieve an impact score of 21,997 in 2023[5] – including through local initiatives held on our Future+ Day global engagement day and a campaign to raise awareness of biodiversity and promote conservation activities.
Create self-sustaining, scalable models for the SIG Foundation's Cartons for Good project[6]	More work to do	2023 performance is reported earlier in this table under Food+.
Scale up and expand our community recycling model	On track	2023 performance is reported earlier in this table under Resource+.
Governance and ethics		
Additional strategic topic: Fair business practices[4]		
Mandatory annual Code of Conduct training for all employees	On track	Approximately 99% of our employees completed an annual certification on the SIG Code of Conduct and approximately 95% completed additional in-person or virtual training on the Code of Conduct.

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.
4 Additional strategic topic (not a material issue).
5 Impact score is derived through an assessment of our employee-led community engagement projects – by the employees and communities involved in them – based on who benefits from each project, the type of impact it has and its potential to contribute to the United Nations Sustainable Development Goals.
6 Target wording shortened by removing the full name of the SIG Way Beyond Good Foundation.
7 Data excludes our production plant in Voronezh, Russia, due to limitations in respect of data access.

Report on non-financial matters in accordance with the Swiss Code of Obligations

2.3 Measures and effectiveness

SIG Group has different management approaches in place to implement measures and ensure their effectiveness. SIG Group defines KPIs in relation to environmental matters, social matters, employee-related matters, human rights and anti-corruption which are regularly tracked and help to assess effectiveness. The Group Corporate Responsibility Director provides updates on the Group's sustainability approach and ESG performance to the Nomination & Governance Committee (NGC) and the BoD twice a year and provides input to the BoD in its annual strategy meeting. This ensures that the BoD maintains oversight of these matters and KPIs that are relevant to SIG's business. Ultimate accountability for our ESG performance and progress on sustainability lies with our CEO and Group Executive Board (GEB). Progress is reported in section 2.2 above, which further allows to track effectiveness. In cases of a negative development of KPIs or in cases of non-achievement of targets, counter measures can be taken or measures may be adjusted to enhance effectiveness.

3 Environmental matters

SIG Group has adopted the following key policies in relation to environmental matters, which summarize per topic the defined overarching commitment, targets, implementation approach and specific responsibilities:

- Environment, Health and Safety (EHS) Policy – see chapters 4.1 Tackling climate change, 4.2 Energy consumption, 4.3 Water, 4.4 Raw materials, 4.5 Production waste and pollution, 4.6 Biodiversity, 4.7 Consumer waste, recycling and circular economy, 4.8 Environmental product performance
- Responsible Sourcing Policy – see chapters 4.1 Responsible suppliers, 4.2 Sustainable raw material sourcing, 4.3 Energy sourcing, 4.4 Sustainable logistics
- Product Stewardship Policy – see chapters 4.1 Product stewardship, innovation and promotion, 4.2 Filling machine innovation
- Liquid Packaging Board Purchasing Policy

3.1 Climate change

3.1.1 Impacts

By conducting our business activity in a sustainable way, we positively contribute to the United Nations sustainability development goals 2, 7, 12, 13 and 17. Our regular assessment of potential climate-related impacts on our business and strategy helps us better understand how the SIG Group may be affected by climate-related events, both in terms of risks and opportunities.

By offering a packaging solution with the lowest carbon footprint in comparison to available solutions in the market, we offer our customers and consumers options to further reduce their carbon footprint and impact on climate change. By further innovating our packaging solutions 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 supporting customers and consumers to make more informed choices about the environmental performance of our solutions via transparent and comprehensive studies.

Climate change as a result of global warming is associated with a variety of impacts on the environment and on people. These can be acute or chronic physical impacts. This also includes impacts on people's 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.

A major share of our GHG emissions is generated outside our direct operational control through business partners and customers (sourcing, production, transportation and operation of filling machines). Within our value chain the purchased goods have the biggest share of GHG emissions. Thereof, most emissions come from the production of raw materials (incl. aluminum foil, polymers and paperboard). Regarding sustainable forestry, as a buyer of board made from forest-based fiber, we have influence on how wood is produced and how forests, as important carbon stocks and sinks, are managed. Our direct contribution to climate change primarliy results from greenhouse gas (GHG) emissions, generated through production (electricity and gas).

Report on non-financial matters in accordance with the Swiss Code of Obligations

3.1.2 Commitments

We aim to reduce the negative climate-related impacts of our business and maximize climate positive outcomes by adhering to or key policies referred to in section 3 relating to this matter, and by taking the actions described below.

- We are committed to tackling climate change through both mitigation and adaptation solutions in 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 decarbonize 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. In 2023 our science-based Net Zero target was approved by the SBTi.

3.1.3 Measures and performance

Actions taken to manage the topic and our impacts

- We have various action\ns in place for emissions reduction, such as energy saving programs in packaging production. We purchase 100% renewable electricity through Energy Attribute Certificates, as well as directly through on- or off-site power purchase agreements.
- The main projects of our climate positive program 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: Global Production & Supply Chain, supported by Global Environmental, 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: Organizations, overseen by Regional Presidents.
- The internal decision-making, budget allocation and oversight processes are organized in the above-mentioned departments. The level of responsibility in the functional areas varies, but the global department heads have oversight.
- In our strategic and financial decision-making, including decisions as to which actions to take, we inherently consider climate-related aspects and the potential costs of carbon emissions and corresponding regulations, even though SIG Group is currently not regulated by a carbon pricing system.
- Our journey to decarbonizing our own operations, and ensuring the effectiveness of our actions, is informed by a carbon price in the form of carbon offset pricing. We purchase Gold Standard CO_2 offsets for all direct GHG emissions mainly from fossil energy carriers. The total costs for the certificates divided by the offset emissions reflect our internal carbon price.

Tracking the effectiveness of our actions

We have assessed the resilience of our business strategy in the light of climate-related risks, as recommended by the Task Force on Climate-related Financial Disclosures (TCFD). We are refining our process to include more specifically future changes in view of costs of carbon e.g. in regulation and taxations (such as the Carbon Border Adjustment Mechanism (CBAM)).

To assess the effectiveness of our actions:

- Our operations report plant specific data, energy usage and emissions. The results are reported on a monthly basis in our EHS dashboard. Our VP of Global Sourcing and Procurement, reporting to the CSO, performs a quarterly review of raw materials and energy sourcing. Production metrics are reviewed by our Group Executive Board on a monthly basis.
- We perform Internal audits and regularly review our performance against the sustainability targets by the Group Executive Board.
- A quarterly review of Climate+ projects is conducted with the Chief Technology Officer.
- We track and evaluate our performance through external sustainability assessments such as:
  - Annual EcoVadis assessments (including actions and results alongside our climate strategy).
  - Regular ASI Performance Standard audits (including robustness of our product carbon footprint data management).
- Life-cycle assessments for our products based on ISO 14040. We compare eco-innovations and average products with competing substrates.
- We currently assess where a defined internal carbon price could add further value to our current management approach. Growth in low carbon solutions is a central KPI for our sales and markets teams.

Engagement with our stakeholders

Based on feedback from inside and outside the organization from customers, suppliers, employees, investors and other stakeholders we continually review and update the policies and standards.

See section 2.2 for an overview of our targets and how we progress to reach our targets.

Section 8 provides an overview of our key performance indicators over the period 2020-2023. Refer to our Annual Report for additional measures.

Report on non-financial matters in accordance with the Swiss Code of Obligations

3.2 Waste and circular economy

3.2.1 Impacts

- Packaging prevents the occurrence of food loss and waste during filling, distribution, storage and consumption.
- Positive impact through recycling in the supply chain, production and after product use, as less waste occurs.
- 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.
- Negative impacts arise along our value chain due to the waste generated. During the production of our products byproducts which are considered as waste occur. This also applies to the activities of our business partners.
- 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.
- Positive contribution to the United Nations sustainability development goals 2, 7, 12, 14 and 17.

3.2.2 Commitments

We aim to reduce the negative impacts of our business with regard to waste and circular economy by respecting our key policies referred to in section 3 relating to this matter, and taking the actions described below, and to maximize resource positive outcomes. Thereby, we strive to lead the way towards a fully circular packaging system.

We are committed to reducing materials waste, including from electronics. To tackle environmental pollution, we minimize 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.

3.2.3 Measures and performance

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. New production plants are certified in accordance with LEED (Leadership in Energy and Environmental Design) – construction waste management.

We source sustainably to lower our waste rates. We require FSC™ and ASI Certifications from our suppliers, making sure that waste is managed efficiently at the sites of the extraction and production processes and reduced to a minimum.

We have Standard Operating Procedure for incident reporting in all our production plants: Create EHS alert. The EHS responsible at each location needs to report back to Global EHS within six weeks of an incident and provide a root cause analysis and, if possible, resolve the issue. Positive impacts are communicated via our internal Best Practices app.

Tracking the effectiveness of our actions

We perform 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. We report on lessons learned through local communication to key stakeholders and consideration of incident reports in EHS meetings.

Engagement with our stakeholders

We exchange with other companies in the industry, enhance dialogue among leading companies and drive action, these include, but are not limited to The Alliance to End Plastic Waste, the Consumer Goods Forum's Coalition of Action on Plastic Waste, and the Circular Economy for Flexible Packaging (CEFLEX) initiative and our platform EXTR:ACT (both in the EU). We exchange with customers and suppliers on the AIM-PROGRESS platform and customers can also raise questions or concerns about waste and recycling with our sales teams. NGOs and local business partners provide us with information on end-consumer behavior and local recycling and consumption habits.

See section 2.2 for an overview of our targets and how we progress to reach our targets.

Section 8 provides an overview of our key performance indicators over the period 2020-2023. Refer to our Sustainability Report for additional measures.

Report on non-financial matters in accordance with the Swiss Code of Obligations

3.3 Biodiversity and forest ecosystems

3.3.1 Impacts

- Through our engagement for thriving forests 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.
- Another major opportunity is to reduce food loss and waste via the advantages of a highly efficient shelf stable packaging system. This supports the efficiency in the food produce industry and thereby can contribute to lower the pressure to further intensify agriculture.
- 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. Paper-based liquid packaging board makes up around 70-80% of each SIG carton 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 cultivated 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 ore 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.
- Positive contribution to the United Nations sustainability development goals 2, 12, 13, 15, 17.

3.3.2 Commitments

We aim to reduce negative impacts of our business with regard to biodiversity and achieve more positive outcomes for nature and forests by respecting our key policies referred to in section 3, and taking the actions described below.

We are committed to ensuring that biodiversity is maintained and healthy ecosystems and responsible management practices exist across our value chain.

3.3.3 Measures and performance

Actions taken to manage the topic and our impacts

- We manage any potential impacts through our certified environmental management systems (ISO 14001).
- We are working on a detailed analysis to identify nature-related dependencies, impacts, risks and opportunities following the recommendations of the Taskforce for Nature-related Financial Disclosures (TNFD).
- We consider potential biodiversity-related risks within our enterprise risk management and have started to assess our exposure to sensitive biodiversity areas. Our exposure assessment follows a location-specific approach, using insights from self-assessments with the WWF risk filters as well as ISO 14001 and SMETA audits, 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 program, and we focus on creating, restoring, protecting or improving management of 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, thus lowering the impacts on biodiversity and forest ecosystems.
- In context of our WWF partnership and the Forests Forward membership we are working on agreed targets to improve biodiversity further beyond our direct value chain.

Report on non-financial matters in accordance with the Swiss Code of Obligations

Tracking the effectiveness of our actions

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. 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. Issues or concerns can be reported via the Integrity & Compliance Hotline.

Engagement with our stakeholders

We continually review and update our policies and related standards based on feedback from inside and outside the organization, including from customers, suppliers, employees, investors and other stakeholders. Partnerships with industry peers to develop recommendations on how life-cycle assessments can be used to better address land use impacts on biodiversity and biodiversity footprints of product systems including all relevant impact drivers such as climate change and pollution.

See section 2.2 for an overview of our targets and how we progress to reach our targets.

Section 8 provides an overview of our key performance indicators over the period 2020-2023. Refer to our Sustainability Report for additional measures.

3.4 Sustainable raw materials

3.4.1 Impacts

- 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 have numerous positive outcomes, for example on labor 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 paper board sourcing might be linked to deforestation and potentially soil degradation.
- The polymers we use depend to a large extent on fossil resources, which carries the potential risk of land and water pollution.
- Sourcing of metals is energy-intensive and can impact the local environment.
- If natural resources are over-exploited, 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.
- Positive contribution to the United Nations sustainability development goals 2, 7, 12, 14 and 17.

3.4.2 Commitments

We aim to reduce the negative impacts of our business regarding raw material sourcing by respecting respecting our key policies referred to in section 3 on this matter, and taking the actions described below:

- Our ambition is to make all our packs with exclusively renewable or recycled materials, using only renewable energy, 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 which encourages companies to pledge support for the United Nations Sustainable Development Goals through FSC™ certification.

3.4.3 Measures and performance

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 on 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 aluminum and International Sustainability & Carbon Certification (ISCC) PLUS for plant-based polymers.
- We are increasing transparency in the supply chains.
- Significant suppliers have to acknowledge the SIG Supplier Code of Conduct or an equivalent code.

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. Monthly calls of the local management team with the VP of Global Sourcing and Procurement, where lessons learned are also discussed. 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.

Engagement with our stakeholders

Based on feedback from inside and outside the organization from customers, suppliers, employees, investors and other stakeholders we continually review and update the policies and standards. By requiring raw material certification standards (FSC™, ASI etc.) we take into account a key perspective of NGOs.

See section 2.2 for an overview of our targets and how we progress to reach our targets.

Section 8 provides an overview of our key performance indicators over the period 2020-2023. Refer to our Annual Report for additional measures.

Report on non-financial matters in accordance with the Swiss Code of Obligations

3.5 Water

3.5.1 Impacts

- In our own operations we use process water for cooling the machines in closed water circuits. 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 aseptic carton 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.
- Positive contribution to the United Nations sustainability development goals 6 and 14.

3.5.2 Commitments

We aim to reduce the negative impacts of our business with regard to water by respecting our key policies referred to in section 3 relating to this matter, and taking the actions described below.

- We are committed to conservative water use throughout the product supply chain and business operations and we strive to responsibly 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.

3.5.3 Measures and performance

Actions taken to manage the topic and our impacts

- For our aseptic carton filling machines:
  - we provide user guidance on target water use to ensure efficient operation at the customer stage.
  - we offer water reduction kits and continuously work on product development to lower resource use.
- 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.
- By self-assessments with the WWF Risk Filter, we have begun to evaluate the nature and conditions of the basins in which we operate, to better understand potential impacts on water security.
- As water stewardship is included in the Forest Stewardship™ (FSC™) principles and in the Aluminium Stewardship Initiative (ASI) Performance Standard Certification, water impacts are addressed for both raw materials.

Tracking the effectiveness of our actions

- Monthly review of the global performance with the EHS dashboard (water-related KPIs).
- Water risks are assessed regularly for the next 1-3 years in an environmental risk assessment.
- 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.
- ISO 14001 impact assessment.

Report on non-financial matters in accordance with the Swiss Code of Obligations

Engagement with our stakeholders

We exchange with local parties and water utilities sharing the same water resource and/or the same wastewater treatment facility in water-stressed areas. Our customers can provide feedback to the sales team or ask questions on water use guidance for the filling machines. Feedback is shared with teams in R&D and filling machine assembly.

We currently do not have a KPI for the material issue of water. However, we consider reduction of water usage as part of our sustainable innovation targets and evaluation of progress and performance in respect of our next-generation filling machine, SIG Neo. See section 2.2, for an overview of our targets and how we progress to reach our targets.

In respect of performance, we also conducted an assessment using the WWF Water Risk Filter to identify which of our production plants are in water-stressed areas. The plants in water-stressed areas – Merced (USA), Querétaro (Mexico), Riyadh (Saudi Arabia), and Suzhou (China) – together account for 14% of our production plants. We began work to conduct site water risk assessments and develop action plans for water management at each of these plants, in addition to their existing water management systems. We used a total of 486,462 m^3 of water in 2023, including 124,473 m^3 in water-stressed areas (based on an assessment using the WWF Water Risk Filter). We discharged 308,312 m^3 of wastewater in 2023 (around 63% of the total used).

3.6 Innovation in products and services

3.6.1 Impacts

Innovation towards higher recyclability of products or less resource-intensive products will positively impact SIG's entire value chain and reduce the quantity 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 towards less resource-intensive products we mitigate/reduce negative impacts on the environment and on society and avoid potential human rights violations. We positively also contribute to the United Nations sustainability development goals 12, 13 and 17.

3.6.2 Commitments

We aim to reduce the negative impacts of our business with regard to innovation in products and services by respecting our Product Stewardship policy referred to in section 3, and taking the actions described below.

3.6.3 Measures and performance

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.

Tracking the effectiveness of our actions

We perform Internal audits and regular reviews of progress by our Responsibility Steering Group and our Group Executive Board. Any issues or concerns can be reported via the Integrity & Compliance Hotline. Lessons learned are shared with the organization 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.

See section 2.2 for an overview of our targets and how we progress to reach our targets.

Section 8 provides an overview of our key performance indicators over the period 2020-2023. Refer to our Annual Report for additional measures.

Report on non-financial matters in accordance with the Swiss Code of Obligations

4 Social matters

SIG Group has adopted the following key policies in relation to social matters, which summarize per topic the defined overarching commitment, targets, implementation approach and specific responsibilities:

- Responsible Sourcing Policy – see chapters 4.1 Responsible suppliers, 4.2 Sustainable Raw material sourcing (relevant in relation to enhancing product stewardship and traceability)
- Product Safety and Quality Policy – see chapters 4.1 Product safety and quality, 4.2 Product liability
- Product Stewardship Policy – see chapters 4.1 Product stewardship, innovation and promotion
- Liquid Packaging Board Purchasing Policy – see section 1.1.4 Wood sources (describing expectation that wood is not harvested in violation of civil rights)
- Corporate Governance Policy – see chapter 4.6 Shareholders and wider stakeholder group

In addition to the material topics below, 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 impact for people and the planet. Section "Communities" in the Annual Report provides details on how we engage and support our communities to help them thrive, for example through the SIG Foundation and our network of Future+ Ambassadors, with support from employee volunteers.

4.1 Responsible suppliers

4.1.1 Impacts

- Through supplier engagement, we provide transparency around 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.
- In the event of non-compliance by a supplier with our requirements, our process of supplier development will be initiated, which may result in potential termination of business relationships.
- Negative impacts in the supply chain can potentially arise due to a violation of human rights, such as those relating to child labor or forced labor, in the upstream business relationships.
- Through our supplier engagement, we contribute to the United Nations sustainability development goals 8, 12, 13, 15 and 17.

4.1.2 Commitments

We aim to reduce the negative impacts of our business with regard to responsible suppliers by respecting our key policies referred to in section 4 on this matters, and taking the actions described below.

- 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.
- We are committed to screening significant new suppliers for our carton business. This year we also identified direct significant suppliers for our newly acquired bag-in-box and spouted pouch businesses.

4.1.3 Measures and performance

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, labor practices and human rights. This includes the formal acceptance of our Supplier Code of Conduct.
- Equipment suppliers providing parts for our filling machines are required to complete an additional questionnaire related to conflict minerals and/or provide a CMRT document.
- 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 two 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.

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. 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.

See section 2.2 for an overview of our targets and how we progress to reach our targets.

Section 8 provides an overview of our key performance indicators over the period 2020-2023. Refer to our Annual Report for additional measures.

Report on non-financial matters in accordance with the Swiss Code of Obligations

4.2 Product safety and integrity

4.2.1 Impacts

- 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.
- Positive contribution to the United Nations sustainability development goals 2 and 12.

4.2.2 Commitments

We avoid the negative impacts related to product safety and integrity which could potentially be caused by our business by respecting our key policies referred to in section 4 on this matter, 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 and biodiversity.

4.2.3 Measures and performance

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 recognized 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.
- 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 the raw materials used.
- Our production plants are certified according to a GFSI recognized Scheme standard / ISO 22000 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 standardized 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.

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 is validated 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 organization on an ad hoc basis.
- We identify potential improvements through data analysis and follow-up with individual respondents in our customer surveys. 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. We also standardized the customer complaint management process.

Engagement with our stakeholders

We have a customer feedback program (NPS = Net Promoter Score) which measures customer satisfaction, including in terms of quality and safety.

See section 2.2 for an overview of our targets and how we progress to reach our targets.

Section 8 provides an overview of our key performance indicators over the period 2020-2023. Refer to our Annual Report for additional measures.

Report on non-financial matters in accordance with the Swiss Code of Obligations

5 Employee-related matters

SIG Group has adopted following key policies in relation to employee-related matters, which summarize per relevant topic the defined overarching commitment, targets, implementation approach and specific responsibilities:

- Environment, Health and Safety (EHS) Policy – see chapters 5.1 Workplace safety, 5.2 Chemical safety, 5.3 Employee health and well-being
- Human Rights, Labour and Community Engagement Policy – see chapters 5.1 Human Rights Due Diligence, 5.2 Child and Forced Labour, 5.3 Fair labour practices, 5.4 Diversity, equity and inclusion, 5.5 Employee relation and communication, 5.6 Employee engagement and retention, 5.7 Employee recognition and development
- Code of Conduct – see chapter 2 Equal employment opportunity, harassment and discrimination, 3 Environment, health and safety, 4 Human rights compliance, 11 Privacy and data protection

5.1 Health, safety and wellbeing

5.1.1 Impacts

- As a global employer operating in more than 60 countries, we have an impact on the health and safety of our 9,000+ 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 behavior in their private lives, which has a positive impact on their families and on the community.
- Negative impact on health & safety can occur through high heat at production sites.
- At-risk behavior in the workplace can lead to injuries and lost-time cases.
- 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.
- Positive contribution to the United Nations sustainability development goal 8.

5.1.2 Commitments

We aim to reduce the negative impacts of our business with regard to health, safety and wellbeing by respecting the EHS policy referred to in section 5, 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.

5.1.3 Measures and performance

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.
- Two-yearly SEDEX SMETA audits which include health and safety as one of the pillars.
- By focusing on human behavior 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 programs to promote work-life balance, healthy lifestyles, mindfulness and smart time management to support employee wellbeing.
- We have implemented a bi-weekly newsletter on the topic of safety (Safety Flash) to keep this topic top of mind for our employees.

Tracking the effectiveness of our actions

- EHS dashboard contains health and safety KPIs and is reviewed by the Group Executive Board each month.
- Quarterly reports to the Group Executive Board.
- Annual site self-assessments (based on ISO 45001) and internal audits / assessments.
- 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 behavior-based safety process.
- We monitor incidents and near misses.
- Lessons learned: preliminary incident reporting, analysis of the incidents, final accident report with lessons learned (global EHS distribution list).
- Board of Directors are regularly updated.

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. Our technicians are instructed to inform customers about health and safety issues, and they report customer feedback.

See section 2.2 for an overview of our targets and how we progress to reach our targets.

Section 8 provides an overview of our key performance indicators over the period 2020-2023. Refer to our Annual Report for additional measures.

Report on non-financial matters in accordance with the Swiss Code of Obligations

5.2 Diversity, equity and inclusion

5.2.1 Impacts

- 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.
- Promoting diversity, equity and inclusion decreases the likelihood of discrimination and violation of human rights.
- Depending on the producing country, there might be a high risk of inequality and discrimination based on gender, race, religion, political affiliation and sexual orientation in our supply chain.
- Positive contribution to the United Nations sustainability development goals 5 and 10.

5.2.2 Commitments

We aim to reduce the negative impacts of our business with regard to diversity, equity and inclusion by respecting our key policies referred to in section 5 relating to this matter, 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 against employees or suppliers' workers based on race, religion, national origin, political affiliation, gender, sexual orientation, disability, age or any other relevant category.

5.2.3 Measures and performance

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 behavior 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. Thereby, we apply recruitment practices that help us to attract diverse talent.
- We implemented an Integrity & Compliance Hotline which is available to all SIG employees, as well as to external stakeholders such as investors, suppliers and customers, or other business partners.

Tracking the effectiveness of our actions

- Regular dialogue with employees.
- SEDEX SMETA site audits, EcoVadis assessments.
- Diversity and inclusion dashboard.
- Issues or concerns may be reported through any available channel, including supervisors and managers, representatives of People & Culture, Legal & Compliance, Internal Audit or the Integrity & Compliance Hotline.
- We analyze 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.

Engagement with our stakeholders

SIG cooperates with universities and other organizations via websites, campaigns or through networks and communities, to attract female engineers and better engage with women to understand what matters most to them.

See section 2.2 for an overview of our targets and how we progress to reach our targets.

Section 8 provides an overview of our key performance indicators over the period 2020-2023. Refer to our Annual Report for additional measures.

5.3 Employee satisfaction, development and working environment

5.3.1 Impacts

- Appealing working conditions attract talent and contribute to the economic development of the region.
- Positive impact through professional education, trainee programs, technical and management courses.
- Long working hours can have serious health implications such as burn-out, psychological problems and stress.
- Positive contribution to the United Nations sustainability development goal 8.

5.3.2 Commitments

We aim to reduce the negative impacts of our business with regard to employee satisfaction, development and working environment by respecting our key policies referred to in section 5 relating to this matter, 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. We provide opportunities for continuous learning and development.

Report on non-financial matters in accordance with the Swiss Code of Obligations

5.3.3 Measures and performance

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 labor practices or other breaches of the Code of Conduct.
- We offer development opportunities, including through mentoring and digital learning, as well as further training opportunities.
- 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.

Tracking the effectiveness of our actions

- Regular internal or third-party assessments of our operations.
- SEDEX SMETA site audits.
- Quarterly meeting with Group Executive Board and employees.
- Regular dialogue with employees.
- Issues or concerns may be reported through any available channel, including supervisors and managers, representatives of People & Culture, Legal & Compliance, Internal Audit or the Integrity & Compliance Hotline.
- Surveys and comparison with other companies.
- 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.

See section 2.2 for an overview of our targets and how we progress to reach our targets.

Section 8 provides an overview of our key performance indicators over the period 2020-2023. Refer to our Annual Report for additional measures.

6 Respect for human rights

- SIG Group has adopted following key policies in relation to human rights matters, which summarize per topic the defined overarching commitment, targets, implementation approach and specific responsibilities:
  - Human Rights, Labour and Community Engagement Policy – see chapters 5.1 Human rights due diligence, 5.2 Child and forced labour, 5.3 Fair labour practices, 5.4 Diversity, equity and inclusion
  - Responsible Sourcing Policy – see chapter 4.1 Responsible suppliers
  - Code of Conduct – see chapters 2 Equal employment opportunity, harassment and discrimination and 4 Human rights compliance
  - Supplier code of conduct

6.1 Human rights

6.1.1 Impacts

- As we integrate the respect for human rights into the Company, we actively contribute to the United Nations sustainability development goal 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.
- By embedding respect for human rights in the Company culture, we contribute positively to the work ethic in the organization and in business relationships, and in a broader sense to the community.
- Possible negative impacts on people and their human rights arising from both our direct operations and the broader supply chain are primarily associated with our initiatives in the areas of health, safety and wellbeing, modern slavery, discrimination and harassment, children's rights, minorities, liberty and security of the person, fair labor 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 2023 at our own operations include issues related to working hours and overtime. We are further investigating these impacts at the plants concerned and are analyzing the root causes at the plant level. We have devised specific action plans, tailored to the circumstances, to address the issue and the impacts at each plant concerned. Additionally, we will establish mechanisms to prevent similar issues recurring in the future.

6.1.2 Commitments

We aim to reduce the negative impacts of our business with regard to people and their human rights by respecting our key policies referred to in section 6 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. While performing due diligence 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, labor, 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.

Report on non-financial matters in accordance with the Swiss Code of Obligations

6.1.3 Measures and performance

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 labor, freedom of association, health and safety, child labor, wages and benefits, working hours and discrimination, no harsh and inhumane treatment. All our production sites undergo SMETA audits to assess compliance with fair labor 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 labor practices to safeguard our employees' rights in all aspects.
- Issues or concerns may be reported through any available channel, including supervisors and managers, representatives of People & Culture, Legal & Compliance, Internal Audit 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.
- Positive impacts on people and their human rights or success stories can be shared via our Best Practices app.

Tracking the effectiveness of our actions

In 2023, we strengthened our human rights due diligence, including reviewing and updating our policy, conducting further risk assessments and analyses to inform identification of salient human rights issues, and explicitly extending our grievance mechanism to suppliers and other third parties.

Engagement with our stakeholders

Employees, suppliers and any third parties can report issues or concerns related to human rights via our Integrity & Compliance Hotline, Human Resources teams or the Global Legal and Compliance team.

See section 2.2 for an overview of our targets and how we progress to reach our targets.

Section 8 provides an overview of our key performance indicators over the period 2020-2023. Refer to our Annual Report for additional measures.

7 Combating corruption

- SIG Group has adopted the following key policies in relation to corruption-related matters, which summarize per topic the defined overarching commitment, targets, implementation approach and specific responsibilities:
  - Code of Conduct – see chapter 6. Anti-corruption/anti-bribery
  - Anti-Bribery and Anti-Corruption Policy
  - Corporate Governance Policy – see chapters 3. Core principles, 4.2 Compliance, monitoring and reporting, 4.4 Board operations

7.1 Impacts

Unethical business practices by SIG employees, such as bribery and corruption, and failing to act with integrity, in compliance with applicable laws and regulations or in accordance with our internal policies and processes, could result in reputational and financial impact for SIG Group.

Unethical business practices by third parties, such as bribery and corruption, make it more difficult for SIG managers and employees to act with integrity and in compliance with applicable laws and regulations and our internal policies, such as SIG's Code of Conduct. SIG Group, its managers and employees can contribute to combating corruption and bribery by upholding ethical business practices and by complying with applicable laws and regulations and our internal policies.

7.2 Commitments

We are committed to acting professionally and with integrity in everything we do, abiding by the principles set out in the SIG Code of Conduct which include:

- Ethical and legal behavior (for example regarding anti-bribery and anti-corruption).
- 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 is approved by our Board of Directors and detailed by policies and guidelines on specific topics. Available in 19 languages, it sets out our expectations on topics such as anti-bribery and anti-corruption, avoidance of and dealing with 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, detailed in our Anti-bribery and Anti-corruption Policy, and reinforced through training.

We encourage people to speak up if they have any questions or concerns, without fear of retaliation, via their line managers, our people and culture teams, or global and regional Legal and Compliance Officers. SIG employees, as well as external stakeholders such as investors, suppliers and customers, or other business partners can also report concerns via our Integrity & Compliance Hotline (anonymously if they wish, where permitted by local legislation).

Report on non-financial matters in accordance with the Swiss Code of Obligations

7.3 Measures and performance

Actions taken to manage the topic and our impacts

- We are committed to conducting business in an honest and ethical manner and have a zero tolerance approach towards bribery and corruption as stated in our Code of Conduct and in our Anti-Bribery and Anti-Corruption Policy.
- All employees must complete an SIG Code of Conduct training as part of their induction when they join the business, and they are required to complete a refresher training every year.
- We provide additional in-depth training on specific topics for those working in high-risk roles. This include further training for sales, procurement and finance teams on anti-bribery and anti-corruption.
- Group Internal Audit regularly reviews expense reports as part of their audits to assess implementation of and compliance with our internal policies and procedures on anti-bribery and anti-corruption.
- Any issues or concerns, including those related to bribery and corruption, may be reported through any available channel, including supervisors and managers, representatives of People & Culture, Legal & Compliance, Internal Audit or the Integrity & Compliance Hotline, see the Annual Report, chapter Sustainability, section Responsible culture: Governance and ethics, sub-section Progress in 2023 and sub-section Our Commitment.
- We investigate all concerns and take appropriate action, including, but not limited to, disciplinary measures.

Tracking the effectiveness of our actions

- Regular updates and statistics on compliance matters, including those relating to anti-bribery and anti-corruption, are provided to the Audit and Risk Committee.
- Internal audit reports are provided to the Audit and Risk Committee.
- Issues or concerns can be reported via the Integrity & Compliance Hotline.
- Lessons learned are shared with the organization on an ad hoc basis.

See section 2.2 for an overview of our targets and how we progress to reach our targets.

Refer to our Annual Report for additional measures.

Report on non-financial matters in accordance with the Swiss Code of Obligations

8 Sustainability key performance indicators

The table below shows our sustainability key performance indicators for our material topics from 2020-2023. For the limited assurance report by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Germany on the KPIs for periods 2021, 2022 and 2023, please see the end of the section "Sustainability key performance indicators".

Metric	2020	2021	2022	2023
Climate+				
Material issue: Climate change				
Total Scope 1 and 2 greenhouse gas emissions (thousand metric tons CO_2 equivalent)[6]	100.4[2,5]	75.9[2,5]	73.6[2,5]	**20.9**
Total Scope 3 greenhouse gas emissions (million metric tons CO_2 equivalent)[1]	1.9[2]	1.9[2]	2.0[2]	**1.9**
Scope 3 greenhouse gas emissions intensity (grams CO_2 equivalent/liter of food packed)[1]	68[2]	66[2]	65[2]	**64**
Scope 1, 2, and 3 greenhouse gas emissions intensity (grams CO_2 equivalent/liter of food packed)[1]	72[2]	68[2]	67[2]	**65**
Scope 1 greenhouse gas emissions for production (thousand metric tons CO_2 equivalent)[6]	31.4[2,5]	30.1[2,5]	26.6[2,5]	**20.9**
Scope 1 greenhouse gas emissions for our aseptic carton production (thousand metric tons CO_2 equivalent)[6]	31.1	29.8	25.1	**19.5**
Scope 2 greenhouse gas emissions for production (market based) (thousand metric tons CO_2 equivalent)[6]	69.1[2,5]	45.8[2,5]	47.1[2,5]	**0**
Scope 2 greenhouse gas emissions for our aseptic carton production (market based) (thousand metric tons CO_2 equivalent)[6]	22.9	0	0	**0**
Scope 1 and 2 greenhouse gas emissions intensity for production (aseptic carton sleeves only) (metric tons CO_2 equivalent/million m^2 of sleeves produced)[6]	17	15	12	**10**
Energy used for production from renewable sources (Power Purchase Agreements or Energy Attribute Certificates) or compensated using Gold Standard CO_2 offset (%)[6]	100[3]	100[3]	100[3]	**100**
Electricity used for production from renewable sources (Power Purchase Agreements or Energy Attribute Certificates) (%)[6]	100[2,3]	100[2,3]	100[2,3]	**100**
Operational energy use for our production (GWh)[6]	383[3]	402[3]	388[3]	**492**
Energy intensity for production (aseptic carton sleeves only) (MWh/million m^2 of sleeves produced)[6]	201	197	183	**175**
Forest+				
Material issue: Biodiversity & forest ecosystems				
SIG carton packs[4] sold labeled with FSC™ logo (%)	97[3]	98[3]	99[3]	**94**

1 Data includes our production plant in Baie-d'Urfé. 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.
2 Not assured.
3 Aseptic carton business only.
4 Includes aseptic and chilled cartons.
5 Restatement based on changed emission factors 2023
6 Data excludes our production plant in Voronezh, Russia, due to limitations in respect of data access.

Report on non-financial matters in accordance with the Swiss Code of Obligations

Metric	2020	2021	2022	2023
Resource+[1]				
Material issue: Waste management & circular economy				
SIG carton packaging[7] that is designed for recycling[2] (%)	100[8]	100[8]	100[8]	**100**
SIG bag-in-box and spouted pouch packaging that is recycle-ready[3] or for which we offer alternative recycle-ready bag-in-box and spouted pouch solutions (%)	–	–	–	**69**
SIG packaging portfolio that is recycle-ready[4] (%)	–	–	–	**90**
Waste rate for production (aseptic carton sleeves only) (grams of waste per m^2 of packaging material)	32	34	32	**31**
Food+				
Material issue: Product safety & integrity				
Significant carton[7] product and service categories which health and safety impacts are assessed for improvement (%)	100[8]	100[8]	100[8]	**100**[8]
Significant bag-in-box and spouted pouch product and service categories for which health and safety impacts are assessed for improvement (%)	–	–	–	**100**
Non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services in our carton businesses[7] (number of incidents)	0[8]	0[8]	0[8]	**0**[7]
Non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services in our bag-in-box and spouted pouch business (number of incidents)	–	–	–	**0**
Additional strategic topic: Access to nutrition & hydration[5]				
Nutritious food and beverage products[6] brought to consumers in SIG packaging (billion liters)	11.2[7,9]	11.8[7,9]	12.1[7,9]	**15.5**[9]

1 A KPI for the material issue of water is in development.
2 Our evaluation of recyclability of cartons is based on the relevant EN643 standard.
3 Our evaluation of recycle-readiness for bag-in-box and spouted pouch is in line with Design for Recycling criteria developed by APR (Association of Plastic Recyclers) and Recyclass.
4 Our evaluation of recyclability of cartons is based on the relevant EN643 standard and our evaluation of recycle-readiness for bag-in-box and spouted pouch is in line with Design for Recycling criteria developed by APR (Association of Plastic Recyclers) and Recyclass.
5 Additional strategic topic for our Food+ action area (not a material issue).
6 Defined by the independent Health Star Rating System as food and drinks that contribute to a balanced diet and lead to better health.
7 Includes aseptic and chilled cartons.
8 Aseptic carton business only.
9 Not assured.

Report on non-financial matters in accordance with the Swiss Code of Obligations

Metric	2020	2021	2022	2023
Sustainable innovation				
Material issue: Innovation in products & services				
Food packed with SIG Terra[9] packaging materials (million liters)	457.2[7, 14]	540.9[7, 14]	613.5[6, 7, 14]	**1,544.2**
Food packed in SIG Terra[9] packaging materials (% of total liters packed in SIG packs)	3.1[7, 14]	3.5[7, 14]	3.4[7, 14]	**5.3**
SIG aseptic carton packs sold labeled with ASI logo (million packs)	80.0[7]	577.0	1,383.7	**2,801.0**
Supply chain				
Material issue: Responsible suppliers				
New suppliers[10] screened using social responsibility criteria (% of significant suppliers[11] for our carton businesses)[8]	100	100	100[1]	**100**
New suppliers[10] screened using social responsibility criteria (% of significant suppliers[11] for our bag-in-box and spouted pouch business)[15]	–	–	–	**100[2]**
Material issue: Sustainable raw materials				
A-materials[12] from certified sources for our cartons[8] (% by volume)	62[7, 14]	70[14]	74[14]	**75[14]**
A-materials[12] from certified sources for all our packaging (% by volume)[15]	–	–	–	**69**
Human rights				
Material issue: Human rights[3, 15]				
Plants completed SEDEX Members Ethical Trade Audit (of total number of plants)[4]	8 of 9[13]	9 of 9[13]	8 of 8	**27 of 27[5]**

1 Excludes the chilled carton business acquired part way through 2022.
2 Integration of our bag-in-box and spouted pouch business into our Group procurement processes is ongoing. Data for 2023 includes the direct significant suppliers we have identified that provide raw materials for our bag-in-box and spouted pouch packs. We will work to add further significant suppliers for our bag-in-box and spouted pouch business in future, including indirect suppliers providing secondary packaging and services.
3 Includes freedom of association, freely chosen labor, living standards, and protection of the child.
4 SEDEX audits are completed on a two-yearly cycle and plants are considered to hold completed status for the year following their last audit. We report the number of plants that have completed SEDEX audits, but SIG's total number of SEDEX certifications is higher due to multiple entities being audited at a single plant as well as additional SIG business entities undergoing SEDEX audits beyond our production plants.
5 Includes one audit within the 2023 cycle that was completed in early January 2024. The bag-in-box, spouted pouch, and chilled carton production plants we acquired in 2022 joined our scheduled two-yearly cycle of audits in 2023.
6 Data restated due to an error in reporting.
7 Not assured.
8 Includes aseptic and chilled cartons.
9 Formerly known as our SIGNATURE portfolio for aseptic carton solutions. From 2023, recycle-ready bag-in-box and spouted pouch solutions have also been added to the SIG Terra portfolio.
10 Includes suppliers that are new to SIG Group through our acquisitions in 2022.
11 Significant suppliers are those considered most significant to our business (excluding equipment 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.
12 A-materials are the raw materials that go directly into our packs: paperboard, polymers, aluminum foil, ink, and solvents for aseptic cartons; paperboard, polymers, ink, and solvents for chilled cartons; and polymers and films for bag-in-box and spouted pouches. (SIG does not manufacture or sell the cardboard box of our bag-in-box solutions.)
13 The Australia production site acquired in 2019 completed its first SEDEX audit in 2021 as part of our two-yearly audit cycle. The site ceased production in mid-2021.
14 Aseptic carton business only.
15 Data excludes our production plant in Voronezh, Russia, due to limitations in respect of data access.

Report on non-financial matters in accordance with the Swiss Code of Obligations

Metric	2020	2021	2022	2023
Our people				
Material issue: Diversity, equity & inclusion[7]				
Women in leadership positions	18%[3]	20%	23%[6]	**25%**
Material issue: Employee satisfaction, development, and working environment[7]				
Sustainable engagement score (% favorable responses)	87[4]	–[5]	83	**85**
Training and development investment (average training hours/employee)	19.4[4]	20.5[4]	20.9[6]	**23.6[6]**
Health, safety, & wellbeing				
Material issue: Health, safety, & wellbeing[7]				
Total recordable cases[1] across SIG Group	–	–	68[3]	**65**
Total recordable case rate (per 200,000 hours worked) across SIG Group	–	–	0.86[3]	**0.80**
Lost-time cases[2] across SIG Group	–	–	18[3]	**40**
Lost-time case rate (per 200,000 hours worked) across SIG Group	–	–	0.36[3]	**0.49**
Total recordable cases[1] in our aseptic carton business	33[3]	31[3]	33	**33**
Total recordable case rate (per 200,000 hours worked) in our aseptic carton business	0.83[3]	0.60[3]	0.62[3]	**0.60**
Lost-time cases[2] in our aseptic carton business	13	17	18	**21**
Lost-time case rate (per 200,000 hours worked) in our aseptic carton business	0.31	0.33	0.35	**0.38**
Total recordable cases[1] in our bag-in-box, spouted pouch, and chilled carton businesses	–	–	35[3]	**32**
Total recordable case rate (per 200,000 hours worked) in our bag-in-box, spouted pouch, and chilled carton businesses	–	–	1.32[3]	**1.24**
Lost-time cases[2] in our bag-in-box, spouted pouch, and chilled carton businesses	–	–	10[3]	**19**
Lost-time case rate (per 200,000 hours worked) in our bag-in-box, spouted pouch, and chilled carton businesses	–	–	0.38[3]	**0.73**

1 Total recordable cases include medical treatment and restricted work cases as well as lost-time cases.
2 A lost-time case is defined as absence for one or more shifts or loss of one or more working days.
3 Not assured.
4 Aseptic carton business only.
5 There was no employee survey in 2021 as it was previously run every two years.
6 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 in 2022.
7 Data excludes our production plant in Voronezh, Russia, due to limitations in respect of data collection.

Disclaimer and cautionary statement

The information contained in the Annual Report and in any link to our website indicated herein is not for use within any country or jurisdiction or by any persons where such use would constitute a violation of law. If this applies to you, you are not authorized to access or use any such information.

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.

The information contained in the Annual Report is not an offer to sell or a solicitation of offers to purchase or subscribe for securities. The Annual Report is not a prospectus within the meaning of the Swiss Financial Services Act nor a prospectus under any other 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.

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