

■ ELEVEN DECADES OF SUSTAINABILITY LEADERSHIP

2009



### SONOCO'S SUSTAINABILITY STATEMENT OF INTENT

Sonoco will be the packaging industry leader in creating, maintaining and enhancing a sustainable future that benefits all of its stakeholders through continuous improvement in operating performance, social responsibility and environmental stewardship.

### SUSTAINABILITY MISSION STATEMENT

Sonoco's strategic mission statement is to be the low-cost global leader in providing customer-preferred packaging solutions to selected value-added segments, where we expect to be either number one or two in market share. Shareholder return, customer and employee satisfaction, commitment to excellence, integrity, environmental stewardship and a safe workplace will be the hallmarks of our culture.

The Company's focus on sustainability is directly linked to and in support of its mission statement. We believe that initiatives around enhancing our reputation, being a strong corporate citizen, providing a good place to work and being a good steward of our environmental resources will make us a stronger, more competitive company, better able to support and satisfy our broad customer base and provide shareholders with sustainable returns.

In today's competitive global marketplace, the issues relevant to supporting sustainability are directly linked to Sonoco's long-term profitability and viability. We believe that sustainability and business success are not only compatible but are inextricably linked and that by embracing both, we will benefit our shareholders for the long term.

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### FOR ELEVEN DECADES, SONOCO HAS BEEN A LEADER IN SUSTAINABLE PACKAGING.

From our humble beginnings producing paper cones for yarn winding machines to developing today's most innovative and environmentally responsible packaging, we have developed a sustainable culture that is focused on a commitment to excellence, integrity, customer and employee satisfaction, and environmental and community stewardship, all of which benefit our shareholders.

Since 1899, Southern Novelty Company, now Sonoco, has been pursuing the "triple bottom line" of sustainability. By balancing and integrating environmental stewardship, social responsibility and economic performance within our business strategy and culture, Sonoco is becoming more competitive and better prepared to meet the challenges of the future.

#### "WHAT GETS MEASURED GETS DONE"

You've probably heard the saying, "What gets measured gets done." Our Sustainability Council, which reports directly to me, and provides progress reports to our board of directors, has established metrics, outlined in this report, which are focused on measuring our progress toward a series of environmental, social and economic goals.

Building on the substantial work already undertaken, we have set new environmental targets aimed at reducing our environmental footprint by cutting greenhouse gas (GHG) emissions from our manufacturing facilities. We also remain focused on further reducing overall energy use along with other air emissions, water usage and landfill wastes.

Establishing 2008 as our baseline year, Sonoco is committed to reducing GHG emissions from our 121 manufacturing facilities in the U.S. and Canada by 15% over the next five years. To meet our 2013 GHG emission reduction goal, we expect to reduce energy usage at our uncoated recycled paperboard mills by maximizing energy efficiency through targeted investments and ini-

tiatives. In addition, we are planning to change process steam production at some of our mills to either renewable or other less carbon-intensive fuels. While our goals currently target our North American operations, where approximately 72% of our revenues are derived, we have established measurement tools for our international manufacturing operations and will begin compiling GHG emissions data in 2009 to establish a baseline from which we can develop emission reduction goals in coming years.

As part of this effort, we announced on Earth Day 2009 (April 22, 2009) that Peregrine Energy Corporation, a Greenville, S.C.-based independent power and industrial energy efficiency company, expects to invest approximately \$135 million to construct and operate a new biomass-fueled cogeneration (electricity/steam) project within Sonoco's Hartsville, S.C., manufacturing complex. If approved by regulators, this new renewable energy project will be able to produce 50 megawatts of electricity, or enough energy to power 14,000 homes.

#### CREATING SUSTAINABLE VALUE FOR OUR CUSTOMERS

During 2008, Sonoco improved its sustainable packaging offerings and expanded recycling services to its customers. Sonoco is a total packaging solutions provider for its customers, offering a full range of packaging supply chain products and services ranging from concept and design to reclamation and recycling.

Our designers, engineers and material scientists are able to develop superior design concepts that meet our customers' performance, cost and sustainability requirements. Sonoco's proprietary sustainability packaging design software program focuses on reducing product weight by eliminating materials, down-gauging structures and de-complicating packaging to improve its recyclability. And, we have established partnerships with our customers to recover and recycle packaging, and reduce landfill wastes coming from their manufacturing, distribution and retail locations. Examples of some of our new sustainable products and service offerings are shown on pages 10 and 11.

#### A LEADER IN CORPORATE CITIZENSHIP

Recently, Sonoco was named number 27 on *Corporate Responsibility Officer* (CRO) magazine's 100 Best Corporate Citizens List® for 2009. We are extremely pleased to be on this

prestigious list, which included only one other packaging company. This recognition reflects our commitment to sustainability, starting with our dedicated employees, extending to our customers and moving into the communities where we operate.

During 2008, employees at three out of every four businesses set new safety records by reducing injury-related incidents. We also continue to put great emphasis on employee and supplier diversity. Our spending with women- and minority-owned businesses increased by 14% in 2008, and we were honored by Coca-Cola with its "Partners in the Promise" award for companies that display a strong commitment to supplier diversity.

It is our belief that flourishing communities and thriving businesses are mutually interdependent. Sonoco continues to invest annually in the communities where we operate, providing approximately 1% of our consolidated pretax income to non-profit organizations. Approximately 75% of our donations in 2008 went to support education, which we believe is a key factor in improving the per capita income of our fellow citizens.

After 110 years in business, we continue to believe that sustainability is more than a passing fad. Even in the current tough economic times, consumers, retailers and our customers are demanding more sustainable packaging. As a result, we remain committed to constantly challenging ourselves to work with our various stakeholders to continuously improve all aspects of sustainability.

Sincerely,

Harris E. DeLoach Jr.  
Chairman, President and Chief Executive Officer

## AREAS OF FOCUS

### 1. COMMUNITY SERVICE

**Purpose: Enhance corporate citizenship in the communities in which Sonoco operates through:**

- Community support and partnerships
- Employee volunteerism
- Workplace practices
- Diversity
- Corporate governance

### 2. ENVIRONMENTAL STEWARDSHIP

**Purpose: Reduce Sonoco's environmental footprint by**

- Reducing wastes going to landfills
- Reducing energy consumption
- Reducing greenhouse gas emissions
- Reducing hazardous air emissions
- Reducing water usage
- Implementing and encouraging internal recycling programs

### 3. ECONOMIC PERFORMANCE

**Purpose: Create sustainable value for Sonoco and its customers by**

- Enhancing use of sustainable packaging solutions
- Using more sustainable materials
- Providing commercial waste reduction services
- Expanding community-based recycling programs
- Developing renewable energy partnerships



### ENVIRONMENTAL POLICY

Sonoco takes seriously its responsibility to protect the environment in which we work and live, and will conduct its business in accordance with all legal requirements and ethical responsibilities, using scientific knowledge, technical innovation and sound environmental management practices.

- We will be sensitive to environmental issues throughout our business systems, including our selection of materials, processes and products. We will utilize appropriate monitoring techniques to ensure adherence to accepted standards.
- We will conduct our operations in full compliance with applicable environmental laws and regulations. In those areas of the world where such requirements are at a minimum, we will operate in a completely responsible manner.
- We will utilize natural resources efficiently, continuously seeking ways to reduce our requirements. We will strive to maximize the utilization of recovered materials in the products we manufacture and use.
- We will minimize the generation of discharges to the environment, including air emissions, wastewater and solid waste.
- We will support the development of scientific knowledge relating to environmental matters and implement appropriate new technologies to improve our environmental performance.
- We will proactively assist our customers in addressing environmental issues related to their use of our products.
- We will communicate openly with our stakeholders concerning our environmental record.
- We will cooperate with public and governmental organizations to seek responsible solutions to environmental needs and to develop effective and balanced environmental standards.

### OVERVIEW

Each of Sonoco's more than 300 manufacturing plants in 35 countries has an environmental footprint which the Company is working to shrink. Over its 110-year history, Sonoco has always complied with applicable environmental laws and regulations, even exceeding standards when technological opportunities made it possible.

In 2008, Sonoco implemented a new environmental management tool to help gather greenhouse gas (GHG) emission data from its U.S. and Canadian plants. In addition, several of the Company's plants in Europe are certified as ISO 14001. Building

on the substantial work already undertaken, Sonoco has set aggressive environmental targets aimed at further reducing its environmental footprint by delivering large reductions in GHG emissions from its manufacturing facilities. The Company also remains focused on reducing other air emissions, water usage and landfill wastes.

Establishing 2008 as its baseline year, Sonoco has committed to reducing GHG emissions from its 121 manufacturing facilities in the United States and Canada by 15% over the next five years. In addition, a new measurement system has been developed and has begun compiling GHG emissions data in 2009 from the Company's international operations. Once baseline data is compiled, the Company expects to establish broader GHG emission reduction goals in coming years.

### SONOCO RECYCLING

Sonoco's global recovered materials business, Sonoco Recycling, invested \$3.5 million to upgrade and expand by more than 22,000 square feet its materials recovery facility (MRF) in Raleigh, N.C. As a result of the expansion, Sonoco has moved to a fully automated recycling operation that can process twice as much material, or up to 1 billion pounds, annually. This increased capability has allowed the city of Raleigh to convert from a dual-stream waste collection service to a more cost-effective single-stream service. The conversion already has saved the city \$180,000 by eliminating the need to purchase three split-body trucks necessary for dual-stream collections.

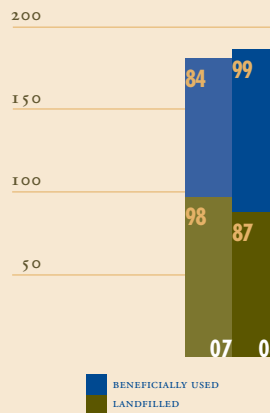
Sonoco Recycling opened its Raleigh MRF in 2006. With the most recent upgrades the facility incorporates a computer-automated reclamation system that uses customized conveyors, an elliptical sorter, large storage hoppers and a fully automated horizontal baler to separate, store, compact and bale reclaimed newspaper, old corrugated containers, other recycled paper and packaging, aluminum, steel, glass and plastics.





■ The expansion of Sonoco's Recycling facility in Raleigh has helped the city improve efficiency and reduce costs by converting from dual-stream to single-stream waste collections.

**SOLID WASTE DISPOSAL**  
(U.S. AND CANADA)  
(THOUSAND TONS PER YEAR)



**SONOCO SUSTAINABILITY SOLUTIONS**

Sonoco has collected and processed old corrugated containers and other recoverable paper as raw material for its uncoated recycled paperboard mills since the early 1900s. In 2008, Sonoco took approximately 60% of its recovered paper to produce uncoated recycled paperboard which was used by Sonoco's businesses to manufacture consumer and industrial packaging.

In addition to recycling customers' wastes, we are aggressively working to reduce the wastes from Sonoco's operations sent to landfills, with the goal of achieving zero landfill disposal. Sonoco currently spends approximately \$6 million annually to dispose of papermaking byproducts and scrap materials from its converting operation along with simple office wastes.



In 2008, a Sonoco Recycling division team charged with implementing the Company's successful Sonoco Sustainability Solutions (S3) waste-reduction program throughout United States and Canada audited 34 plants for recycling and waste material productivity improvement opportunities. The team identified more than 70,000 tons of additional recyclable scrap at the Company's North American plants. Most of that scrap—64,000 tons—was shipped to Sonoco paper mills and the rest was sold to outside companies. The team also identified 28,662 tons of additional recyclable scrap at plants operated by other Sonoco businesses.

Sales of previously land-filled materials from the Company's U.S. and Canadian plants through S3 totaled approximately \$770,000 in 2008. Another \$230,000 in future annual savings was identified by evaluating each plant's waste trends.

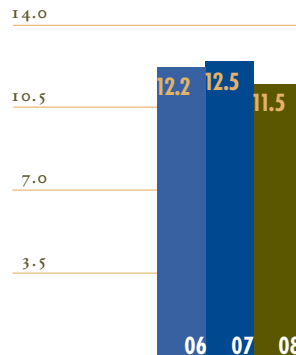
**WASTEWATER MANAGEMENT**

Sonoco eliminated internal waste generation to correct high molybdenum and pH levels in wastewater being discharged by its York, Pa., point-of-purchase display facility. Methyl violet inks, which contain molybdenum, were replaced with molybdenum-free carbazole violet inks and a new adhesive made using recycled ink wastewater instead of tap water was developed to remove the wastewater and molybdenum it contains from the plant's waste stream. Caustic soda was also added to correct the pH level of the plant's ink wastewater and discharged wastewater. Today, not only is the York plant consistently discharging wastewater with acceptable molybdenum and pH levels, the need for an outside company to dispose of ink wastewater has been eliminated, saving the Company nearly \$100,000 annually.

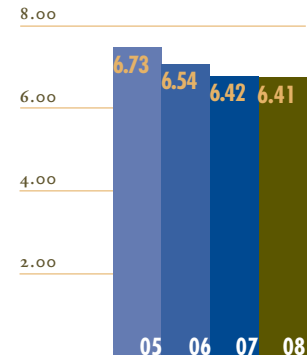
**EARTH DAY 2009**

Sonoco celebrated Earth Day by conducting its first Sustainability Forum for businesses and governmental organizations at its materials recovery facility (MRF) in Columbia, S.C. Sonoco Chairman, President and Chief Executive Officer Harris E. DeLoach Jr. welcomed the attendees and discussed Sonoco's sustainability initiatives. Neil McLean, executive director of EngenuitySC, served as the keynote speaker. In his presentation, he discussed Columbia's "Sustainability and Green Jobs Initiative."

**PRODUCTION WATER CONSUMPTION**  
(MILLION CUBIC METERS)



**ENERGY CONSUMPTION**  
(MMBtu/GROSS TON)  
(DOMESTIC AND CANADIAN MILLS)





■ To teach students the importance of participating in community recycling efforts, Sonoco Recycling's Columbia recycling center conducts community education and outreach programs.

The forum was created as a networking opportunity so that representatives from the business community and various governmental agencies could build stronger relationships and share ideas and other valuable information relating to recycling and sustainability. Because of the event's success, which was attended by more than 40 people, Sonoco intends to conduct similar forums in the future.

Also on Earth Day, it was announced that Peregrine Energy Corporation, a leader in developing independent power and other industrial energy efficiency-related projects, is working with Progress Energy Carolinas and Sonoco on plans to build a \$135 million woody biomass-fueled cogeneration plant at Sonoco's Hartsville, S.C., manufacturing complex. If the plans are approved by regulators, Peregrine would own and operate the facility, which would be capable of generating 50 megawatts of electricity, or enough energy to power approximately 14,000 homes.

Once operational, Peregrine Energy would sell the plant's total electrical output and all of its renewable energy certificates to Progress Energy Carolinas. Sonoco would purchase the plant's low-pressure steam for use in manufacturing recycled paper-board and converted products. Plans call for the proposed facility to be commercially operational in late 2012.

**IT'S EASY BEING GREEN**

In 2008, Sonoco increased its efforts to reduce and recycle office waste, expanding the Company's "It's Easy Being Green" office waste recycling initiative introduced in Hartsville in 2007 to include all of its North American locations. Recycling desktop trays and communications outlining steps employees can take to reduce office waste were provided to each North American facility.

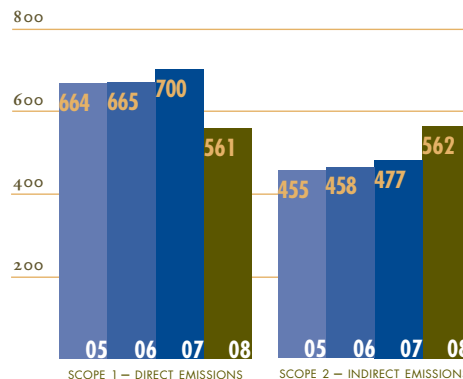
In Hartsville, 40.4 tons of office paper was reclaimed and recycled in 2008 along with thousands of aluminum cans and plastic drink bottles deposited by employees in specially marked collection bins in break rooms and conference rooms that would have otherwise ended up in landfills.



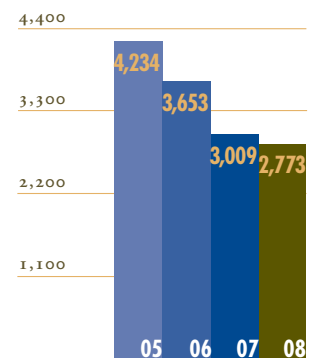
A new campus wide energy conservation program, which included implementing HVAC setbacks and educating Hartsville employees on steps they can take daily to make the campus more energy efficient, also produced more than \$90,000 in savings in 2008.

For more information, go to [www.sonoco.com/environment](http://www.sonoco.com/environment).

**GREENHOUSE GAS EMISSIONS**  
(THOUSAND METRIC TONS OF CO<sub>2</sub>e)  
(DOMESTIC PLANTS AND CANADIAN MILLS)



**VOLATILE ORGANIC COMPOUND EMISSIONS (VOCs)**  
(INCLUDES REGULATED AIR POLLUTANTS)  
(REPORTED RELEASES FROM DOMESTIC AND CANADIAN PLANTS)  
(TONS PER YEAR)



## OVERVIEW

Throughout its history, Sonoco has been able to achieve sustainable growth that, in turn, allows the Company to fulfill its obligation as a responsible manufacturer, employer and member of the communities in which it operates. Despite stiff economic headwinds in 2008, the Company produced record sales and our second-best base earnings performance.

Since 1899, Sonoco, has grown sales at an annual compound rate of 21.2% and base earnings at 11.4%. Since 2003, the Company's sales have grown at an annual compound rate of 8.4%, and base earnings per diluted share have grown at an annual rate of 11.5%. (Information on base earnings and base earnings per diluted share along with reconciliations to the most closely applicable GAAP financial measure is provided on page 29 of Sonoco's 2008 Annual Report to shareholders.)

Sonoco generated its third-highest operating cash flow on record in 2008, which was used to fund capital projects to expand operations, reward shareholders with cash dividends for the 84th consecutive year and strengthen the Company's balance sheet by reducing debt to one of the lowest levels in more than a decade.

## GOVERNANCE

Sonoco adheres to the philosophy that greater transparency and comparable financial reporting is beneficial to the Company's shareholders and other stakeholders. The Company's board of

directors and its leadership team strongly support and adhere to the legislative and regulatory standards adopted by the U.S. Congress, the Securities and Exchange Commission and the New York Stock Exchange.

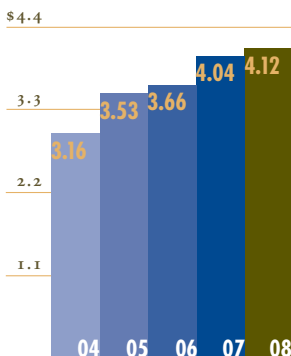
Integrity is a hallmark of the Sonoco culture. The Company will not permit any type of illegal, unethical or improper behavior on the part of any employee. Employees are expected not only to comply with the law, but also to conduct all aspects of Sonoco's business in a fair and ethical manner.

## CORPORATE GOVERNANCE QUOTIENT

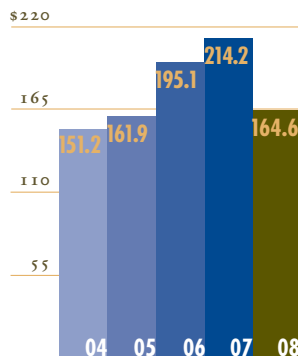
Sonoco's governance policies, procedures and actions are reviewed and rated by various third-party governance scoring methodologies. The Company's current corporate governance quotient (CGQ), as determined by RiskMetrics Group's CGQ governance analytics service, was 81.1% versus the Standard & Poor's Mid-Cap 400 (compared with 80.3% in 2008) and 91.4% versus the basic materials industry index (compared with 89.4% in 2008). These percentile metrics mean that Sonoco's governance policies and actions were viewed to be better than 81.1% of the other S&P 400 index companies and 91.4% better than companies in the basic materials index.

For more information, go to [www.sonoco.com/economicperformance](http://www.sonoco.com/economicperformance).

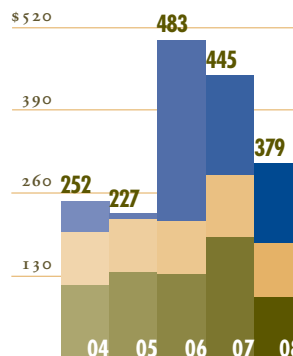
**NET SALES**  
(BILLIONS OF DOLLARS)



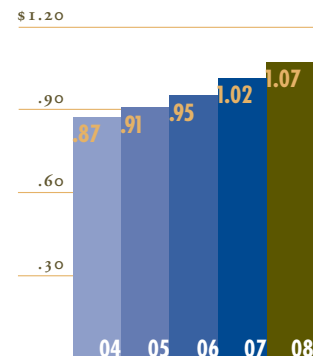
**NET INCOME FROM CONTINUING OPERATIONS**  
(MILLIONS OF DOLLARS)



**CASH FLOW FROM OPERATIONS/FREE CASH FLOW\***  
(MILLIONS OF DOLLARS)



**CASH DIVIDENDS PAID TO SHAREHOLDERS**  
(DOLLARS PER SHARE)



■ FREE CASH FLOW  
■ CASH DIVIDENDS  
■ CAPITAL EXPENDITURES



## 1. RIGID PAPER PACKAGING

The world's largest producer of composite cans and a leader in rigid paperboard containers

**Products and Services:** Round and shaped composite paperboard cans, paperboard pails, single-wrap paperboard packages, fiber cartridges

**Markets: Food:** Powdered beverages and infant formulas, cereal, coffee, snacks, nuts, cookies and crackers, confectionery, frozen concentrates, refrigerated dough, spices/seasonings, nutritional supplements, pet foods

**Nonfood:** Adhesives, caulks, cleansers, chemicals, lawn and garden, automotive, pet products

## 2. BLOW-MOLDED PLASTIC

A leading manufacturer of extrusion blow-molded plastic containers

**Products and Services:** Monolayer and multilayer bottles and jars

**Markets: Food:** Noncarbonated, high-barrier beverages/ready-to-drink products, condiments **Nonfood:** Health and beauty, household chemicals, automotive, adhesives and specialty products

## 3. THERMOFORMED PLASTIC

A global manufacturer of consumer and institutional thermoformed packaging

**Products and Services:** Monolayer, coated and barrier and non-barrier laminated tubs, cups, consumer and institutional trays **Markets:** Processed foods, sauces and dips, pet foods, snacks and nuts, fresh-cut produce, desserts

## 4. MOLDED AND EXTRUDED PLASTIC

A leading innovative solutions provider of engineered plastic products

**Products and Services:** Product design, tool design and fabrication; manufacturing in both injection molding and extrusion technologies **Markets:**

**Consumer:** Food, food service, medical devices and disposables

**Industrial:** Textiles, wire and cable, fiber optics, filtration and automotive

## 5. ENDS AND CLOSURES

A world leader in convenience closure technology and manufacturing

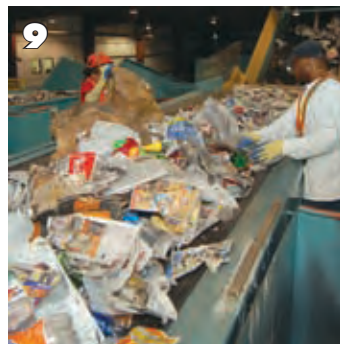
**Products and Services:** Aluminum, steel and peelable membrane easy-open closures for composite, metal and plastic containers **Markets:** Pet food, vegetables, fruit, seafood, poultry, soup and pasta, dairy, powdered infant formula, coffee

## 6. PRINTED FLEXIBLE PACKAGING

A provider of printed high-barrier, high-performance innovative flexible packaging solutions

**Products and Services:** Flexible packaging made from thin-gauge, high-value-added rotogravure, flexographic and combination printed film including high-performance laminations, rotogravure cylinder engraving

**Markets:** Confectionery and gum, hard-baked goods, coffee, processed foods, beverages, snack foods, pet foods, home and personal care



## 7. TUBES AND CORES

The world's largest producer of tubes and cores

**Products and Services:** Paperboard tubes, cores, roll packaging, molded plugs, pallet components, concrete forms, void forms, rotary die boards

**Markets:** Construction, film, flowable products, metal, paper mill, shipping and storage, tape and label, textiles, converters

## 8. PAPER

A global manufacturer of uncoated recycled paperboard for Sonoco's fiber-based packaging divisions and the external converting industry

**Products and Services:** Recycled paperboard, chipboard, tubeboard, lightweight corstock, boxboard, linerboard, specialty grades, recovered paper

**Markets:** Converted paper products, spiral winders, beverage insulators

## 9. SONOCO RECYCLING

One of the largest packaging recyclers annually collecting, processing and selling more than 3 million tons of old corrugated containers, paper, plastic, metal, glass and other recyclable materials

## 10. SERVICE CENTERS

Provider of fee-for-service arrangements for supply chain management

**Services:** Packaging supply chain management, including custom packing, fulfillment, primary package filling, scalable service centers, global brand artwork management **Markets:** Personal care, baby care, beauty, health-care, food, electronics, hosiery, office supplies, toys

## 11. POINT-OF-PURCHASE (P-O-P)

A leading provider of P-O-P displays, including fulfillment operations, for a "one-stop" display needs solution

**Products and Services:** Designing, manufacturing, assembling, packing and distributing temporary, semi-permanent and permanent P-O-P displays, as well as contract packaging, co-packing and fulfillment services

**Markets:** Automotive, beverages, confectionery, electronics, cosmetics, food, fragrances, healthcare, home and garden, liquor, medical, office supply, over-the-counter drugs, personal care, sporting goods, tobacco

## 12. WIRE AND CABLE REELS

The leading producer of wooden, composite and metal reels in North America for the wire and cable industry

**Products and Services:** Steel, nailed wooden, plywood, recycled and polyfiber reels **Markets:** Wire and cable manufacturers

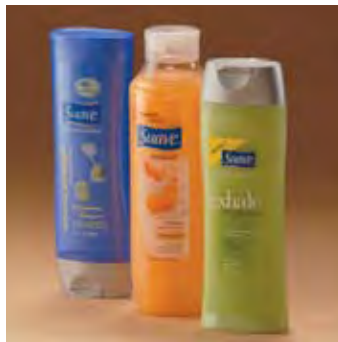
## 13. PROTECTIVE PACKAGING

A leading provider of custom-designed and engineered protective packaging solutions

**Products and Services:** Proprietary Sonopost® technology, Sonobase® carriers and Sonopop® systems (sold by Sonoco CorrFlex), concept, design, testing and manufacturing of multimaterial total solutions packaging, on-site engineering, ISTA- and Sears-certified engineering and testing facilities, contract testing facilities **Markets:** Household appliances, heating and air conditioning, office furnishings, automotive, fitness equipment, lawn and garden, promotional and palletized distribution

For more information, go to [www.sonoco.com/sonocoataglance](http://www.sonoco.com/sonocoataglance).

# CONSUMER



## COFFEE CONVERSIONS

In 2008, Sonoco helped Kraft Foods convert its Nabob and Yuban® brands of coffee from metal cans to more environmentally friendly rigid paperboard containers without sacrificing abuse resistance or shelf life. The paperboard used to make the composite cans contains more than 50% recycled materials and has received chain-of-custody certification from the Rainforest Alliance's SmartWood program. The move to high-performance composite cans also reduced both brands' environmental footprint through a 27% reduction in material weight, a 34% reduction in energy inputs and a 20% reduction in greenhouse gas emissions. Nabob coffee's new container received a Gold Award in the Packaging Association of Canada's 2009 Sustainable Packaging Competition.

## PJ'S COFFEE MATERIAL REDUCTION

The one-pound, matte-finished, seven-color, three-ply foil-based bags Sonoco designed and is manufacturing for 26 SKUs of PJ's Coffee is a more sustainable package than the traditional four-ply flexible bag. Made using polyester, foil and a polyethylene sealant, the bags require 10% fewer materials and 15% less energy to produce, and generate 10% fewer carbon emissions than four-ply bags without sacrificing performance or shelf appeal.

## DOWN-GAUGED METAL ENDS AND CLOSURES

A leader in using down-gauged metals to produce convenience closures, Sonoco Phoenix has reduced the total metal used by approximately 10% in the past few years and continues to make strides in down gauging as well as VOC (volatile organic compound) reduction. We maintain a proactive program to monitor and address emerging regulatory issues that affect our ends and closures, and our product portfolio contains a number of non-BPA (Bisphenol A) and non-melamine offerings.

## SUAVE® RIGID PLASTIC CONTAINER REDESIGN

Unilever USA refreshed the Suave brand image, reduced costs and shrunk its environmental footprint by working with Sonoco's Matrix Packaging to redesign Suave rigid plastic shampoo and conditioner bottles. Adding a stylish new curve to the bottles' walls improved the overall strength of the bottles, decreased their weight and reduced the amount of resin required to produce the bottles by 16%.

## TRIAMINIC® COUGH AND COLD PRODUCT DISPLAY

Over-the-counter drug manufacturer Novartis uses Sonoco's new Eliminator PDQ™-tray display to drive sales of its cough and cold products and reduce its environmental footprint. This patent-pending corrugated PDQ display requires 25% less linerboard to produce than a traditional PDQ display and has half the shipping width, tripling the number of displays that can be shipped per pallet and significantly reducing the displays' manufacturing, pallet, transportation and warehousing costs. Double stacking of the pallets carrying the displays also reduces the number of truckloads it takes to ship the displays to stores.

# INDUSTRIAL



## STEALTH CORE™ RECYCLED PAPER FILM CORES

Sonoco's Stealth Core film core is an innovation in film packaging that helps film manufacturers and end users improve sustainability ratings and packaging-related film performance. Berry Plastics chose Sonoco's Stealth Core film core as a way to enhance the environmentally sustainable qualities of its Saturn™ handheld film line. Compared with standard film cores, the Stealth Core film cores offer the same strength and performance, but are lighter in weight and use less raw material and energy to produce. This results in cores that are more sustainable and made with fewer greenhouse gas emissions.

## SONOCO PALLET SOLUTIONS

Sonoco offers a variety of sustainable pallet solutions such as Durablock™ compressed pallet blocks, Loadright™ bulk bag carriers and the Company's new Eco pallets. The Durablock pallet blocks are made from recycled wood and are 100% recyclable, and they have been selected by commercial paper maker Domtar to replace the wooden blocks in its pallets. Sonoco's recyclable Loadright bulk bag carriers are made from recovered paper and are specifically engineered to hold and support the flexible bulk bags that producers and manufacturers commonly use to store nuts, grains, plastics, powders, petrochemicals and other materials. And, Sonoco's Eco pallets, which are made from 100% post-consumer and industrial waste and are entirely recyclable, provide customers with a strong, lightweight alternative to traditional wood pallets. Though weighing less than eight pounds, these environmentally friendly one-way carriers are capable of transporting loads up to 1,500 pounds.

## WIRE AND CABLE REEL RECYCLING SERVICES

Since 1991, Sonoco has supplied U.S. electric utilities with wire and cable reels, and when the utility is ready, Sonoco collects the used reels to be cleaned and refurbished. By recycling more than 150,000 wire and cable reels each year, this reel recycling service



annually saves approximately 50,000 trees and \$6 million in disposal costs. The program serves 1,200 end users in nearly 650 cities in the United States and Canada.

## CERTIFICATIONS FOR FORESTRY MANAGEMENT AND PAPER OPERATIONS

Sonoco owns and manages approximately 56,490 acres of timberland that are included within standards developed by the Sustainable Forestry Initiative (SFI)®. These Company-owned forests are primarily hardwoods and provide a fiber source used to produce corrugated paper at Sonoco's Hartsville-based paper mill. Through SFI, Sonoco achieved certification for responsible and sustainable forestry management practices.

Sonoco also is certified by the Forest Stewardship Council and the Program for the Endorsement of Forest Certification (PERC) for responsible fiber-sourcing practices. These "chain-of-custody" certifications have recognized 11 Sonoco recycled paperboard mills and two recycled rigid paper container plants in the United States and Canada. These "chain-of-custody" certifications specifically recognized 11 Sonoco recycled paperboard mills and two recycled rigid paper container plants in the United States and Canada.

For more information, go to [www.sonoco.com/sustainablepackaging](http://www.sonoco.com/sustainablepackaging).

**OVERVIEW**

For eleven decades Sonoco has been committed to aligning its activities with the social and economic expectations of its stakeholders. This commitment can be traced back to Sonoco founder Major James Lide Coker, who believed that he and the employees of his company had an inherent responsibility to help improve the quality of life in the communities where they lived and worked. That same sense of corporate responsibility and pride in one's community has been passed from one generation to the next at Sonoco and is alive and well at the Company today.

Despite the challenging economy in 2008, Sonoco continued to demonstrate strong support of its communities by making cash contributions of more than \$2 million to a number of non-profit organizations. The Company's employees remained equally supportive by regularly sharing their time and talents with various projects and events, and by serving on numerous boards within their communities. And, wherever possible, Sonoco's financial giving was structured to support those activities in which its employees participated.

The Sonoco Foundation is the primary vehicle for Sonoco's contributions. Funded entirely by the Company, Foundation grants are approved by the Sonoco Contributions Committee. Funding is concentrated on those institutions, programs and organizations that encourage the development or improvement of education, social welfare and health, arts and cultural, civic institutions and in areas that reinforce our employee volunteerism.

Education remains a focal point of Sonoco's community support. In 2008, we expended \$1.5 million on education programs.

The Company also strives to help its employees with a scholarship program for their children. This program, which is administered by an independent third-party organization, awards 10 four-year scholarships in the amount of \$2,000 per year. Scholarships are awarded based upon academic record, participation in school and community activities, demonstrated leadership, work experience and a statement of goals and aspirations.

Sonoco also makes direct contributions in support of education. The Company's contributions played an instrumental role in the successful opening of Clemson University's Sonoco Institute for Packaging Design and Graphics (see related article on page 16), which is providing students with enhanced career opportunities in packaging, printing and allied fields. Additionally, Sonoco contributions to the South Carolina Governor's School for Science and Mathematics, located in Hartsville, fund numerous programs and projects that help make it one of the 20 best high schools in the nation.

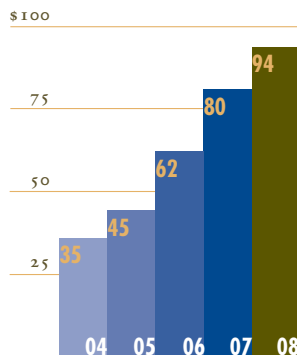
While Sonoco follows general guidelines in the area of social responsibility, the Company remains responsive to the ever-changing needs of the communities it serves. The Company's philanthropic, community, employee and general citizenship activities and policies are reviewed at least annually by the Employee and Public Responsibility Committee of the Company's board of directors.

**SAFETY**

Sonoco has demonstrated a history of focusing on the safety of its employees. In 2008, that effort helped employees achieve another safety record with a total incident rate (TIR) of .63

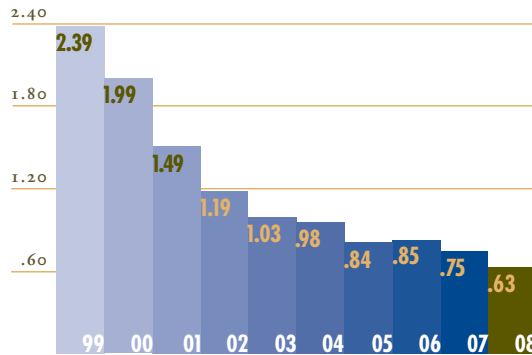
**SUPPLIER DIVERSITY SPENDING**

(MILLIONS OF DOLLARS)



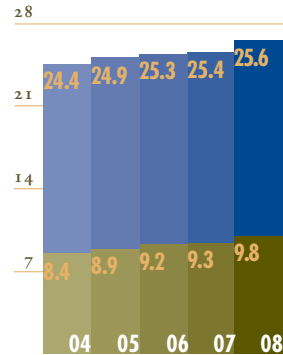
**SAFETY PERFORMANCE**

(TOTAL INCIDENT RATE PER 100 EMPLOYEES PER YEAR)



**EMPLOYEE DIVERSITY**

(PERCENT)



(annualized number of reportable injuries per 100 full-time employees), which breaks the previous record of .75 set in 2007. In the past decade, employees have reduced recordable injuries by approximately 71%.

Employees at 158 Sonoco plants worked all of 2008 without any recordable injuries; 222 Sonoco facilities qualified for the Company's prestigious President's Safety Award by completing at least 200,000 injury-free hours.

**DIVERSITY**

Through the years Sonoco has built a reputation for high ethical standards and integrity among its employees and suppliers. A primary reason for this is the focus we place on employee and supplier diversity.

For Sonoco, employee diversity means fostering, from the top down, an environment that encourages every employee to contribute ideas, seek challenges, assume leadership and achieve his or her personal goals by helping Sonoco succeed. Diversity tracking reports, which highlight trends in areas such as women and minority representation, hiring practices, promotions and terminations, are a key tool used to measure diversity in the workplace. Since 2004, Sonoco's representation in exempt positions for women has grown from approximately 24% to 25.6%, while minority representation has grown from approximately 8.4% to 9.8%. Updated quarterly and shared with Sonoco's leadership team, this report provides a roadmap for the Company's ongoing employee diversity efforts.

Sonoco also encourages Employee Network groups, specifically those targeting women and minorities. In 2008, these two groups worked to enhance a number of Company initiatives aimed at diversity, including work-life benefits, mentoring, and women and minority recruitment via the Internet.

Sonoco views supplier diversity, which directs a portion of the Company's total vendor spend to women- and minority-owned suppliers, as another key component of its corporate responsibility. Since starting a formal supplier diversity program in 2004, Sonoco has more than quadrupled its spending with diverse suppliers, including a 14% increase in 2008. The Company directs approximately 6% of its total spending to women- and minority-owned businesses. The national average for similar companies is about 3.2%.

**CONTRIBUTIONS**

**A summary of all 2008 cash contributions in Sonoco communities**

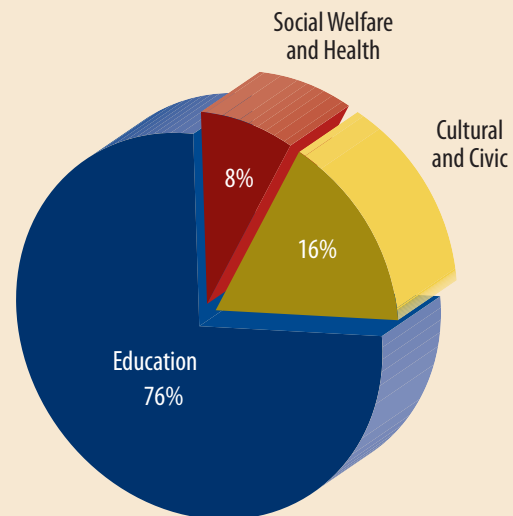
■ Educational	\$ 1,553,500
■ Cultural and Civic	327,283
■ Social Welfare and Health	167,950
■ TOTAL CONTRIBUTIONS	\$2,048,733

**GENERAL POLICY AND GUIDELINES**

The general target for Sonoco's charitable contributions is 1% of Company domestic pretax profits. Charitable grants are made only to organizations with tax-exempt status. Our priority is to give to and support those communities in which we operate. Special consideration is given to those institutions which are supported by our employees through their personal contributions of time and/or money. Sonoco does not make grants to individuals or organizations for religious or political purposes, either for lobbying efforts or campaigns. Sonoco generally does not make grants for educational capital funds programs, endowment purposes, or for trips or tours.

**All requests for specific information should be sent to:**

Sonoco Foundation – A09  
1 North Second Street  
Hartsville, SC 29550  
[www.sonoco.com/foundation](http://www.sonoco.com/foundation)



Sonoco is committed to being a leader in the area of supplier diversity and the Company is a member of the National Minority Supplier Development Council and the Carolinas Minority Supplier Development Council (CMSDC). In 2008, Sonoco served as a title sponsor of the CMSDC's Business Opportunity Conference, and the Company was honored by Coca-Cola with its "Partners in the Promise" award for companies that display a strong commitment to supplier diversity.

**SONOCO INSTITUTE OF PACKAGING DESIGN AND GRAPHICS AT CLEMSON UNIVERSITY**

In March 2009, Clemson University officially opened the Sonoco Institute of Packaging Design and Graphics as a way to enhance opportunities for students seeking successful careers in packaging, printing and allied fields. Sonoco's financial investment in the project, which began in 2006, assisted in the construction of the facility that brings two curriculums—packaging sciences and graphics—together under one roof. The Sonoco Institute features four primary areas of study: packaging design, sustainability, printed electronics and the consumer experience.

For Clemson, the Sonoco Institute means the university can take better advantage of the synergies between packaging sciences and graphics. It also allows Clemson to better address the initiatives of its industry partners while taking another step in its vision of becoming a Top-20 public institution. For Sonoco, the Institute provides the Company and the packaging industry with a more skilled and creative workforce. It also gives Sonoco access to a one-of-a-kind research and development center, allowing the Company to collaborate with the top researchers in the world.

**100 BEST CORPORATE CITIZENS**

Sonoco was ranked number 27 on Corporate Responsibility Officer (CRO) magazine's 100 Best Corporate Citizens List® for 2009. CRO's 100 Best Corporate Citizens List is the only corporate responsibility listing based on 100-percent, publicly available information and ranks Russell 1000® companies on their performance in seven key areas: environment, climate change, human rights, philanthropy, employee relations, financial and governance. The 100 Best Corporate Citizen List methodology places a premium on companies with high levels of public disclosure and transparency.

For more information, go to [www.sonoco.com/socialresponsibility](http://www.sonoco.com/socialresponsibility).

■ **One of the 28 Best Places to Work in South Carolina** (SCBiz, the SCJobNetwork.com, S.C. Chamber of Commerce, Society for Human Resource Management and Best Companies Group)

■ **27 on CRO's 100 Best Corporate Citizens List** (*Corporate Responsibility Officer* magazine)

■ **SHARP Safety Award: Greensboro, N.C., and Winston-Salem, N.C.** (Occupational Safety and Health Administration)

■ **Named one of the packaging industry's most admired companies** (*Fortune* magazine)

■ **Named a Gold Level Fit-Friendly Company** (American Heart Association)

■ **Contractor of the year: Statesville, N.C.** (Goodwill Industries)

■ **KLD's Domini 400 Social Index. Added to KLD's Mid-Cap Social Index, Large-Mid Cap Social Index and Small-Mid Cap Social Index**

■ **Good Corporate Citizen Award** (The Sanitation Boards of Los Angeles County)

■ **2008 South Carolina Chamber of Commerce Safety Awards** (13 South Carolina facilities)

■ **Carolina Recycling Association's Volunteer Leadership Award: Jane Hiller**

■ **542 on the Fortune 1000 List**



### CORPORATE SUSTAINABILITY COUNCIL

Sonoco has a strong record in the area of corporate sustainability, reflecting the Company's recognition that sustainability is an important issue to our customers, shareholders, employees, the communities where we operate and other key stakeholders.

In 2005, Sonoco identified the need for a more comprehensive approach for the future and formed a corporate sustainability committee with the overarching goal of ensuring that Sonoco continues to integrate the concept of sustainability into the Company's business strategy, culture and actions.

### COUNCIL PURPOSE

The purpose of the Sonoco Corporate Sustainability Council is to provide oversight, guidance and direction on social, community and environmental issues that have potential impact on the reputation and long-term economic viability of the Company and our stakeholders. Through our actions, we contribute to the economic and social well-being of our stakeholders.

The council meets quarterly and reports to and is sponsored by Sonoco's chairman, president and CEO. The council reports on Sonoco's sustainability activities, at least annually, to the board of directors.

### COUNCIL OBJECTIVES

- Identify and define those issues that are relevant to Sonoco's long-term sustainability and image as a good corporate citizen.
- Establish meaningful long-term and short-term sustainability objectives related to key areas of focus and provide Sonoco's executive committee with meaningful recommendations or guidance on how to meet those objectives.
- Recommend and establish new Company guidelines, policies and processes to support areas of focus
- Create and communicate a business case for corporate sustainability
- Provide recommendations for the Company's philanthropic efforts in support of overall corporate sustainability objectives

- American Forest and Paper Association
- Carolina Recycling Association
- City of Columbia Green Business Initiative
- Environmental Education Association of South Carolina
- Institute of Scrap Recycling Industries
- National Association of Information Destruction
- National Council for Air and Stream Improvement
- National Recycling Coalition
- Paper Stock Institute (Chapter of ISRI)
- Program for the Endorsement of Forest Certification
- Sustainable Packaging Coalition
- Virginia Recycling Association
- Walmart's Packaging Sustainable Value Network

### BOARD OF DIRECTORS

#### EMPLOYEE PUBLIC & RESPONSIBILITY COMMITTEE

**John E. Linville**, Chairperson

**James L. Coker**

**Dr. Pamela L. Davies**

**Edgar H. Lawton III**

**Lloyd W. Newton**

**Philippe R. Rollier**

### SUSTAINABILITY COUNCIL

**Cindy Hartley**, Senior Vice President, Human Resources  
– Committee Chair

**Vicki Arthur**, Vice President, Global Corporate Accounts

**Gloria Bell**, Director, Internal Audit

**Jim Bowen**, Senior Vice President, Sonoco Recycling  
and Internal Supply

**Rodger Fuller**, Vice President, Global Rigid Paper and Closures

**John Grups**, Staff Vice President, Operating Excellence

**Allan McLeland**, Director, Human Resources – Industrial

**Marty Pignone**, Vice President, Global Manufacturing – Industrial

**Roger Schrum**, Vice President, Investor Relations  
and Corporate Affairs

**Jeffrey Schuetz**, Staff Vice President, Global Technology  
– Consumer

For more information on Sonoco's sustainability efforts go to [www.sonoco.com/sustainability](http://www.sonoco.com/sustainability).

Sonoco Corporate Headquarters ■ 1 North Second Street ■ Hartsville, S.C. 29550-3305 ■ +843/383-7000

Contact: [sustainability@sonoco.com](mailto:sustainability@sonoco.com)