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 third consecutive year. For information on the SIG Group's progress towards Taxonomy-alignment, refer to "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 currently consists of the following: the Taxonomy Regulation, the Climate Delegated Act (as amended in June 2023), the Disclosures Delegated Act (as amended in June 2023), the Complementary Climate Delegated Act, and the Environmental Delegated Act. 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 products play a key role by offering customers the lowest-carbon packaging solutions in each relevant market segment. 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. Our cartons are designed to be fully recyclable. 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. **See Climate+ →, Resource+ → 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 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 then 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 in 2023, 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. Our assessment remains unchanged for the year ended December 31, 2024.

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.

Economic 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 may 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, 2024.

Our progress towards Taxonomy-alignment is described in "Our advancement towards Taxonomy-alignment" below.

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, 2024.

The numerator is the revenue derived from provision of products associated with Taxonomy-eligible economic activities.

For the year ended December 31, 2024, 92.3% 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, 2024				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	2,540.3	76.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacturing of plastic packaging goods	CE 1.1	532.5	16.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Turnover of Taxonomy eligible activities		**3,072.9**	**92.3%**	**76.3%**	**0.0%**	**0.0%**	**0.0%**	**16.0%**	**0.00%**
B. Taxonomy-non-eligible activities									
Turnover of Taxonomy-non-eligible activities		**255.6**	**7.7%**						
Total		**3,328.5**	**100.0%**						

1 EL = Taxonomy eligible activity for the relevant objective.
N/EL = Taxonomy non-eligible activity for the relevant objective.

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, 2024.

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, 2024, 92.7% 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, 2024				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	364.2	84.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacturing of plastic packaging goods	CE 1.1	33.8	7.9%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
CapEx of Taxonomy eligible activities		**398.0**	**92.7%**	**84.8%**	**0.0%**	**0.0%**	**0.0%**	**7.9%**	**0.0%**
B. Taxonomy-non-eligible activities									
CapEx of Taxonomy-non-eligible activities		**31.5**	**7.3%**						
Total		**429.5**	**100.0%**						

1 EL = Taxonomy eligible activity for the relevant objective.
N/EL = Taxonomy non-eligible activity for the relevant objective.

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 servicing 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, 2024. This amount includes all non-capitalized research and development costs that are 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, 2024).

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, 2024, 92.3% 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, 2024				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	101.4	74.5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacturing of plastic packaging goods	CE 1.1	24.2	17.8%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
OpEx of Taxonomy eligible activities		**125.6**	**92.3%**	**74.5%**	**0.0%**	**0.0%**	**0.0%**	**17.8%**	**0.0%**
B. Taxonomy-non-eligible activities									
OpEx of Taxonomy-non-eligible activities		**10.5**	**7.7%**						
Total		**136.1**	**100.0%**						

1 EL = Taxonomy eligible activity for the relevant objective.
N/EL = Taxonomy non-eligible activity for the relevant objective.

Our advancement towards Taxonomy-alignment

In 2023, we made advancements towards testing the Taxonomy-alignment and meeting the technical screening criteria. We progressed further with our alignment in 2024. Our 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 subsections 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/sustainability/esg).

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. In 2024, we have initiated the process of getting quantified life-cycle GHG emission savings verified by an independent third party.

We are committed to continue offering our customers the lowest carbon packaging solutions in every market segment, and are pioneering even lower-carbon packs at every stage of their life cycle, informed by ISO-compliant, critically reviewed life-cycle assessments.

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. We continue 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.

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 already includes recycle-ready bag-in-box and spouted pouch solutions. Bag-in-box solutions for dairy are already recycle-ready, and we have expanded our offering of our recycle-ready spouted pouches as well as our recycle-ready bag-in-box solutions. Our SIG Terra RecShield D bag-in-box package for post-mix syrup, our largest segment, has been formally recognized by the Association of Plastic Recyclers (APR) for meeting the highest criteria for recyclability according to the APR Design® Guide for Plastics Recyclability.

Do no significant harm (DNSH)

We continue to work on 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 in 2023. 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 (e.g. 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 and mitigation measures undertaken in 2024, 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 (e.g. 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 (e.g. its reliance upon water and its water use performance given the nature of the business/site), which impacts a site's operational-related risks.

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 reuse 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 (e.g. 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 (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

In 2025, we will continue our work on our Taxonomy-alignment assessment for activity 3.6 Manufacture of other low carbon technologies. For activity 1.1. Manufacturing of plastic packaging goods, we will continue with our 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, 2025, we will fully report in line with the EU Taxonomy. Consequently, we will disclose our first Taxonomy-alignment results in our 2025 Annual Report.