

# Sustainability at Avery Dennison

2020 Sustainability Report





# Message From Our Chairman, President and CEO

In a year that brought challenges unlike any our company has ever faced, our global Avery Dennison team demonstrated tremendous agility in delivering for our stakeholders. By consistently applying our foundational attributes of materials science innovation and leveraging our global scale and operational excellence, we made solid progress against our long-term strategic priorities, despite a challenging environment.

**“In our ongoing commitment to operate a sustainable business and serve as a force for good both environmentally and socially, we continue to pursue our 2025 sustainability goals.”**

## Navigating the challenges of COVID-19

We entered the pandemic from a position of financial, operational and commercial strength, and our company is once again proving its resilience. Our teams adapted quickly to new commercial and operational norms, responding decisively with best-practice safety protocols and measures to protect our profitability in a lower-growth environment. Our focus continues to be on ensuring the health and well-being of our employees, delivering for our customers, supporting our communities and minimizing the impact of the pandemic-driven recession on our shareholders, while continuing to invest in the long-term success of our company.

## Solid progress toward our long-term financial goals and new 2025 targets

We increased adjusted earnings per share and delivered record free cash flow in 2020 despite a modest decline in sales due to market conditions. A key priority in this low-growth environment has been to protect our overall profitability, and we've delivered, expanding our margins significantly. And after substantially meeting or exceeding our long-term financial goals for the last two cycles, we're largely on track to deliver our 2021 goals, and are again raising the bar, recently establishing new 2025 targets.

## Related Information

[Code of Conduct](#)



[Human Rights Policy](#)



[UK Slavery and Human Trafficking Statement](#)



[Avery Dennison Careers](#)



## Progress toward sustainability—and three new goals

In our ongoing commitment to operate a sustainable business and serve as a force for good both environmentally and socially, we continue to pursue our 2025 sustainability goals. In this report, we are also announcing three new sustainability goals for 2030, which we will pursue in parallel with our 2025 targets.

## Continuing to demonstrate our resilience

Entering 2021, we remain confident in our ability to deliver value for all of our stakeholders by executing our five core business strategies and making further progress toward our long-term goals, including consistent delivery of GDP-plus growth and top-quartile return on capital.

Our consistent performance reflects the strength of our markets, our industry-leading positions and the strategic foundations we've laid. Above all, it speaks to the agility and talent of our team members, who have come together in extraordinary ways to navigate one of the most demanding periods in our history. I thank them for their commitment in 2020. And on their behalf, I thank you for your interest in our company.

*Mitch Butier*



# Circular Economy

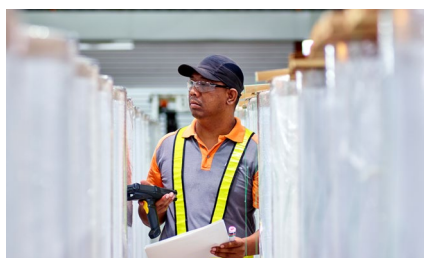
Across our company, we're looking at new ways to apply our materials expertise to invent and engineer solutions that advance the circular economy. We're especially focused on increasing material recyclability and the use of recycled content across the industries we serve.



## Advancing the Circular Economy

We're innovating and collaborating to reduce resource consumption, eliminate waste, and create circular processes that allow existing raw materials to be continuously reused. We will improve the energy and carbon footprint of our products and services through innovation and life-cycle management.

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## Materials Management

We develop products with sustainability in mind, from the materials we use, to how they're constructed or recycled at end-of-life. Sustainable products start with sustainable sourcing. Wherever possible, we responsibly source sustainable materials that improve environmental health.

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## Sustainable ADvantage

Sustainable ADvantage is a portfolio of products and solutions that enables companies across global industries to use fewer natural resources, cut carbon emissions, reduce waste, and build towards a low-carbon, circular economy.

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# Advancing the Circular Economy

Across our company, we are engineering solutions for advancing the circular economy. We are particularly focused on increasing materials recyclability and using recycled content in our products.

## Governance

The Governance Committee of our Board of Directors provides oversight of environmental sustainability strategies. In addition, our full Board engages with business leaders on their sustainability initiatives during its regular review of their business strategies. In July and December 2020, our board held strategy sessions focused on environmental sustainability and our innovation efforts addressing the increasing demand for sustainable products.

In 2020 we launched two strategic innovation platforms within our LGM business: “Reduce and Eliminate” and “Circularity.” Each platform has a senior leader as its champion. Through these platforms, we are embedding thinking and innovation related to circularity and materials reduction in more parts of our business.

## Goals

Several of our 2025 and 2030 sustainability goals are aimed at advancing the circular economy.

### 2025 Targets

- Ensure that 70% of our products and solutions conform to, or enable end products to conform to, our environmental and social guiding principles.

## Related Information

[Alignment of 2025 Sustainability Goals to the SDGs](#)



[2030 Targets](#)



[ESG Download](#)



### 2030 Targets

#### *Retail Branding and Information Solutions*

- 100% of products within our Core Product Categories will meet our third-party verified Sustainable Advantage standards.

#### *Label and Graphic Materials*

- 100% of Core Film and Paper Product Categories will contain recycled or renewable content. All of our regions will have labels that enable circularity of plastics.
- Continued investment and industry collaboration to provide the industry with recycling outlets globally.
- Expand the adoption of Intelligent Labeling to enable our industries to communicate data, reduce costs and waste, and create smarter recycling processes.

## Innovation

Innovation is one of our core values and is critical to our efforts to advance the circular economy, improve business performance, and reduce the environmental impact of our products and operations. Our business is built on research and development and expanding the boundaries of what's possible.

During 2020, innovation was a priority of our Board and senior management team. We continued to invest in innovation platforms focused on enabling circularity and on eliminating waste. For example, our "Reduce and Eliminate" platform is investigating solutions to eliminate label liner from our pressure-sensitive label products. In 2020, we also assessed the risks of investing in disruptive technologies that could help us achieve circularity. As the heart of our research and development programs, our Centers of [Technology and Innovation](#) and [Customer Design and Innovation](#) provide state-of-the-art facilities to drive collaboration, creativity, and product development. They are strategically located around the globe to advance innovation and develop solutions for our customers.

## EcoDesign

EcoDesign is a multi-disciplinary and criteria-based process to develop products that will have positive social, environmental, and financial impact. We're currently piloting it in facilities in Europe, with the aim of implementing it across our entire enterprise. EcoDesign methodology provides guidelines for the entire development process, from ideation to implementation, to ensure that each successive generation of product is more sustainable than the last. We also use EcoDesign to scrutinize the use of chemicals in our products more strictly than what is required by law (e.g., REACH). We are working to expand our usage of EcoDesign across our enterprise.

## Sustainable Advantage

Our Avery Dennison Sustainable Advantage™ portfolio contains hundreds of products that help our customers and their end-users reduce materials consumption, shrink their environmental footprint, and support safety, fairness, and human rights. Sustainable Advantage products include labels made with paper certified by the Forest Stewardship Council, adhesives that make plastic bottles more recyclable, and apparel labels made from renewable resources in factories that meet stringent standards for worker safety and health. Our Sustainable Advantage products align with our sustainability goals and principles, while also helping our customers meet their goals, satisfy consumer demand, and stay ahead of regulations.

For a product to qualify for the Avery Dennison Sustainable Advantage™ Portfolio, at least one of its components must meet at least one of the three sustainability standards:

- **Responsible Sourcing:** A specific amount of the content is verified to come from sustainably sourced materials.
- **Reduction of Materials:** The component offers comparable or superior performance using fewer materials.
- **Recycle:** A specific amount of the content is recyclable, made of recycled content, or enables recycling.

We apply concrete, measurable criteria to ensure that products meet these standards.

## Intelligent Labels

Intelligent labels or 'smart labels'—labels inlaid with Radio Frequency Identification (RFID) or other technology—are changing how consumers shop and engage with brands and how companies manage supply chains and protect products. As the world's largest UHF RFID partner, we're at the forefront of this transformation. Our intelligent label products have enormous potential to enable the circular use of products and materials by improving the tracing of items across their lifecycle.

We also promote circularity with our intelligent labels through the way that we make them. We take a multifaceted approach, reducing materials in our products and operations where we can, using materials with recycled content where possible, and designing product components that are circular in nature that can be recycled or reused. We define recyclability by looking beyond our own products and considering the products they'll become part of. We design our intelligent labels with their end uses in mind, ensuring that they won't stand in the way of recycling.

What's more, in choosing our partnerships and collaborations, we prioritize brands creating products that are reusable and refillable or encouraging recycling among consumers. As we further our development of intelligent labels, we also want to promote recycling around the world by making our products an enabling technology for smart recycling bins and better collection and sorting.

## Collaborating for greater impact

We partner with organizations committed to advancing the circular economy. We are members of the Center for Bioplastics and Biocomposites ([CB2](#)) consortium, a National Science Foundation Industry & University Cooperative Research Center (I/UCRC) that focuses on developing high-value biobased products from agricultural and forestry feedstocks. Through the Center, we have access to leading research and development and to technologies developed by the Center. In 2019, we joined the [Ellen MacArthur Foundation's](#) Circular Economy 100 (CE100) network. The CE100 network includes leading and influential organizations, innovators, investors, businesses and governments all working to lead the transition to a circular economy.

We're also expanding circularity by collaborating with other brands. In 2021, we launched a partnership with Los Angeles-based garment recycler Ambercycle in which digital care labels from our RBIS business are attached to Ambercycle's garments. The labels provide information about a garment's origins and materials, along with care instructions and more, all via a QR code. When the garment's owner is ready to dispose of it, a quick snap of the QR code links to instructions for returning the garment to Ambercycle, where it will be recycled into a new textile.

## Reducing Operational Waste

We are also incorporating circular economy principles in our operations as we reduce waste, divert waste from landfills, and improve materials use efficiency. Each of our business units has developed initiatives to reduce waste and return materials to our value chain. You can learn more about our waste management practices in our section on [Waste](#).

## Promoting Circularity With Our Materials

The materials we use to make our products can promote circularity throughout our value chain. As with waste reduction, each of our business units has developed initiatives to use more recycled content and returnable materials in their products. You can learn more about our sustainable sourcing in our section on [Materials Management](#).

## Increasing the Recycling of Used Label Materials

Tons of used label liners and matrix are sent to landfills every year. In 2021, we set out to change the habits of brands and packagers by introducing AD Circular, a comprehensive program providing recycling of used label materials, in places where we operate around the world. Through the program, companies can use an online web application to schedule pickup and transportation of used label materials to one of our recycling partners, at a cost comparable to landfilling or incineration. The web app also provides useful data in the form of regularly updated analytics and certificates on the amount of recycled liner material, the amount of CO2 emissions users have avoided as a result, and more.

AD Circular is currently operational in China and eight countries in Europe (France, Spain, Belgium, Poland, Denmark, Sweden, Germany, and the United Kingdom). We plan to expand it further in 2021 and 2022.

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# Apparel Solutions

## Turning Manufacturing Waste into New Products

We're exploring ways to minimize our manufacturing waste by using it to create new products. We started by looking for ways to reuse waste from our textile processing. We began with two questions: Which of our manufacturing materials is most suitable for regeneration? And which is common to all our woven production? The answer was selvages—the edges of fabric trimmed off during production. We call the resulting product Albert Yarn™. It's 100% polyester, with a natural touch and feel. Best of all, it successfully repurposes textile waste as a new resource. Production of the Albert Yarn raw material involves no chemical processes, and since it's made from pre-consumer production waste, its manufacture requires no fossil materials and 72% less water and 15% less energy than comparable conventional yarn.

## Label and Packaging Materials

### Leading our industry toward the elimination of label waste

In 2020, we joined other leading members of the pressure-sensitive label industry in announcing the creation of the Circular Economy for Labels consortium (CELAB). With just 52% of matrix and liner waste recycled globally, CELAB is catalyzing a unified effort to accelerate recycling among label users.

Our participation in CELAB reflects our strategic commitment to support programs and companies that enable the collection and recycling of matrix and liner waste. Another example: Avery Dennison Brazil is working with POLPEL, a company dedicated to the treatment of hard-to-recycle paper, to give a second life to paper liner waste. Through the program, liner is collected from our label and packaging materials plant in Brazil, recycled into pulp, and made into paper towels used in the plant. The process repurposes nearly four tons of paper each year.

## **RFID**

### **Introducing atma.io**

atma.io, which we launched in 2021, is a digital platform that unlocks the power of connected products by assigning unique digital IDs to everyday items. It provides unparalleled end-to-end transparency by tracking, storing, and managing all the events associated with an item, from source to consumer and beyond. We designed atma.io in part to increase the traceability of packages and products across their lifecycles so that more of them can be reused or recycled.



# Materials Management

Sustainable products start with sustainable sourcing. We increasingly source materials with reduced environmental impact, more recycled content, and fewer associated greenhouse gas emissions. We also procure materials that meet our standards for safety and for human and labor rights.

## Governance

Our [Avery Dennison Supplier Standards](#) describe the standards our suppliers are required to meet. We require suppliers to sign and agree to our enterprise and business-specific supplier standards, along with a declaration acknowledging our zero-tolerance policies for forced labor and other human rights abuses. Each of our business units is responsible for managing its supply chains in alignment with our enterprise standards. Our businesses share information about suppliers they have in common.

## Goals

We have established ambitious goals to advance the environmental and social sustainability of our supply chain along with delivering sustainable products to customers.

Reaching our sustainability goals requires close collaboration with our suppliers as we support their continuous improvement. We also perform quarterly reviews with each of our commodity managers, which are then reviewed with our CEO and Senior Director of Operations, to ensure we are on track toward our objectives.

## Related Information

<a href="#">Responsible Paper Procurement Policy</a>	
<a href="#">CDP Forest Response</a>	
<a href="#">Supplier Standards</a>	
<a href="#">2030 Targets</a>	
<a href="#">ESG Download</a>	

## 2025 Targets

- Source 100% certified paper, of which at least 70% is Forest Stewardship Council®-certified
- Ensure that 70% of films we buy conform to, or enable end products to conform to, our environmental and social guiding principles
- Ensure that 70% of chemicals we buy conform to, or enable end products to conform to, our environmental and social guiding principles

## 2030 Target

- Source 100% of paper fiber from certified sources focused on a deforestation-free future



## 2030 Targets – LGM

- 100% of Core Film and Paper Product Categories will contain recycled or renewable content. All of our regions will have labels that enable circularity of plastics.
- Engage 80% of our spend of LGM's direct suppliers on their environmental and social policies including water, human rights, fair business, forestry, etc.

## Designing with More Sustainable Materials

From a product's conception, we consider the environmental and social impacts of the materials we use. Our Matchcheck™ lifecycle analysis tool, which allows us to complete an initial lifecycle analysis of a material to determine the positive and negative environmental effects of incorporating it into our products, along with Eco-Design principles we're currently testing in Europe, inform our innovation. Resulting products that meet our strict criteria earn a home in our Sustainable Advantage™ portfolio.

### *Sustainable Advantage™*

Our Avery Dennison Sustainable Advantage™ portfolio contains hundreds of products that help our customers and their end-users decrease materials consumption, reduce their environmental footprint, and support safety, fairness, and human rights. Sustainable Advantage products include labels made with paper certified by the Forest Stewardship Council, adhesives that make plastic bottles more recyclable, and apparel labels made from renewable resources in factories that meet stringent standards for worker safety and health. Our Sustainable Advantage products align with our sustainability goals and principles, while also helping our customers meet their goals, satisfy consumer demand, and stay ahead of regulations.

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## Restricted Substances

We closely monitor scientific developments, regulations, and customer and consumer preferences to maintain a [Restricted Substances List](#) (RSL) for our company which is followed by LGM and IHM. The RSL enables us to provide our customers with innovative and cost-effective solutions while meeting stakeholder expectations and maintaining compliance with laws and regulations.

In 2021, we communicated an updated [Restricted Substances List](#) (RSL) to our RBIS suppliers. This RSL was developed based on legal requirements, RSL from the American Apparel and Footwear Associations, AFIRM, and requirements from our retail and business customers. Suppliers are responsible for ensuring the content of the products they supply us with do not exceed the maximum allowed value or is not detected above the detection limit based on the specified analytical test methods. To help ensure compliance, we conduct annual training on our RSL to our suppliers

## Responsible Paper Procurement

As a significant stakeholder in the supply chain of pulp and paper products, we play an important role in promoting and providing sustainable and socially responsible paper products. Our unique position in the value chain allows us to collaborate with a range of business partners in reducing environmental impacts. We employ science-based analysis to provide the foundation for our responsible paper procurement program.

Our [Responsible Paper Procurement Policy](#) details our commitments and expectations of pulp and paper suppliers. We have committed to sourcing 100% of our paper fiber from certified sources, with a preference for [Forest Stewardship Council](#) (FSC) certification. The [Rainforest Alliance](#) annually conducts a validation of our paper certifications, identifying our risks for non-certified risk and unknown sources of paper and providing corrective actions.

## Reducing Greenhouse Gas Emissions in Our Supply Chain

Purchased goods and services account for most of our Scope 3 greenhouse gas emissions. In support of our 2030 target to reduce our scope 3 emissions by 30%, we are using EcoVadis and our CDP Supply Chain membership to gain additional insights into the carbon footprint of our suppliers. We are collaborating with our suppliers to support GHG reduction efforts in their operations. We're also sourcing recycled materials and advancing recyclability across our supply chain. You can learn more about our GHG emission reduction efforts in our section on [GHG Emissions and Energy](#).

## Promoting Human Rights in Our Supply Chain

We are committed to treating our employees with dignity and respect, and to helping ensure that employees in our supply chain are treated the same way. In 2020, we published our [Avery Dennison Human Rights Policy](#). Our policy is guided by widely accepted human rights principles, including those articulated in the International Labor Organization's 1998 Declaration on Fundamental Principles and Rights at Work, and in the United Nations Global Compact. We expect our suppliers to adhere to our Human Rights Policy as well as our Supplier Standards, which also describe our expectations for how workers will be treated.

Suppliers to our RBIS division must also comply with additional standards governing labor and human rights practices, which are described in [RBIS' Supplier Code](#). These align with the standards set out in the OECD Integrated Compliance Assurance Programme.

In 2021, in response to global events and in advance of pending legislation in Europe and the U.S., we communicated with our suppliers to reaffirm our prohibition of forced and child labor in our supply chain, and to remind them of the terms of our Supplier Code, which include our right to terminate supplier relationships if a Code violation occurs. We asked suppliers to reconfirm that they had no instances of forced or child labor. If a supplier was unable to do so, we worked in collaboration with our legal team to remediate the situation, or, when that was not possible, to end our relationship with that supplier.

## Evaluating Suppliers

To ensure we work with suppliers who align with our ethical and environmental standards, we regularly evaluate our supplier relationships through our Sustainable Procurement Program.

This collaborative evaluation platform provides our suppliers with sustainability ratings and performance improvement tools. Each year, with our partner, EcoVadis, we review suppliers together representing more than 80% of our direct spend on materials for LGM. EcoVadis audits a company's environmental practices, fair business practices, working conditions, and supply chain. Supplier audit scores and corrective actions are available in EcoVadis' online system for any competitor or customer who requests the information. Our Sustainable Procurement Program received a [Label Industry Global Award](#) in 2018 and the [Future of Sourcing Award](#) in 2019.

When a supplier does not meet our expectations, we connect with the supplier to discuss opportunities for improvement and establish corrective action plans when needed. When corrective action is required, suppliers have two opportunities to improve their score before we begin evaluating alternative materials or sources.

## Recognizing Supplier Excellence

We honor our suppliers with the [Avery Dennison Supplier Distinction Award](#) for extraordinary service to our business. We consider four areas of excellence: Sustainability, Quality, Service, and Strategic Growth. To be eligible for recognition, a supplier must meet key metrics in each of the four areas.

	2018	2019	2020
<b>Paper Sourcing</b>			
Percentage of total paper volume from certified sources	87%	89%	92%
Percentage of paper sourced with FSC certification, Face paper	76%	79%	83%
Percentage of paper sourced with FSC certification, Total paper	45%	52%	51%

**Aluminum Sourcing**

Total aluminum purchased (metric tons)	619	770
Percentage of aluminum purchased from certified sources	6%	45%

**Labor Impacts in the Supply Chain**

Percentage of Tier 1 supplier facilities that have been audited to a labor code of conduct	90%	83%
Percentage of supplier facilities beyond Tier 1 that have been audited to a labor code of conduct	46%	66%
Percentage of total audits conducted by a third-party auditor	100%	100%

**Apparel Solutions**

**Balancing Innovation and Responsibility with RAEBURN®**

Christopher Raeburn's fashion brand RAEBURN is known for re-appropriating military fabrics and especially for creating iconic outerwear from decommissioned parachutes. Its RÆMADE ethos guides and influences every aspect of the brand's design and development. We worked with Christopher Raeburn to develop woven patches made from 100% recycled yarn, helping him achieve his vision of both innovative and responsible design.

**Intelligent Labels**

**Creating Chemical-Free RFID Tags**

One way to produce RFID tags is to use chemicals to etch the antennas. But doing so requires potentially dangerous chemicals, such as phosphoric acid, acetic acid, and nitric acid. We've innovated new manufacturing methods including cutting the antenna material with dies and lasers rather than through chemical etching. This avoids the use of harmful chemicals and makes it possible to recycle the matrix from our RFID rolls—some 127,000 pounds to date.

**Graphics Solutions**

**New PVC-Free Digitally Printable Film**

We recently launched a premium high-gloss polyurethane film designed for vehicle wrapping and outdoor architectural applications that require a PVC-free solution. It's manufactured using PVC- and phthalate-free film technology, along with a solvent-free adhesive. It contains no PVCs or monomeric plasticizers, eliminating halogen-related disposal concerns.



## Sustainable ADvantage

Sustainable ADvantage is a portfolio of products and solutions that enables companies across global industries to use fewer natural resources, cut carbon emissions, reduce waste, and build towards a low-carbon, circular economy. Through digital strategies and intelligent labeling solutions, [Sustainable ADvantage](#) drives circularity and provides customers with invaluable insight on their supply chain impact.

Our Sustainable ADvantage solutions are as varied as the global marketplace they support. They include labels and tags made with recycled content; adhesives that enable more plastic to be recycled; water-efficient digital printers; industrial tapes to replace heavier fasteners; compostable packaging for shipping; digital ID technologies (such as RFID-equipped labels that dramatically improve supply chain efficiency, reduce waste and improve transparency); and tools and services to empower companies to make not just their products more sustainable, but their operations too.





# Environmental Footprint

In everything we do, we strive to be a force for good that creates long-term value for all of our stakeholders. Among other things, that means innovating and operating in ways that have a positive impact on people and the planet.



## GHG Emissions and Energy Use

As part of our effort to improve energy efficiency and reduce GHG emissions, our LGM and RBIS businesses have annual energy intensity improvement targets, measured as megawatt hours of electricity and natural gas consumed per unit of production. We've used ASPIRE, our environmental, health, and safety data-management system to track the progress for each of our sites around the globe.

[VIEW TOPIC](#)



## Waste

We're inventing new products and re-engineering existing ones to reduce waste and increase the efficient use of materials. The strategy and targets to reduce hazardous waste are encompassed within our broader waste reduction plan.

[VIEW TOPIC](#)



## GHG Emissions and Energy Use

In our industry and across those we serve, we're helping to lead the development of a sustainable economy— one that is circular, regenerative, and lower carbon. Our sustainability goals include critical milestones for reaching net zero emissions by 2050, starting with our own operations and expanding to include our supply chain. We also support the global effort to reduce emissions as a World Wildlife Fund Climate Savers partner, as a member of the Renewable Energy Buyers Alliance, and as a signatory of the American Business Act on Climate Pledge.

### GHG Governance

The Avery Dennison Sustainability Council, which consists of a subset of our Company Leadership Team and leaders from our business units and functions, is responsible for advancing our sustainability strategy and objectives, including our GHG emissions reduction target and climate-related strategy. At least annually, the Sustainability Council reviews strategy, policy and performance with our Company Leadership Team.

In addition, we include the acute physical risks and the transitional economic and social risks posed by climate change in our Enterprise Risk Management (ERM) framework, which our Board of Directors and Governance Committee review annually. Our ERM process informs the risks we describe in our quarterly and annual reports to the Securities and Exchange Commission and helps us refine our long-term strategies. As we identify business risks, we develop and implement mitigation strategies to address them.

### Related Information

[CDP 2020 Climate Change Response](#)



[Climate Change Policy](#)



[Alignment of 2025 Sustainability Goals to the SDGs](#)



[2030 Targets](#)



[ESG Download](#)



Our Board of Directors reviews progress towards our sustainability goals annually and considers it when evaluating our Chief Executive Officer's compensation. A portion of our CEO's annual incentive award is dependent on delivering on our 2025 sustainability goals. Our CEO, in turn, provides guidance and direction to our Vice President and General Manager of our Retail Branding and Information Solutions (RBIS) business, who leads our Sustainability Council and is responsible for ensuring progress towards our goals.

For further discussion of our Climate Change strategy and performance, please see our [2020 CDP Climate Response](#).

## Climate Change Policy

Our [Climate Change Policy](#) details our strategy for managing climate-related issues within our organization and throughout our value chain. The policy was approved by senior management, including our CEO, and made available to our employees and all stakeholders via our company website.

### Goals

In 2015, we established our goal to reduce our absolute GHG emissions by 3% year-over-year, and by at least 26% compared to our 2015 baseline, by 2025. We exceeded that goal within five years of setting it, cutting emissions by approximately 42% compared to the 2015 baseline in YE 2020. We are confident that we can continue to make substantial progress, and have codified that expectation in our 2030 sustainability goals.

By 2030, we plan to reduce our Scope 1 and 2 GHG emissions by 70% from our 2015 baseline, and to work with our supply chain to reduce our Scope 3 GHG emissions by 30% from our 2018 baseline. Our ambition is to achieve net zero emissions by 2050. We intend to reach these goals by creating more sustainable products and processes, and by collaborating with customers, suppliers, and other stakeholders.

## Increasing Energy Efficiency

Natural gas and electricity are the primary energy sources for our operations, accounting for 97% of our scope 1 and 2 energy emissions YE 2020. We implement energy efficiency projects to reduce our electricity and natural gas consumption, particularly where we do not have a viable alternative to natural gas. We have established several annual capital budgets for energy efficiency projects including the implementation of LED lighting and improvements in our HVAC systems. We also regularly improve energy efficiency in our manufacturing processes. As one example, we have executed multiple projects to reduce natural gas consumption in the process used for drying our pressure-sensitive label products after they are coated.

## Sourcing Renewable Energy

Though electricity makes up a lower percentage of the total energy we consume, its emissions impact is higher than that of our natural gas consumption. To address this, we source renewable energy whenever feasible. In 2018, we committed to a Virtual Power Purchase Agreement (VPPA) supporting the construction of a wind farm in Wayne County Nebraska, which became operational in June 2020. The VPPA is a primary source of our renewable energy portfolio and covers 75% of our electricity consumption in the U.S. We also use on-site generation assets like rooftop solar where possible, and purchase renewable energy credits (RECs).

## Reducing Our Scope 3 Emissions

In 2018, we completed our scope 3 GHG emissions inventory and determined that upstream goods and services is our largest category of scope 3 emissions, due to the volumes of paper, film, and chemicals to make our adhesives we purchase. Accordingly, we set a 2030 sustainability goal to reduce our scope 3 emissions by 30% and are partnering with CDP Supply Chain and EcoVadis to collect energy and emissions-related data from our key suppliers in order to partner with them to achieve our target.

To understand opportunities for reducing our carbon footprint, we use Matchcheck™, a lifecycle analysis tool we developed for the materials we source. Our analysis has shown that making significant reductions in our scope 3 emissions requires us to substantially reduce the volumes of materials we purchase while simultaneously switching to materials with a reduced carbon footprint. Our business units have begun making these adjustments, and, at the enterprise level, we are analyzing how to re-engineer and reduce material usage while maintaining or improving product quality. In partnership with [Carbon Trust](#), we are working to create a tool that will enable us to capture our holistic carbon picture. This tool will provide specific carbon emissions information for our products based on their region of production, raw material sourcing, and different end-of-life scenarios. We plan to fully launch this tool in 2022.

In addition to reducing upstream emissions, we also see significant opportunities to reduce the downstream and end-of-life impact of our products through RFID and other digital identity technologies developed by our Intelligent Labels group. By giving each of our products a traceable identity, we might soon be able to ensure that the item is reclaimed or recycled at the end of its useful life. You can learn more about our technologies for enabling the circular economy in our section on [Advancing the Circular Economy](#).

	Unit	2018	2019	2020
<b>Performance</b>				
<b>Energy consumption</b>				
<b>Energy consumption intensity</b>				
Total energy consumption	GJ	6,262K	6,003K	5952K
Percentage grid electricity	%	35%	36%	36%
Percentage renewable	%	12%	14%	19%
Total self-generated energy	%	<1%	<1%	<1%
<b>GHG Emissions</b>				
Total scope 1 + scope 2 GHG emissions	metric tons	503K	474K	402K
Direct (scope 1) GHG emissions	metric tons	35%	36%	36%
Indirect (scope 2) GHG emissions, market-based	metric tons	196K	192k	19%
Other Indirect (scope 3) GHG emissions	metric tons		3,322K	

## Label and Packaging Materials

### Increasing our Solar Capacity

Our commitment to reducing emissions requires looking beyond energy efficiency to strategies such as generating energy from renewable sources like solar. In Kunshan, India, we installed solar panels covering about 10,000 square meters on the roof of our Label and Packaging Materials facility. The panels generate about 800,000 kilowatt-hours annually per our power purchase agreement, reducing coal consumption by 288 tons each year and avoiding 711 tons of resulting carbon dioxide emissions.

## Apparel Solutions

### Leading by Example in Norway

Our Norway facility, which manufactures heat transfer labels and embellishments—including names and numbers for FC Barcelona uniforms—is located between glaciers and a raging river. We use cold water from the river to cool the facility, reducing its energy use by more than 95%.

The site is also certified by Eco-Lighthouse, Norway's most widely used certification for companies seeking to document their environmental efforts and demonstrate social responsibility.

## Performance Tapes

### Using Wind in Belgium to Help Meet our Sustainability Goals

In 2017, in cooperation with Eneco, a supplier of renewable energy, our team installed its first on-site wind turbine. The tower went up at our Turnhout, Belgium, facility, which produces pressure-sensitive tapes and medical products. In just one year, our new wind turbine generated 4.3 gigawatt-hours out of a maximum capacity of 4.8, which is 25% of the Turnhout plant's annual energy consumption.





# Waste

We're innovating new products and re-engineering existing ones to reduce waste and increase the efficient use of materials. We also continually identify ways to reduce waste in our global operations. Our waste management initiatives help reduce costs, keep materials out of landfills, and reduce the consumption of natural resources.

## Governance

Our internal waste management standard, overseen by our corporate Environment Health and Safety team, guides waste reduction, reuse, and recycling at each of our sites. We've established a waste minimization plan based on this standard to advance our waste reduction and diversion goal.

## Goals

By 2030, we announced [a goal](#) to have our operations be 95% landfill-free, with a minimum of 80% of our waste recycled and the remainder reused, composted, or sent to energy recovery. This builds on our 2025 goal of having 75% of our waste reused, repurposed, or recycled. Because the waste streams at our facilities differ, each site sets waste reduction goals based on its waste generation, which in turn support corporate or divisional goals.

We are also working toward our 2025 goal of eliminating 70% of the matrix and liner waste from our value chain. To that end, we co-founded the Circular Economy for Labels consortium (CELAB) with other leading members of the pressure-sensitive label industry. And in 2021, we launched AD Circular, a program enabling users of our label products to easily and affordably recycle used liners and matrix.

## Related Information

[Alignment of 2025 Sustainability Goals to the SDGs](#)



[2030 Targets](#)



[ESG Download](#)



Progress towards our goals is reviewed by the Avery Dennison Sustainability Council, which consists of members of our Company Leadership Team and leaders from our business units. The Sustainability Council reports to the Board of Directors and/or its Governance Committee at least annually.

## Making Progress Toward Zero Waste

We continue to increase the number of facilities that meets our criterion for "Zero Waste" designation—sending less than 2% of their waste to a landfill for six consecutive months. We have successfully diverted 94% of our waste in 2020. Often the biggest challenge in reaching Zero Waste is finding partners and financially viable solutions for recycling or reusing waste. In addition, the market for recycled materials remains dynamic and challenging.

We also reduce waste by continually stressing efficient use of materials throughout our product development process to minimize scrap waste. We are also collaborating with a range of partners to advance our Zero Waste objective.

## Handling Hazardous Waste

Our global waste management standard establishes procedures for handling chemical waste and contaminated materials. When handling and disposing hazardous waste, we aim to follow applicable legal requirements and standards. Regulations often require that our hazardous waste be gathered and incinerated for safe disposal. When able and feasible, we reclaim our hazardous waste for reuse within our operations or to be distributed for reuse by other companies.

## Reusing Wastewater

We're working with various partners to re-use wastewater from our facilities. For example, our wastewater goes to waste management companies that use the wastewater as a coolant for their boilers. At our Ft. Wayne, Indiana, plant, solids in wastewater from our manufacturing operations are being treated in an anaerobic "digester," which breaks down waste to produce biogas for energy generation and generate energy and biofertilizer that can replace traditional forms of fertilizer.

	Unit	2018	2018	2020
<b>Waste Performance</b>				
<b>Waste Generation</b>				
Total waste generated	metric tons	155,918	162,485	157,012
Hazardous waste	metric tons	16,449	17,652	16,287
Non-hazardous waste	metric tons	138,469	144,832	140,725
Percent of waste diverted from landfill		93%	94%	94%
Percent of waste recycled		64%	65%	66%
Percent of Hazardous waste recycled		17%	23%	23%
Percent of waste landfilled		6.6%	5.7%	5.7%

## Designing Solutions that Reduce Waste

### Printer Solutions: Eliminating Waste in Logistics Labels

Our ADTP®2 EcoCut™ Solution produces variable-length labels for labeling pallets, cartons, and other logistics units. It uses a continuous label roll combined with an innovative, proprietary cutting mechanism in the printer. This allows the user to choose the exact length and quantity of labels needed, on demand. By eliminating waste, EcoCut delivers significant cost savings, increased productivity, and improved sustainability.

### Label and Packaging Materials: Leaving Out the Liner

There's no liner waste with our Direct Thermal linerless solution because it doesn't require the use of label materials with liners. As a result, customers can get up to 60% more labels per roll, resulting in fewer roll changes, faster operations, and better use of warehouse space. Our Direct Thermal solution also reduces matrix waste by eliminating the need for die-cutting.

### Apparel Solutions: Turning Manufacturing Waste into New Products

We're exploring ways to use our manufacturing waste to create new products. We started with our textile processing, posing two questions: Which of our manufacturing materials is most suitable for regeneration? And which is common to all our woven production? The answer was selvages—the edges of fabric trimmed off during production, which we now turn into Albert Yarn™, a 100% recycled polyester product, with a natural touch and feel.

## **RFID: Reducing U.S. Food Waste**

Food waste is a complex global issue that adds to greenhouse gas emissions, sends more garbage to landfills, and wastes millions of dollars along with the food. Based on pilot studies, tagging food items with our RFID solutions can help grocers reduce food waste by as much as 20%. ReFED, a national nonprofit dedicated to ending food loss and waste in the U.S. food system, has listed our RFID solutions as a food waste prevention tool in its report, [Roadmap to 2030: Reducing U.S. Food Waste by 50%](#).



# Governance

We cannot be a force for good outside our company if we don't emphasize ethics, integrity, compliance, and transparency in our own operations. That's why we work constantly to ensure that our employees and business partners know, understand, and live up to our Code of Conduct and high ethical standards.



## Ethical Practices

We work continually to ensure that our employees and business partners know, understand and live up to our Code of Conduct and high ethical standards. By extension, our suppliers are part of our culture, so we do our best to hold them to the same ethical standards we follow.

[VIEW TOPIC](#)



## Materiality and Stakeholder Engagement

Our policies and practices help ensure legal and regulatory compliance and transparency in the areas of human rights, labor, and the environment in our supply chain.

[VIEW TOPIC](#)



## Oversight of ESG

With strategic guidance and direction provided by our Chairman, President and CEO, responsibility over ensuring that we continue to make meaningful progress toward achieving our sustainability goals resides with our Vice President and General Manager of our Retail Branding and Information Solutions (RBIS) business.

[VIEW TOPIC](#)



## Ethical Practices

Being a force for good begins with how we do business—with building a culture rooted in [eight closely held values](#) and setting high expectations for compliance and transparency throughout our operations. That’s why we work constantly to ensure that our employees and business partners know, understand, and live up to our values, Code of Conduct and high ethical standards.

### Governance

The Audit and Finance Committee of our Board of Directors oversees adherence to the Avery Dennison Code of Ethics and ensures that our Chief Executive Officer, Chief Financial Officer, and Chief Accounting Office act professionally and ethically in fulfilling their responsibilities and set an example for every employee. Additionally, our Chief Compliance Officer is responsible for implementing our Code of Conduct throughout the enterprise, with oversight from the Governance Committee of our Board of Directors.

### Code of Conduct

Our [Code of Conduct](#) applies to all our directors, officers and employees and reflects our values of integrity, courage, external focus, diversity, sustainability, innovation, teamwork and excellence. It includes messages from company leadership, detailed information on the ethical risks our employees are most likely to encounter, and case studies to provide guidance on complex ethical questions. Our Code of Conduct has been translated into over 30 languages and our leaders affirm their commitment to comply with it when they join our company and annually thereafter.

## Related Information

[Code of Conduct](#)



[ESG Download](#)



We train employees on the Code at least biannually. Annually, we conduct an online training program generally consisting of four courses covering specific risks addressed in the Code. Computer-based employees are required to complete the training each year. To ensure that the policies and principles encompassed in our Code of Conduct reach all our employees, we provide three “Talkabout” toolkits globally each year, also in more than 30 languages. The kits are based on topics from the Code of Conduct. Managers are required to use the kits to engage in meaningful discussion with their teams.

### Annual Compliance Certification

Each year, we require all employees at the level of manager and above to complete a compliance certification in which they must disclose, among other things, whether they or any of their immediate family members have a job, contract, or other position with an entity that has commercial dealings with our company. Employees in individual contributor jobs at risk for potential conflicts are certified every other year.

In all cases, disclosures are reviewed by our corporate compliance department in consultation with our law department and senior management to determine whether the disclosed activity significantly influences our business. Our Chief Compliance Officer provides a report on the disclosures to the Governance Committee of our Board of Directors. In the most significant cases, the committee is tasked with determining whether a conflict exists.

## **Business Conduct GuideLine**

Our Business Conduct GuideLine is a whistleblower hotline available at all hours for employees or third parties to report potential violations of our Code of Conduct, anonymously if they so choose. We have toll-free hotlines available in every country in which we do business to make it easy to report potential violations. Potential violations can also be reported at [averydennison.com /guidelinereport](https://averydennison.com/guidelinereport). Our GuideLine is operated by an independent third party and accepts reports in any language to accommodate our workforce, customers, and suppliers worldwide. All reports are investigated under the direction of our Chief Compliance Officer in consultation with the law department and senior management and with oversight from the Governance Committee. We prohibit retaliation for good-faith reporting.

## **Investigating Ethics Violations**

We take all reports of ethical violations seriously. Our global investigations system enables us to investigate potential violations effectively and efficiently. Through this system, we investigate at least 200 reports annually. When violations occur, we take corrective action and discuss significant substantiated matters, trends, and geographic “hotspots” with our senior leadership and Board of Directors to promote transparency, good governance, and ongoing learning.

## **Helping Our Customers Comply With Regulations**

Ever-increasing government regulation of products and raw materials has become a strategic issue for many of our customers. To help them navigate the regulatory maze, our LGM business created its Complete Compliance program. This industry-leading service offers our customers unparalleled speed and support in ensuring that the solutions we provide comply with all applicable regulations. The program helps customers stay up-to-date on regulatory developments through LinkedIn and Twitter feeds, “Hot Topics” columns in customer newsletters, self-service features on our website, and direct help from our compliance experts. [The Complete Compliance Portal](#) allows customers to download customized self-service compliance statements, enabling them to get their statements — and get to market — quickly.

## **Ensuring Supplier Compliance**

As part of the Sustainability Procurement Program launched by our LGM and IHM businesses, we regularly assess key suppliers to ensure they’re complying with applicable regulations. With our partner, EcoVadis, LGM and IHM review suppliers representing over 80% of our direct spend on materials. When a supplier does not meet our expectations, we connect with the supplier to discuss opportunities for improvement and establish corrective action plans when needed. When corrective action is required, suppliers have two opportunities to improve their score before we begin evaluating alternative materials or sources. Supplier audit scores and corrective actions are made available in EcoVadis’ online system for any competitor or customer who requests the information.



# Materiality and Stakeholder Engagement

In everything we do, we strive to be a force for good that creates long-term value for all of our stakeholders. We seek to ensure that our sustainability efforts are consistent with the expectations of our stakeholders. We regularly communicate with individuals and organizations interested in how we do business generally and our sustainability efforts in particular, and also conduct stakeholder interviews as part of our regular materiality assessments. These assessments help set our sustainability agenda, focusing us on the areas in which we can have the most impact. In 2020, we partnered with Environmental Resources Management to refresh our materiality assessment and reprioritize the sustainability topics most significant to our stakeholders.

After updating our materiality assessment to better understand the environmental and social sustainability challenges facing our company and stakeholders, we reframed our eight 2025

## Related Information

[2030 Targets](#)



[ESG Download](#)



goals into the following three broader goals that we are aiming to achieve by 2030: deliver innovations that advance the circular economy; reduce the environmental impact in our operations and supply chain; and make a positive social impact by enhancing the livelihood of our people and communities. Within each of these goals, we have specific targets related to environmental and social sustainability.

Our Stakeholders	Methods of Engagement
Industry	Working Groups, Conferences
Customers and Brand Owners	Product Collaborations, Surveys, Site Audits, Working Groups
Employees	Engagement Survey, Works Councils, Employee Resource Groups, Intranet/Town Halls, Code of Conduct, Training, Business Conduct Guideline
Investors	Annual Meetings, Quarterly Earnings Calls, Investor Meetings, Stockholder Engagement Program
Non-Governmental Organizations	Consultations on Issues of Concern, Specific Initiatives (e.g., responsibly sourcing paper, reducing GHG emissions)

**Our Stakeholders****Methods of Engagement**

Policymakers and Regulators

Permitting, Audits, Certifications

Communities

Foundation Grantmaking, Employee volunteerism, Civic Collaboration

Suppliers

Supplier Standards, Compliance Training, Supplier Audits, Joint Projects

## Apparel Solutions

### Designing 100% Sustainable Solutions with Outerknown

We partnered with Outerknown, a menswear company founded by professional surfer Kelly Slater, to incorporate more sustainable materials into its products. The brand is famous for pushing consumers to ask, “What are we wearing and where is it coming from?” We helped Outerknown incorporate three new solutions: woven labels made of 100% recycled polyester yarn; soy-based ink on tags; and labels that dissolve in water.

## Label and Packaging Materials

### The Advantages of Thinking Thin

Our Label and Packaging Materials team’s expertise in process engineering led them to create our ThinkThin™ portfolio, a complete selection of thinner filmic labeling materials. ThinkThin products are made with less oil, water, and energy, resulting in a smaller carbon footprint compared to conventional label materials. ThinkThin label constructions are also up to 50% thinner than conventional label constructions. This allows for operational efficiencies and reduced storage and transportation.

## Printer Solutions

### Eliminating Waste in Logistics Labels

Our ADTP®2 EcoCut™ Solution produces variable-length labels for labeling pallets, cartons, and other logistics units. It uses a continuous label roll combined with an innovative, proprietary cutting mechanism in the printer. This allows the user to choose the exact length and quantity of labels needed, on demand. By eliminating waste, EcoCut delivers significant cost savings, increased productivity, and improved sustainability.





## Oversight of ESG

With strategic guidance and direction provided by our Chairman, President and CEO, responsibility over ensuring that we continue to make meaningful progress toward achieving our 2025 sustainability goals resides with our Vice President and General Manager of our Retail Branding and Information Solutions (RBIS) business. Our Vice President and General Manager of RBIS also leads our enterprise-wide Sustainability Council. The Council is comprised of a cross-divisional and cross-functional group of leaders to drive broad accountability and continually accelerate our progress. The Council has four work streams to help focus its efforts, each of which is led by an internal leader from one of our businesses: operations; technology and innovation; products and solutions; and social impact and transparency. The Council generally meets bimonthly and updates our executive leadership team quarterly.

Board oversight over environmental sustainability and community investment is primarily conducted by the Governance Committee, which receives a report from management on each of these topics at least once a year. In addition, our full Board engages with business leaders on their sustainability initiatives during its regular review of their business strategies. In July and December 2020, our Board held strategy sessions focused on environmental sustainability and our innovation efforts to address the increasing need and demand for more sustainable products.

## Related Information

[2030 Targets](#)



[ESG Download](#)



Board oversight over social sustainability is conducted primarily through the Compensation Committee, which regularly reviews our diversity and inclusion progress and discusses other matters related to human capital management. In December 2020, substantially all members of our entire Board engaged with, and challenged, management in an in-depth discussion of our D+I journey, including by reviewing the initiatives being undertaken by each of our Regional D+I Councils and analyzing D+I statistics for our executive leadership team and our U.S. workforce.



# People and Community

We are proud to be a responsible employer of choice for more than 32,000 people around the world, contributing to the economic livelihoods of our employees and supporting the communities in which we do business. Our ambition is to offer a working environment where every employee's voice is heard, enable all employees to realize their full potential, and to maintain our world-class safety culture.



## Diversity, Inclusion and Equal Opportunity

Diversity is one of our core values, and our pursuit of it indicates our commitment to maintaining an inclusive workplace with a rich variety of talents and perspectives. Our diverse global workforce and our culture of valuing differing viewpoints are essential to our pioneering work in materials science and manufacturing.

[VIEW TOPIC](#)



## Employee Safety and Health

The health and safety of our employees is paramount to the ongoing success of our business. Across the company, our safety performance has remained strong, thanks to a culture that makes safety practices part of our daily routine.

[VIEW TOPIC](#)



## Charitable Giving

Our corporate social responsibility efforts include volunteerism and financial support of community-based organizations, with most of our community investments made through the Avery Dennison Foundation. Through the Foundation, we advance the causes of education, sustainability and women's empowerment in communities where our employees live and work.

[VIEW TOPIC](#)



# Diversity, Inclusion, and Equal Opportunity

Avery Dennison is a diverse company, operating in more than 50 countries and offering a broad and varied portfolio of products and services. Diversity is central to our success and to our competitive advantage. It is critical to innovation, because the best solutions come from a mix of ideas, perspectives and backgrounds. Inclusion—ensuring that all of these diverse perspectives are considered—is equally important. Our ambition is to offer a working environment where every employee’s voice is heard and where all employees can realize their full potential. Both diversity and inclusion shape our workplace culture and inform the ways we engage with customers, suppliers, partners, and the communities in which we have a presence. Diversity and inclusion are priorities within our company and we seek to advance both through robust and progressive policies, programs, and systems.

## Governance

Our diversity and inclusion efforts are led by our director of diversity and inclusion, who is supported by our cross-functional, cross-divisional D&I Council which represents the regions in which we operate. The Council is chaired by our CEO and advised by our Chief Human Resources Officer.

In recent years, our D&I efforts have included training our managers globally on unconscious bias; increasing the number of sites offering flexible work arrangements; adding an inclusion index to our annual employee engagement survey; and providing training around cultural awareness. We are signatories of the [CEO Action for Diversity](#) and Inclusion pledge, illustrating our commitment to advance diversity and inclusion in partnership with other like-minded organizations.

## Related Information

<a href="#">CEO Action for Diversity and Inclusion</a>	
<a href="#">Proxy Statement</a>	
<a href="#">ESG Download</a>	
<a href="#">2030 Targets</a>	

## Diversity and Inclusion Councils

In 2020, we established regional diversity and inclusion councils in North America, Latin America, Europe, the Middle East and Africa (EMEA), North Asia, and South Asia. Because diversity is defined differently in different places, each council develops initiatives relevant to their respective regions. We also established regional diversity and inclusion executive councils in some regions to enable direct collaboration with our business leaders, integrate diversity and inclusion with our business strategies, and accelerate D&I initiatives. Our regional councils consist of regional leaders and leaders of our employee resource groups (ERGs).

## Goals

Our initial diversity and inclusion efforts focused on gender diversity, with a goal to achieve 40% female representation in manager and above roles by 2025. In 2020, we began to broaden our D&I focus by increasing our efforts addressing diversity in race and ethnicity. With 22% of our U.S. workforce self-identifying as racial or ethnically diverse, we have made it a priority to increase that number so that our U.S. operations better reflect the racial and ethnic makeup of the nation. At least annually, our Board of Directors reviews progress towards our sustainability goals which includes our goals for diversity and inclusion. The Board evaluates progress towards meeting our 2025 sustainability goals when evaluating our Chief Executive Officer's compensation. A portion of our CEO's 2020 performance evaluation is dependent on our progress toward achieving our 2025 sustainability goals, including further increasing leadership diversity.

## Employee Voices Inform D&I Strategy

In 2021, Avery Dennison engaged an outside consultant to work with us on developing a richer understanding of our workforce diversity and inclusion needs and opportunities, and supporting the design and build of a comprehensive D&I strategy for our global company. The work, led by our director of diversity and inclusion, is steeped in the employee voice, from an inclusion assessment survey to listening sessions and focus groups. Findings from this work will shape our diversity and inclusion strategy and actions. Our goal is to ground our D&I efforts in our employee experience, basing our priorities in part on what employees tell us are the most critical needs.

## Inclusion Index

Avery Dennison employees complete an annual engagement survey that includes three questions regarding inclusion. We record and track the percentage of employees who respond favorably to each of these three questions. In 2018, 75% of employees responded favorably. By 2020, that number had increased to 81%. While we are proud of this improvement, we are taking a deeper look at our data to better understand employee perspectives across various demographics. We aim to use these findings to further improve our culture of inclusion.

## Talent Acquisition

In the United States, we are updating our recruitment and talent attraction processes with the aim of further diversifying our workforce. We established a partnership with the INROADS internship program to provide opportunities throughout our organization for young people of diverse backgrounds. Through the program, we will place ten students into paid summer internships, where students will learn skills and make connections that could make them possible candidates for employment with our company. We are also building relationships with Historically Black Colleges and Universities (HBCUs) to recruit talent from their student bodies.

## Increasing Transparency, Inside and Out

In 2021 we made our Equal Employment Opportunity (EEO) statistics—which the U.S. Equal Opportunity Commission collects to ensure compliance with federal anti-discrimination laws—publicly available in our most recent [ESG Download](#). We have also made significant advancements in our system of workforce analytics, so that we can better understand our demographics and human capital management.

## Reviewing Pay Equity

In 2018 and 2019, we conducted an analysis of our core pay processes with the help of a third-party, with the aim of ensuring pay equity among employees in comparable positions. We began by looking at compensation for our more than 500 employees at the director level and above. In 2019, we analyzed all global professionals in our company, about 9,000 employees. Based on our analysis, we made adjustments to pay practices where needed and found overall that our pay practices are equitable. We are committed to conducting similar reviews on a regular basis. In 2020, we performed an analysis internally and adjusted pay equity as necessary based on our findings.

## Expanding Our ERGs

In 2019, we expanded our support of employee resource groups (ERGs) globally, which bring together employees with shared interests, characteristics, or experiences and a common desire to make Avery Dennison a more open and inclusive workplace. Participation in these groups is not limited to individuals in these categories, but rather is open to all employees interested in learning about the experiences and challenges of their colleagues. ERGs also provide team members with peer support and career-development resources.

Currently, our ERGs include 20 groups that drive inclusion, create community, and promote advancement for women, employees of color, LGBTQ+ employees, veterans and others. Each ERG has an executive sponsor who helps remove barriers and provides resources for the group, while also ensuring that its initiatives align with business strategies and community-relations objectives.

## Increasing Understanding Through Training

We offer formal training and learning opportunities which help create awareness of, and appreciation for, the differences among our employees. These include sessions on cultural awareness, workstyle appreciation, and conflict resolution. Training is available to both individuals and teams through either facilitator-led sessions or self-paced online learning, and can be tailored to specific regional needs. The courses are available to all of our current employees; soon, they will be a formal part of the orientation we provide to new employees.

## Mentoring

Many of our regional teams offer mentoring programs for Avery Dennison employees from underrepresented populations. Most of our efforts are currently at the local level and we are working to scale the most successful programs so that we can offer them enterprise-wide.

## Equal Employment Opportunity Data

Below are the statistics we supply annually to the U.S. government to demonstrate our compliance with anti-discrimination laws. We made the decision to share these publicly for the first time in 2021 as part of our commitment to increased transparency.

<b>Diversity and Inclusion - EEO-1</b>	<b>2020</b>		
Percentage of racially or ethnically diverse Executive/Sr. Level Officials	19%		
Percentage of racially or ethnically diverse First/Mid-Level Officials	20%		
Percentage of racially or ethnically diverse Professionals	24%		
Percentage of racially or ethnically diverse Technicians	15%		
Percentage of racially or ethnically diverse Sales Workers	14%		
Percentage of racially or ethnically diverse Administrative Support	18%		
Percentage of racially or ethnically diverse Craft Workers	14%		
Percentage of racially or ethnically diverse Operatives	24%		
	<b>2018</b>	<b>2018</b>	<b>2020</b>
<b>Total percentage of women in the workforce</b>	37%	38%	38%
<b>Total percentage of female executives</b>	21%	28%	25%
<b>Total percentage of women in manager level and above roles</b>	33%	34%	34%

## Avery Dennison Foundation

### World Memon Organization

The Avery Dennison Foundation made a \$7,500 grant to support the World Memon Organization's Pakistan Chapter, a vocational and training institute for low income youth. Young women receive training in sewing and embroidery at the commercial and domestic level to aide them in earning additional income.

- 100% of Core Film and Paper Product Categories will contain recycled or renewable content. All of our regions will have labels that enable circularity of plastics.
- Continued investment and industry collaboration to provide the industry with recycling outlets globally.
- Expand the adoption of Intelligent Labeling to enable our industries to communicate data, reducing costs and waste, and creating smarter recycling processes.



## Employee Safety and Health

The health and safety of our employees is paramount to the ongoing success of our business. Our vision is to maintain our world-class safety culture and performance by safeguarding employees, the environment and the communities in which we operate. We aim to accomplish this through hazard recognition, safe work practices and compliance with environment, health and safety laws and regulations.

Our commitment to safety is demonstrated by our Recordable Incident Rate (RIR) of 0.23, which is well below the Occupational Safety and Health Administration manufacturing RIR of 3.5. Nothing is more important and valued than our team members and their commitment to the idea that “Zero is Achievable,” believing that injuries are preventable, and that returning home safely to friends, family and loved ones is an expectation each and every day. We are pleased that, in 2020, 80% of our facilities worked without a recordable injury. Our safety achievements are due to our robust employee engagement efforts as each business unit strives to discover solutions that best suit their work requirements.

### Governance

Our Vice President of Environment, Health and Safety is responsible for our management of employee health and safety. Our corporate standards for health and safety processes are implemented at every Avery Dennison site globally and consider the unique hazards, regulations and environment at each site. Periodically, the Board of Directors and/or its Talent and Compensation Committee receive reports on the health and safety performance of our company.

### Related Information

<a href="#">Our response to Covid-19</a>	
<a href="#">Alignment of 2025 Sustainability Goals to the SDGs</a>	
<a href="#">2030 Targets</a>	
<a href="#">ESG Download</a>	

### Our Global EHS Standards and Policies

Our global EHS standards and policies establish a framework of consistent expectations that teams at all Avery Dennison facilities work towards when they develop site-level goals, objectives and safe work practices. Examples include our standards and policies for emergency response, which guide preparedness and communication plans for responding to EHS-related emergencies that could impact employees, the environment, or the community; for chemical handling, which provide guidance and protocols for conducting risk assessments and implementing process controls to minimize or eliminate exposure; and machine safeguarding, for protecting team members from exposure to potential hazards such as moving equipment, parts, and noise. Setting clear standards and policies helps us identify engineering controls, standard operating procedures (SOPs) and best practices that can be leveraged across business units and regions.

Our global health and safety programs, including “Stay in the Zone,” help build our culture of health and safety throughout our workforce.

## Helping Employees “Stay in the Zone™”

We support employee safety awareness and well-being through our Stay in the Zone global safety engagement program. Stay in the Zone is designed to:

- Amplify daily awareness of positive safety behaviors
- Strengthen team safety by training employees to “Stop, think, and say something” when they recognize an unsafe work behavior being exhibited with themselves, their workplace, or others.

Stay in the Zone works by having “four checks for safety” which direct employees whenever they begin to work to check themselves, their tools and equipment, their work area, and their peers. Employees are in the “safety zone” when they continue to complete these four checks. Our Stay in the Zone program provides stop work authority to all Avery Dennison employees and all workers under the supervision of an Avery Dennison manager, such as contractors, whenever they have a safety issue. We encourage speaking up through Safety Conversations, quarterly, manager-led discussions about key safety concepts aligned with the four checks for safety. Safety Conversation content includes leader guides, talking points, tip sheets and presentation slides, as well as environmental graphics that promote awareness and adoption of the “four checks.”

## Encouraging Employee Engagement

At all Avery Dennison locations, team members have the opportunity to participate on safety teams or committees that support the implementation of corporate EHS standards, address regional and business-unit safety matters, and work proactively to enhance our safety processes. Key activities include hazard recognition and analysis, injury or near-miss root cause investigations, safety “gembas” (focused walk-arounds) and evaluating and resolving employee safety concerns.

At the individual level, we reinforce safe work behaviors with our team members, reminding them of practices to protect themselves and their peers. These include:

- Being ready and aware, mentally and physically
- Respecting policies for the use and maintenance of personal protective equipment and safety control devices;
- Following protocols for such high-risk tasks as lockout/tagout, working in confined spaces, and working at heights;
- Adhering to machine safeguarding and operational controls around moving equipment and machinery; and
- Timely reporting of safety, health or environmental issues.

## Safety Training

Our training processes are specific to the business unit and site location, in order to address the health and safety risks posed by the activities performed at each site. This ensures everyone who works at an Avery Dennison location has the tools they need to safely perform their work and understands their unique risk factors. In order to maintain a consistent approach despite the differences between each site, we require that the training process developed at the site level aligns with our corporate standards and begins in the onboarding stage.

## EHS Compliance

We comply with all applicable environmental, health and safety regulations and will go beyond the legal requirements, whenever it is prudent, in our judgment, to do so. Our sites have implemented EHS Compliance Calendars as a means to identify and manage specific actions to meet our compliance obligations. These calendars are routinely reviewed and monitored by the plant leadership teams as they are the owners of the process.

Additionally, we conduct environmental, health and safety (EHS) compliance audits at our manufacturing sites worldwide to further ensure we’re complying with our standards and with the laws and regulations of the countries where we do business. These audits are conducted by a team of our own employees (corporate and regional EHS professionals), assisted by third-party consultants who provide an outside perspective, as well as knowledge of local regulations, languages, and cultures. Between 2017 and 2020 we conducted audits at 52 of our 100-plus facilities. The results of the audits are tracked by our corporate EHS team and used by sites to facilitate continuous improvement in workplace safety and environmental protection.

## EHS Data Management System (ASPIRE)

ASPIRE is the enterprise system we use to store and manage EHS data from all of our sites globally. Information such as EHS incidents (injuries, spills, fires, etc.), EHS Compliance Audits, and Sustainability Metrics (GHG, RIR, waste, recycle, etc.) are all maintained in a controlled and monitored network environment. As a result, we are able to track actions, analyze trends and use the data to adjust strategies to enhance continuous improvement in our EHS and Sustainability programs. Additionally, this past year, we implemented the chemical management module to more efficiently manage chemical inventories, Safety Data Sheets (SDSs) and restricted substance lists (RSLs) as a part of our corporate sustainability initiatives, and we will continue to expand capabilities where opportunities exist.

## Process Safety Management Committee

The Process Safety Management Committee is responsible for establishing goals, strategies, and measurements to minimize and eliminate risks associated with our solvent operations. The committee spans across our 16 solvent manufacturing sites globally and includes technical experts from operations, corporate engineering, process engineering, and EHS.

They have made a number of contributions to our safety efforts, including by developing protocols for the solvent sites. These protocols have brought about 19 solvent-related guidance specifications, a solvent safety technology collaboration website for sharing best practices, a web-based process safety management “university” and a self-verification and compliance audit process.

## RBIS

Our RBIS team implemented a standardized Safety By Technology platform to enhance machine safeguarding across its manufacturing lines. Teams of operations and EHS leaders that understand how the equipment operates conduct safety blitzes to identify potential safety exposures and develop control measures to eliminate or minimize risk. These solutions are then shared as best practices so controls can be implemented on all similar equipment and machinery, protecting employees from injury.

## LGM/IHM

LGM/IHM utilizes region-specific safety processes in Europe, North America, Latin America and Asia Pacific that differ in their approach but include fundamental elements like analysis of injury trends, hazard recognition, risk assessments, behavioral safety and change management. These elements are driven by region specific EHS Linkage Teams that are chaired by the regional EHS leader and include participation and engagement from site level EHS leaders.

	2018	2019	2020
<b>Safety and Health Performance</b>			
<b>Work-related injuries</b>			
Total recordable incident rate (TRIR)	0.26	0.24	0.21
Lost time injury rate (LTIR)	0.17	0.12	0.11
Fatalities (employees and contractors)	0	1	0

In 2019, we experienced our first employee fatality in over 20 years. At our facility in Malaysia, an employee died while operating a machine. We provided financial support for the employee’s family as well as grief-counseling services for employees at the site. Our people are at the heart of our business, and our top priority is to ensure that every employee arrives home healthy and safe each day. We conducted a full investigation of the incident and a complete review of our safety procedures, and we reinforced our safety protocols to our global workforce.

## Treating health and well-being as a Mission: Possible

Through a program called Mission: Possible, we held health and well-being challenges, encouraging teams of U.S.-based employees to compete in weight loss, daily physical activity, stress reduction and more. Dozens of designated “health ambassadors” throughout the company encouraged participants on their goals and progress, invited them to exercise with others and helped them fine-tune their workouts. Mission: Possible builds camaraderie and supports employees in being healthy, which increases employee engagement.





## Charitable Giving

Avery Dennison's strong philanthropic ethos started with our founder Stan Avery more than eight decades ago, and continues to live within our company through financial support and employee volunteerism.

The Avery Dennison Foundation serves as our primary charitable vehicle to support non-profit, non-governmental organizations in markets where our employees live and work across the world. We concentrate our philanthropic efforts in three important areas – education, sustainability, and women's empowerment. We demonstrate our commitment to these three focus areas through numerous grants and employee volunteerism.

### Governance

With Board oversight from the Governance Committee, The Avery Dennison Foundation's Board of Trustees is responsible for guiding our funding priorities and decisions aligned with the Foundation's mission and objectives. The Board of Trustees is composed of current and former Avery Dennison employees from a cross-section of the company's business units and global locations. When deciding on funding priorities and strategic programs, the trustees take in consideration employee feedback. The Foundation holds informal working discussions with employees to better understand community needs and areas of potential impact, in addition to engaging local employees on specific initiatives. Incorporating our employees' voices into the Foundation's initiatives ensures we fund in a way that truly represents Avery Dennison.

## Related Information

[Avery Dennison Foundation](#)



[2021 CSR Report](#)



[2021 Proxy Statement](#)



[2020 Integrated Report](#)



[ESG Download](#)



### Supporting Employees and Communities in Response to COVID-19

In 2020, the Foundation shifted its resources and funds to help our communities respond to COVID-19. In a joint effort with our company, the [Foundation provided nearly \\$3 million in grants](#) to support the efforts of more than 100 nonprofit organizations actively assisting communities respond to the pandemic in over 30 countries, many of which were identified by our employees. These contributions helped serve basic human needs such as food, shelter, education and childcare.

The Foundation also launched an employee assistance fund to support our employees around the world who were furloughed, laid off, suspended or terminated. This fund is designed to help provide for basic needs such as housing and utilities, medical care, dependent care, and other expenses impacted by the pandemic. Support was also made available to families of our employees who had died of COVID-19. A number of employee donations supplemented the Foundation funds earmarked for this effort. The fund is administered by Global Impact, an independent third party.

## Programs and Performance

In late 2020, Avery Dennison Corporation made a \$10 million contribution to the Foundation to ensure it is able to increase the scope and pace of its support for communities in which Avery Dennison has operations. Through grants and volunteerism we are able to make significant impacts on our communities while also providing opportunities for employees to participate in being a Force for Good.

### Grantmaking

Grantmaking is the primary avenue the Foundation uses to contribute to communities, aided by our employees worldwide who help identify deserving organizations. In 2020, The Avery Dennison Foundation donated \$3.5 million to various organizations in addition to its support related to COVID-19.

We also encourage employees to identify local organizations for grants through our Granting Wishes program. In 2020, Granting Wishes continued to support 48 grantees that remained in good standing, had the capacity to receive funds quickly, and had a stated COVID-19 response. These grants served communities in nearly 30 countries. Our business units also engage employees in campaigns where they choose a cause that they are passionate about to receive funding.

We take pride in knowing that our dollars benefit our communities, whether it be the people or the planet. To ensure this effort, we ask that our grantees complete a progress report and final report where we can see the progress of the objectives agreed upon. We continually search for innovative ways to relay our metrics to our stakeholders to best display our efforts.

In 2021, the Foundation plans to review its grantmaking areas of focus to ensure continued alignment with our company's reframed strategies and advance our broader commitment to D+I, while continuing to support the communities in which we operate.

### Employee Volunteerism

Our employees enthusiastically support their local communities through giving and volunteerism, which is demonstrated by our over 150 global employee teams that coordinate volunteer activities. When an organization applies for funds they are asked "How can Avery Dennison employees volunteer?" because we want to support opportunities where employees can directly give back to their communities.

To track the impact our employees have, employees can log event summaries, upload photos and note who participated and for how long in a data tracking platform. This new feature will be formally launched in 2021 on our new intranet site where we can see individual and total volunteer hours and begin awarding individual employees, sites, and regions for their commitment to giving back to their communities.

## Focus Areas

We determined the Foundation's funding priorities of education, sustainability and women's empowerment with employee input. For example, employees told us women's empowerment was not just important and a strategic priority in the workplace but also in their communities.

### Education

Grantmaking in education provides funding for educational improvements to elementary, secondary, post-secondary and/or vocational schools; and focuses on STEM (science, technology, engineering and mathematics) or graphic and visual arts educational efforts. These grants direct services to typically underserved populations due to gender, socioeconomic status, or geography.

#### *InvEnt Spirit of Invention*

The goal of the [Avery Dennison InvEnt Scholarship Program](#) is to recognize and reward invention, innovation and excellence at selected higher education institutions in India. InvEnt helps students meet their financial needs during their university attendance, and also offers training opportunities, leadership development and mentorship with Avery Dennison offices. The program aims to foster the development of talent and human resources, nurture creativity and inspire young people to engage in the spirit of invention.

#### *U.S. Scholars Program*

The U.S. Scholars Program recognizes the academic achievements and potential of the sons and daughters of company employees and helps them obtain a college education. Since its inception in 1977, the program has supported more than 650 students across the United States in their pursuit of higher education. This scholarship program is administered by [Scholarship America](#). Sending a child off to college is one of the great moments of a parent's life, and the Avery Dennison Foundation is proud to support such moments.

### Sustainability

Grantmaking in sustainability provides direct support for projects that conserve the natural environment and contribute to the social, environmental and economic well-being of communities.

### *WRAP*

WRAP is a global NGO working with partners in over 25 countries. WRAP's mission is to accelerate the move to a sustainable, resource-efficient economy by re-using and recycling products and waste reduction. The Avery Dennison Foundation made a \$200,000 grant to WRAP to support public and private partnerships to reduce food waste in Indonesia by 5% over the next few years.

### *The Ocean Cleanup*

Plastic pollution is one of the biggest threats facing our global environment, from poisoning and injuring marine life to littering our landscapes and clogging landfills. The Avery Dennison Foundation made a \$200,000 grant to [The Ocean Cleanup](#) — a nonprofit using innovative technologies to remove plastic pollution from the world's oceans. Our support of The Ocean Cleanup reflects our belief that innovation and sustainability go hand-in-hand.

### **Women's Empowerment**

Grantmaking in women's empowerment provides support for projects that address gender equality, equity and opportunities in Avery Dennison communities.

### *Opportunity Trust Foundation*

Economic hardship is just one area that prevents many girls from getting a good education. The Avery Dennison Foundation made a \$50,000 grant to support the [Avasar Scholarship Program](#) which provides education, training, and mentorship to young women in Bangalore, India. The scholarships help ensure that girls stay in school by paying school fees and expenses — including supplies, clothing, transportation, and meals — that their families might not otherwise be able to afford.

### *World Memon Organization*

The Avery Dennison Foundation made a \$7,500 grant to support the [World Memon Organization's](#) Pakistan Chapter, a vocational and training institute for low income youth. Young women receive training in sewing and embroidery at the commercial and domestic level to help them earn additional income.

### *Smile Foundation*

The mission of the [Smile Foundation](#) is to empower underprivileged children, youth and women through relevant education, innovative healthcare and market focused livelihood programs to promote Civic Driven Change. The Avery Dennison Foundation made a \$124,000 donation to empower women in Delhi with reproductive health education and women's entrepreneurship development.

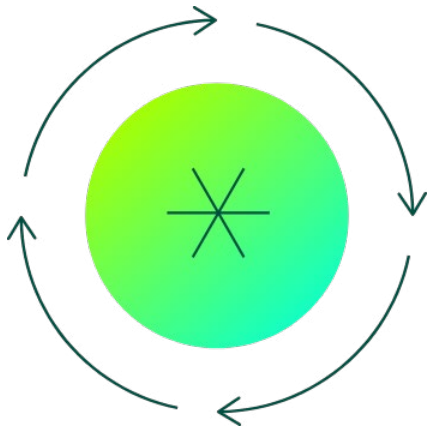
### *World Vision Honduras*

World Vision Honduras works to address education, health, economic development, emergency response and disaster prevention across Honduras. The Avery Dennison Foundation made a \$200,000 contribution to the Personal Advancement and Career Advancement (P.A.C.E.) initiative. The contribution will provide P.A.C.E. to 1,100 women and support and strengthen 30 entrepreneurship initiatives and women's clubs in the community.

# 2030 Sustainability Goals and Metrics

Avery Dennison is committed to reaching our sustainability goals by the year 2030. Our 2030 sustainability goals complement and live alongside our 2025 sustainability goals. Our 2030 sustainability goals were developed based on careful analysis of what is most important for our business and stakeholders, covering the areas where we can, and should, make the greatest difference. Striving to meet our new goals will be the greatest test yet of our capacity to innovate and an invaluable opportunity to position our business for lasting success.

Our 2030 sustainability goals align with seven of the United Nations Sustainable Development Goals (SDGs). A framework adopted by 193 countries, the SDGs have become a common standard for governments, the private sector and civil society to track progress toward sustainability.



## Deliver innovations that advance the circular economy

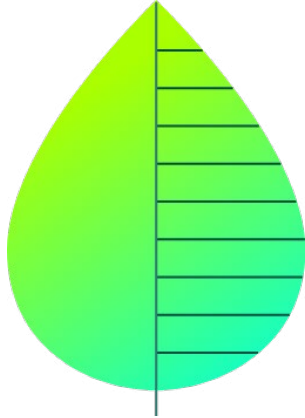
Satisfy the recycling, composting or reuse requirements of all single-use consumer packaging and apparel with our products and solutions.

### RBIS

- 100% of products within our Core Product Categories will meet our third-party verified Sustainable Advantage Standard.

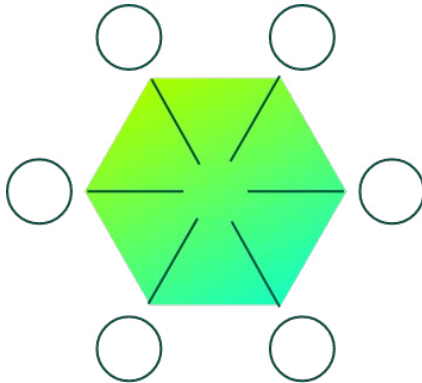
### LGM

- 100% of Core Film and Paper Product Categories will contain recycled or renewable content. All of our regions will have labels that enable circularity of plastics.
- Continued investment and industry collaboration to provide the industry with recycling outlets globally.
- Expand the adoption of Intelligent Labeling to enable our industries to communicate data, reducing costs and waste, and creating smarter recycling processes.



## Reduce our environmental impact in our operations and supply chain

- **Reduce** our Scope 1 and 2 GHG emissions by 70% from our 2015 baseline and work with our supply chain to reduce our 2018 baseline Scope 3 GHG emissions by 30% - with an ambition of net zero by 2050.
- **Source** 100% of paper fiber from certified sources focused on a deforestation-free future.
- **Divert** 95% of our waste away from landfills, with a minimum of 80% of our waste recycled and the remainder either reused, composted, or sent to energy recovery
- **Deliver** a 15% increase in water efficiency at our sites that are located in high or extremely high risk countries as identified in the WRI Aqueduct Tool.
- **Engage** 80% of our spend of LGM's direct suppliers on their environmental and social policies including water, human rights, fair business, forestry, etc.



## Make a positive impact by enhancing the livelihoods of our employees and communities

### Foster an engaged team and an inclusive workplace.

- Inclusion Index: 85%
- Employee Engagement: 82%
- Females in manager level or above positions: 40%
- Safety: 0.2 RIR

### Drive employee participation in ADF grants and foster the well-being of the communities in which we and our supply chain operate.

- 85% of countries in which we operate receive ADF grants
- 50% of all ADF grants incorporate volunteerism

# Progress toward our 2025 sustainability goals

Sustainability is one of our core values and has long been an integral part of the way we do business. Our aim is to improve the sustainability of our products and processes, build a more diverse workforce and an inclusive culture, maintain a culture of health and safety, and support our communities to create value for all our stakeholders. Key to our progress has been integrating sustainability into our business strategies and engaging employees at all levels.

In our 2020 integrated sustainability and annual report, we present highlights of our achievements against our 2025 sustainability goals and announce our more ambitious 2030 sustainability goals.

In the first five years of the 10-year horizon for our 2025 sustainability goals, we have made meaningful progress, as shown in the scorecard shown below.



## Greenhouse Gas Emissions

### 2025 Target

- Achieve at least 3% absolute reduction year-over-year and at least 26% overall reduction by 2025

### 2015 Baseline

—

### 2020 Progress

- Reduced absolute GHG emissions by ~19% in 12 months through Q3 2020 compared to same period in prior year, primarily due to increased purchase of renewable energy credits; GHG emissions fell ~45% compared to baseline year



## Paper

### 2025 Target

- Source 100% certified paper, of which at least 70% is Forest Stewardship Council®-certified

### 2015 Baseline

- 45% FSC-certified

### 2020 Progress

- Of total volume of paper procured in 2020, ~92% was certified, with ~83% of facestocks Forest Stewardship Council®-certified



## Films

### 2025 Target

- Ensure that 70% of films we buy conform to, or enable end products to conform to, our environmental and social guiding principles

### 2015 Baseline

—

### 2020 Progress

- -97% of 2020 film volume conformed to LGM's restricted substance list
- 



## Chemicals

### 2025 Target

- Ensure that 70% of chemicals we buy conform to, or enable end products to conform to, our environmental and social guiding principles

### 2015 Baseline

—

### 2020 Progress

- -96% of 2020 chemical volume conformed to LGM's restricted substance list
- 



## Waste

### 2025 Target

- Be 95% landfill-free, with at least 75% of our waste reused, repurposed or recycled
- Eliminate 70% of the matrix and liner waste from our value chain

### 2015 Baseline

- 90% landfill-free; 55% recycled

### 2020 Progress

- Diverted ~94% of solid waste from landfills and recycled ~67% of waste as of year-end 2020



## Products and Solutions

### 2025 Target

- Through innovation, deliver above-average growth in sales from sustainability-driven products and services
- Ensure that 70% of our products and solutions conform to, or enable end products to conform to, our environmental and social guiding principles

### 2015 Baseline

—

### 2020 Progress

- ~44% and ~55% of LGM and RBIS sales, respectively, in 2020 came from sustainability driven products that are responsibly sourced, enable recyclability, contain recycled content, or use less material without compromising performance



## People

### 2025 Target

- Continue to cultivate diverse (40%+ female at level of manager and above), engaged, safe (recordable incident rate of <0.25), productive and healthy workforce
- Continue to invest in our employees and the communities in which they live and work

### 2015 Baseline

- 32% women in manager level and above; 0.31 Recordable Incident Rate (RIR); 80% engagement

### 2020 Progress

- Increased female representation at level of manager and above by ~7% from baseline year; level was 34% at year-end 2020
- Continued world-class safety record, with recordable incident rate of 0.21 in 2020, far surpassing manufacturing industry average of 3.0 in 2019 (most recently available industry average)





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## Transparency

### 2025 Target

- Commit to goals publicly and be transparent in reporting progress

### 2015 Baseline

N/A

### 2020 Progress

- Enhanced transparency by providing greater ESG disclosures in 2019 integrated sustainability and annual report published in March 2020, committing to publishing progress annually; first ESG Download published in August 2020; and 2020 integrated sustainability and annual report and ESG Download, both published in March 2021

# Sustainability in Action



## Advancing the Reuse of Glass Containers: Premium Wash-Off Labeling for a Premium Water Brand

### The Challenge

Zurich-based water brand Lokales Wasser needed a packaging solution that better reflected its values. Improved sustainability was crucial, and the bottle also had to convey a sense of pure, premium contents. As a locally sourced and distributed product, Lokales Wasser was already meeting several criteria for sustainability. But a key ingredient was missing. Despite Zurich's well-established system for collecting returnable bottles from hotels and restaurants, Lokales Wasser was still being sold in single-use bottles.

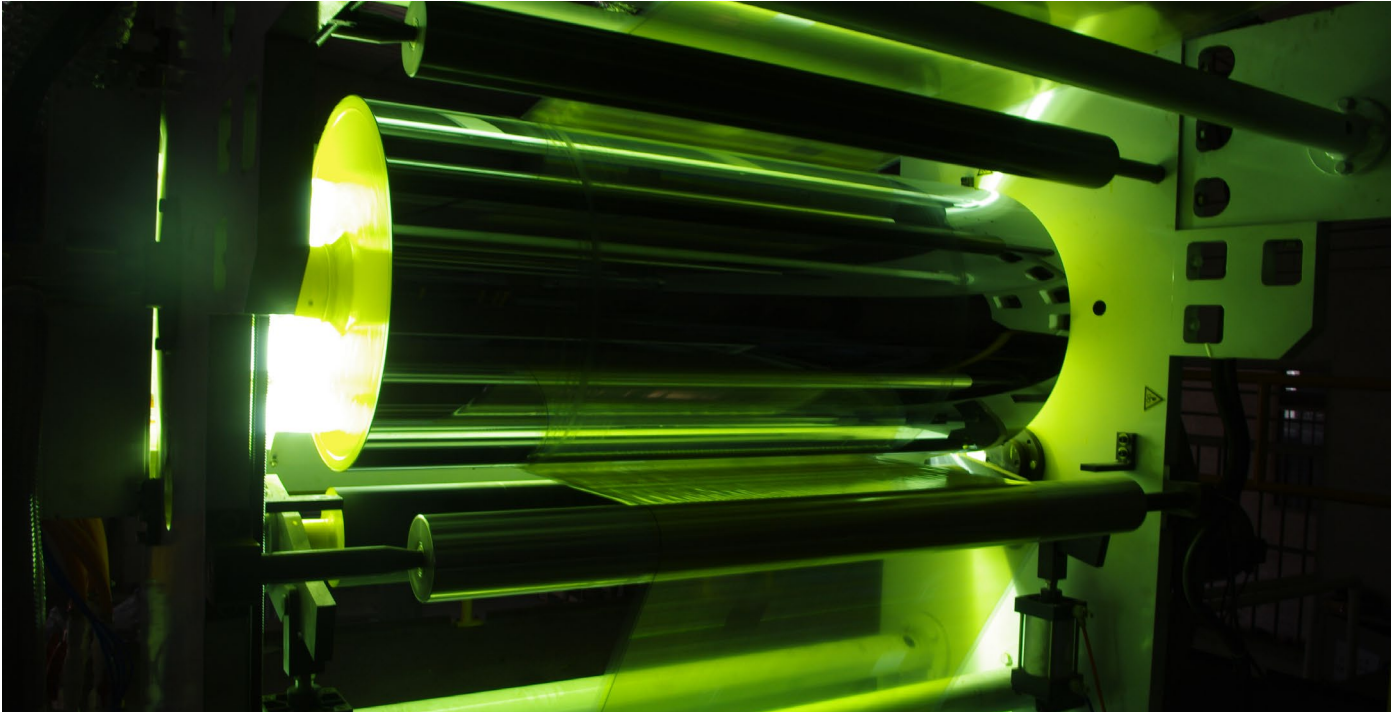
### Consulting on a Solution

For a returnable bottle to function in the returns system, it had to withstand being rinsed and reused up to 30 times. Labeling technology was a critical issue. The label could not compromise re-use, and it had to deliver maximum visual appeal for Lokales Wasser's premium product. Specifically, the company wanted a clear, minimalist, "no label" look, which

requires adhesive that can repeatedly undergo washing and reuse without discoloring. Lokales Wasser's label converter, VollherbstDruck GmbH, approached us in search of the right materials. We recommended our wash-off PET19/PP50 CLEAR W7600-PET23 applied to a glass bottle.

### Clear Results

VollherbstDruck CPO Stefan Vollherbst described the outcome: "This is a material with very high clarity, and that clarity is retained after lengthy immersion in water or in humid, chiller-cabinet conditions. Adhesive and facestock performance and printability were great, and we were able to achieve a bottle design that looked as if it had used direct print, with an almost invisible label material." Urs Grütter, Lokales Wasser's CEO, also was delighted with the look and the reusability of our solution: "We have a bottle that properly reflects the quality of our water and one that gives our customers in restaurants and hotels the image they need. The sustainability gains we have made are tremendous. This is a solution that gives us everything we were looking for."



## Eliminating Solvents while Maintaining Performance

Our UV Curable Acrylic Warm Melt adhesive technology is a new adhesive platform that enables the deployment of high-performance acrylic polymer technology across a broad range of pressure-sensitive applications. UV Curable Acrylic Warm Melt is an alternative to typical water- or solvent-based adhesives, which contain about 50% water by weight, or organic solvent that must be removed during the coating and drying processes. Our new adhesive platform contains no water or solvent, eliminating the need for the energy-intensive drying and thermal oxidation processes. Since it cures with lamps instead of ovens, the coating reduces the total energy required to produce a coated product by more than half, dramatically reducing related greenhouse gas emissions. The absence of solvents means near-zero emissions of volatile organic compounds (VOCs) and little to no residual VOCs in the final product. This makes it a preferable solution for automotive, food, and medical applications. Because UV Curable Acrylic Warm melt is composed of 100% solids, it lowers freight impact by about 60% compared to water- or solvent-based adhesives. With these significant processing and environmental advantages, adhesives based on the UV Curable Acrylic Warm Melt platform have the potential to significantly reduce consumption of both solvents and energy.



## Reducing Waste in the Food Industry and Elsewhere with RFID

The United Nations' August 2019 report on climate change and land noted that at least a quarter of all food worldwide is wasted. Our RFID-based intelligent label solutions are designed to provide greater visibility into the food supply chain, helping producers, transporters, and retailers manage food inventories more efficiently. We believe that, over time, the data collected through RFID-enabled supply chains will enable producers to optimize the food supply for demonstrated demand. Meanwhile, grocers can already go a long way toward eliminating waste by using RFID-tagged products or pallets to get a more accurate picture of their inventories, monitor food temperatures, and better manage expiry to keep food from spoiling. We believe RFID can help grocers reduce waste by as much as 20%, and we're conducting pilot projects to confirm our projections. As part of an effort by the Japanese government to make retailers more competitive by adopting the latest-generation technology, we're supplying RFID tags to enable Japan's 58,000 convenience stores better manage inventories, reduce waste, and automate customer service. Our innovations—including tags that are readable on packages containing metal and liquid, and that can be microwaved without fire risk—have removed barriers to RFID adoption in Japanese grocery stores and throughout the global grocery and food service industries. Our intelligent labels are helping reduce waste in other industries as well. In apparel and beauty, RFID is reducing overproduction by letting retailers see “hidden” stock that conventional inventory management systems might miss. And in consumer goods, our intelligent labels are telling product owners how to best recycle items when they are through using them.

## Contact Us

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Visit [averydennison.com](http://averydennison.com) and follow us on social media to learn more about how we are creating superior long-term, sustainable value for our customers, employees and stockholders and improving the communities in which we operate.

## Company Websites

[averydennison.com](http://averydennison.com)  
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