

F0. Introduction

F0.1

(F0.1) Give a general description of and introduction to your organization.

Avery Dennison Corporation (NYSE: AVY) is a global materials science and manufacturing company specializing in the design and manufacture of a wide variety of labeling and functional materials. The company’s products, which are used in nearly every major industry, include pressure-sensitive materials for labels and graphic applications; tapes and other bonding solutions for industrial, medical, and retail applications; tags, labels and embellishments for apparel; and radio frequency identification (RFID) solutions serving retail apparel and other markets. Headquartered in Glendale, California, the company employs more than 32,000 employees in more than 50 countries. As of January 2, 2021, we operated approximately 190 manufacturing and distribution facilities worldwide. Our reportable segments for fiscal year 2020 were (i) Label and Graphic Materials (“LGM”); (ii) Retail Branding and Information Solutions (“RBIS”); and (iii) Industrial and Healthcare Materials (“IHM”). Reported sales in 2020 were \$7.0 billion. In 2020, the LGM, RBIS, and IHM segments comprised approximately 68%, 23% and 9%, respectively, of our reported sales.

To the extent possible, we have aligned our CDP responses with our practices and procedures. Due to the nature of the CDP Questionnaires, such as the drop down options provided, there may be some variability between actual and reported practices and procedures.

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

	Start Date	End Date
Reporting year	January 1 2020	December 31 2020

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

USD

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization’s area of operation.

	Commodity disclosure	Stage of the value chain	Explanation if not disclosing
Timber products	Disclosing	Manufacturing Retailing	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	This commodity is not produced, sourced or used by our organization	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>

F0.5

(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

No

F1. Current state

F1.1

(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

Timber products

Activity

Using as input into product manufacturing
Retailing/onward sale of commodity or product containing commodity

Form of commodity

Paper

Source

Contracted suppliers (manufacturers)

Country/Area of origin

Argentina
Armenia
Australia
Austria
Belarus
Belgium
Bosnia & Herzegovina
Brazil
Canada
Chile
China
Croatia
Czechia
Denmark
Estonia
Finland
France
Germany
Hungary
Indonesia
Ireland
Italy
Japan
Latvia
Lithuania
Luxembourg
Netherlands
New Zealand
Norway
Poland
Portugal
Republic of Korea
Russian Federation
Slovakia
Slovenia
South Africa
Spain
Sweden
Switzerland
Thailand
Ukraine
United Kingdom of Great Britain and Northern Ireland
United States of America
Uruguay
Viet Nam

% of procurement spend

41-50%

Comment

This represents Avery Dennison's direct paper spend. The percentage is based on all direct commodities for the total Avery Dennison enterprise.

F1.2

(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

	% of revenue dependent on commodity	Comment
Timber products	61-70%	
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

	Data availability/Disclosure
Timber products	Consumption data available, disclosing
Palm oil	<Not Applicable>
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

F1.5a

(F1.5a) Disclose your production and/or consumption data.

Forest risk commodity

Timber products

Data type

Consumption data

Volume

929385

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

<Not Applicable>

F1.5b

(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Not disclosing

% of total production/consumption volume

20.74

Please explain

We have selected Rainforest Alliance as our partner in evaluating the supply chain of forest products we purchase. We provide Rainforest Alliance with information on our procurement practices, including spend by supplier and forest products purchased. Rainforest Alliance then conducts a survey of our suppliers to determine the origin of forest products at the country level. For 2020 data, we began to collect information at the sub-country level from our suppliers but are not yet able to disclose this information completely. For 2020, 78.7% of our suppliers responded to the Rainforest Alliance survey, accounting for 93% of volume sourced. The results of the survey indicated that 20.74% of paper products were sourced from various regions within Brazil.

Forest risk commodity

Timber products

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Not disclosing

% of total production/consumption volume

3.14

Please explain

We have selected Rainforest Alliance as our partner in evaluating the supply chain of forest products we purchase. We provide Rainforest Alliance with information on our procurement practices, including spend by supplier and forest products purchased. Rainforest Alliance then conducts a survey of our suppliers to determine the origin of forest products at the country level. For 2020 data, we began to collect information at the sub-country level from our suppliers but are not yet able to disclose this information completely. For 2020, 78.7% of our suppliers responded to the Rainforest Alliance survey accounting for 93% of volume sourced. The results of the survey indicated that 3.14% of paper products were sourced from various regions within Indonesia.

Forest risk commodity

Timber products

Country/Area of origin

Thailand

State or equivalent jurisdiction

Not disclosing

% of total production/consumption volume

0.82

Please explain

We have selected Rainforest Alliance as our partner in evaluating the supply chain of forest products we purchase. We provide Rainforest Alliance with information on our procurement practices, including spend by supplier and forest products purchased. Rainforest Alliance then conducts a survey of our suppliers to determine the origin of forest products at the country level. For 2020 data, we began to collect information at the sub-country level from our suppliers but are not yet able to disclose this information completely. For 2020, 78.7% of our suppliers responded to the Rainforest Alliance survey, accounting for 93% of volume sourced. The results of the survey indicated that 0.82% of paper products were sourced from various regions within Thailand.

Forest risk commodity

Timber products

Country/Area of origin

Viet Nam

State or equivalent jurisdiction

Not disclosing

% of total production/consumption volume

0.45

Please explain

We have selected Rainforest Alliance as our partner in evaluating the supply chain of forest products we purchase. We provide Rainforest Alliance with information on our procurement practices, including spend by supplier and forest products purchased. Rainforest Alliance then conducts a survey of our suppliers to determine the origin of forest products at the country level. For 2020 data, we began to collect information at the sub-country level from our suppliers but are not yet able to disclose this information completely. For 2020, 78.7% of our suppliers responded to the Rainforest Alliance survey, accounting for 93% of volume sourced. The results of the survey indicated that 0.45% of paper products were sourced from various regions within Viet Nam.

Forest risk commodity

Timber products

Country/Area of origin

Argentina

State or equivalent jurisdiction

Not disclosing

% of total production/consumption volume

0.11

Please explain

We have selected Rainforest Alliance as our partner in evaluating the supply chain of forest products we purchase. We provide Rainforest Alliance with information on our procurement practices, including spend by supplier and forest products purchased. Rainforest Alliance then conducts a survey of our suppliers to determine the origin of forest products at the country level. For 2020 data, we began to collect information at the sub-country level from our suppliers but are not yet able to disclose this information completely. For 2020, 78.7% of our suppliers responded to the Rainforest Alliance survey, accounting for 93% of volume sourced. The results of the survey indicated that 0.11% of paper products were sourced from various regions within Argentina.

Forest risk commodity

Timber products

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

74.74

Please explain

We have selected Rainforest Alliance as our partner in evaluating the supply chain of forest products we purchase. We provide Rainforest Alliance with information on our procurement practices, including spend by supplier and forest products purchased. Rainforest Alliance then conducts a survey of our suppliers to determine the origin of forest products at the country level. For 2020 data, we began to collect information at the sub-country level from our suppliers but are not yet able to disclose this information completely. For 2020, 78.7% of our suppliers responded to the Rainforest Alliance survey, accounting for 93% of volume sourced. The results of the survey indicated that 74.74% of paper products were sourced from various other countries/regions.

F1.6**(F1.6) Has your organization experienced any detrimental forests-related impacts?**

No

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Timber products

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of an established enterprise risk management framework

Frequency of assessment

More than once a year

How far into the future are risks considered?

3 to 6 years

Tools and methods used

Internal company methods
External consultants
FSC Global Forest Registry
Other, please specify (Avery Dennison partners with the Rainforest Alliance to support the identification of risk.)

Please explain

Avery Dennison assesses forest-related and environmental risks to our operations, supply chain, and products, including deforestation, through our Enterprise Risk Management (ERM) process for the sourcing of timber fiber commodities. Our ERM process is designed to capture risks across governance, business strategy, compliance, operations, corporate reputation, reporting, environmental sustainability and social responsibility. Supplier risks and opportunities are identified and prioritized through our annual strategic planning process and our materiality assessment process. These processes are overseen by our Company Leadership Team (CLT). Risks that exceed materiality thresholds are evaluated and plans are developed to mitigate identified risks. We conduct materiality assessments, in coordination with external consultants, to identify and prioritize sustainability-related enterprise risks, opportunities, and impacts by engaging internal and external stakeholders. Our CLT reviews and validates the results of this assessment. We partner with Rainforest Alliance (RFA), an international NGO that offers consulting services to support the sustainability of corporate supply chains. Working with a respected and trusted third-party, such as RFA, to identify forest-related supply chain risks increases trust in our reporting and improves accuracy and outcomes. We selected RFA as our lead, independent partner due to its expertise identifying and managing global forestry risks, knowledge of our business and processes, and industry reputation. RFA supported the development of our Responsible Paper Procurement Policy, which guides our decision making process across our forest product supply chain. RFA is the lead advisor for the annual audit protocols and risk management processes evaluating our responsible paper sourcing performance. RFA considers and consults the FSC Forest Registry. During the annual assessment; 1) a paper certification audit is performed 2) paper purchased that is identified as non-certified or with an unknown source of origin is identified and corrective actions are developed 3) risk management processes are reviewed Key LGM suppliers determined by spend complete an annual sustainability audit and assessment by EcoVadis, to evaluate social and environmental risks, identify areas of improvement and highlight areas of concern.

F2.1b

(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?

Availability of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

As a global provider of everyday labeling solutions, the availability of forest risk commodities is relevant to Avery Dennison. Paper-based materials affect Avery Dennison's full value chain, from sourcing and supplier management to final products and packaging for which the timber fiber commodity is used. Securing a sustainable supply of wood-based products is critical to ensure availability of paper. One tool that Avery Dennison uses in assessing the availability of forest risk commodities is sourcing roadmaps. We develop sourcing roadmaps through a process incorporating cross-business input, from a strong procurement and supply chain standpoint and look out across a three- to six- year time horizon. Avery Dennison leverages these tools and receives external advice from sources such as RISI, Rainforest Alliance and FSC. Sourcing roadmaps support Avery Dennison leadership in decisions around identifying alternative suppliers or geographies that need qualification or development. The development of these roadmaps identified an area of concern within the Asia region that required additional sources of supply. These additional sources of supply would need to complete validation within three years. Avery Dennison identified initial volumes that could be sourced and received under a certified process, reducing the concern directly from this source. We have also identified alternative sources that are now in the process of being qualified. This will allow us to ensure we continue to receive a consistent supply of responsibly sourced, quality forest products to meet the needs of our customers in Asia.

Quality of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

As a global provider of everyday labeling solutions, the quality of forest risk commodities is relevant to Avery Dennison. Paper-based materials affect our full value chain, from sourcing and supplier management to final products and packaging for which the timber fiber commodity is used. Avery Dennison continually drives towards the production of high value packaging and label materials meeting our high standards of quality. Every finished product leaving our facilities passes rigorous quality tests. Avery Dennison uses various methods and tools to manage the quality of forest commodities within the overall process controls that oversee our supply chain. These tools, methods and controls begin with clear raw material standards that are agreed to by the supplier. For incoming shipments, suppliers of forest-based commodities certify the product passes the raw material standard. Upon receiving the product, Avery Dennison's quality team validates this certification through an agreed upon incoming goods inspection. Avery Dennison uses the information, results, and quality data to make management decisions when evaluating supply partners and determining partners for long-term supply agreements. An example of how a quality decision is made is if a supplier repeatedly supplies a product outside of the agreed standard. First, Avery Dennison and the supply partner enter into a period of remediation, establishing corrective action plans and collaborative testing methods. If these methods do not solve the root cause and remediate the issue, order volume is re-allocated to a supplier that is performing and meeting pre-aligned quality specifications.

Impact of activity on the status of ecosystems and habitats

Relevance & inclusion

Relevant, always included

Please explain

Avery Dennison has incorporated several aspects of protecting ecosystems and habitats into its Responsible Paper Procurement Policy, recognizing our important role and opportunity to promote and provide sustainable and socially responsible paper products. In relation to sourcing forest products, we can influence and support our partners to not contribute to deforestation and for our sourcing decisions to promote and support biodiversity. Avery Dennison monitors the impact of activity on the status of ecosystems and habitats through our commitment and certification from the Forest Stewardship Council (FSC), which includes criteria for limiting clear cuts, restricting the use of the most hazardous chemicals, and protecting rivers from erosion, while preserving the ecosystems and biodiversity of forests. Avery Dennison uses a third-party analysis to evaluate our forest product supply chain. Rainforest Alliance conducts an annual review and survey of our suppliers to identify sourcing locations, review supplier certifications and cross-reference our supply chain with geographies that have specific ecosystem or habitat concerns. Avery Dennison uses this information to determine supplier risk profiles and identify opportunities for additional supplier certifications.

Regulation

Relevance & inclusion

Relevant, always included

Please explain

Avery Dennison monitors and reviews regulation change within our risk assessment and management processes, especially in the area of forest risk commodities. We require suppliers to comply with our supplier standards, including compliance with global and regional laws, regulations and industry standards. In situations where there is a conflict between these laws and standards, suppliers are required to meet the higher standard. When requested, suppliers must provide the country of origin and species of all paper products and ensure they come from responsibly-managed forests, in accordance with regional regulations, and show that papers sourced can be considered as, at a minimum, meeting FSC Controlled Wood (CW) standards. Avery Dennison leverages software and external consultants to monitor, review and evaluate current and future regulation changes. We consider current and future regulations to support the development of supplier sourcing maps. These sourcing maps illustrate which countries have high risk sources of raw material that could be highly regulated.

Climate change

Relevance & inclusion

Relevant, always included

Please explain

Climate is relevant and included in our risk assessments. Avery Dennison recognizes the beneficial role that forestry has in combating climate change, and has taken many steps to recognize, prioritize, and respond to the climate-related risks and impacts of our business. Maintaining forest cover and sustainable forest management is essential to climate change mitigation. We have established a goal to, by 2030, source 100% of paper fiber from certified sources focused on a deforestation-free future. We believe we are well positioned to support the industry and advance sustainable forestry management across our supply chain. We leverage our partnership with Rainforest Alliance to ensure we are advancing towards these goals through their audit and analysis of the sources of paper we purchase.

Impact on water security

Relevance & inclusion

Relevant, always included

Please explain

Avery Dennison recognizes the importance of water security and the direct impact it plays in responsible forestry. Within our responsible paper procurement policy, we have committed to source fibre from responsibly managed forests, and to protect high value conservation forests (HVCF). Our preferred standard is FSC, and we have made commitments to ensure that 70% of the fiber used in our production is FSC sourced by 2025. We publicly report our progress against this goal. Avery Dennison uses the information on water security, tied to the development of supplier sourcing maps. These sourcing maps show which countries have high areas of HVCF, and inform our decision making.

Tariffs or price increases

Relevance & inclusion

Relevant, always included

Please explain

Avery Dennison considers tariffs or price increases in its risk assessments when looking for viable sources of supply. The company includes trade compliance, tariff assessment and raw material cost trends to develop plans to minimize risk and potential negative impacts to our pricing and manufacturing strategies. Methods include monitoring cost increases from suppliers, implementation of tariffs, and management of sourcing to reduce negative impacts on our business. Tools include Global Guidance Price database, monthly dashboards and yearly strategy assessments. We use the information from the tools to calculate total manufacturing costs, which in turn informs our pricing strategy.

Loss of markets

Relevance & inclusion

Relevant, always included

Please explain

Avery Dennison includes the loss of markets within our forest risk assessment. Between 61-70% of Avery Dennison's business is based on products linked to forestry. The loss of a market would have a significant impact on our ability to serve customers. We work closely with our suppliers to ensure that the paper we purchase each year is responsibly sourced, and meets our public commitments. Aside from our supplier relationships, we use external consultants such as Rainforest Alliance (RFA) to audit supplier certifications and EcoVadis to conduct supplier capability audits. Our objective with these methods is to identify risk, and work with suppliers to mitigate those risks.

Leakage markets

Relevance & inclusion

Relevant, always included

Please explain

Avery Dennison works with Rainforest Alliance to monitor and audit our forest product supply chain and supplier certifications. This process verifies the source of forest products we purchase to a sub-national geographic location. Through this process, we are able to verify we are sourcing certified forest products and develop corrective actions for non-certified sources. We partner with EcoVadis to assess the environmental and social sustainability performance of our top suppliers. In tandem, these supply chain assessments ensure we are sourcing sustainable forest products and that our suppliers carry out their business in an environmentally and socially responsible manner across their business. Additionally, when new products are developed, we conduct an assessment to determine the environmental impact of the new product compared to the current product with the intention to reduce the overall environmental impact.

Brand damage related to forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

As a leading supplier in the labelling industry, Avery Dennison always includes brand damage in forestry risk analysis. Our Responsible Paper Procurement Policy and paper sourcing goals have been developed to ensure that only responsible forestry is used in Avery Dennison manufactured products. The annual Rainforest Alliance (RFA) audit validates that this policy has been followed, and identifies areas of risk or concern. We leverage RFA to conduct this assessment to increase trust in our reporting and improve our brand reputation. We utilize EcoVadis to identify risk within the direct supply chain of existing partners. This process is a real-time update of any potential or perceived risk. We work with external partners such as RFA and EcoVadis to ensure our sourcing policies are aligned with our goals. The information gathered from the Rainforest Alliance and EcoVadis audits is used to evaluate risk in the supply chain. Additional protocols may be required in specific instances, such as additional certifications, on-site audits or suspension of high risk suppliers.

Corruption

Relevance & inclusion

Relevant, always included

Please explain

Avery Dennison always considers the risk of corruption within forestry decisions, and has a strong position against all aspects of corruption. We have made public commitments against corruption within our Code of Conduct and Supplier Standards. We regularly train employees on our Code of Conduct, risks associated with their responsibilities and implications of violations and obtain annual certifications from managerial employees. Any information gained through the tools that shows any concerns regarding corruption would be fully investigated. The information collected would then be used to inform our sourcing decisions.

Social impacts

Relevance & inclusion

Relevant, always included

Please explain

The social impacts of forestry are considered in our organizations forest-related risks assessments. Sustainable forestry management requires not only strong environmental performance from our suppliers but also strong social performance benefiting the lives of local communities and workers. We leverage Rainforest Alliance to assess and validate the certification of forest products we purchase. Forest management certifications require both environmental and social sustainable forestry practices. EcoVadis assesses our top suppliers for their social sustainability policies and procedures. We use these assessments to evaluate suppliers and make sourcing decisions.

Other, please specify

Relevance & inclusion

Please explain

F2.1c

(F2.1c) Which of the following stakeholders are considered in your organization's forests-related risk assessments?

Customers

Relevance & inclusion

Relevant, always included

Please explain

Customers are relevant and included in our forest-related risk assessment because Avery Dennison's business relies heavily on selling value-added packaging and labeling solutions to customers. As a global provider of everyday labeling solutions, we have customers who are concerned about the impact of packaging and labeling on forests and they want assurance that the paper we sell them is compliant with timber regulations and comes from sustainably-managed forests. Avery Dennison's methods of engagement with customers include face-to-face meetings, questionnaires, requests for information, and requests for proposals/bids. Customers were a key stakeholder in our 2020 Materiality Assessment, which we published in our March 2021 ESG Download.

Employees

Relevance & inclusion

Relevant, always included

Please explain

Employees are relevant and included in our forest-related risk assessment because employees want to work for a company that is committed to working to improve environmental and social issues. Our focus on improving these issues and setting clearly defined goals on sustainability and social challenges helps employee retention and talent recruitment. Examples for employees include our visible commitment to our 2025 and 2030 sustainability goals, demonstrating that Avery Dennison is operating a responsible business and proactively responding to the sustainability challenges of our customers and the planet. The methods of engagement to share these commitments and actions are promoted through internal communications such as Avery Dennison's intranet, weekly employee insider emails, Avery Dennison LinkedIn, Town Hall meetings, among others. A social aspect example is Avery Dennison's Diversity and Inclusion campaign to cultivate and foster a respectful environment where everyone feels safe to be their authentic self. Employee engagement is gauged using an annual survey. In Avery Dennison's 2020 employee survey, 87% of employees viewed Avery Dennison as caring about its impact on the planet and 83% viewed Avery Dennison as supporting the communities in which we operate.

Investors

Relevance & inclusion

Relevant, always included

Please explain

Investors are relevant and included in our forest-related risk assessment because potential risks of loss of investor appeal could occur if Avery Dennison were not viewed as adequately addressing forest-related commodity risks or acting in compliance with relevant forest-related regulations. Examples for investors include our visible commitment to our 2025 and 2030 sustainability goals, indicating our intent to operate a responsible business and proactively respond to the sustainability challenges of our customers and the planet. Avery Dennison's annual reports provide investors with more detailed information on progress towards our sustainability goals. We regularly hold investor calls and meetings which include discussion of sustainability matters. Avery Dennison responds to and validates key sustainability ratings such as CDP Forests, Water and Climate submissions, and EcoVadis Corporate Social Responsibility whose sustainability scorecards provide insight into environmental, labor and human rights, social and ethical, and sustainable procurement risks. We leverage the GRI and SASB reporting frameworks to effectively communicate sustainability-related information to investors and other stakeholders.

Local communities

Relevance & inclusion

Relevant, always included

Please explain

Avery Dennison always considers the social aspects in forestry decisions, and addresses them in a number of ways. Within its 2025 sustainability goals, Avery Dennison has committed to be a force for good in the communities in which we and our suppliers operate. Examples include making a positive difference for the communities in which we live and work through grant making and volunteerism. The Avery Dennison Foundation aims to advance the causes of education, sustainability, and women's empowerment. The Foundation encourages employee engagement with a spirit of invention and innovation, improving the quality of life for people in our communities. 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. For example, the Foundation provided a \$600,000 grant to the Rainforest Alliance to foster best practices in forestry management, create jobs and increase access to sustainably-managed forest products in Honduras. The Rainforest Alliance works to curb deforestation in Honduras and throughout the world by providing farmers and forest managers with sustainable alternatives to forest destruction.

NGOs

Relevance & inclusion

Relevant, always included

Please explain

Avery Dennison engages with several NGOs to obtain guidance on minimizing risk for our stakeholders, in order to create policies and procedures that are aligned with NGO values and used as a basis in our sourcing decisions to avoid the sourcing of potentially objectionable products. We also partner with various NGOs to advance our sustainability goals and objectives in the communities where we live and work. In addition, through the Avery Dennison Foundation we provide grantmaking to support projects that conserve the natural environment and contribute to the social, environmental, and economic wellbeing of communities. The Avery Dennison Foundation works to advance the causes of education, sustainability, and women's empowerment in communities where Avery Dennison employees live and work. The Foundation encourages employee engagement with a spirit of invention and innovation, improving the quality of life for people in our communities. 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. For example, the Foundation provided a \$600,000 grant to the Rainforest Alliance to foster best practices in forestry management, create jobs and increase access to sustainably-managed forest products in Honduras. The Rainforest Alliance works to curb deforestation in Honduras and throughout the world by providing farmers and forest managers with sustainable alternatives to forest destruction.

Other forest risk commodity users/producers at a local level

Relevance & inclusion

Relevant, always included

Please explain

Local stakeholders are engaged via regional teams. If it becomes clear that the local stakeholders have sustainability related interests, activities or impact, then the global sustainability teams and sourcing teams are informed. Further activities, engagement, or involvement can then be determined by these teams.

Regulators

Relevance & inclusion

Relevant, always included

Please explain

Within the forest industry and all industries it serves, Avery Dennison's operations and those of our suppliers must comply with applicable laws and regulations. When requested, suppliers must provide the country of origin and species of all paper products and ensure they come from responsibly-managed forests, in accordance with regional regulations, and show that papers sourced can be considered at a minimum, as meeting FSC controlled wood standards. Avery Dennison engages with regulators through site-based audits and by providing any documents that may be requested such as by providing information required through the EU Timber Directives. Typically these customer requests have been statements pertaining to the species and country of harvest. On average, 20-30 requests were being answered on a monthly basis. This has significantly reduced since the FSC Advisory note 40-004-19 was withdrawn by FSC on December 7, 2020. This means that it is no longer required to share these advisory notes containing information on tree species and country of harvest through the supply chain. Avery Dennison is audited yearly by our certification body, and during the previous audit no non-conformities were reported.

Suppliers

Relevance & inclusion

Relevant, always included

Please explain

Avery Dennison recognizes that all finished products start with a raw material. Based on that, suppliers are a foundational part of any risk analysis. Within the forest industry and all industries we serve, our suppliers are required to comply with applicable laws and regulations. Additionally, approximately 80% of direct spend in suppliers has gone through an EcoVadis screening to identify and reduce risk by engaging with them and, when necessary, to collaborate on a corrective action plan and develop a strategy for sustainability management. For each major supplier, Avery Dennison has an internal Procurement and Category Manager actively engages with that supplier to evaluate the risk within their supply chain through meetings (physical and virtual) during which key objectives are evaluated. The evaluation of these objectives then form part of the overall risk analysis.

Other stakeholders, please specify

Relevance & inclusion

Please explain

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk identified?
Timber products	Yes
Palm oil	<Not Applicable>
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

F3.1a

(F3.1a) How does your organization define substantive financial or strategic impact on your business?

Avery Dennison defines substantive change as impacts on revenue, stakeholders and costs both on availability of purchased goods. Risks are categorized as low, medium, or high based on net income impact and likelihood. Overall, Avery Dennison measures inherent risk using the following annual thresholds: low risk is under \$10 million, medium risk is \$10 million to \$40 million, and high risk is above \$40 million.

Through our risk identification process, we evaluate climate risks as standalone risks and also as part of broader risks, such as economic stability, and one of the risks we consider to have a substantive impact is the risk of climate change and sustainability.

F3.1b

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Timber products

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Negative media coverage

Primary potential impact

Brand damage

Company-specific description

Avery Dennison is an industry leader in self-adhesive labelling solutions. A large part of these solutions are paper based. In 2020, we procured 929,385 metric tonnes of paper from a number of geographies around the world. We rely upon our suppliers of paper to ensure that companies throughout our supply chain are following the Avery Dennison Responsible Procurement Policy. There is potential risk to our business and brand if the market and customers perceive us to be procuring materials from irresponsible sources. Consumers and the market also recognize the positive impact forestry has as a natural climate solution. The impact for our business could be lost revenues from customers, and negative media coverage. Avery Dennison could be targeted directly as a brand as we supply many other visible brand names across many supply chains.

Timeframe

1-3 years

Magnitude of potential impact

Medium-low

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

10000000

Potential financial impact figure - maximum (currency)

40000000

Explanation of financial

The financial impact number is based on our annual ERM process. The number used has been based on a percentage of net income, under the classification of medium risk. Avery Dennison categorizes risks as low, medium, or high based on net income impact and likelihood. Overall, we measure inherent risk using the following annual thresholds: low risk is under \$10 million, medium risk is \$10 million to \$40 million, and high risk is above \$40 million.

Primary response to risk

Avoidance of sourcing from high-deforestation risk jurisdictions

Description of response

To mitigate risk, Avery Dennison has established our Responsible Paper Procurement Policy with clear criteria around preferred certification. Annually, Rainforest Alliance audits our annual purchases of paper to ensure compliance with our Responsible Paper Procurement Policy and progress towards our goals. We work with NGOs to ensure that sourcing policies are aligned with the most current industry best practices.

Cost of response

529000

Explanation of cost of response

The costs are based upon Avery Dennison's annual FSC site certifications, EcoVadis audit costs, Rainforest Alliance annual audit and membership, and WWF Climate Savers membership.

F3.2

(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

	Have you identified opportunities?
Timber products	Yes, we have identified opportunities but are unable to realize them
Palm oil	<Not Applicable>
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

F3.2b

(F3.2b) Why does your organization not consider itself to have forests-related opportunities?

Timber products

Primary reason

Opportunities exist, but none with potential to have a substantive financial or strategic impact on business

Please explain

Avery Dennison defines substantive change as impacts on revenue, stakeholders and costs both on availability of purchased goods. Risks are categorized as low, medium, or high based on net income impact and likelihood. Overall, Avery Dennison measures inherent risk using the following annual thresholds: low risk is under \$10 million, medium risk is \$10 million to \$40 million, and high risk is above \$40 million. Through Avery Dennison's product and sourcing roadmaps, we conduct an evaluation of opportunities. Opportunities are identified in our 2025 and 2030 sustainability goals, which include continuing to increase the amount of certified paper we are sourcing. (Avery Dennison has additional tools that would extend beyond this period, which are referenced in section 6.) Significant funding to specific tools (FSC certification, Rainforest Alliance, EcoVadis) are allocated each year to identify and mitigate potential risks. This is in addition to the internal teams which have been established within Avery Dennison to provide oversight. Based on the progress made in sourcing certified materials since our Responsible Paper Procurement Policy was introduced in 2013, and updated in 2020, the risk is low, and unlikely to have a substantive effect. In 2020, 93% of the paper we purchased was from certified sources. This evaluation is conducted annually.

F4. Governance

F4.1

(F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.1a

(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

Position of individual	Please explain
Board-level committee	Board oversight over environmental sustainability is primarily conducted by the Governance Committee, which receives a report from management on sustainability topics at least once a year. The Committee discusses environmental sustainability topics at every committee meeting. The Committee is responsible for reviewing and providing oversight over key environmental sustainability initiatives, policies, and programs, including climate change and other environmental matters of interest to our stakeholders. This includes reviewing with management the impact of the business operations and practices with respect to matters of environmental sustainability. The Committee is also responsible for reviewing the shareholder engagement process, results, and feedback with respect to environmental sustainability and recommendations to the Board, as appropriate. In addition, our full Board engages business leaders on their sustainability initiatives during its regular review of business strategies.

F4.1b

(F4.1b) Provide further details on the board's oversight of forests-related issues.

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation / R&D priorities Setting performance objectives Other, please specify (Monitoring and overseeing progress against goals and targets for addressing forests-related issues)	The Governance Committee of our Board of Directors discusses environmental sustainability topics at committee meetings. The Committee also receives a report from management at least once a year on sustainability performance. Our full board engages with business leaders on their sustainability initiatives during its regular review of business strategies. The Board is responsible for overseeing our enterprise risk management (ERM) program. We have incorporated ERM into our business-unit level processes for developing and executing strategies, assessing risks, and identifying and implementing appropriate mitigating actions. Teams semi-annually prepare a risk profile of a heat map and summary of key risks and mitigating strategies, which are used to prepare a company risk profile based on identified business-specific risks. Sustainability trends and environmental regulation are a standalone risk. We consider additional climate topics as amplifiers of existing risks. In the first five years working towards our 2025 sustainability goals, we made meaningful progress. We believed it was important to establish another set of ambitious targets. Our Sustainability Council and Corporate Leadership team, including our Chairman/CEO, developed 2030 goals that are aligned with our business strategy and stakeholder priorities. We established our goal to, by 2030, source 100% of paper fiber from certified sources focused on a deforestation-free future.

F4.2

(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Chief Executive Officer (CEO)	Both assessing and managing risks and opportunities	More frequently than quarterly	Our CEO serves as the Chairman of our Board and provides strategic guidance and direction to ensure we continue to make meaningful progress on sustainability. The CEO is directly involved in all sustainability actions, given their material impact on the company. A portion of our CEO's 2020 incentive award was dependent on delivering our 2025 sustainability goals. Our CEO provides guidance and direction to our Vice President and General Manager of our RBIS business, who leads our Sustainability Council (SC) and is responsible for ensuring continued progress towards our sustainability goals. The SC is composed of a cross-divisional and -functional group of leaders to drive accountability and continually accelerate our progress. The SC meets bimonthly and provides updates to our executive leadership team, including our CEO, quarterly. Through this process we complete a quarterly sustainability scorecard provided annually to the Board for review of progress towards our goals. At least annually, members of the SC present sustainability trends and our sustainability strategic plan to the Company Leadership Team, including our CEO. We developed our 2030 goals following the completion of our 2020 Materiality Assessment. Our goals align with topics determined to be most important to our business and our stakeholders. As a result, we established our goal to, by 2030, source 100% of paper fiber from certified sources focused on a deforestation-free future.

F4.3

(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

	Provide incentives for management of forests-related issues	Comment
Row 1	Yes	

F4.3a

(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive?	Performance indicator	Please explain
Monetary reward	Chief Executive Officer (CEO)	Achievement of commitments and targets	Our CEO's compensation is determined by performance against annual strategic objectives. The Talent and Compensation Committee of our Board of Directors evaluates our CEO's performance against the CEO's predetermined strategic objectives. One of these strategic objectives is Innovation/Progress Toward Sustainability Goals. 20% of our CEO's 2020 incentive award was tied to the Compensation Committee's evaluation of the CEO's annual performance toward Innovation/Progress Toward Sustainability Goals.
Non-monetary reward	No one is entitled to these incentives	No indicator for incentivized performance	We currently are focused on driving performance and have focused our incentives around monetary rewards for meeting our targets. This is consistent with the philosophy of our Compensation Committee which has established a pay-for-performance approach for our executive officers.

F4.4

(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

Yes (you may attach the report – this is optional)

F4.5

(F4.5) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy that is publicly available

F4.5a

(F4.5a) Select the options to describe the scope and content of your policy.

Scope	Content	Please explain
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	Scope	Content	Please explain
Row 1	Company-wide	<p>Commitment to eliminate deforestation</p> <p>Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural habitats</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound milestones and targets</p> <p>Description of forests-related performance standards for direct operations</p>	<p>Avery Dennison established our Responsible Paper Procurement Policy in 2013 committing to operate the business in a responsible manner and making it easier for customers, supply chain partners, and employees to make a difference for the environment and the communities where we live and work. As a significant stakeholder in the value chain of pulp and paper products, we recognize our important role and opportunity to promote and provide sustainable paper products. Our Responsible Paper Procurement Policy reflects our company's values and commitment to the sustainability of the paper products we source, manufacture, and use. This policy was updated in 2020 to reflect the need to address biodiversity, and include clear metrics to which we hold ourselves accountable to and publish progress against. The policy will be evaluated annually going forward, to ensure it reflects best practices. The policy is used to guide our procurement teams in the key requirements when identifying suppliers of paper products. It also serves as a guide to our suppliers on what our expectations are with responsibility and certifications. The policy was first established with the support from Rainforest Alliance, and key objectives were aligned with WWF Climate Savers. Its purpose was to ensure that as a company, we hold our suppliers to responsible forestry practices. There are clear targets in the policy, and we report annually on our progress.</p>

F4.5b

(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.

Do you have a commodity specific sustainability policy?	Scope	Content	Please explain

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Timber products	Yes	Company-wide	<p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to eliminate deforestation</p> <p>Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related performance standards for direct operations</p> <p>Description of forests-related standards for procurement</p>	<p>Avery Dennison first established our Responsible Paper Procurement Policy in 2013. This policy outlines our commitment to operating our business in a responsible manner and making it easier for customers, supply chain partners, and employees to make a difference for the environment. As a significant stakeholder in the supply chain of pulp and paper products, we recognize our important role and opportunity in promoting and providing sustainable paper products. Our Responsible Paper Procurement Policy reflects our values and commitment to the sustainability of the paper products we source, manufacture, and use. This policy was updated in 2020 to reflect the need to address biodiversity, and include clear metrics to which we hold ourselves accountable and publish progress against it also transitioned from a sourcing to procurement policy. The policy will be evaluated annually going forward, to ensure it reflects best practices. The policy is used to guide our procurement teams in the key requirements when identifying suppliers of paper products. It also serves as a guide to our suppliers on our expectations for responsibility and certifications. Our Responsible Paper Procurement Policy is designed to increase the use of wood/fiber that has been certified by a credible third-party forest certification scheme (for virgin and recycled paper) with preference for Forest Stewardship Council (FSC) certified material where market conditions and good business practices allow. Where conditions do not support sourcing of FSC-certified products, other industry-recognized forest certification standards are accepted.</p>
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

Yes

F4.6a

(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

Other, please specify (No)

F4.6b

(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Forest risk commodity

Timber products

Criteria

No conversion of natural ecosystems

Avoidance of negative impacts on threatened and protected species and habitats

No conversion of High Conservation Value areas

Adoption of the UN International Labour Organization principles

Resolution of complaints and conflicts through an open, transparent and consultative process

No sourcing of forest risk commodities from unknown/controversial sources

Restricting the sourcing and/or trade of forest risk commodities to credible certified sources

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2014

Commitment target date

2021-25

Please explain

Avery Dennison has a sustainability goal to achieve 100% certified paper by 2025 of which 70% will be FSC certified and has a responsible paper procurement policy. Annually, we participate in a paper certification audit process with Rainforest Alliance. During this process, all paper purchased is validated and tracked to the relevant geography. For example, within our RBIS business a large volume supplier was unable to gain FSC certification, which meant the target of 70% FSC material could not be achieved. The RBIS leadership team made the decision to move the business to an emerging supplier that could provide all the required certifications. This process took a number of months, and involved many stakeholders.

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	11-15	In 2010, Avery Dennison identified that sustainability was going to be a key requirement in securing long-term business growth, and we had a role to play as a significant user of forest related products. We went through a process of identifying the areas of focus and impact, and in 2015 announced our 2025 sustainability goals. These goals were built around a 10-year business plan, with regular updates to stakeholders to demonstrate progress. As a global producer of self-adhesive solutions of which paper plays a fundamental role, securing sustainable long-term supply of material was imperative. Integral to the 2025 sustainability goals were specific targets related to forestry, namely 100% of paper from certified sources, of which 70% is FSC certified. It is a key to our long-term business objectives to ensure that the correct materials are available to consumers, and these products reflect the demand from consumers. Through historic consumer insights, we recognize that certified forestry materials are critical. A demonstration on how forest issues are related and used in long-term business objectives would be through our materiality assessment process. Through this process, key customers, investors and NGOs are engaged, and asked a series of questions that identify areas of interest and importance. With this information, we assess current objectives or adjust long-term plans to address key stakeholder interests. For example, our materiality assessment process highlighted the strategic importance of advancing the circular economy to our business and stakeholders. We developed strategic objectives and programs around innovation, enabling recyclability of our products, and increasing use of recycled materials in our products towards advancing the development of the circular economy.
Strategy for long-term objectives	Yes, forests-related issues are integrated	11-15	Avery Dennison regularly reviews its strategy in line with long-term objectives, and the changing space of environmental and climate based challenges alongside customer demands. Strategies are then developed to achieve long-term objectives, of which forests play a role given their importance in producing paper-based materials. An example of this process would be how the materiality assessment process plays a key role in identifying long-term objectives, and their priority for stakeholders. Our materiality assessment process illustrated the increased focus on advancing the circular economy, so this was identified as a long-term objective. Once the objective was identified, the relevant stakeholders in the business began to develop and integrate strategies to deliver this objective. These strategies are formed across a number of key business functions, including material sourcing, procurement, innovation and operations. The strategy development was integrated across our functions, from new sources of material with which to innovate, to certifying the new locations producing the product. 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. Our Board was particularly focused on driving innovation and we significantly upgraded and reinvigorated our innovation program, including assessing and addressing risks related to investment in disruptive technologies. This includes investing in innovation platforms focused on recyclability/enabling circularity and waste reduction/ elimination.
Financial planning	Yes, forests-related issues are integrated	11-15	Avery Dennison is a \$7B global company, of which forest-related products are our largest commodity spend, representing 40-50% of all direct material purchases. Small changes in material pricing, including those driven by natural disasters, supplier challenges, or legislation changes can have a significant impact on our price competitiveness in the market, and our overall market share impacting financial performance. Our strategy for sourcing paper based materials involves formal risk assessments of suppliers and the countries in which they are based. The risk assessments include due diligence and regulatory and compliance checks and potential trade or tariff implications are also considered in this process. Supplier specific measurements are annually conducted through EcoVadis audits, which score suppliers' performance against environmental and social standards. Alongside this, a key criteria is the availability of certified materials in accordance with the Avery Dennison Responsible Paper Procurement Policy. Avery Dennison evaluates these factors alongside the total cost of ownership of any products used. If suppliers do not perform well in a specific area, or are unable to improve, there are consequences and orders may be re-allocated. An example of financial planning integration is when we launched our 2025 sustainability goals. It was identified at that point that the majority of forest materials were sourced from the USA, and the USA had very low volumes of FSC material available. To move the sourcing to new geographies would have created significant cost, and damaged long-term supply relationships. Instead Avery Dennison worked closely with key suppliers to enable FSC certification.

F6. Implementation

F6.1

(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?

Yes

F6.1a

(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.

Target reference number

Target 1

Forest risk commodity

Timber products

Type of target

Third-party certification

Description of target

As part of our 2025 sustainability goals, we have committed to sourcing 100% of paper purchased from certified sources, of which 70% will be FSC certified.

Linked commitment

Other environmental commitments

Traceability point

<Not Applicable>

Third-party certification scheme

FSC Controlled Wood

PEFC (any type)

Other, please specify (SFI, FSC Mixed Credit)

Start year

2014

Target year

2025

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

93

Please explain

Avery Dennison's 2025 target is to have 100% of our timber based products from certified sources. The target was established in 2014, and announced in 2015. We partner with Rainforest Alliance (RFA), an international non-governmental organization that offers consulting services to support the sustainability of corporate supply chains. Working with a respected and trusted third party, such as RFA, to identify forest-related supply chain risks increases trust in our reporting and improves accuracy and outcomes. We selected RFA as our lead, independent partner due to RFA's expertise identifying and managing global forestry risks, knowledge of our business and processes, and industry reputation. RFA has also supported the development of our Responsible Paper Procurement Policy, which guides our decision making process across our forest product supply chain. RFA is the lead advisor for the annual audit protocols and risk management processes evaluating our responsible paper sourcing performance. During the annual assessment; 1) a paper certification audit is performed, where the certification of all paper products, on the basis of volume of paper we purchase, is validated 2) paper purchased that is identified as non-certified or with an unknown source of origin is identified and corrective actions are developed 3) risk management processes are reviewed

Target reference number

Target 2

Forest risk commodity

Timber products

Type of target

Third-party certification

Description of target

As part of our 2030 sustainability goals, we have committed to sourcing 100% of paper fiber from certified sources focused on a deforestation-free future.

Linked commitment

Zero net/gross deforestation

Traceability point

<Not Applicable>

Third-party certification scheme

FSC Controlled Wood

PEFC (any type)

Other, please specify (FSC Mixed Credit, SFI)

Start year

2020

Target year

2030

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

93

Please explain

Avery Dennison's 2030 target is to have 100% of our paper fiber sourced from certified sources focused on a deforestation-free future. The target was developed in 2020, with a target completion date of 2030. We partner with Rainforest Alliance (RFA), an international non-governmental organization that offers consulting services to support the sustainability of corporate supply chains. Working with a respected and trusted third-party, such as RFA, to identify forest-related supply chain risks increases trust in our reporting and improves accuracy and outcomes. We selected RFA as our lead, independent partner due to its expertise identifying and managing global forestry risks, knowledge of our business and processes, and industry reputation. RFA has also supported the development of our Responsible Paper Procurement Policy which guides our decision making process across our forest product supply chain. RFA is the lead advisor for the annual audit protocols and risk management processes evaluating our responsible paper sourcing performance. During the annual assessment; 1) a paper certification audit is performed, where the certification of all paper products we purchase is validated 2) a supplier survey requesting country and region of origin is completed 3) paper purchased that is identified as non-certified or with an unknown source of origin is identified and corrective actions are developed 3) risk management processes are reviewed For 2020 purchases, the country of origin survey indicated that 62% of our paper spend was sourced from countries identified as "low-risk." The remaining 38% of our paper spend was sourced from countries deemed as "high-risk"; however, of this 38%, RFA has validated that 93% was from certified sourced pulp which, considering the certification process guidelines, can be considered as "low risk" sourced. This is consistent with our goal to source 100% certified products.

Target reference number

Target 3

Forest risk commodity

Timber products

Type of target

Engagement with direct suppliers

Description of target

As part of our 2030 sustainability goals, Avery Dennison's LGM division has committed to engaging with direct suppliers covering 80% of LGM's spend on their

environmental policies, including forestry.

Linked commitment

Other environmental commitments

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2020

Target year

2030

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

80

% of target achieved

85

Please explain

Avery Dennison's 2030 target is to have direct suppliers representing 80% of our LGM division spend, engaged on their environmental and social policies, including forestry, water, human rights, fair business, etc. Currently, suppliers representing 85% of our direct spend are in the EcoVadis platform. We will use the results of this assessment to further focus our active engagement with suppliers who need to mature their environmental policies. We have established this target to ensure we are working to use our unique position in the paper products value chain to advance sustainability. We partner with EcoVadis to engage our largest suppliers, by direct spend within our LGM business, and evaluate the social and environmental risks and performance of our supply chain, while identifying key areas of improvement and highlighting areas of concern.

F6.2

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?	Description of traceability system	Exclusions	Description of exclusion
Timber products	Yes	Avery Dennison sourced 93% of products via 3rd-party certification schemes, giving traceability to our Avery Dennison's sites and back through the chain of custody down to the country of origin for the fiber used. We have established a goal to achieve 100% certified source products by 2025 and we annually review progress towards this goal through our partnership with Rainforest Alliance (RFA). Annually, RFA conducts an audit of our paper sourcing certifications. RFA was selected as our lead partner due to their independence and expertise in identifying and managing global forestry risks, adding trust and credibility to our reporting. RFA is the lead advisor for the annual audit protocols and risk management processes relating to responsible paper sourcing. During the annual assessment; 1) a paper certification audit is performed with RFA, where all paper purchased is validated; 2) non-certified and unknown sources of paper origin are determined and corrective actions identified; and 3) risk management processes are reviewed.	Other, please specify (Recycled content products and indirect packaging items)	The sources of recycled fibers are (currently) unable to be traced sufficiently. Excluded from the assessment are Avery Dennison's indirect packaging suppliers. This is the indirect material that is used as outer packaging in the distribution of Avery Dennison products. This supply chain is very complex with numerous small volume suppliers, and unsubstantial compared to the volume required to manufacture our products.
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

Forest risk commodity	Point to which commodity is traceable	% of total production/consumption volume traceable
Timber products	Country	93

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	Yes	93
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

Forest risk commodity

Timber products

Third-party certification scheme

FSC (any type)

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

61.3

Form of commodity

Paper

Volume of production/ consumption certified

554041

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

This volume is only for FSC Mixed Credit.

Forest risk commodity

Timber products

Third-party certification scheme

FSC Controlled Wood

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

26.5

Form of commodity

Paper

Volume of production/ consumption certified

239720

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

This volume is only for FSC CW.

Forest risk commodity

Timber products

Third-party certification scheme

PEFC (any type)

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

3.2

Form of commodity

Paper

Volume of production/ consumption certified

33637

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

This volume is only for PEFC.

Forest risk commodity

Timber products

Third-party certification scheme

Other, please specify (SFI)

Chain-of-custody model used

Please select

% of total production/consumption volume certified

0.2

Form of commodity

Paper

Volume of production/ consumption certified

1985

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

This volume is only for SFI.

F6.4**(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?**

	A system to control, monitor or verify compliance	Comment
Timber products	Yes, we have a system in place for our no conversion and/or deforestation commitments	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.4a

(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).

Forest risk commodity

Timber products

Operational coverage

Direct operations
Supply chain

Description of control systems

Avery Dennison has implemented a process for supply chain risk identification with Rainforest Alliance (RFA). RFA was selected as AD's lead partner due to their independence and expertise in identifying and managing global forestry risks, and has also supported the development of the Responsible Paper Procurement Policy and is the lead advisor for the annual audit protocols and risk management processes relating to responsible paper sourcing with a focus on a deforestation free future. The FSC Mix Credit certification system drives "no conversion and/or deforestation". During the annual assessment - A paper certification audit is performed with RFA -Papers sourced under the FSC Mix Credit system are validated. - Noncertified and unknown sources of paper origin are determined and corrective actions identified - Risk management processes are reviewed

Monitoring and verification approach

Third-party verification

% of total volume in compliance

91-99%

% of total suppliers in compliance

71-80%

Response to supplier non-compliance

Retain & engage

Procedures to address and resolve non-compliance with suppliers

Developing time-bound targets and milestones to bring suppliers back into compliance
Assessing the efficacy and efforts of non-compliant supplier actions through consistent and quantified metrics

Please explain

Avery Dennison utilizes an annual third party auditing process through Rainforest Alliance (RFA) for the certifications that it holds. For 2020, RFA validated certification levels of 93% by volume. This is up from the 2019 level of 92%. Certifications include FSC Mix Credit, FSC Controlled Wood, PEFC, and SFI. Annually, we require suppliers to submit country and fiber source to RFA for assessment and reports. For 2020, this has been expanded to include the region of country sourcing as well. Through RFA, we review this information to ensure suppliers are compliant. For 2020 purchases, the RFA assessment of country of origin survey indicated that 62% of our paper spend was sourced from countries identified as "low-risk." The remaining 38% of our paper spend was sourced from countries deemed as "high-risk", however of this 38%, RFA has validated that 93% was from certified sourced pulp which, considering the certification process guidelines, can be considered as "low risk." This is consistent with our goal to source 100% certified products. RFA considers "high risk" countries based on NEPCon timber legality risk specific to rights to harvest and the Corruption perception index of countries.

F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

	Assess legal compliance with forest regulations	Comment
Timber products	Yes, from suppliers	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.6a

(F6.6a) For you disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.

Timber products

Procedure to ensure legal compliance

As a global supplier of paper, Avery Dennison recognizes the importance of responsible forestry. We require all suppliers to follow all relevant laws and regulations as part of our Supplier Standards. As a global company, with manufacturing locations located around the world, we source forest products from suppliers in many countries and regions. For example, EU REACH regulations have outlawed certain chemicals and additives that pulp and paper producers use. We are working with suppliers to progressively phase out the use of chemicals, globally, when they are regulated in one region. This process will further ensure we comply with applicable laws and regulations. Avery Dennison approaches legal compliance with a number of engagements. 1) External experts are employed to identify pending changes in forestry regulations 2) A Global Trade Management Team. This trade compliance-focused team carries out due diligence planning for timber regulations, and develops standard operating procedures that our businesses must follow related to timber 3) The Global Trade Management Team validates and audits compliance with these policies 4) Annual validation of which countries paper fibre is being purchased from 5) Working with suppliers to provide certifications where necessary 6) Focusing on certified materials that are validated by an external audit each year Currently supplier information is gathered through direct supplier engagement. Avery Dennison is currently looking to integrate this process into our current product information management tool. This is a tool that acts as a portal to gather supplier information and integrate into the Avery Dennison enterprise resource planning system.

Country/Area of origin

- Argentina
- Australia
- Brazil
- India
- Indonesia
- Malaysia
- Thailand
- Viet Nam

Law and/or mandatory standard(s)

- General assessment of legal compliance
- Forest Law - Argentina
- Brazilian Forest Code
- EU Timber Regulation
- USA Lacey Act

Comment

Avery Dennison has implemented a process regarding supply chain risk identification with Rainforest Alliance (RFA). RFA was selected as our lead partner due to their independence and expertise in identifying and managing global forestry risks. RFA has also supported the development of our Responsible Paper Procurement Policy (to guide the business decisions made across our supply chain), and is the lead advisor for the annual audit protocols and risk management processes relating to responsible paper sourcing. During the annual assessment; 1) a paper certification audit is performed with RFA, where all paper purchased is validated 2) non-certified and unknown sources of paper origin are determined and corrective actions are identified. 3) Risk management processes are reviewed.

F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	Avery Dennison works directly with suppliers of paper materials, and shares the requirements of material and deforestation in our Responsible Paper Procurement Policy. We expect our suppliers to adhere to this policy, and work directly with its suppliers to ensure compliance. As we sit at least 2 supply chain steps removed from smallholders or forest owners, we would not directly engage these stakeholders. The strategy has been to make clear the requirements in the sourcing policies, and hold the direct supplier accountable for their actions.
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.8

(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Timber products	Yes, working with direct suppliers	Supply chain mapping Capacity building	Supplier questionnaires on environmental and social indicators Supplier audits Offering on-site training and technical assistance Disseminating technical materials Organizing capacity building events Investing in pilot projects	71-80%	As a global provider of everyday labeling solutions, securing a sustainable supply of wood-based products is critical. We continually assess the availability of responsibly sourced paper products through sourcing roadmaps. The sourcing roadmaps include areas of continuous training of our internal stakeholders, suppliers and customers, which plays a strong part in raising awareness of the importance of paper certification. Specific to our direct suppliers, we have implemented a process regarding supply chain risk identification with Rainforest Alliance (RFA). RFA was selected as our lead partner due to their independence and expertise in identifying and managing global forestry risks. RFA has also supported the development of our Responsible Paper Procurement Policy. This policy is shared directly with suppliers to which we require compliance. RFA is also the lead advisor for the annual audit protocols and risk management processes relating to responsible paper sourcing. During the annual assessment; 1) a paper certification audit is performed with RFA, where all paper purchased is validated 2) non-certified and unknown sources of paper origin are determined and corrective actions identified. 3) Risk management processes are reviewed Additionally all key paper suppliers within our LGM business complete an annual third party CSR audit and evaluation by EcoVadis, to support evaluation of corporate, social and environmental risks, identify key opportunities of improvement and highlight areas of concern. Further, Avery Dennison requires our suppliers to comply with our supplier standards, including compliance with applicable laws, regulations and industry standards. In situations where there is a conflict between these laws and standards, suppliers are required to meet the higher standard. We regularly perform supplier audits to ensure compliance. During 2020, a total of 30 suppliers were audited across the direct material supply base for all raw materials. In addition, our annual RFA certification process covers all paper suppliers.
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.9

(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Timber products	Yes, working beyond first tier	Supply chain mapping	Developing or distributing supply chain mapping tools Supplier questionnaires on environmental and social indicators	Avery Dennison requires all our suppliers (and indirectly our second tier suppliers) to comply with our supplier standards, including compliance with applicable laws, regulations and industry standards. In situations where there is a conflict between these laws and standards, suppliers are required to meet the higher standard. We regularly perform supplier audits to ensure compliance; during 2020 we audited a total of 30 suppliers. Due to the Covid pandemic and to ensure the health and safety of our employees and our suppliers, 19 audits were conducted on-site by us, 1 was conducted onsite by a third party auditor and 10 suppliers were virtually audited. When legally required and requested, suppliers must provide the country of origin and species of all paper products and ensure they come from responsibly-managed forests, in accordance with regional regulations, and show that papers sourced can be considered, at a minimum, as meeting FSC CW standards. This information must be provided by all second tier suppliers.
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.10

(F6.10) Do you participate in external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

Forest Stewardship Council (FSC)

Programme for the Endorsement of Forest Certification (PEFC)

Sustainable Forestry Initiative (SFI)

Other, please specify (WWF Climate Savers, RainForest Alliance)

Jurisdictional approaches

<Not Applicable>

Please explain

Avery Dennison participates in external initiatives through the Forest Stewardship Council (FSC) by adopting the FSC's principles of forest management and certifying products through FSC. Through FSC certification, Avery Dennison ensures that our products come from responsibly managed forests that provide environmental, social and economic benefits. We also work with suppliers certified to PEFC and SFI standards to advance our procurement of sustainable forest products. In addition, Avery Dennison is a member of WWF Climate Savers and Rainforest Alliance. We have made public commitments to both organizations. In 2020, we became organization members of FSC. We sit in the Economic Chamber of FSC, enabling us to be more actively involved in the organization and stay abreast of updates and developments within the industry and be more proactive to any future changes.

F6.11

(F6.11) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?

No

F7. Verification

F7.1

(F7.1) Do you verify any forests information reported in your CDP disclosure?

Yes

F7.1a

(F7.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module

F6. Implementation

Data points verified

Avery Dennison has used external auditor Rainforest Alliance to validate two main points as disclosed in this document. 1. The geographical locations where timber has been sourced. 2. The percentage of material that comes from FSC and other certified sources.

Verification standard

The Rainforest Alliance audit is the verification standard to ensure that the progress to company goals are met. The process is undertaken using an online data capture tool that identifies and validates the data points. Suppliers provide certification documents for specific invoices that have been requested, and also provide country/region of origin information through the RFA survey.

Please explain

Rainforest Alliance annually audits Avery Dennison to ensure that material purchased is sourced according to policy commitments. The Rainforest Alliance audit ensures that suppliers and manufacturing locations are using materials that are certified by FSC or other certification schemes. In 2020, RFA validated 93% of all paper purchased by Avery Dennison. Additionally, for 2020 purchases the RFA assessment of country of origin survey indicated that 62% of AD paper spend was sourced from countries identified as "low-risk". The remaining 38% of AD paper spend was sourced from countries deemed as "high-risk"; however, of this 38%, RFA has validated that 93% was from certified sourced pulp which, considering the certification process guidelines, can be considered as "low-risk". RFA considers "high-risk" countries based on NEPCon timber legality risk specific to rights to harvest and the Corruption perception index of countries. This is inline with AD mitigation plans to source 100% certified products.

F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

Forest risk commodity

Timber products

Coverage

Supply chain

Primary barrier/challenge type

Supply chain complexity

Comment

The Responsible Paper Procurement Policy developed by Avery Dennison covers all raw materials purchased as a direct material commodity. An area with greater challenge is the outer packaging used to ship products. In this space we purchase packaging from more than 500 suppliers across more than 50 countries. This complexity makes it more challenging to track progress towards our sourcing goals.

Forest risk commodity

Timber products

Coverage

Supply chain

Primary barrier/challenge type

Limited availability of certified materials

Comment

Avery Dennison has found that FSC certification, while widely available within Europe and the Americas, does not have such wide availability within Asia. We are currently working with our supplier base to address this.

F8.2

(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity

Timber products

Coverage

Supply chain

Main measure

Reduced cost of certification/certified products

Comment

Within certain regions FSC material is not widely available. Suppliers cite the cost and complexity to gain FSC certification. If FSC material were more widely available in specific regions, this would assist us in meeting our goals of 70% FSC certified material.

F17 Signoff

F-FI

(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

	Job Title	Corresponding job category
Row 1	Vice President, Global Communications	Public affairs manager

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms