

## W0. Introduction

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### W0.1

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**(W0.1) 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. Our reportable segments for fiscal year 2019 were (i) Label and Graphic Materials ("LGM"); (ii) Retail Branding and Information Solutions ("RBIS"); and (iii) Industrial and Healthcare Materials ("IHM"). In 2019, the LGM, RBIS, and IHM segments made up approximately 67%, 23% and 10%, respectively, of our total sales. As of December 31, 2019, we operated approximately 180 manufacturing and distribution facilities worldwide with approximately 30,000 employees and had operations in over 50 countries, with 2019 sales of \$7.1 billion.

### W0.2

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**(W0.2) State the start and end date of the year for which you are reporting data.**

	Start date	End date
Reporting year	January 1 2019	December 31 2019

### W0.3

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**(W0.3) Select the countries/areas for which you will be supplying data.**

Argentina  
Australia  
Bangladesh  
Belgium  
Brazil  
Bulgaria  
Canada  
Chile  
China  
China, Hong Kong Special Administrative Region  
Colombia  
Czechia  
Denmark  
Dominican Republic  
Egypt  
El Salvador  
France  
Germany  
Honduras  
India  
Indonesia  
Ireland  
Italy  
Japan  
Luxembourg  
Malaysia  
Mexico  
Morocco  
Netherlands  
New Zealand  
Norway  
Pakistan  
Peru  
Poland  
Portugal  
Republic of Korea  
Romania  
Singapore  
South Africa  
Spain  
Sri Lanka  
Switzerland  
Taiwan, Greater China  
Turkey  
United Arab Emirates  
United Kingdom of Great Britain and Northern Ireland  
United States of America  
Viet Nam

**W0.4**

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**(W0.4) Select the currency used for all financial information disclosed throughout your response.**

USD

**W0.5**

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**(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.**

Companies, entities or groups over which operational control is exercised

**W0.6**

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**(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?**

No

**W1. Current state**

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W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	Direct Use: Direct water usage is minimal in the operations of product. The majority of water use is from cleaning, chillers and cooling towers in manufacturing sites and general use/personal hygiene for all other locations. Direct Importance Rating: Avery Dennison does not use significant volumes of freshwater in production activities, but understands the importance of water quality discharges and we ensure all process water is treated. Indirect Use: Suppliers from paper processing have higher usage amounts. Indirect Importance Rating: Suppliers that provide paper use a considerable amount of water. As such, water availability may impact paper commodity costs in the future.
Sufficient amounts of recycled, brackish and/or produced water available for use	Not very important	Neutral	Avery Dennison does not use recycled, brackish or produced water and is designating these as not important to direct operations. Our paper suppliers may use recycled water, therefore water quality/quantity for indirect use may be neutral.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	Not monitored	
Water withdrawals – volumes by source	Not monitored	
Entrained water associated with your metals & mining sector activities - total volumes [only metals and mining sector]	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes [only oil and gas sector]	<Not Applicable>	<Not Applicable>
Water withdrawals quality	Not monitored	
Water discharges – total volumes	Not monitored	
Water discharges – volumes by destination	Not monitored	
Water discharges – volumes by treatment method	Not monitored	
Water discharge quality – by standard effluent parameters	Not monitored	
Water discharge quality – temperature	Not monitored	
Water consumption – total volume	100%	Track site's monthly water consumption, by EHS team members inputting water consumption data into Avery Dennison's internal ASPIRE environmental management system each time they receive a bill or via meter readings where relevant.
Water recycled/reused	Not monitored	
The provision of fully-functioning, safely managed WASH services to all workers	Not monitored	

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals		Please select	
Total discharges		Please select	
Total consumption	2044.05	About the same	No significant change in processes

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	1-10	About the same	WRI Aqueduct	Avery Dennison conducts a standard water risk assessment with the WRI Aqueduct Tool to determine at-risk sites based on basin/geography and compare that to our operations. We also collect data annually from site assessments on water supply, discharge, and compliance, and use that information to better plan risk management strategies and project prioritization. The WRI tool allows us to directly see by geography how many Avery Dennison sites are in an area of water stress. We assess all 192 operational sites annually, and analyze the data based on risk level (extremely high, high, medium high, medium low, low). We utilize this information, combined with overall consumption levels at the sites, to determine the largest areas of opportunity.

## W1.4

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### (W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

Yes, our customers or other value chain partners

## W1.4a

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### (W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

#### Row 1

##### % of suppliers by number

26-50

##### % of total procurement spend

76-100

#### Rationale for this coverage

For EcoVadis, we require our top 80% of spend for LGM to take the annual survey. As Avery Dennison is focusing on how to create the largest positive impact in our supply chain. Currently, we believe starting with our largest suppliers by purchase order amounts gives us the most influence. For RBIS' 3rd party auditing program ICAP, all suppliers must be audited and must meet legal water requirements. If the suppliers do not take the survey, are not audited under the ICAP program or do not follow up on the corrective action plan from the ICAP audit, then Avery Dennison procurement will begin identifying replacement suppliers.

#### Impact of the engagement and measures of success

Under RBIS' 3rd party auditing program ICAP, all suppliers must meet legal water requirements in the countries in which they operate and conduct and review environmental impact risk assessments annually. Also, the facility must ensure wastewater discharge meets water quality guidelines of sustainable water group and/or national laws, whichever is more stringent. The facility must have a process flow diagram showing all areas of water usage and discharge points. Suppliers that do not have those items currently are given a deadline to submit a Corrective Action Report (CAR). If the CAR is not completed, RBIS will seek another source of material. For EcoVadis, we require suppliers to hit a minimum score of 50, otherwise we enter corrective actions in the system for continuous improvement. Platinum (overall score between 73 and 100) and Gold (66 and 72) scores are high performing suppliers, and are considered when determining supplier risk, relationship status, opportunities, etc.

#### Comment

## W1.4b

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### (W1.4b) Provide details of any other water-related supplier engagement activity.

#### Type of engagement

Onboarding & compliance

#### Details of engagement

Inclusion of water stewardship and risk management in supplier selection mechanism

#### % of suppliers by number

76-100

#### % of total procurement spend

76-100

#### Rationale for the coverage of your engagement

Although we do not have direct targets for our suppliers in regards to water, we do track their environmental practices and progress using an annual EcoVadis questionnaire. For EcoVadis, we require our top 80% spend for LGM to take the annual survey. The EcoVadis assessment contains questions regarding water use and consumption, and this data is retained for our use when determining future business, the health of our supply chain, and risks and opportunities. In addition to EcoVadis, suppliers must comply with our Supplier Standards, which includes; operating with integrity, delivering the best customer service, meeting or exceeding Avery Dennison's quality and service expectations, focusing on "total cost" by undertaking continuous improvement activities, sharing innovative ideas with us and using our idea platforms for mutual growth, supporting our sustainability efforts, requirements and standards, and promoting a diverse workforce.

#### Impact of the engagement and measures of success

100% of the suppliers in the EcoVadis system engage at least once per year, many engaging more consistently to collaborate on score improvement. We track supplier scores from every annual reassessment, and require suppliers to meet our minimum score of 50. If suppliers fall below 50, we enter corrective actions into the system and create a plan for continuous improvement. We use the scores and engagement to determine supplier risk, opportunities, and to evaluate future relationships. EcoVadis and Avery Dennison received the Innovations in Sustainability award at Label Expo 2019 for Avery Dennison's Sustainable Procurement Program, which assesses, monitors, and encourages the improvement of the social and environmental practices of Avery Dennison supplier partners worldwide.

#### Comment

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## W1.4c

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### (W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

Avery Dennison recognizes that water management is an important aspect of meeting our customers' requirements and while our own sites do not utilize material amounts of water, we do need to engage further with suppliers to better understand their impact.

## W2. Business impacts

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### W2.1

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(W2.1) Has your organization experienced any detrimental water-related impacts?

No

### W2.2

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(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

## W3. Procedures

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### W3.3

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(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

### W3.3a

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(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

#### Direct operations

##### Coverage

Full

##### Risk assessment procedure

Water risks are assessed in an environmental risk assessment

##### Frequency of assessment

Annually

##### How far into the future are risks considered?

1 to 3 years

##### Type of tools and methods used

Tools on the market

Enterprise Risk Management

##### Tools and methods used

WRI Aqueduct

##### Comment

In 2010, after tracking our water consumption to determine whether we should develop a water-reduction strategy, we concluded that we use relatively little water in our direct operations. We continue to track our water consumption and look for ways to use water more efficiently in our products and processes. We conduct a standard water risk assessment with the WRI Aqueduct Tool to determine at-risk sites based on basin/geography and compare that to our operations. We also collect data annually from site assessments on water supply, discharge, and compliance, and use that information to better plan risk management strategies and project prioritization. We assess all 192 operational sites annually, and analyze the data based on risk level (extremely high, high, medium high, medium low, low). We utilize this information, combined with overall consumption levels at the sites, to determine the largest areas for opportunity.

## Supply chain

### Coverage

Partial

### Risk assessment procedure

Water risks are assessed in an environmental risk assessment

### Frequency of assessment

Annually

### How far into the future are risks considered?

1 to 3 years

### Type of tools and methods used

Other

### Tools and methods used

External consultants

### Comment

While risks exist, it has been determined that they will likely not impact the company in a material way over the next 1-3 years, based on Avery Dennison's 2019 materiality assessment. Within our supply chain, the largest users of water come from our paper and paperboard suppliers. Although we do not have direct targets for our suppliers in regards to water, we do track their environmental practices and progress using an annual EcoVadis questionnaire which includes water. The assessment contains questions regarding water use and consumption, where applicable, and this data is retained for our use when determining future business, the health of our supply chain, and risks and opportunities. In addition, Avery Dennison utilizes a 3rd party, Climate Earth, to assess economic input and output to estimate our water usage within our supply chain. A materiality assessment by the Business for Social Responsibility (BSR) group completed in 2019 also categorized our water risks in our supply chain as low.

## Other stages of the value chain

### Coverage

None

### Risk assessment procedure

<Not Applicable>

### Frequency of assessment

<Not Applicable>

### How far into the future are risks considered?

<Not Applicable>

### Type of tools and methods used

<Not Applicable>

### Tools and methods used

<Not Applicable>

### Comment

W3.3b

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(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	In 2010, after tracking our water consumption to determine whether we should develop a water-reduction strategy, we concluded that we use relatively little water in our direct operations. Despite our small use, we continue to track our water consumption and look for ways to use water more efficiently in our products and processes. We conduct a standard water risk assessment with the WRI Aqueduct Tool to determine at-risk sites based on basin/geography and compare that to our operations. We also collect data annually from site assessments on water supply, discharge, and compliance, and use that information to better plan risk management strategies and project prioritization. This assessment requires a deeper understanding of where the water used is coming from, so we can cross reference with our WRI analysis to determine level of risk.
Water quality at a basin/catchment level	Relevant, always included	In 2010, after tracking our water consumption to determine whether we should develop a water-reduction strategy, we concluded that we use relatively little water in our direct operations. Despite our small use, we continue to track our water consumption and look for ways to use water more efficiently in our products and processes. We conduct a standard water risk assessment with the WRI Aqueduct Tool to determine at-risk sites based on basin/geography and compare that to our operations. We also collect data annually from site assessments on water supply, discharge, and compliance, and use that information to better plan risk management strategies and project prioritization. This assessment requires a deeper understanding of where the water used is coming from, so we can cross reference with our WRI analysis to determine level of risk. Any specific risks identified through this process as being in a water-stressed location are then addressed appropriately.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, sometimes included	Risks to Avery Dennison's business are tracked and monitored across an array of categories, including financial, environmental, and reputational. When necessary, each situational risk is identified and addressed appropriately. Utilizing the WRI Aqueduct Tool analysis, we annually monitor sites in areas of water scarcity, and determine the appropriate path forward to further mitigate our impacts. In addition, we regularly review our sustainability goals and priorities. In 2018 and 2019, we partnered with Business for Social Responsibility (BSR) to conduct our most recent materiality assessment. We identified the sustainability concerns most material to our business and most of concern to our stakeholders. As part of the process, BSR sought feedback from a variety of people with a stake in our assessment, including employees, customers, NGOs, investors and board members. Their input helped us understand what we're doing well and identify opportunities for improvement. Through our assessment, we confirmed that our sustainability priorities are related to the areas most relevant to our business- areas in which we can make the biggest difference. Stakeholder conflicts concerning water resources at a basin/catchment level were ranked low in importance to stakeholders and for business success in Avery Dennison's materiality assessment. Despite the low ranking from the materiality assessment, Avery Dennison acknowledges the strategic importance of water as a vital resource, and understands that maintaining the preservation and quality of water is necessary to our businesses and supply chains, as well as the health of our communities. We still have a commitment and responsibility to reduce our environmental impact wherever possible, no matter how small, which continues to make this issue a priority.
Implications of water on your key commodities/raw materials	Relevant, always included	Future changes in water availability for our key commodities and raw materials may impact our direct operations as well as our supply chain. We anticipate taking steps to include assessments of these future implications within our water risk assessments. Within our supply chain, the largest users of water come from our paper and paperboard suppliers. Although we do not have direct targets for our suppliers in regards to water, we do track their environmental practices and progress using an annual EcoVadis questionnaire. The assessment contains questions regarding water use and consumption, and this data is retained for our use when determining future business, the health of our supply chain, and risks and opportunities. In addition to EcoVadis, suppliers must comply to our Supplier Standards, which include; operating with integrity, delivering the best customer service, meeting or exceeding Avery Dennison's quality and service expectations, focusing on "total cost" by undertaking continuous improvement activities, sharing innovative ideas with us and using our idea platforms for mutual growth, supporting our sustainability efforts, requirements and standards, and promoting a diverse workforce. As a commitment to sustainable innovation, we also utilize life cycle assessment (LCA) as another tool to collaborate with suppliers on potential water saving materials and projects. Focusing on our suppliers with greater water risk (such as paper), we can model new processes and raw material inputs to help mitigate risk and meet requests of customers.
Water-related regulatory frameworks	Relevant, always included	Future changes in water availability for our key commodities and raw materials may impact our direct operations as well as our supply chain. We anticipate taking steps to include assessments of these future implications in our water risk assessments. Within our supply chain, the largest users of water come from our paper and paperboard suppliers. Although we do not have direct targets for our suppliers in regards to water, we do track their environmental practices and progress using an annual EcoVadis questionnaire. The assessment contains questions regarding water use and consumption, and this data is retained for our use when determining future business, the health of our supply chain, and risks and opportunities. In addition to EcoVadis, suppliers must comply to our Supplier Standards, which include; operating with integrity, delivering the best customer service, meeting or exceeding Avery Dennison's quality and service expectations, focusing on "total cost" by undertaking continuous improvement activities, sharing innovative ideas with us and using our idea platforms for mutual growth, supporting our sustainability efforts, requirements and standards, and promoting a diverse workforce. As a commitment to sustainable innovation, we also utilize life cycle assessment as another tool to collaborate with suppliers on potential water saving materials and projects. Focusing on our suppliers with greater water risk (such as paper), we can model new processes and raw material inputs to help mitigate risk and meet requests of customers.
Status of ecosystems and habitats	Not relevant, explanation provided	Due to the fact that the majority of our water comes from municipal sources, impact on local habitats and ecosystems is minimal and not considered a risk. All our sites follow applicable governmental legislation related to ecosystems and habitats, and we continue to focus on our sites in developing countries. This issue is not expected to be relevant in the future, but we are committed to continuous monitoring and learning and will take appropriate action if ecosystems and habitats become impacted by our operations in the future. As another mitigation technique, numerous sites across the globe organize their own habitat and beach clean up's, typically in April in connection with Earth Day.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	Avery Dennison ensures its operations are in compliance with all regional legislation and standards. Across all our sites, we produce fully-functioning WASH services for all employees. It is important to our operations as it is key and keeping our employee safe and healthy. To ensure we're following our own standards and the regulations of the countries where we do business, we conduct environmental, health and safety (EHS) compliance audits at our manufacturing sites which include drinking and potable water compliance. Audits are conducted by a team of our own employees assisted by third-party consultants who speak the local language and provide expertise in local regulations.
Other contextual issues, please specify	Not considered	

W3.3c

**(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?**

	Relevance & inclusion	Please explain
Customers	Relevant, always included	Avery Dennison values our customer relationships as a fundamental factor in our financial, reputational, and environmental performances. In order to keep up with consumer driven demands, Avery Dennison offers our ClearIntent™ sustainability portfolio. Each product included in this portfolio has measured improvement in environmental impact. That measurement is quantified through the Avery Dennison Greenprint™ analysis tool, using a product life cycle assessment (LCA) methodology providing greater transparency of the materials' impact—and greater confidence in customer decision-making. By quantifying the impact of functional labeling and packaging made from fewer and more sustainable materials, we spark innovation and promote more meaningful decision-making. Every Avery Dennison Greenprint™ provides environmental impact data across six categories. For the water category the tool measures water use (liters or gallons). Customers are also included in our materiality assessments, whose input through interviews help us understand what we're doing well and identify opportunities for improvement. Customers input around their water goals is also solicited through sustainability team meetings with a focus on aligning Avery Dennison's goals as much as possible with our customers long term water goals. Although water is identified as a factor of importance, it fell relatively low in the 2019 materiality update assessment due to the small amount used by our company. Through our assessment, we confirmed that our sustainability priorities are related to the areas most relevant to our business- areas in which we can make the biggest difference.
Employees	Relevant, always included	Avery Dennison strives to maintain a safe, inclusive, and diverse workforce. Employees are considered as important stakeholders within the organization. In 2018 and with a 2019 update, we partnered with Business for Social Responsibility (BSR) to conduct our most recent materiality assessment. We identified the sustainability concerns most material to our business and most of concern to our stakeholders. As part of the process, BSR sought feedback from a variety of people with a stake in our assessment, including employees, customers, NGOs, investors and board members. Their input helped us understand what we're doing well and identify opportunities for improvement. Although water risks were considered in the assessment, they fell relatively low in importance due to the minimal amount used and impact by our company. In order to further engage employees on our sustainability efforts, each of our regions have created their own "Green Teams", which are voluntary groups led by members of a particular site/building. Green Teams have created projects such as rain barrel workshops, LED lighting projects, water recycling initiatives, site gardens, and more. Our teams are frequently looking for ways to reduce water use.
Investors	Relevant, always included	In 2018 and 2019, we partnered with Business for Social Responsibility (BSR) to conduct our most recent materiality assessment. We identified the sustainability concerns most material to our business and most of concern to our stakeholders. As part of the process, BSR sought feedback from a variety of people with a stake in our assessment, including employees, customers, NGOs, investors and board members. Their input helped us understand what we're doing well and identify opportunities for improvement. Although water risks are considered in the assessment, they fell relatively low in importance due to the minimal amount used and impact by our company. Through our assessment, we confirmed that our sustainability priorities are related to the areas most relevant to our business- areas in which we can make the biggest difference. Investors are relevant to our water-related risk assessments because they are a key stakeholders that collectively own our company. We publicly report via the CDP Water Disclosure so investors have our strategies and activities readily available. We engage investors quarterly through our investor relations calls and semi-annually through our shareholder engagement program and manage their written inquiries as they arrive.
Local communities	Relevant, always included	Despite analyzing our own water consumption and determining we use a relatively insignificant amount in our direct operations, we still have a commitment and responsibility to reduce our environmental impact wherever possible. In addition to the environmental goals presented in our Integrated Sustainability Report, we perform an annual water assessment using the WRI (World Resources Institute) Aqueduct Tool to determine more site specific priorities and opportunities. Water data from our global facilities is collected and analyzed based on: Consumption - sites with a "material" amount of consumption prioritized for projects, and Aqueduct Risk Level - sites in geographical areas determined by the assessment to have an Extremely High Risk or High Risk to water are prioritized for projects. A detailed methodology for risk level breakdowns is available from WRI. All our sites follow governmental legislation related to water consumption, maintenance, and quality, and we continue to put a focus on sites in Risk countries we operate in. Additionally, many sites across the globe engage with communities for Earth Day activities. A few examples include inviting local water quality experts to our sites to educate our teams on their regional water sources/projects, educating our sites on rain barrel workshops, multiple beach and trail clean ups with local organizations, and providing employees with reusable water bottles. We utilize our resources and commitment to transparency to proactively engage with communities around the world to address water-related issues, such as accessibility and quality. The health of the communities, where our employees live and work, directly impacts the health of our company and operations, and we have a responsibility to ensure we are maintaining a safe environment for all.
NGOs	Relevant, always included	NGOs are relevant in our risk assessments related to water because they are key partners in identifying assessing, and prioritizing environmental trends and opportunities. We consider NGO input in our water management and evaluation, including our Zero Discharge of Hazardous Chemicals (ZDHC) initiative, which ensures that there are no chemicals discharges from our facilities that are categorized as Banned, according to the RSL list. Additionally, many of our apparel customers are committed to the ZDHC water discharge requirements for facilities. In 2018 andn 2019, we partnered with Business for Social Responsibility (BSR) to conduct our most recent materiality assessment. We identified the sustainability concerns most material to our business and most of concern to our stakeholders. As part of the process, BSR sought feedback from a variety of people with a stake in our action, including employees, customers, NGOs, investors and board members. Their input helped us understand what we're doing well and identify opportunities for improvement.
Other water users at a basin/catchment level	Not relevant, explanation provided	Avery Dennison utilizes municipal water sources and currently engages with those water suppliers to ensure we are not disadvantaging other water users, and that we are following applicable local laws and regulations. By using relatively small amounts of water and regularly communicating with water suppliers and other local water users, we are able to mitigate risk and ensure a sustainable source for all those using it. Avery Dennison will continue to track water risk from municipal sources and focus on the topic if it becomes a significant future risk.
Regulators	Relevant, always included	All of our sites adhere to local government regulations regarding water quality and discharge. Although regulators are not directly considered in our materiality or water risk assessments, they are critical in ensuring a broader safe and sustainable business strategy. Regulators are relevant because they determine what levels and regulations we as a business must follow. Having operations in countries around the globe and across a broad range of regulatory and political systems, we rely on regulators and our own internal teams to determine risks and opportunities related to water regulation. Avery Dennison continually monitors changes or proposed changes in regulations that may have a direct or indirect impact on our operations or business. Our compliance teams work diligently to track, communicate, and take corrective action as necessary when faced with changes in regulations. We also rely on our local teams, who provide a more comprehensive understanding of the local environment and stakeholders.
River basin management authorities	Not relevant, explanation provided	Due to the fact that the majority of Avery Dennison's water comes from municipal sources globally, engagement with River basin management authorities is not deemed relevant. Engagement with Regulators and Suppliers ensures we are following local laws and regulations. We do not foresee this being relevant for Avery Dennison in the future, but we will continue to monitor legislation and trends to ensure necessary collaboration with River basin management authorities if circumstances change.
Statutory special interest groups at a local level	Not relevant, explanation provided	Due to the fact that majority of Avery Dennison's water comes from municipal sources globally, engagement with Statutory special interest groups at a local level is not deemed relevant. Engagement with Regulators and Suppliers ensures we are following local laws and regulations. We do not foresee this being relevant for Avery Dennison in the future, but we will continue to monitor legislation and trends to ensure necessary collaboration with Statutory special interest groups at a local level if circumstances change.
Suppliers	Relevant, always included	Suppliers are relevant in our risk assessments because of their water usage for the production of raw materials purchased by Avery Dennison. Within our supply chain, the largest users of water are our paper and paperboard suppliers. Although we do not have direct targets for our suppliers in regards to water, we do track their environmental practices and progress using an annual EcoVadis questionnaire which includes water. The assessment contains questions regarding water use and consumption, and this data is retained for our use when determining future business, the health of our supply chain, and risks and opportunities. In addition, Avery Dennison utilizes a third party, Climate Earth, to assess based on economic input and output our water usage in our supply chain. We plan to further assess our suppliers' water usage in the next 24 months, and identify gaps and opportunities for reduction, specifically for suppliers operating in areas of High or Extremely High water risk (per WRI).
Water utilities at a local level	Not relevant, explanation provided	Engagement with regulators and suppliers ensures we are following all local laws and regulations. Due to the fact that the majority of our water comes from municipal sources, this criteria is not deemed relevant.
Other stakeholder, please specify	Not considered	

**W3.3d**



**(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.**

At Avery Dennison, sustainability is not separate from our business strategy- it is a business strategy. Sustainability is one of our values and integral to our aim of creating value for all of our stakeholders through innovation, operational excellence, and highly disciplined capital allocation. We successfully execute four core strategies: achieve outside growth in high value product categories, grow profitably in our base business, advance sustainability, foster the well-being and diversity of our team. Avery Dennison recognizes that our social and environmental impacts extend beyond our own walls. As a materials science company, inventing materials, improving how they're made, and expanding what they can do, is how we make a difference in the world. In alignment with the UN, Avery Dennison identifies access to water and sanitation as human rights, reflecting the fundamental nature of these basics in every person's life. Avery Dennison acknowledges the strategic importance of water as a vital resource, and understands that maintaining the preservation and quality of water is necessary to our businesses, supply chains, and health of our communities. Despite analyzing our own water consumption and determining we use a relatively insignificant amount in our direct operations, we still have a commitment and responsibility to reduce our environmental impact wherever possible. In addition to the environmental goals presented in our Integrated Sustainability Report, we perform an annual water assessment using the WRI (World Resources Institute) Aqueduct Tool to determine more site specific priorities and opportunities. The methods that we've used to mitigate water risks take into account all of our facilities. Water data from our global facilities is collected and analyzed based on: Consumption - sites with a "material" amount of consumption will be prioritized for projects. Material is defined as a site using 3 million gallons of water or more per year. Aqueduct Risk Level - sites in geographical areas determined by the assessment to have an Extremely High Risk or High Risk to water are prioritized for projects. A detailed methodology for risk level breakdowns is available through WRI. Avery Dennison's Sustainability Council is responsible for keeping abreast of market developments related to water usage and water risks. Leveraging the expertise of our internal teams, consultants, and the annual Aqueduct assessment, Avery Dennison has guiding principles to improve the quality of the water we discharge, implement water management strategies and projects across facilities (prioritizing those with material consumption and categorized as Extremely High Risk or High Risk according to the WRI Aqueduct tool), consider water-related impacts when making business decisions throughout the supply chain, and utilize our resources and commitment to transparency to proactively engage with communities around the world to address water-related issues, such as accessibility and quality. Furthermore, Avery Dennison is committed to ongoing stakeholder awareness and education. We acknowledge the importance of continuous learning and improvement through innovation, partnerships, and sharing of best practices.

**W4. Risks and opportunities**

**W4.1**

**(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?**

No

**W4.1a**

**(W4.1a) 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 as well as availability of purchased goods. Indicators we recognize as having the potential to have a substantive impact include 5% revenue decrease, concerns expressed by key stakeholders, and cost increases by as much as 5% revenue (or significant risk of material availability). Any one of these elements or a combination thereof would be basis for evaluating mitigating measures. These measures apply to both direct operations and the broader supply chain through various mitigation methods specific to the range of potential impacts. If Avery Dennison was unable to continue manufacturing at a large production site due to an issue related to water, such as drought, this would be considered a substantive impact.

**W4.2b**

**(W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?**

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	While Avery Dennison recognizes that we are exposed to water-related risks, mitigation strategies and our overall low usage suggest that these risks are likely to have little impact on the overall operations or health of the business. Despite analyzing our own water consumption and determining we use a relatively insignificant amount in our direct operations, we still have a commitment and responsibility to reduce our environmental impact wherever possible. In addition to the environmental goals presented in our Integrated Sustainability Report, we perform an annual water assessment using the WRI (World Resources Institute) Aqueduct Tool to determine more site specific priorities and opportunities. Water data from our global facilities is collected and analyzed based on: Consumption - sites with a "material" amount of consumption will be prioritized for projects, and Aqueduct Risk Level - sites in geographical areas determined by the assessment to have an Extremely High Risk to water, which are prioritized for projects. 19 of our 192 sites fall in the Extremely high risk category, which accounts for 9.8% of our sites. For sites deemed "at risk" though the sensitivity of the geography in which these facilities are located, we evaluate the impact our direct operations may have on the water basins to those areas, as well as the risk(s) utilizing water resources in these regions may have on our business and take appropriate action as necessary.

**W4.2c**

**(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?**

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	Future changes in water availability for our key commodities and raw materials may have an impact on our direct operations as well as our supply chain, but through mitigation strategies, risk has not been determined to be high. Water related risks are considered present in some sourcing categories / subcategories, like energy, logistics, chemicals production and mining related raw materials. Risks are not considered on that level, at least not yet, that mitigation actions would have been taken nor planned, other than basic process of normal business meetings, Supplier Code of Conduct pre-qualification and supplier auditing program. We anticipate taking steps to include assessments of these future implications within our water risk assessments. Within our supply chain, the largest users of water are our paper and paperboard suppliers. Due to the fact that Avery Dennison purchases raw materials globally, we are not dependent on one specific supplier or location, which mitigates water-related risk. In addition, suppliers must comply to our Supplier Standards, which includes, Operating with integrity, Delivering the best customer service, Meeting or exceeding Avery Dennison's quality and service expectations, Focusing on "total cost" by undertaking continuous improvement activities, Sharing innovative ideas with us and using our idea platforms for mutual growth, Supporting our sustainability efforts, requirements and standards, and Promoting a diverse workforce.

**W4.3**

**(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes, we have identified opportunities, and some/all are being realized

**W4.3a**

**(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.**

**Type of opportunity**

Markets

**Primary water-related opportunity**

Stronger competitive advantage

**Company-specific description & strategy to realize opportunity**

Avery Dennison has aligned on the strategic importance of water with one of the reasons being that our apparel customers are setting water targets for their supply chain. Companies that are transparent around their water usage and reduction actions are often given priority in the apparel sector supply chain. Customers want to work with companies such as Avery Dennison that will help them meet their water targets. The large majority of the apparel customer base has set water targets, and RBIS reports water usage at 20 sites for a number of customers through the Sustainable Apparel Coalition's Higg Index platform. The RBIS sites are then able to be transparent about their water usage and set site wide water usage goals and action plans to improve their Higg Scores in the area of Water. For example at Avery Dennison's site in Vietnam is installing water meters for each production area to more closely manage water usage and create a reduction plan while also cleaning their wastewater treatment plant and chiller with a water jet equipment to save water. Each Avery Dennison site monitored on the Higg Index program will have set their own internal water reduction strategies.

**Estimated timeframe for realization**

1 to 3 years

**Magnitude of potential financial impact**

Low

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact**

We are unable to currently validate the financial impacts of this competitive advantage, as it is difficult to extract from all the factors that are utilized by a customer to make a purchasing decision.

**Type of opportunity**

Efficiency

**Primary water-related opportunity**

Other, please specify (Reduced impact of finished product use, apparel garments, on water resources)

**Company-specific description & strategy to realize opportunity**

Avery Dennison's intelligent label products can provide sustainable wash care instructions to consumers about how and when washing is necessary to avoid unnecessary use of water. Avery Dennison wants to become known for its ability to allow brands/customers to access relevant information on the use-phase of a garments care to reduce water usage. Currently, several brands have chosen to add a QR code on their care label to allow their customers to easily access the garments care and wash information. These care and wash specifications make use of best practice wash practices to limit unnecessary usage of water during the consumer use phase of apparel goods. The actual reduction in wash cycles as it is held at a consumer level is currently unable to be tracked.

**Estimated timeframe for realization**

1 to 3 years

**Magnitude of potential financial impact**

Low

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact**

Other than a competitive advantage for our care labels will not financially benefit the company.

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**Type of opportunity**

Efficiency

**Primary water-related opportunity**

Improved water efficiency in operations

**Company-specific description & strategy to realize opportunity**

While water is relatively abundant in most of our production unit locations, global water scarcity may still impact our direct operations and supply chains. More efficient water use is an opportunity to reduce financial costs and environmental impacts. Each Avery Dennison site has its own annual or longer time frame specific water consumption savings projects each year. For example, Avery Dennison's RBIS Vietnam site had 5 water reduction projects in 2019 including installing water meters for each production area to more closely track usage, as well as installing digital water discharge meters and replacing damaged water valves. These projects will more closely help the Vietnam site in identifying unnecessary water usage or leakage when it differs from normal usage levels. For Avery Dennison's RBIS Division many of these actions are tracked through the retail member organization's Higg Index run by the Sustainable Apparel Coalition.

**Estimated timeframe for realization**

Current - up to 1 year

**Magnitude of potential financial impact**

Low

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

<Not Applicable>

**Potential financial impact figure – minimum (currency)**

<Not Applicable>

**Potential financial impact figure – maximum (currency)**

<Not Applicable>

**Explanation of financial impact**

All sites evaluate water reduction impact and financial payback of the projects to determine top priorities for impact. The financial impact is evaluated at a site level rather than at a corporate-wide level.

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## W6. Governance

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### W6.1

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**(W6.1) Does your organization have a water policy?**

Yes, we have a documented water policy, but it is not publicly available

### W6.1a

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**(W6.1a) Select the options that best describe the scope and content of your water policy.**

	Scope	Content	Please explain
Row 1	Company-wide	Description of business dependency on water Description of business impact on water Reference to international standards and widely-recognized water initiatives Company water targets and goals Commitment to align with public policy initiatives, such as the SDGs Commitments beyond regulatory compliance Commitment to water-related innovation Commitment to stakeholder awareness and education Commitment to water stewardship and/or collective action Commitment to safely managed Water, Sanitation and Hygiene (WASH) in the workplace Acknowledgement of the human right to water and sanitation	Through our water policy, Avery Dennison recognizes that our social and environmental impacts extend beyond our own walls. As a materials science company, inventing materials, improving how they're made, and expanding what they can do, is how we make a difference in the world. Within the policy, in alignment with the UN, Avery Dennison identifies access to water and sanitation as human rights, reflecting the fundamental nature of these basics in every person's life. The policy is reviewed annually, and the scope includes direct Avery Dennison operations. Before putting pressure on upstream water users, we want to ensure we have as much control as possible over our direct impacts and operations. Avery Dennison acknowledges the strategic importance of water as a vital resource, and understands that maintaining the preservation and quality of water is necessary to our businesses, supply chains, and health of our communities. Despite analyzing our own water consumption and determining we use a relatively insignificant amount in our direct operations, we still have a commitment and responsibility to reduce our environmental impact wherever possible. In addition to the environmental goals presented in our Integrated Sustainability Report, we perform an annual water assessment using the WRI (World Resources Institute) Aqueduct Tool to determine more site specific priorities and opportunities. Water data from our global facilities is collected and analyzed based on: - Consumption - sites with a "material" amount of consumption are prioritized for projects. Material is defined as a site using 3M gallons of water or more per year. - Aqueduct Risk Level - sites in geographical areas determined by the assessment to have an Extremely High Risk or High Risk to water are prioritized for projects. A detailed methodology for risk level breakdowns is available from WRI. The scope of the policy includes all sites across business units, and projects are identified based on the above criteria.

**W6.2**

**(W6.2) Is there board level oversight of water-related issues within your organization?**

Yes

**W6.2a**

**(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.**

Position of individual	Please explain
Board-level committee	Board oversight over sustainability is primarily conducted by the Governance Committee, which receives a report from management at least once a year. In addition, our full Board hears from our business leaders on our sustainability initiatives during its regular review of our business strategies. Sustainability is also incorporated into many business priorities, so a frequent topic of discussion. During 2019, Board oversight included holding strategy sessions focused on our sustainability progress, including water, and our innovation efforts to address increasing demand for more sustainable products. More sustainable products being those that use less water during their raw material creation within Avery Dennison's supply chain, do not utilize as much water for processing within an Avery Dennison site and require less consumption of water during the consumer use phase. The Governance Committee's review in 2019 included approving the decision to add a new water quality target to the 2025 goals, starting by collecting baseline data in 2020. Going forward the water quality targets at Avery Dennison sites will now be reviewed on an annual basis.

**W6.2b**

**(W6.2b) Provide further details on the board's oversight of water-related issues.**

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Sporadic - as important matters arise	Overseeing major capital expenditures Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Reviewing innovation/R&D priorities Setting performance objectives Other, please specify (The Board of Directors would be involved in any significant risk analysis related to water related issues.)	The Board of Directors (BOD) at Avery Dennison provides strong independent governance, and risk oversight for Strategy and Operations. The BOD has three independent committees, one of which is the Governance Committee. As detailed in the 2020 proxy statement, one of the specific areas of focus for this Committee is Sustainability and Social Responsibility. This Board formed committee (5 board members) would be involved in a number of ways: 1. Ensure oversight of risk in business strategies 2. Providing governance of social and sustainability matters 3. Providing input into the materiality assessments 4. Reviewing progress to the pre-committed sustainability goals 5. Approving CEO compensation linked to sustainability goals Specifically related to water, the newly set goal of no banned restricted substances added or in our water discharge was reviewed and approved as a target and goal. This goal was added due to the understanding that Avery Dennison would increasingly receive pressure from customers in the area of water management and while not a major water consumer, the decision was made to set a water quality target rather than water quantity target. During 2019 this committee met 4 times, with 96% attendance rate.

**W6.3**

**(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).**

**Name of the position(s) and/or committee(s)**

Chief Executive Officer (CEO)

**Responsibility**

Both assessing and managing water-related risks and opportunities

**Frequency of reporting to the board on water-related issues**

Annually

**Please explain**

The CEO of Avery Dennison is directly involved in all sustainability actions through strategic guidance and direction, given its material impact on company performance. With the addition of the water quality target to Avery Dennison's 2025 Sustainability Goals, the Board (includes CEO) receives quarterly reports concerning the 2020 baseline to begin tracking against the implementation of progress and improvements in the near future from the Sustainability Council. The Sustainability Council is responsible for taking action and showing implementation progress in 2021 on the 2020 baseline data that has been provided by the Avery Dennison sites. The RBIS Sustainability Council members have taken the responsibility of testing Avery Dennison's Apparel sites which discharge water against ZDHC wastewater discharge limits and are investing in CAPEX solutions to ensure all our sites are able to continue maintaining water quality standards that meet ZDHC's rigorous standards.

**W6.4**

**(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?**

	Provide incentives for management of water-related issues	Comment
Row 1	No, not currently but we plan to introduce them in the next two years	As part of his annual CEO Performance Evaluation, our CEO is measured on our progress towards our 2025 sustainability goals, which will include 2025 water targets, to be announced.

**W6.5**

**(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?**

No

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

No, but we plan to do so in the next two years

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	Water is of strategic importance to Avery Dennison and was evaluated in our 3rd party materiality assessment completed by BSR in 2019. It was not deemed a short term or current risk and thus, has been included in longer term business objectives. For longer term business objectives Avery Dennison will be reviewing a program to collect withdrawal and discharge data at all internal sites as well as collect additional usage information from suppliers.
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	Utilizing our present ASPIRE environmental management system to collect additional water information from our sites such as withdrawal and discharge information along with participating in supplier engagement programs to collect suppliers' water information will be actions taken in the future. These metrics will then allow Avery Dennison to set further water targets to work towards in the coming years.
Financial planning	Yes, water-related issues are integrated	5-10	While the 2019 materiality assessment did not deem water an immediate risk, 1-3 years, the company determined that without proper focus in the future, 5-10 years, to develop a water strategy it could become a risk that could lead to financial impacts.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

100

Anticipated forward trend for CAPEX (+/- % change)

0

Water-related OPEX (+/- % change)

0

Anticipated forward trend for OPEX (+/- % change)

0

Please explain

Avery Dennison's RBIS Division is investing a \$627,000 CAPEX budget starting in 2019 across 8 sites to improve water quality of discharge to meet ZDHC requirements.

W7.3

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	Yes	Our approach is based on The 3% Solution developed by World Wildlife Fund, CDP and McKinsey & Company. Because our facilities require different solutions based on their design and location, we're pursuing reductions through a variety of means, such as improving water efficiency and discharge water quality.

W7.3a

(W7.3a) Has your organization identified any water-related outcomes from your climate-related scenario analysis?

No

W7.4

**(W7.4) Does your company use an internal price on water?**

Row 1

**Does your company use an internal price on water?**

No, but we are currently exploring water valuation practices

**Please explain**

Despite not being a large consumer of water continue to emphasize the need to appropriately manage water as a valuable resource.

**W8. Targets**

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**W8.1**

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**(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.**

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Our company sets no targets or goals	<Not Applicable>	<Not Applicable>

**W8.1c**

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**(W8.1c) Why do you not have water target(s) or goal(s) and what are your plans to develop these in the future?**

	Primary reason	Please explain
Row 1	We are planning to introduce a target or goal within the next two years	In 2020, Avery Dennison announced new water-related water quality sustainability goals for 2025 which are being baselined during the 2020 calendar year.

**W9. Verification**

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**W9.1**

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**(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?**

No, but we are actively considering verifying within the next two years

**W10. Sign off**

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**W-FI**

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**(W-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.**

**W10.1**

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**(W10.1) Provide details for the person that has signed off (approved) your CDP water response.**

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

**W10.2**

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**(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].**

Yes

## Submit your response

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### 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