

F0. Introduction

F0.1

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

Avery Dennison is a global materials science and manufacturing company specializing in the design and manufacture of a wide variety of labelling 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.

Avery Dennison is composed of three business segments: Label and Graphic Materials (LGM), Retail Branding and Information Solutions (RBIS), and Industrial and Healthcare Materials (IHM). We operate in more than 50 countries worldwide with approximately 36,000 employees. In 2021 our global net sales were \$8.4 billion. Further information about Avery Dennison, our business, and our organizational structure can be found at www.averydennison.com.

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 2021	December 31 2021

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

F0.6

(F0.6) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.?)

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, a Ticker Symbol	AVY

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
Australia
Austria
Belarus
Belgium
Bosnia & Herzegovina
Brazil
Canada
Chile
China
Croatia
Czechia
Denmark
Estonia
Finland
France
Germany
India
Indonesia
Italy
Japan
Latvia
Lithuania
Mozambique
New Zealand
Norway
Peru
Poland
Portugal
Republic of Korea
Russian Federation
Slovakia
South Africa
Spain
Sweden
Thailand
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 figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.

Forest risk commodity

Timber products

Data type

Consumption data

Commodity production/ consumption volume

929296

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

Yes

% of reported volume verified as deforestation- and/or conversion-free

65

Please explain

Via an independent assessment of our supply base carried out by Rainforest Alliance, it has been confirmed that 65% of our paper based fiber is sourced from "low risk of deforestation" countries (according to the CDP and FOA country of risk lists).

Of the 35% of our paper based fiber sourced from "high risk" countries, 79% has been confirmed as being from certified sources (FSC/PEFC or SFI).

For the unknown % , risk assessments and risk mitigation actions are being carried out to achieve deforestation free status in our paper supply base by 2030.

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

Specify state/equivalent jurisdiction (Include but not limited to-Espriso Santo, Bahia, Minas Gerais States, Amapa, Rio grande do sol, santa caterina, Aracruz, Cidelandia Maranhao, Mato Grosso do sul, Sao Paulo, Parana, Amal Ferrador,Arroio Dos Ratos,Arroio Grande,Rio Negra,Florida Sori)

% of total production/consumption volume

18.9

Please explain

We have selected Rainforest Alliance as our partner in evaluating the supply chain of forest products we purchase. For our 2021 data, we provided Rainforest Alliance with information on our procurement practices, including spend by supplier and forest products purchased. Rainforest Alliance then conducted a survey of our suppliers to determine the origin of forest products at the country level. If a supplier has indicated that pulp fiber is being sourced from a country of high risk then it is requested to provide further information regarding the region of origin within the high risk country. For our 2021 data, 79% of our suppliers responded to the Rainforest Alliance survey, accounting for 88% of volume sourced. The results of the survey indicated that 18.9% of paper products were sourced from various regions within Brazil.

Of the total 2021 Avery Dennison paper spend, 91.6% was sourced under FSC, PEFC or SFI certification. Rainforest Alliance has assessed this claim with a 79% validation level. These certifications ensure the minimum commitment regarding biodiversity, no conversion of natural areas and identification of high conservation value forests. Certified systems provide traceability of the pulp fibers used in the products, back to origin.

Forest risk commodity

Timber products

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Sumatra)

% of total production/consumption volume

2.9

Please explain

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Forest risk commodity

Timber products

Country/Area of origin

Thailand

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Eastern and Northeast and Central provinces)

% of total production/consumption volume

1

Please explain

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Forest risk commodity

Timber products

Country/Area of origin

Viet Nam

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.4

Please explain

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Forest risk commodity

Timber products

Country/Area of origin

Argentina

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Entre Rios)

% of total production/consumption volume

0.01

Please explain

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Forest risk commodity

Timber products

Country/Area of origin

Australia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (New South Wales, Western Australia)

% of total production/consumption volume

0.9

Please explain

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Forest risk commodity

Timber products

Country/Area of origin

India

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Tamilnadu, Karnataka, Kerala, Andhrepadesh)

% of total production/consumption volume

0.3

Please explain

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Forest risk commodity

Timber products

Country/Area of origin

Mozambique

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Manica)

% of total production/consumption volume

0

Please explain

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Forest risk commodity

Timber products

Country/Area of origin

Peru

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.01

Please explain

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F1.6

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

No

F1.7

(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.

Forest risk commodity

Timber products

Have you monitored or estimated your deforestation/conversion footprint?

No, but we plan to monitor or estimate our deforestation/conversion footprint in the next two years

Coverage

<Not Applicable>

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

<Not Applicable>

Known or estimated deforestation/ conversion footprint (hectares)

<Not Applicable>

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

<Not Applicable>

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
- Other, please specify (Avery Dennison partners with the Rainforest Alliance to support the identification of risk throughout the supply chain of our wood based products.)

Issues considered

- Availability of forest risk commodities
- Quality of forests risk commodities
- Impact of activity on the status of ecosystems and habitats
- Regulation
- Climate change
- Tariffs or price increases
- Brand damage related to forests risk commodities
- Corruption
- Social impacts

Stakeholders considered

- Customers
- Employees
- Investors
- Local communities
- NGOs
- Regulators
- Suppliers

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. 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 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 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 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, and 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.

At the end of 2020, Avery Dennison joined FSC as a member company.

F2.2

(F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?

	Value chain mapping	Primary reason for not mapping your value chain	Explain why your organization does not map its value chain and outline any plans to introduce it
Timber products	Yes, we have partially mapped the value chain	<Not Applicable>	<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	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>

F2.2a

(F2.2a) Provide details of your organization's value chain mapping for its disclosed commodity(ies).

Forest risk commodity

Timber products

Scope of value chain mapping

Own operations

Tier 1 suppliers

% of total suppliers covered within selected tier(s)

79.2

Description of mapping process and coverage

Through external audit (Rainforest Alliance), Avery Dennison maps origin of pulp per country and for high risk countries the region of origin is also requested.

Via the EcoVadis platform, we map the CSR aspects of the suppliers for the top 80% of our direct spend.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

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?

We define 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, 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.

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 2021, we procured 929,296 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 our 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 validate compliance with our Responsible Paper Procurement Policy, measure progress towards our goals and identify potential new risks. The outcome of this audit is the annual adjustment of our risk mitigation plan relating to wood sourced raw materials. Actions taken include discussions with suppliers to further increase our sourcing of certified paper products, through the continuous drive to ensure suppliers either obtain recognized CoC certification or can show compliance to "broken chain" standards, or that suppliers sign confirmation letters indicating compliance of sourcing materials matching at least FSC Controlled Wood standards. During 2021 we maintained our levels of certified paper purchased at 92% of total volume sourced. 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

The financial impact number is based on our annual ERM process. The number used has been based our 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.

Through our 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. (We have 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 that 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 2021, 92% 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	<p>Board oversight of environmental sustainability is mainly conducted by the Governance Committee, which receives a report from management on sustainability topics at least once a year. The Committee reviews and provides oversight for key environmental sustainability initiatives, policies and programs-including climate change and other environmental matters. Our Board engages business leaders on their sustainability initiatives during regular review of business strategies.</p> <p>Situation-Increased demand for sustainable packaging and changing consumer preferences Task-Our Board determined it's a priority to ensure we are well-positioned to meet increasing demand Action-Our Board has held strategy sessions focused on environmental sustainability Result-We are investigating solutions to eliminate liners (the back of labels), allowing us to reduce our demand for timber products and investing in recyclability/circularity innovations</p>

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 Company 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.

F4.1d

(F4.1d) Does your organization have at least one board member with competence on forests-related issues?

Row 1

Board member(s) have competence on forests-related issues

Yes

Criteria used to assess competence on forests-related issues

Our Chairman/CEO is engaged in our forests-related initiatives and is considered competent on these issues. We are currently developing criteria by which we can more formally evaluate competency.

Primary reason for no board-level competence on forests-related issues

<Not Applicable>

Explain why your organization does not have at least one board member with competence on forests-related issues and any plans to address board-level competence in the future

<Not Applicable>

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 forests-related 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 involved with and signs off on major sustainability actions, given their material impact on the company. Our CEO provides guidance and direction to our President and COO, who leads Sustainability for us and is responsible for continued progress towards our sustainability goals. Our Sustainability Council is composed of a cross-divisional and group of sustainability leaders to drive accountability and continually accelerate our progress. The group meets bimonthly and regularly provides updates to our executive leadership team. Through this process we complete a quarterly sustainability scorecard provided 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.

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. For 2021, all NEOs had an ESG objective as part of their annual goals, with their compensation impacted by performance.
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 conversion of natural ecosystems</p> <p>Commitment to no land clearance by burning or clearcutting</p> <p>Commitment to eliminate deforestation</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 milestones and targets</p> <p>Description of forests-related performance standards for direct operations</p>	<p>We 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 continues to reflect 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 Policy recognizes our role in influencing our sourcing partners to not contribute to deforestation. Through Rainforest Alliance audits we strive to source 100% certified paper from certified sources, focused on a deforestation-free future. 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>

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
Timber products	Yes	Company-wide	Commitment to eliminate conversion of natural ecosystems Commitment to eliminate deforestation Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE) Commitment to protect rights and livelihoods of local communities Recognition of the overall importance of forests and other natural ecosystems	We 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 continues to reflect 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.
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

(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

2026-2030

Please explain

We publicly announced 2030 sustainability goals, including that all of our paper sourced products will contain 100% of paper fiber from certified sources which are focused on a deforestation-free future by 2030. During 2021, we updated our responsible paper procurement policy to include our drive and commitment to a deforestation free future. 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	<p>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 plan, with regular updates to stakeholders to demonstrate progress.</p> <p>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 our 2025 sustainability goals were specific targets related to forestry, namely 100% of paper from certified sources, of which 70% is FSC certified.</p> <p>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.</p> <p>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 and adjust our long-term plans to address key stakeholder interests.</p> <p>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 all in an effort to advance development of the circular economy.</p>
Strategy for long-term objectives	Yes, forests-related issues are integrated	11-15	<p>We regularly reviews our 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.</p> <p>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 our businesses began to develop and integrate strategies to deliver this objective.</p> <p>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.</p>
Financial planning	Yes, forests-related issues are integrated	11-15	<p>Avery Dennison is an \$8.4B 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 legislative changes can have a significant impact on our price competitiveness in the market and our overall market share, thereby 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.</p> <p>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.</p> <p>We evaluate 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, we may take other corrective actions or orders may be re-allocated.</p> <p>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.</p>

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

94

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 in 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 our 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

92

Please explain

Our 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. In 2021, 92% of paper fiber was from certified sources and 65% was validated as being from low risk of deforestation.

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 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 in 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 our 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 of origin is completed
- 3) If a supplier indicates that they source from a country indicated as being of high risk of deforestation (CDP/FAO country of risk lists used as reference) then that supplier is requested to also provide additional information regarding the region of origin within the country.
- 4) paper purchased that is identified as non-certified, with an unknown source of origin or being sourced from a region of high risk is identified and corrective actions are developed
- 5) risk management processes are reviewed annually.

For 2021 purchases, the country of origin survey indicated that 65% of our paper spend was sourced from countries identified as "low-risk." This is a 3% improvement versus 2020. The remaining 35% of our paper spend was sourced from countries deemed as "high-risk." However, for our 2021 spend, RFA validated that 92% 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

86

Please explain

Avery Dennison's 2030 target is to engage direct suppliers representing 80% of our LGM division spend on their environmental and social policies, including forestry, water, human rights, fair business, etc. Currently, suppliers representing 86% of our direct spend are in the EcoVadis platform. Of these suppliers, 87% score bronze or above. 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 92% of products via 3rd-party certification schemes, giving traceability to our 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 our indirect packaging suppliers. This is the indirect material that is used as outer packaging in the distribution of our 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	92

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	92
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

Other, please specify (FSC Mixed Credit)

Chain-of-custody model used

Identity preservation

% of total production/consumption volume certified

54.6

Form of commodity

Paper

Volume of production/ consumption certified

513507

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

This volume is only for FSC Mixed Credit. Actions taken in the reporting year to improve or maintain the third-party certification system.

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

33.2

Form of commodity

Paper

Volume of production/ consumption certified

318367

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

42511

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

Certificate trading

% of total production/consumption volume certified

0.3

Form of commodity

Paper

Volume of production/ consumption certified

2510

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

This volume is only for SFI.

Forest risk commodity

Timber products

Third-party certification scheme

FSC Recycled

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

0.3

Form of commodity

Paper

Volume of production/ consumption certified

2840

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

This volume is only for recycled content

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

We have implemented a process for supply chain risk identification with Rainforest Alliance (RFA). RFA was selected as our lead partner due to their independence, expertise in managing global forestry risks, acting as our advisor for our annual audit protocols and risk management processes relating to responsible paper sourcing. The FSC Mix Credit certification system drives no conversion and/or deforestation for all countries. For FSC Controlled wood and SFI systems for products sourced from countries of low risk, this is taken as a proxy for no conversion and/or deforestation.

During the assessment

- A paper certification audit is performed with RFA
- Paper sourced under FSC Mix Credit, FSC CW, SFI and PEFC systems is validated
- Noncertified/unknown sources, FSC CW/SFI products sourced from countries of high risk and PEFC certified products are determined and risk mitigation plans identified to drive suppliers to source from low risk areas
- Risk management processes are reviewed

Monitoring and verification approach

Third-party verification

% of total volume in compliance

61-70%

% 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'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.

For 2021 purchases, 92% of paper was from certified sources. The country of origin survey indicated that 65% of our paper spend was sourced from countries identified as low-risk of "no conversion and/or deforestation". This was a 3% improvement versus 2020. The remaining 35% of our paper spend was sourced from countries deemed as "high-risk"; however, for 2021 spend of this 35%, RFA has validated that 92% 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.

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 your 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.

We approach legal compliance with a number of engagements.

- 1) External experts are employed to identify pending changes in forestry regulations
- 2) Our 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. We are 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 our enterprise resource planning system.

Country/Area of origin

- Argentina
- Australia
- Brazil
- India
- Indonesia
- Mozambique
- Peru
- 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 our 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 for which we require compliance. RFA is also the lead advisor for our 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, We require 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 2021, a total of 66 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 66 suppliers. Due to the ongoing Covid pandemic and to ensure the health and safety of our employees and our suppliers, 26 audits were conducted on-site by Avery Dennison; 40 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 engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?

	Do you engage in landscape/jurisdictional approaches?	Primary reason for not engaging in landscape and/or jurisdictional approaches	Please explain why your organization does not engage in landscape/jurisdictional approaches, and describe plans to engage in the future
Row 1	No, but we are planning to engage in landscape/jurisdictional approaches in the next two years	Important, but not an immediate priority	Avery Dennison has a history of working with coalitions on complex challenges. At the end 2020 we joined FSC, and we're actively working on determining which certifications we currently use meet deforestation-free criteria. We will continue to engage more actively in the next several years as part of our deforestation-free efforts.

F6.11

(F6.11) Do you participate in any other 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

Country/Area

Please select

Subnational area

Please select

Initiatives

Forest Stewardship Council (FSC)

Programme for the Endorsement of Forest Certification (PEFC)

Sustainable Forestry Initiative (SFI)

Other, please specify (RainForest Alliance)

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, we ensure 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, we are a member of 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.

F6.12

(F6.12) 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 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 progress to company goals is made. The process is undertaken using an online data capture tool that identifies and validates the data points. Suppliers provide certification documents for specific invoices 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 2021, RFA validated 92% of all paper purchased by Avery Dennison.

Additionally, for 2021 purchases the RFA assessment of country of origin survey indicated that 65% of our paper spend was sourced from countries identified as "low-risk". The remaining 35% of our paper spend was sourced from countries deemed as "high-risk"; however, of this 35%, RFA has validated that 92% was from certified sourced pulp which, considering the certification process guidelines, can be considered as "low-risk". RFA considers "high-risk" countries based on the CDP country risk and the NEPCo timber legality risk specific to rights to harvest and the Corruption perception index of countries. This is in line with our goal of sourcing 100% of paper fiber from certified sources focused on a deforestation-free future.

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

Value chain complexity

Comment

Our Responsible Paper Procurement Policy 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. Further, there is a general lack of information regarding which regions within high risk countries could be considered "low risk" of deforestation if supplied under certification.

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 certain 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	President and Chief Operating Officer	Chief Operating Officer (COO)

SF. Supply chain module

SF0.1

(SF0.1) What is your organization's annual revenue for the reporting period?

	Annual revenue
Row 1	8408000000

SF1.1

(SF1.1) In F6.3 you were asked "Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)? Indicate the volume and percentage of your certified production and/or consumption". Can you also indicate, for each of your disclosed commodity(ies), the percentage of certified volume sold to each requesting CDP supply chain member?

Partially

SF1.1a

(SF1.1a) For each of your requesting CDP supply chain members, indicate the percentage of certified volume sold per disclosed commodity(ies).

SF1.1b

(SF1.1b) Why can you not indicate the percentage of certified volume sold to each of your requesting CDP supply chain members? Describe any future plans for adopting and communicating levels of certification to requesting members.

SF2.1

(SF2.1) Please propose any mutually beneficial forests-related projects you could collaborate on with specific CDP supply chain members.

SF2.2

(SF2.2) Have requests or initiatives by CDP supply chain members prompted your organization to take organizational-level action to reduce or remove deforestation/forest degradation from your operations or your supply chain?

No

SF3.1

(SF3.1) For your disclosed commodity(ies), do you estimate the GHG emission reductions and/or removals from land use and land use change that have occurred in your direct operations and/or supply chain?

Timber products

Estimate GHG emissions and removals from land use and land use change

No

Please explain

As Avery Dennison is not a land manager or forester, we do not engage in removal credit creation.

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms