

W0. Introduction

W0.1

(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. Headquartered in Glendale, California, the company employs more than 32,000 employees in more than 50 countries. As of January 2, 2021, we operated approximately 190 manufacturing and distribution facilities worldwide. Our reportable segments for fiscal year 2020 were (i) Label and Graphic Materials ("LGM"); (ii) Retail Branding and Information Solutions ("RBIS"); and (iii) Industrial and Healthcare Materials ("IHM"). Reported sales in 2020 were \$7.0 billion. In 2020, the LGM, RBIS, and IHM segments comprised approximately 68%, 23% and 9%, respectively, of our reported sales.

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

W0.2

(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 2020	December 31 2020

W0.3

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

Australia
Bangladesh
Belgium
Brazil
Cambodia
Canada
Chile
China
China, Hong Kong Special Administrative Region
Colombia
Czechia
Denmark
Finland
France
Germany
Honduras
India
Indonesia
Ireland
Israel
Italy
Japan
Kenya
Malaysia
Mauritius
Mexico
Netherlands
New Zealand
Norway
Pakistan
Peru
Poland
Republic of Korea
Romania
Singapore
South Africa
Spain
Sri Lanka
Switzerland
Taiwan, Greater China
Thailand
Turkey
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America
Viet Nam

W0.4

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

USD

W0.5

(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

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

No

W1. Current state

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	Neutral	Vital	Direct Use: As members of the paper value chain, it is often believed that we use significant quantities of water, however, we are not involved in the paper production process and most of the water footprint of our products is associated with our supply chain. Our manufacturing operations primarily produce pressure-sensitive materials and a variety of tickets, tags, labels, and other converted products and use limited quantities of water. Water is not used directly as part of our manufacturing processes. It is primarily used for cleaning, chillers and cooling towers at manufacturing sites and general use/personal hygiene for all other locations. At two of our facilities, accounting for approximately 8% of our total water withdrawals, we produce materials via emulsion. Direct Importance Rating: Avery Dennison does not use significant volumes of freshwater in production, but understands the importance of water quality discharges and therefore, treats all process water on-site or at appropriate third-party sites. Therefore, we consider the importance of water to our direct operations as neutral. Indirect Use: Water is used throughout the paper and pulp production process. Pulp is mixed with water, and other additives, to create a slurry that is then dried and pressed to produce paper. Indirect Importance Rating: Paper production requires a considerable amount of water. Without a regular and sufficient supply of water, there would be limited or costly manufacturing of paper and so water is considered vital to our suppliers. Water availability may impact paper commodity costs in the future. Therefore, we consider the importance of water to our indirect operations to be vital.
Sufficient amounts of recycled, brackish and/or produced water available for use	Not very important	Neutral	Direct Use: Avery Dennison does not use recycled, brackish or produced water. Given that many of our manufacturing operations do not need high-quality water, recycled or produced water may be more frequently used in the future. Direct Importance Rating: This water source is not applicable to our current operations. However, we are committed to reducing our water usage in areas identified as having high water stress and risk by the WRI Aqueduct tool and may explore using different water sources such as recycled water in the future to mitigate these stresses. Therefore, we consider sufficient amounts of recycled water not to be very important at the moment. Indirect Use: Our paper suppliers may use recycled water as part of their processes as treatment technologies allow for quality control. Indirect Importance Rating: We are in the process of engaging our suppliers, through EcoVadis, to determine how our suppliers are using recycled, brackish, and/or produced water to inform this impact. Therefore, we consider sufficient amounts of recycled water to be neutral to our indirect operations at this time. This rating could change as we gain a better understanding of the role that recycled, brackish and/or produced water plays in our supply chain.

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	51-75	Monthly water consumption is tracked at our manufacturing facilities, distribution centers, research and development, fast response units, and large offices representing 70% of Avery Dennison facilities. Data from utility bills and/or meter readings is uploaded to Avery Dennison's internal ASPIRE environmental management system by EHS team members.
Water withdrawals – volumes by source	Not monitored	As we continue to build out our internal ASPIRE environmental management system, we hope to develop the ability to reliably collect, calculate, and report on this data.
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	We do not currently collect this information.
Water discharges – total volumes	51-75	All manufacturing facilities have discharge permits that require the tracking of total water discharge volume. As of December 31, 2020, 61% of our facilities were manufacturing facilities.
Water discharges – volumes by destination	Not monitored	We do not currently collect this information.
Water discharges – volumes by treatment method	Not monitored	Avery Dennison understands the importance of water quality discharges and therefore, treats all process water on-site or through appropriate third parties.
Water discharge quality – by standard effluent parameters	Not monitored	We do not currently collect this information except in geographies where we are required to by law.
Water discharge quality – temperature	Not monitored	We do not currently collect this information.
Water consumption – total volume	Not monitored	Previous disclosure of water withdrawal was reported as consumption. We do not currently collect this information.
Water recycled/reused	Not monitored	Avery Dennison does not use recycled/reused water in direct operations.
The provision of fully-functioning, safely managed WASH services to all workers	100%	Across all sites, Avery Dennison provides fully-functioning WASH services for all of our employees. To ensure compliance with our standards and local regulations of our business, we conduct environmental, health and safety (EHS) compliance audits at each manufacturing site, including drinking and potable water compliance. Audits are conducted by a team of employees assisted by third-party consultants who speak the local language and provide expertise on local regulations.

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	1687	Lower	There were no significant changes to data collection processes, however, prior disclosures on water reported water withdrawal as our water consumption. Water withdrawal decreased during 2020 due to a number of water reduction and efficiency projects implemented at our manufacturing facilities. For example, our facility located in China's Hebei province has implemented projects to use discharge from the facility's wastewater treatment plant to supply the cooling tower, which significantly reduced water withdrawals. The Hebei facility, acquired in 2017, has been prioritized for water efficiency projects because of its significant water withdrawals and location in an area deemed to be at risk through the WRI Aqueduct tool. Water withdrawals at the Hebei facility were reduced by 335 megaliters in 2020, compared to 2019.
Total discharges		Please select	We do not currently track the quantity of water discharges, however, since we are not using water as part of our manufacturing process, little volume is consumed and the vast majority is discharged.
Total consumption		Please select	We do not currently track water consumption, however, since we are not using water as part of our manufacturing process, little volume is consumed and the vast majority is discharged.

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	26-50	About the same	WRI Aqueduct	The World Resources Institute (WRI) Aqueduct Tool allows us to directly see, by geography, how many of our sites are in an area of water stress. We assess our sites annually and analyze the data based on risk level (extremely high, high, medium high, medium low, low).

W1.4

(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

(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

1-25

% of total procurement spend

51-75

Rationale for this coverage

For our two largest business units (LGM and RBIS), we have different programs for engaging with suppliers. LGM: We require our top suppliers, representing more than 80% of supplier spend, to take the annual EcoVadis survey. We focus on our largest suppliers by purchase order amounts to give us the most influence on impacting our supply chain. RBIS: For RBIS' third party auditing program, ICAP, audits are conducted for all suppliers to ensure compliance with regulatory requirements and to ensure suppliers reporting environmental certificates maintain those standards. All suppliers are selected for reporting because it allows us to understand the full impact of our supply chain. Suppliers are incentivized to report because 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 our procurement team will begin the process of identifying alternative sources.

Impact of the engagement and measures of success

LGM: For LGM, using EcoVadis, we require suppliers to achieve a minimum score of 45, otherwise we enter corrective actions in the system for continuous improvement. The EcoVadis survey contains questions regarding water use and consumption, and this data is used by the company when determining future business, the health of our supply chain, and risks and opportunities. Platinum (overall score between 73 and 100) and Gold (66 and 72) scores are high performing suppliers, and are prioritized when determining supplier risk, relationship status, opportunities, etc. Success of this engagement is measured by the number of suppliers who have overall scores equivalent to Gold or Platinum. RBIS: Under RBIS' third party auditing program, ICAP, all suppliers must meet legal water requirements in the countries in which they operate and conduct environmental impact risk assessments annually. Also, the facility must ensure wastewater discharge meets water quality guidelines of sustainable water group and/or applicable laws, whichever are 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. Success of this engagement is measured by the number of suppliers who meet all of the specified criteria and do not need to submit a CAR.

Comment

W1.4b

(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 LGM's top suppliers representing over 80% of LGM's supplier spend to take the annual survey. The EcoVadis assessment contains questions regarding water use and consumption, and this data is used 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 communicates our expectations of suppliers including operating with integrity, delivering the best customer service, meeting or exceeding our 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

We engage with 100% of the suppliers that we require to complete the EcoVadis survey at least once per year for reassessment, many engaging more consistently to collaborate on score improvement. We track supplier scores from every annual assessment, and require suppliers to meet our minimum score of 45. If suppliers fall below 45, we establish a plan for continuous improvement. We use the scores and engagement to determine supplier risk, opportunities, and to evaluate future relationships. Positive outcomes from this engagement include EcoVadis and Avery Dennison receiving the Innovations in Sustainability award at Label Expo 2019 for Avery Dennison's Sustainable Procurement Program, which assesses, monitors, and encourages improvement in the social and environmental practices of our supplier partners worldwide. The success of this engagement is measured based on the number of suppliers whose score improves to be above the threshold of 45.

Comment

W1.4c

(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 need to engage further with suppliers to better understand their impact.

We value our customer relationships as a fundamental factor in our financial, reputational, and environmental performance. To keep up with consumer driven demands, we offer our Sustainable Advantage™ sustainability portfolio. Each product included in this portfolio has measured improvement in environmental impact. Improvements can be quantified 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 LCA provides environmental impact data across six categories, including water use. Customers are also included in our materiality assessments, whose input helps us understand what we're doing well and identify opportunities for improvement. Customer input around their water goals is also solicited through sustainability team meetings with a focus on strategically aligning our goals with our customers' long-term water goals. We have established a goal to, by 2030, deliver a 15% increase in water efficiency at our sites that are located in high or extremely high risk countries as identified in the WRI Aqueduct Tool. Progress towards this goal will support our customers' efforts to reduce water use across the value chain.

W2. Business impacts

W2.1

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

No

W2.2

(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

W3.3

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

Yes, water-related risks are assessed

W3.3a

(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

Tools and methods used

WRI Aqueduct

Comment

In 2010, we began tracking our water consumption. Annually, we use the WRI Aqueduct tool to assess water risks such as water quantity-related physical risks, water quality-related physical risks, and regulatory and reputational risks at each of our sites. We overlay the WRI Aqueduct assessment results with water withdrawal data for tracked sites to prioritize our approach to managing water risk. At year-end 2020, 64 of our 192 operational sites are located in areas of high or extremely high overall water risk.

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

Other, please specify (We partner with EcoVadis to assess the sustainability performance of our supply chain and Climate Earth to model the impacts of our supply chain.)

Comment

To ensure we work with suppliers who align with our ethical and environmental standards, we evaluate our supplier relationships through our Sustainable Procurement Program. We partner with EcoVadis to review suppliers representing more than 80% of our LGM business unit's direct spend. EcoVadis assesses each respondent's environmental practices including reporting on water consumption and measures to reduce water consumption. In addition, we work with Climate Earth to estimate water usage within our supply chain by using economic input and output models.

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

(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, sometimes included	We use WRI Aqueduct to assess water risks across our operations. WRI Aqueduct assesses the physical risks quantity, including interannual variability, seasonal variability, and drought risk in our operations. While our operations do not require significant volumes of water and water is not used directly as part of our manufacturing processes, we assess the water availability and incorporate these considerations into our water-related assessments in order to monitor and mitigate risks associated with maintaining sufficient supply of water for our uses, including cleaning, chillers and cooling towers at manufacturing sites and general use/personal hygiene at all other locations.
Water quality at a basin/catchment level	Relevant, sometimes included	We use WRI Aqueduct to assess water risks across our operations. WRI assesses the physical quality risks related to water that is unfit for use. While our operations do not require significant volumes of water and water is not used directly as part of our manufacturing processes, we assess water quality risks and incorporate these considerations into our water-related assessments in order to monitor and mitigate risks associated with maintaining sufficient supply of quality water for our uses, including cleaning, chillers and cooling towers at manufacturing sites and general use/personal hygiene at all other locations.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	We use WRI Aqueduct to assess water risks across our operations. WRI Aqueduct includes an analysis of the Regulatory and Reputational risk of geographies as a measure of the risk related to uncertainty in regulatory change, as well as conflicts with the public regarding water issues. We work closely with the communities where we operate to be good corporate citizens. We regularly conduct materiality assessments where we engage a variety of stakeholders to understand the sustainability topics most important to them. We recognize the importance of water, as a vital resource, to our business, supply chain, and the health of the communities where we live and work and therefore consider such stakeholder concerns about water resources in our water-related assessments. We are committed to reducing our environmental impact wherever possible.
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. Due to the potential importance of water availability on our key commodities and raw materials, 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 these suppliers in regards to water, we do track their environmental practices and progress using an annual EcoVadis questionnaire. The questionnaire asks for water use and consumption, where applicable, as well as measures to reduce water consumption. This data is retained for our use when determining future business, including supply chain risks and opportunities. In addition to EcoVadis, suppliers must comply with our Supplier Standards, which include our expectations for suppliers to operate with integrity, deliver the best customer service, meet or exceed our quality and service expectations, focus on continuous improvement activities, share innovative ideas with us and use our idea platforms for mutual growth, supporting our sustainability efforts, requirements and standards. 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	We use WRI Aqueduct to assess water-related regulatory risks across our operations. Environmental regulatory risks are incorporated into our Enterprise Risk Management process, including water-related regulatory risk. We monitor regulatory changes and risks to ensure we comply with applicable laws and regulations. Maintaining regulatory compliance is foundational to our business so water-related regulatory frameworks are included in our risk assessments.
Status of ecosystems and habitats	Not relevant, explanation provided	A majority of our water comes from municipal sources, so impact on local habitats and ecosystems is minimal and not considered a risk. All our sites follow applicable laws and regulations 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. We 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 ups, 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 operations comply with applicable laws and regulations. Across all our sites, we produce fully-functioning WASH services for all employees. Maintaining WASH services for all employees is critical to employee health and safety, and it is therefore included in our water-related assessments. To ensure we are 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 that include drinking and potable water compliance. Audits are conducted by a team of employees assisted by third-party consultants who speak the local language and provide expertise in local regulations.
Other contextual issues, please specify	Not considered	We do not have other contextual issues at this time.

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 performance. Customers are incorporated in our water-related risk assessments due to their importance to our business. In order to keep up with consumer driven demands, we offer our Sustainable Advantage™ sustainable product portfolio. Each product included in this portfolio has measured improvement in environmental impact through responsible sourcing, reduction of materials, or recycling – a specific amount of the content is recyclable, made from recycled content, or enables recycling. These sustainability standards can be quantified through 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 life cycle assessment provides environmental impact data across six categories, including water. The water category measures water use (liters or gallons). Customers are also included in our materiality assessments; customer input through interviews and source review helps us understand what we are doing well and identify opportunities for improvement. Through this process, and other engagements, customers have communicated the importance of water to their business. These engagements include sustainability team meetings where we discuss with customers how we can support their sustainability objectives and goals.
Employees	Relevant, always included	Avery Dennison strives to maintain a safe, inclusive, and diverse workforce. Employees are considered as one of four key stakeholders within the organization and are therefore included in our water-related risk assessments. As part of our sustainability strategy, we conduct materiality assessments to prioritize sustainability-related risks, opportunities, and impacts to our business. As part of the process, we engage employees to gather their insights and perspectives. In order to further engage employees on our sustainability efforts, each of our regions has created "Green Teams", which are voluntary groups led by members of a particular site/building. Green Teams have completed projects such as rain barrel workshops, LED lighting projects, water recycling initiatives, site gardens, and more. These teams are frequently looking for ways to reduce water use.
Investors	Relevant, always included	As part of our sustainability strategy, we conduct materiality assessments to prioritize sustainability-related risks, opportunities, and impacts to our business. As part of the process, we engage investors to gather their insights and perspectives. As a publicly traded company, we aim to deliver long-term, sustainable value to our investors who are therefore included in our water-related risk assessments. We publicly report via the CDP Water Disclosure, our annual integrated financial and sustainability report, and other public communications to provide investors with our sustainability strategies and activities. 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	We have a commitment and responsibility to manage our environmental impact and to support the communities where we live and work. Due to this responsibility, local communities are included in our water-related risk assessments. We perform an annual water assessment using WRI Aqueduct to identify site-specific risks. Water data from our global facilities is collected and analyzed based on withdrawals and the results of the WRI Aqueduct assessment. Sites determined by the assessment to have an Extremely High Risk or High Risk to water are prioritized for projects. All our sites follow applicable laws and regulations related to water consumption, maintenance, and quality. 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.
NGOs	Relevant, always included	NGOs are key partners in identifying, assessing, and prioritizing environmental trends and opportunities. Due to their importance in monitoring these trends and opportunities, NGOs are included in our water-related risk assessments. For example, we consider NGO input in our water management and evaluation, including our Zero Discharge of Hazardous Chemicals (ZDHC) initiative, which ensures our facilities do not discharge any chemicals 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. As part of our sustainability strategy, we conduct materiality assessments to prioritize sustainability-related risks, opportunities, and impacts to our business. As part of the process, we engage NGOs to gather their insights and perspectives.
Other water users at a basin/catchment level	Relevant, always included	Avery Dennison utilizes municipal water sources and engages with water suppliers to ensure we are not disadvantaging other water users, and that we are following applicable local laws and regulations. Because we use water from municipal sources that other water users rely on, we include these stakeholders in our water-related risk assessments. We use WRI Aqueduct to assess water stress quality, identifying physical risks within areas of concern that may impact short or long term water availability. We found that 33% of our operations assessed were located in areas of high to extremely high baseline water stress. 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. We will continue to track water risk from municipal sources and focus more on the topic if it becomes a significant future risk.
Regulators	Relevant, always included	All of our sites adhere to local laws and regulations regarding water quality and discharge. Although we do not directly engage regulators as part of our risk assessment processes, we continually monitor regulatory developments and changes across our footprint. 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. We continually monitor 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. If risks are viewed as material, they are reported and escalated as part of our Enterprise Risk Management framework.
River basin management authorities	Not relevant, explanation provided	A majority of our water withdrawals come from municipal sources globally, so 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 to our business 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	A majority of our water withdrawals come from municipal sources globally, so 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 to our business in the future, but we will continue to monitor legislation and trends to ensure necessary collaboration with local statutory special interest groups if circumstances change.
Suppliers	Relevant, always included	Suppliers are relevant to and included in our risk assessments because of their water usage for the production of raw materials we purchase. Within our supply chain, the largest users of water are our paper and paperboard suppliers. Although we do not have direct targets for our paper suppliers in regards to water, we do track their environmental practices and progress using an annual EcoVadis questionnaire that includes water. The questionnaire asks for water use and consumption, where applicable, as well as measures to reduce water consumption. This data is retained for our use when determining future business, the health of our supply chain, and risks and opportunities. In addition, we partner with a third party, Climate Earth, to assess water consumption in our supply chain based on an economic input and output model. We plan to further assess our suppliers' water usage in the next 12 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 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. 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 SDGs, we identify access to water and sanitation as human rights, reflecting the fundamental nature of these basic needs in every person's life. We acknowledge the strategic importance of water as a vital resource, and understand that maintaining the preservation and quality of water is necessary to our businesses, supply chains, and health of our communities.

We primarily use WRI Aqueduct to better understand our water risks. We perform an annual water assessment using WRI Aqueduct to determine 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 water withdrawals and the results of the WRI Aqueduct assessment. Consumption - sites with a "material" amount of consumption will be prioritized for projects. Material is defined as a site using 2.5 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 the most water withdrawal and categorized as Extremely High Risk or High Risk according to WRI Aqueduct), 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.

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 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.

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 our business. 19 of our 192 sites fall in the extremely high risk category based on the WRI Aqueduct assessment, which accounts for 9.8% of our sites. For sites deemed "at risk" through 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, risks have been effectively managed. Within our supply chain, the largest users of water are our paper and paperboard suppliers. Because we purchase 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 include: (i) operating with integrity, (ii) delivering the best customer service, (iii) meeting or exceeding our quality and service expectations, (iv) focusing on continuous improvement activities, (v) sharing innovative ideas with us and using our idea platforms for mutual growth, (vi) supporting our sustainability efforts, requirements and standards, and (vii) 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

This is a strategic opportunity for our business because companies within the apparel sector make up a significant portion of our customer base. Companies that are transparent around their water usage and reduction actions are often given priority in the apparel sector. A significant portion of our apparel customers want suppliers to support their sustainability and water goals. 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 in order to help realize this opportunity. These sites monitor water usage, set site wide water usage goals, and develop action plans to improve water reduction strategies and by extension their Higg Scores. For example, our RBIS site in Vietnam is installing water meters for each production area to more closely manage water usage and create a reduction plan while also saving water by cleaning the wastewater treatment plant and chiller with water jet equipment.

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, as it is difficult to isolate water from all the other 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 provide care instructions to consumers about sustainable washing practices. Our intelligent label products help Avery Dennison to realize this opportunity by allowing brands/customers to access relevant information on the use-phase of a garment's 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 garment's care and wash information. This is a strategic opportunity for Avery Dennison as an increasing number of customers are requesting information about water and other environmental impacts of products. 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.

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 as a competitive advantage, our care labels will not financially benefit the company. Currently, the actual reduction in wash cycles cannot be tracked, as it is held at the consumer level.

Type of opportunity

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

While water is sufficient in most of our production unit locations, global water scarcity may still impact our direct operations and supply chains. Therefore, more efficient water use is a strategic opportunity to reduce financial costs and environmental impacts. Many Avery Dennison sites have developed water consumption savings projects. For example, our Yongle Hebei site had a waste water recycling project in 2019 that saved 400 metric tonnes of tap water consumption per day. One additional water recycling project and two water saving projects have been approved at this site for 2021. The new recycling project will recycle the boiler waste water to save 9 metric tonnes of water per day. The water saving projects include installation of sensor valves to tap faucets, time switch showers in the bathrooms, and sprinkling irrigation pipe to irrigate the greensward.

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

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 company-wide level.

W6. Governance

W6.1

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

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

W6.1a

(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 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 Recognition of environmental linkages, for example, due to climate change	Through our Water Policy, we acknowledge the strategic importance of water as a vital resource, recognize access to water and sanitation as human rights, in alignment with the UN, and acknowledge that ensuring the availability and quality of water is necessary to our businesses and supply chains, as well as the health of our communities. Similarly, through our Water Policy, we recognize the risks, opportunities, and impacts associated with water and stakeholder expectations related to water usage, efficiency, and conservation, as well as the evolving policy landscape. In particular, we acknowledge the connection between climate change and water risks, including through drought, variable weather cycles, and lack of access to fresh/clean water sources. Our Water Policy also outlines a number of our commitments, including implementing water management strategies across prioritized facilities that are categorized as Extremely High or High Water Risk level according to WRI's Aqueduct analysis; annually conducting a water risk assessment using the WRI Aqueduct Tool; and continuous learning and improvement through innovation, partnerships, and sharing of best practices. Since the publication of our Water Policy, we have established a goal to, by 2030, deliver a 15% increase in water efficiency at our sites that are located in high or extremely high risk countries as identified in the WRI Aqueduct Tool.

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

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	Scheduled - some meetings	Monitoring implementation and performance Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy Setting performance objectives Other, please specify (Monitoring and overseeing progress against goals and targets for addressing water-related issues)	he 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, deliver a 15% increase in water efficiency at our sites located in high or extremely high risk countries as identified in the WRI Aqueduct Tool.

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

More frequently than quarterly

Please explain

Our CEO serves as the Chairman of our Board and provides strategic guidance and direction to ensure we continue to make meaningful progress on sustainability. The CEO is directly involved in all sustainability actions, given their material impact on the company. Our CEO provides guidance and direction to our VP and General Manager of our RBIS business, who leads our Sustainability Council (SC) and is responsible for continued progress towards our sustainability goals. The SC is composed of a cross-divisional and -functional group of leaders to drive accountability and continually accelerate our progress. The SC meets bimonthly and provides updates to our executive leadership team, including our CEO, quarterly. Through this process we complete a quarterly sustainability scorecard provided 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.

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	Yes	

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive	Performance indicator	Please explain
Monetary reward	Chief Executive Officer (CEO)	Reduction in consumption volumes	Our CEO's compensation is determined by performance against annual strategic objectives. The Talent and Compensation Committee of our Board of Directors (Compensation Committee) evaluates our CEO's performance against the CEO's predetermined strategic objectives. One of these strategic objectives is Innovation/Progress Toward Sustainability Goals. 20% of our CEO's 2020 incentive award was tied to the Compensation Committee's evaluation of the CEO's annual performance toward Innovation/Progress Toward Sustainability Goals.
Non-monetary reward	No one is entitled to these incentives	<Not Applicable>	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.

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?

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

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 materiality assessment. 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 we 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 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 us to set further water targets to work towards in the coming years.
Financial planning	Yes, water-related issues are integrated	5-10	While the 2020 materiality assessment did not deem water an immediate risk within the next 1-3 years, the company determined that, without increased focus to develop a water strategy, water was an emerging risk with financial impacts over the next 5-10 years.

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)

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

Water-related OPEX (+/- % change)

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

Please explain

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	For Scope 1, 2, 3 emissions, we modelled scenarios for GHG reduction in each category using Climate Earth. These scenarios included an analysis of 10%, 30% and 75% use of recycled content in our products, 10%, 25%, and 30% reduction of materials, and increased recycling rates of 70%, 80% and 90% of waste in our value chain. From there we linked our innovation roadmap to continued progress toward higher-level scenarios. We have an annual process for evaluating industry scenarios across our business units. These scenarios range from business-as-usual to potential impacts from legislation and brand focus on eliminating single-use plastic. We model the likelihood and impact of our current businesses to inform our marketing, technology, sales, and legal strategies. Our approach is based on the 3% Solution developed by World Wildlife Fund, CDP and McKinsey & Company.

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

At this time, we have not implemented an internal price on water. We continue to evaluate best management practices across our material topics and implement them where appropriate.

W8. Targets

W8.1

(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	Company-wide targets and goals Business level Goals are monitored at the corporate level	Targets are monitored at the corporate level Goals are monitored at the corporate level	In 2015, we established our 2025 sustainability goals to improve the sustainability of our products and processes and create value for all our stakeholders. Through collaboration and engagement with our external stakeholders, we determined it was important to establish another set of ambitious targets aligned with our business strategy and stakeholder priorities. Our Sustainability Council and Corporate Leadership team worked together to develop 2030 goals that exemplify our strategy to lead in an environmentally responsible manner and leverage the capabilities of our company when we collaborate with our suppliers and customers. In 2020, we established 2030 sustainability goals including a company-wide target to achieve a 15% increase in water efficiency at our sites that are located in high or extremely high risk countries as identified in the WRI Aqueduct Tool. Our 2030 goals also include a business specific target for our LGM business to engage 80% of direct suppliers, by spend, on environmental and social policies, including water. We established our water-related target and goal to support our industry's efforts to reduce water-related impacts and reduce water-related risks in our value chain. The most relevant water-related risks to our business exist upstream, in our supply chain, where water use is more significant. We are prioritizing our own water efficiency improvements at sites that are located in high or extremely high water risk countries to manage risk and impacts at these sites.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Water use efficiency

Level

Company-wide

Primary motivation

Risk mitigation

Description of target

Our water target is to, by 2030, deliver a 15% increase in water efficiency at our sites that are located in high or extremely high risk countries as identified in the WRI Aqueduct Tool. This target reflects our priority to address water use at sites with the highest risk and properly manage our water risks. The target applies companywide to any site located in a country deemed to be high or extremely high risk in the WRI Aqueduct Tool. We measure and evaluate the water efficiency at our sites based on water withdrawals, with the target measured by the % reduction in total water withdrawals.

Quantitative metric

% reduction in total water withdrawals

Baseline year

2021

Start year

2021

Target year

2030

% of target achieved

0

Please explain

The target was established in 2020, we will be able to report on progress made after calendar year 2021 is complete and data is available. Add note on baseline calculation. Updated data collection processes to get additional information.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Engagement with suppliers to help them improve water stewardship

Level

Business

Motivation

Brand value protection

Description of goal

Our water goal is to, by 2030, engage 80% of our spend of LGM's direct suppliers on their environmental and social policies including water, human rights, fair business, forestry, etc.

Baseline year

2020

Start year

2020

End year

2030

Progress

Beginning in 2021, we have expanded our use of water-related metrics and KPIs within EcoVadis to increase the insight we have into our suppliers' water policies and management practices. In 2020, 85% of LGM's direct spend was evaluated by EcoVadis. Moving forward, we will use this additional information to inform our supply chain engagement efforts.

W9. Verification

W9.1

(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

W-FI

(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

(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

(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

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