

F0. Introduction

F0.1

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

Avery Dennison Corporation (NYSE: AVY) is a global materials science and manufacturing company specializing in the design and manufacture of a wide variety of labeling and functional materials. The company's products, which are used in nearly every major industry, include pressure-sensitive materials for labels and graphic applications; tapes and other bonding solutions for industrial, medical and retail applications; tags, labels and embellishments for apparel; and radio-frequency identification (RFID) solutions serving retail apparel and other markets. Our reportable segments for fiscal year 2019 were (i) Label and Graphic Materials ("LGM"); (ii) Retail Branding and Information Solutions ("RBIS"); and (iii) Industrial and Healthcare Materials ("IHM"). In 2019, the LGM, RBIS, and IHM segments made up approximately 67%, 23% and 10%, respectively, of our total sales. In 2019, international operations constituted a substantial majority of our business, representing approximately 76% of our sales. As of December 31, 2019, we operated approximately 180 manufacturing and distribution facilities worldwide with approximately 30,000 employees and had operations in over 50 countries, with 2019 sales of \$7.1 billion.

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 2019	December 31 2019

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. For each forest risk commodity selected, identify the stages of the supply chain which best represents your organization's area of operation.

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

F0.5

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

No

F1. Current state

F1.1

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

Timber products

Activity

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

Form of commodity

Paper

Source

Contracted suppliers (manufacturers)

Country/Area of origin

Argentina
Australia
Austria
Belarus
Belgium
Bosnia & Herzegovina
Brazil
Canada
Chile
China
Croatia
Czechia
Denmark
Estonia
Finland
France
Germany
India
Indonesia
Italy
Japan
Latvia
Lithuania
Malaysia
New Zealand
Norway
Poland
Portugal
Republic of Korea
Romania
Russian Federation
Saudi Arabia
South Africa
Spain
Suriname
Sweden
Thailand
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%	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. A significant proportion of solutions sold by Avery Dennison, use timber as a foundational raw material. This is reflected in the high percentage of timber based products related to revenue.
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	Production data available, disclosing
Palm oil	<Not Applicable>
Cattle products	<Not Applicable>
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

F1.5a

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

Forest risk commodity

Timber products

Data type

Production data

Volume

997000

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

<Not Applicable>

F1.5b

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

Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

17.92

Please explain

Avery Dennison recognises its responsibility within the supply chain as it relates to forestry. As such we developed the Avery Dennison Responsible Paper Procurement Policy 2020. The public policy commitments includes an annual third party independent assessment of: A) the certification claims of all materials used B) the origin of all timber sources To complete this third party assessment, Avery Dennison provides RainForest Alliance the annual purchase volumes by supplier. RainForest Alliance then

works directly with Avery Dennison suppliers to validate the information and the claimed certifications. The countries and percentages provided in this report, are based on 2019 purchases, and have been validated through the RainForest Alliance process.

Forest risk commodity

Timber products

Country/Area of origin

Indonesia

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

2.82

Please explain

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Forest risk commodity

Timber products

Country/Area of origin

Australia

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

1.87

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

1.05

Please explain

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Forest risk commodity

Timber products

Country/Area of origin

Thailand

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.64

Please explain

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Forest risk commodity

Timber products

Country/Area of origin

Argentina

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.13

Please explain

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Forest risk commodity

Timber products

Country/Area of origin

India

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.13

Please explain

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Forest risk commodity

Timber products

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

0.01

Please explain

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Forest risk commodity

Timber products

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

<Not Applicable>

% of total production/consumption volume

75.43

Please explain

Avery Dennison recognises its responsibility within the supply chain as it relates to forestry. As such we developed the Avery Dennison Responsible Paper Procurement Policy 2020. The public policy commitments includes an annual third party independent assessment of: A) the certification claims of all materials used B) the origin of all timber sources To complete this third party assessment, Avery Dennison provides RainForest Alliance the annual purchase volumes by supplier. RainForest Alliance then works directly with Avery Dennison suppliers to validate the information and the claimed certifications. The countries and percentages provided in this report, are based on 2019 purchases, and have been validated through the RainForest Alliance process.

F1.6

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

No

F2. Procedures

F2.1

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

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.**Timber products****Value chain stage**

Direct operations

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of an established enterprise risk management framework

Frequency of assessment

More than once a year

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods

External consultants

FSC Global Forest Registry

Other, please specify (Avery Dennison partners with the Rainforest Alliance to support the identification of risk.)

Please explain

Avery Dennison (AD) assesses forest-related and environmental risks to AD's operations, supply chain and products, including deforestation, through our Enterprise Risk Management (ERM) process for sourcing of timber fiber commodities. AD uses ERM 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 the AD materiality assessment process. These processes are overseen by our Company Leadership Team (CLT). Risks that exceed the AD materiality thresholds are evaluated and plans are developed to manage critical risks. AD conducts a third party materiality assessment annually, which is reviewed by the CLT. This method is used to identify broader enterprise risk, and focus areas of key stakeholders; the assessment is publically available in the AD integrated report. At a functional level, AD has implemented a process regarding supply chain risk identification with RainForest Alliance (RFA). RFA was selected as AD's lead partner, due to its independence and expertise in identifying and managing global forestry risks. RFA has also supported the development of the Responsible Paper Sourcing Policy (to guide the business decisions made across its 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. Additionally all key paper suppliers complete an annual third party CSR audit and evaluation by EcoVadis, to support evaluation of corporate, social and environmental risks, identify key areas of improvement and highlight areas of concern. A specific example of how AD has used these processes is when AD set our 2025 sustainability goals. AD engaged RFA to review our program description and requirements. RFA's ongoing annual audit ensures third party validation on our progress towards our 2025 paper sourcing goals, and identifies any supplier gaps in certification.

F2.1b

(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?**Availability of forest risk commodities****Relevance & inclusion**

Relevant, always included

Please explain

As a global provider of everyday labeling solutions, the availability of forest risk commodities is relevant to Avery Dennison. Paper based materials affect Avery Dennison's full value chain, from sourcing and supplier management to final products and packaging for which the timber fiber commodity is used. Securing a sustainable supply of wood-based products is thus critical to ensure availability of paper. One tool that Avery Dennison uses in assessing the availability of forest risk commodities is sourcing roadmaps. These roadmap methods are based on cross-business input, take a strong procurement and supply chain standpoint and look out to a three to six year horizon. Avery Dennison uses internal knowledge in these tools, but also receive external advice from sources such as RISI, Rainforest Alliance and FSC. This roadmap tool is used to support Avery Dennison leadership in decisions around identifying alternative suppliers or geographies that need qualification or development. One specific example of how the roadmap has been used is when the tool identified specific geographical growth within the Asia region, and additional sources of supply needed validation, within three years.

Quality of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

As a global provider of everyday labeling solutions, the quality of forest risk commodities is relevant to Avery Dennison. Paper based materials affect our full value chain, from sourcing and supplier management to final products and packaging for which the timber fiber commodity is used. Avery Dennison continually drives towards the production of high value and consistent quality packaging and label materials, and every finished product leaving our facilities passes rigorous quality tests. The tools that Avery Dennison uses around quality of forest commodities ties back to the overall process controls that sit within the supply chain. These tools, methods and controls begin with clear raw material standards that are signed off and agreed with the supplier. For incoming shipments, suppliers of forest based commodities certify the product passes the raw material standard. On receiving the product, Avery Dennison's quality team validates this certification through an agreed incoming goods inspection. Avery Dennison uses the information results on quality data to make management decisions on which supply partners to allocate long term supply agreements. An example of how a quality decision is made is if a supplier continually supplies product outside of the agreed standard. The first step in remediation is through corrective action plans and collaborative testing methods. If these methods did not solve the root cause and remediate the issue, order volume is re-allocated to a supplier that is performing and able to meet the pre-aligned quality specifications.

Impact of activity on the status of ecosystems and habitats

Relevance & inclusion

Relevant, always included

Please explain

Avery Dennison has incorporated several aspects of protecting ecosystems and habitats into its Responsible Paper Procurement Policy, recognizing our important role and opportunity in promoting and providing sustainable and socially responsible paper products, specifically influencing our partners to not contribute to deforestation, and for our sourcing decisions to promote and support biodiversity. Avery Dennison monitors the impact of activity on the status of ecosystems and habitats through our commitment and certification through Forest Stewardship Council (FSC), which includes criteria for limiting clear cuts, restricting the use of the most hazardous chemicals, and protecting rivers from erosion while preserving the ecosystems and biodiversity of forests. The tool Avery Dennison uses is the output of the annual RainForest Alliance Survey. This survey provides Avery Dennison the country of origin from which the timber is sourced. This information can then be cross referenced to geographies which have specific ecosystem or habitat concerns. Avery Dennison then uses this information to identify supplier risk within their profiles, and provides additional certifications as needed.

Regulation

Relevance & inclusion

Relevant, always included

Please explain

Avery Dennison does review regulation change as a key area within risk assessment, especially in the area of forest risk commodities. Therefore Avery Dennison requires all our suppliers to comply with our supplier standards, including compliance with global and regional laws, regulations and industry standards. In situations where there is a conflict between these laws and standards, suppliers are required to meet the higher standard. When requested, suppliers must provide the country of origin and species of all paper products and ensure they come from responsibly-managed forests, in accordance with regional regulations, and show that papers sourced can be considered as, at a minimum, meeting FSC Controlled Wood (CW) standards. Avery Dennison has an internal trade compliance team, and also uses external consultants to advise on current and future regulation changes; the specific tool is internal software. Avery Dennison uses current and future regulations to support the development of supplier sourcing maps. These sourcing maps show which countries have high risk sources of raw material that could be highly regulated.

Climate change

Relevance & inclusion

Relevant, always included

Please explain

Climate is relevant and included in our risk assessments. Avery Dennison recognises the beneficial role that forestry has in combating climate change, and has taken many steps to address climate change in its 2025 sustainability goals. In 2015 Avery Dennison launched 2025 sustainability goals. These goals make commitments around reductions in Green House Gases (GHG), transitioning our products to sustainable solutions, and committing to transition our products to certified and FSC sources. Each business unit is responsible for meeting these goals. An annual report is issued that shows progress towards these goals. Based upon our public goal commitments, a responsible paper sourcing policy was developed. This policy clearly states our goals in paper sourcing, and gives clear expectations to our suppliers on responsible forestry management. It documents our goals, which are 100% certified, of which 70% will be FSC certified. Annually, Avery Dennison collects the scope 3 impact of our products to identify areas of improvement. Beginning in 2021 we will be working with CDP supply chain to drive material GHG improvements with our supplier base. In addition, Avery Dennison is a member of WWF Climate Savers. The tools and methods used are: Avery Dennison responsible paper sourcing policy, Climate Savers scope 3 analysis, Avery Dennison's Greenprint. Greenprint is an internally developed tool that uses a third party lifecycle assessment to validate the impact of specific products. Avery Dennison uses the tools mentioned to identify and prioritize on climate reduction, alongside setting a baseline against future goals.

Impact on water security

Relevance & inclusion

Relevant, always included

Please explain

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

Tariffs or price increases

Relevance & inclusion

Relevant, always included

Please explain

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

Loss of markets

Relevance & inclusion

Relevant, always included

Please explain

Avery Dennison includes the loss of markets within our forest risk assessment. 61-70% of Avery Dennison's business is based on products linked to forestry. The loss of a market would have a significant impact on the ability to serve our customers. Avery Dennison works closely with our suppliers to ensure the 997,000 tonnes of paper annually purchased is responsibly sourced, and meets our public commitments. (The number stated relates to 2019 purchases) Aside from our supplier relationships, we use external tools such as RainForest Alliance (RFA) to audit supplier certifications, and EcoVadis to conduct supplier capability audits. Our objective with these methods is to identify risk, and work with suppliers to mitigate those risks.

Brand damage related to forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

As a leading supplier in the labelling industry, Avery Dennison always includes brand damage in forestry risk analysis. Our responsible paper sourcing policy and paper sourcing goals have been developed to ensure that only responsible forestry is used in Avery Dennison manufactured products. The annual RainForest Alliance (RFA) audit, validates that this policy has been followed, and identifies areas of risk or concern. Avery Dennison utilizes Ecovadis to identify any risk within the direct supply chain of existing partners. This process is a real time update of any potential or perceived risk. Avery Dennison works with external partners such as RainForest Alliance to ensure our sourcing policies are aligned with its goals. The information gathered from the RainForest Alliance and EcoVadis audits is used to evaluate risk in the supply chain. Additional protocols could be required in specific instances; these protocols could include additional certifications, on site audits or potential suspension of high risk suppliers.

Corruption

Relevance & inclusion

Relevant, always included

Please explain

Avery Dennison always considers the risk of corruption within forestry decisions, and has a strong position against all aspects of corruption. Avery Dennison has made public commitments within its Code of Conduct, and also Suppliers Standards both of which are publically available. A large proportion of our employee base is formally trained and certified each year to ensure they are aware of Avery Dennison's code of ethics, and implications. A breach of our code of conduct or supplier standards would be considered a zero tolerance issue for both employees and suppliers. Any information gained through the tools, which showed any concerns in corruption would be fully investigated. Avery Dennison would use the information to make swift and firm decisions on immediately de-listing suppliers if found in breach.

Social impacts

Relevance & inclusion

Relevant, always included

Please explain

Avery Dennison always considers the social aspects in forestry decisions, and addresses it in a number of ways. Within our broader sustainability commitments, Avery Dennison has committed to be a force for good in the communities in which we operate. There are numerous examples of where Avery Dennison have directly funded social programmes within forestry regions. In 2014, Avery Dennison awarded a \$200,000 grant to RainForest Alliance (RFA) to launch a new programme to improve the livelihoods of more than 10 communities and conserve nearly 80,000 hectares of at risk land within Honduras. In 2019, within Honduras, Avery Dennison launched the Gap P.A.C.E programme, which actively supports female empowerment. Within our supply chain, Avery Dennison utilizes EcoVadis to validate Avery Dennison supplier's social impact, and scores suppliers accordingly. Both the Gap P.A.C.E and RFA programmes were developed using the Avery Dennison Foundation. This foundation works with local communities in the regions in which we operate, to identify specific causes to support with grants and volunteerism. Avery Dennison, then uses the information gathered through the Avery Dennison Foundation to identify specific instances that grants can be awarded. Decisions are based on where the largest social impact can occur. Another example is within the LGM business where EcoVadis is used as a tool. This specific tool identifies through desk top audit, areas of social concern within specific suppliers. The information gathered through EcoVadis is then used to inform stakeholders of areas of concern which many need addressing with specific suppliers.

Other, please specify

Relevance & inclusion

Please select

Please explain

F2.1c

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

Customers

Relevance & inclusion

Relevant, always included

Please explain

Customers are relevant and included in our forest-related risk assessment because Avery Dennison's business relies heavily on selling packaging and labeling solutions to customers whilst creating value for our customers. As a global provider of everyday labeling solutions, Avery Dennison has customers who are concerned about the impact of packaging and labeling on forests and they want assurance that the paper Avery Dennison sells them is compliant with timber regulations and comes from sustainably-managed forests. Avery Dennison's methods of engagement with customers include face to face meetings, questionnaires, requests for information, and requests for proposals/bids. In addition to advising on certified paper selection, offers to customers include a portfolio of sustainable product solutions; a waste collection and recycling campaign and offering customers the opportunity to significantly reduce their carbon footprint and to make use of recycled materials in a "closed-loop" system. Customers played a key part of the 2019 Materiality Assessment, which has been subsequently published and part of our Integrated Report.

Employees

Relevance & inclusion

Relevant, always included

Please explain

Employees are relevant and included in our forest-related risk assessment because employees want to work for a company that is committed to and is seen to be working to improve environmental and social issues. Clear corporate focus on improving these issues and setting clearly defined goals on sustainability and social challenges helps employee retention and during the recruitment of new talent. Examples for employees include our visible commitment to our 2025 sustainability goals, demonstrating that Avery Dennison is operating a responsible business and proactively responding to the sustainability challenges of our customers and the planet. The methods of engagement to share these commitments and actions are promoted through internal communications such as Avery Dennison's intranet employee insider, Avery Dennison LinkedIn, Town Hall meetings, among others. A social aspect example is Avery Dennison's Diversity and Inclusion campaign to cultivate and foster a respectful environment where everyone feels safe to be their authentic self. Employee engagement is gauged using an annual survey. In Avery Dennison's 2019 employee survey, 87% of employees viewed Avery Dennison as caring about its impact on the planet and 83% view Avery Dennison as supporting the communities in which we operate.

Investors

Relevance & inclusion

Relevant, always included

Please explain

Investors are relevant and included in our forest-related risk assessment because potential risks of loss of investor appeal could occur if Avery Dennison were not adequately addressing forest-related commodity risks or acting in compliance with relevant forest-related regulations. Examples for investors include our visible commitment to our 2025 sustainability goals, demonstrating that we are running a responsible business and proactively responding to the sustainability challenges of our customers and the planet. Avery Dennison's annual reports provide investors with more detailed information on Avery Dennison's progress on our sustainability goals. Avery Dennison holds regular investor calls and meetings which include aspects relating to sustainability. Avery Dennison responds to and validates key sustainability ratings such as CDP Forests, Water and Climate submissions, and EcoVadis Corporate Social Responsibility whose sustainability scorecards provide detailed insight into environmental, labour and human rights, social and ethical, and sustainable procurement risks. Investors were a group that was targeted for the 2019 Materiality Assessment, and their opinions of focus and risk have been included. This Materiality Assessment is published in the Integrated Report.

Local communities

Relevance & inclusion

Relevant, always included

Please explain

Avery Dennison always considers the social aspects in forestry decisions, and addresses them in a number of ways. Within its broader sustainability commitments, Avery Dennison has committed to be a force for good in the communities in which we and our suppliers operate. Examples include making a positive difference for the communities in which we live and work through grant making and volunteerism. The Avery Dennison Foundation aims to advance the causes of education, sustainability, and women's empowerment. In the last 5 years Avery Dennison has supported 149 non-profit organizations, contributing over \$3 million where we have directly funded social programmes within local communities. Within our supply chain, we utilize EcoVadis to validate our suppliers social impact, and score supplier's accordingly.

NGOs

Relevance & inclusion

Relevant, always included

Please explain

Avery Dennison engages with several NGOs to obtain guidance on minimizing risk for our stakeholders, in order to create policies and procedures that are aligned with NGO values and used as a basis in our sourcing decisions to avoid the sourcing of potentially objectionable products. Avery Dennison has internal position statements for Avery Dennison paper based products procurement teams, which gives strong guidelines on what products and suppliers can be sourced from. NGO's were a group that was targeted for the 2019 Materiality Assessment, and their opinions of risk have been included. This Materiality Assessment is published in the Integrated Report.

Other forest risk commodity users/producers at a local level

Relevance & inclusion

Relevant, always included

Please explain

No other stakeholders are known outside of this list, if other stakeholders become known, they will be included in future risk assessments.

Regulators

Relevance & inclusion

Relevant, always included

Please explain

Within the forest industry and all industries it serves, all Avery Dennison's operations and our suppliers must comply with applicable local and federal regulations. When requested, suppliers must provide the country of origin and species of all paper products and ensure they come from responsibly-managed forests, in accordance with regional regulations, and show that papers sourced can be considered as, at a minimum, as meeting FSC controlled wood standards. Avery Dennison engages with regulators through site based audits and by providing any documents that may be requested. Examples would be information required linked to EU Timber Directives.

Suppliers

Relevance & inclusion

Relevant, always included

Please explain

Avery Dennison recognises that all finished products start with a raw material. Based on that suppliers are a foundational part of any risk analysis. Within the forest industry and all industries it serves, Avery Dennison's suppliers are required to comply with local and federal regulations. Additionally, approximately 80% of direct spend in suppliers has gone through an EcoVadis screening to identify and reduce risk by engaging with them to collaborate on a corrective action plan and develop a strategy for sustainability management. For each major supplier, Avery Dennison has an internal Procurement and Category Manager that stays connected with that supplier to evaluate the risk within their supply chain. Avery Dennison engages with the supplier through a frequent cadence of meetings (physical and virtual) where key objectives are evaluated. The evaluation of these objectives then form part of the overall risk analysis.

Other stakeholders, please specify

Relevance & inclusion

Please select

Please explain

F3. Risks and opportunities

F3.1

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

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

F3.1a

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

Avery Dennison defines substantive change as impacts on revenue, stakeholders and costs as well as availability of purchased goods. Indicators we recognize as having the potential to have a substantive impact include 5% revenue decrease, concerns expressed by key stakeholders, and cost increases by as much as 5% revenue (or significant risk of material availability). Any one of these elements or a combination thereof would be basis for evaluating mitigating measures. These measures apply to both direct operations and the broader supply chain through various mitigation methods specific to the range of potential impacts. This definition would include impacts in direct operations, supply chain and forestry.

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. Avery Dennison procured 997,000 metric tonnes of paper in 2019 from a number of geographies around the world. Avery Dennison relies upon our suppliers of paper to ensure that suppliers within our supply chain are following the Avery Dennison Responsible Procurement Policy. There is potential risk to Avery Dennison if the market and customers perceive us to be procuring materials from irresponsible sources. Consumers and the market also recognise the positive impact forestry has as a natural climate solution. The impact for Avery Dennison could be lost revenues from customers, and negative media coverage. Avery Dennison could be targeted directly as a brand as we supply so many other visible brand names across many supply chains.

Timeframe

1-3 years

Magnitude of potential impact

Medium-low

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

10000000

Potential financial impact figure - maximum (currency)

40000000

Explanation of financial

The financial impact number is based on our annual ERM process. The number used has been based on a percentage of net income, under the classification of medium risk.

Primary response to risk

Avoidance of sourcing from high-deforestation risk jurisdictions

Description of response

To mitigate risk, Avery Dennison has established a responsible paper procurement policy with clear criteria around preferred certification. Annually the RainForest Alliance (RFA) audits the annual purchases of paper to ensure compliance with policy and progress towards goals. Avery Dennison works with NGO's to ensure that sourcing policies are aligned with the most current industry best practice. Our strategy to date has avoided any negative NGO attention related to forestry.

Cost of response

529000

Explanation of cost of response

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

F3.2

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

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

F3.2b

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

Timber products

Primary reason

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

Please explain

Avery Dennison would consider substantive risk above 5% of revenue impact. Through Avery Dennison's product and sourcing roadmaps, we conduct a three-to-six year evaluation of opportunities. Avery Dennison's opportunities are identified in our 2025 sustainability goals, which includes continuing to grow the amount of certified paper we are sourcing. (Avery Dennison has additional tools which would extend beyond this period, that are referenced in section 6.) Significant funding to specific tools (FSC certification, RainForest Alliance Audits, EcoVadis Audits) are allocated each year to identify and mitigate potential risks. This is in addition to the internal teams which have been established within Avery Dennison to provide oversight. Based on the progress made in sourcing certified materials since our responsible paper sourcing policy was introduced in 2014, and updated to a responsible paper procurement policy in 2020; the risk is low, and unlikely to have a substantive effect. In the 2019 Integrated Report, 89% of the 997,000 tonnes of paper purchased is either FSC or PEFC certified. This evaluation is conducted on an annual basis.

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
Chief Executive Officer (CEO)	The CEO of Avery Dennison (AD) is directly involved in sustainability actions through strategic guidance and direction, given its material impact on AD's performance. Avery Dennison's CEO is the Chairman of the Avery Dennison Board of Directors (BOD) The BOD at Avery Dennison provides strong independent governance, of which Sustainability is key. As published externally in the 2020 proxy statement, part of the CEO's annual compensation is linked to achieving company sustainability goals, specifically: Make progress towards achieving 2025 sustainability goals, including reduce greenhouse gas emissions by 3%; ensure at least 90% of sites are landfill-free; develop accelerated roadmap in LGM to enable greater recyclability of consumer packaged goods; and assess and implement gender pay equality. Although not specifically listed, the sustainability commitment for forestry is 100% certified paper, of which 70% is FSC certified, by 2025, and included in the 2025 sustainability goals.
Director on board	Board oversight over sustainability is primarily conducted by the Governance Committee, which receives a report from management at least once a year. In addition, our full Board hears from our leaders on each of our businesses' sustainability initiatives during its regular review of their business strategies. In July 2019, our Board held strategy sessions focused on our sustainability progress and our innovation efforts to address increasing demand for more sustainable products.
Board-level committee	At Avery Dennison, board oversight over sustainability is primarily conducted by the Governance and Social Responsibility Committee (Governance Committee). At least once a year, the Governance Committee receives and reviews a sustainability report from management. Our full Board hears from our leaders on each of our businesses' sustainability initiatives during its regular review of their business strategies. Annually, the Board reviews progress towards our 2025 sustainability goals. The Board evaluates progress towards meeting our 2025 sustainability goals when evaluating our Chief Executive Officer's compensation. A portion of our CEO's annual incentive award is dependent on delivering our 2025 sustainability goals. During 2019, Board oversight included holding strategy sessions focused on our sustainability progress and our innovation efforts to address increasing demand for more sustainable products.

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 Overseeing acquisitions and divestiture Overseeing major capital expenditures Providing employee incentives 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 (Yes: The Board of Directors would be involved in any significant risk analysis potentials related to forest related issues.)	The Board of Directors (BOD) at Avery Dennison provides strong independent governance, and risk oversight for strategy and operations. The BOD has three independent committees, one of which is the Governance Committee. As detailed in the 2020 proxy statement, one of the specific areas of focus for this Committee is Sustainability and Social Responsibility. This Board formed committee (5 current board members) would be involved in a number of ways: 1. Providing governance to social and sustainability matters 2. Providing input into the Materiality assessments 3. Reviewing progress to the pre-committed sustainability goals Specifically related to forestry, the goal of 100% certified paper, of which 70% is FSC, would be reviewed as a target and goal. During 2019 this committee met 4 times, with 96% attendance rate. There is a Compensation Committee that is responsible for approving CEO linked sustainability goals, in financial indicators.

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	Annually	The CEO of Avery Dennison is directly involved in all sustainability actions through strategic guidance and direction, given its material impact on the company. As such, a portion of our CEO's annual incentive award is dependent on delivering our 2025 sustainability goals. Our CEO provides guidance and direction to our Vice President and General Manager of our Retail Branding and Information Solutions (RBIS) business, who leads our Sustainability Council and is responsible for ensuring our continued progress towards our 2025 sustainability goals. The Sustainability Council is composed of a cross-divisional and cross-functional group of leaders to drive broad accountability and continually accelerate our sustainability progress. The Sustainability Council meets bimonthly and provides updates to our executive leadership team quarterly, including our CEO. Through this process, we complete a quarterly sustainability scorecard which is available for review. Annually, members of the Sustainability Council present sustainability trends and our sustainability strategic plan to a proportion of the Company Leadership Team, which includes our CEO. Our 2025 sustainability goals include sourcing 100% certified paper, of which at least 70% will be Forest Stewardship Council-certified.

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	Avery Dennison does consider meeting sustainability goals as part of c-suite objectives, and does offer incentives. Within the broader Avery Dennison sustainability goals, forestry has a clear metric of 100% certified material, of which 70% to be FSC certified. Applicable c-suite employees have sustainability goals tied to their annual incentives based on their relative impact on their roles or functions.

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	Board chair Corporate executive team Chief Executive Officer (CEO) Other C-suite Officer	Achievement of commitments and targets	One of the six strategic objectives by which our CEO's performance evaluation is measured is Sustainability and Diversity specifically, the following measures were considered for 2019; "Make progress toward 2025 sustainability goals, including reducing greenhouse gas (GHG) emissions by 3% , ensuring at least 90% of sites are landfill-free; developing accelerated roadmap in LGM to enable greater recyclability of consumer packaged goods; and assessing and implementing gender pay equality. Although not specifically listed, the sustainability commitment for forestry is 100% certified paper, of which 70% is FSC certified, by 2025. The performance evaluation against these goals, directly impacts the CEO's financial incentives, and represented 15% of the annual performance review for 2019. The sustainability goals are in turn cascaded through the organisation, and key leaders are required to deliver meaningful progress against specific targets.
Non-monetary reward	Please select	Please select	

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)

ESG Download.pdf

AD_Sustainability_Report_2019_Addendum_Final.pdf

Avery_Dennison_Responsible_Paper_Policy_05-2020.pdf

AveryDennison2020_Integrated_Sustainability_final.pdf

F4.5

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

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

F4.5a

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

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

Avery_Dennison_Responsible_Paper_Policy_05-2020.pdf

F4.5b

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

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

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

F4.6

(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 (WWF Climate Savers, RainForest Alliance)

F4.6b

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

Forest risk commodity

Timber products

Criteria

No conversion of natural ecosystems

Avoidance of negative impacts on threatened and protected species and habitats

No conversion of High Conservation Value areas

Adoption of the UN International Labour Organization principles

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

No sourcing of forest risk commodities from unknown/controversial sources

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

Operational coverage

Supply chain

% of total production/ consumption covered by commitment

100%

Cutoff date

2014

Commitment target date

2021-25

Please explain

Avery Dennison has a sustainability goal to achieve 100% certified paper by 2025 of which 70% will be FSC certified and has a responsible paper procurement policy. Annually, Avery Dennison goes through a paper certification process with RainForest Alliance where all paper purchased is validated and tracked to the relevant geography. An example of how this is used is 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 spoke at some length and 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	Back at the start of the last decade Avery Dennison identified that sustainability was going to be a key requirement in securing long term business growth, and the company had a role to play by being such a large user of forest related products. Avery Dennison went through a process of identifying the areas of focus and impact, and in 2015 Avery Dennison announced its 2025 sustainability goals. These goals were built around a 10-year business plan, with regular updates to stakeholders to demonstrate progress. With Avery Dennison being a global producer of self-adhesive solutions of which paper plays a fundamental role, securing sustainable long term supply of material was imperative. Integral to the sustainability goals are specific targets related to forestry, namely 100% of paper from certified sources, of which 70% is FSC certified. It is a key to 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, it is very apparent that certified forestry materials are critical. A demonstration on how forest issues are related and used in long term business objectives would be through the bi-annual Materiality Assessment. Through this process, key customers, investors and NGO's are engaged, and asked a series of questions that identify areas of interest and importance. With this information, Avery Dennison ensures that the current objectives are correct or adjusts long term plans to address key stakeholder interests. A specific example of this would be the Circular Economy becoming such a key interest in the 2019 Materiality Assessment, which has led us through an internal goal review, which resulted in significant company investments related to the circular economy, including innovation and certifications.
Strategy for long-term objectives	Yes, forests-related issues are integrated	11-15	Each year Avery Dennison reviews its strategy in line with long term objectives, and the changing space of environmental and climate based challenges alongside customer demands. Strategies are then developed to achieve long term objectives, of which forests play a role given their importance in producing paper based materials. An example of this process would be how the bi-annual materiality assessment plays a key role in identifying long term objectives, and their priority for stakeholders. The 2019 Materiality Assessment illustrated the increased focus on the Circular Economy, so this was identified as a long term objective. Once the objective had been identified, the relevant stakeholders in the business began to develop and integrate strategies to deliver this objective. These strategies would be formed across a number of key business functions including, material sourcing, procurement, innovation and operations. The strategy development would be integrated across the functions, from sourcing new sources of material to innovate with, to certifying the new locations producing the product. To achieve this goal, Avery Dennison developed a strategy to evaluate what it would take to expand in this area, and how to develop new products. A specific example is the introduction of a range of materials which have more recycled content.
Financial planning	Yes, forests-related issues are integrated	11-15	Avery Dennison is a \$7.1B global company, of which forest related products are the largest commodity spend, representing between 40-50% of all direct material purchases. Small changes in material pricing, including those driven by natural disasters, supplier shortcomings or legislation changes can have a significant impact on our price competitiveness in the market, and our overall market share impacting Avery Dennison's 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 cover all due diligence, regulatory and compliance checks; potential trade or tariff implications are also considered in this process. Supplier specific measurements are annually conducted through EcoVadis audits, which score suppliers' performance to standards. Alongside this, a key criteria is the the availability of certified materials in accordance with the Avery Dennison responsible sourcing policy. Avery Dennison evaluates these factors alongside the total cost of ownership of any products used. If suppliers do not perform well in a specific area, and are unable to improve, there are consequences and orders may be re-allocated. An example of the financial planning integration is when Avery Dennison launched the 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 impact, and damaged long term supply relationships. Instead Avery Dennison worked closely with key suppliers to enable FSC certification. This approach resulted in less impactful financial commitment.

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

Avery Dennison has made public commitments towards 2025 sustainability goals. Specifically for forestry they include 100% of paper purchased will be from certified sources, of which 70% will be FSC.

Linked commitment

Other environmental commitments

Traceability point

<Not Applicable>

Third-party certification scheme

FSC Controlled Wood

Start year

2014

Target year

2025

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

89

Please explain

Avery Dennison's 2025 target is to have 100% of its timber based products from certified sources. The target was established in 2014, and announced in 2015. Avery Dennison is annually working and reviewing its certification targets. Of this 100% certified target Avery Dennison will ensure 70% of timber based products will be FSC certified. Avery Dennison has selected FSC, PEFC and SFI schemes because they are credible forest certification schemes and widely used in the paper industry. To secure the 100% traceability, Avery Dennison has chosen RainForest Alliance (RFA) to conduct annual audits. RFA was selected as Avery Dennison's lead partner, due to their independence and expertise in identifying and managing global forestry risks. RFA has also supported the development of the Responsible Paper Sourcing 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 and procurement. 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 As of 2019, Avery Dennison has already achieved 89% from certified sources, and 79% FSC claim.

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 (AD) has 89% of products sourced via 3rd-party certification schemes, giving traceability to all Avery Dennison's sites and back through the chain of custody down to the country of origin for the fiber used. Avery Dennison has a goal to achieve 100% certified source products by 2025 and annually reviews progress to goals. To secure the 100% traceability, Avery Dennison has chosen RainForest Alliance (RFA) to conduct annual audits. RFA was selected as AD's lead partner, due to their independence and expertise in identifying and managing global forestry risks. 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. 3) Risk management processes are reviewed 2019 achievement was 89% certified sourced and 79% FSC claim 100% of the fiber sourced was accounted for down to the country of origin levels.	Other, please specify (Indirect packaging items)	Excluded from the assessment are Avery Dennison's indirect packaging suppliers. This is the indirect material that is used as outer packaging in the distribution of Avery Dennison products. This supply chain is very complex with numerous small volume suppliers, and unsubstantial compared to the volume required to manufacture Avery Dennison 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	89

F6.3

(F6.3) 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.

Forest risk commodity

Timber products

Third-party certification scheme

FSC Forest Management certification

Certification coverage

Production volume

% of total production/consumption volume certified

52

Form of commodity

Paper

Volume of production/ consumption certified

518440

Metric

Metric tons

Please explain

On an annual basis Avery Dennison works with RainForest Alliance (RFA) to validate the certified claims that are made by suppliers. This validation process involves RFA working directly with suppliers to audit the chain of custody claims made on invoices. With the 2018 procurement volumes, Avery Dennison reports that 89% of product was sourced from 3rd party certification schemes, and RFA has validated 92% of this volume. This data is published in the Avery Dennison Integrated Report. The 2019 RFA validation process is underway, and Avery Dennison is targeting achieving a similar response rate; the number stated in the above table represents a midpoint status. There have been delays in completing the 2019 validation due to suppliers being closed as a result of Covid-19. Avery Dennison is continually working to improve the volume of material from certified sources and FSC sources, and is seeing year over year improvement. Between 2018 and 2019 the certified volumes moved from 87% to 89%, and FSC face paper from 76% to 79%. The volume indicated here is the volume sourced from suppliers holding the FSC CoC certification.

Forest risk commodity

Timber products

Third-party certification scheme

FSC Controlled Wood

Certification coverage

Production volume

% of total production/consumption volume certified

34

Form of commodity

Paper

Volume of production/ consumption certified

338980

Metric

Metric tons

Please explain

On an annual basis Avery Dennison works with RainForest Alliance (RFA) to validate the certified claims that are made by suppliers. This validation process involves RFA working directly with suppliers to audit the chain of custody claims made on invoices. With the 2018 procurement volumes, Avery Dennison reports that 89% of product was sourced from 3rd party certification schemes, and RFA has validated 92% of this volume. This data is published in the Avery Dennison Integrated Report. The 2019 RFA validation process is underway, and Avery Dennison is targeting achieving a similar response rate; the number stated in the above table represents a midpoint status. There have been delays in completing the 2019 validation due to suppliers being closed as a result of Covid-19. Avery Dennison is continually working to improve the volume of material from certified sources and FSC sources, and is seeing year over year improvement. Between 2018 and 2019 the certified volumes moved from 87% to 89%, and FSC face paper from 76% to 79%. The volume indicated here is the volume sourced from suppliers holding the FSC Controlled Wood certification.

Forest risk commodity

Timber products

Third-party certification scheme

PEFC (any type)

Certification coverage

Production volume

% of total production/consumption volume certified

5

Form of commodity

Paper

Volume of production/ consumption certified

49850

Metric

Metric tons

Please explain

On an annual basis Avery Dennison works with RainForest Alliance (RFA) to validate the certified claims that are made by suppliers. This validation process involves RFA working directly with suppliers to audit the chain of custody claims made on invoices. With the 2018 procurement volumes, Avery Dennison reports that 89% of product was sourced from 3rd party certification schemes, and RFA has validated 92% of this volume. This data is published in the Avery Dennison Integrated Report. The 2019 RFA validation process is underway, and Avery Dennison is targeting achieving a similar response rate; the number stated in the above table represents a midpoint status. There have been delays in completing the 2019 validation due to suppliers being closed as a result of Covid-19. Avery Dennison is continually working to improve the volume of material from certified sources and FSC sources, and is seeing year over year improvement. Between 2018 and 2019 the certified volumes moved from 87% to 89%, and FSC face paper from 76% to 79%. The volume indicated here is the volume sourced from suppliers holding the PEFC CoC certification.

Forest risk commodity

Timber products

Third-party certification scheme

FSC Recycled

Certification coverage

Production volume

% of total production/consumption volume certified

1

Form of commodity

Paper

Volume of production/ consumption certified

9970

Metric

Metric tons

Please explain

On an annual basis Avery Dennison works with RainForest Alliance (RFA) to validate the certified claims that are made by suppliers. This validation process involves RFA working directly with suppliers to audit the chain of custody claims made on invoices. With the 2018 procurement volumes, Avery Dennison reports that 89% of product was sourced from 3rd party certification schemes, and RFA has validated 92% of this volume. This data is published in the Avery Dennison Integrated Report. The 2019 RFA validation process is underway, and Avery Dennison is targeting achieving a similar response rate; the number stated in the above table represents a midpoint status. There have been delays in completing the 2019 validation due to suppliers being closed as a result of Covid-19. Avery Dennison is continually working to improve the volume of material from certified sources and FSC sources, and is seeing year over year improvement. Between 2018 and 2019 the certified volumes moved from 87% to 89%, and FSC face paper from 76% to 79%. The volume indicated here is the volume sourced from suppliers holding the FSC Recycled certification.

F6.4

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

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

F6.4a

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

Forest risk commodity

Timber products

Operational coverage

Direct operations

Supply chain

Description of control systems

Avery Dennison has implemented a process for supply chain risk identification with RainForest Alliance (RFA). RFA was selected as AD's lead partner, due to their independence and expertise in identifying and managing global forestry risks, and has also supported the development of the 2013 Responsible Paper Sourcing Policy, and the subsequent 2020 update, and is the lead advisor for the annual audit protocols and risk management processes relating to responsible paper sourcing. During the annual assessment; - A paper certification audit is performed with RFA, where all paper purchased is validated - Noncertified and unknown sources of paper origin are determined and corrective actions identified - Risk management processes are reviewed Additionally all key paper suppliers complete an annual third party CSR audit and evaluation by EcoVadis to support evaluation of corporate, social and environmental risks, identify key areas of improvement and highlight areas of concern.

Monitoring and verification approach

Third-party verification

% of total volume in compliance

51-60%

% of total suppliers in compliance

81-90%

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 (AD) utilises an annual third party auditing process through RainForest Alliance (RFA) for the certifications that Avery Dennison holds. For 2019, the auditing review indicated current certification levels of 57% validated, with a further 39% still under assessment. Full assessment has been delayed due to the global Covid-19 pandemic, which has led to some difficulties for suppliers to provide timely, accurate data. The assessment is currently ongoing and confidence is high that RFA will confirm validation to at least the 2018 figures of 92% certified. Internal AD information shows 93% certified run rate. Annually Avery Dennison requires suppliers to submit country and fiber source to RFA for assessment and reports. Avery Dennison reviews this information to ensure suppliers are compliant. Additionally Avery Dennison requires suppliers to be assessed by EcoVadis on an annual basis. Suppliers' scores are assessed and a corrective action plan is discussed with suppliers and implemented with time bound agreements as required. An example of current supplier engagement is Avery Dennison's active engagement with suppliers to provide information to validate the certified volumes. This engagement takes the form of meetings where scorecards of compliance are discussed.

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	Please explain
Timber products	Yes, from suppliers	<Not Applicable>
Palm oil	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

F6.6a

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

Timber products

Procedure to ensure legal compliance

As a global supplier of paper, Avery Dennison recognises the importance of responsible forestry. Avery Dennison approaches legal compliance with a number of engagements. 1) External experts are employed to identify pending changes in forestry regulations 2) A Global Trade Management Team. This trade compliance-focused team carries out due diligence planning for timber regulations, and develops standard operating procedures that our businesses must follow related to timber 3) The Trade Compliance Team validates and audits compliance with these policies 4) Annual validation of which countries paper fibre is being purchased from 5) Working with suppliers to provide certifications where necessary 6) Focusing on certified materials that are validated by an external audit each year Currently supplier information is gathered through direct supplier engagement. Avery Dennison is currently looking to integrate this process into its current PIMS tool. This is a tool which acts as a portal to gather supplier information and integrate into the Avery Dennison ERP system.

Country/Area of origin

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

Law and/or mandatory standard(s)

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

Comment

Avery Dennison (AD) has implemented a process regarding supply chain risk identification with RainForest Alliance (RFA). RFA was selected as Avery Dennison's lead partner, due to their independence and expertise in identifying and managing global forestry risks. RFA has also supported the development of the Responsible Paper Sourcing Policy (to guide the business decisions made across its 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 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 its Responsible Paper Procurement Policy. Avery Dennison expects all of our suppliers to adhere to this policy, and works directly with its suppliers to ensure compliance. As Avery Dennison is at least 2 supply chain steps removed from small holders or forest owners, it would not directly engage. The strategy has been to make clear the requirements in the sourcing policies, and hold the direct supplier accountable for their actions.
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.8

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

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Timber products	Yes, working with direct suppliers	Supply chain mapping Capacity building Financial and commercial incentives	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 Financial incentives for certified products	81-90%	As a global provider of everyday labeling solutions, securing a sustainable supply of wood-based products is critical. Avery Dennison (AD) continually assesses the availability of responsibly sourced paper products through its 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, AD has implemented a process regarding supply chain risk identification with RainForest Alliance (RFA). RFA was selected as AD's lead partner, due to their independence and expertise in identifying and managing global forestry risks. RFA has also supported the development of the Paper Sourcing Policy (to guide the business made across its supply chain). This sourcing policy is shared directly with suppliers to which AD requires compliance. RFA is also the lead advisor for the annual audit protocols and risk management processes relating to responsible paper sourcing. During the annual assessment; 1) a paper certification audit is performed with RFA, where all paper purchased is validated 2) non-certified and unknown sources of paper origin are determined and corrective actions identified. 3) Risk management processes are reviewed Additionally all key paper suppliers complete an annual 3rd party CSR audit and evaluation by EcoVadis, to support evaluation of corporate, social and environmental risks, identify key opportunities of improvement and highlight areas of concern Further Avery Dennison requires all our suppliers to comply with our supplier standards, including compliance with global and regional laws, regulations and industry standards. In situations where there is a conflict between these laws and standards, suppliers are required to meet the higher standard. Avery Dennison regularly performs supplier audits to ensure compliance, during 2019 a total of 36 suppliers were audited by AD, across the direct material supply base for all raw materials, in addition to the annual RFA certification process which 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 has public commitments within its Code of Conduct, and also Suppliers Standards which are both publically available. Avery Dennison requires all our suppliers (and indirectly our 2nd tier suppliers) to comply with the Supplier Standards, including compliance with global and regional laws, regulations and industry standards. In situations where there is a conflict between these laws and standards, suppliers are required to meet the higher standard. Avery Dennison regularly performs supplier audits to ensure compliance -during 2019 a total of 36 suppliers were audited by AD 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 as, at a minimum, meeting FSC CW standards. This information must come from all 2nd tier suppliers.
Palm oil	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.10

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

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

Forest Stewardship Council (FSC)

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

Jurisdictional approaches

<Not Applicable>

Please explain

Avery Dennison participates in external initiatives through the Forest Stewardship Council (FSC) by adopting the FSC's principles of forest management and certifying products through FSC. Through FSC certification Avery Dennison ensures that our products come from responsibly managed forests that provide environmental, social and economic benefits. In addition Avery Dennison is a member of WWF Climate Savers and RainForest Alliance. We have made public and financial commitments to both organisations.

F6.11

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

No

F7. Verification

F7.1

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

Yes

F7.1a

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

Disclosure module

F6. Implementation

Data points verified

Avery Dennison has used an external auditor RainForest Alliance (RFA) to validate two main points as disclosed in this document. 1. The geographical locations from which timber has been sourced. 2. The percentage of material that comes from certified or FSC sources.

Verification standard

The Rainforest Alliance audit is the verification standard to ensure that the progress to company goals are met. This standard is 100% certified paper of which 70% is FSC certified. The process is undertaken using an on-line data capture tool that identifies and validates the data points. Suppliers provide certification documents for specific invoices that have been requested.

Please explain

On an annual basis Rainforest Alliance (RFA) audits Avery Dennison to ensure that material purchased is sourced according to policy commitments. The RFA audit ensures that suppliers and manufacturing locations are using FSC and Certified materials. In 2018, RFA validated 92% of all paper purchased. The validation process for 2019 is behind schedule due to suppliers and sites being closed as a result of the C-19 pandemic. When complete, 92% of the 992,000 tonnes purchased will have been audited for conformance to commitments. To date, 57% of in scope volume has been validated by RFA as within conformance, and the remainder is in process.

Disclosure module

F6. Implementation

Data points verified

Avery Dennison has 80 sites certified with FSC site certification.

Verification standard

In accordance with FSC standards, Avery Dennison manufacturing locations and suppliers go through the annual/bi annual site certification process, that validates adherence to our Responsible Paper Procurement Policy. This policy ensures that timber is being harvested according to the strict FSC guidelines.

Please explain

FSC sourced material is a critical part of the Avery Dennison sourcing strategy. It is equally as important to ensure the sites that produce FSC materials have FSC certification to ensure the chain of custody of products where required.

F8. Barriers and challenges

F8.1

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

Forest risk commodity

Timber products

Coverage

Supply chain

Primary barrier/challenge type

Supply chain complexity

Comment

The responsible paper sourcing policy developed by Avery Dennison covers all raw materials purchased as a direct material commodity. An area with greater challenge is the outer packaging used to ship products. In this space Avery Dennison has 500+ suppliers across 50+ countries. This complexity makes it more complex 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 has wide availability within Europe and the Americas, but does not have such wide availability within Asia. We are currently working with our supplier base to improve this.

F8.2

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

Forest risk commodity

Timber products

Coverage

Supply chain

Main measure

Reduced cost of certification/certified products

Comment

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

F17 Signoff

F-FI

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

F17.1

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

	Job Title	Corresponding job category
Row 1	VP Global Communications	Other, please specify (VP Global Communications)

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