



## **Slavery and Human Trafficking Statement 2021**

This statement is made following the requirements arising from the UK Modern Slavery Act 2015, as well as the California Transparency in Supply Chains Act.

The UK Act requires all UK large businesses (with a turnover of £ 36 million and more) to publish such a statement for each financial year. The California law requires business operating in California and with more than \$ 100 million annual revenue to disclose their efforts to eliminate human trafficking and slavery in their supply chains.

This statement covers the financial year ended 31 December 2021 Avery Dennison Group (“Avery Dennison”) and describes steps taken to prevent slavery and human trafficking in Avery Dennison’s own business and its supply chain.

### ***Our Business and Supply Chain***

Avery Dennison is a global materials science and manufacturing company specializing in the design and manufacture of a wide variety of labelling and functional materials. The company’s products, which are used in nearly every major industry, include pressure-sensitive materials for labels and graphic applications; tapes and other bonding solutions for industrial, medical and retail applications; tags, labels and embellishments for apparel; and radio-frequency identification (RFID) solutions serving retail apparel and other markets.

Avery Dennison is composed of three core businesses: Label and Graphic Materials (LGM), Retail Branding and Information Solutions (RBIS), and Industrial and Healthcare Materials (IHM). Our headquarters are in Mentor, Ohio, and we operate in more than 50 countries worldwide with approximately 35,000 employees. In 2021 our global net sales were \$8.4 billion. Further information about Avery Dennison, our business, and our organizational structure can be found at [www.averydennison.com](http://www.averydennison.com).

### ***Our Values and Policies Regarding Slavery***

Avery Dennison is a values-based company. That’s why we continuously work to ensure that our employees and business partners, including our suppliers, know, understand and uphold our high ethical standards.

Avery Dennison is committed to treating employees fairly and with respect, and we require the same of our suppliers. We understand that slavery, human trafficking, servitude and forced labor are global challenges for governments and businesses. We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or any part of our business. We have no tolerance for such practices, and we recognize our responsibility to be aware of the risks within our organization and supply chain and to take proactive measures to prevent and remediate such practices.

Avery Dennison has a fundamental respect for human rights and, as a result, we are committed to respecting and promoting human rights and fair labor practices in our business and supply chain as expressed in our [Human Rights Policy](#). This policy is guided by human rights principles, including those established by the International Labour Organisation’s 1998 Declaration on Fundamental Principles and Rights at Work and the United Nations Global Compact. The latter was founded in 2020 and is a non-binding United Nations pact to encourage businesses and firms worldwide to adopt sustainable and socially responsible policies and to report on their implementation. Avery Dennison has been a member since 2020.

Our internal corporate **Employment Standards**, our published [Global Supplier Standards](#) as well as our [Code of Conduct](#) and our [Values](#), help to ensure consistent and fair employment practices -- including the



prevention and remediation of slavery, human trafficking, servitude, or forced labor -- in our facilities and those of our suppliers and sub-contractors worldwide.

### **Values and Code of Conduct**

Our culture is the foundation of everything we do at Avery Dennison, and our company **Values** are the basis of that culture. Our **Values** shape our behavior and support our business and people. They also drive how we treat our employees and how we expect our suppliers and subcontractors to treat their employees. Two values of specific relevance to our efforts to prevent slavery and human trafficking are **Integrity** and **Sustainability**. We act with integrity by always doing the right thing. We put ethics above profit. We are honest and transparent in all we do. And our emphasis on sustainability means that we are focused on the long-term health of our business, planet, and communities. Indeed, we work to better our communities.

Avery Dennison's **Code of Conduct** establishes the requirement that everyone working for us uphold our commitment to honest and ethical business practices. Among other things, it requires equal opportunity for all employees and applicants and prohibits unlawful discrimination or harassment. Our **Values** form the foundation of our culture as well as our standards for professional conduct. We expect our suppliers to act following our **Values**. This means that:

- We do not permit our suppliers to use child labor or forced labor;
- We require suppliers to provide their employees with a safe and healthy workplace, and to operate in compliance with all local environmental, health and safety laws; and
- We do not allow any kind of bribe, kickback, or another form of personal payment tied to our business arrangements.

### **Employment Standards, Supplier Standards and Social Compliance Supplementary Standards**

Avery Dennison Supplier Standards drive the behaviors we require from our suppliers to adopt. It also underpins the more specific obligations contained in our **Employment Standards**, **Global Supplier Standards** and **Social Compliance Supplementary Standards**.

These standards underscore our commitment to integrity in business activities, complying with government laws and regulations, providing employees with a safe and healthy working environment, treating employees with dignity and respect, and protecting and preserving the environment. Avery Dennison's **Employment Standards** are mandatory and apply to all of our business units around the world. Avery Dennison's suppliers are obligated to comply with our **Global Supplier Standards**, which mirror our **Employment Standards** and describe the working conditions and employment standards with which our suppliers are required to comply. Specifically, all of our business units and suppliers must meet the employment standards described below:

- **Compensation.** Suppliers, contractors, and subcontractors shall compensate all employees in compliance with all applicable local laws concerning wages, including overtime, and benefits. Suppliers and subcontractors may not make deductions from pay for disciplinary infractions, reporting unfair or illegal practices, or other "whistleblowing" activities.
- **Hours of Labour.** Except in extraordinary business circumstances, suppliers and subcontractors shall limit the number of hours worked in any seven (7) day work week to no more than sixty (60) hours, and employees must be given a minimum of one (1) day off in every seven (7) day work period. Where local standards differ, the requirements that provide for fewer hours per workweek shall apply.
- **Forced Labour.** Suppliers, contractors, and subcontractors shall not use forced labor, including prison labor, indentured labor, or debt bondage, under any circumstances. Avery Dennison requires its suppliers, contractors, and subcontractors to comply with the requirements of the UK Modern Slavery Act.



- **Child Labour.** Suppliers, contractors, and subcontractors shall not use child labor. The term “child” refers to a person younger than 15 or the local legal minimum age for employment whichever is higher.
- **Discrimination/Human Rights.** Suppliers and subcontractors shall not discriminate against any person or employee based on race, color, religion, sex, pregnancy, national origin, ancestry, citizenship, age, marital status, physical or mental disability, medical condition, sexual orientation, gender identity, gender expression, or veteran status.
- **Freedom of Association.** Suppliers, contractors, and subcontractors shall respect the rights of workers to freely associate, form and join organizations of their own choice and bargain collectively.
- **Disciplinary Process.** Suppliers, contractors and subcontractors will not utilize any form of physical or mental disciplinary practices such as coercion, harassment (including sexual harassment), threats or corporal punishment. All workers must be treated with dignity and respect.
- **Health and Safety.** The health and safety of employees are paramount to Avery Dennison. Suppliers and subcontractors must always provide their employees with a safe and healthy workplace and must operate their facilities in compliance with all health and safety Laws.
- **Environmental.** Suppliers and subcontractors must comply with all applicable environmental laws and ensure that other relevant requirements are achieved. Suppliers, contractors, and subcontractors must take proactive measures to protect, and minimize impacts on the environment.

Our [Social Compliance Supplementary Standards](#) describe sub-contractor obligations concerning, among other things, forced labor and child labor in more detail and include specific case studies to assist suppliers with compliance.

### **Employee and Third Party Awareness of Our Policies**

We regularly train all of our employees on our policies and procedures. We conduct training regarding our **Code of Conduct** at least every other year, as well as all new employees. In addition, we require designated employees with computers to complete four online training courses per year covering a variety of compliance topics. In 2021, approximately 50,000 such online courses were completed globally. Additionally, our Law Department conducts a minimum number of instructor-led training sessions each year. In 2021, the Law Department conducted 167 instructor-led training sessions globally. Finally, to ensure that the policies and principles encompassed in our **Code of Conduct** reach all of our employees globally, we also develop and launch three Values and Ethics “Talkabout” toolkits each year, which managers use to engage in meaningful discussions with their teams regarding topics from the **Code of Conduct**.

We also train suppliers in regions and countries that are considered high risk based on their scores on Transparency International’s Corruption Perception Index and the International Labour Organization’s assessments of child and forced labor. Additionally, suppliers and sub-contractors who are audited directly by us or by our third-party providers necessarily understand our strict prohibitions against slavery and human trafficking.

### ***Risk Assessment and Due Diligence Processes***

We have systems in place to identify and assess potential risk areas in our business and supply chain, mitigate the risk of slavery and human trafficking occurring in our business and supply chain, monitor other potential risk areas in our business and supply chain, and protect whistleblowers. Given the larger employee footprint and more complex supply chain of RBIS, we have determined that the supply chains therein present a greater risk of human trafficking than our other businesses. Our due diligence reflects this risk-based approach.

### **Ensuring Compliance At Our Facilities**



To ensure compliance with our **Employment Standards** and **Social Compliance Supplementary Standards**, we conduct periodic audits at our owned and operated RBIS facilities around the world. We prioritize facilities to be audited according to their risk profile, taking into account factors like past audit performance and the prevailing labor conditions in the country where the facility is located. The audits are conducted by third-party workplace auditors. In 2021, 195 audits took place across the RBIS manufacturing sites. Audit findings are captured, and sites are responsible for making any changes necessary to fully comply with our policies. In addition to audits, we also provide employee training to ensure managers and employees understand their rights and expectations.

### **Supplier and Sub-Contractor Selection**

Our RBIS business operates a **Global Outsource Supplier Approval Procedure** before engaging subcontractors to ensure their compliance with our **Global Supplier Standards** and **Social Compliance Supplementary Standards**. The **Global Outsource Supplier Approval Procedure** standardizes the global approval for all outsource suppliers in RBIS and ensures that the required approval process has been carried out, prospective suppliers or outsource partners are screened, also on possible associations with a child or forced labor, and that suppliers meet all of our approval criteria- including passing a social compliance audit- before being an approved supplier.

### **Existing Supplier and Subcontractor Audits**

Our RBIS business operates a thorough oversight program for the subcontractors to whom it often outsources the production of clothing labels, tags, and other finished goods to ensure they comply with our **Global Supplier Standards** and **Social Compliance Supplementary Standards**. Through the program, we provide subcontractors with information and training to help them understand and comply with our standards. Third-party auditors then visit subcontractor facilities on our behalf. They inspect living conditions in employee dormitories, wages and working hours, employee insurance coverage, fire safety and more. We promptly suspend business with suppliers found to be non-compliant with certain criteria, such as child labor and fire safety. If suppliers are found to be non-compliant in other less critical areas, we work with them to help raise their standards. We believe working with key partners on improving their compliance is the most effective way to create change in our industry.

In 2021, RBIS, which primarily serves the apparel industry, received 284 audits across its sub-contractor base. Our LGM business, which also procures materials and supplies for our IHM business, introduced its oversight program for top suppliers in 2016, based on a platform developed by the third-party consultant EcoVadis. The approach rates suppliers based on their answers to an online questionnaire covering a range of labor and human rights issues that align with our **Global Supplier Standards**. Our policy is to intervene with suppliers that reveal themselves to be high risk and help them improve. If improvements are not made within a specified time frame, our policy is to terminate our relationship with the company. In 2021, EcoVadis assessed 220 of our LGM suppliers, representing approximately 83% percent of LGM's procurement spending. Similar to RBIS, LGM is also working on a global outsource supplier approval procedure before engaging suppliers and sub-contractors to ensure their compliance with our **Global Supplier Standards** and **Social Compliance Supplementary Standards**.

### **Reporting**

Avery Dennison encourages employees and third parties to report potential violations of our **Code of Conduct, Employment Standards, Global Supplier Standards** and **Social Compliance Supplementary Standards**. Various channels are available to report any concerns related to those policies, including raising concerns to their line managers, Human Resources, Internal Audit, or the Law Department. Employees may also raise their concerns — anonymously if they choose — by contacting our Business Conduct GuideLine using one toll-free hotline in each of the countries where we do business or filing a report online via a secure system. Our GuideLine is operated by an independent third party and accepts reports in any language to accommodate our global workforce, customers and suppliers. All reports are investigated under the direction



of our Chief Compliance Officer, in consultation with the Law Department and senior management, and with oversight from the Governance and Social Responsibility Committee.

In 2021, we received 205 reports to our Business Conduct GuideLine. None of the reports contained allegations related to slavery, human trafficking, forced labor, or servitude.

We prohibit retaliation for good-faith reporting of concerns.

### **Time extension for publication of the statement**

The health and safety of our employees are our highest priority. During the last few months, Avery Dennison has suffered from a shortage of workforce in some areas resulting in a delay in finalizing and publishing this statement.

### ***Next Steps***

We have also started to carry out more extensive supply chain due diligence in what we consider potentially higher-risk supply chains. Avery Dennison already had a due diligence process in place on conflict minerals, as required by and following US security laws. The annual supply chain review is supported by a specialized advisory firm. While part of the verification depends on the certification of suppliers, we are working on making the transparency of the supply chain more robust through, among others, targeted audits.

Additionally, we are evaluating further processes for auditing our suppliers and subcontractors in higher-risk jurisdictions. We will continue to refine our internal and external policies concerning slavery and human trafficking to ensure they address the most probable and relevant threats as part of advancing the social compliance elements of our broader sustainability agenda.

### ***Links to additional information***

[Avery Dennison ESG Documents and Reports](#)

[Avery Dennison Conflict Minerals Report](#)

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