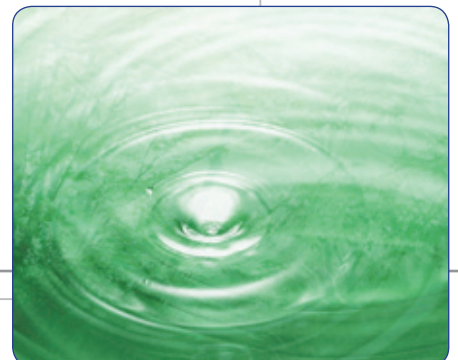
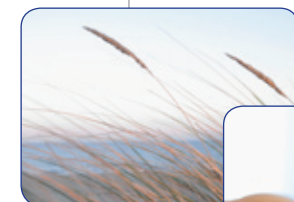


# Pursuing Sustainability



For more information on Avery Dennison's Sustainability effort, visit the Avery Dennison corporate website at [averydennison.com](http://averydennison.com)



# How We Pursue Sustainability



At Avery Dennison, our commitment is based on achieving business success through responsible social, environmental and economic practices that help build healthy communities where we operate all over the world.

## Principles To Activate Our Commitment

Our core values and operating principles form the foundation for Avery Dennison's sustainability actions and purpose.

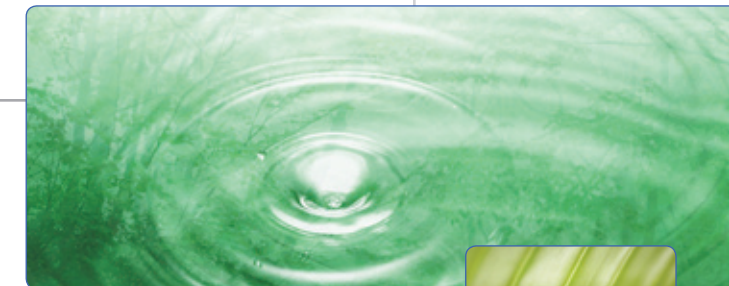


## Operating Principles

- Live by our core values and code of business conduct
- Protect the health and safety of our employees and communities
- Meet customer needs with innovative solutions that drive sustainable growth
- Provide our investors an attractive return on their investment
- Minimize environmental impacts through responsible manufacturing processes
- Invest in responsible community organizations to improve the quality of life

## To make sustainability integral to everything we do, we have set six global priorities:

- Activate more energy efficiency initiatives to lower our carbon footprint and greenhouse gas (GHG) emissions
- Manage waste reduction through regional assessments and identification of solutions
- Achieve responsible paper sourcing through supply chain collaboration, engagement with responsible forestry organizations and third-party chain of custody certification of operations
- Develop and offer innovative eco-friendly products
- Promote fair labor and safe factory operations by implementing global labor standards
- Meet community needs as a socially responsible company



## Key Company Facts

- Avery Dennison is a leading global manufacturer of pressure-sensitive labels, films, graphics, adhesives, tapes, office products, RFID inlays, and brand identification tags, tickets and packaging solutions.
- The company recorded \$6.3 billion in 2007 net sales.
- The company operates more than 200 manufacturing and sales facilities in 60 countries.
- With over 36,000 Avery Dennison employees worldwide, approximately 26,000 employees work outside of the United States.
- Company founder Stan Avery established a corporate culture of caring almost 75 years ago.
- Avery Dennison has a strong safety record with a current 1.0 employee injury rate which is five times lower than the comparable U.S. industry average.



# Advancing Environmental Stewardship

Our aim is to practice environmental stewardship that meets or exceeds regulatory standards in our operations, supply chain and products. We strive to manage and mitigate the environmental impact of our business activities by improving the energy efficiency of our processes, reducing wastes and emissions, increasing eco-friendly products and protecting our natural resources.

## Reducing Our Environmental Footprint

Continuous improvement is a fundamental component to our environmental performance. We have aggressively avoided the use of toxic chemicals and reduced solvent-based adhesives to less than 10% of sales, using instead environmentally preferred emulsion or hot melt formulations.

To understand the environmental impact of our business, we are implementing a qualitative life cycle analysis method (LCA) to evaluate our global operations. LCA results help us to focus on the most meaningful and relevant sustainability opportunities in each of our businesses.

### Our environmental footprint reduction objectives include:

- Reducing waste sent to landfill from our roll materials operations in North America by ten percent by 2009, compared to 2007 levels. Similar targets will be developed for our other global operations.
- Lowering global greenhouse gas emissions per dollar of revenue by 15 percent by 2015, compared to 2005 levels.
- Improving company-wide energy efficiency per dollar of revenue by ten percent by 2010, compared to 2007 levels.
- Establishing global air emission reduction goals by 2009. Setting the baseline for water use in our global operations for 2008.



## Addressing Climate Change and Greenhouse Gas Emissions

Leading scientists cite increasing evidence that climate change or global warming occurring over the last century is associated with rising greenhouse gas (GHG) emissions in the atmosphere. One major source of these emissions includes the combustion of fossil fuels. Avery Dennison understands the issue of climate change and participates in two programs that promote reduction of greenhouse gas emissions and carbon footprint.

The programs are Carbon Disclosure Project (CDP) and Business Roundtable's Climate RESOLVE (Responsible Environmental Steps, Opportunities to Lead by Voluntary Efforts) initiative.

A third-party, enterprise-wide GHG inventory project revealed that Avery Dennison's GHG emissions and associated energy usage are in the lower half of the growing list of companies reporting GHG emissions. In 2005, our global baseline GHG emissions equated to approximately 600,000 tons of carbon dioxide equivalents, or 0.6 Tg (teragrams) CO<sub>2</sub>e. For context, EPA reported the Greenhouse Gas Emissions of the U.S. economic "industry" sector at 2083.3 Tg CO<sub>2</sub>e in 2005.

## Creating Eco-friendly Business Solutions for Customers

Reducing our own environmental footprint is just part of the solution. Avery Dennison also offers eco-friendly products to help customers reduce their impact on the environment.

### Some examples of our eco-friendly products that our businesses around the world produce:

- Green ticket and tag product line with environmentally certified paper, organic cotton and recycled polyester printed fabric labels, organic and bamboo woven labels and biodegradable packaging materials
- Low waste pressure-sensitive products which use thinner liners, liner-less labels and a reduction of materials in packaging content
- Office Products materials made from 10-52% post-consumer waste contents, recyclable and PVC-free binders and other products with up to 100% recycled materials



## Assuring Product Integrity in Eco-friendly Manufacturing

To assure the integrity of our products, we work relentlessly to adhere to responsible business practices. Here are just some of the ways in which we demonstrate our commitment to product integrity every day.

**Chemical Controls:** We manage product integrity by engaging suppliers that conform to our Restricted Substances List (RSL). This guide outlines prohibited materials and chemical concentration limits in order to avoid health hazards, harm to the environment and/or a negative impact on the quality or performance of our products. We also identify chemicals that may become banned or restricted to ensure early compliance with the European REACH (Registration, Evaluation, and Authorization of Chemicals) regulation.

**Forest Stewardship Council (FSC) Certification:** We are pursuing FSC chain-of-custody (COC) certification for 42 of our operating plants by the end of 2008. Certification is already complete in 17 facilities in Asia and Europe, and the remaining sites



### New eco-friendly initiatives underway:

- New technology in a number of our plants converts manufacturing solvent waste into energy to power specific plant equipment, while also resulting in the elimination of 99% volatile organic compounds (VOC) emissions
- One million pounds of polyester waste from casting films are transformed into recycled, post-consumer products such as milk containers
- To reduce landfill waste, Roll Materials operations in North America and Europe partner with waste recycler companies to collect and recycle liner waste from our customers who use pressure-sensitive adhesive products.
- Avery Dennison is investigating the use of solar power at the factory level in parts of the world that have the technology and appropriate climate.

in the Americas, Europe and Asia are in the FSC alignment process. FSC certification guarantees that the paper or wood product comes from forests that are managed responsibly.

**Regulatory Compliance:** We incorporate regulatory requirements early in the product design process. This includes a review against a broad number of regulations, integrating key requirements such as:

- REACH
- WEEE, sets collection recycling and recovery targets to manage Waste of Electrical and Electronic Equipment
- US Consumer Product Safety Commission, which regulates more than 15,000 types of consumer products for safety risks.
- US Food and Drug Administration, which regulates human and veterinary drugs, biological products, medical devices, food supply and cosmetics.

# Demonstrating Social Responsibility

Our socially responsible actions are deeply embedded in a company culture of caring for almost 75 years. From responsible corporate citizenship and philanthropy to effective employee development and labor standards, Avery Dennison has a profound legacy of supporting employee and community well-being in developed markets as well as developing regions around the world.

Currently, through our philanthropic initiatives and partnerships, we promote environmental responsibility, health and safety, education, technology advancement and entrepreneurship.

## Building on a Legacy of Caring

- Customer collaborations in developing countries are underway to improve labor laws and health and safety standards to achieve workplace safety and social compliance.
- Aimed at instilling a global vision for the next generation of scientists, graduate student internship programs are sponsored at universities and colleges in Asia and India.
- Special catastrophe matching fund programs have been established to support disaster relief and reconstruction efforts throughout the world.
- Employee community teams in offices around the globe identify and implement giving and employee volunteerism opportunities on a local level.
- In North America, Avery Dennison is recognized as one of the leading corporate supporters of United Way.
- In Bangladesh, training programs are conducted to teach local village women cutting and sewing techniques to help them build confidence and encourage economic independence.
- Avery Dennison was selected as one of the 100 Best Corporate Citizens in 2007 by *CRO (Corporate Responsibility Officer)* magazine.



## Encouraging a Special Partnership for Sustainability

Avery Dennison is a sponsor and has acquired worldwide rights to supply all tags and woven labels for retailers participating in the Aid by Trade Foundation's Cotton Made in Africa Project. The project provides a means for African farmers to compete in the global marketplace and creates opportunities for sustainable cotton production in one of the poorest regions of the world.

## Promoting Fair Labor Practices Worldwide

Avery Dennison is committed to internationally accepted minimum standards for employment. We address fair compensation, non-discrimination, work hours and freedom of association for employees of our facilities. We do not tolerate child and forced labor. Our global supplier standards apply these same requirements on our critical suppliers. In addition, because employment norms vary across the globe, we are currently engaged with one of our major customers and Business for Social Responsibility in a pilot project in China to implement these standards and create sustainable change from otherwise customary practices.

# Engaging Shareholders

We recognize that being a viable enterprise creates opportunities to deliver positive contributions to sustainability and the communities where we operate around the world. To drive long-term shareholder value, we manage our business for revenue growth, productivity improvement and increased return on investment by practicing sound corporate governance and conducting business in an ethical and responsible manner.

## Creating Shareholder Value

The quality of our Company's strategy and leadership, as well as its business performance, is structured to capture opportunities and manage risks from economic, environmental and social developments. In addition, to create long-term shareholder value, we:

- Adhere to the highest standards of corporate governance and stakeholder engagement, including global corporate codes of conduct and public reporting
- Create innovative customer solutions that drive growth and create economic opportunities for communities where we operate and strong returns for shareholders
- Participate with specific investor-related reporting organizations that monitor and rate corporate sustainability performance, such as Sustainable Investment Research International Ltd and KLD Research & Analytics, Inc.