

Avery Dennison

SASB Index

Containers and Packaging
Apparel, Accessories and Footwear

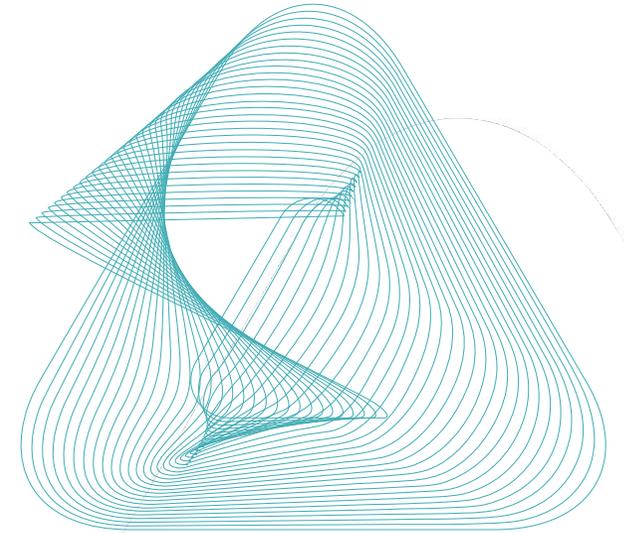
March 2021

The Sustainability Accounting Standards Board (SASB) categorizes Avery Dennison within its Containers & Packaging sub-sector, under its Sustainable Industry Classification System (SICS).

Our packaging-related reportable segment, Label and Graphic Materials (LGM), made up 68% of our total sales in 2020. LGM's materials enhance shelf and store appeal for brands, inform shoppers of ingredients, protect brand security, improve operational efficiency and customer product performance, and provide visual information that enhances safety.

Our Retail Branding and Information Solutions (RBIS) and Industrial and Healthcare Materials (IHM) segments made up 23% and 9% of total sales, respectively, in 2020. RBIS' products include RFID, brand embellishments, graphic tickets, woven and fabric labels, heat transfers, software, printers and consumables. Our IHM business provides tape products, fasteners and adhesive materials for both industrial and medical applications.

We chose to include SASB sector standards from the Containers & Packaging, Apparel, Accessories & Footwear and certain relevant Chemical indicators.



SASB Containers & Packaging Standard

Disclosure Topic and Accounting Metrics

Greenhouse Gas Emissions

		2017	2018	2019	2020	
RT-CP-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	537K	503K	474K	294K*	<p>We report GHG emissions as Scopes 1 and 2 combined.</p> <p>We measure market-based GHG emissions from our operations, which includes our purchase of renewable energy credits (RECs) to offset some of our electrical consumption from the grid. We measure overall GHG emissions to track progress against our 2025 GHG emission reduction target, but do not currently measure Scope 1 and 2 emissions separately. Data is available to calculate the portion of total GHG emissions that are Scope 1 (47% in 2020) and Scope 2 (53% in 2020), but it requires separate, manual calculations beyond of our data software capabilities at this time. GHG emissions are measured in metric tons (t) of carbon dioxide (CO₂) equivalent (e). Our 2019 location-based Scope 2 emissions are available in our 2020 CDP response.</p> <p>We do not currently report Scope 1 emissions covered by emissions-limiting regulations.</p> <p>CDP data for 2020 will be available once released by CDP in 2021.</p> <p>* 2020 data is as of September 30, 2020.</p> <p>CDP Climate Response Climate Policy</p>
	Total GHG Emissions (Scope 1+2)					
RT-CP-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets					<p>Our goal is to achieve at least a 3% absolute reduction of Scope 1 and 2 emissions year-over-year. Based on the 3% solution developed by the World Wildlife Fund, CDP and McKinsey & Company, we plan to cut emissions by at least 26% by 2025, which we have already exceeded. We implemented several initiatives in 2019 to reduce Scope 1 emissions and reported our progress in our most recent response to CDP Climate.</p> <p>In 2021, we advanced our strategy, with the goal of reducing our emissions by 70% and working with our supply chain to reduce Scope 3 emissions by 30% by 2030 - with an <u>ambition</u> of net zero by 2050.</p> <p>CDP Climate Response Climate Policy 2020 Integrated Report pg 15</p>

SASB Containers & Packaging Standard

Disclosure Topic and Accounting Metrics

Air Quality

RT-CP-120a.1	<p>Air emissions of the following pollutants:</p> <ul style="list-style-type: none"> (1) NOX (excluding N2O) (2) SOX (3) Volatile organic compounds (VOCs) (4) Particulate matter (PM) 	<p>Of our 217 facilities, as of December 31, 2020 only 57 - or 26% - produce air emissions such as nitrogen oxides (NOX), sulphur oxides (SOX), volatile organic compounds (VOCs) or particulate matter. Of our 132 manufacturing facilities, as of December 31, 2020 only 57 - or 43% - produce air emissions such as NOX, SOX, VOC's or particulate matter. This data includes our recently acquired Smartrac facilities.</p> <p>These non-GHG emissions, which are primarily VOCs, are measured based on local permit requirements. The resulting data is captured at the facility level and is not available at an enterprise level at this time.</p> <p>VOC emissions are tracked at the site level. Our VOC data is not available at the enterprise level at this time.</p>
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Energy Management

		2017	2018	2019	2020	
RT-CP-130a.1	(1) Total energy consumed	6,324K	6,262K	6,003K	4,340K*	<p>Total energy consumption is measured in gigajoules (GJ).</p> <p>* 2020 data is as of September 30, 2020.</p> <p>CDP Climate - Section C8.2a</p>
RT-CP-130a.1	(2) Percentage grid electricity	34%	35%	36%	36%*	<p>During 2020, 36% of our total energy consumption came from grid electricity.</p> <p>* 2020 data is as of September 30, 2020.</p> <p>CDP Climate - Section C8.2aC</p>
RT-CP-130a.1	(3) Percentage renewable	11%	12%	14%	19%*	<p>Though our current use of renewable energy is low compared to our overall energy consumption, we anticipate that it will increase due to our U.S. wind virtual power purchase agreement (vPPA) that began in June 24, 2020. In 2020 this vPPA generated 64,224 MWh during the calendar year towards our operations.</p> <p>* 2020 data is as of September 30, 2020.</p> <p>CDP Climate - Sections C3.1d and C8.2a 2020 Integrated Report pg 17</p>
RT-CP-130a.1	(4) Total self-generated energy					<p>We self-generate less than 1% of our total energy consumption, primarily through backup diesel generators, in Scope 1. In addition, certain facilities also operate windmills and solar panels that generate electricity for ourselves and the grid.</p>

SASB Containers & Packaging Standard

Disclosure Topic and Accounting Metrics

Water Management

		2017	2018	2019	2020	
RT-CP-140a.1	(1) Total water withdrawn (2) Total water consumed (3) Percentage of each in regions with High or Extremely High Baseline Water Stress	1)528	1) 579	1) 540	1) 331* 3) 47.6%*	<p>Water withdrawal is measured in millions of gallons. We currently do not track water consumption; however, we plan to start data collection in 2021. Water usage is relatively low in our direct operations.</p> <p>The World Resources Institute (WRI) Aqueduct Tool allows us to directly see by geography how many of our sites are in an area of water stress. We assess our sites annually and analyze the data based on risk level (extremely high, high, medium high, medium low, low).</p> <p>* 2020 data is as of September 30, 2020.</p>
RT-CP-140a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks					<p>Despite analyzing our water consumption and determining we use a relatively insignificant amount in our direct operations, we believe we have a commitment and responsibility to reduce our environmental impact wherever possible. Therefore, when we set our 2030 sustainability goals, we included water. We have committed to delivering a 15% increase in water efficiency at our sites that are located in high or extremely high risk countries as identified in the WRI Aqueduct Tool.</p> <p>Accordingly, we conduct an annual water assessment using the WRI Aqueduct Tool to determine site-specific priorities and opportunities. Water data from our global facilities is collected and analyzed based on Aqueduct Risk Level. Sites in geographical areas determined by the assessment to have an extremely high or high water risk level are prioritized for potential projects. Please read more in our Water Policy.</p>
RT-CP-140a.3	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	0	3	1	0	<p>In 2019, we had one incident of exceeding our discharge permit, which occurred at our Peachtree, GA facility. We exceeded the permit limit for Chemical Oxygen Demand, meaning the amount of oxidizing agent needed to fully oxidize the organic compounds in the wastewater into carbon dioxide was slightly higher than allowed by our permit. The limit was 1,500 mg/liter, and our water discharge was found to contain 1,520 mg/l. The discharge was re-tested and found to be in compliance.</p>

SASB Containers & Packaging Standard

Disclosure Topic and Accounting Metrics

Waste Management

		2017	2018	2019	2020	
RT-CP-150a.1	Amount of hazardous waste generated; percentage recycled	17K 14%	16K; 17%	18K; 23%	12K*; 25%*	<p>By 2025, our goal is for our operations to be 95% landfill-free, with 75% of our waste reused, repurposed or recycled. Each site must set waste reduction goals based on its waste generation and corporate or divisional goals. In 2021 we increased our goal, so that by 2030 we plan to divert 95% of our waste from landfills, with a minimum of 80% waste recycled and the remainder either reused, composted or sent to energy recovery.</p> <p>We have made public commitments to reduce waste as part of our sustainability goals. The strategy and targets to reduce hazardous waste are encompassed within our broader waste reduction plan. During 2021, we plan on publicly disclosing a waste reduction policy. Chemical waste and contaminated materials must be handled in accordance with Global Standard 3.01-Waste Management.</p> <p>Hazardous waste is measured in metric tons (t) and by percentage recycled. 2020 data includes our recently acquired Smartrac facilities.</p> <p>* 2020 data is as of September 30, 2020.</p> <p>2020 Integrated Report pg 15</p>

Product Safety

RT-CP-250a.1	Number of recalls issued, total units recalled	0 0	0 0	0 0	0 0	We have not issued any product recalls from 2017 - 2020.
RT-CP-250a.2	Discussion of process to identify and manage emerging materials and chemicals of concern					<p>We implemented a “Regulatory Early Warning System” that uses a comprehensive approach to identify and track new developments globally in product and chemical regulations, safety and environmental impacts.</p> <p>This system tracks issues regarding emerging and ongoing chemicals of concern and their use in products and manufacturing, as well as notification of affected stakeholders in our company to allow early and effective issue response and management.</p>

SASB Containers & Packaging Standard

Disclosure Topic and Accounting Metrics

Product Lifecycle Management

		2018	2019	2020	
RT-CP-410a.1	Percentage of raw materials from (1) recycled content, (2) renewable resources, and (3) renewable and recycled content			83% FSC Face paper 51% FSC Total paper	In 2020, 83% of the face paper and 51% of total paper is sourced with Forest Stewardship Council (FSC) certifications. We currently track materials with recycled content and renewable resources and both renewable and recycled content, which we aim to publicly disclose in 2022. 2020 Integrated Report pg 14
RT-CP-410a.2	Revenue from products that are reusable, recyclable, and/or compostable; or products designed for use-phase resource efficiency	LGM: \$1.6B RBIS: \$0.6B	LGM: \$1.9B RBIS: \$0.7B	LGM: \$2.1B RBIS: \$0.7B	Our ClearIntent™ Portfolio consists of products that help our customers and their end users reduce materials consumption; shrink their environmental footprint; and support safety, fairness and human rights. In 2020, we determined that at least 44% and 55% of our LGM and RBIS business' revenues, respectively, were from products that are responsibly sourced, enable recyclability, contain recycled content or use less material without compromising performance. Read more in our Integrated Report. 2020 Integrated Report pg 16 CleanFlake Overview APR Recognition for HDPE Recycling
RT-CP-410a.3	Discussion of strategies to reduce the environmental impact of packaging throughout its life-cycle				Our ClearIntent portfolio is defined products that reduce overall environmental impact, including of products with reduced material weight, that are responsibly sourced, use recycled content and are compatible with environmentally efficient end-of-life processes, such as packaging reuse, compostability and recyclability. We are increasing recyclability with labeling products that enable recyclability of polyethylene terephthalate (PET) and high-density polyethylene (HDPE) containers. In August 2020, we received APR recognition for labeling materials to enable recycling of HDPE containers. We are also introducing recycled content into our labeling facestocks and liners, rPET, rPP and rPE. APR Recognition for HDPE Recycling

Supply Chain Management

RT-CP-430a.1	Total wood fiber procured, percentage from certified from sources				We do not procure wood fibers directly. Our annual reporting and this disclosure document provides information on certified sources of paper, as does our CDP reporting. In 2021, we increased our sustainability commitments, so that by 2030 we will source 100% certified paper from certified sources, focused on a deforestation-free future. We disclose the percentage of purchased paper that is certified and the total volume of paper purchased in metric tons in our annual CDP reporting. Responsible Paper Procurement Policy CDP Forests Response 2020 Integrated Report pg 14
RT-CP-430a.2	Total aluminum purchased, percentage from certified sources		619 6%	770 45%	We procure a small amount of aluminum directly. 2019 data was prior to our Smartrac acquisition; however, the 2020 reported data includes Smartrac. In 2020, 45% of aluminium was procured from sources certified by the Aluminum Stewardship Initiative, or an equivalent standard. Unit of measure is ton.

SASB Apparel, Accessories and Footwear

Disclosure Topic and Accounting Metric

Management of Chemicals in Products

CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	Our product compliance teams, in each business unit and at the corporate level, regularly monitor regulations and other developments applicable to our products. Monitoring is done through subscriptions to different government agencies such as EUROPA/CPSC, industry groups, and regulatory and chemical tracking and management service providers (AAFA, C2P, chemical watch, Yordas Hive). We notify affected stakeholders in our company when relevant developments occur to implement appropriate actions.
CG-AA-250a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	<p>We implemented RSL programs company-wide and within business units which identify and restrict chemicals of concern. To assess and manage risks from these chemicals, we work with our suppliers and product development teams to identify and reduce chemicals of concern wherever feasible in our products. We also implemented a strict assessment and approval process to minimize or avoid chemicals of concern in new products.</p> <p>Our RBIS reportable segment maintains an RSL and M-RSL encompassing additional legal requirements from regulations (REACH, CPSIA, RoHS, Cal Prop 65), industry standards (Oeko-tex, ZDHC MRSL, AAFA RSL, AFIRM RSL) and customer standards in the apparel and footwear industry. RBIS requires all suppliers to certify that materials they supply to us meet our RSL requirements. In 2020, RBIS conducted over 2,226 tests of raw materials and products to confirm compliance with its RSL.</p>

Raw Materials Sourcing

CG-AA-440a.1	Description of environmental and social risks associated with sourcing priority raw materials	<p>While we are a member of the SAC, we do not utilize its HIGG BRM, as it is not relevant for the products we produce.</p> <p>We have strong raw material sourcing guidelines. These standards include publicly posted supplier standards and clear sourcing guidelines, including our Responsible Paper Procurement Policy. Avery Dennison RBIS Apparel has 76% of its manufacturing, distribution or fast response facilities FSC-certified.</p> <p>For yarn-based materials, Avery Dennison RBIS Apparel prefers Global Recycle Standard (GRS) yarn, and has certified 36% of manufacturing, distribution or fast response units.</p>
CG-AA-440a.2	Percentage of raw materials third-party certified to an environmental and/or social sustainability standard, by standard	<p>Avery Dennison RBIS Apparel has a strong commitment to make sustainable products. Within our most commonly used raw materials, certifications such as FSC, GRS and Oeko-tex are commonplace.</p> <p>This category includes 76% of our manufacturing, distribution or fast response facilities with FSC certification, 36% with GRS certification and 50% with Oeko-tex certification.</p>

SASB Apparel, Accessories and Footwear

Disclosure Topic and Accounting Metrics

Environmental Impacts in the Supply Chain

		2019	2020	
CG-AA-430a.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement	1)100%	1)100%	<p>Avery Dennison RBIS joined the SAC in 2012 as the first solutions provider in the network. According to SAC criteria, we consider our manufacturing facilities as Tier 1 factories.</p> <p>In 2019, we implemented a full manufacturing restricted substance list (M-RSL) according to the Zero Discharge of Hazardous Chemicals (ZDHC) Program's restricted substance list. Our M-RSL is implemented across our entire supply chain.</p> <p>We monitor wastewater quality at owned manufacturing facilities. 100% of our manufacturing facilities comply with wastewater discharge permits and/or contractual agreements. We conduct regular tests according to ZDHC wastewater guidelines. We disclose results from three key manufacturing facilities on public platforms including ZDHC Gateway and IPE. In 2020, these three manufacturing facilities produced approximately 45% of Avery Dennison RBIS Apparel's global product.</p> <p>We do not currently track wastewater compliance of suppliers. We require suppliers to comply with the M-RSL requirement, which restricts harmful substances and chemicals used in our manufacturing facilities.</p>
CG-AA-430a.2	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment.		1) 61%	<p>Avery Dennison RBIS joined the SAC in 2012 as the first solutions provider in the network. According to SAC criteria, we consider our manufacturing facilities as Tier 1 factories.</p> <p>In 2017, Avery Dennison RBIS implemented HIGG FEM audits of major manufacturing facilities. HIGG FEM audits are third-party verified and posted in the HIGG platform. Because of its recent relocation, one RBIS site in Pakistan was not third-party verified.</p> <p>In 2020, Avery Dennison RBIS Apparel conducted 19 HIGG FEM audits, which validate 2019 data. This represents 61% of its manufacturing facilities.</p> <p>In 2021, Avery Dennison RBIS will be piloting the use of HIGG FEM audits into the supply chain with key outsource partners.</p>

SASB Apparel, Accessories and Footwear

Disclosure Topic and Accounting Metrics

Labor Impacts in the Supply Chain

		2019	2020	
CG-AA-430b.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	1) 90% 2) 46% 3) 100%	1) 83% 2) 66% 3) 100%	During 2020, our RBIS reportable segment completed 144 social audits across our own manufacturing facilities and 259 across those of our outsource partners. These audits were all conducted by third-party auditors.
CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conducted audits			<p>In 2020, Avery Dennison RBIS Apparel undertook 403 social audits, including 144 at our owned facilities (defined as Tier 1) and 259 at outsource partner facilities.</p> <p>An external expert completes each audit, and findings are classified according to their risk and material impact. These classifications range from zero tolerance issues, immediate action and critical action. Each finding generates a corrective action plan. All corrective action plans are time bound with clear owners.</p> <p>We have implemented a governance process to oversee the closure of all actions within the time period required by corrective action plans.</p>
CG-AA-430b.3	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain			Through our supplier audits, we've found our greatest risks are related to working hours, occupational health and safety, and documentation regarding environmental assessments and certifications. When we find violations, they are promptly addressed through our remediation process.

SASB Activity Metrics

Activity Metrics

Containers and Packaging

		2017	2018	2019	2020	
RT-CP-000.A	Amount of production, by substrate	637	660	581	590	Production of film materials in million square meters (MSQM)
RT-CP-000.B	Percentage of production as: paper/wood and plastic					For our combined LGM and IHM reportable segments, raw material costs represented ~50% of net sales in 2020. ~45% of that spend was tied to speciality paper-based materials, ~25-30% was tied to plastic films and resins for films that we manufacture ourselves, and the majority of the balance was tied to adhesives and other chemicals.
RT-CP-000.C	Number of employees	30,276	32,014	32,738	32,086	The 2020 employee number includes our recently acquired employees from Smartrac.

Apparel, Accessories and Footwear

CG-AA-000.A	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1					<p>Avery Dennison RBIS joined the SAC in 2012 as the first solutions provider in the network. According to SAC criteria, we consider our manufacturing facilities as Tier 1 factories.</p> <p>Avery Dennison RBIS does not directly use the Brand Retail Model (BRM) and is not a producer of finished manufactured goods.</p> <p>For 2020, Avery Dennison RBIS operated in 42 manufacturing, distribution or fast response unit locations, as well as using 298 outsource suppliers.</p>
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Definitions

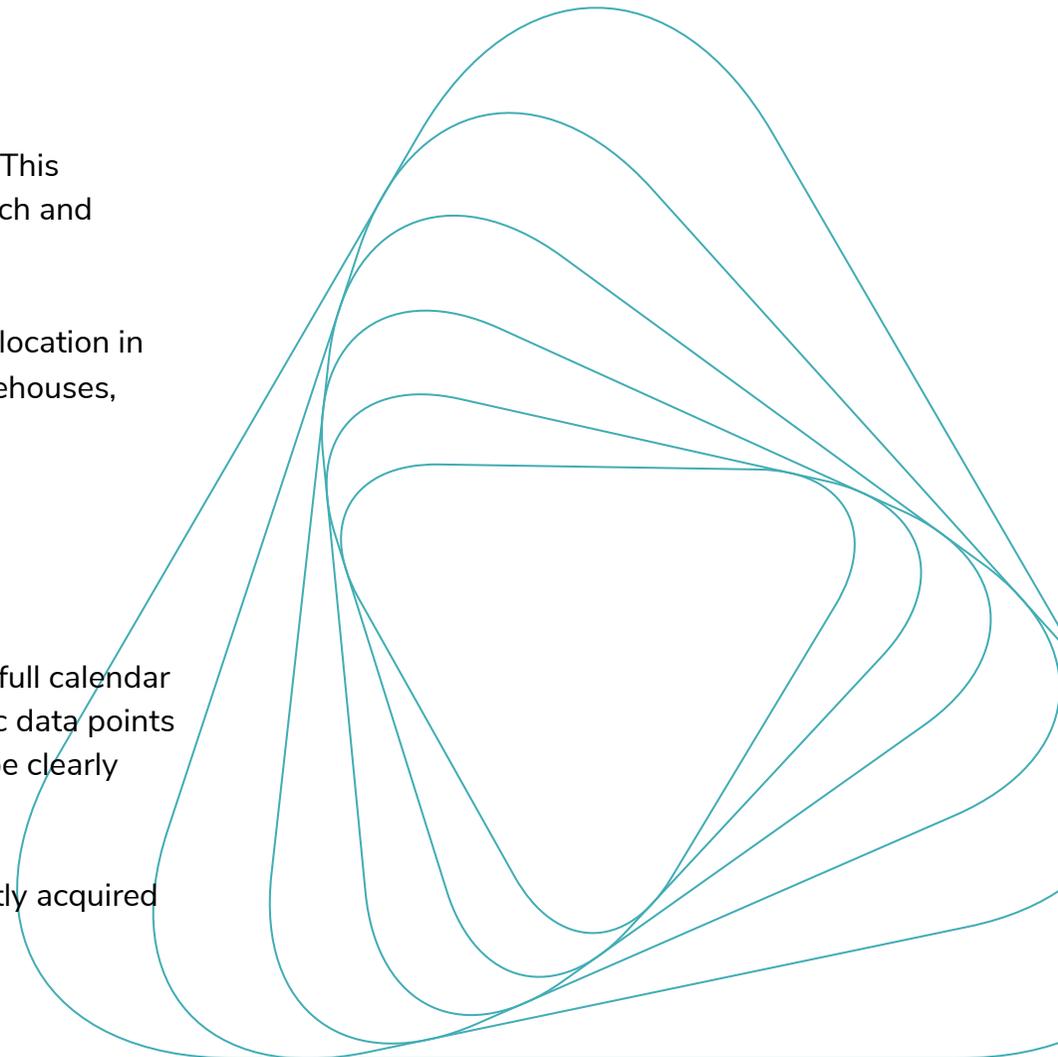
Facility: Avery Dennison uses the term “facility” to describe any location which we own or lease. This designation includes all locations, including manufacturing, distribution centers/converters, research and development, warehouses, fast response units or office locations.

Manufacturing Facilities: Avery Dennison uses the term “manufacturing facility” to describe any location in which products are manufactured. This designation excludes converters/distribution centers, warehouses, research/development centers and fast response units.

Scope

Unless specifically stated, this download covers acquired businesses that have been owned for a full calendar year. Any indicators that include Smartrac data will so specify. Owing to data availability, specific data points and indicators on certain topics only show partial-year data. In these cases, the time period will be clearly indicated, and the full year data will be provided after it becomes available.

This document does not include employee data for Yongle Tapes, or any information on the recently acquired ACPO.





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