Avery Dennison Corporation - Climate Change 2021

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Avery Dennison Corporation (NYSE: AVY) is a global materials science and manufacturing company specializing in the design and manufacture of a wide variety of labeling and functional materials. The company's products, which are used in nearly every major industry, include pressure-sensitive materials for labels and graphic applications; tapes and other bonding solutions for industrial, medical, and retail applications; tags, labels and embellishments for apparel; and radio frequency identification (RFID) solutions serving retail apparel and other markets. Headquartered in Glendale, California, the company employs more than 32,000 employees in more than 50 countries. As of January 2, 2021, we operated approximately 190 manufacturing and distribution facilities worldwide. Our reportable segments for fiscal year 2020 were (i) Label and Graphic Materials ("LGM"); (ii) Retail Branding and Information Solutions ("RBIS"); and (iii) Industrial and Healthcare Materials ("IHM"). Reported sales in 2020 were $7.0 billion. In 2020, the LGM, RBIS, and IHM segments comprised approximately 68%, 23% and 9%, respectively, of our reported sales.

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

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	January 1 2020	December 31 2020	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

Argentina
Australia
Bangladesh
Belgium
Brazil
Bulgaria
Canada
Chile
China
China, Hong Kong Special Administrative Region
Colombia
Czechia
Denmark
Dominican Republic
Egypt
El Salvador
France
Germany
Honduras
India
Indonesia
Ireland
Italy
Japan
Luxembourg
Malaysia
Mexico
Morocco
Netherlands
New Zealand
Norway
Pakistan
Peru
Poland
Portugal
Republic of Korea
Romania
Singapore
South Africa
Spain
Sri Lanka
Switzerland
Taiwan, Greater China
Turkey
United Arab Emirates
United Kingdom of Great Britain and Northern Ireland
United States of America
Viet Nam

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-AC0.6/C-FB0.6/C-PF0.6

(C-AC0.6/C-FB0.6/C-PF0.6) Are emissions from agricultural/forestry, processing/manufacturing, distribution activities or emissions from the consumption of your products – whether in your direct operations or in other parts of your value chain – relevant to your current CDP climate change disclosure?

	Relevance
Agriculture/Forestry	Elsewhere in the value chain only [Agriculture/Forestry/processing/manufacturing/Distribution only]
Processing/Manufacturing	Both direct operations and elsewhere in the value chain [Processing/manufacturing/Distribution only]
Distribution	Both direct operations and elsewhere in the value chain [Processing/manufacturing/Distribution only]
Consumption	Yes [Consumption only]

C-AC0.6b/C-FB0.6b/C-PF0.6b

(C-AC0.6b/C-FB0.6b/C-PF0.6b) Why are emissions from agricultural/forestry activities undertaken on your own land not relevant to your current CDP climate change disclosure?

Row 1

Primary reason
Do not own/manage land

Please explain
Avery Dennison works with suppliers and does not own or manage its own land.

C-AC0.7/C-FB0.7/C-PF0.7

(C-AC0.7/C-FB0.7/C-PF0.7) Which agricultural commodity(ies) that your organization produces and/or sources are the most significant to your business by revenue? Select up to five.

Agricultural commodity
Timber

% of revenue dependent on this agricultural commodity
60-80%

Produced or sourced
Sourced

Please explain
The company's products include pressure-sensitive materials for labels and graphic applications; tapes and other bonding solutions for industrial, medical and retail applications; tags, labels. This is reflected in the high percentage of timber-based products related to revenue. This timber-based material is sourced from paper manufacturers, as Avery Dennison does not produce its own material.

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?
Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	Board oversight over environmental sustainability is primarily conducted by the Governance Committee, which receives a report from management on sustainability topics at least once a year. The Committee discusses environmental sustainability topics at committee meetings. The Committee is responsible for reviewing and providing oversight over key environmental sustainability initiatives, policies, and programs, including water-related issues and other environmental matters of interest to our stakeholders. This includes reviewing with management the impact of the business operations and practices with respect to matters of environmental sustainability. The Committee is also responsible for reviewing the shareholder engagement process, results, and feedback with respect to environmental sustainability and recommendations to the Board, as appropriate. In addition, our full Board engages business leaders on their sustainability initiatives during its regular review of business strategies. Our business has seen an increased focus on sustainable packaging and changing market conditions and consumer preferences. Our Board determined it was a strategic priority to ensure we are well-positioned to meet the increasing need and demand for more sustainable products. In July and December 2020, our Board held strategy sessions focused on environmental sustainability and our innovation efforts. We reinvigorated our innovation program, including assessing and addressing risks related to investment in disruptive technologies. We continued to invest in innovation platforms focused on recyclability and enabling circularity and waste reduction and elimination. For example, our Circularity platform is investigating projects that increase material recyclability and the use of recycled content across the industries we serve. Solutions that advance the circular economy support greenhouse gas emissions reductions across our value chain and enable the climate-related and sustainability goals of our value chain partners.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding risk management policies Setting performance objectives Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climate-related issues	<Not Applicable>	The Governance Committee of our Board of Directors discusses environmental sustainability topics, which may include climate-related issues, at committee meetings. The Governance Committee also receives a report from management at least once a year on sustainability performance. Our full board engages with business leaders on their sustainability initiatives during its regular review of their business strategies. The Board is responsible for overseeing our enterprise risk management (ERM) program. The teams leading our businesses have incorporated ERM into developing and executing their strategies, assessing the risks impacting their businesses, and identifying and implementing appropriate mitigating actions on an ongoing basis. In addition, in consultation with our Chief Compliance Officer and senior management, these teams semiannually prepare a risk profile consisting of a heat map and a summary of their key risks and mitigating strategies, which are used to prepare a company risk profile based on identified business-specific risks. As part of the ERM process, we included sustainability trends and environmental regulation as a standalone risk. We consider additional climate topics as amplifiers of existing risks. In 2015, we established our 2025 sustainability goals to improve the sustainability of our products and processes and create value for all our stakeholders. In the first five years of the 10-year horizon for our 2025 sustainability goals, we made meaningful progress towards these goals. We believed it was important to establish another set of ambitious targets aligned with our business strategy and stakeholder priorities. Our Sustainability Council and Corporate Leadership team, including our Board Chair and CEO, worked together to develop 2030 goals that exemplify our strategy to lead in an environmentally responsible manner and leverage the capabilities of our company when we collaborate with our suppliers and customers. We established our goal to, by 2030, reduce our Scope 1 and 2 GHG emissions by 70% from our 2015 baseline and work with our supply chain to reduce our 2018 baseline Scope 3 GHG emissions by 30% - with an ambition of net zero by 2050.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	More frequently than quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

Our CEO serves as the Chairman of the Board of Directors and provides strategic guidance and direction to ensure that we continue to make meaningful progress on sustainability. The CEO is directly involved in all sustainability actions through strategic guidance and direction, given their material impact on the company. As such, a portion of our CEO's 2020 incentive award was 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 and 2030 sustainability goals. The Sustainability Council is responsible for and 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, including our CEO, quarterly. Through this process, we complete a quarterly sustainability scorecard which is annually provided to the Board for review of progress towards our 2025 and 2030 goals. Annually, members of the Sustainability Council present sustainability trends and our sustainability strategic plan to the Company Leadership team, which includes our CEO. Our 2025 sustainability goals include a 3% absolute reduction year-over-year and at least a 26% overall reduction, compared to our 2015 baseline, by 2025. In the first five years of the 10-year horizon for our 2025 sustainability goals, we made meaningful progress towards these goals. We believed it was important to establish another set of ambitious targets aligned with our business strategy and stakeholder priorities. In 2020, our Sustainability Council and Corporate Leadership team, including our Board Chair and CEO, worked together to develop 2030 goals that exemplify our strategy to lead in an environmentally responsible manner and leverage the capabilities of our company when we collaborate with our suppliers and customers. We developed our goals following the completion of our Materiality Assessment refresh, conducted in 2020. Our goals align with those topics that the determined to be the most important to our business and our stakeholders including GHG Emissions and Energy Use, Climate Resilience, Water Use, Materials Management, and Advancing the Circular Economy. We established our goal to, by 2030, reduce our Scope 1 and 2 GHG emissions by 70% from our 2015 baseline and work with our supply chain to reduce our 2018 baseline Scope 3 GHG emissions by 30% - with an ambition of net zero by 2050.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Chief Executive Officer (CEO)	Monetary reward	Emissions reduction target	Our CEO's compensation is determined by performance against annual strategic objectives. The Talent and Compensation Committee of our Board of Directors evaluates our CEO's performance against the CEO's predetermined strategic objectives. One of these strategic objectives is Innovation/Progress Toward Sustainability Goals. 20% of our CEO's 2020 incentive award, was tied to the Compensation Committee's evaluation of the CEO's annual performance toward Innovation/Progress Toward Sustainability Goals.
Energy manager	Monetary reward	Emissions reduction project Energy reduction project	Environmental/Sustainability managers have overall accountability for ensuring public reduction targets are met.
Environment/Sustainability manager	Monetary reward	Emissions reduction project	Each plant manager has strategic plans that include a number of key initiatives of which greenhouse gas reduction is one. Overall performance is measured against these key targets.
Facilities manager	Monetary reward	Emissions reduction project	Each plant manager has strategic plans that include a number of key initiatives of which greenhouse gas reduction is one. Overall performance is measured against these key targets.
All employees	Monetary reward	Emissions reduction project Energy reduction project Efficiency project	Performance-based annual Avery Dennison "Thank You" awards for activities such as sustainable product development and implementing projects with increased efficiency that lead to significant energy savings and progress towards emissions reductions.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	1	
Medium-term	1	5	This covers our near-term time horizon which is 1 to 3 years and our medium-term horizon which is 3 to 5 years.
Long-term	5	10	

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Avery Dennison defines substantive change as impacts on revenue, stakeholders and costs both on availability of purchased goods. Risks are categorized as low, medium, or high based on net income impact and likelihood. Overall, Avery Dennison measures inherent risk using the following annual thresholds: low risk is under $10 million, medium risk is $10 million to $40 million, and high risk is above $40 million.

Through our risk identification process, we evaluate climate risks as standalone risks and also as part of broader risks, such as economic stability, and one of the risks we consider to have a substantive impact is the risk of climate change and sustainability.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations
Upstream
Downstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
Avery Dennison's process for identifying, assessing and responding to climate-related risks and opportunities is integrated into our Enterprise Risk Management (ERM) process. Our Board of Directors (Board) is responsible for overseeing this process while management is responsible for the management of the day-to-day risks our businesses face. Our Board is responsible for ensuring that the ERM processes designed and implemented by management are functioning effectively, and that our culture promotes risk-adjusted decision-making. Each year, our Board receives reports on the ERM process and the strategic plans and risks facing our businesses and company as a whole. These risks include financial risks, geopolitical risks, legal and regulatory risks, supply chain risks, competitive risks, information technology risks, and other risks related to the ways in which we do business. The teams leading our businesses have incorporated ERM into developing and executing their strategies, assessing the risks impacting their businesses, and identifying and implementing appropriate mitigation strategies on an ongoing basis. In consultation with our head of risk management and members of senior management, our businesses' leadership teams prepare a risk profile semi-annually, consisting of a heat map and a summary of their key risks and mitigating strategies. Climate risks are evaluated as standalone risks and are also a part of broader risks, such as economic stability. Each is ranked by the intersection of net income and likelihood, and materiality thresholds vary by business unit. These risk profiles are used to prepare a company risk profile based on identified business-specific risks as well as enterprise-wide risks. We prioritize risks that have the potential for substantive financial or strategic impact. Our annual long-term strategic planning process feeds into our ERM process. The teams that lead our businesses and various risk areas present strategic plans to our company leadership team identifying risks, opportunities, and long-term trends. Our CEO uses the process to inform the enterprise's strategic plan and discusses outcomes, risks, opportunities, and mitigation measures with the Board. Our head of risk management ties the strategic plans developed during this process into our ERM process. Transition case study: Avery Dennison has identified changing consumer preference as a transition, market risk with the potential to cause substantive financial impact since our label materials are sold for use in plastic packaging in the food, beverage, and home and personal care market segments. In recent years, there has been an accelerated focus on sustainability, with greater consumer concern regarding climate change and single-use plastics, corporate commitments regarding the reuse and recyclability of plastic packaging and recycled content, and increased regulation across multiple geographies regarding the collection, recycling and use of recycled content. We are closely monitoring changes in consumer preferences or laws and regulations related to the use of plastics could reduce demand for our products. To mitigate this risk, we have developed new products to advance the circular economy and address the need for increased recyclability of plastic packaging, and are developing new solutions to address this challenge in collaboration with our customers and the businesses in our supply chain. Physical case study: It is important for us to obtain timely delivery of materials, equipment, and other resources from suppliers, and to make timely delivery to customers. We may experience supply chain interruptions due to natural and other disasters or other events. Any disruption to our supply chain could have a material adverse effect on our sales and profitability, and any sustained interruption in our receipt of adequate supplies could have a material adverse effect on our business so we are continually monitoring for these climate impacts. Our performance depends in part on our ability to re-engineer our products.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Avery Dennison considers current regulatory risks to be relevant to our business, primarily due to the potential impact they could have on our operations as well as customer demand for our products. As a corporation with global operations, we are subject to various national, state, provincial and/or local laws and regulations including those related to the emission of greenhouse gases and packaging and recycled content regulations. These include limits on greenhouse gas emissions, greenhouse gas reporting requirements, recycled content requirements, and end of life recyclability criteria. Failure to comply with or the cost required to comply with current regulation could adversely affect our business or reputation. Our business units are responsible for continuing to evaluate current regulations and identify ways to mitigate regulatory risks. Example: We are located in areas around the world that are subject to emissions trading schemes and regulation of carbon pricing. We have one facility that emits over 25,000MT of Scope 1 greenhouse gas emissions in a year, which is typically the threshold for these programs. We continue to track and monitor the evolution of these programs. In the European Union, we are using offsets and green certifications to comply with regulation.
Emerging regulation	Relevant, always included	We consider emerging regulations to be relevant to our business, primarily due to the potential impact they could have on our operations as well as customer demand for our products. As a corporation with global operations, we are subject to various national, state, provincial and/or local laws and regulations including limits on GHG emissions, GHG reporting requirements, recycled content requirements, and end of life recyclability criteria. Failure to comply with or the cost required to comply with future regulation could adversely affect our business or reputation. Our business units are responsible for monitoring the global regulatory landscape to ensure that they are adjusting their strategies and implementing mitigating measures as appropriate to proactively address potential regulations that are likely to be implemented. The Avery Dennison Product Regulation “Early Warning” System tracks and alerts stakeholders of regulatory developments that may impact our businesses. To monitor emerging regulations, we track regulatory news in 120 countries and expert analysis to stay abreast of product related regulatory developments. Designated individuals in our business units are notified as events occur within their area of expertise and are responsible for assessing the potential impact and relevance to Avery Dennison. For example, our Early Warning System alerted us in 2015 that certain chemicals in our adhesives would become banned in the EU in 2021. By learning that this was coming almost two years before it became official, we were able to take a structured approach to find and implement alternatives with virtually no impact on our operations, performance, or customers. Example: We are continually monitoring regulation and considering the direction that this might evolve. As regulation is developing quickly in China and in the European Union, offsets used for facilities in these countries may not be acceptable in the future and we will need to continue to adapt our plans to meet our targets. Within regions of China where Avery Dennison operates, stricter environmental regulations are being proposed that would significantly impact our facilities. The regulations are targeting a reduction in volatile organic compounds from industrial operations. Due to our global policies and procedures, our facilities in China are below the limits of the regulations that have come into effect in the relevant provinces but we continue to monitor emerging regulations.
Technology	Relevant, sometimes included	We consider technology risks such as the minimization or removal of labelling and concerns with single use items including plastics. This is a key risk since we are a global leader in providing packaging and labelling solutions and recycling technologies are driving the ability to reuse our products including our pressure sensitive labels. Currently, we are focusing our efforts to meet regulatory needs and monitoring the evolution of recycling technologies. We track the evolution of these megatrends through our Enterprise Risk Management process and ongoing strategy assessment to anticipate changes. One area where technology and regulations are changing, is around the recyclability of products. Example: As customer preferences change, with greater concern regarding climate change and single-use plastics, we must provide sustainable products that are recyclable under existing and emerging technologies. We have established a goal to have 70% of the products we sell will conform to, or will enable end products to conform to, our sustainability principles. The Avery Dennison Sustainable Advantage Portfolio offers customers products that meet at least one of our three sustainability standards -Responsible Sourcing: content is verified to come from sustainably sourced materials; - Reduction of Materials: offers comparable or superior performance using less materials; or - Recycle: content is recyclable, made of recycled content, or enables recycling. We apply concrete, measurable criteria to ensure that products meet these standards. By increasing the recyclability of our products, increasing the use of recycled content, and reducing the amount of material used to manufacture our products, we can reduce the carbon footprint of our products. Better insights from a product standpoint will help us identify and address technology risks associated with our products.
Legal	Relevant, sometimes included	We consider the laws of all the countries in which we do business in developing our business strategies and in the ways in which we are seeking to mitigate the risk of climate change. Since we are not emissions intensive as compared to other sectors, we have limited risks from our direct operations. For example, we experience limited coverage under emerging emissions trading schemes since our facility emissions are generally under the threshold for inclusion. In addition, we implement measures that comply with local laws as we seek to reduce our own emissions, and in developing products that have a lower carbon footprint downstream.
Market	Relevant, always included	Our business may be impacted by market changes including changing customer preferences. In recent years, there has been an accelerated focus on sustainability, with greater consumer concern regarding climate change and single-use plastics, corporate commitments regarding the reuse and recyclability of plastic packaging and recycled content, and increased regulation across multiple geographies regarding the collection, recycling and use of recycled content. We are at risk that changes in consumer preferences related to the use of plastics could reduce demand for our products. Specifically, the transition to a circular economy indicates we will have to take responsibility for the waste associated with our matrix and liners or our current materials could be banned. Example: We currently use a lifecycle analysis tool we have developed to understand opportunities for reducing our carbon footprint. In addition, with support from the Carbon Trust, we are working to create a new tool that will enable us to capture our holistic carbon picture. This tool will provide specific carbon emissions information for our products based on their region of production, raw material sourcing, and different end-of-life scenarios. We plan to fully launch this tool in 2022. The tool will provide a better product standpoint to help us identify and address market risks associated with our products. For example, in 2019, we introduced a number of recycled-content products, including the first recycled liner solutions for both film and paper. Our recycled PET (rPET) liner uses 30% post-consumer waste and our rBG liner contains 15% post-consumer waste. These products cost the same as conventional liners and deliver the same ease of conversion and smooth dispensing, while offering reduction in water use, energy, and greenhouse gas emissions.
Reputation	Relevant, sometimes included	Maintaining our reputation as an ethical business is at the core of everything we do. The impact of our actions is a central tenet of our risk assessments, including how our actions affect our reputation. In recent years, there has been an accelerated focus on sustainability and transparency in reporting, with greater consumer concern regarding climate change and single-use plastics. During 2020, we conducted a comprehensive materiality assessment to understand stakeholder expectations and determine our most material sustainability topics. Greenhouse Gas Emissions and Energy Use and Climate Resilience were determined to be topics of significance. In managing our reputational risk around this topic, we are committed to reporting annually on our progress and performance toward our Greenhouse Gas Emissions and Energy Use targets. Example: In an effort to mitigate our reputational risk around sustainability topics, including climate change, we increased our R&D and Marketing communication focus on our innovations that enable recycling and advance the circular economy, in particular products lines like CleanFlake and ThinkThin. In addition, through our RFID and Intelligent Label platforms, we allow consumers to talk about sustainability as part of their story. By providing our customers with assurance and information of our sustainable products, we can better market these products and mitigate risks associated with developing new technologies.
Acute physical	Relevant, sometimes included	It is important for us to obtain timely delivery of materials, equipment, and other resources from suppliers, and to make timely delivery to customers. We may experience supply chain interruptions due to acute risks such as natural and other disasters or other events. Any disruption to our supply chain could have a material adverse effect on our sales and profitability, and any sustained interruption in our receipt of adequate supplies could have a material adverse effect on our business so we are continually monitoring for these climate impacts. Our performance depends in part on our ability to re-engineer our products. Example: We use WRI Aqueduct to assess water risks including the physical risks quantity, including interannual variability, seasonal variability, and drought risk at each of our operations. We anticipate taking steps to include assessments of these future implications for our suppliers. We track our suppliers’ environmental practices and progress using an annual EcoVadis questionnaire. This data is retained for our use when determining future business, including supply chain risks and opportunities.
Chronic physical	Relevant, sometimes included	It is important for us to obtain timely delivery of materials, equipment, and other resources from suppliers, and to make timely delivery to customers. We may experience supply chain interruptions due to acute and chronic physical risks. Any disruption to our supply chain could have a material adverse effect on our sales and profitability, and any sustained interruption in our receipt of adequate supplies could have a material adverse effect on our business so we are continually monitoring for these climate impacts. Our performance depends in part on our ability to re-engineer our products. Example: We use WRI Aqueduct to assess water risks including the physical risks quantity, including interannual variability, seasonal variability, and drought risk at each of our operations. We anticipate taking steps to include assessments of these future implications for our suppliers. We track our suppliers’ environmental practices and progress using an annual EcoVadis questionnaire. This data is retained for our use when determining future business, including supply chain risks and opportunities.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Mandates on and regulation of existing products and services

Primary potential financial impact
Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
It is important for us to obtain timely delivery of materials, equipment, and other resources from suppliers, and to make timely delivery to customers. We may experience supply chain interruptions due to acute and chronic physical risks. Any disruption to our supply chain could have a material adverse effect on our sales and profitability, and any sustained interruption in our receipt of adequate supplies could have a material adverse effect on our business so we are continually monitoring for these climate impacts. Our performance depends in part on our ability to re-engineer our products. Example: We use WRI Aqueduct to assess water risks including the physical risks quantity, including interannual variability, seasonal variability, and drought risk at each of our operations. We anticipate taking steps to include assessments of these future implications for our suppliers. We track our suppliers' environmental practices and progress using an annual EcoVadis questionnaire. This data is retained for our use when determining future business, including supply chain risks and opportunities.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
330057000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Avery Dennison has formed regional teams that are developing plans to replace or reformulate adhesives, which are used in about 7% of total label stock production. We have assumed that the reformulation of 7% of the total label stock production will impact the revenue of these products.

Cost of response to risk
2000000

Description of response and explanation of cost calculation
Avery Dennison expects that the entire cost of $1 to $2 million will be internal costs to reformulate adhesives and conduct trial production and testing to re-qualify the reformulated products internally and with customers. It will be necessary to identify alternative surfactants, conduct pilot scale testing to confirm that the adhesives will meet performance criteria, conduct trial production once an alternative is selected, conduct performance testing to confirm that the products meet performance criteria and re-qualify the products with our customers. The estimate was developed based on prior experience with reformulating adhesives, but a firmer estimate is being developed by the regional teams and will be available at the end of 2021.

Comment

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Downstream

Risk type & Primary climate-related risk driver

Market	Changing customer behavior

Primary potential financial impact
Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
Increased customer attention is on the environmental performance of products, including their carbon footprint, which could affect their selection of Avery Dennison's products. While consumer concern is still wide ranging, there is increasing focus on reducing plastic packaging in the consumer packaged goods industry. One of the greatest changes in our end markets has been the acceleration of the awareness of, need for and urgency to deliver more sustainable solutions including an emphasis on recycling. This presents a number of challenges for Avery Dennison since we are dependent on the evolution of recycling technologies to ensure the sustainability of our products. For example, our labels generally involve a face material, which may be paper, metal foil, plastic film or fabric, and an adhesive, which may be permanent or removable. These are used broadly for labeling, decorating, and specialty applications in the home and personal care, beer and beverage, durables, pharmaceutical, wine and spirits, and food market segments around the world. Plastic packaging sustainability in the consumer goods industry presents the greatest strategic challenge to our LGM business. Plastic is widely used for packaging because of its barrier properties (reduced food waste), light weight (reduced logistics cost), versatility, durability and low cost. Given the sustainability pressures and vast number of markets and geographies that we serve, a greater emphasis on either reducing labeling or reducing packaging

altogether presents long-term challenges to our business.

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
70000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
We are already responding to changing consumer behavior driven by a demand for more sustainable products. The financial implications of the risk would be determined by the market shift. With sales of approximately $7 billion in 2020, a 1% shift, absent mitigation, would represent a loss of approximately $70 million in sales. This estimate assumes that there is a linear relationship between consumer behaviour changes and revenue. However, we recognize that the impact on our products might be uneven and the 1% is just assumed to provide further insight on how this impact might continue to evolve.

Cost of response to risk
10000000

Description of response and explanation of cost calculation
Our innovation strategy has developed strategic innovation platforms focused on recyclability/enabling circularity and waste reduction/elimination. To support this, we are working to develop a recyclability roadmap. An element of this roadmap is around developing a comprehensive portfolio of pressure-sensitive label materials. This involves creating label materials that separate during the recycling process, as well as using recycled content in manufacturing our products. We believe that by implementing this strategy, we will be well set up to be the future sustainability leader. We are investing over $10M annually to develop and market products that help reduce environmental impact. For example, we have developed a lifecycle analysis tool to understand opportunities for reducing our carbon footprint. In addition, with support from the Carbon Trust, we are working to create a tool that will enable us to capture our holistic carbon picture. This tool will provide specific carbon emissions information for our products based on their region of production, raw material sourcing, and different end-of-life scenarios. We plan to fully launch this tool in 2022. The tool will provide additional detail and insights, through more detailed product life cycle analysis, to help us identify and address market risks associated with our products. For example, in 2019, we introduced a number of recycled-content products, including the first recycled liner solutions for both film and paper. Our recycled PET (rPET) liner uses 30% post-consumer waste and our rBG liner contains 15% post-consumer waste. These products cost the same as conventional liners and deliver the same ease of conversion and smooth dispensing, while offering reduction in water use, energy, and greenhouse gas emissions.

Comment

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Market	Changing customer behavior

Primary potential financial impact
Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
The impacts of climate change pose an imminent threat to the health of our planet and communities, including water-related impacts such as drought, variable weather cycles, and lack of access to fresh/clean water sources. While we recognize that we are exposed to water-related risks, mitigation strategies and our overall low usage suggest that these risks are likely to have little impact on the overall operations or health of the business. 19 of our 192 sites fall in the extremely high risk category based on the WRI Aqueduct assessment, which accounts for 9.8% of our sites. For sites deemed “at risk” through the sensitivity of the geography in which these facilities are located, we evaluate the impact our direct operations may have on the water basins to those areas, as well as the risk(s) utilizing water resources in these regions may have on our business and take appropriate action as necessary. Future changes in water availability for our key commodities and raw materials may have an impact on our direct operations as well as our supply chain. Within our supply chain, the largest users of water are our paper and paperboard suppliers.

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
686000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
We are not currently experiencing water stress, however, modelling out potential impacts. The financial implications of the risk would be determined by loss of productivity at 9.8% of our portfolio. With sales of approximately $7 billion in 2020, a 9.8% shift, absent mitigation, would represent a loss of approximately $686 million in sales. This estimate assumes that there is a linear relationship between the percentage of sites and profitability. However, we recognize that not all of our sites are associated with the same revenue and criticality and the 9.8% is just assumed to provide further insight on how this impact might continue to evolve.

Cost of response to risk
0

Description of response and explanation of cost calculation
We currently have limited impacts from water and manage the costs within our existing capital expenditure plans. Thus we consider the costs to respond to water risks for Avery Dennison to be zero. We are trying to more closely manage this risk going forward. For example, Avery Dennison's site in Vietnam is installing water meters for each production area to closely manage water usage and create a reduction plan while also saving water by cleaning the wastewater treatment plant and chiller with a water jet equipment.

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resilience

Primary climate-related opportunity driver
Resource substitutes/diversification

Primary potential financial impact
Reduced direct costs

Company-specific description
Avery Dennison efficiently meets reporting obligations due to our multiple year experience with carbon and energy management tracking and reporting on a voluntary basis. This experience could create a cost advantage relative to less prepared competitors. This also helps us to work proactively to explore partnerships for emerging opportunities in clean energy procurement. We have implemented multiple on-site, owned solar projects, and we have experience with direct Power Purchase Agreements (PPAs) for wind and solar (e.g., in Turnhout, Belgium and Kunshan, China). We have also leveraged our experience to sign a wind VPPA in the U.S. that went into commercial operation in 2020.

Time horizon
Short-term

Likelihood
Very unlikely

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
0

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Specific costs associated with emissions reporting obligations will vary based on the type of program, scope, and implementation. We have several years of experience measuring and voluntarily reporting emissions data, and may be more prepared for reporting requirements than competitors resulting in a potential competitive advantage. We have become increasingly more efficient at preparing our corporate GHG inventory. We are unable to estimate the benefits associated with this strategic positioning at this time since the inventories of our competitors are not robust enough to differentiate where they are on voluntary programs. Thus we estimate the potential financial impact to be zero.

Cost to realize opportunity

100000

Strategy to realize opportunity and explanation of cost calculation
We will continue to use the extensive amount of energy and GHG information collected over the last decade to prioritize energy reduction efforts to sites and regions where the largest reductions can be realized with available resources. We anticipate that this continuing effort will generate reduced operational costs through energy savings and less need for pollution management. The cost of these actions is combined with other sustainability and business initiatives and strategies. We estimate we invested approximately $100,000 to update our sustainability database. This includes the costs of software, third party verification, and consultant support.

Comment

Identifier
Opp2

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resilience

Primary climate-related opportunity driver
Participation in renewable energy programs and adoption of energy-efficiency measures

Primary potential financial impact
Other, please specify (Reduced capital costs)

Company-specific description
Within regions of China where Avery Dennison operates, stricter environmental regulations are being proposed that would significantly impact our facilities. The regulations are targeting a reduction in volatile organic compounds (VOCs) from industrial operations. We are well-positioned to meet or exceed these proposed targets, providing us an opportunity in the market. Due to our global policies and procedures, our facilities in China are below the limits of the regulations that have come into effect in the relevant provinces, giving us a competitive advantage over competitors who had higher VOC emissions.

Time horizon
Short-term

Likelihood
Very likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
100000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Based on the cost of environmental compliance at other Chinese facilities, it is expected that avoided fees could exceed $100,000 annually.

Cost to realize opportunity
0

Strategy to realize opportunity and explanation of cost calculation
To maintain compliance with additional regulation, establishing relative standards and monitoring systems will be required. Avery Dennison is in the process of reducing VOCs from select products through its Research and Development efforts. This is already a part of our R&D budget and would not require additional costs to realize this opportunity. Thus we have included the cost to realize the opportunity as zero.

Comment

Identifier
Opp3

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Products and services

Primary climate-related opportunity driver
Shift in consumer preferences

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
Customers increasingly judge products based on their environmental performance. This presents us with the opportunity to increase sales by developing products that have a relatively lower carbon footprint than our competitors. To manage these opportunities, we are expanding our sustainable product offerings through detailed customer research and life cycle analysis of our products. Our analysis has helped us focus our product innovation on reducing the environmental impact of the materials found in our products by designing thinner and lighter labeling materials; developing bio-based adhesive formulations that reduce consumption of fossil-based materials; and designing products that facilitate recycling. We are responding to changing consumer behavior driven by a demand for more sustainable products, such as our CleanFlake and ThinkThin product lines. CleanFlake enables recyclability of PET and HDPE containers. ThinkThin label constructions are up to 50% thinner than conventional labels. Using 1,000,000 square meters of a filmic ThinkThin label reduces the usage of fossil materials by 39%, energy usage by 46% and water usage by 30%.

Time horizon
Short-term

Likelihood
Likely

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
70000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
The financial implications of the opportunity would be determined by the market shift. With sales of approximately $7 billion in 2020, a 1% shift, absent mitigation, would represent approximately $70 million in sales. This estimate assumes that there is a linear relationship between consumer behaviour changes and revenue. However, we recognize that the impact on our products might be uneven and the 1% is just assumed to provide further insight on how this benefit might continue to evolve.

Cost to realize opportunity
60000

Strategy to realize opportunity and explanation of cost calculation
The costs associated with these actions include investing $10M annually in developing and marketing products that help reduce environmental impact. Conducting full Life Cycle Assessments of our products costs approximately $3,000 per product. To streamline the life-cycle assessments, we utilize our environmental assessment tool known as MatcheckTM to help our customers estimate the relative energy, GHG emissions, water, waste, biobased materials, and fossil materials associated with the products they buy. With support from the Carbon Trust, we are working to create a tool that will enable us to capture our holistic carbon picture. This tool will provide specific carbon emissions information for our products based on their region of production, raw material sourcing, and different end-of-life scenarios. We plan to fully launch this tool in 2022. In the case of our redesigned adhesives, liners, and papers, we saw some increases in fossil materials and emissions but overall reductions in water usage.

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?
Yes

C3.1b

(C3.1b) Does your organization intend to publish a low-carbon transition plan in the next two years?

	Intention to publish a low-carbon transition plan	Intention to include the transition plan as a scheduled resolution item at Annual General Meetings (AGMs)	Comment
Row 1	No, we do not intend to publish a low-carbon transition plan in the next two years	<Not Applicable>	As part of our low-carbon transition plan, we have developed a Carbon Impact Program for our LGM business which outlines how our strategy around emissions in manufacturing, processing, and end of life will continue to evolve over the next few years. Key components of our approach include evaluating standards for carbon reduction, enhancing measurement, developing carbon reduction roadmaps (for suppliers through product end-of-life), and enhancing communication. Given the information that we already share on our sustainability goals and circular economy, we do not anticipate making our Carbon Impact Program a scheduled resolution item.

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?
Yes, quantitative

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
Other, please specify (The 3% Solution from WWF, CDP, and McKinsey & Company)	For Scope 3 emissions, we modelled scenarios for GHG reduction in each category using Climate Earth. These scenarios included an analysis of 10%, 30% and 75% use of recycled content in our products; 10%, 25%, and 30% reduction of materials, and increased recycling rates of 70%, 80% and 90% of waste in our value chain. From there we linked our innovation roadmap to continued progress toward higher-level scenarios. We have an annual process for evaluating industry scenarios across our business units. Ranging from business-as-usual to potential impacts from legislation and brand focus on eliminating single-use plastic. We model the likelihood and impact of our current businesses to inform our marketing, technology, sales, and legal strategies. Our approach is based on the 3% Solution developed by the World Wildlife Fund, CDP and McKinsey & Company. Because our facilities require different solutions based on their design and location, we're pursuing reductions through a variety of means, such as improving energy efficiency, sourcing renewable power and procuring renewable energy certificates.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	We develop products with climate impact in mind, from the materials we use, to how they're constructed or recycled at end-of-life. For example, increasing the recycled content of a product or re-engineering its composition to reduce the amount of material needed can enable less energy use in its production. Our Sustainable Advantage Portfolio was developed to identify products that have been sourced and developed to lower environmental impact, including (1) responsible material selections, (2) lower amount of materials used, (3) use of recycled content and (4) enabling consumer packaging to be recyclable. All categories are focused on reducing emissions and waste. For products with reduced materials and other materials selections, we verify the environmental benefit through a partial life cycle analysis or use of an external party to verify the benefit. Our Sustainable Advantage Portfolio contains hundreds of products that help our customers and their end users reduce materials consumption and environmental footprint. Time horizon: We see this as a short-term opportunity.
Supply chain and/or value chain	Yes	We are assessing the current state of carbon in our supply chain in an iterative manner. A baseline assessment for upstream GHG impact was developed in 2019 through a third party with secondary (industry standards) data. This has led to a plan to evaluate the majority of our upstream supply chain (Goods and Services) with primary data in the next two years through the CDP Supply Chain measurement system. This will be used as a stepping stone to address our Scope 3 impact as articulated in our Carbon Impact Program strategy. In addition, we also provide materials (inlays and tags) for use in radio frequency identification (RFID) applications. RFID technology can enable large-scale retail organizations and consumer product companies to track products more efficiently throughout the supply chain. Tracking products more efficiently enables optimization of product shipping and transportation, potentially reducing transportation-related GHG emissions. Access to more sophisticated supply chain data can also assist companies in calculating their products' carbon footprint and capturing other supply chain efficiencies. Time horizon: We see this as a short-term opportunity.
Investment in R&D	Yes	Findings to date have shown that the principal opportunities for reducing the environmental impact of our pressure-sensitive labeling and graphics materials lie in the selection of raw materials and the end-of-life disposal of those materials. In contrast, we estimate that the manufacturing phase of our products' life cycle contributes approximately 10% of the overall impact on the major environmental indicators. These findings have helped us focus our product innovation on reducing the environmental impact of the materials found in our products by designing thinner, lighter labeling and trim materials; developing bio-based adhesives formulations that reduce consumption of fossil-based materials; and designing products that facilitate recycling. We utilize our environmental assessment tool to help customers worldwide estimate the relative energy savings and GHG emissions reductions of the products they buy. In addition, with support from the Carbon Trust, we are working to create a tool that will enable us to capture our holistic carbon picture. This tool will provide specific carbon emissions information for our products based on their region of production, raw material sourcing, and different end-of-life scenarios. We plan to fully launch this tool in 2022. Time horizon: We see this as a short-term opportunity.
Operations	Yes	We are actively pursuing energy efficiency and decarbonisation strategies across our portfolio. We have annual capital budgets used for operational efficiency improvement projects, several of which are related to the reduction of energy intensity. A substantive business decision includes our commitment to renewable energy in the form of signing a 30 MW US wind virtual power purchase agreement (VPPA). This VPPA will have an estimated emissions reduction of 98,800 metric tons CO2e annually. Additional substantial business decisions were our Pune, India and Kunshan, China onsite solar rooftop panels, where 1 MW of onsite solar panels were installed and 0.8 Mwh of an on-site solar power purchase agreement was implemented, respectively. Time horizon: We see this as a short-term opportunity.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Direct costs	Avery Dennison's climate related risks and opportunities have influenced financial planning in the area of direct costs. We have allocated capital to assessing and reducing our Scope 1, 2, and 3 GHG impact. This involves both the contracted third parties who have helped gather information and provide feedback on next steps as well as data analysis tools used internally to inform decision-making going forward. This will continue in the future as CDP Supply Chain's services are contracted for the acquisition of primary GHG data for Avery Dennison's top suppliers. A substantive business decision includes our commitment to renewable energy in the form of signing a 30 MW US wind virtual power purchase agreement (VPPA). This VPPA will have an estimated emissions reduction of 98,800 metric tons CO2e annually. Additional substantial business decisions were our Pune, India and Kunshan, China onsite solar rooftop panels, where 1 MW of onsite solar panels were installed and 0.8 Mwh of an on-site solar power purchase agreement was implemented, respectively. Time horizon: We see this as a short-term opportunity.

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?
Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number
Abs 1

Year target was set
2015

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (market-based)

Base year
2015

Covered emissions in base year (metric tons CO2e)
699024

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
100

Target year
2025

Targeted reduction from base year (%)
26

Covered emissions in target year (metric tons CO2e) [auto-calculated]
517277.76

Covered emissions in reporting year (metric tons CO2e)
393220

% of target achieved [auto-calculated]
168.258776632738

Target status in reporting year
Underway

Is this a science-based target?
Yes, we consider this a science-based target, but it has not been approved by the Science-Based Targets initiative

Target ambition
2°C aligned

Please explain (including target coverage)
Our goal is to achieve at least a 3% absolute reduction year over year. By basing our approach on The 3% Solution developed by World Wildlife Fund, CDP and McKinsey & Company, we plan to cut emissions by a minimum of 26 percent by 2025.

Target reference number
Abs 2

Year target was set
2021

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (market-based)

Base year
2015

Covered emissions in base year (metric tons CO2e)
699024

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
100

Target year
2030

Targeted reduction from base year (%)
70

Covered emissions in target year (metric tons CO2e) [auto-calculated]
209707.2

Covered emissions in reporting year (metric tons CO2e)
393220

% of target achieved [auto-calculated]
62.496117035017

Target status in reporting year
New

Is this a science-based target?
Yes, we consider this a science-based target, but it has not been approved by the Science-Based Targets initiative

Target ambition
1.5°C aligned

Please explain (including target coverage)
Avery Dennison is committed to reaching our sustainability goals by the year 2030. Our 2030 sustainability goals complement and live alongside our 2025 sustainability goals. Our 2030 sustainability goals were developed based on careful analysis of what is most important for our business and stakeholders, covering the areas where we can, and should, make the greatest difference. Striving to meet our new goals will be the greatest test yet of our capacity to innovate and an invaluable opportunity to position our business for lasting success. Our 2030 sustainability goals align with seven of the United Nations Sustainable Development Goals (SDGs). A framework adopted by 193 countries, the SDGs have become a common standard for governments, the private sector and civil society to track progress toward sustainability.

Target reference number
Abs 3

Year target was set
2021

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 3: Purchased goods & services

Base year
2018

Covered emissions in base year (metric tons CO2e)
3576610

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
100

Target year
2030

Targeted reduction from base year (%)
30

Covered emissions in target year (metric tons CO2e) [auto-calculated]
2503627

Covered emissions in reporting year (metric tons CO2e)
3319978

% of target achieved [auto-calculated]
23.9176203164449

Target status in reporting year
New

Is this a science-based target?
Yes, we consider this a science-based target, but it has not been approved by the Science-Based Targets initiative

Target ambition
Well-below 2°C aligned

Please explain (including target coverage)
We are committed to reaching our sustainability goals by the year 2030. Our 2030 sustainability goals complement and live alongside our 2025 sustainability goals. Our 2030 sustainability goals were developed based on careful analysis of what is most important for our business and stakeholders, covering the areas where we can, and should, make the greatest difference. Striving to meet our new goals will be the greatest test yet of our capacity to innovate and an invaluable opportunity to position our business for lasting success. Our 2030 sustainability goals align with seven of the United Nations Sustainable Development Goals (SDGs). A framework adopted by 193 countries, the SDGs have become a common standard for governments, the private sector and civil society to track progress toward sustainability. In 2018, we conducted a complete scope 3 inventory that we use for the baseline of this target. We selected our 2018 Scope 3 inventory as our baseline year because of the accuracy and completeness of data. We will update our complete Scope 3 inventory including company acquisitions by Q3 of 2022. As we report our progress towards this goal, we will complete a full Scope 3 inventory every 3 years and annually update Scope 3 Category 1: Purchased Goods & Services. In 2018, Purchased Goods & Services represented approximately 58% of our Scope 3 emissions. We also include our Scope 3 Category 12: End-of-life treatment of sold products emissions in this target.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?
Net-zero target(s)

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number
NZ1

Target coverage
Company-wide

Absolute/intensity emission target(s) linked to this net-zero target
Abs1

Target year for achieving net zero
2050

Is this a science-based target?
Yes, but we have not committed to seek validation of this target by the Science Based Targets initiative in the next 2 years

Please explain (including target coverage)
Through our Carbon Impact Program, we are in the process of building a roadmap to net zero by 2050 across our direct and indirect emissions. This approach will require considerable innovation around our products to ensure that we are using low impact products both in supplier and material selection as well as the end of life treatment of products.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.
Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	3	469
To be implemented*	10	572
Implementation commenced*	14	2311
Implemented*	54	244593
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Low-carbon energy consumption	Wind

Estimated annual CO2e savings (metric tonnes CO2e)
99591

Scope(s)
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
0

Investment required (unit currency – as specified in C0.4)
0

Payback period
No payback

Estimated lifetime of the initiative
11-15 years

Comment
Virtual wind power purchase agreement with Plum Creek Wind; commercial operation commenced in June 2020.

Initiative category & Initiative type

Low-carbon energy consumption	Wind

Estimated annual CO2e savings (metric tonnes CO2e)
75245

Scope(s)
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
0

Investment required (unit currency – as specified in C0.4)
43602

Payback period
No payback

Estimated lifetime of the initiative
<1 year

Comment
Purchase of I-RECs from wind resources for multiple facilities in China and a facility in Malaysia.

Initiative category & Initiative type

Low-carbon energy consumption	Wind

Estimated annual CO2e savings (metric tonnes CO2e)
33482

Scope(s)
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
0

Investment required (unit currency – as specified in C0.4)
58167

Payback period
No payback

Estimated lifetime of the initiative
<1 year

Comment
Purchase of guarantees of origin from wind resources for multiple facilities in Europe.

Initiative category & Initiative type

Low-carbon energy consumption	Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)
145

Scope(s)
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
31300

Investment required (unit currency – as specified in C0.4)
194000

Payback period
4-10 years

Estimated lifetime of the initiative
21-30 years

Comment
On-site solar installation in facility in Malaysia.

Initiative category & Initiative type

Energy efficiency in buildings	Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
840

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
115903

Investment required (unit currency – as specified in C0.4)
464267

Payback period
4-10 years

Estimated lifetime of the initiative
11-15 years

Comment
Thirteen projects across multiple facilities globally to implement higher efficiency indoor and outdoor lighting.

Initiative category & Initiative type

Energy efficiency in production processes	Compressed air

Estimated annual CO2e savings (metric tonnes CO2e)
654

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
98498

Investment required (unit currency – as specified in C0.4)
160496

Payback period
1-3 years

Estimated lifetime of the initiative
11-15 years

Comment
Eight projects across multiple facilities globally to reduce electricity consumption via air compressor upgrades and air leak mitigation.

Initiative category & Initiative type

Energy efficiency in production processes	Waste heat recovery

Estimated annual CO2e savings (metric tonnes CO2e)
1483

Scope(s)
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
208842

Investment required (unit currency – as specified in C0.4)
1847306

Payback period
4-10 years

Estimated lifetime of the initiative
11-15 years

Comment
Six projects across multiple facilities globally to reduce energy consumption in drying processes and regenerative thermal oxidizers.

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)
1063

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
148838

Investment required (unit currency – as specified in C0.4)
294724

Payback period
1-3 years

Estimated lifetime of the initiative
11-15 years

Comment
Eleven projects across multiple facilities to improve energy efficiency in HVAC systems.

Initiative category & Initiative type

Energy efficiency in production processes	Other, please specify

Estimated annual CO2e savings (metric tonnes CO2e)
542

Scope(s)
Scope 1

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
141222

Investment required (unit currency – as specified in C0.4)
384531

Payback period
1-3 years

Estimated lifetime of the initiative
11-15 years

Comment
Misc. projects to reduce natural gas consumption in production processes, including steam elimination and waste heat recovery.

Initiative category & Initiative type

Energy efficiency in production processes	Other, please specify

Estimated annual CO2e savings (metric tonnes CO2e)
316

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
69880

Investment required (unit currency – as specified in C0.4)
11520768

Payback period
1-3 years

Estimated lifetime of the initiative
11-15 years

Comment
Misc. projects to reduce electricity consumption in production processes, including chiller upgrades and VFDs.

Initiative category & Initiative type

Low-carbon energy consumption	Wind

Estimated annual CO2e savings (metric tonnes CO2e)
31232

Scope(s)
Scope 2 (market-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
0

Investment required (unit currency – as specified in C0.4)
33600

Payback period
No payback

Estimated lifetime of the initiative
<1 year

Comment
Purchase of RECs from wind resources for multiple facilities in the US.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for other emissions reduction activities	We have annual capital budgets used for operational efficiency improvement projects, several of which are related to the reduction of energy intensity. In addition, we have a dedicated budget for emission reduction activities, particularly as it relates to our GHG reduction targets, including purchase of unbundled renewable energy attributes in several markets. In 2018, we signed a 30MW US wind VPPA, which went into commercial operation in June of 2020.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?
Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation
Group of products

Description of product/Group of products
Avery Dennison has conducted a number of life cycle assessments (LCA) to identify opportunities to reduce the energy and carbon footprint of our major product lines. Findings to date have shown opportunities for reducing the environmental impact of our products lie in the selection of raw materials and the end-of-life disposal of those materials. We estimate that the manufacturing phase of our products' life cycle contributes ~10% of the overall impact on major environmental indicators. We focus our product innovation on reducing the environmental impact of the materials found in our products by designing thinner, lighter materials; developing bio-based adhesives formulations; and designing products that facilitate recycling. Avery Dennison ThinStream products combine an ultra-thin PET liner material with patented machine technology to yield 17% more labels per roll. With more labels per roll, customers can reduce the frequency of roll changeovers and decrease associated GHG emissions. We utilize our environmental assessment tool to help customers estimate the relative energy savings and GHG emissions reductions of the products they buy. With support from the Carbon Trust, we are working to create a tool that will enable us to capture our holistic carbon picture. This tool will provide specific carbon emissions information for our products based on their region of production, raw material sourcing, and end-of-life scenarios. We plan to fully launch this tool in 2022. Better insights from a product standpoint will help us identify and address market risks associated with our products and will show customers the reduction in their environmental footprint to hopefully influence the customer's choice of product. We also provide materials for use in radio frequency identification (RFID) applications. RFID technology can enable large-scale retail organizations and consumer product companies to track products throughout the supply chain. Tracking products more efficiently enables optimization of product shipping and transportation, potentially reducing GHG emissions. Access to more sophisticated supply chain data can also assist companies in calculating their products' carbon footprint and capturing other supply chain efficiencies.

Are these low-carbon product(s) or do they enable avoided emissions?
Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Other, please specify (Avery Dennison life cycle analysis)

% revenue from low carbon product(s) in the reporting year

% of total portfolio value
<Not Applicable>

Asset classes/ product types
<Not Applicable>

Comment

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
January 1 2015

Base year end
December 31 2015

Base year emissions (metric tons CO2e)
291949

Comment

Scope 2 (location-based)

Base year start
January 1 2015

Base year end
December 31 2015

Base year emissions (metric tons CO2e)
407075

Comment

Scope 2 (market-based)

Base year start
January 1 2015

Base year end
December 31 2015

Base year emissions (metric tons CO2e)
407075

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

191783

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

402554

Scope 2, market-based (if applicable)

210437

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source
Small or leased sites

Relevance of Scope 1 emissions from this source
No emissions from this source

Relevance of location-based Scope 2 emissions from this source
Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)
Emissions are not relevant

Explain why this source is excluded
Emissions were estimated and determined to be less than 1% of the total emissions inventory.

Source
Unintended leakage of refrigerant from cooling systems

Relevance of Scope 1 emissions from this source
Emissions are not evaluated

Relevance of location-based Scope 2 emissions from this source
No emissions from this source

Relevance of market-based Scope 2 emissions from this source (if applicable)
No emissions from this source

Explain why this source is excluded
The data to estimate this source were not collected in 2020, but will be included in the 2021 inventory.

Source
Fire suppression systems

Relevance of Scope 1 emissions from this source
Emissions are not evaluated

Relevance of location-based Scope 2 emissions from this source
No emissions from this source

Relevance of market-based Scope 2 emissions from this source (if applicable)
No emissions from this source

Explain why this source is excluded
The data to estimate this source were not collected in 2020, but will be included in the 2021 inventory. We have confirmed that fugitive leaks from fire suppression systems are de minimis. However, we have left this category open because a full system discharge from a fire could cause this to be relevant depending on the fire suppression agent (e.g., halon). Our data collection systems will now collect and calculate these emissions if they occur, starting in 2021.

Source
Mobile sources

Relevance of Scope 1 emissions from this source
Emissions are not evaluated

Relevance of location-based Scope 2 emissions from this source
No emissions from this source

Relevance of market-based Scope 2 emissions from this source (if applicable)
No emissions from this source

Explain why this source is excluded
The data to estimate this source were not collected in 2020, but will be included in the 2021 inventory.

C6.5

(C6.5) Account for your organization’s gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, calculated

Metric tonnes CO2e
2698928

Emissions calculation methodology
Avery Dennison has partnered with Climate Earth to calculate Scope 3 totals relevant to our business. To calculate upstream impacts, Climate Earth utilizes an environmental extended input-output LCA (EEIO) model. The EEIO analysis relies on financial data to make assessments of cradle-to-gate environmental impacts based on the US EPA's emissions factors. The EPA model has calculated environmental impacts of industries in the form of impact/dollar. Climate Earth maps a customer's spend by purchase category to these factors to produce an upstream LCA. The result is a complete analysis of the upstream supply chain including analysis by supplier, category, and tier. Impact is calculated by the basic formula of: Activity Data x impact factor = impact So, for example, spend($) x impact factor(kgCO2e/$) = impact(kgCO2e). This includes totals from our RBIS, LGM, and IHM lines of business.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain

Capital goods

Evaluation status
Relevant, calculated

Metric tonnes CO2e
5395

Emissions calculation methodology
Avery Dennison has partnered with Climate Earth to calculate Scope 3 totals relevant to our business. To calculate upstream impacts, Climate Earth utilizes an environmental extended input-output LCA (EEIO) model. The EEIO analysis relies on financial data to make assessments of cradle-to-gate environmental impacts based on the US EPA's emissions factors. The EPA model has calculated environmental impacts of industries in the form of impact/dollar. Climate Earth maps a customer's spend by purchase category to these factors to produce an upstream LCA. The result is a complete analysis of the upstream supply chain including analysis by supplier, category, and tier. Impact is calculated by the basic formula of: Activity Data x impact factor = impact So, for example, spend($) x impact factor(kgCO2e/$) = impact(kgCO2e). This includes totals from our RBIS, LGM, and IHM lines of business.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Relevant, calculated

Metric tonnes CO2e
1201

Emissions calculation methodology
Avery Dennison has partnered with Climate Earth to calculate Scope 3 totals relevant to our business. To calculate upstream impacts, Climate Earth utilizes an environmental extended input-output LCA (EEIO) model. The EEIO analysis relies on financial data to make assessments of cradle-to-gate environmental impacts based on the US EPA's emissions factors. The EPA model has calculated environmental impacts of industries in the form of impact/dollar. Climate Earth maps a customer's spend by purchase category to these factors to produce an upstream LCA. The result is a complete analysis of the upstream supply chain including analysis by supplier, category, and tier. Impact is calculated by the basic formula of: Activity Data x impact factor = impact So, for example, spend($) x impact factor(kgCO2e/$) = impact(kgCO2e). This includes totals from our RBIS, LGM, and IHM lines of business.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain

Upstream transportation and distribution

Evaluation status
Relevant, calculated

Metric tonnes CO2e
167399

Emissions calculation methodology
Avery Dennison has partnered with Climate Earth to calculate Scope 3 totals relevant to our business. To calculate upstream impacts Climate Earth utilizes an environmental extended input-output LCA (EEIO) model. The EEIO analysis relies on financial data to make assessments of cradle-to-gate environmental impacts based on the US EPA's emissions factors. The EPA model has calculated environmental impacts of industries in the form of impact/dollar. Climate Earth maps a customer's spend by purchase category to these factors to produce an upstream LCA. The result is a complete analysis of the upstream supply chain including analysis by supplier, category, and tier. Impact is calculated by the basic formula of: Activity Data x impact factor = impact So, for example, spend($) x impact factor(kgCO2e/$) = impact(kgCO2e). This includes totals from our RBIS, LGM, and IHM lines of business.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain

Waste generated in operations

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This Scope 3 category does not meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) deemed as relevant under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting & Reporting Standard" criteria of "sector guidance" as defined in Table 6.1 based on Avery Dennison's review of operations.

Business travel

Evaluation status
Relevant, calculated

Metric tonnes CO2e
1185

Emissions calculation methodology
Avery Dennison has partnered with Climate Earth to calculate Scope 3 totals relevant to our business. To calculate upstream impacts, Climate Earth utilizes an environmental extended input-output LCA (EEIO) model. The EEIO analysis relies on financial data to make assessments of cradle-to-gate environmental impacts based on the US EPA's emissions factors. The EPA model has calculated environmental impacts of industries in the form of impact/dollar. Climate Earth maps a customer's spend by purchase category to these factors to produce an upstream LCA. The result is a complete analysis of the upstream supply chain including analysis by supplier, category, and tier. Impact is calculated by the basic formula of: Activity Data x impact factor = impact So, for example, spend($) x impact factor(kgCO2e/$) = impact(kgCO2e). This includes totals from our RBIS, LGM, and IHM lines of business.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain

Employee commuting

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This Scope 3 category does not meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) deemed as relevant under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting & Reporting Standard" criteria of "sector guidance" as defined in Table 6.1 based on Avery Dennison's review of operations.

Upstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This Scope 3 category does not meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) deemed as relevant under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting & Reporting Standard" criteria of "sector guidance" as defined in Table 6.1 based on Avery Dennison's review of operations.

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This Scope 3 category does not meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) deemed as relevant under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting & Reporting Standard" criteria of "sector guidance" as defined in Table 6.1 based on Avery Dennison's review of operations.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This Scope 3 category does not meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) deemed as relevant under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting & Reporting Standard" criteria of "sector guidance" as defined in Table 6.1 based on Avery Dennison's review of operations.

Use of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This Scope 3 category does not meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) deemed as relevant under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting & Reporting Standard" criteria of "sector guidance" as defined in Table 6.1 based on Avery Dennison's review of operations.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This Scope 3 category does not meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) deemed as relevant under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting & Reporting Standard" criteria of "sector guidance" as defined in Table 6.1 based on Avery Dennison's review of operations.

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This Scope 3 category does not meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) deemed as relevant under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting & Reporting Standard" criteria of "sector guidance" as defined in Table 6.1 based on Avery Dennison's review of operations.

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This Scope 3 category does not meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) deemed as relevant under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting & Reporting Standard" criteria of "sector guidance" as defined in Table 6.1 based on Avery Dennison's review of operations.

Investments

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
This Scope 3 category does not meet any of the criteria (size, influence, risk, stakeholders, outsourcing, etc.) deemed as relevant under the WRI/WBCSD "Corporate Value Chain (Scope 3) Accounting & Reporting Standard" criteria of "sector guidance" as defined in Table 6.1 based on Avery Dennison's review of operations.

Other (upstream)

Evaluation status
Not evaluated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Other (downstream)

Evaluation status
Not evaluated

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

C-AC6.6/C-FB6.6/C-PF6.6

(C-AC6.6/C-FB6.6/C-PF6.6) Can you break down your Scope 3 emissions by relevant business activity area?
No

C-AC6.6b/C-FB6.6b/C-PF6.6b

(C-AC6.6b/C-FB6.6b/C-PF6.6b) Why can you not report your Scope 3 emissions by business activity area?

Row 1

Primary reason
Not an immediate business priority

Please explain
Avery Dennison has partnered with Climate Earth for calculating Scope 3 totals relevant to our business. For calculating upstream impacts Climate Earth utilizes environmental extended input-output LCA (EEIO). EEIO analysis relies on financial data to make assessments of cradle-to-gate environmental impacts. We utilize the US EPA's model as the basis for calculation. The EPA model has calculated environmental impacts of industries in the form of impact/dollar. Climate Earth maps a customer's spend by purchase category to these factors to produce an upstream LCA. The result is a complete analysis of the upstream supply chain including analysis by category. Impact is calculated by the basic formula of: Activity Data x impact factor = impact So, for example, spend($) x impact factor(kgCO2e/$) = impact(kgCO2e). This includes totals from our RBIS, LGM, and IHM lines of business. We can isolate the Agriculture / Forestry impact of our purchased goods and services based off of the category breakdown of these goods and services. This provides specific data related to this activity.

C-AC6.8/C-FB6.8/C-PF6.8

(C-AC6.8/C-FB6.8/C-PF6.8) Is biogenic carbon pertaining to your direct operations relevant to your current CDP climate change disclosure?
No

C-AC6.9/C-FB6.9/C-PF6.9

(C-AC6.9/C-FB6.9/C-PF6.9) Do you collect or calculate greenhouse gas emissions for each commodity reported as significant to your business in C-AC0.7/FB0.7/PF0.7?

Agricultural commodities
Timber

Do you collect or calculate GHG emissions for this commodity?
No, not currently but intend to collect or calculate this data within the next two years

Please explain
Currently there are calculations based on overall agricultural commodities / forestry, which includes timber, but we don't currently possess the granularity of isolating impacts specifically for timber. We will be seeking a method to gain this granularity as we collect and incorporate primary data to our Scope 3 analysis. This will be, at a minimum, covering our two largest business units, LGM and RBIS. Data collection will begin in 2021 as we engage with CDP Supply Chain to calculate our Purchased Goods and Services impact.

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.00005746

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
402220

Metric denominator
unit total revenue

Metric denominator: Unit total
7000000000

Scope 2 figure used
Market-based

% change from previous year
17.6

Direction of change
Decreased

Reason for change
Our gross Scope 1 and Scope 2 emissions intensity decreased by 17.6 percent due to emission reduction projects which drove energy efficiency and low-carbon energy consumption in our facilities and throughout our production processes. The following examples outline our 2020 investments contributing to emissions reductions at Avery Dennison. Virtual Wind Power Purchase Agreement and On-site Solar Panel Installation: We have committed to renewable energy in the form of signing a 30 MW US wind virtual power purchase agreement (VPPA) with Plum Creek Wind, which went into commercial operation in 2020. This project and associated operational improvements have allowed us to advance progress towards achieving our GHG reduction targets, including purchasing unbundled renewable energy attributes in several markets.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?
Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	190351	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	301	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	1131	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Asia Pacific (or JAPA)	69529
Europe, Middle East and Africa (EMEA)	44324
Latin America (LATAM)	6483
North America	71448

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Industrial and Healthcare Materials (IHM)	69002
Label and Graphic Materials (LGM)	119895
Retail Branding and Information Solutions (RBIS)	2886

C-AC7.4/C-FB7.4/C-PF7.4

(C-AC7.4/C-FB7.4/C-PF7.4) Do you include emissions pertaining to your business activity(ies) in your direct operations as part of your global gross Scope 1 figure?

No

C-AC7.4c/C-FB7.4c/C-PF7.4c

(C-AC7.4c/C-FB7.4c/C-PF7.4c) Why do you not include greenhouse gas emissions pertaining your business activity(ies) in your direct operations as part of your global gross Scope 1 figure? Describe any plans to do so in the future.

	Primary reason	Please explain
Row 1	Judged to be unimportant	We find that breakdown by business unit provides a more actionable picture for our approach to Scope 1 reduction. While this is our current process, this is subject to change in the future.

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Asia Pacific (or JAPA)	220303	144415	300774	92435
Europe, Middle East and Africa (EMEA)	40967	6137	120750	107294
Latin America (LATAM)	10737	10716	30408	133
North America	130548	49169	168177	104225

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Industrial and Healthcare Materials (IHM)	78577	63176
Label and Graphic Materials (LGM)	207733	96158
Retail Branding and Information Solutions (RBIS)	116244	51103

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	65068	Decreased	16	Total scope 1 and 2 emissions were 402,220 mt CO2e in 2020 and 494,848 mt CO2e in 2019. This number represents the incremental benefits from an increase in the renewable energy credits that were purchased by Avery Dennison or received via a PPA or vPPA (65,068 mt CO2e in 2020) versus 2019. There was a 13 percent decrease from 2019 total scope 1 and 2 emissions, according to the formula: 65,068/494,848, plus incremental scope 1 solar consumption, converted into CO2e using site specific electricity emission factors in Avery Dennison's GHG management system.
Other emissions reduction activities	4898	Decreased	1	This number represents the CO2e emission reductions that were attained by the completed energy efficiency projects as outlined in 4.3a. The CO2e emissions reductions were calculated by applying the site specific emission values in Avery Dennison's GHG management system to the estimated annual energy consumption reduction for each of the completed projects. Our emission reduction activities amounted to a 1% decrease in Scope 1 & 2 emissions from 2019 as (4,898 / 494,848)*100 = 1%.
Divestment	0	No change		There were no divestments in 2020.
Acquisitions	11481	Increased	3	This number represents new emissions added to the inventory from our acquisition of Smartrac in 2020. The 11,481 metric tons of CO2e amounted to a 2% increase in Scope 1 & 2 emissions from 2019 as (11,481 / 494,848)*100 = 2%.
Mergers	0	No change		There were no mergers in 2020.
Change in output	0	No change		There were no changes in output in 2020.
Change in methodology	0	No change		There were no changes to the methodology in 2020.
Change in boundary	0	No change		There were no changes to the boundary in 2020.
Change in physical operating conditions	0	No change		There were no changes in physical operating conditions in 2020.
Unidentified	0	No change		There were no unidentified changes in 2020.
Other	13219	Decreased	3	This number represents emission reductions (from 2019 emissions as reported in last year's CDP report) as a result of production and seasonal variations as well as impact of COVID-19. The 13,249 metric tons of CO2e amounted to a 3% decrease in Scope 1 & 2 emissions from 2019 as (13,249 / 494,848)*100 = 3%.

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 20% but less than or equal to 25%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	1032925	1032925
Consumption of purchased or acquired electricity	<Not Applicable>	304087	297903	601990
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	0	0	0
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	1653	<Not Applicable>	1653
Total energy consumption	<Not Applicable>	305740	1348947	1654687

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	Yes
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)
Natural Gas

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
996869

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat
948022

MWh fuel consumed for self-generation of steam
48847

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
0.18

Unit
kg CO2 per KWh

Emissions factor source
2006 IPCC Guidelines for National GHG Inventories

Comment
The emission factor is a typical global value and may vary by region or country. Breakdown of fuel usage to produce electricity, steam, and heating is not tracked by Avery Dennison, so engineering estimates were calculated for these values.

Fuels (excluding feedstocks)
Propane Liquid

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
23502

MWh fuel consumed for self-generation of electricity
0

MWh fuel consumed for self-generation of heat
22327

MWh fuel consumed for self-generation of steam
1175

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
0.23

Unit
kg CO2 per KWh

Emissions factor source
2006 IPCC Guidelines for National GHG Inventories

Comment
The emission factor is a typical global value and may vary by region or country. Breakdown of fuel usage to produce electricity, steam, and heating is not tracked by Avery Dennison, so engineering estimates were calculated for these values.

Fuels (excluding feedstocks)
Diesel

Heating value
HHV (higher heating value)

Total fuel MWh consumed by the organization
12555

MWh fuel consumed for self-generation of electricity
12555

MWh fuel consumed for self-generation of heat
0

MWh fuel consumed for self-generation of steam
0

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
<Not Applicable>

Emission factor
1.15

Unit
kg CO2 per KWh

Emissions factor source
2006 IPCC Guidelines for National GHG Inventories

Comment
The emission factor is a typical global value and may vary by region or country. Breakdown of fuel usage to produce electricity, steam, and heating is not tracked by Avery Dennison, so engineering estimates were calculated for these values.

C8.2d

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	1653	1653	1653	1653
Heat	970349	970349	0	0
Steam	50022	50022	0	0
Cooling	0	0	0	0

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method
Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type
Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Belgium

MWh consumed accounted for at a zero emission factor
34205.29

Comment
Purchase of unbundled energy attribute certificates.

Sourcing method
Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type
Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Luxembourg

MWh consumed accounted for at a zero emission factor
26129

Comment
Purchase of unbundled energy attribute certificates.

Sourcing method
Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type
Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling
France

MWh consumed accounted for at a zero emission factor
16416.92

Comment
Purchase of unbundled energy attribute certificates.

Sourcing method
Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type
Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling
United Kingdom of Great Britain and Northern Ireland

MWh consumed accounted for at a zero emission factor
9760.84

Comment
Purchase of unbundled energy attribute certificates

Sourcing method
Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type
Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Germany

MWh consumed accounted for at a zero emission factor
6722.32

Comment
Purchase of unbundled energy attribute certificates

Sourcing method
Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type

Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Netherlands

MWh consumed accounted for at a zero emission factor
6313.79

Comment
Purchase of unbundled energy attribute certificates

Sourcing method
Unbundled energy attribute certificates, Guarantees of Origin

Low-carbon technology type
Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Switzerland

MWh consumed accounted for at a zero emission factor
3095.12

Comment
Purchase of unbundled energy attribute certificates

Sourcing method
Unbundled energy attribute certificates, Renewable Energy Certificates (RECs)

Low-carbon technology type
Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling
United States of America

MWh consumed accounted for at a zero emission factor
40000

Comment
Purchase of unbundled energy attribute certificates applied across multiple manufacturing sites

---

Sourcing method
Power purchase agreement (PPA) with a grid-connected generator with energy attribute certificates

Low-carbon technology type
Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling
United States of America

MWh consumed accounted for at a zero emission factor
64225

Comment
Project RECs from Plum Creek Wind virtual power purchase agreement applied across multiple manufacturing sites

---

Sourcing method
Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type
Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling
China

MWh consumed accounted for at a zero emission factor
84650

Comment
Purchased of unbundled I-RECs applied across multiple manufacturing facilities in China

---

Sourcing method
Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type
Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Malaysia

MWh consumed accounted for at a zero emission factor
7000

Comment
Purchase of unbundled I-RECs applied to Bangi, Malaysia facility

---

Sourcing method

Power purchase agreement (PPA) with on-site/off-site generator owned by a third party with no grid transfers (direct line)

Low-carbon technology type
Solar

Country/area of consumption of low-carbon electricity, heat, steam or cooling
China

MWh consumed accounted for at a zero emission factor
785

Comment
Direct rooftop solar PPA

Sourcing method
Power purchase agreement (PPA) with on-site/off-site generator owned by a third party with no grid transfers (direct line)

Low-carbon technology type
Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Belgium

MWh consumed accounted for at a zero emission factor
4651

Comment
Direct wind PPA

Sourcing method
Unbundled energy attribute certificates, International REC Standard (I-RECs)

Low-carbon technology type
Hydropower

Country/area of consumption of low-carbon electricity, heat, steam or cooling
Colombia

MWh consumed accounted for at a zero emission factor
133

Comment
Purchase of unbundled I-RECs in Colombia

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description
Waste

Metric value
94

Metric numerator
Percentage of waste diverted from landfill

Metric denominator (intensity metric only)

% change from previous year
0

Direction of change
No change

Please explain
Our goal is to have our operations be 95% landfill-free by 2030, with a minimum of 80% of our waste recycled and the remainder reused, composted, or sent to energy recovery. This builds on our 2025 goal of having 75% of our waste reused, repurposed, or recycled. Because the waste streams at our facilities differ, each site sets waste reduction goals based on its waste generation, which in turn support corporate and divisional goals.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
AveryDennisonVerificationCY2020Statementv1.pdf
Avery Dennison_Verification_CY 2020 Statement v1.pdf

Page/ section reference
Pages 1 to 3

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Avery Dennison_Verification_CY 2020 Statement v1.pdf

Page/ section reference
Pages 1 to 3

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope 2 approach
Scope 2 market-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Avery Dennison_Verification_CY 2020 Statement v1.pdf

Page/ section reference

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category
Scope 3: Purchased goods and services

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Avery Dennison_Verification_CY 2020 Statement v1.pdf

Page/section reference
Pages 1 to 3 Scope 3 verification boundary includes: o Purchased Goods and Services o Capital Goods o Fuel- and energy-related activities (not included in scope 1 or scope 2) o Upstream transportation and distribution o Business travel

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Capital goods

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Avery Dennison_Verification_CY 2020 Statement v1.pdf

Page/section reference
Pages 1 to 3 Scope 3 verification boundary includes: o Purchased Goods and Services o Capital Goods o Fuel- and energy-related activities (not included in scope 1 or scope 2) o Upstream transportation and distribution o Business travel

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Avery Dennison_Verification_CY 2020 Statement v1.pdf

Page/section reference
Pages 1 to 3 Scope 3 verification boundary includes: o Purchased Goods and Services o Capital Goods o Fuel- and energy-related activities (not included in scope 1 or scope 2) o Upstream transportation and distribution o Business travel

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Upstream transportation and distribution

Verification or assurance cycle in place
Annual process

Status in the current reporting year

Complete

Type of verification or assurance
Limited assurance

Attach the statement
Avery Dennison_Verification_CY 2020 Statement v1.pdf

Page/section reference
Pages 1 to 3 Scope 3 verification boundary includes: o Purchased Goods and Services o Capital Goods o Fuel- and energy-related activities (not included in scope 1 or scope 2) o Upstream transportation and distribution o Business travel

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Business travel

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Avery Dennison_Verification_CY 2020 Statement v1.pdf

Page/section reference
Pages 1 to 3 Scope 3 verification boundary includes: o Purchased Goods and Services o Capital Goods o Fuel- and energy-related activities (not included in scope 1 or scope 2) o Upstream transportation and distribution o Business travel

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
No, but we are actively considering verifying within the next two years

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?
No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?
No

C11.3

(C11.3) Does your organization use an internal price on carbon?
No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Collect climate change and carbon information at least annually from suppliers

% of suppliers by number

22

% total procurement spend (direct and indirect)

85

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement

Avery Dennison assesses, at a minimum, 80% of our LGM business' direct spend through the EcoVadis assessment program, which includes an evaluation of environmental impact and policies. We use the EcoVadis platform to encourage suppliers to be assessed and improve on scores year over year. In 2020, we set a new target to reduce our 2018 baseline Scope 3 emissions by 30% by 2030 and an ambition of net zero by 2050. We are partnering with CDP Supply Chain to collect energy and emissions-related data from our key suppliers in order to partner with them to achieve our target.

Impact of engagement, including measures of success

We use the information collected to inform our strategy to meet our goal to, by 2030, reduce Scope 3 emissions by 30%. To understand opportunities for reducing our carbon footprint, we use a lifecycle analysis tool we developed for the materials we source. Our analysis has shown that making significant reductions in our Scope 3 emissions requires us to substantially reduce the volumes of materials we purchase while simultaneously switching to materials with a reduced carbon footprint. Our business units have begun making these adjustments, and, at the enterprise level, we are analyzing how to re-engineer and reduce material usage while maintaining or improving product quality. In partnership with Carbon Trust, we are working to create a tool that will enable us to capture our holistic carbon picture. This tool will provide specific carbon emissions information for our products based on their region of production, raw material sourcing, and different end-of-life scenarios. We plan to fully launch this tool in 2022. We measure the success of this engagement through our Scope 3 emissions and progress towards achieving our Scope 3 emissions target.

Comment

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

Avery Dennison considers the climate impact of waste generated from our products downstream in the supply chain. In-process waste is generated at the next two levels in the value chain and has a negative climate impact. Challenges in recycling include the fragmented locations of the waste and finding local recycling solutions. We have engaged other value chain members (suppliers, competitors, customers and industry experts and partners) which has resulted in an ad hoc consortium focused on combining all current routes of recycling and creating industry solutions to support recycling where there are existing gaps. The consortium, Circular Economy for Labels (CELAB), has been established for North America and Europe with plans to expand to Latin America and Asia Pacific in 2021 - with the goal to recycle this waste globally and advance down the path to circularity.

C-AC12.2/C-FB12.2/C-PF12.2

(C-AC12.2/C-FB12.2/C-PF12.2) Do you encourage your suppliers to undertake any agricultural or forest management practices with climate change mitigation and/or adaptation benefits?

Yes

C-AC12.2a/C-FB12.2a/C-PF12.2a

(C-AC12.2a/C-FB12.2a/C-PF12.2a) Specify which agricultural or forest management practices with climate change mitigation and/or adaptation benefits you encourage your suppliers to undertake and describe your role in the implementation of each practice.

Management practice reference number
MP1

Management practice
Practices to increase wood production and forest productivity

Description of management practice
Avery Dennison works directly with suppliers under a variety of frameworks to encourage certification of sustainable raw materials, thus encouraging practices to increase wood production and forest productivity.

Your role in the implementation
Knowledge sharing

Explanation of how you encourage implementation
Avery Dennison offers training and educational opportunities to align suppliers with FSC Chain of Custody, FSC Controlled Wood, FSC Recycled, and PEFC Sustainable Forest Management.

Climate change related benefit
Increasing resilience to climate change (adaptation)

Comment
Yes Avery Dennison has used an external auditor RainForest Alliance (RFA) to validate the geographical locations in which timber has been sourced from, and the percentage of material that comes from certified or FSC sources. The annual audit is the verification standard to ensure that the progress to the Company's goal - 100% certified paper of which 70% is FSC certified - is met.

C-AC12.2b/C-FB12.2b/C-PF12.2b

(C-AC12.2b/C-FB12.2b/C-PF12.2b) Do you collect information from your suppliers about the outcomes of any implemented agricultural/forest management practices you have encouraged?
Yes

We partner with Rainforest Alliance as our external auditor to validate the geographical locations in which timber has been sourced from, and the percentage of material that comes from certified or FSC sources. The annual audit is the verification standard to ensure that the progress to the Company's goal - 100% certified paper of which 70% is FSC certified - is met.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?
Trade associations

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?
Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association
Sustainable Apparel Coalition

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The Sustainable Apparel Coalition (SAC) goals are outlined in the SAC's Higg Facilities Module that includes, among other things, energy management systems and GHG reduction. The modules' aspirational-level questions give manufacturers clear guidance on hotspots for improvement and outline the current best practices in the field when strategizing for the GHG reduction promoted by SAC and the apparel industry as a whole.

How have you influenced, or are you attempting to influence their position?
We have participated on a number of working groups in the SAC and hold a co-chair position on the adoption working group. Through this involvement, we are working to influence the position of the SAC and as an extension, its members. We plan to be an industry leader when it comes to disclosure and progress in GHG reduction as the Higg Index is used as a comparison tool.

Trade association
Tag and Label Manufacturers Association Label Initiative for the Environment

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The Tag and Label Manufacturers Association Label Initiative for the Environment (TLMI) position on climate change is demonstrated through their sustainability subteam. They are focused on recycling for reduced carbon impact of liners and matrix as well as awarding companies with a demonstrated improvement in energy efficiency through partnerships within the value chain.

How have you influenced, or are you attempting to influence their position?
We chair the Tag and Label Manufacturers Institute's (TLMI) five Environmental Committees, which bring together experts from TLMI member companies and serve as a reliable source for solutions in a wide range of environmental topics.

Trade association
The Association of Plastic Recyclers

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The Association of Plastic Recyclers undertakes research and takes positions on plastics recycling. In one study, they have found that replacing plastic packaging with adequate non-plastic alternatives will increase greenhouse gas emissions by a factor of 2.2 with maximum decomposition of degradable alternative materials. We support this position by creating products that enable clean recycling of plastics (PET and HDPE) which can offset the extraction of new materials. This promotes plastic options as the less carbon intensive options for packaging.

How have you influenced, or are you attempting to influence their position?
As a member of the Association of Plastic Recyclers' (APR) Board of Directors, Technical Committee and Communications Committee, we recently helped APR revise their design guidelines for recyclable plastic.

Trade association
Circular Economy for Labels

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
Circular Economy for Labels was created in 2020 to pursue a variety of work streams that acknowledge the different production processes and recycling capabilities that exist in different markets. CELAB North America is currently focused on a range of matrix and release liner recycling needs, including analyzing technical issues, promoting the use and creation of recycling networks, interacting with government regulators, and educating the industry and public in different markets.

How have you influenced, or are you attempting to influence their position?
We chair the CELAB and helped facilitate the creation of this association to streamline the conversations around recycling technologies.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

The processes we have in place to ensure all of our direct and indirect activities that influence policy are consistent with our overall climate change strategy are two-fold:

1) We track new and proposed climate change legislation through our engagement with trade associations and Avery Dennison's sustainability organizations.

2) We review these regulations and engagements quarterly with those at Avery Dennison responsible for sustainability efforts and make recommendations to ensure alignment with our Climate Change strategy.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In mainstream reports

Status
Complete

Attach the document
Avery Dennison Corporation Form10-K.pdf

Page/Section reference
9

Content elements
Governance
Strategy
Risks & opportunities
Emission targets

Comment
The scientific consensus is that the emission of greenhouse gases (GHG) is altering the composition of our atmosphere in ways that are adversely affecting global climate. Concern regarding climate change has led and is likely to continue to lead to increasing demands by legislators and regulators, customers, shareholders and non-governmental organizations for companies including Avery Dennison to reduce their GHG emissions.

Publication
In voluntary communications

Status
Complete

Attach the document
AveryDennison-ESG_Download-March2021.pdf

Page/Section reference
All

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment
The ESG download is available on the Avery Dennison website and includes not only content related to climate but to additional Avery Dennison goals. Additional climate content elements include incentives for management around climate change and waste reduction.

C13. Other land management impacts

C-AC13.2/C-FB13.2/C-PF13.2

(C-AC13.2/C-FB13.2/C-PF13.2) Do you know if any of the management practices mentioned in C-AC12.2a/C-FB12.2a/C-PF12.2a that were implemented by your suppliers have other impacts besides climate change mitigation/adaptation?
No

C15. Signoff

C-FI

(C-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.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Vice President of Global Communications	Public affairs manager

SC. Supply chain module

SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

SC0.1

(SC0.1) What is your company's annual revenue for the stated reporting period?

	Annual Revenue
Row 1	

SC0.2

(SC0.2) Do you have an ISIN for your company that you would be willing to share with CDP?

Yes

SC0.2a

(SC0.2a) Please use the table below to share your ISIN.

	ISIN country code (2 letters)	ISIN numeric identifier and single check digit (10 numbers overall)
Row 1	US	0536111091

SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Allocation challenges	Please explain what would help you overcome these challenges
Diversity of product lines makes accurately accounting for each product/product line cost ineffective	
Customer base is too large and diverse to accurately track emissions to the customer level	

SC1.4

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

Please select

SC2.1

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

SC2.2

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?
Please select

SC4.1

(SC4.1) Are you providing product level data for your organization's goods or services?
Please select

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	Are you ready to submit the additional Supply Chain questions?
I am submitting my response	Investors Customers	Public	Yes, I will submit the Supply Chain questions now

Please confirm below
I have read and accept the applicable Terms