

ALL OF US, EVERY DAY

Avery Dennison 2014–2016 Sustainability Report



About this report

We report on our sustainability progress every two years. The data in this report covers the period between June 30, 2014, and June 30, 2016; the report also includes other information from 2016 and 2017. Data in this report is unaudited. Information contained here is intended as a summary of our progress toward sustainability since our last report.

For more about our sustainability efforts, including our latest sustainability-related news, please visit [averydennison.com/sustainability](https://www.averydennison.com/sustainability).

From our CEO

Fellow stakeholders,

The story of our sustainability efforts since our last report is one of intense focus, industry-leading innovation, and measurable progress. In 2015, we announced eight goals for 2025. Now, two years later, I'm excited to report that we're building momentum toward all of our goals and driving change not only in our company but in our industry and communities.

We're integrating our sustainability goals within all our operations and engaging employees at all levels. Across the company, we're harnessing our core strengths, applying to sustainability the same creativity, determination and passion for problem-solving that we bring to our customers. And, beyond our walls, we're tackling industry-wide challenges by collaborating with customers and partners to develop new systems and solutions.

As materials science innovators committed to making a meaningful difference, we see sustainability not only as a responsibility but also as an opportunity—to lead, to invent and to build a more resilient and profitable company. Achieving those things requires dedication from our employees, customers, suppliers and nonprofit partners. It takes the

support of our shareholders and engagement among the brands and consumers that use our products and solutions. The title of this report has it right: Achieving sustainability demands something from “all of us, every day.” I'm proud to say that, at Avery Dennison, we're completely committed.

Thanks to the collective passion and dedication of our employees and partners, the pathways to our sustainability goals are becoming increasingly clear. That progress, in turn, inspires us further, as proof of what's possible when we all do our part. Now, as ever, that sense of possibility drives everything we do.



Mitch Butier

President and Chief Executive Officer
Avery Dennison Corporation

Our sustainability goals

We're working to reach the following goals by 2025:



Greenhouse gas emissions

We'll achieve at least 3 percent absolute reduction year over year.

Instead of measuring our emissions as indexed to net sales, we'll now be measuring them—and reducing them—in absolute terms. By basing our approach on The 3% Solution developed by World Wildlife Fund, CDP and McKinsey & Company, we'll cut emissions by a minimum of 26 percent over the next decade. We'll do so by looking beyond energy efficiency to renewable sources, fuel switching and other strategies.



Paper

We'll source 100 percent certified claim paper, of which 70 percent will be Forest Stewardship Council–certified.

Our business depends on a sustainable paper supply. Because there isn't currently enough certified paper on the market to meet our goal, we'll be forging new partnerships to ensure that both our supply and the world's forests will last.



Waste

We'll be 95 percent landfill-free, with at least 75 percent of waste reused, repurposed or recycled. We'll also eliminate 70 percent of matrix and liner as waste from our value chain.

Our products contribute to the waste stream after they leave our factories; we'll help customers and other end users reduce that waste. In our own operations,

we'll increase the amount of waste we divert from landfills and use lower-impact alternatives to incineration to dispose of it.



Chemicals

70 percent of the chemicals we buy will conform to, or will enable end products to conform to, our environmental and social guiding principles.

We want the materials we use in our products to have no negative effect on the planet, now or in the future. So we'll source chemicals that are extracted and manufactured in ways that minimize such impacts.

We will work with our industry, including suppliers, customers and competitors, to diminish loss of available materials for reuse. We will enable collection, recycling and reuse initiatives to maximize circular economies.



Film

70 percent of the film we buy will conform to, or will enable end products to conform to, our environmental and social guiding principles.

As with the chemicals we buy, we'll source film that is extracted and manufactured in ways that won't negatively affect people or the planet.

We will work with our industry, including suppliers, customers and competitors, to diminish loss of available materials for reuse. We will enable collection, recycling and reuse initiatives to maximize circular economies.



Products and solutions

We'll use innovation in sustainability—ours and others'—to grow revenues from sustainability-driven products and services. 70 percent of our products and solutions will conform to, or will enable end products to conform to, our environmental and social guiding principles.

We see sustainability not only as a necessity, but as an opportunity. By offering sustainable innovations to customers, we'll have an impact on sustainability well beyond the limits of our own operations, while expanding our business at the same time.



People

We'll continue to cultivate a diverse, engaged, safe, productive and healthy workforce.

Building on our industry-leading safety record, our efforts to increase gender balance, our commitment to human rights and more, we'll continue to make every Avery Dennison facility worldwide a great place to work.



Transparency

We'll commit to goals publicly and be transparent in reporting progress against them.

In our biennial sustainability report, online and in other forums, we'll keep the conversation going among stakeholders inside and outside our company.



IN OUR COMPANY

Doing more with less

We strive to base our business decisions on the fact that humanity must live within the limits of the earth’s resources. That means meeting the challenges that all businesses face: achieving growth while using fewer natural resources, and operating in a way that leaves the planet in better condition than we found it.

Taking steps to reduce our emissions

2025 Goal

To achieve at least a 3 percent absolute reduction in greenhouse gas emissions year over year.

As a member of World Wildlife Fund’s Climate Savers and the Renewable Energy Buyers Alliance, and as a signatory of the American Businesses Act on Climate Pledge, we support 2015’s Paris Agreement and the global effort to reduce greenhouse gas (GHG) emissions and keep global temperatures to less than two degrees Celsius above pre-industrial levels.

We’re working specifically to reduce the carbon emissions from powering our more than 180 facilities. Almost all of the energy we use comes from electricity or natural gas. Our aim is to lower absolute emissions by at least 3

percent each year between 2015 and 2025—a minimum of 26 percent in total. Our approach is based on The 3% Solution developed by 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. In late 2016, we entered into our first renewable energy power purchase agreement (PPA) in the United States. We expect the renewable energy certificates we receive via the PPA to offset 50 percent of the GHG emissions generated from our electricity consumption in the U.S.

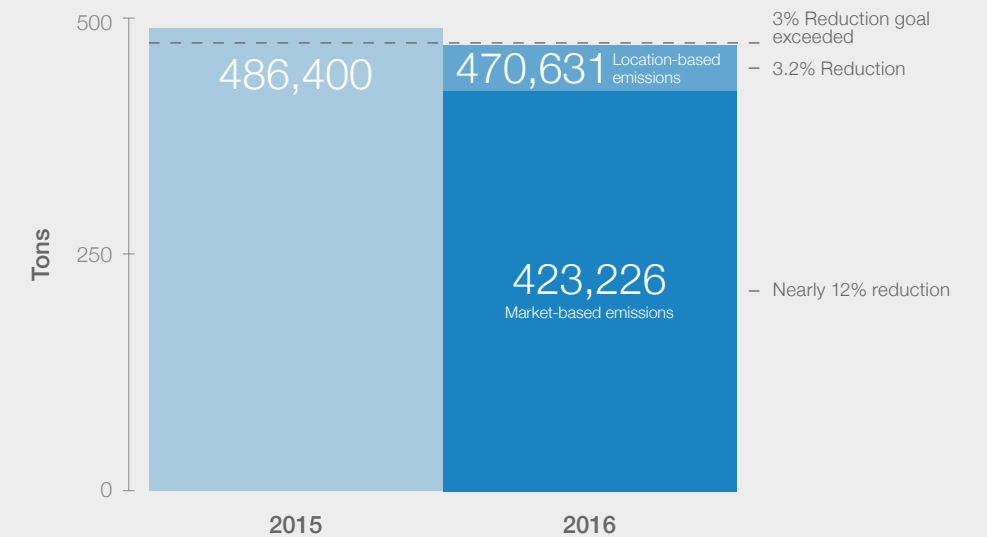
Between 2015, our baseline year, and 2016, we met our annual goal of reducing absolute CO₂ emissions by at least 3 percent. Our location-based emissions, which result from our consumption of electricity from power grids around the globe, fell 3.2 percent, from 486,400 metric tons to 470,631 metric tons. Our market-based absolute emissions for 2016, which factor in the effects of our renewable energy instruments, such as PPAs and renewable energy certificates, is even lower, at 423,226 metric tons—a decline of nearly 12 percent.

Between 2014 and 2016, we reduced energy consumption by 3.7 percent, from 1.35 million megawatt hours to 1.30 million megawatt hours.

In 2016, our Label and Graphic Materials (LGM) business where we initiated our efforts had one of its best years ever for reducing energy intensity, which we define as energy consumption per unit of production, or megawatt hours per million square meters. We reduced energy intensity by 7.2 percent from 2015, bringing us to a total reduction of just over 40 percent against our 2007 baseline. Our LGM operations in Europe led the way in 2016 with a 12 percent reduction in intensity. Since 2007, operations in North Asia Pacific have reduced their energy intensity by 55 percent. In all, our LGM business has saved an estimated total of nearly \$150 million by using energy more efficiently since we established our baseline in 2007.

Absolute CO_{2e} emissions, 2015–2016

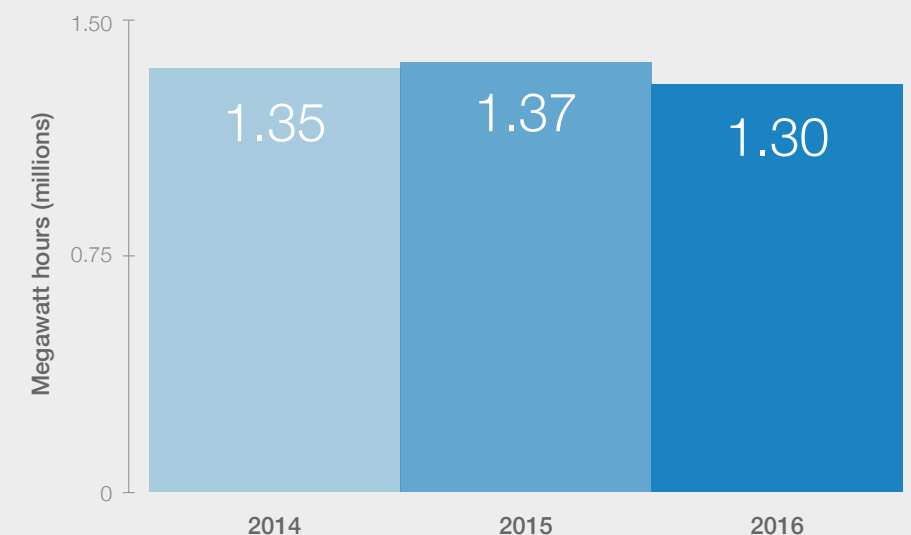
Data includes acquired companies.



In 2016, we reduced our location-based absolute CO₂ emissions by 3.2% and our market-based absolute emissions by nearly 12%.

Energy consumption, 2014–2016

Data includes acquired companies.



To date, we've focused on reducing direct emissions from our operations and consumption of electricity. We're developing our strategy for reducing indirect emissions from our value chain, both upstream from our suppliers and downstream from customers and consumers, where emissions can be greatest. We are working to have our strategy in place over the next few years.

Moving closer to landfill-free

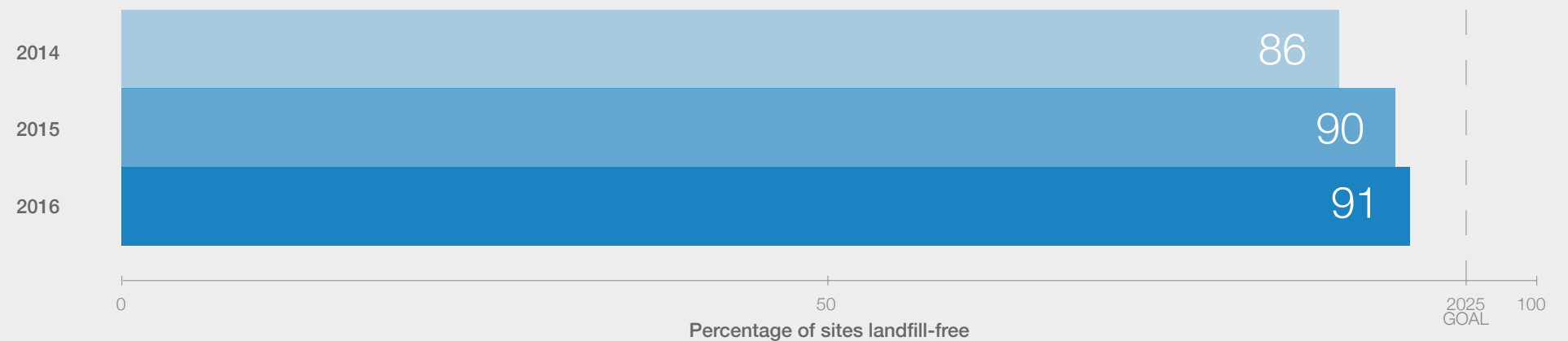
2025 Goal

To be 95 percent landfill-free, with at least 75 percent of waste reused, repurposed or recycled.

We work continuously to minimize the solid waste created through our manufacturing operations. Our main waste products are excess paper, laminate, liner, fabric, adhesive and other materials left over from making our products. We're pursuing a vision of sending zero operational waste to landfills. Our 2025 goal is to be 95 percent landfill-free and to reuse, recycle or repurpose at least 75 percent of our waste. (We've also committed to eliminating customer waste created by our products by 70 percent. See more information in "Taking on the challenge of label waste" on [page 24](#).)

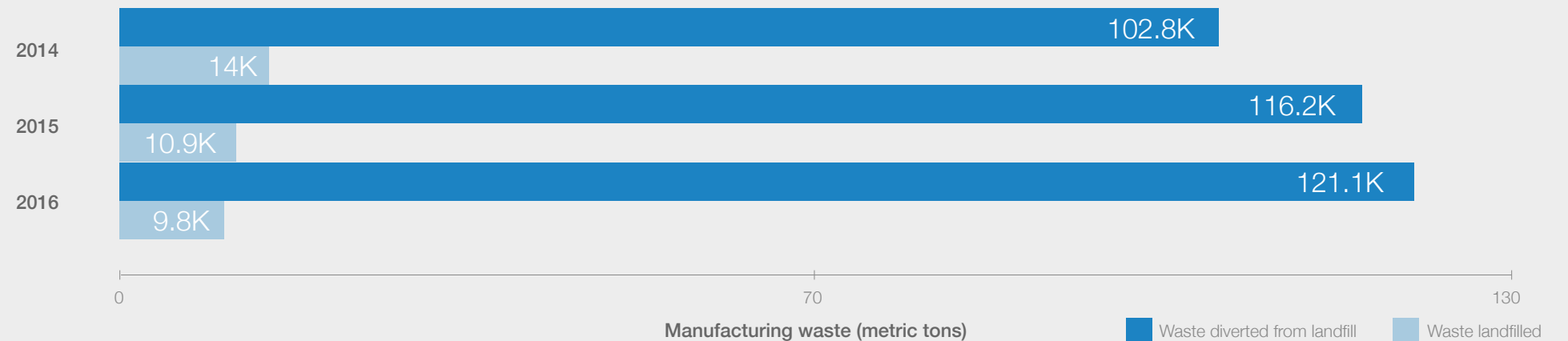
As of the end of 2016, 91 percent of our solid waste was being diverted from landfills, and 59 of our sites worldwide were operating landfill-free. We recycled 58 percent of the waste we diverted. We're building new partnerships with recyclers to help increase that number. At the same time, we're working to better understand how to reduce and more efficiently use the materials that come into our facilities.

Year-over-year progress toward goal, 2014–2016



Waste diverted from landfills, 2014–2016

Data includes acquired companies.



Being mindful of our water consumption

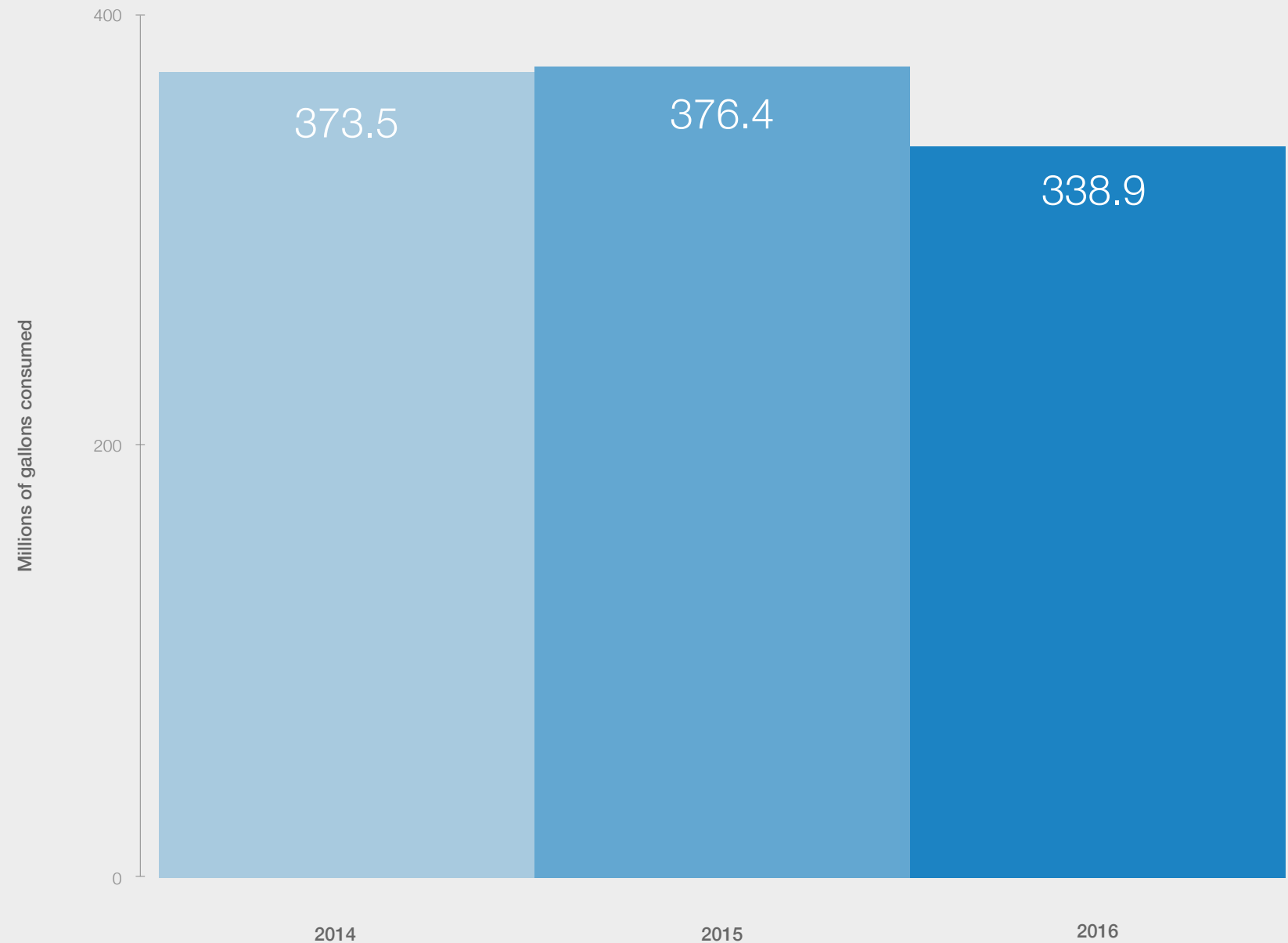
We use relatively little water in our direct operations compared to manufacturing companies in other industries. So while we do track our water consumption and look for ways to use water more efficiently in our products and processes, we have not made water conservation one of our sustainability goals. Between 2014 and 2016, we consumed approximately 1.1 billion gallons of water—about the same amount as in the prior two-year period. The wastewater we produce is discharged into publicly owned treatment works and treated at municipal facilities.

Aligning with apparel-industry best practices

By the end of 2016, 19 of our Retail Branding and Information Solutions (RBIS) facilities, which generate more than 80 percent of RBIS’s revenue, had completed the Higg Index Facilities Environmental Module, a self-assessment providing information about our environmental performance to our customers. The module is part of the Higg Index, a suite of tools created to improve both transparency and the environmental and social impacts of companies in the apparel, footwear and home textile industry. The Index was developed by the Sustainable Apparel Coalition (SAC), the industry’s foremost alliance for sustainable production, of which Avery Dennison is a member. Increasingly, our customers expect us to provide information via the Index. SAC’s long-term vision is to make the Index available to consumers as well.

Year-over-year water consumption, 2014–2016

Data includes acquired companies.



Protecting our most valuable resource

As a materials science company, innovation is critical. Even more important are the people who bring those innovations to life. From our earliest days, our people have been a key ingredient in our success. In our factories and offices worldwide, we've made it a priority to keep employees safe, treat them with fairness and respect, and never rest in our efforts to keep Avery Dennison a great place to work.

Upholding human rights and fair labor practices in our facilities

We remain committed to advancing human rights and fair labor practices in our business. We work hard to ensure that the people who make our products are treated fairly and with respect. Our Employment Standards and Global Supplier Standards are guided by the broad principles advanced by the United Nations and the International Labour Organization. Both sets of standards, as well as our Code of Conduct and our values and ethics program, help to ensure consistent and fair employment practices in our facilities worldwide.

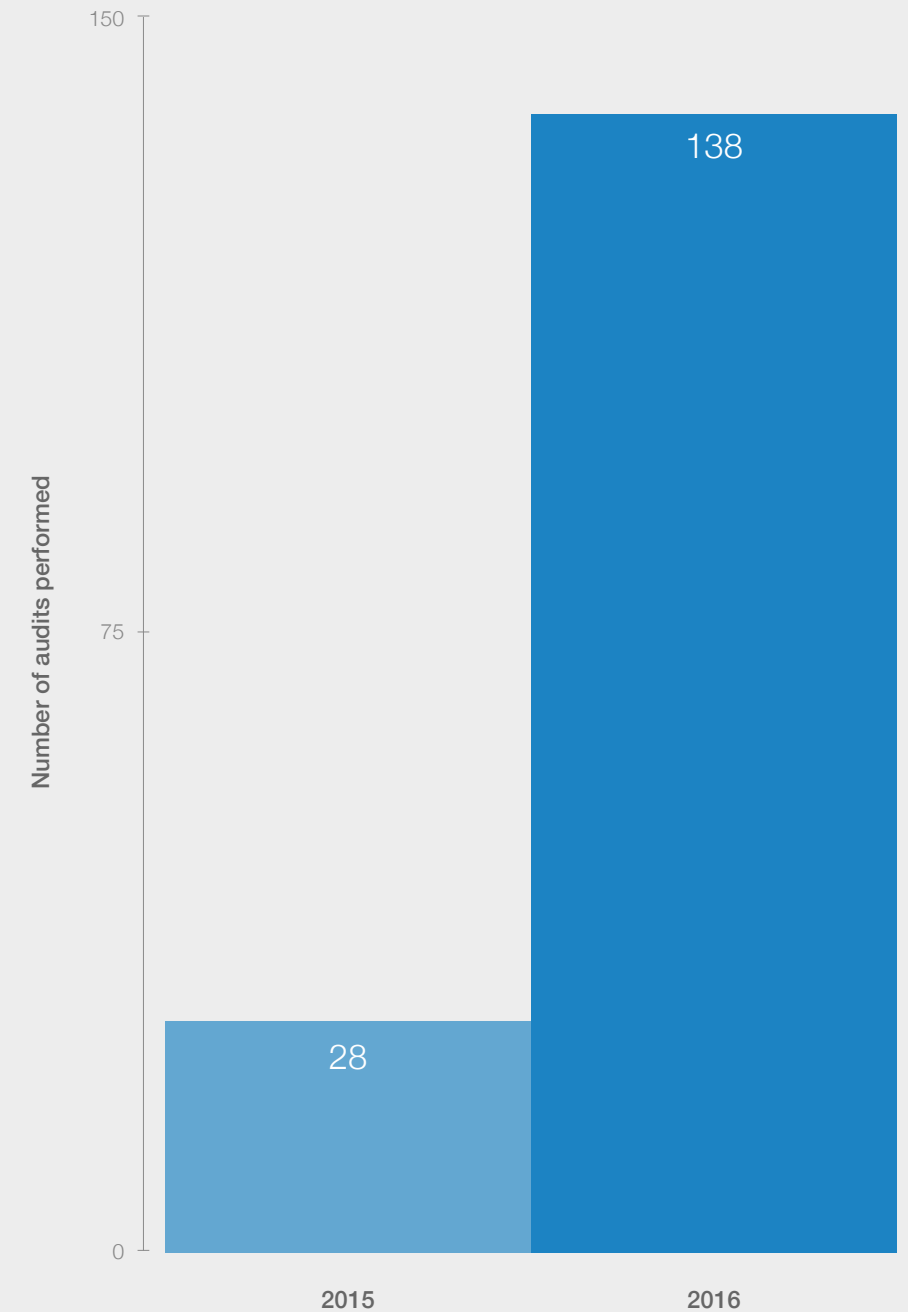
To ensure compliance with our Employment Standards, we conduct periodic audits at our owned and operated RBIS facilities around the world. (We also conduct audits of our subcontractors' facilities. See "Promoting human rights among our subcontractors" on [p. 20](#).) We prioritize facilities to be audited according to their risk profile, taking into account factors like past audit performance and the prevailing labor conditions in the country where the facility is located. The audits are conducted by Elevate, a third-party workplace auditor. In 2015 and 2016, we conducted a total of 166 audits of our RBIS manufacturing sites.

Audits of our facilities cover 151 areas of compliance. Whether conducted by us or a third party, the objectives of every audit are to:

- » Identify noncompliance with our policies.
- » Identify best practices.
- » Observe improvements on identified issues from previous audits.
- » Rate facilities' overall compliance levels.

In addition to audits, we also provide employee training to ensure managers and employees understand their rights and our expectations.

Employment standards audits at Avery Dennison RBIS facilities, 2015–2016



Setting a new standard in safety

Safety remains a core value at every Avery Dennison facility worldwide. Over the last two decades, we've built one of the best safety records of any global manufacturing company. Our recordable incidence rate (RIR) in 2016 was world class at 0.25, far surpassing the manufacturing industry average of 3.8 in 2015, the most recently available average. Also in 2016, 84 percent of our 181 facilities worldwide were free of recordable injuries.

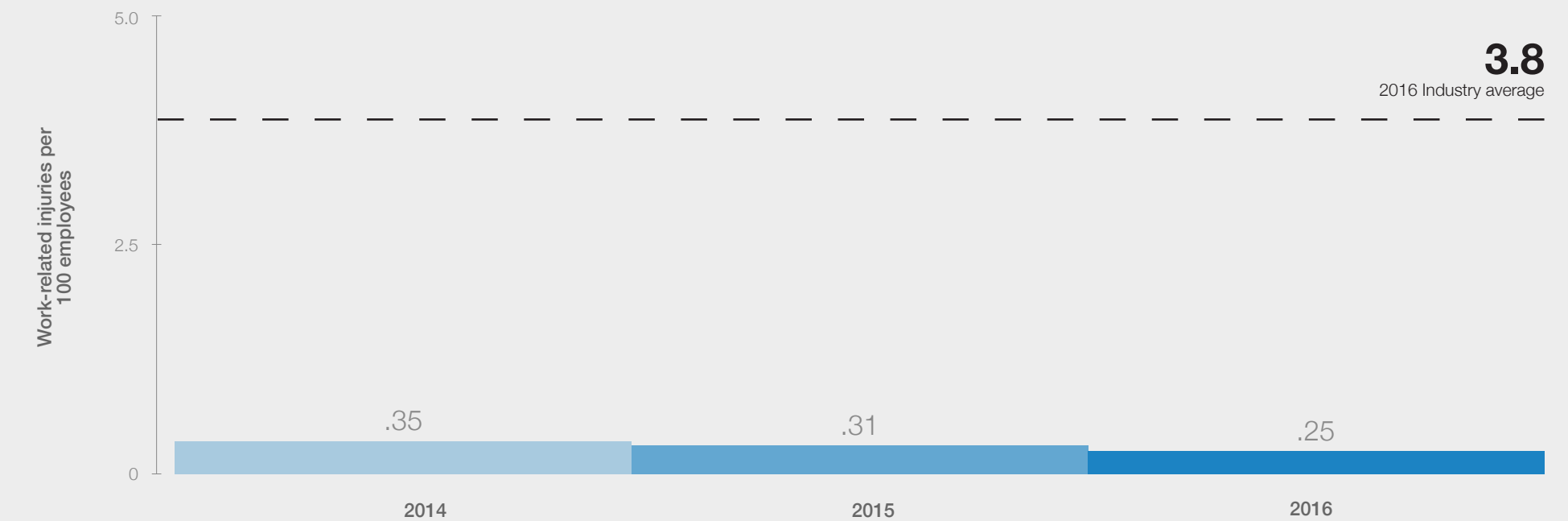
To keep incidents low and awareness high, we continually reinforce our safety culture through ongoing education and communication. Videos from our CEO, distributed company-wide and available in 30 languages, demonstrate that our commitment to safety begins at the highest levels of our leadership. In 2016, our "Know Safety, No Accidents" campaign provided talking points in multiple languages on specific injury-prevention safety topics to frontline leaders worldwide.

We promote hazard recognition, safety awareness and kaizens for solving safety-related issues company-wide and within our specific businesses. Over the last year, our LGM business has continued its focus on awareness and prevention of hand injuries. One effort rated various cutting tools for their laceration risk and eliminated the most dangerous items. Another assessment evaluated machinery for potential pinch-points and implemented mitigation actions for equipment with the highest risk.

In our RBIS business, our Safety By Technology program employed kaizen events in over 40 of our production facilities worldwide to evaluate the "point of operations" risks associated with moving equipment and machinery. Machine operators, their managers and others worked together to identify standardized machine safeguarding solutions that were applied across all regions to eliminate or significantly reduce risks.

Recordable incidence rate, 2014–2016

Recordable incident rate is defined by the U.S. Occupational Safety and Health Administration (OSHA) as the number of work-related injuries or illnesses per 100 employees requiring more than first-aid treatment.

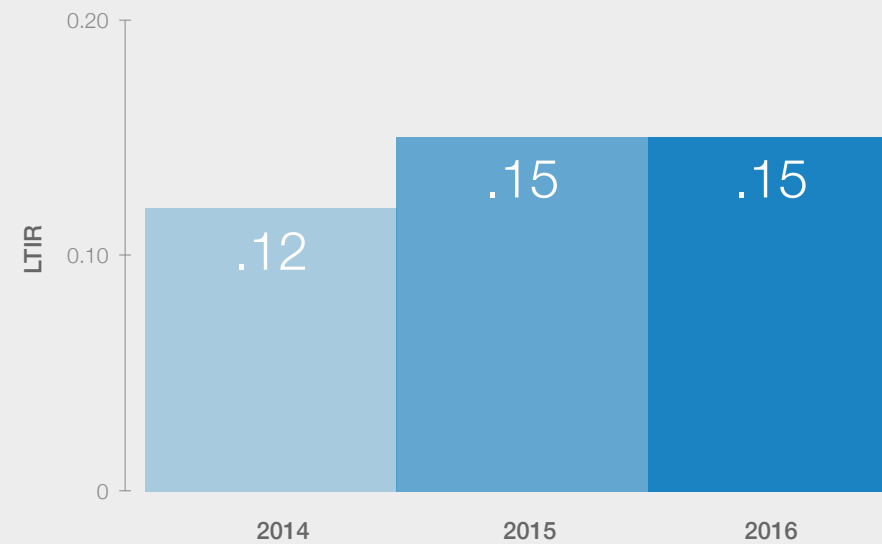


In our solvent coating operations, we've made a focused effort to raise safety awareness and decrease the risk of fire. Our Global Static and Fire Prevention Initiative, for example, begun in 2016, seeks to enhance static control on solvent coating lines and fire-suppression systems to eliminate or reduce the risk of fire from static electricity. We conducted facility-level static and fire suppression assessments as part of the effort and have begun addressing the findings we identified. We're investing in static control technology, process safeguards, best-practices training for employees and more. We anticipate that all high- and medium-priority recommendations will be addressed by mid-2017, with all remaining recommendations addressed by the end of 2017.

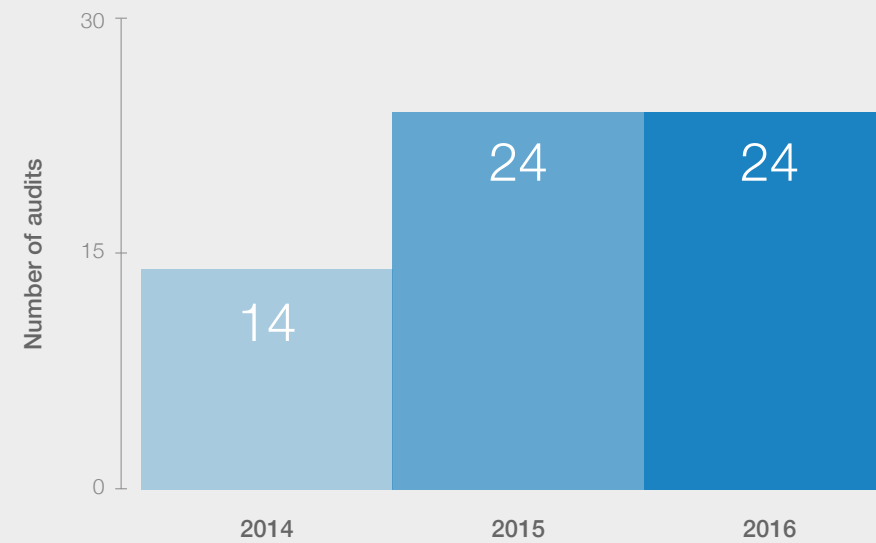
To further ensure that we're following our own standards and the regulations of the countries where we do business, we conduct environmental health and safety (EHS) compliance audits at our manufacturing sites. Audits are conducted by a team of our own employees assisted by third-party consultants who provide an outside perspective in addition to deep knowledge and expertise of country/local regulations and languages. Between 2014 and 2016, we conducted audits at 62 of our facilities. The results of the audits are tracked to closure by the corporate EHS team and are used by the sites to facilitate continuous improvement in workplace safety and environmental protection.

Lost-time incident rate, 2014–2016

LTIR is defined by U.S. OSHA as the number of work-related injuries or illnesses per 100 employees that result in days away from work, restricted work or transfer.



Number of safety audits, 2014–2016



Addressing gender diversity

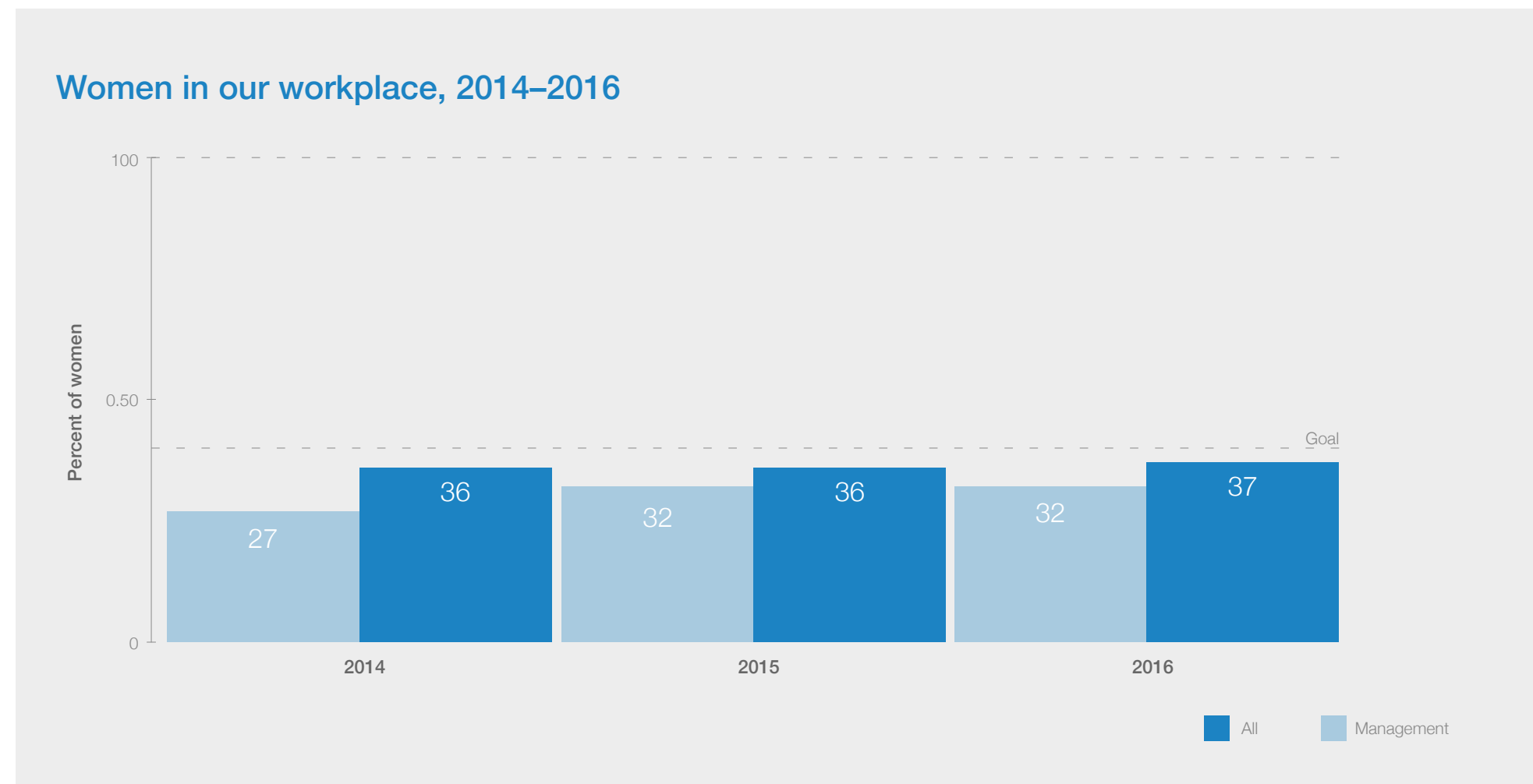
As an Affirmative Action and Equal Opportunity employer, we've long been committed to creating a diverse and inclusive workplace. Since 2013, we've been particularly focused on increasing gender diversity. In 2014, we set a stretch goal for women to hold at least 40 percent of our leadership positions, which we define as manager level and above, by the end of 2018.

In the two years since, we've pursued that goal by creating a more flexible work environment, developing female employees' leadership skills and raising

awareness of unconscious gender bias across our company. And while we've seen success in all three of these areas, we're still far enough from our goal, at 32 percent, that reaching 40 percent by 2018 is unlikely. Like many companies, our greatest obstacle is the shortage of women in certain labor pools, particularly in engineering or technology-related fields. We're addressing this challenge by more proactively building a pipeline of qualified recruits. One solution: a program in the U.S. and European operations of our LGM business that recruits potential leaders—both women and men—right out of college. We're engaging recent graduates because they tend to be more diverse. New hires in the program are given a wide range of experiences within our company

to help them develop skills in leadership and other areas key to their career growth. Our aim is to create an abundant pool of diverse talent from which to fill leadership positions.

As we continue our efforts to bring gender balance to our leadership, we also continue to focus on inclusion broadly—to look at how our teams can encompass and leverage the differences among our employees. In 2016, 375 employees in our LGM business took part in inclusion workshops, where they had frank conversations about these issues and completed self-assessments that prompted them to reflect on their own fears and habits regarding their interactions with people different from themselves.

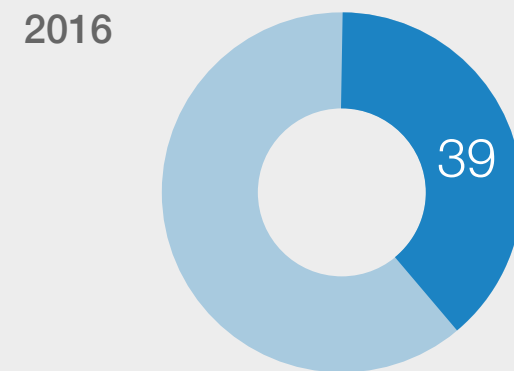
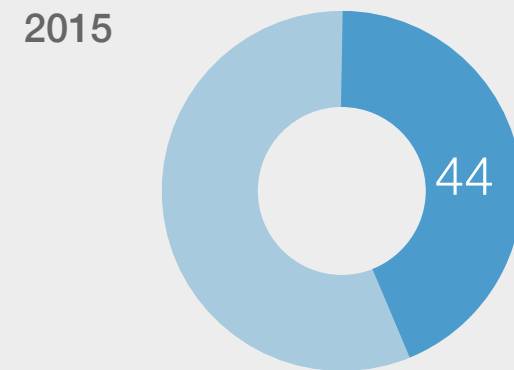
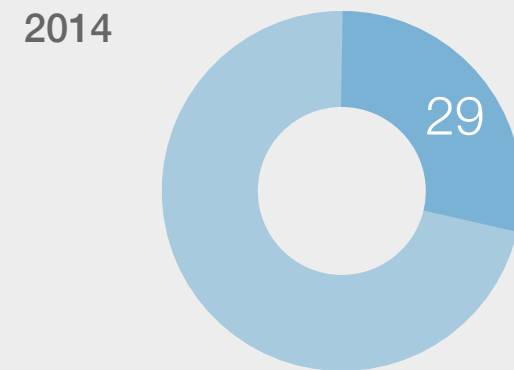


Our focus on gender diversity has led us to think more about inclusion generally—about embracing the differences among us and treating them as a competitive asset.

Scoring higher in employee satisfaction

We annually measure employee engagement through a company-wide survey. Approximately 90 percent of our employees completed our most recent survey in 2016. We're proud that across our businesses, 80 percent of employees reported being satisfied with working at Avery Dennison, a score that puts us among the highest ranks of Fortune 500® companies. We attribute our scores to a company culture that includes high and clear standards for ethics, integrity and transparency; accessible senior leadership; and concern for employees demonstrated by fair compensation and a wide range of employee support and development programs.

Corporate internal mobility



Percent of positions for manager level and above filled with internal candidates

Making annual reviews less “annual”

We enable employees to acquire the skills and knowledge they need to excel in their jobs, grow professionally and pursue opportunities within our company. Between 2014 and 2016, we continued to evolve our training and development offerings. Among other efforts, we revised our performance management process, making it less of an annual review and more of an ongoing, future-focused conversation between employees and their managers that focuses on both performance and development. We also improved our online performance and development system, making it easier to use.

Treating health and well-being as a Mission: Possible

Between 2014 and 2016, through a program called Mission: Possible, we held health and well-being challenges, encouraging teams of U.S.-based employees to compete in weight loss, daily physical activity, stress reduction and more. Dozens of designated “health ambassadors” throughout the company encouraged participants on their goals and progress, invited them to exercise with others and helped them fine-tune their workouts. Mission: Possible builds camaraderie and supports employees in being healthy, which has been shown to increase employee engagement.

Maintaining a culture of integrity

As a values-based company, we want to be known as much for our ethics and integrity as for our innovation. That's why we work continually to ensure that our employees and business partners know, understand and live up to our Code of Conduct and high ethical standards. Between 2014 and 2016, we continued to reinforce our standards at every level of our company and help employees avoid ethical pitfalls—and report them when they occur.

Refreshing our Code of Conduct

At the heart of our values and ethics program is our Code of Conduct, which is built on our leadership principles and applies to all of our directors, officers and employees. The code has been translated into 32 languages; our employees learn the code and affirm their commitment to comply with it when they first join our company and annually thereafter. The code is designed to encourage ongoing dialogue about the choices we make every day and help us make great decisions. Our Code of Conduct describes our beliefs and provides our employees with guidance on ethical matters such as equal employment opportunity, compliance with laws and internal controls, protection of company assets and intellectual property, avoidance of conflicts of interest, fair dealing and antitrust compliance, anti-corruption and anti-bribery, sustainability and environmental consideration, and community and social responsibility. The code is available for review [online](#).

We train employees on the Code of Conduct at least biannually. In addition, we offer four online courses per year that designated employees with computers are required to complete. To ensure that the policies and principles encompassed in our Code of Conduct reach all of our employees globally, we also develop and launch three “talkabout” toolkits each year, which managers use to engage in meaningful discussion with their teams regarding topics from the Code of Conduct.

During 2016, we updated our Code of Conduct with new messages from our leadership, additional guidance for higher-risk areas of concern and detailed case studies intended to provide guidance in gray areas, all written in plain and easy-to-understand language. We also created a portable pocket version for distribution to all employees. In 2017, we introduced the updated Code of Conduct through communications to managers and other employees. Our planned “Values in Action” campaign will give employees the opportunity to share self-produced videos demonstrating how they are living the values described in the code.

Avoiding conflicts of interest

We annually require all employees at the level of manager and above to complete a compliance certification in which they must disclose, among other things, whether they or any of their immediate family members have a job, contract or other position with an entity that has commercial dealings with our company. Employees in other jobs at risk for potential conflicts are certified every other year. In all cases, disclosures are reviewed by our compliance department in consultation with our law department and senior management to determine whether the disclosed activity significantly influences our business. Our Chief Compliance Officer provides a report on the disclosures to the Governance and Social Responsibility Committee of our Board of Directors. In the most significant cases, the committee is tasked with determining whether a conflict exists. We typically investigate 15 to 20 potential cases of conflict each year, taking corrective action as appropriate.

Our Business Conduct GuideLine

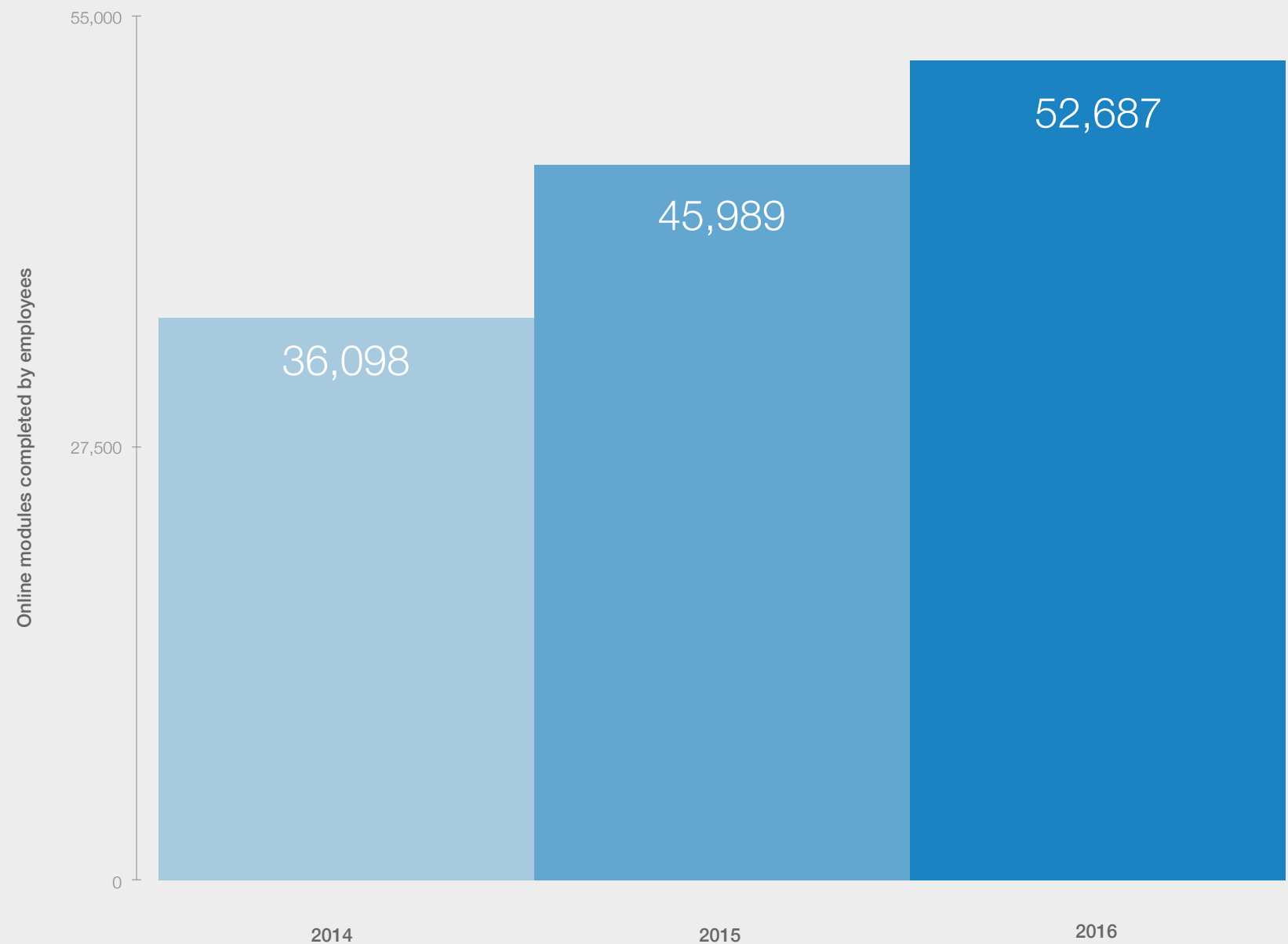
Employees and third parties can report potential violations of our Code of Conduct—anonously, if they choose—by calling several toll-free hotlines in countries where we do business. Potential violations can also be reported online at <https://secure.ethicspoint.com/domain/media/en/gui/38923/index.html>. Our GuideLine is operated by an independent third party and accepts reports in any language to accommodate our global workforce, customers and suppliers. All reports are investigated under the direction of our Chief Compliance Officer, in consultation with the law department and senior management and with oversight from the Governance and Social Responsibility Committee. We prohibit retaliation for good-faith reporting.

Investigating potential ethics violations

We take all reports of ethical violations seriously. We investigated approximately 180 complaints in both 2015 and 2016. When violations occur, we take appropriate corrective action and discuss significant substantiated matters, trends and hotspots with our senior leadership and Board of Directors to promote transparency, good governance and ongoing learning. We also publish general investigation metrics on our internal website.

We want to be known as much for our ethics as for our innovation.

Online ethics and values trainings completed, 2014–2016





IN OUR SUPPLY CHAIN

Seeking sustainability at the start

A large share of our environmental footprint can be attributed to our consumption of raw materials such as paper, chemicals and film. By establishing goals and policies for using materials that are sustainably extracted and produced, we're aiming to reduce our own consumption of natural resources while helping our supply chains, customers and peers move toward greater sustainability as well.

Increasing our use of FSC-certified paper

2025 Goal

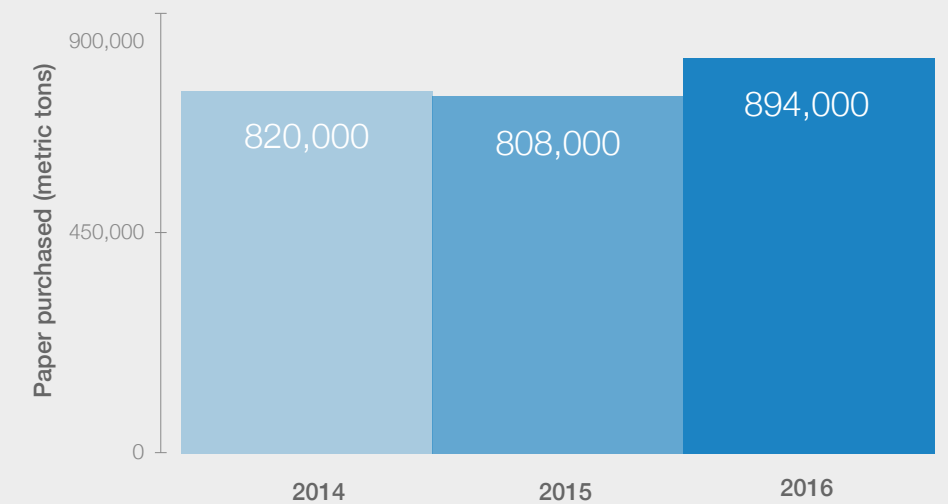
To source 100 percent certified claim paper, of which 70 percent will be FSC certified.

The world's forests are critical to environmental and economic health, and our business depends on a sustainable paper supply. Since 2013, we've worked to purchase increasing amounts of paper made from fiber certified as sustainable. In particular, we buy paper certified by the Forest Stewardship Council® (FSC®), the "gold standard" in sustainable forestry, when possible.

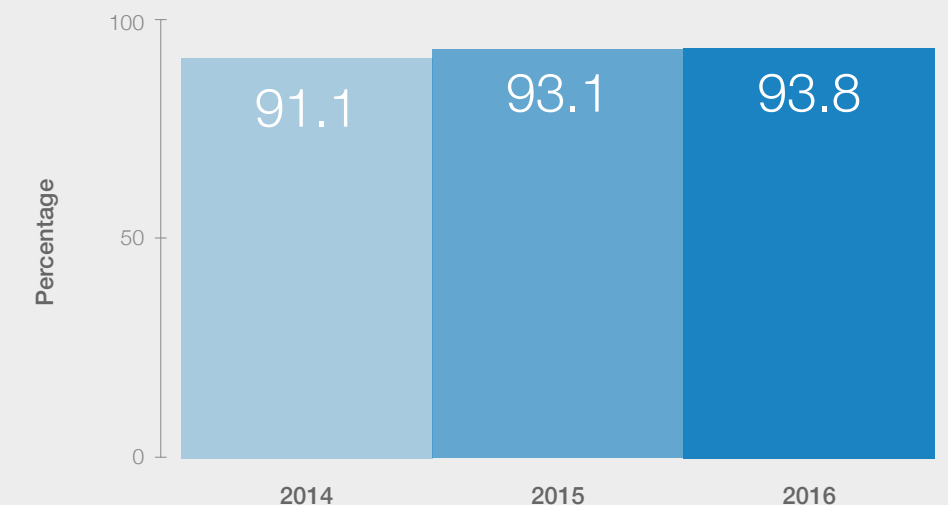
In 2016, we procured nearly 900,000 tons of paper enterprise-wide. Of that volume, 45% percent was FSC-certified, 5% was certified to a standard endorsed by the Programme for the Endorsement of Forest Certification and 28% was assessed as low risk for key criteria such as forest conversion and traditional and civil rights. The certification claims for 93.8 percent of the paper we procured were validated by the Rainforest Alliance. The Rainforest Alliance also reviews the non-certified wood we purchase to ensure that it meets all five criteria for wood considered to be from acceptable sources and is not:

- » Illegally harvested wood.
- » Wood harvested in violation of traditional and human rights.
- » Wood harvested in forests in which high conservation values are threatened by management activities.
- » Wood harvested in forests being converted to plantations or non-forest use.
- » Wood from forests in which genetically modified trees are planted.

Paper purchased, 2014–2016



Percentage of certified paper validated by the Rainforest Alliance



Our Label and Graphic Materials (LGM) business buys paper mainly for the facestock and liners—the front and back of the label material—it supplies worldwide. In 2016, 60 percent of the face paper LGM procured was FSC certified. LGM has made especially strong progress in procuring FSC-certified paper in Asia, where supply has historically been scarce. Globally, we've had greater success in sourcing FSC-certified facestock than in sourcing FSC-certified liners, but we're on track to increase our supplies of certified liners over the next one to two years.

To meet increasing customer demand for labels made with sustainably sourced paper, our LGM business offers the industry's largest selection of FSC-certified products, which we are working to offer as part of our ClearIntent™ product portfolio. Our FSC-certified products are especially popular in Europe, where two-thirds of the paper products we sell is FSC certified. Around the world, we offer our FSC-certified products at the same cost as those made with non-certified paper, eliminating a key barrier to customer adoption.

Our Retail Branding and Information Solutions (RBIS) business is also using more FSC-certified paper. The Rainforest Alliance validated our tracking of the pulp, origin and species of 62 percent of the 39,905 metric tons of paper our RBIS business purchased in 2016. Nearly 19,500 metric tons were FSC-certified, and 5,668 metric tons came from other certified sources.

Exploring alternatives for chemicals and film

2025 Goal

To ensure that 70 percent of the chemicals and film we buy will conform to, or will enable end products to conform to, our environmental and social guiding principles.

We want the materials we use in our products to have as little negative effect as possible on people and the planet, now and in the future. We've started work to source chemicals and film that comply with the social and environmental principles we use to guide our business (see "Selling sustainability" on [p. 23](#)). Among these principles: Don't pollute with extracted materials. And don't pollute with manufactured materials.

We use a variety of petroleum-based films in our LGM business. Because there are so few alternatives, replacing them with more sustainable materials is a challenge. Our current strategy is to reduce the amount of film per label by downgauging—making labels lighter and thinner. We're also committed to using recycled film as it becomes more widely available. And we're working to employ renewable, bio-based film made from plants, such as the sugar-based Bonsucro®-certified filmic facestock we use in our bio-based PE film product.

In our RBIS business, we use low-density polyethylene made from sugar cane for transport packaging.

Our move toward sustainable films is in its early stages and is dependent on available technology. We're working with customers, suppliers and other partners to develop solutions, and we expect to gain more traction over the next two to three years.

Chemicals, meanwhile, are an essential ingredient in many of our products. We employ strict standards and take great care to ensure that they don't cause harm in how they are extracted, manufactured or used in our products and our customers' products.

Since 2015, we have maintained an enterprise-wide restricted substance list (RSL) program to guide us in the transition to chemicals with fewer environmental and health impacts. The first phase of our program focused on avoiding the use of RSL chemicals as we design new products. We're now evaluating the use of these chemicals in our legacy products to consider better alternatives that are technically and economically feasible, with the evaluation expected to be complete by the end of 2018. In 2017, we're working with our suppliers to identify where these chemicals may be present in our products and engaging them as partners in evaluating alternatives.

At the business-unit level, our RBIS business, in keeping with apparel industry standards, has a longstanding RSL program that requires its chemical suppliers to conform to a list of restricted substances that is even more extensive than our enterprise-level list. The list also delineates chemical concentration limits to avoid health hazards, harm to the environment and negative impact on the quality or performance of our products.

RBIS does not sell any products containing RBIS RSL substances. As part of its product development process, raw materials and finished products are tested against the RSL before being released. All of its raw materials suppliers are required to sign an agreement stating that they will comply with the RSL and policies for product testing. RBIS regularly audits suppliers to ensure compliance.

SUSTAINABLY SOURCED

In compiling our RSL, we assess our products against a broad number of global regulations, such as European REACH, Restriction of Hazardous Substances, Waste Electrical and Electronic Equipment (WEEE), the U.S. Toxic Substances Control Act and hundreds of other regulations enforced by the U.S. Consumer Product Safety Commission and the U.S. Food and Drug Administration, along with similar regulatory agencies in the other countries where we do business.

We consider regulatory compliance to be the bare minimum standard, and we look for ways to go beyond compliance to ensure the safety of our products. For example, our RBIS business is partnering with bluesign® to implement new manufacturing guidelines at several RBIS facilities. The bluesign system sets stringent standards for the safe and environmentally sustainable manufacture of textiles, including strict criteria for chemical inputs.

Our RBIS business also tests products before they ship to ensure that they have not inadvertently been contaminated by harmful substances listed in their RSL—a risk in any chemical-intensive manufacturing operation. In 2016, we conducted over 3,100 tests of our products and recorded only 13 failures. The rest of our company will begin testing products against the Avery Dennison RSL in 2018.

During 2017, we also began implementing manufacturing restricted substances lists (MRSLs) in several RBIS facilities. Our RBIS business will test against them at several facilities. An MRSL goes one step further than a product RSL; it restricts substances present in finished products and any that might be discharged into the air, water or ground during manufacturing or the operation and maintenance of our facilities. In implementing our MRSLs, RBIS is following a process developed by the ZDHC Foundation (roadmaptozero.com), an NGO dedicated to achieving zero discharge of hazardous chemicals in the textile and footwear value chain. We intend to have MRSLs in place at all RBIS facilities by 2020 and at facilities enterprise-wide soon afterward.

Promoting human rights among our subcontractors

Our commitment to human rights and fair labor practices doesn't end at our property line. We expect our subcontractors and suppliers to adhere to our Global Supplier Standards, which govern safety, working conditions, wages and more.

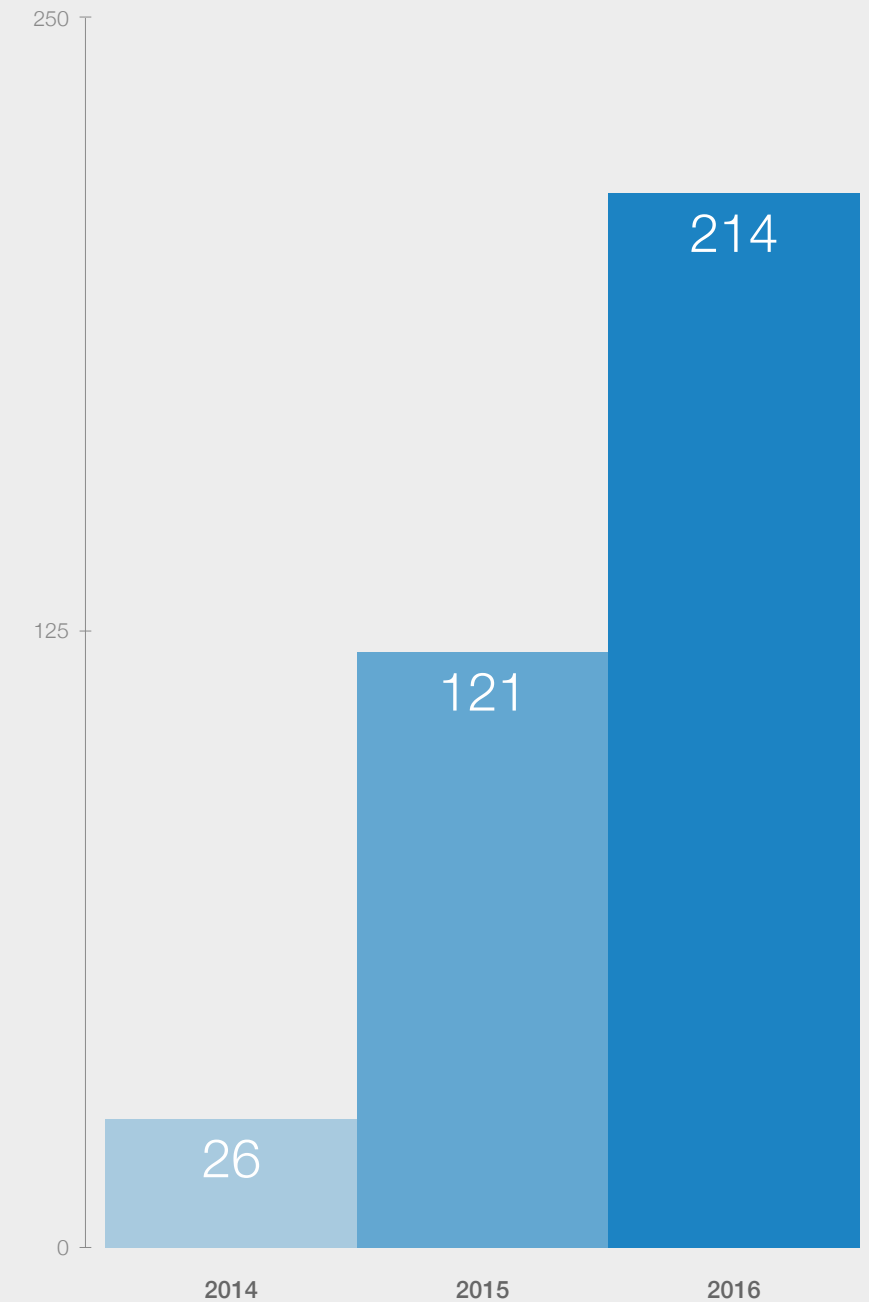
Our RBIS business operates a thorough oversight program for the subcontractors to whom it often outsources production of clothing labels, tags and other finished goods. Through the program, we provide subcontractors with information and training to help them understand and comply with our standards.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

Since 2014, RBIS has audited 196 of its subcontractors, which account for 95 percent of RBIS's subcontractor spending.

In 2016, RBIS conducted a baseline assessment of its social compliance program, comparing it to those of peer companies. The analysis revealed that the RBIS program leads in its industry in terms of both depth and frequency of audits.

Our LGM business introduced its own oversight program for top suppliers in 2016, based on a platform developed by the third-party consultant EcoVadis. The approach rates suppliers based on their answers to an online questionnaire covering a range of labor and human rights issues that align with our Global Supplier Standards. Our policy is to intervene with suppliers that reveal themselves to be high risk and help them improve. If improvements are not made within a specified time frame, our policy is to terminate our relationship with the company. (LGM also uses EcoVadis to rate suppliers' environmental performance; see "Scoring our suppliers' environmental performance" on [p. 21](#).) In 2016, we introduced EcoVadis to our top 100 suppliers, representing 80 percent of LGM's procurement spending. We'll ask for information from our next 100 suppliers by the end of 2017, cumulatively covering 95 percent of LGM's procurement spending.

Subcontractor facilities audited, 2014–2016



Scoring our suppliers' environmental performance

When our suppliers' operations align with our environmental goals, standards and guiding principles, it helps us achieve our own sustainability goals while also reducing the environmental impact of the supply chains we depend on.

The self-assessments we asked our top 100 LGM suppliers to fill out through the EcoVadis platform also contain questions based on environmental, fair business practices, labor practices and supply chain criteria. Using EcoVadis helps us identify suppliers that go above and beyond to improve the supply chain; we work with those suppliers to develop new systems and products that can be adopted by our industry. At the same time, we work with suppliers whose scores have raised concerns so that we can help improve their operations and the environmental impact of the supply chain overall.



IN OUR INDUSTRY

Selling sustainability

Sustainability is the best kind of business opportunity—a way to grow our sales while enabling our customers (and theirs) to operate more efficiently and cost effectively, with less impact on the planet’s resources. Our pursuit of sustainable solutions is one more way we’re anticipating and meeting our customers’ needs, as we’ve done for more than eight decades.

Offering our customers better options

2025 Goal

To ensure that 70 percent of our products and solutions will conform to, or will enable end products to conform to, our environmental and social guiding principles.

Across our company, we’re innovating to give customers more sustainability oriented choices. Our Retail Branding and Information Solutions (RBIS) business routinely enables customers to replace conventional packaging and brand elements with more environmentally friendly alternatives. RBIS offers labels made from 100 percent recycled polyester yarn; FSC-certified paper for graphic tickets, tags and labels; recycled plastic fasteners for attaching brand and price tickets; and bags made from bioplastic, a plant-derived alternative to conventional, petroleum-based polyethylene.

Our Label and Graphic Materials (LGM) business is developing ClearIntent™, a growing portfolio of hundreds of products made with materials that are responsibly sourced, reduced and recycled. Before a product earns the ClearIntent label, it’s verified that it has a net positive environmental benefit greater than the alternative Avery Dennison product. Customers and brands are already using verified ClearIntent products to reduce the environmental footprint of their packaging. We are documenting the environmental benefits of all the products we intend to add to the portfolio. We expect to complete that work by the end of March 2018.

Visualizing sustainability with Greenprint™

Avery Dennison Greenprint is our tool for analyzing the environmental impact of the packaging, labels and other solutions we provide to customers and their end customers. Greenprint helps our customers make more informed decisions about the materials they use, providing a cradle to factory-gate analysis of the water, electricity, fossil material and bio-based material (like trees) necessary for a product. We then show customers how they can reduce environmental impact through more efficient design or through the use of recycled materials. Greenprint has proven especially popular among apparel brands served by our RBIS business. It’s increasingly used by our LGM customers as well, especially when we’re helping to serve the consumer goods market.

Greenprint was one of the first impact-analysis tools in our industry, and it’s still unique in its focus on the impacts that occur during the resource-intensive states of raw material extraction and manufacturing. In 2016, we added certified paper and fabric to the mix of factors customers can analyze as they seek a balance of cost, performance and sustainability.

Taking on the challenge of label waste

2025 Goal

To eliminate 70 percent of matrix and liner as waste from our value chain.

One of our greatest and most urgent sustainability challenges is to reduce the waste from our pressure-sensitive labels—specifically the liners and matrix left over after our customers and end users have applied the labels.

We've set a goal of eliminating 70 percent of the matrix and liner waste from our value chain by 2025. To get there, we're working with customers, recyclers and others to facilitate the creation of a recycling infrastructure and network of processors that doesn't currently exist on a scale that matches our customers' needs. So far, that's meant uncovering research to show both our customers and recyclers that our label liners can be feasibly recycled, and identifying recyclers worldwide willing to recycle them. Our ultimate aim, which we'll pursue over the next several years, is to create a complete, circular industry-wide system, through which label liners are affordably recycled and, in some cases, re-pulped and made into new liners. It's a big challenge, and one we believe our expertise, scale and influence make us uniquely positioned—and uniquely obligated—to take on.

Cultivating more FSC-certified forestland

2025 Goal

We'll source 100 percent certified claim paper, of which 70 percent will be Forest Stewardship Council-certified.

Because forests are critical to the environment, to local economies and to making the paper we rely on in our business, we're using our purchasing power and partnerships to increase the amount of forest under FSC-certified management.

From 2014 through 2016, the Avery Dennison Foundation partnered with the Rainforest Alliance on a three-year effort to increase the amount of FSC-certified forest in the rugged and ecologically critical La Mosquitia region of northeast Honduras. A grant of \$600,000 was made, along with technical expertise, to help teach timber producers how to profitably harvest timber, manage land and connect to markets, while preserving the health of the forest ecosystem. As a result of the project, more than 81,500 acres of mahogany and other hardwoods are under improved management or are in the process of obtaining FSC certification. The project improved management capacities among 18 small and medium-sized enterprises and helped create more than 650 permanent jobs. Producers gained market access for new timber species and products. And sales of sustainably produced timber products increased to \$2.1 million over three years, surpassing the project's original goal by 22 percent.

The Foundation is now working with the Rainforest Alliance, the U.S. Forest Service and several other companies in the U.S. in The Appalachian Woodlands Alliance (AWA), an effort to encourage woodland owners in south and central Appalachia to manage their land according to FSC standards. Unlike forests of the western U.S., which are largely managed by the government and private

timber companies, the woodlands of Appalachia are owned by thousands of individual owners on tracts that average a few dozen acres in size. Increasingly, owners are being enticed to sell their lands to developers, who cut down large swaths of trees for housing or retail complexes. AWA works with ambassadors from within the local forest industry, among others, to show landowners the economic and cultural benefits of sustainably managed forests. Working with an advisory group of regional experts, AWA has also developed recommendations for supporting healthy forest ecosystems, giving woodland owners guidance on how they can help support conservation. AWA has developed a new sustainable forest-management assurance tool that provides a point-of-harvest assessment intended to significantly grow the volume of sustainably harvested forest products in the project area.

Promoting sustainable apparel

We work with peers and partners to increase social and environmental responsibility in the apparel industry chiefly through our membership in the Sustainable Apparel Coalition, an alliance among the apparel, footwear and home textile industries. The Coalition's primary focus is the Higg Index, a standardized supply chain measurement tool aimed at helping companies understand their environmental and social impacts. In 2016, our Senior Director of Sustainability, Helen Sahi, was elected to the Coalition's board of directors. She also continues to serve as a member of the Social and Labor Convergence steering committee. As a company situated at the nexus of multiple supply chains, with influence both as a buyer and a supplier, we're proud to bring a manufacturer's perspective to the Coalition.



IN OUR COMMUNITIES

Giving with purpose and passion

We want to be a force for good not only in the industries we serve but also in the places where we live and work. Contributing to communities through investments of funds, expertise and time helps makes them better places to do business—and better places to live.

We make the majority of our community investments through the Avery Dennison Foundation. The Foundation’s mission is to advance education and sustainability in the communities where our employees live and work, and to encourage employee engagement with a spirit of invention and innovation.

Each year, the Avery Dennison Foundation invests 5 percent of its assets from the previous year. In the two years since we published our last sustainability report, giving through the Avery Dennison Foundation totaled just over \$2.3 million.

In 2016 the Foundation set its 2020 Vision, which will guide its giving through the end of the decade. The vision calls for the Foundation to:

- » Model integrity and social responsibility through annual opportunities for the Avery Dennison Foundation to partner with the corporation and its businesses.
- » Propel employee involvement and volunteerism across the enterprise by including an employee engagement component in 50 percent of all Foundation grant programs.
- » Advance environmental sustainability through at least 20 percent of Foundation grants, with an emphasis on programs with objectives that align with Avery Dennison’s sustainability goals.
- » Advance women’s empowerment through at least 20 percent of Foundation grants.
- » Advance educational opportunities through at least 20 percent of Foundation grants.

Funding change in communities around the world

The Global Grantmaking Initiative is the Avery Dennison Foundation’s primary means of giving. Through the initiative, the Foundation works with employees worldwide to identify and fund local organizations that provide essential services and seek to improve the communities they serve. Projects funded between 2014 and 2016 include:

- » An effort by The Citizens Foundation in Pakistan to provide clean drinking water and education about waterborne illness at 10 of its schools, which maintain a 50 percent female student ratio and an all-female faculty.
- » A project with Sheva Women and Children’s Welfare Center (Sheva Nari O Shishu Kallyan Kendra) near Dhaka, Bangladesh, that provided 270 adolescents and young adults with life-skills training, basic computer skills and basic English proficiency.
- » Continuing work with the China Youth Development Foundation in building and renovating schools throughout rural China.
- » A partnership with the Rainforest Alliance to promote sustainable forestry in Honduras; and the launch of a new Rainforest Alliance project to increase FSC-certified management of woodlands by landowners in Appalachia. (See more information about both projects in “Cultivating more FSC-certified forestland” on [p. 24.](#))

Annual giving, 2014–2016

Totals include giving from the Avery Dennison Foundation and the Avery Dennison Corporation.



Promoting employee engagement

The good we can do in communities expands exponentially when we complement our grants with the time and talents of Avery Dennison employees. Over the last two years, our Foundation worked to increase the level of employee volunteerism associated with our global grants. Company-wide, our employees have embraced this opportunity with enthusiasm, and volunteering is rapidly becoming a fundamental part of the Avery Dennison culture. Currently, about 48 percent of our programs include an opportunity for employees to volunteer or otherwise engage. Our 2020 Vision calls for us to raise that to 50 percent by the end of the decade.

Because Avery Dennison employees often have the best understanding of their communities' needs, more than 110 Community Investment Teams coordinate volunteerism at the local level. The teams have also informed our decisions to give to a broad range of community-based organizations.

We also engage employees at the local level through the Granting Wishes program, which enables employees in Europe, Latin America and the U.S. to recommend smaller, one-time grants to local nonprofit organizations. Employees also collaborate with the organization on a hands-on, employee-led volunteer project. Often, employees will already have a connection to the organizations they nominate through prior volunteerism or service on the organization's board. In the six years since we launched Granting Wishes, more than 600 of our employees have taken part, and we've granted \$885,000 to 160 organizations.

To further encourage service among our employees—and to honor the example set by our late Chairman, President and CEO, H. Russell Smith—we created the Model Integrity and Social Responsibility Leadership Excellence Award in 2010. We award it annually to employees who demonstrate an exemplary

and sustained personal commitment to voluntary community service. Recent recipients of the award have helped connect women with scholarships, provide food for the hungry, raise the spirits of children with serious illness and more.

Unlocking student potential through scholarships

For nearly a decade, our InvEnt Scholarships have supported the next generation of innovators. We started the program in China in 2008 and expanded it to India in 2012. By providing students with tuition assistance, an invention competition and professional development opportunities, we seek to inspire the spirit of innovation in tomorrow's engineers and technology workers.

Second- and third-year students studying science, technology, engineering and mathematics disciplines at universities can apply for InvEnt Scholarships. As part of their application, students submit ideas for an invention they then design during their scholarship year. Scholarships are awarded to students who demonstrate outstanding innovative spirit and excellent practical competence. Each year, InvEnt Scholars are honored at an award ceremony where they exhibit their inventions for their professors and executives from Avery Dennison. Scholars also attend a special one-and-a-half-day workshop on invention and tour an Avery Dennison factory. In 2015 and 2016, we awarded 40 InvEnt Scholarships totaling \$52,000.

We also support college students in the U.S. In partnership with Scholarship America, we provide scholarships to the children of Avery Dennison employees. Since 1977, we have provided more than 600 scholarships totaling more than \$2.2 million to support students entering their first year of college.

Helping our co-workers in crisis

When Tropical Storm Roanu lashed western Sri Lanka in May 2016, 28 Avery Dennison employees were among the victims of the resulting floods and landslides. In response, their fellow Avery Dennison employees quickly rallied to provide them with essentials in the short term; several employees welcomed displaced co-workers and their families into their own homes. Our Sri Lankan employees also worked with the Avery Dennison Foundation to create mechanisms to solicit and match funds from Retail Branding and Information Solutions employees around the world. Their efforts garnered nearly \$74,000 for the affected families that was used, among other things, to purchase brand-new houses for two families.



OUR SUSTAINABILITY STRATEGY

Maintaining clear guidance and strong governance

We've set eight sustainability goals that reflect our commitments to social responsibility, industry leadership and the continued growth of our business (see "Our sustainability goals" on p. 4). To achieve our goals, we're basing our efforts on a clear philosophy, strong governance, thoughtful assessments of materiality and ongoing stakeholder engagement.

Moving forward with The Natural Step

At the foundation of our strategy is a science-based sustainability framework developed by The Natural Step, an international NGO. The framework is rooted in principles stating that in a sustainable society, "nature is not subject to systematically increasing concentrations of substances from the earth's crust (such as fossil fuels and heavy metals), concentrations of substances produced by society (such as antibiotics and endocrine disruptors), or degradation by physical means (such as deforestation and drowning of groundwater tables). Consequently, in a sustainable society, there are no structural obstacles to people's health, influence, competence, impartiality and meaning."

We've worked with The Natural Step since 2014 to align our goals with its framework and integrate its principles into our business. The Natural Step framework is the basis for our own environmental and social guiding principles:

- » Don't pollute with extracted materials.
- » Don't pollute with manufactured materials.
- » Don't over-harvest or over-encroach on living systems.
- » Don't impede people's wellness, influence, competence, equity and meaning.
- » Discover and capture lost value at every stage of the value chain.
- » Empower all of our people to innovate and create value.
- » Embrace the collaboration that is inherent to sustainability.
- » Create shared value for our customers, their value chains and the communities we serve.

More information about The Natural Step is available at www.thenaturalstep.org.

Staying the course

Our sustainability efforts are overseen by our Sustainability Council. This group is made up of members of our business units' leadership teams. The Council is led and managed by our corporate sustainability leader, who is also Vice President of Global Procurement for our Label and Graphic Materials business. The Council is held accountable for progress by Avery Dennison's Board of Directors and reports periodically to the Board's Governance and Social Responsibility Committee. To further ensure that our commitment to sustainability begins at the highest level, our CEO's annual bonus is based in part on our performance against our sustainability goals.

Sustainability governance structure



Board of Directors' Governance and Social Responsibility Committee

Guides visions for sustainability agenda and reviews performance



CEO



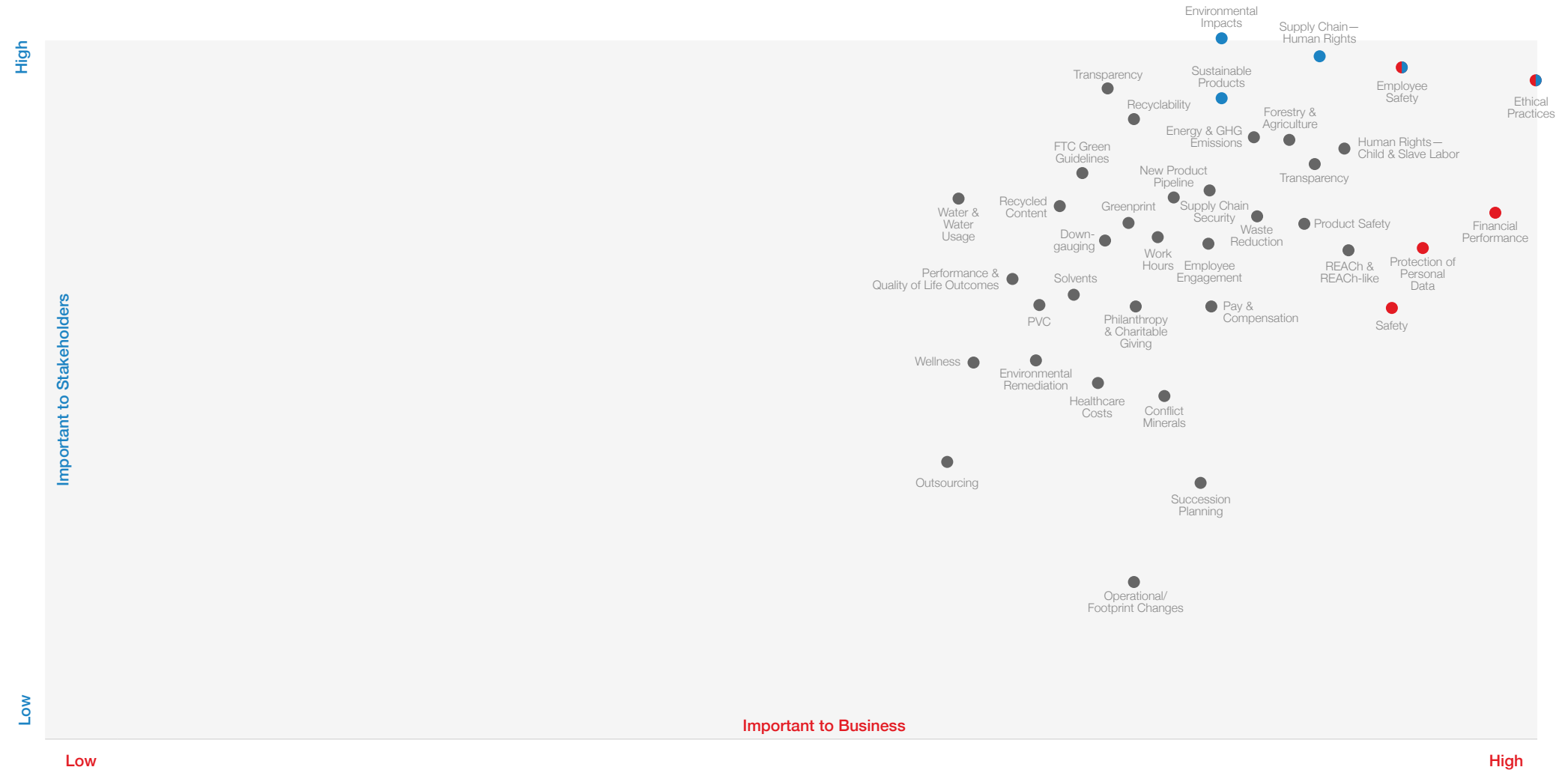
Corporate Sustainability Council

Reviews vision for sustainability and guides implementation

OUR SUSTAINABILITY STRATEGY

A sustainability strategy based on materiality

Consistent with Global Reporting Index G4 reporting, we want to focus our sustainability efforts on those areas where we can have the most impact, both in terms of building a sustainable business and building a sustainable society. In 2016 and 2017, working with third-party consultant Business for Social Responsibility (BSR), we conducted our second materiality assessment. We reviewed and ranked a wide range of sustainability concerns to identify those most material to our business and the concerns of our stakeholders. By soliciting input from internal and external stakeholders, we affirmed that our priorities are related to the areas most relevant to our business, and in which we can make the biggest difference. Ranked in order of priority from highest to lowest, our priorities are shown in the diagram to the right. As part of the process, BSR interviewed more than 19 stakeholders, including 13 Avery Dennison employees, four customers and partners, and two representatives of NGOs. Their input was invaluable in helping us set priorities, understand what we're doing well and identify opportunities for improvement.



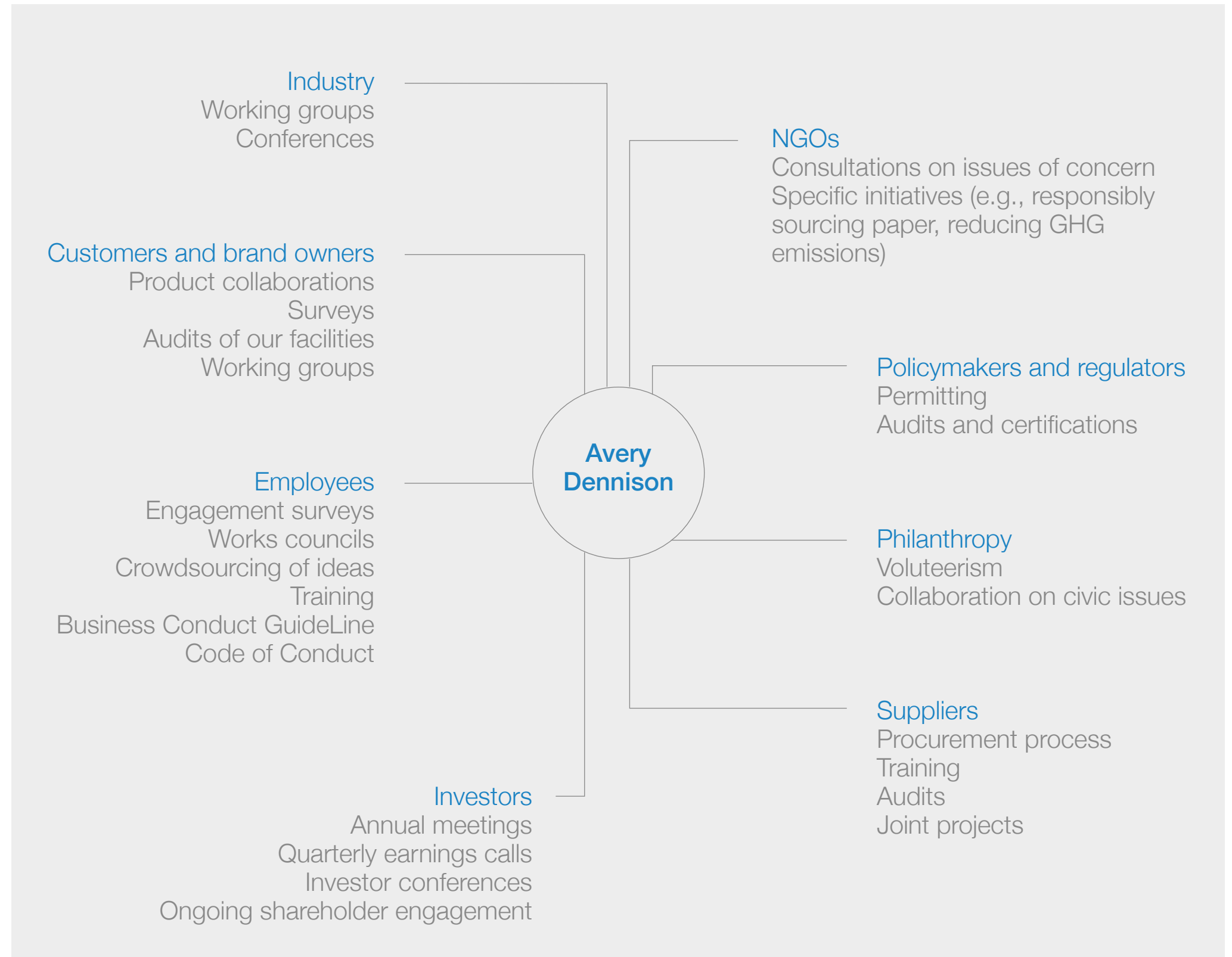
Category	Important to Business	Important to Stakeholders
Compliance and Benefits – Healthcare Costs	17	19
Design for Environment – Downgauging (material use reduction)	18	14
Design for Environment – Recyclability	15	8
Design for Environment – Recycled Content	19	12
Ethical Practices	1	3
Financial Performance – Growth Rate, Share Price, Dividend	2	12
Human Rights – Child and Slave Labor	7	8
Human Rights – Pay and Compensation	13	17
Human Rights – Work Hours	14	14
Legal Compliance – Conflict Minerals	15	22
Legal Compliance – REACh and REACh-like	6	15
New Product Pipeline	12	12
Philanthropy and Charitable Giving	17	18

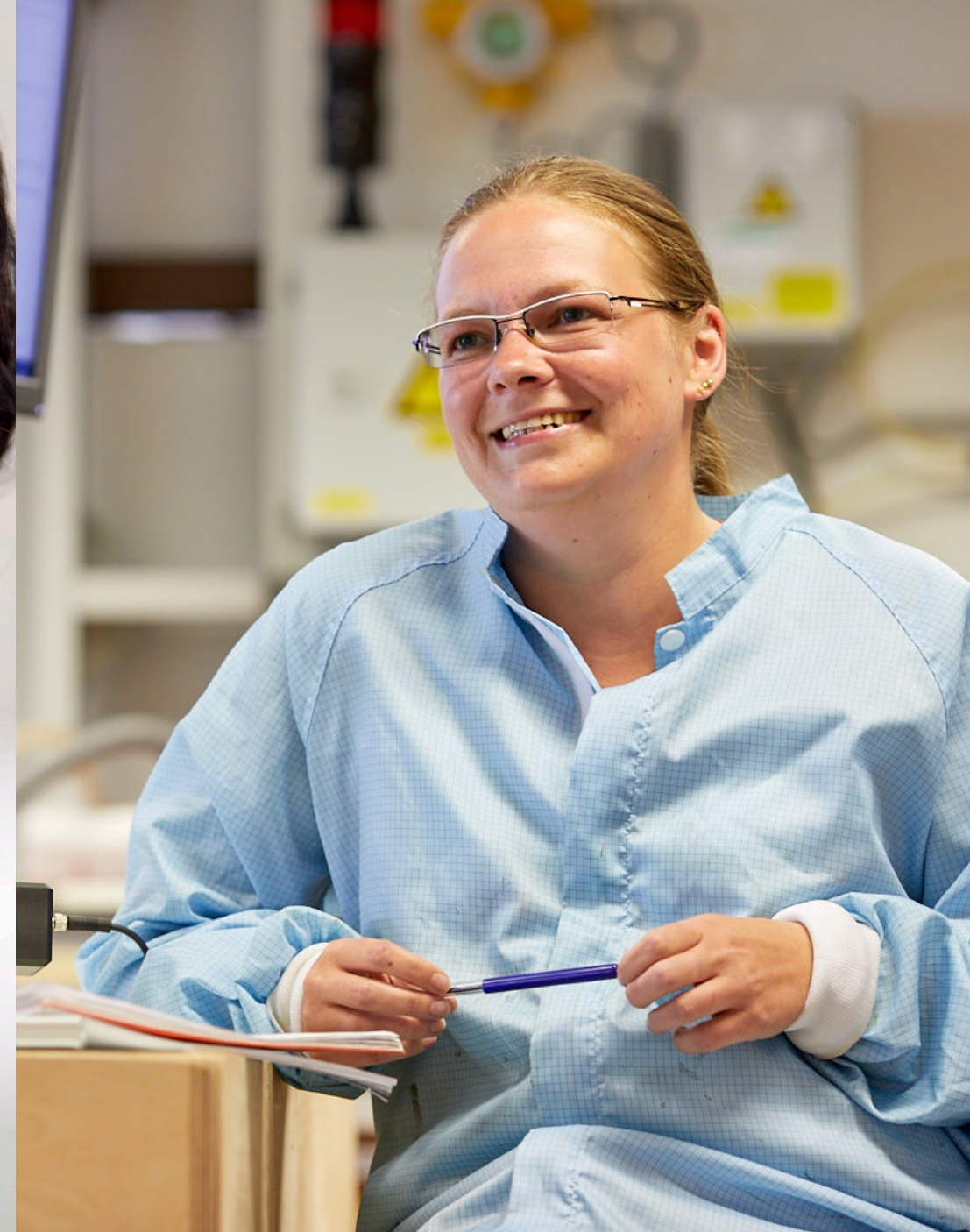
Category	Important to Business	Important to Stakeholders
Product Marketing – Greenprint	17	16
Product Marketing – FTC Green Guidelines	17	10
Product Safety	10	13
Quality – Performance and Quality of Life Outcomes	19	17
Reduction of Substances of Concern – PVC	21	18
Reduction of Substances of Concern – Solvents	22	15
Responsible Sourcing – Forestry and Agriculture	9	7
Retention and Recruitment – Outsourcing	24	23
Retention and Recruitment – Operational/Footprint Changes	16	25
Stakeholder Engagement – Protection of Personal Data	3	14
Stakeholder Engagement – Transparency (external disclosure of information)	8	8
Supply Chain – Employee Safety	5	4
Supply Chain – Environmental Impacts	12	1

Category	Important to Business	Important to Stakeholders
Supply Chain – Human Rights	10	2
Supply Chain – Security of Supply Chain	14	11
Supply Chain – Transparency	18	6
Sustainable Processes – Energy and GHG Emissions Reductions	11	8
Sustainable Processes – Environmental Remediation	20	20
Sustainable Processes – Waste Reduction	10	9
Sustainable Processes – Water and Water Use Reduction	23	12
Sustainable Products	12	5
Training and Development – Employee Engagement	11	15
Training and Development – Safety	4	18
Training and Development – Succession Planning	13	24
Wellness	23	21

Engaging stakeholders

Our actions have effects that reach beyond the boundaries of our business. In addition to the stakeholder interviews we conduct as part of our regular materiality assessments, we maintain regular communications with a range of people and organizations that have an interest in how we do business. Doing so ensures that our sustainability efforts are consistent with stakeholders' expectations and helps us work with them to address more problems than any of us could solve alone.





MEMBERSHIPS, AFFILIATIONS & AWARDS

MEMBERSHIPS, AFFILIATIONS & AWARDS

Sustainability awards

Forbes' The Just 100, 2016

Ranked 2 of 28 for worker treatment by JUST Capital, 2016

Ranked in top 100 and 2nd in the material industry as an "industry top performer" by JUST Capital, 2016

Best Place to Work in Sri Lanka,
Great Place to Work Institute, 2016

26th best employer for female engineers
Woman Engineer magazine, 2016

Best Workplaces for Top Talent in Northeast Ohio,
Northcoast 99, 2014, 2015, 2016

Signatory

American Businesses Act on Climate Pledge, 2015

Memberships



Affiliations



Christopher RÆBURN



OUTERKNOWN





GRI INDEX

This report was developed in accordance with the Global Reporting Initiative’s G4 reporting framework, reported to the “In accordance – Core” level. The Global Reporting Initiative (GRI) is a network-based organization that developed the world’s most widely used voluntary sustainability reporting framework. The GRI reporting framework is developed through a consensus-seeking, multi-stakeholder process. Avery Dennison is reporting on the metrics that we deem material. For further information on the Global Reporting Initiative, please see www.globalreporting.org.

Avery Dennison has chosen to voluntarily report on our sustainability performance and has designed processes to collect and/or estimate, assess and report on this data.

G4 INDICATOR	COVERAGE	RESPONSE
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Strategy and Analysis

G4-1 CEO/Chair Statement	Full	<i>From Our CEO</i>
G4-2 Impacts, Risks, Opportunities	Full	Description of key sustainability impacts, risks and opportunities can be found throughout the content of this report.

Organizational Profile

G4-3, Company Name	Full	<i>Cover</i>
G4-4 , Company brand, products and services	Full	Description of Avery Dennison’s products and services is available on our website located at http://www.averydennison.com/en/home/Industries.html
G4-5, Location of headquarters	Full	<i>Back Cover</i>

G4 INDICATOR	COVERAGE	RESPONSE
G4-6 Main countries of operation	Full	Avery Dennison’s primary operations can be found listed at http://www.averydennison.com/en/home/contact/worldwide-offices.html
G4-7 Nature of ownership and legal form	Full	Avery Dennison is publicly listed on the NYSE as AVY.
G4-8 Markets served (e.g., sectors, customers)	Partial	Information on geography can be found in our Annual Report, available at: http://www.investors.averydennison.com
G4-9 Scale of company (e.g., employees, sales)	Full	Avery Dennison has over 25,000 total employees. Net sales and disclosures on can be found in our Annual Report.
G4-10 Employee profile	Full	<i>Our People: Cracking the Code of Gender Diversity</i>
G4-11 Collective bargaining agreements	Partial	Avery Dennison does not report on collective bargaining.
G4-12 Description of company supply chain	Partial	Avery Dennison has a complex international supply chain—at this point in time we are not reporting on it.
G4-13 Significant changes during reporting period	Full	There have been no significant changes during the reporting period.
G4-14 Precautionary approach/principle	Partial	Avery Dennison’s 2025 Goals were informed by our Guiding Principles.
G4-15 External charters/initiatives	Full	<i>Partnerships & Awards</i>
G4-16 Membership of associations	Full	<i>Partnerships & Awards</i>

Identified Material Aspects and Boundaries

G4 INDICATOR	COVERAGE	RESPONSE
G4-17 Entities included in financial statements	Full	Avery Dennison provides information on financial entities in our Annual Report.
G4-18 Process for defining report content	Partial	<i>Our Sustainability Strategy: Setting Priorities Based on Materiality</i>
G4-19 Material issues/aspects identified	Full	<i>Our Sustainability Strategy: Setting Priorities Based on Materiality</i>
G4-20 Report boundaries inside company	Partial	All identified aspects are material for all entities within the organization.
G4-21 Report boundaries outside company	Partial	All identified aspects are material outside the organization.
G4-22 Re-statements of information	Partial	Avery Dennison has not restated any information.
G4-23 Significant changes in scope/boundaries	Partial	There were no significant changes in scope or boundary during the reporting period.

Stakeholder Engagement

G4-24 Stakeholders engaged	Full	<i>Our Sustainability Strategy: Engaging Stakeholders</i>
G4-25 Basis for identification of stakeholders	Full	The materiality assessment drew feedback from personnel within Avery Dennison and from our external stakeholders. Internally, we selected personnel from all divisions and all geographic regions. Additionally, we selected personnel with inward-facing (e.g., manufacturing) and outward-facing (e.g., procurement) functions. The outside stakeholders were chosen to represent the spectrum of our external relationships. We interviewed personnel from suppliers and customers (working with each of our two major divisions), across geographies, as well as NGOs that work with us in the areas of sustainability and environmental stewardship.

G4 INDICATOR	COVERAGE	RESPONSE
G4-26 Approach to stakeholder engagement	Full	Avery Dennison routinely interacts with its stakeholders both in the general course of business as well as engaging them in dialogue and seeking advice on issues of sustainability. We formally reach out to stakeholders every two years as part of our materiality assessment and preparation for reporting. For this report, we identified a representative group of stakeholders, specifically tailored a questionnaire and interviewed them as part of the report preparation process.
G4-27 Issues raised in stakeholder engagement	Partial	Key topics are noted in our Materiality Matrix available in this report.

Report Profile

G4-28 Reporting period	Full	<i>About This Report</i>
G4-29 Date of previous report	Full	Our last report was published in 2015.
G4-30 Reporting cycle	Full	This report covers the period 2014–2016.
G4-31 Reporting contact point	Full	To contact Avery Dennison in relation to this report, contact Helen Sahi at info@averydennison.com.
G4-32 In accordance option chosen	Full	Avery Dennison is reporting in accordance with GRI G4.
G4-33 External assurance	Full	Avery Dennison did not seek external assurance for this report.

Governance

G4-34 Governance structure	Full	<i>Our Sustainability Strategy: Maintaining Clear Guidance and Strong Governance</i>
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G4 INDICATOR	COVERAGE	RESPONSE
Ethics and Integrity		
G4-56 Values, principles and codes	Full	<i>Values & Ethics: Maintaining a Culture of Integrity</i>
Category: Economic		
G4-DMA Disclosures on Management Approach	Full	Avery Dennison’s economic disclosures are managed through the sustainability governance structure as described in <i>Our Sustainability Strategy: Maintaining Clear Guidance and Strong Governance</i> . For more information about our management approach, see our Annual Report.

Economic Performance

G4-EC1 Direct economic value	Partial	<i>Products & Solutions: Selling Sustainability</i> . Avery Dennison provides additional information in our Annual Report.
G4-EC2 Financial implications of climate change	Not Disclosed	Not disclosed at this time
G4-EC3 Coverage of defined benefit plan obligations	Not Disclosed	Not disclosed at this time
G4-EC4 Financial assistance from government	Not Disclosed	Not disclosed at this time

Market Presence

G4-EC5 Entry-level wage ratios	Not Disclosed	Not disclosed at this time
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G4 INDICATOR	COVERAGE	RESPONSE
G4-EC6 Local hiring at senior levels	Not Disclosed	Not disclosed at this time
Market Presence		
G4-EC7 Infrastructure investments and services	Full	<i>The Avery Dennison Foundation: Funding Change in Communities Around the World</i>
G4-EC8 Indirect economic impacts	Partial	The Avery Dennison Foundation provides funds based on anticipated indirect impacts in the communities that we serve. Additionally, we conduct an annual heat map analysis of our global risks that inform our operations and governance.
Procurement Practices		
G4-EC9 Local supplier spending	Not Disclosed	Not disclosed at this time

Category: Environmental

G4-DMA Disclosures on Management Approach	Full	<i>Environment: Doing More With Less</i>
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Materials

G4-EN1 Materials used by weight or volume	Partial	<i>Sustainability Sourced: Increasing Our Use of FSC-certified Paper</i>
G4-EN2 Recycled materials use	Full	<i>Sustainability Sourced: Exploring Alternatives for Chemicals and Film; Offering Our Customers Better Options; Taking on the Challenge of Label Waste</i>

G4 INDICATOR	COVERAGE	RESPONSE
Energy		
G4-EN3 Energy consumption within company	Full	<i>Environment: Taking Steps to Reduce Our Emissions</i>
G4-EN4 Energy consumption outside company	Not Disclosed	Not disclosed at this time
G4-EN5 Energy intensity	Full	<i>Environment: Taking Steps to Reduce Our Emissions</i>
G4-EN6 Reduction of energy consumption	Full	<i>Environment: Taking Steps to Reduce Our Emissions</i>
G4-EN7 Reduction of product/service energy use	Full	<i>Environment: Taking Steps to Reduce Our Emissions</i>
Water		
G4-EN8 Water withdrawal	Full	<i>Environment: Being Mindful of Our Water Consumption</i>
G4-EN9 Water sources affected by withdrawal	Not Disclosed	Not disclosed at this time
G4-EN10 Water recycling and reuse	Not Disclosed	Not disclosed at this time
Biodiversity		
G4-EN11 Areas of high biodiversity value	Not Disclosed	Not disclosed at this time
G4-EN12 Areas of high biodiversity value	Not Disclosed	Not disclosed at this time
G4-EN13 Habitats protected or restored	Not Disclosed	Not disclosed at this time
G4-EN14 IUCN red list species	Not Disclosed	Not disclosed at this time

G4 INDICATOR	COVERAGE	RESPONSE
Emissions		
G4-EN15 Direct greenhouse gas emissions	Full	<i>Environment: Taking Steps to Reduce Our Emissions</i>
G4-EN16 Indirect greenhouse gas emissions	Partial	While not disclosed in this year's report, Avery Dennison has ambition to address this indicator in the future.
G4-EN17 Indirect greenhouse gas emissions	Partial	While not disclosed in this year's report, Avery Dennison has ambition to address this indicator in the future.
G4-EN18 Greenhouse gas emissions intensity	Full	<i>Environment: Taking Steps to Reduce Our Emissions</i>
G4-EN19 Reduction of Greenhouse Gas Emissions	Full	<i>Environment: Taking Steps to Reduce Our Emissions</i>
G4-EN20 Emission of Ozone Depleting Substances	Not Disclosed	Not disclosed at this time
G4-EN21 NOx, Sox and other air emissions	Not Disclosed	Not disclosed at this time
G4-EN22 Total water discharge	Not Disclosed	Not disclosed at this time
Effluents and Waste		
G4-EN23 Total waste	Full	<i>Environment: Moving Closer to Landfill-Free</i>
G4-EN24 Significant spills	Not Disclosed	Not disclosed at this time
G4-EN25 Hazardous waste	Not Disclosed	Not disclosed at this time
G4-EN26 Water discharge	Not Disclosed	Not disclosed at this time
G4-EN27 Mitigation of product impacts	Full	<i>Products & Solutions: Selling Sustainability</i>

G4 INDICATOR	COVERAGE	RESPONSE
Products and Services		
G4-EN28 Reclaimed products	Not Disclosed	Not disclosed at this time
Compliance		
G4-EN29 Non-compliance with environmental laws	Partial	Avery Dennison discloses non-compliance with laws and regulations. The information can be found in the Legal Proceedings section of our Annual Report.
Transport		
G4-EN30 Transporting products and materials	Not Disclosed	Not disclosed at this time
Overall		
G4-EN31 Environmental protection expenditures	Partial	Information on our total environmental protection expenditures and investments is available in our Annual Report.
Category: Social		
Labor Practices and Decent Work		
G4-DMA Disclosures on Management Approach	Full	<i>Our People: Protecting Our Most Precious Resource</i>
Employment		
G4-LA1 Employee hires and turnover	Partial	For certain business functions, information about employee hires and turnover rates are tracked based on gender and region and are reported internally.

G4 INDICATOR	COVERAGE	RESPONSE
G4-LA2 Employee benefits	Partial	Benefits for full-time employees of the organization, but not temporary or part-time employees, are available internally and are based on region. More information available at: http://www.averydennison.com/en/home/about-us/careers.html
Labor/Management Relations		
G4-LA3 Parental leave	Not Disclosed	Not disclosed at this time
G4-LA4 Notice periods	Not Disclosed	Not disclosed at this time
Occupational Health and Safety		
G4-LA5 Health and safety committees	Not Disclosed	Not disclosed at this time
G4-LA6 Injuries and work-related fatalities	Full	<i>Our People: Setting a New Standard in Safety</i>
G4-LA7 High-risk workers	Partial	<i>Our People: Setting a New Standard in Safety</i>
Training and Education		
G4-LA8 Health and safety agreements with unions	Not Disclosed	Not disclosed at this time
G4-LA9 Employee training	Partial	<i>Our People: Making Annual Reviews Less "Annual"</i>
G4-LA10 Employee skills and learning	Not Disclosed	Not disclosed at this time

G4 INDICATOR	COVERAGE	RESPONSE
G4-LA11 Employee performance reviews	Full	<i>Our People: Making Annual Reviews Less "Annual"</i>
Diversity and Equal Opportunity		
G4-LA12 Diversity of governance bodies	Full	<i>Our People: Cracking the Code of Gender Diversity</i>
Equal Remuneration for Women and Men		
G4-LA13 Equal pay	Not Disclosed	Not disclosed at this time
Supplier Assessment for Labor Practices		
G4-LA14 Supplier labor screening	Full	<i>Labor & Human Rights in Our Supply Chain: Promoting Human Rights Among Our Contractors</i>
G4-LA15 Labor impacts in supply chain	Full	<i>Labor & Human Rights in Our Supply Chain: Promoting Human Rights Among Our Contractors</i>
Labor Practices Grievance Mechanisms		
G4-LA16 Labor grievance mechanisms	Not Disclosed	Not disclosed at this time
Human Rights		
G4-DMA Disclosures on Management Approach	Full	<i>Labor & Human Rights in Our Supply Chain: Upholding Human Rights and Fair Labor Practices in Our Facilities</i>

G4 INDICATOR	COVERAGE	RESPONSE
Investment		
G4-HR1 Human rights screening of investments	Not Disclosed	Not disclosed at this time
G4-HR2 Human rights training	Not Disclosed	Not disclosed at this time
Non-discrimination		
G4-HR3 Discrimination	Partial	Avery Dennison is an equal opportunity and affirmative action employer.
Freedom of Association and Collective Bargaining		
G4-HR4 Free association/collective bargaining	Not Disclosed	Not disclosed at this time
Child Labor		
G4-HR5 Child labor	Partial	<i>Labor & Human Rights in Our Supply Chain: Promoting Human Rights Among Our Contractors</i>
Forced or Compulsory Labor		
G4-HR6 Forced labor	Partial	Our Employment Standards and Global Supplier Standards are guided by the broad principles advanced by the United Nations and International Labour Organization and cover company-owned operations as well as our supplier partners. These policies describe the workplace practices and ethical behavior we require for all workers.

G4 INDICATOR	COVERAGE	RESPONSE
Security Practices		
G4-HR7 Security personnel	Not Disclosed	Not disclosed at this time
Indigenous Rights		
G4-HR8 Indigenous people	Not Disclosed	Not disclosed at this time
Assessment		
G4-HR9 Human rights impact assessments	Not Disclosed	Not disclosed at this time
Supplier Human Rights Assessment		
G4-HR10 Supplier human rights screening	Full	<i>Labor & Human Rights in Our Supply Chain: Promoting Human Rights Among Our Contractors</i>
Human Rights Grievance Mechanisms		
G4-HR11 Human rights impacts in supply chain	Partial	<i>Labor & Human Rights in Our Supply Chain: Promoting Human Rights Among Our Contractors</i>
G4-HR12 Human rights grievance mechanisms	Not Disclosed	Not disclosed at this time
Society		
G4-DMA Disclosures on Management Approach	Full	<i>The Avery Dennison Foundation: Giving With Purpose and Passion</i>

G4 INDICATOR	COVERAGE	RESPONSE
Local Communities		
G4-SO1 Local community engagement	Partial	<i>The Avery Dennison Foundation: Funding Change in Communities Around the World</i>
G4-SO2 Impacts on local communities	Partial	<i>The Avery Dennison Foundation: Funding Change in Communities Around the World</i>
Anti-Corruption		
G4-SO3 Anti-corruption risk	Partial	Avery Dennison has an anti-corruption policy available in our SEC filings http://www.investors.averydennison.com/phoenix.zhtml?c=97892&p=irol-sec
G4-SO4 Anti-corruption training and communication	Partial	Avery Dennison conducts anti-corruption training with our employees and communicates with them about policies on a regular basis.
G4-SO5 Incidents of corruption	Not Disclosed	Not disclosed at this time
Public Policy		
G4-SO6 Political contributions	Not Disclosed	Not disclosed at this time
Anti-competitive Behavior		
G4-SO7 Legal actions for anti-competitive behavior	Not Disclosed	Not disclosed at this time

G4 INDICATOR	COVERAGE	RESPONSE
Compliance		
G4-SO8 Non-compliance with laws/regulations	Partial	<i>Avery Dennison discloses non-compliance with laws and regulations. The information can be found in the Legal Proceedings section of our Annual Report.</i>
Supplier Assessment for Impacts on Society		
G4-SO9 Supplier social impact screening	Partial	<i>Labor & Human Rights in Our Supply Chain: Promoting Human Rights Among Our Contractors</i>
G4-SO10 Social impacts in supply chain	Partial	<i>Labor & Human Rights in Our Supply Chain: Promoting Human Rights Among Our Contractors</i>
Grievance Mechanisms for Impacts on Society		
G4-SO11 Social impact grievance mechanisms	Partial	Avery Dennison discloses social impact grievance mechanisms (Business Conduct GuideLine) in our 10-K and proxy statement available at http://www.averydennison.com/2016-annual-report
Product Responsibility		
G4-DMA Disclosures on Management Approach	Full	<i>Products & Solutions: Selling Sustainability</i>
Customer Health and Safety		
G4-PR1 Health and safety impacts of products	Not Disclosed	Not disclosed at this time
G4-PR2 Non-compliance with product regulations	Not Disclosed	Not disclosed at this time

G4 INDICATOR	COVERAGE	RESPONSE
Product and Service Labeling		
G4-PR3 Product and service labeling	Not Disclosed	Not disclosed at this time
G4-PR4 Product and service labeling	Not Disclosed	Not disclosed at this time
G4-PR5 Customer satisfaction	Partial	Avery Dennison conducts annual customer surveys.
Marketing Communications		
G4-PR7 Marketing and communications	Not Disclosed	Not disclosed at this time
Customer Privacy		
G4-PR8 Customer privacy breaches	Not Disclosed	Not disclosed at this time
Compliance		
G4-PR9 Non-compliance with product use	Not Disclosed	Not disclosed at this time

