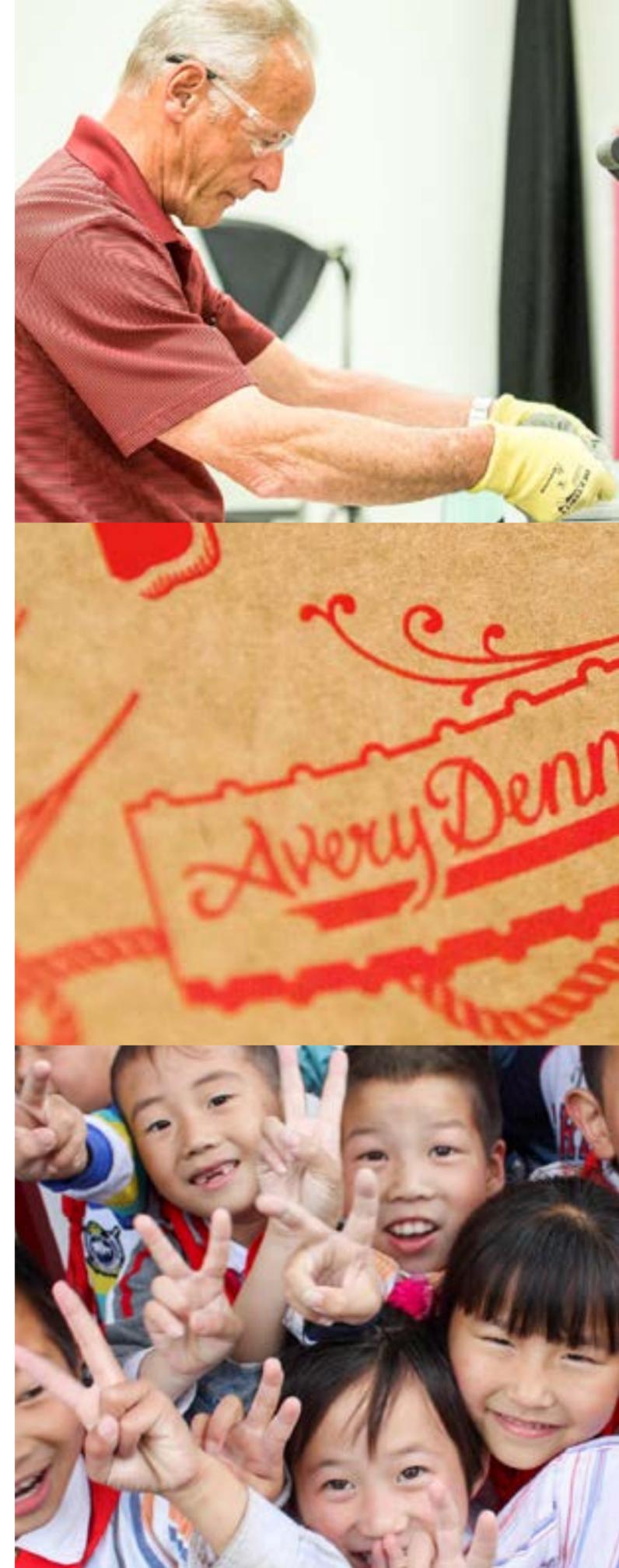


Where does change begin?



Inspired Brands.
Intelligent World.®





We believe
change
starts inside.



Inside our company.
Our products.
Our communities.



Change happens from the inside out.

Fellow stakeholders,

In a world with shrinking natural resources, a climate growing dangerously warm and a burgeoning population hungry for opportunity, change is essential. Individuals, companies and communities must move toward ways of doing things that ensure a viable future for everyone.

Such profound change begins inside. It happens when a person, a company, an industry or a community resolves to trade old ways for new, better ways—and then turns that resolve into action. When those actions inspire others to do the same, change has a real chance of taking hold.

As a solutions provider to multiple industries, and with a presence in 50 countries around the world, Avery Dennison is perfectly situated to spark change from the inside. We're a force for good, challenging ourselves and others to reach higher and think bigger to improve the quality of all life. Our leadership position in the markets we serve means the effects of our actions and ideas can ripple outward to create change that encompasses far more than our own business.

Inside our operations, we're creating change by building a culture of sustainability. We're managing our environmental footprint, creating an extraordinarily safe workplace and fostering a fair, inclusive, ethical work environment in which all voices can be heard and everyone has the opportunity to make their mark.

From within the industries we serve, we're providing our customers with solutions that reduce their environmental impact while strengthening their brands. In our supply chains, we're working with suppliers to help them meet the same high standards for human rights and fair labor practices that we set for our own business.

And in the communities where we live and work, we're creating change by supporting organizations that promote education, sustainability and compassionate response to people in need.

In the two years since our last biennial sustainability report, the change we've achieved has been significant. We're on track to meet or exceed our initial sustainability goals, which we set in 2010. Key to our progress has been treating sustainability not as something we do, but how we do everything. We've integrated sustainability into our underlying business strategy, which is to provide sustainable momentum for all stakeholders. It's a strategy that sets a clear course for growth while responding to the realities of a warming world, scarcer raw materials and our stakeholders' increasing expectations of transparency. And it's a strategy that's working: as we've made gains toward sustainability, we've also posted strong annual growth and shareholder returns.

Our success so far is directly attributable to the capacity for change within our employees worldwide. They have enthusiastically embraced sustainability as a value. By practicing it every day, and sometimes pushing us to do even more, they're making sustainability inseparable from who we are. Their hard work and creative thinking are inspiring.

As proud as we are of the positive change we've created to date, we know we can't stop there. Our new 2025 sustainability goals will help further transform not only our company but also the industries we serve.

Over the next decade, we'll need to double down on our commitment as we work to meet the [2025 sustainability goals](#) we're announcing in this report. These new goals demand even more change from us; they'll require us to stretch, as goals should. In working toward them, we'll continue to lead our industry and move closer to realizing our vision of Avery Dennison as a thriving company that generates value, in every respect, for all of our stakeholders—today, and well into the future.

Where does change begin? We're proud to say that one place it begins is at Avery Dennison. As we reflect on 80 years in business, we're energized by the thought that the only thing more exciting than the changes we've seen over eight decades are the changes and innovations yet to come. Thank you for joining us on our journey.



Dean Scarborough

Chairman and
Chief Executive Officer
Avery Dennison Corporation

Mitch Butier

President and Chief Operating Officer
Avery Dennison Corporation

Change begins inside our company.



Safe.



Diverse.

Ethical.



Profitable.



Efficient.





“At Avery Dennison, we live and breathe continuous improvement. Sustainability is at the core of what we do, and as an employee, it’s refreshing to see it evolve. Through the products we offer, the support we provide to communities, and the energy and waste reduction efforts at sites worldwide, our commitment is everywhere.”

FRANCISCO DIAZ
Greensboro, North Carolina



Our Company

Change locally adds up globally: With more than 25,000 employees at over 170 sites in 50 countries, we can make a big difference just by making changes inside our operations. So, companywide, we’re making safety a top priority, ensuring respect for human rights, increasing gender diversity and much more.

Safety

Establishing one of the best safety records in manufacturing

Safety is a core value at every Avery Dennison facility worldwide. Over the last two decades, we've steadily improved our practices and increased employee involvement and training to build one of the best safety records of any global manufacturing company. Our recordable incident rate (RIR) in 2014 was 0.34, far surpassing the general industry average of 4.4 and exceeding our target of 0.40 that was established as a part of our 2015 sustainability goals.

Between 2012 and 2014, two safety programs in particular contributed to our culture of safety. Through one, we conducted injury-prevention assessments at facilities with higher incident rates. We evaluated injury trends, conducted risk assessments and provided employees with hazard-recognition skills, training and resources. A second program addressed an elevated trend in hand lacerations. We assessed potential risks and then, as appropriate, updated standard operating procedures, enhanced personal protective equipment like cut-resistant gloves, implemented safer tools and retrained employees. Through the program, we've reduced total hand injuries by 35 percent and recordable hand injuries by 19 percent from 2012 to 2014.

Substantial work also continued on our machine safeguarding initiative, an ongoing, multiyear effort to improve safety related to moving equipment and machinery through increased employee awareness and the use of guarding, safety interlocks, light curtains, laser scanners and other safeguards.

2015 Goal

Achieve a world-class safety incident rate of <0.40.



In 2013, with more than 70 percent of our facilities reporting zero recordable injuries, we built on the momentum of our improved safety performance with "Zero is Achievable," a global campaign launched with a video message from Avery Dennison CEO Dean Scarborough.

Ensuring facilities meet regulatory and company standards

We enhanced our environmental, health and safety (EHS) compliance audit program in 2012. Since then, we've audited 53 manufacturing facilities, making sure that the facilities we've checked are in compliance not only with our own standards but all applicable country-specific laws and regulations as well. Thanks to an improved process that makes conducting audits faster and more efficient, we've increased the number of audits we can complete annually, significantly accelerating our audit cycle and efforts toward continuous improvement.

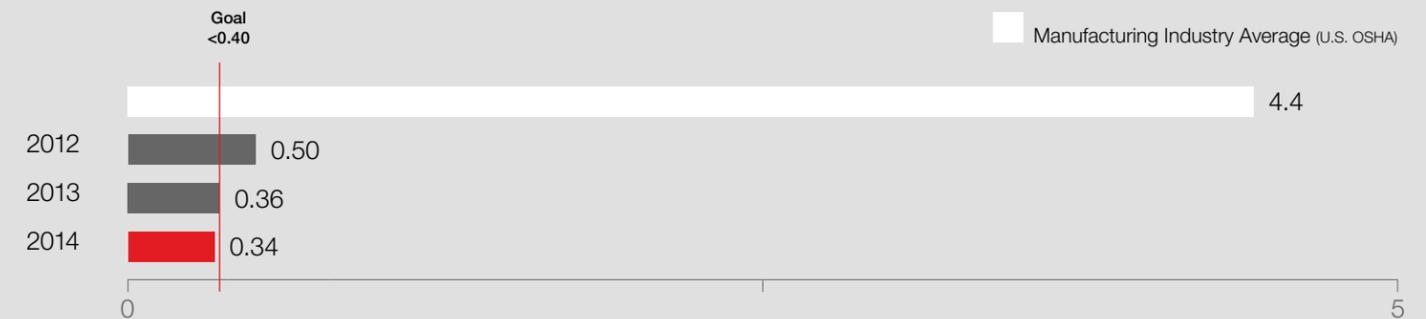
Progress

We met our goal early and continue to log incident rates far lower than the manufacturing industry average.

ACHIEVED

Recordable Incident Rate

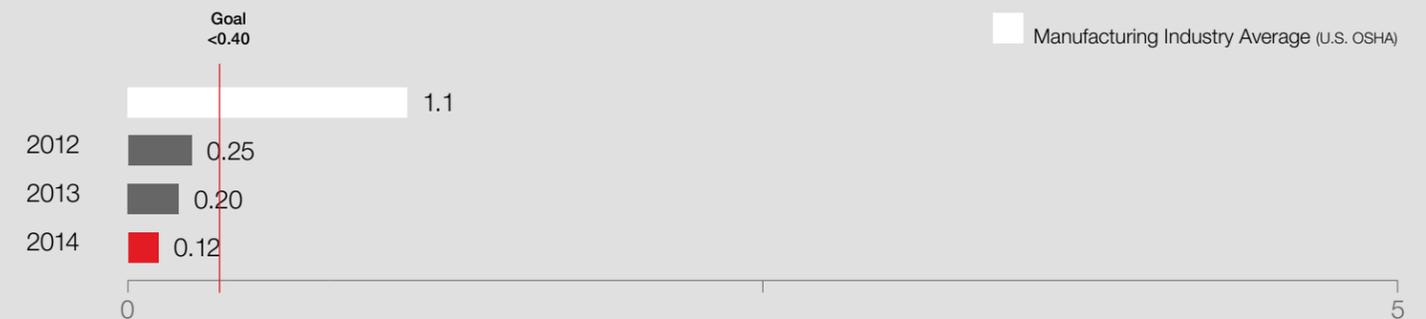
RIR is defined by U.S. OSHA as the number of work-related injuries or illnesses per 100 employees requiring more than first-aid treatment.



ACHIEVED

Lost-Time Incident Rate

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.



Safety

Looking ahead: Fire and solvent safety, and better data management

Going forward, we'll continue to focus on two areas of inherent safety risk within our manufacturing operations: solvent safety and fire prevention. A number of facilities in the Materials Group use solvent adhesives. We've implemented an internal "Solvent Safety" program for their safe handling based on the U.S. Occupational Safety and Health Administration (OSHA) guidelines for process safety management. In our Retail Branding and Information Solutions business, we continue to implement a plan to substantially increase fire protection in factories in Eastern Europe, Central America and Asia acquired through our company's acquisition of Paxar®.

We're also implementing a new enterprise-wide database solution that will allow us to manage EHS data in a common system and better align our EHS teams worldwide. The new system will significantly enhance our ability to analyze our safety and environmental performance, report data, and quickly share information and best practices. We expect the new system to help us further reduce EHS risk and cost by incorporating resources and learnings into our EHS strategies and action plans.



Our factory in Cramlington, UK, won a 2014 International Safety Award with merit from the British Safety Council in recognition of its commitment to keeping workers safe. Between 2010 and 2014, the Cramlington plant had zero accidents or injuries reportable under the UK's Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.

Social Responsibility

Respecting human rights in our business and our supply chain

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

Auditing our own facilities

To ensure compliance with our Employment Standards, we conduct periodic audits at our owned and operated Retail Branding and Information Solutions (RBIS) facilities worldwide. 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. We audited 100 percent of our RBIS facilities between 2012 and 2014.

Whether conducted by us or a third party, the objectives of every audit are to:

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

2015 Goal

Report on the social compliance performance of our key suppliers.

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

Ensuring that suppliers meet our standards

In 2013, our RBIS business introduced a third-party auditing program for its subcontractors. Like the audits of our owned and operated facilities, these audits are conducted by the workplace auditing firm Elevate. Through the program, we first provide information and training to suppliers to help them understand and comply with our Global Supplier Standards. Then, auditors visit supplier facilities, inspecting living conditions in employee dormitories, wages and working hours, employee insurance coverage, fire safety and more. We would 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.

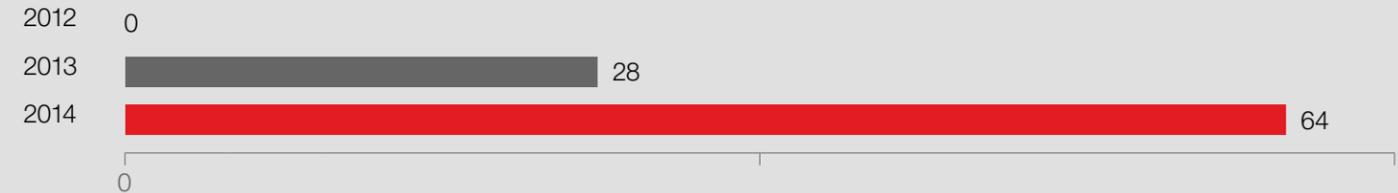
As of the end of 2014, 64 of our RBIS subcontractors had been audited. Issues identified by auditors to date have mainly involved fire safety. By the end of 2014, all suppliers but one had addressed the issues our auditors identified, and we terminated our business with the supplier that declined to make the changes we requested. We expect to bring our number of total audited subcontractors to 125, which represents over 90 percent of our external volume. We also intend to begin auditing RBIS' suppliers of raw material within the next 12 to 24 months.

Progress

Through 2014, we have audited 64 of our outsource suppliers.

ON TRACK

Number of Subcontractors Audited to Date



Putting more women in positions of leadership

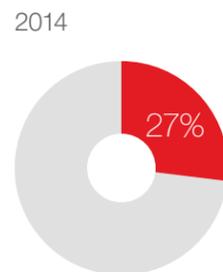
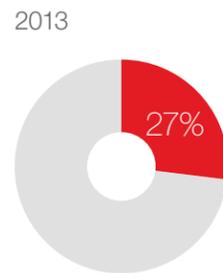
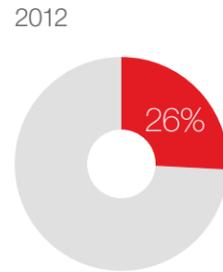
As an Affirmative Action and Equal Employment Opportunity employer, we've long been committed to creating a diverse and inclusive workplace. Since 2013, we've been particularly focused on increasing gender diversity, after benchmarking and other research indicated that we had an opportunity to increase female representation in our company's leadership.

Increasing the numbers of women in our leadership ranks is a matter of fairness. It also makes good business sense. When we invest in women's success, we improve our working environment for all employees; we reinforce our reputation as a great place to work; and we mitigate the risk associated with the shortage of 40 million skilled workers that is projected for the global workforce by 2030. With more women than men now graduating from college, it's more essential than ever for our company to be a place where skilled and talented women can build a satisfying career.

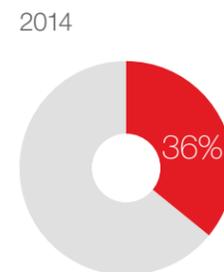
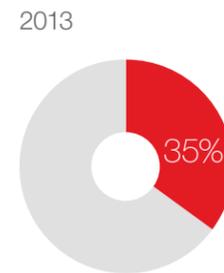
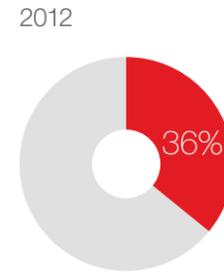
As one of our first steps toward increasing gender diversity, we launched our Diversity Council, an advisory group composed of 17 male and female executives from across our company. We also hired a third-party consultant to conduct confidential interviews with Avery Dennison managers. Interviewees were encouraged to speak freely about the state of gender diversity at Avery Dennison, and their remarks were eye-opening.

Women in Our Workplace

Percent of Females, Management



Percent of Females, All Other Employees*



* Administrative, professional, manufacturing and sales/marketing employees

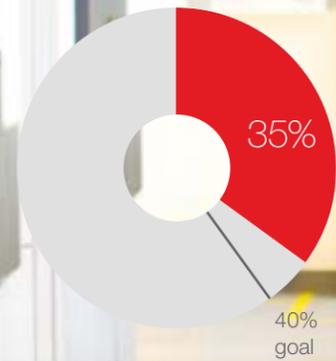


Getting to 40 Percent

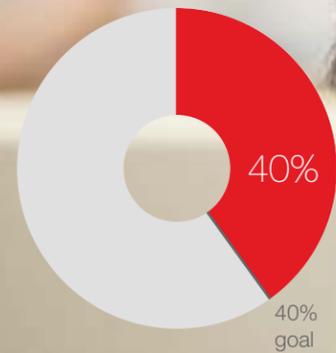
By the end of 2018, women will hold at least 40 percent of our leadership positions. Here's how that breaks down by our largest business units:

● Percentage of women in leadership positions (per business unit)

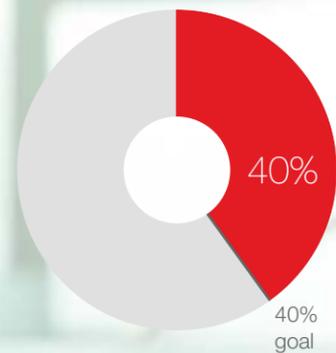
Materials Group



RBIS



Corporate



Based on our interviews and the Diversity Council's work, we set an ambitious new goal for gender diversity. By the end of 2018, women will hold at least 40 percent of our leadership positions, which we define as manager level and above. We'll achieve that goal by focusing on three key areas:

Creating a more flexible work environment.

Our employee engagement survey shows employees are generally satisfied with the overall employee experience. Where we have room to improve is in providing employees (women and men alike) with more flexible work arrangements. In our operations worldwide, we're testing programs that include alternate work hours, part-time status, remote working and job sharing.

Developing female employees' leadership skills.

Our analysis revealed that women leaders wanted more development opportunities. In early 2015, in Asia and North America, we launched "Women.Empowered," an online training program for female employees that covers such topics as influence and assertiveness. We piloted the program with 24 women initially, and intend to extend it to as many as 150 women in the next two years.

Raising awareness of unconscious gender bias.

Changing behaviors is a fundamental part of advancing a culture where everyone can achieve their potential. And when people are aware of their biases, they're less likely to let them affect their decisions in and out of the workplace. That's why we've begun to offer our managers training to help them identify and counter their unconscious biases.

Our efforts to increase gender diversity have already begun to pay off. As of the first quarter of 2015, our executive management team is made up of an equal number of women and men, employees in our early-career leadership training program are an even mix of women and men and, overall, we're on pace to meet our 2018 goal.

Beyond gender diversity

Moving forward, we'll apply the collaborative processes and solutions we've developed for addressing gender diversity to other areas of diversity as well, to ensure that our workforce reflects the cultural richness of all the communities in which we do business.

Strengthening our company by sharpening our skills

We're enabling employees to acquire the skills and knowledge they need to excel in their jobs, grow professionally and pursue opportunities within our company. Our training and development programs invite employees worldwide to grow as experts and leaders in their chosen areas of expertise. Between 2012 and 2014, we continued to evolve our training and development offerings, adding these elements:

KnowledgeBuilder®.

This online platform is a rich resource for Avery Dennison leaders at all levels. Employees can log on to KnowledgeBuilder to take classes and access information on a variety of topics. Because trainings and other content are available on demand, employees can learn at their own pace, on their own schedule.

New training and development opportunities.

Our Retail Branding and Information Solutions (RBIS) business launched RBIS University, which consists of an array of functional and leadership skill-development programs. Our Materials Group continues to employ a global learning and development curriculum, focusing on both individual and team-based development. In addition, both RBIS and the Materials Group use early-career development programs as a strategy to acquire top talent from universities around the world, in order to strengthen the front end of our leadership talent pipeline.

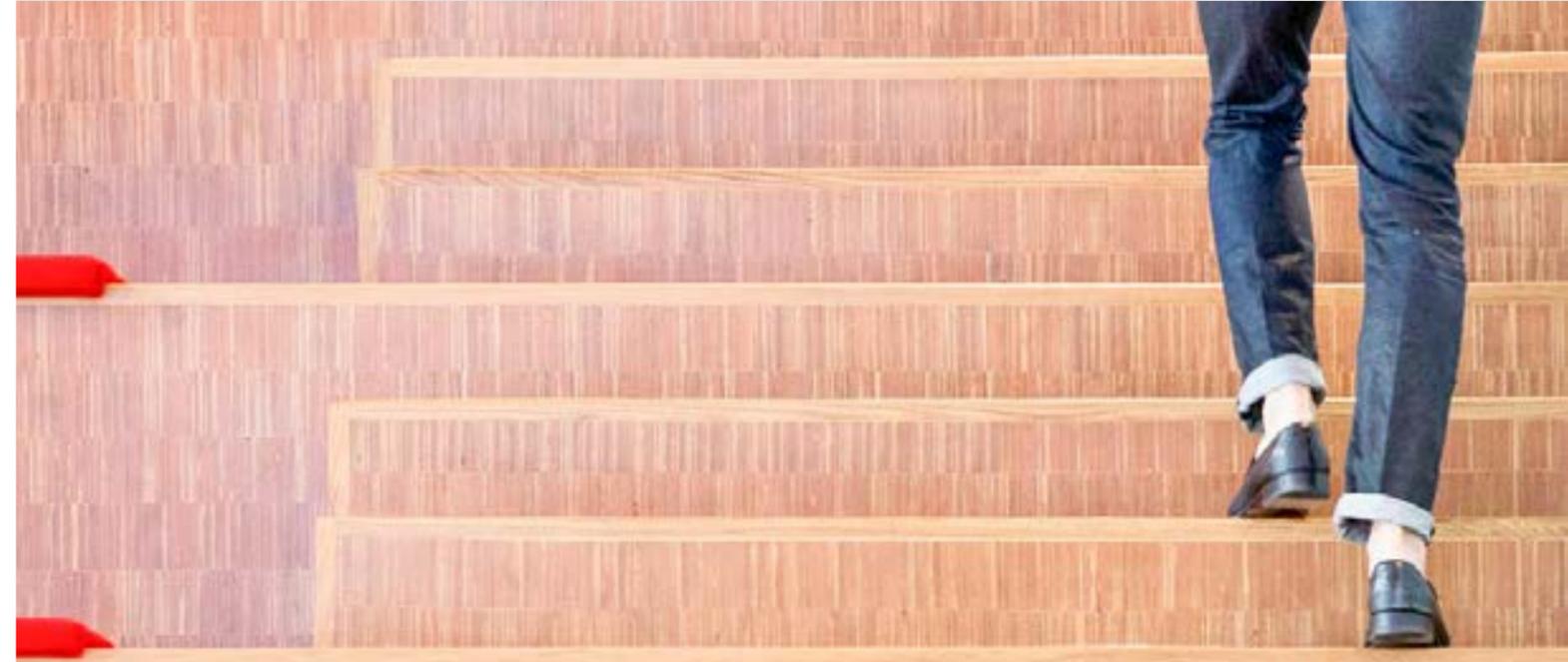
High-impact coaching.

We identified about 40 executives from across our company who we expect to assume greater responsibilities in coming years and provided them with one-to-one coaching specifically tailored for their needs and ambitions. As part of our effort to move more women into leadership positions, approximately half the employees selected for the program were female leaders.

In 2015 and beyond, we'll continue to broaden and deepen our employee development offerings to ensure all employees have the opportunity to learn and grow in their jobs, regardless of their role or geographic location. We'll also develop a new performance and development process, which we plan to launch in 2016. Called GPS (short for "Grow. Perform. Succeed"), it replaces the conventional form-based "performance review" approach with a process that looks at how employees are both performing and growing. GPS emphasizes integrated performance and development planning as well as dialogue between employees and supervisors. Our aim is to enable employees and their managers to better collaborate in defining employee success and mapping the path to getting there.

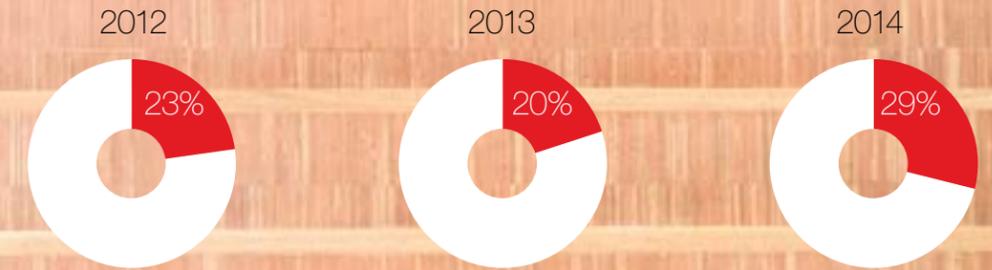
Evolving employee compensation

In our ongoing pursuit of fairness and flexibility in how we compensate employees, we made several changes between 2012 and 2014, including moving to a system of awarding equity that's more closely aligned with our company's long-term performance and a new policy of prorating annual bonuses for employees making the transition between full-time and part-time status.



Corporate Internal Mobility

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

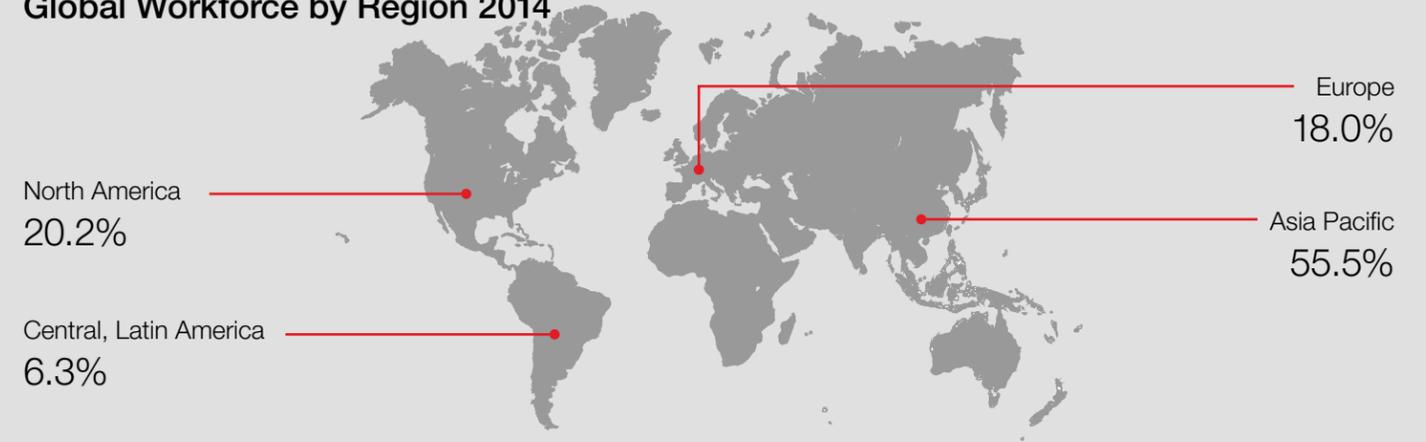


Global Workforce Total Employees



* The 2014 figure includes seasonal temporary workers.

Global Workforce by Region 2014



Playing fair as we play to win

When Stan Avery founded our company, he was intent on creating a values-based business as admired for its ethics and integrity as for its innovation. Eight decades later, we're still a values-based company, and we work continually to ensure that our employees and business partners know, understand and live up to our high ethical standards.

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 30 languages; our employees learn the code and affirm their commitment to comply with it when they first join our company and periodically thereafter. Designed to encourage ongoing dialogue about the choices we make every day and help us make great decisions, the code 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.

In 2014, an independent third party and recognized thought leader in ethics and compliance practices completed a high-level assessment of our Code of Conduct, measuring it against such criteria as availability, "tone from the top," readability, and the strength, clarity and breadth of the values and commitments covered. Our code performed strongly on both an absolute and relative basis, receiving an overall grade of A-minus, which placed it in the top 10 percent of the 2,500 codes evaluated.

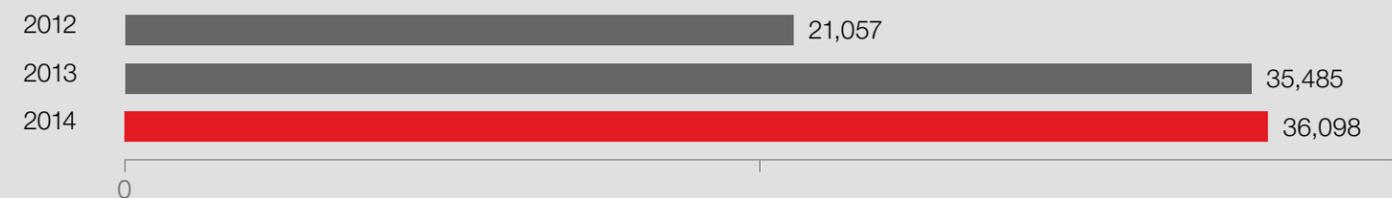
New training based on our Code of Conduct

In 2014, we established a new three-year, web-based training curriculum tied to our Code of Conduct. On a quarterly basis, designated employees take courses designed to enhance their understanding of the ethical and legal issues related to a particular topic in the code. Training is aligned closely with each trainee's job duties. We're providing this training to all employees holding the position of manager and above, and to employees whose job duties are likely to expose them to risks covered in the training. Every training module requires participants to pass a test to ensure they've understood the material.

Requiring more employees to disclose potential conflicts of interest

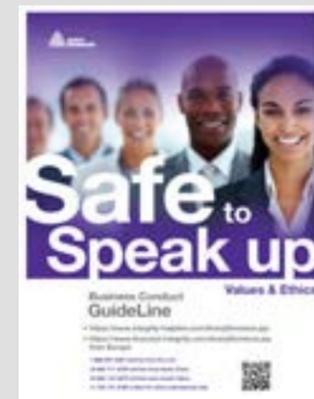
To ensure that our employees understand and abide by key company policies, including our conflict-of-interest policy, we annually require all employees at the level of manager and above to complete a compliance certification in which they must disclose, among other things, whether they or any of their immediate family members have a job, contract or other position with an entity that has commercial dealings with our company. Any 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, which, in more significant cases, is tasked with determining whether a conflict exists.

Number of Employees Receiving Ethics and/or Compliance Training



Toolkits

We introduced toolkits that enable managers to discuss topics related to our Code of Conduct with their employees at least three times a year, including to workers who don't have daily access to the Internet. We also updated posters with ethics-related messages, translating them into 30 languages and posting them in our factories worldwide.



Values and Ethics

In 2014, we expanded the number of employees required to complete this periodic certification by approximately 35 percent. Certification now includes, on a two-year, rotating basis, non-supervisory professionals in the following functions: sales, marketing, customer service, purchasing, technology and technical services, finance, supply chain, environmental health and safety, and law and risk. As a result, we now receive certification from approximately one-third of our global workforce at least every other year, with more senior employees certifying annually.

Faster investigation of ethics reports

We want employees, suppliers and others to speak up if they see or suspect a violation of the law or our Code of Conduct. We take reports seriously and prohibit retaliation for good-faith reporting. Our Business Conduct GuideLine is a hotline available at all hours for employees or third parties to report potential violations of our code, anonymously if they so choose. The hotline is operated by an independent third party and accepts reports in any language to accommodate the needs of our global workforce and customer/supplier base. All reports are investigated under the direction of our Chief Compliance Officer, in consultation with our law department and senior management and with oversight from the Governance and Social Responsibility Committee of our Board of Directors.

Completing investigations as quickly and thoroughly as possible is critical to the credibility of our values and ethics program. Over the last two years, through the dedicated focus of our investigators globally, we've cut in half the average time it takes us to complete investigations. Our efforts were aided by the implementation of an upgraded investigation management platform, which standardized reporting and consolidated all information on our investigations.

Communicating our expectations on the factory floor

Maintaining an ethical culture requires an ongoing conversation among all of our employees worldwide. Because more than half of our employees work in factory settings and lack access to online training, we use other methods to keep them up to date. In 2013, we introduced toolkits that enable managers to deliver values and ethics information three times a year to workers who don't have daily access to the Internet. The toolkits are used as the basis for "Talkabouts," discussions on topics related to our Code of Conduct. They include actual case studies from our company, which makes the content more relevant for our employees. The toolkits are translated into 30 languages so that they're easily accessible for our managers around the world. In addition to the toolkits, we refreshed posters promoting the values and ethics resources available to employees in all of our facilities in 2014.



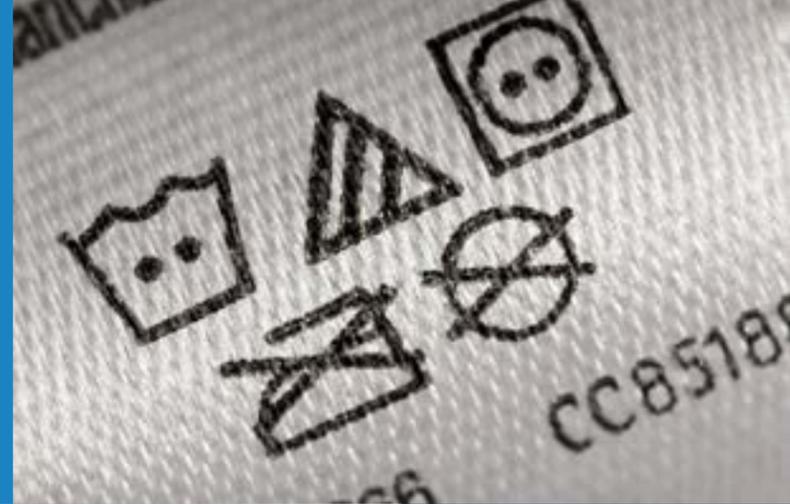
“Working in international business, the ethical and regulatory lines can sometimes be blurry. Our Code of Conduct is like a compass that keeps me well on the right side of the line each time. I appreciate working at a company that gives me tools for making the right choices.”

MAARTEN EDDES
Oegstgeest, The Netherlands

Change is the driving force in our products.



Smarter.



Less waste.



Comfortable.



Cleaner.



“Avery Dennison is truly part of the ‘secret sauce’ of major brands worldwide that helps them move from good to great. And when our company can offer innovative products and solutions that also make the planet a better place, it’s a win-win for everyone.”

KRISTIN WONG
Glendale, California



Our Products

By inventing products and processes that make our customers’ operations and products more sustainable, we’re growing our business and effecting change exponentially. From labels that make more bottles recyclable to sustainable packaging for some of the world’s best-loved products, our solutions are agents of change working inside major brands worldwide.



Reducing resource consumption with Avery Dennison Greenprint™

We see every customer engagement as an opportunity to promote sustainability. Thanks to our greenprint assessments, our customers see it that way, too.

Greenprint is our innovative process for reducing the environmental impacts of the packaging, labels and other solutions we provide to customers and to their end customers. Through greenprint, we calculate the consumption of water, electricity, fossil material and bio-based material (like trees) necessary for a product, along with the amount of solid waste and greenhouse gas emissions that will result. We then show customers how they can reduce those impacts through more efficient design or through the use of recycled materials.

Avery Dennison 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 raw material extraction and manufacturing. Science shows that addressing the early stages of a product's lifecycle reduces resource consumption far more than addressing a product's life.

“Raw materials and upstream product manufacture can dominate lifecycle environmental impacts for label and packaging materials. The raw material and product manufacture stages captured by Avery Dennison Greenprint can represent 60 to 95 percent of environmental impacts, depending on the impact studied.”

LISA NELOWET GRICE
Principal, Sustainability Practice Leader, Ramboll ENVIRON®

What Avery Dennison Greenprint measures

Our greenprint process measures the environmental performance of labels and packaging by measuring six important impacts:

	Fossil material The depletion of fossil resources for material inputs in barrels of oil.
	Bio-based material The total amount of bio-based material resources (such as trees) used as material inputs.
	Water consumption The amount of process water that's treated and discharged to receiving waters.
	Energy The total amount of primary energy extracted from the earth, including petroleum, hydropower and renewable sources such as solar power, wind power and biomass.
	Greenhouse gases The emissions of such gases as carbon dioxide, methane and nitrous oxide, which contribute to climate change.
	Solid waste The total amount of solid waste generated that's disposed of off-site.



Innovations

Driving sustainability through innovation

Across our business units, we're creating products and solutions that promote sustainability for brands and consumers.

Materials Group

Our Materials Group promotes sustainability among our customers in two main ways: by inventing solutions that make everyday objects more environmentally friendly and by offering customers the option of using materials—like Forest Stewardship Council® (FSC)-certified paper and reduced-petroleum films—that consume fewer resources in manufacturing.

Retail Branding and Information Solutions (RBIS)

For nearly everything our Retail Branding and Information Solutions business does, sustainability is a starting place. Working closely with leading brands and retailers around the world, our RBIS teams offer a diverse portfolio of solutions that reduce the environmental impact of packaging for apparel, footwear and accessories. RBIS routinely enables customers to replace conventional packaging and brand elements with more environmentally friendly alternatives, including 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 bioplastic, a plant-derived alternative to conventional, petroleum-based polyethylene.

2015 Goal

Create market-leading sustainable materials.

Progress

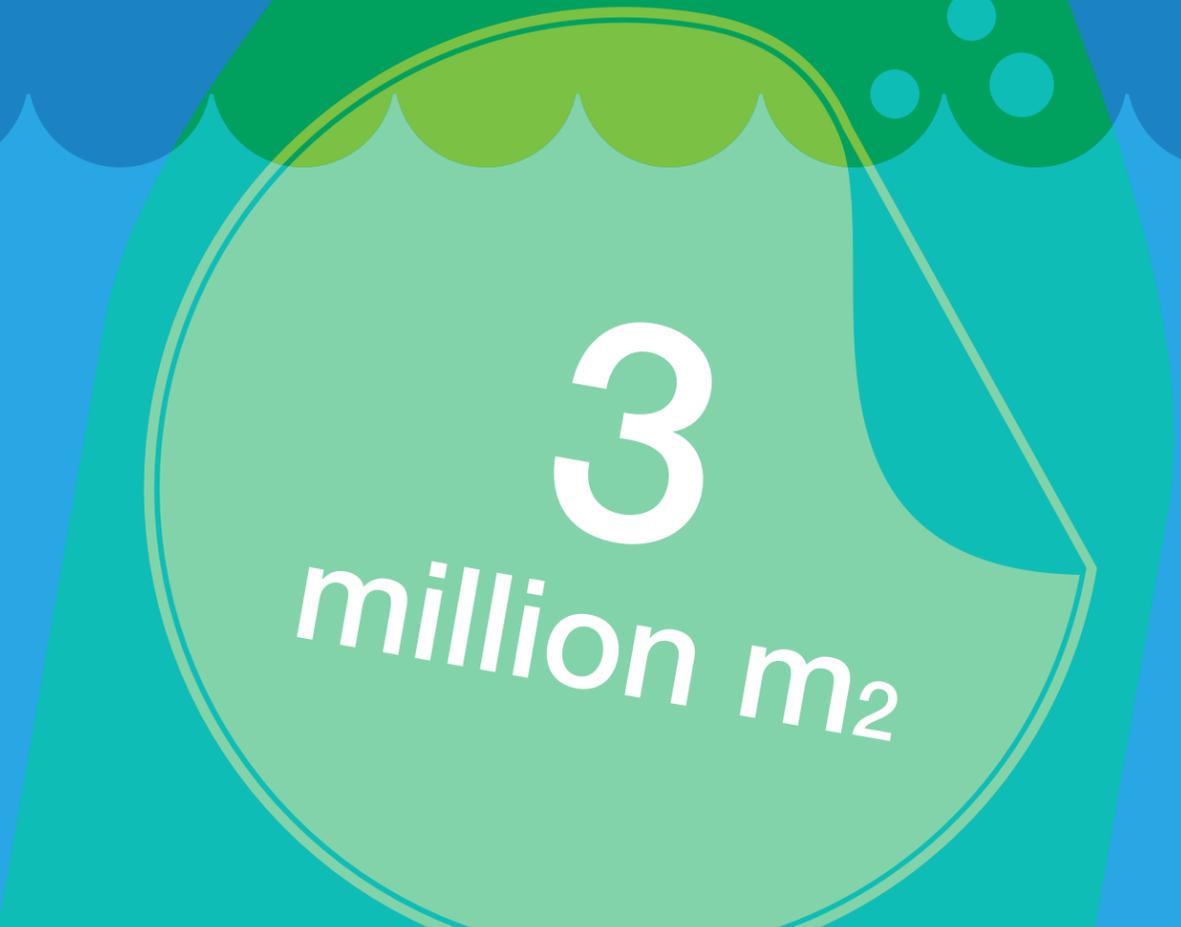
ACHIEVED

We're providing customers with more solutions than ever for reducing environmental impacts and strengthening their brands.

Vancive Medical Technologies™

Vancive™, our medical technologies business, works with healthcare market leaders around the world to develop science-based solutions that improve patient care and keep healthcare costs in check. Vancive promotes sustainable communities by helping to improve healthcare, and by designing products that help minimize resource consumption and the use of toxic substances.

Following are highlights of our innovations and collaborations over the past two years.



3
million m²

Developing recycling-friendly labels with the beer industry

A European beer producer is responding to challenges on raw material availability by improving the recyclability of its beer bottles. An obstacle in one-way bottle recycling can sometimes be the self-adhesive label, which can't easily be removed by the suction systems typically used in the recycling process. We worked with the brewer and its label maker to develop a self-adhesive label that comes off cleanly in the regular glass recycling process and is easily removed

by the recyclers' suction system. Our solution? A special adhesive that enables the label to automatically detach from the glass when it's broken and exposed to low moisture levels in the recycling process. The brewer began using our label materials in 2014, and we expect the company to use more than three million square meters of our labelstock in the French market in 2015. The brewer may consider introducing the label technology in other markets as well.

lighter



zero adhesive residue

Helping L’Oreal® lighten its labeling

In 2014 we began a collaboration with L’Oreal in which we’ll use our Greenprint analysis to reduce the environmental impacts of its labels on L’Oreal product packages. We’re helping L’Oreal look at the impacts of their labeling choices, including raw material extraction, manufacturing and end of life. Our goal? To help identify the labels’ biggest environmental impacts and to devise strategies for mitigating them.

Although our partnership is in an early stage, our collaboration with L’Oreal is already making a difference. So far, we’ve enabled the company to replace labels on some of its leading products with our Global MDO™ substrate. Global MDO is thinner than conventional label material and designed to enable significant reductions in greenhouse gas emissions, water consumption and waste generated in disposal. Just by

switching label materials, L’Oreal has already reduced these environmental impacts between 7 percent and 19 percent. Specifically, the company has reduced:

	Fossil material usage by 15 percent, equivalent to saving 120 barrels of oil.
	Water usage by 7 percent, equivalent to saving the annual drinking water for 83 people.
	Energy usage by 17 percent, equivalent to saving the annual electricity usage of 27 households.
	Greenhouse gases by 16 percent, equivalent to taking 12 cars off the road for one year.
	Waste usage by 19 percent, equivalent to eliminating the annual waste generated by 14 households.

Garnering more awards for CleanFlake™

Our CleanFlake labels remove one of the biggest barriers to PET plastic bottle-to-bottle recycling by combining a thin, light label with a unique water-based adhesive that enables the labels to separate from the plastic more easily during the recycling process. Because they’re a plug-and-play solution that’s compatible with printing and labeling processes, CleanFlake labels require no additional investment by companies that use them.

Since its introduction in 2012, our CleanFlake label portfolio has received a lot of attention—and numerous awards. Among them:

- » 2014 Tag and Label Manufacturing Institute Environmental Leadership Award
- » Flexographic Technical Association Sustainability Excellence Award
- » Label Industry Global Award for Sustainability
- » GPEC® Environmental Award from the Society of Plastics Engineers
- » Koreastar™, Asiastar™, and Worldstar packaging awards
- » Environmental Leader 2014 Product of the Year Award



Selling sustainable style with Christopher Ræburn®

In 2014, we initiated our ongoing partnership with award-winning fashion designer Christopher Ræburn—a well-known champion of sustainability in the fashion industry—to help him incorporate sustainable solutions in his collections showcased at both London Collections: Men and London Fashion Week. Through the partnership, we've developed sustainable permanent branding across the collection in the form of woven labels made from 100 percent recycled yarn. We also developed external embellishments across a number of designs, including patches for jackets and mesh tees made of 100 percent recycled yarn.

"Sustainability for me is really important and something that I've always focused on in my designs. From the first meeting with Avery Dennison, it was clear that their mind-set is focused on sustainability, and I was fascinated by the level of thought and detail that goes into so many of the techniques. Our main branded label used in thousands of garments every season is now made from 100 percent recycled materials and is something we're going to have in our collections for years to come."

CHRISTOPHER RÆBURN



Inspiring the next generation of fashion designers

Achieving sustainability in the fashion industry requires cultivating a new generation of designers who consider sustainability an implicit objective of every project. In October 2014, our RBIS business partnered with ARTS THREAD® to launch the Future of Denim Branding, a competition intended to help change the way young designers think. ARTS THREAD is a digital platform that enables networking among design students, companies and others.

Working from a short list of 11 design students from around the world, a panel of expert judges from global denim brands chose Stephanie Tschirky (pictured above), a student from

Royal College of Art, UK, as the contest's winner. Stephanie's project, "Your Story—Your Denim," sought to teach consumers the "origin story" of the denim they buy. It integrated such details as the cotton fiber used to make a pair of jeans, the name of the seamstress who fashioned it and the distance the jeans traveled from creation to store display. As the winner of the competition, Tschirky was awarded an internship with the Avery Dennison RBIS creative teams in London and Los Angeles, and her designs were showcased at an exclusive industry event at our state-of-the-art Customer Design and Innovation Center in Los Angeles.



Photo credit: The Sustainable Angle

Going “fabric forward” with the Sustainable Angle

In early 2015, our RBIS business announced a partnership with the Sustainable Angle to innovate apparel branding made with sustainable fabrics. The Sustainable Angle is a nonprofit organization best known for producing the Future Fabrics Expo, an annual trade show spotlighting textile innovations that enable the fashion industry to reduce its environmental impact. The Expo features hundreds of environmentally friendly fabrics and other materials sourced from more than 50 mills around the world.

With our partnership, the Sustainable Angle will research and curate fabrics that we’ll showcase at our Customer Design and Innovation Centers. Buyers, designers and product developers from leading apparel companies and retailers regularly visit our centers in search of creative and sustainable solutions that elevate their brands. Our exhibits will provide them with valuable insight into advanced fabrics and sustainable branding alternatives. We’ll initially showcase sustainable alternatives to standard leather and future performance fabrics, exploring textile innovation that minimizes the environmental impact of apparel manufacturing.



BeneHold® CHG adhesive technology

Vancive™ has developed a unique and patented acrylic adhesive that contains chlorhexidine gluconate (CHG), an antimicrobial agent. This adhesive technology has been incorporated into a range of cover dressings to protect vascular access catheter sites. In vitro tests have demonstrated the dressing’s antimicrobial efficacy against seven pathogens that are known to be most commonly associated with catheter-related bloodstream infections (CRBSIs), a leading cause of mortality in hospitals. Becton Dickinson, in partnership with Vancive, is working to prepare for the launch of the dressings under the BD ChloraShield™ brand in North America.



BeneHold™ TASA™ wound dressing

BeneHold™ TASA™ wound dressing is characterized by four key features: thinner than many other products, transparent even when absorbing fluid, very absorbent relative to its thickness and atraumatic to the periwound skin. It's the unique combination of these properties that leads to fewer dressing changes, resulting in a lower total cost of care. Its wear comfort and sustained adhesion help patients to carry on with their daily routines.



IntelliShield™, a barrier film for ostomy applications

IntelliShield is a multi-layer film for use in the production of bags for ostomy patients. It uses a unique chemistry eliminating the use of polyvinyl chloride (PVC) or polyvinylidene chloride (PVdC) and plasticizers (DEHP)—all substances that have been cited for their negative effects on the environment and for their potentially negative effects on human health. Because it does not contain these materials, IntelliShield Barrier Film is recyclable and can be disposed of through incineration rather than landfilling.

Change
means
the world
to us.

Thriving.

Hopeful.

Healthier.

Enriched.



“Our contributions to communities make a difference. When we reach out to people it has a positive impact, whether we’re helping a local orphanage, providing scholarships to promising students or promoting sustainable forestry. Giving back to the community feels good; smiles are brighter than the sun!”

SHAHEEN ALAM
Dhaka, Bangladesh

Our Communities

When your company’s ultimate sustainability goal is to improve the quality of all life, there’s no shortage of work to be done. So we’re reducing our environmental footprint as we increase our support of programs that strengthen communities worldwide.



Doing business with the environment in mind

Our Guiding Principles

Our approach to business proceeds from the recognition that, to ensure a viable future, humanity must live within the limits of the earth's resources. So as we grow as a business, we're also taking steps to leave the planet in better condition than we found it. To achieve that aim, we follow these 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

We're also guided by clear environmental goals—targets for improving our performance in areas of impact we've prioritized according to our ability to make a difference. Between 2012 and 2014, we met or exceeded all of our goals and laid the groundwork for new, more ambitious targets. Following are the highlights of our work.

Reducing greenhouse gases indexed to net sales by 15 percent

We're working to reduce the carbon emissions that come from powering our 170 facilities. Nearly all the energy we use in our operations comes from electricity or natural gas. While we don't use as much energy or emit as

2015 Goal

Reduce greenhouse gas emissions indexed to net sales by 15% from 2005 levels.

much in greenhouse gases (GHGs) as many companies, our work is energy intensive, and we have ample opportunity for saving power and cutting emissions.

Between 2012 and 2014, we continued to pursue our goal of reducing GHGs indexed to net sales by 15 percent by 2015, compared to a 2005 baseline. We are working to achieve that goal by the end of 2015. In terms of absolute carbon emissions, we held our increase to 3 percent between 2005 and 2014 while posting a 22 percent increase in sales.

We've made progress toward our goal mainly by looking for ways to use energy more efficiently—everything from following correct shutdown procedures for idle manufacturing equipment to replacing metal-halide lighting with fluorescents and LEDs. We've also worked to optimize our energy footprint by closing or consolidating older facilities.

At the factory level, we've implemented a pilot program in which we use wireless submeters to measure the minute-to-minute consumption of individual pieces of equipment so that we can fine-tune the use of each for optimal energy consumption. We're sharing what we learn through the pilot with our factories worldwide, and we'll be installing meters at additional factories in 2015.

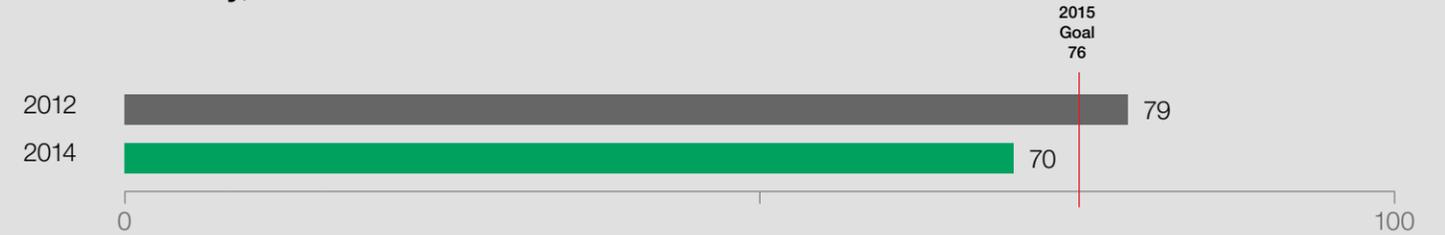
As we look past 2015 and focus on a new, more ambitious goal for absolute GHG emissions, energy efficiency will remain as the foundation of our approach. But we'll also need to find new energy sources. We're analyzing all options, including renewable energy and fuel switching. We're also assessing the advantages of generating our own power from renewable sources. In addition to the reductions in GHGs and costs that could result, we're also interested in the risk reduction afforded by generating our own power in parts of the world where the energy grid is unreliable.

Progress

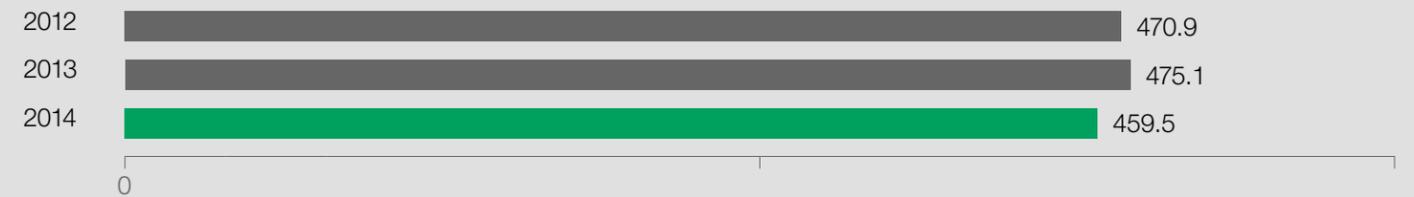
We are on track to achieve our goal, and we are looking ahead to 2025.

ACHIEVED

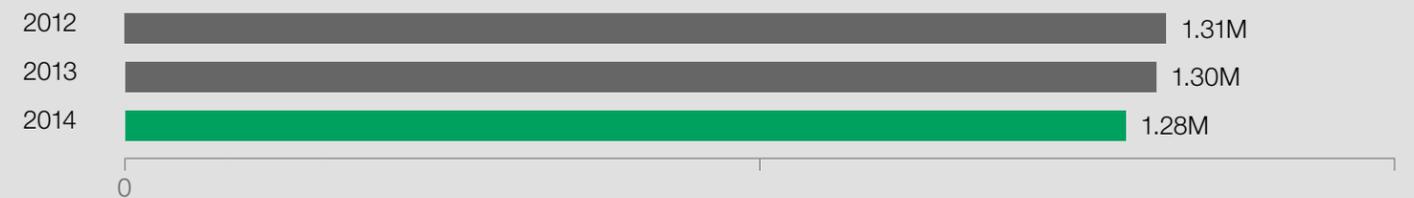
GHG Intensity, GHG Tons/\$MM Sales



Absolute CO2e Emissions (Tons)



Energy Consumption (MWh)



Our new regional headquarters building in the Netherlands was awarded a "Very Good" rating under BREEAM®, a global program for designing and assessing sustainable buildings. The building was designed with a number of features that reduce resource consumption along with operating costs, including energy-efficient lighting, systems for storing surpluses of warm and cold air, elevators that recover the energy they create, FSC-certified timber and a green roof.



Waste

2015 Goal
 Reduce manufacturing waste sent to landfill to 15% of our total waste generated.

More than halfway to landfill-free

We create solid waste through our manufacturing operations. Waste is also a by-product of our customers' use of our products. We work continuously to minimize waste in our operations and our customers' businesses as well.

In our own operations, we're pursuing a vision of sending zero waste to landfills. Our main waste products are excess paper, laminate, liner, fabric, adhesive and other materials left over from manufacturing. In 2009, we set a goal of reducing our total annual waste sent to landfill by 2015 to just 15 percent of our total waste. We achieved that goal two years early, in 2013; as of the end of 2014, we were diverting 86 percent of our waste from landfills. Between 2010 and 2014, we diverted 449,000 metric tons of material from landfills. By the end of 2013, 58 of our 170 facilities were entirely landfill-free. As a result of our efforts, 328,000 metric tons of GHGs were not emitted from landfills—the equivalent of removing nearly 280,000 cars from the road, emissions from 135 million gallons of gas burned or the emissions from heating 110,000 U.S. homes.

We exceeded our goal mainly by shipping our waste material to waste-to-energy plants rather than to landfills. Waste-to-energy plants burn waste and use the products from the combustion to produce electricity and heat. As we continue to increase the amount of waste we're diverting from landfills, we'll need to find alternatives to waste-to-energy plants, which, in the U.S., are running out of capacity and are often located too far from our facilities to be cost-effective. To that end, we're learning to think of our waste not as simply waste or trash but as feedstock for other products and processes.

Reducing scrap from manufacturing

Over the last five years, we've made efforts company-wide to reduce material losses, or scrap, in our manufacturing processes. We've improved technology, processes and daily business practices to reduce or eliminate waste material that would otherwise become part of our waste stream.

Helping customers reduce waste from our products

Our customers and the end users of our products generate waste when they trim our self-adhesive labels and remove the labels' backing. We continue to help customers and end users find ways to reduce and recycle this material.

More than 300,000 tons of liner waste from self-adhesive labels are disposed of every year in Europe alone. In 2014, we started collaborating with Smurfit Kappa® Recycling (SKR) to launch a program for recycling liner waste in Benelux, Germany, and the UK. Through the program, our customers receive payment when they deliver their liner waste to SKR, resulting in a net savings on their waste disposal costs. SKR uses the liners in the production of corrugated board. For every 100,000 square meters of paper release liner recycled savings of six tons of carbon dioxide are achieved versus landfill disposal. That's an amount equal to the annual emission of two compact cars driving 24,000 kilometers per year.

Progress

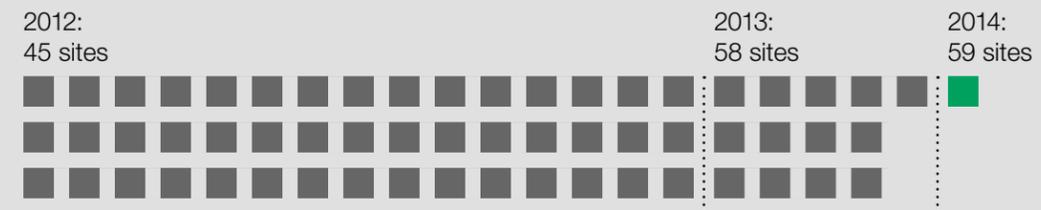
We met our goal two years early—and we're not stopping there.

ACHIEVED

Total Manufacturing Waste (Metric Tons)



Number of Sites That Are 100% Landfill-Free



Responsibly Sourced Paper

Prioritizing responsibly sourced paper

Paper is an essential material in many of our products. In 2014, we consumed about 900,000 metric tons of paper in our operations worldwide.

To help ensure that paper and trees remain a renewable resource, we implemented a responsible paper procurement policy in 2013. Under the policy, we seek to maximize the use of recycled and certified fiber, with a preference for fiber certified by the Forest Stewardship Council (FSC).

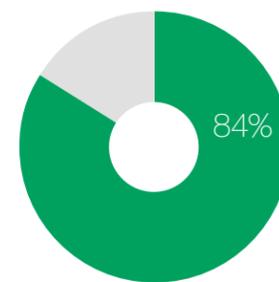
Our Materials Group offers the industry's largest portfolio of FSC-certified products. In Europe, two-thirds of the paper products we sell is FSC certified. We're offering our FSC-certified products at the same cost as those made with non-certified paper, eliminating a key barrier to customer adoption.

In 2014, our Materials Group procured more than 800,000 metric tons of paper for label liners and facestock. We tracked the origin, species and certification level of 84 percent of that volume, and our tracking was validated by the Rainforest Alliance®, an international nonprofit that works to conserve biodiversity and ensure sustainable livelihoods. One-third of our Materials Group's global face-paper volume came from sources with FSC Chain of Custody Certification and bore the FSC Mix label, indicating that it contained some or all of the following: fiber from an FSC-certified forest, reclaimed fiber or fiber from other controlled sources.

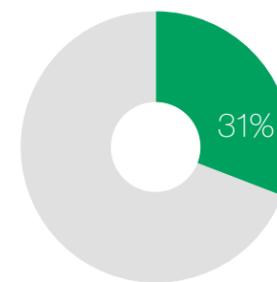
Percentage of Paper Tracked for Sourcing

2012–2014

Materials Group



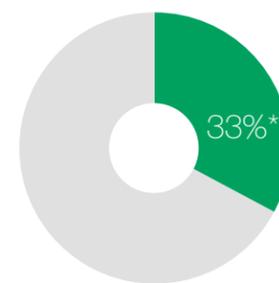
RBIS



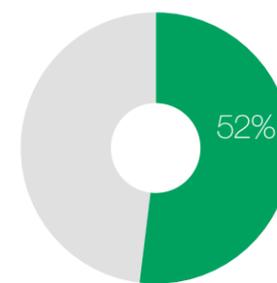
Percentage of FSC-Certified and Recycled Paper Used Globally

2012–2014

Materials Group



RBIS



*Includes only facestock and excludes liner.

Water

The Rainforest Alliance also validated our tracking of the pulp, origin and species of about 52 percent of the 24,000 metric tons of paper our RBIS business purchased in 2014. Thirty-one percent of the paper RBIS used in 2014 was responsibly sourced, a number expected to grow substantially in 2015.

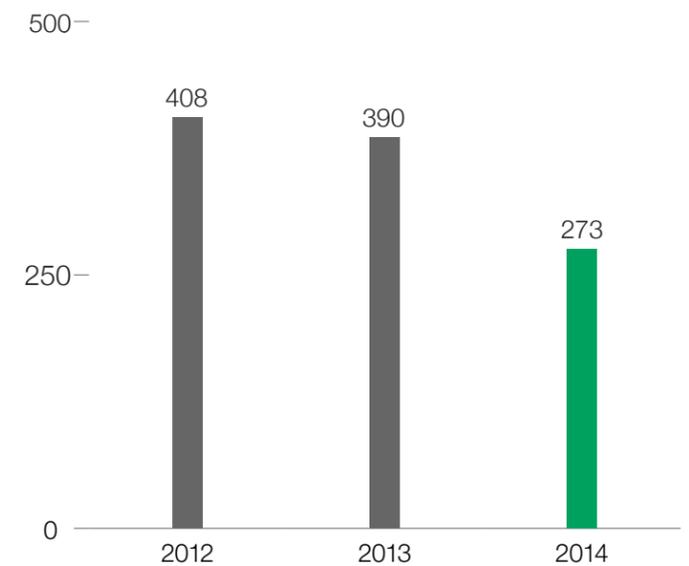
Tracking our water consumption

In 2010, after tracking our water consumption to determine whether we should develop a water-reduction strategy, we concluded that we use relatively little water in our direct operations compared to other companies. Consequently, we continue to track our water consumption and look for ways to use water more efficiently in our products and processes, but we have not made water conservation one of our environmental priorities. Between 2012 and 2014, we consumed approximately 1.14 billion gallons of water—about the same as in the prior two-year period.

Although water is not a critical input in our direct operations, our paper suppliers use considerable amounts of water. Compromised water sources in their operations could result in shortages in our paper supply or an increase in the prices we pay. We plan to reevaluate our water risk in the next two to three years, with a particular focus on our paper suppliers. We'll look specifically at our top suppliers operating in regions where water sources are stressed and determine whether they have sufficient water-management strategies. As part of our water-risk assessment, we'll reassess our own operations as well and integrate water management into our business strategy as necessary.

Water Consumption

Millions of Gallons Consumed



Supply Chain

2015 Goal

Help our strategic suppliers achieve a preferred environmental rating.

Progress

ON TRACK

We require strategic suppliers to comply with our Global Supplier Standards—including our environmental guidelines. We're exploring approaches to helping them comply.

Looking ahead: Managing the environmental impact of our supply chain

Through 2014, our efforts to reduce our environmental footprint have focused mainly on our own operations. But we recognize that our footprint exceeds the walls of our own facilities. To fully address it, we must help our suppliers manage their environmental impact as well. We're exploring approaches for doing that.

As a founding member of the Sustainable Apparel Coalition, our RBIS business has contributed to the development of the Higg Index®, a suite of tools for measuring sustainability. The index includes a module for measuring the environmental impacts of manufacturing.



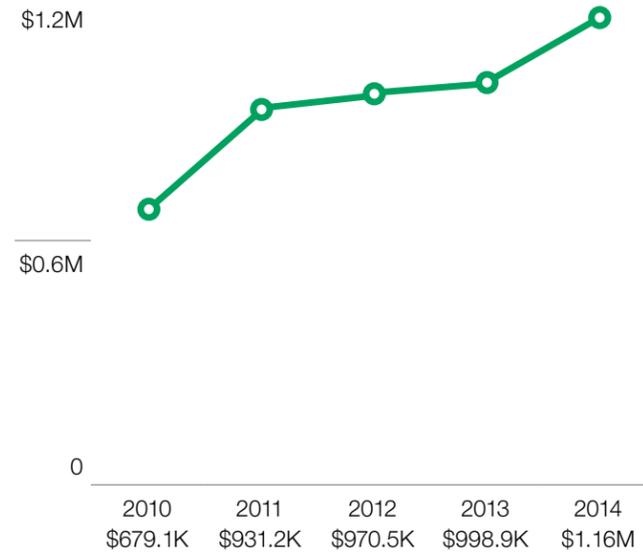
Funding change in the places we call home

Sustainable companies—and sustainable economies—require sustainable communities. Between 2012 and 2014, we continued to invest in the communities where we do business, expanding our giving to match the global reach of our company.

We make the majority of our investments through our 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. Over the last five years, we've funded more than 130 nonprofit organizations, granting over \$4.6 million. During that time, our giving has expanded beyond the U.S., with a particular focus on communities in Brazil, China and India.

2015 Goal
Triple our community investment in emerging markets.

Avery Dennison Foundation Annual Giving Dollars in Millions



Supporting far-reaching change through global grants

Through our Global Grantmaking Initiative, we work with employees to identify and fund local organizations that provide essential services and seek to make lasting improvements in the communities they serve. Among our recent grants:

Progress

ON TRACK

We're on track to meet our goal through giving as global as our business.



\$600K
over three years

The Rainforest Alliance, Honduras. We're in the second year of a three-year \$600,000 grant to help stop deforestation and promote businesses related to sustainable forestry in the remote and ecologically critical La Mosquitia region in Honduras. In 2014, we worked with the people of the region and the Rainforest Alliance to create 190 new jobs, \$560,000 in sales of sustainably produced wood products and 40,000 hectares of Forest Stewardship Council-certified forest. The project is on track to achieve outcomes several times those by the end of 2017.

Avery Dennison Foundation



≈ 7,500
women and girls served



\$120K
grant



250K+
women served



≈ \$972.7K
donations to date

Smile Foundation, India. Through a two-year \$45,000 grant, we're funding a program that provides approximately 7,500 women and girls in two Delhi slums with access to reproductive and child health services. The program also provides scholarships to help girls stay in school.

Project Hope®, China. The China Youth Development Foundation is building and renovating schools throughout rural China. Our \$120,000 grant is supporting that work, and our employees in China are contributing to the effort by providing books and supplies and teaching subjects like English and science.

HERproject®, India and Bangladesh. We granted \$100,000 to help Business for Social Responsibility (BSR) expand its successful HERproject programs, which have already reached more than 250,000 women around the world. HERproject uses a workplace-based, peer education model to empower low-income women who work in global supply chains, build the capacity of local civil society, and increase advocacy with business and government. It includes programs that educate working women about budgeting, financial planning, and financial services and products. Other programs increase women's awareness of health matters and their access to health services.

United Way®, United States. We consolidated our company's separate United Way giving programs into a single companywide platform that supports local nonprofits in communities in which our employees live and work.

Promoting employee volunteerism through Community Investment Teams

Our employees often have the best understanding of their communities' needs, and of which organizations are best helping to meet them. To tap their expertise and encourage employee volunteerism at the local level, we've created more than 50 Community Investment Teams, which coordinate volunteerism among their colleagues. Currently, there are Community Investment Teams at our locations in Bangladesh, Belgium, Brazil, China, Germany, India, Ireland, Korea, Romania, Spain, Sri Lanka, the Netherlands, the U.S. and many other countries. The teams have informed our giving to a broad range of community-based organizations, including Junior Achievement® São Paulo and United Way Brazil; the Bindu Foundation in Sri Lanka; and in the U.S., Big Brothers Big Sisters®, Children's Hospital Los Angeles and Habitat for Humanity®.

Granting Wishes—and giving locally

We further empower community involvement by our employees at the local level through the Granting Wishes program, which enables employees in Europe and the U.S. to recommend smaller onetime grants to local nonprofit organizations. Complementing the grant, 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 four years since we launched Granting Wishes, more than 500 of our employees have taken part, and we've granted

nearly \$400,000 to 94 organizations in the U.S. and abroad. The diverse organizations include housing and social service organizations, food banks, animal welfare groups and organizations serving seriously ill children.

Extending a hand to students through scholarships

Recognizing that a sustainable future will be created by today's students, we provide scholarships to students studying technology and engineering, and to the children of Avery Dennison employees.

Since 2008, our InvEnt Scholarships have encouraged innovative thinking for students in China and India studying technology and engineering. By providing tuition assistance, an invention competition and professional development opportunities, we seek to inspire the spirit of innovation in tomorrow's engineers and tech workers. Second-year students in specific disciplines at various universities in China and India 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.

Additionally, in partnership with Scholarship America, we provide scholarships to the children of Avery Dennison employees. Since 1988, we have provided 558 scholarships totaling more than \$2 million to support deserving students entering their first year of college.

Stepping up when disasters strike

To aid global disaster response and preparedness around the world, we make annual donations to the American Red Cross® and to the International Federation of Red Cross and Red Crescent® Societies. We donated \$40,000 to those organizations between 2012 and 2014. We also offer monetary and volunteer support to relief efforts when disasters strike near our facilities.

Honoring exemplary service among our employees

To 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 give the award to employees who demonstrate an exemplary and sustained personal commitment to voluntary community service. Recipients of the award have provided food to people in need, raised money for children with serious illnesses, supported disaster relief in Bangladesh and built a school in a poor, rural part of Kenya. By embodying our values and leadership principles, the recipients of this award exemplify our Foundation's vision of inspiring human promise to create a more intelligent and sustainable world.



“Volunteering has made my life more meaningful. I enjoy supporting my colleagues and the community as we invest in the next generation.”

CHAU PHAM

Employee Relations Manager, RBIS, Vietnam
2014 Model Integrity and Social Responsibility Awardee

Where we're seeking change next.

Innovate.



Invest.



Steward.

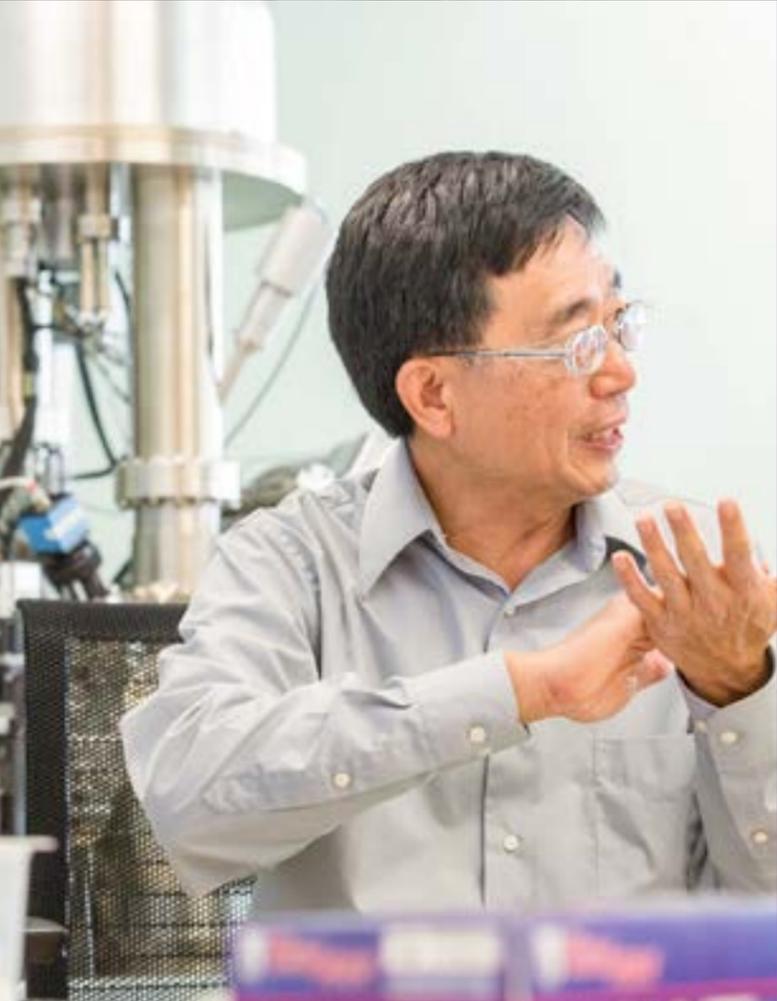


Lead.



2025 Goals

Now that we've met or exceeded our 2015 sustainability goals, our next step is to set the bar even higher. Over the next decade, we'll work toward more ambitious targets. Guided by our environmental and social guiding principles, we developed our 2025 goals after careful analysis of what is most important for our business and our stakeholders. They'll help direct our ongoing efforts to use our innovative capacity and our position in the marketplace to create change from the inside out.



“Our initial goals were great guides and motivators. Now it's time to be more ambitious. Doing all we can to create a sustainable business, sustainable industries and sustainable communities is more than good strategy or good citizenship. It's a mandate from the planet.”

HELEN SAHI
Director of Sustainability



2025 Goals



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 as little negative effect as possible on people and the planet, now and in the future. So we'll source chemicals that are extracted and manufactured in ways that minimize such impacts.



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 minimize negative environmental and social impacts.



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 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 kinds of partnerships to ensure that both our supply and the world's forests will last.



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.



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 also as an opportunity. By offering sustainable innovations to customers, we'll drive sustainability well beyond the limits of our own operations and expand our business at the same time.



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.



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 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.

Avery Dennison at a glance



Avery Dennison at a glance

Avery Dennison (NYSE: AVY) is a global leader in labeling and packaging materials and solutions. Our applications and technologies are an integral part of products used in every major market and industry. With operations in more than 50 countries and over 25,000 employees worldwide, we deliver insights and innovations to customers that help make brands more inspiring and the world more intelligent. Our net sales totaled \$6.3 billion in 2014.

Pressure-sensitive Materials (PSM)

The technologies and materials of our Pressure-sensitive Materials businesses enhance brands' shelf, store and street appeal; inform shoppers of ingredients; protect brand security; improve operational efficiency; and provide visual information that enhances safety.

PSM, which goes to market as Materials Group, comprises Label and Packaging Materials, Graphics Solutions, Reflective Solutions and Performance Tapes.

2014 sales	\$4,658M	Percentage of total sales	74%
Global brand	Avery Dennison®	Websites	label.averydennison.com graphics.averydennison.com reflectives.averydennison.com tapes.averydennison.com

Products/solutions	Pressure-sensitive labeling materials; packaging materials and solutions; roll-fed sleeve; performance polymer adhesives and engineered films; graphic imaging media; reflective materials; pressure-sensitive tapes for automotive, building and construction, electronics and industrial applications; diaper tapes and closures	Customers	Label converters, package designers, packaging engineers and manufacturers, industrial manufacturers, printers, distributors, advertising agencies, sign manufacturers, graphic vendors, tape converters, original equipment manufacturers, construction firms, personal care product manufacturers
Market segments	Food, beverage, wine and spirits, home and personal care products, pharmaceuticals, durables, fleet vehicle/automotive, architectural/retail, promotional/advertising, traffic, safety, transportation, original equipment manufacturing, personal care, electronics, building and construction	Leaders	Georges Gravanis President Materials Group Mike Johansen Vice President and General Manager Performance Tapes



Pressure-sensitive Labeling and Tapes



Packaging



Beverage Labels

Avery Dennison at a glance

Retail Branding and Information Solutions (RBIS)

RBIS provides intelligent, creative and sustainable solutions that elevate brands and accelerate performance throughout the global retail supply chain.

2014 sales	\$1,592M	Percentage of total sales	25%
Global brands	Avery Dennison® Monarch®	Websites	rbis.averydennison.com rfid.averydennison.com

Products/solutions	Creative services, brand embellishments, graphic tickets, tags and labels, sustainable packaging, inventory visibility and loss prevention solutions, data management services, price tickets, printers and scanners, radio-frequency identification (RFID) inlays, fasteners, brand protection and security solutions	Customers	Apparel brands, manufacturers and retailers; food service, grocery and pharmaceutical supply chains; consumer goods brands; automotive manufacturers; transportation companies
Market segments	Apparel manufacturing and retail supply chain, food service and supply chain, hard goods and supply chain, pharmaceutical supply chain, logistics	Leaders	Deon Stander Vice President and General Manager Retail Branding and Information Solutions Erik Shafer Vice President Printer and Fastener Solutions



RFID Technology



Tags and Labels



Pharmaceutical Supply Chain



Brand Embellishments

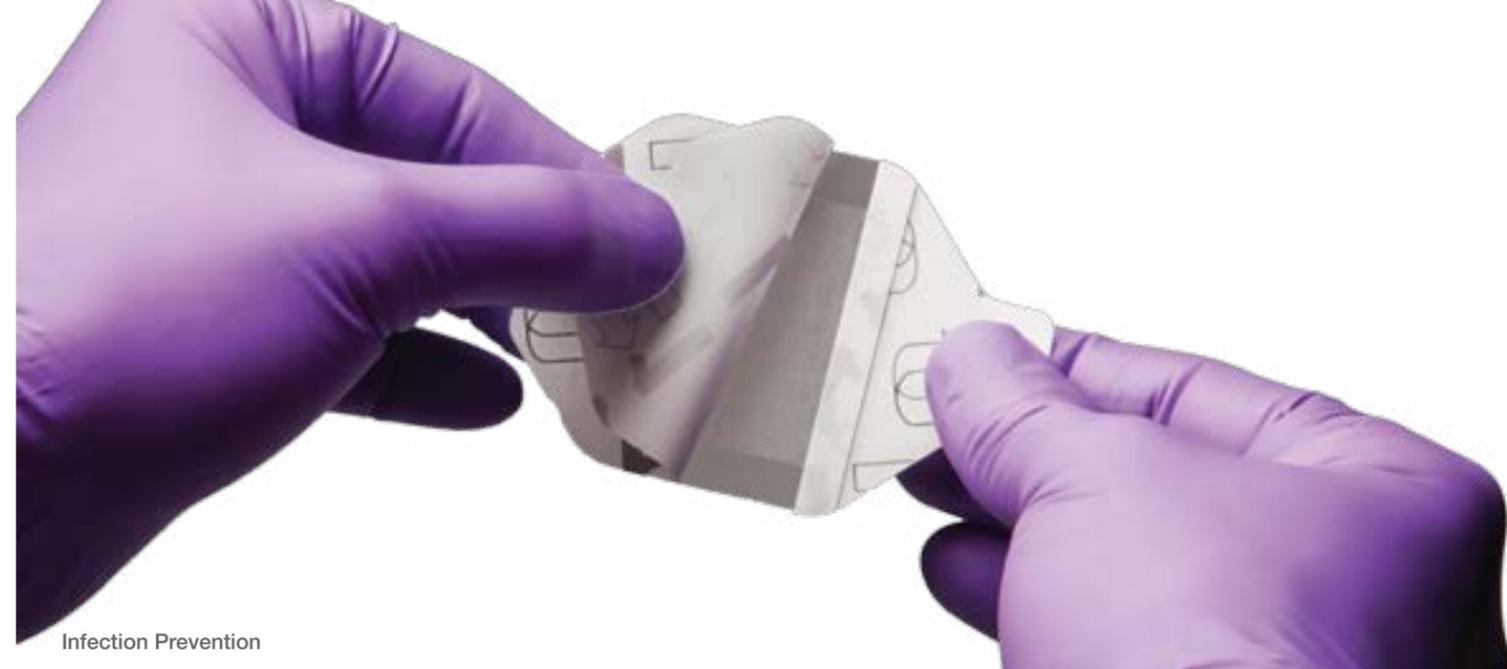
Avery Dennison at a glance

Vancive Medical Technologies

Vancive Medical Technologies delivers advanced medical tapes, films and technologies with its partners to help improve the patient experience, accelerate operational efficiencies and manage the costs of providing quality patient care and improving outcomes.

2014 sales	\$81M	Percentage of total sales	1%
Global brand	Vancive Medical Technologies™	Website	vancive.averydennison.com

Products/solutions	Skin-contact adhesives; surgical, wound care, ostomy and securement products; medical barrier films; wearable sensor technology	Customers	Medical products and device manufacturers
Market segments	Medical and healthcare	Leader	Howard Kelly Vice President and General Manager Vancive Medical Technologies



Infection Prevention



Medical Materials



Wearable Sensor Technology

Awards and partnerships

Sustainability awards



Sustainable Standard-Setter Award (2015)



Best Corporate Responsibility Award,
Best Human Resource Management
2012, 2013, 2014



British Safety Council Award (2015)



Corporate Social Responsibility Award

Our partnerships

Select industry organizations affiliations:



Leading regional trade associations for pressure-sensitive labeling and narrow web converting, including:



Informing this report

The scope and content of this sustainability report have been informed by a number of people and processes, including the work of those responsible for our company's sustainability governance; materiality assessments, which we conduct periodically with third-party consultants to help us set priorities based on the sustainability issues most germane to our business and our stakeholders' concerns; and stakeholder engagement, through which we maintain ongoing conversations with the people invested in our company's actions.

Sustainability governance

Our sustainability efforts are overseen by our Sustainability Council, a panel made up of members of our business units' senior leadership teams. 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. Steering committees appointed by the Council oversee sustainability efforts implemented to address specific needs of our businesses. Our chief executive officer acts as chief sponsor of sustainability companywide.

The Sustainability Council regularly reviews our Sustainability Charter, which articulates the policies, goals and guidelines by which our company and leadership embed sustainability goals into strategic planning, product development and operations.



* As of May 2015

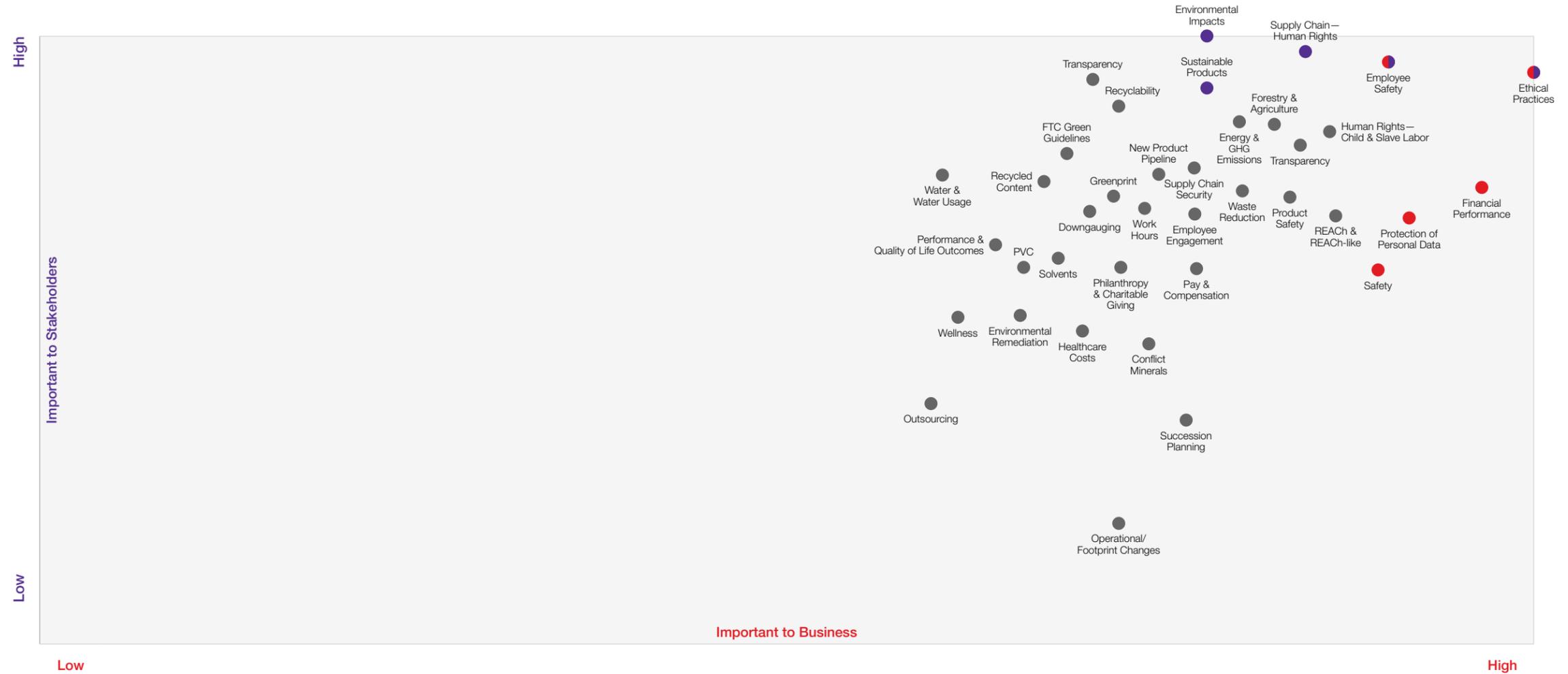
Stakeholder engagement

We know that decisions we make 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 stakeholders to address more problems than any one of us could solve alone.



Avery Dennison at a glance



Assessing materiality

Consistent with GRI 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 early 2015, working with third-party consultant Natural Logic, we reviewed and ranked a wide range of sustainability concerns to identify those most material to our business and to the concerns of our stakeholders. By soliciting input from both internal and external stakeholders, we gradually narrowed our list of priorities to those areas most relevant to our business, and in which we can make the biggest difference. The priorities that resulted were similar to those we've pursued in the two years since our last sustainability report. Ranked in order of priority from highest to lowest, they are shown in the diagram above.

As part of the process, Natural Logic interviewed more than 40 stakeholders, including 30 Avery Dennison employees, six customers and partners, and five representatives of nongovernmental organizations (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
Product Marketing – Greenprint	17	16

Category	Important to Business	Important to Stakeholders
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

GRI index

This report was developed in accordance with the Global Reporting Initiative’s G4 reporting framework, reported to the “In accordance” 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 Inc. is reporting on the metrics that we deem material. For further information on the Global Reporting Initiative, please see www.globalreporting.org.

Avery Dennison Inc. 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	Full	<i>From the Inside Out</i>
G4-2	Full	Description of key sustainability impacts, risks and opportunities can be found throughout the content of this report.

Organizational Profile

G4-3	Full	<i>Cover</i>
G4-4	Full	<i>Avery Dennison at a glance</i>
G4-5	Full	<i>Back Cover</i>
G4-6	Full	Avery Dennison’s primary operations can be found listed at http://averydennison.com/en/home/our-company/locations.html
G4-7	Full	Avery Dennison is publicly listed on the NYSE as AVY
G4-8	Partial	Information on customers can be found in <i>Avery Dennison at a Glance</i> . Information on geography can be found in our annual report, titled <i>Sustainable Momentum</i> and available at: http://averydennison.com/2014-annual-report .
G4-9	Full	Avery Dennison has 28,254 total employees. Net sales can be found in our annual report. Avery Dennison discloses operations and capitalization breakdown. The information can be found on pages 21 and 22 of the 2014 annual report, <i>Sustainable Momentum</i> .
G4-10	Full	<i>Diversity and Inclusion; Employee Engagement</i>
G4-11	Partial	Avery Dennison does not report on collective bargaining.
G4-12	Partial	Avery Dennison has a complex international supply chain—at this point in time we are not reporting on it.
G4-13	Partial	Avery Dennison appointed a new Chief Operating Officer and President in October 2014, new President of Pressure-sensitive Materials in June 2015, and new Vice President and General Manager of Retail Branding and Information Solutions in June 2014.

G4 INDICATOR	COVERAGE	RESPONSE
G4-14	Partial	Avery Dennison’s <i>2025 Goals</i> were informed by our <i>Guiding Principles</i> .
G4-15	Full	<i>Respecting human rights in our business and supply chain; Doing business with the environment in mind: Responsibly Sourced Paper, Supply Chain</i>
G4-16	Full	<i>Awards and Partnerships</i>

Identified Material Aspects and Boundaries

G4-17	Partial	Avery Dennison provides this information in our annual report, <i>Sustainable Momentum</i> .
G4-18	Full	<i>Informing This Report</i>
G4-19	Full	<i>Informing This Report: Assessing materiality</i>
G4-20	Partial	All identified aspects are material for all entities within the organization.
G4-21	Partial	All identified aspects are material outside the organization.
G4-22	Partial	Avery Dennison has not restated any information.
G4-23	Partial	There were no significant changes in scope or boundary during the reporting period.

Stakeholder Engagement

G4-24	Full	<i>Informing This Report: Stakeholder engagement</i>
G4-25	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.
G4-26	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	Partial	Key topics are noted in our <i>Materiality Matrix</i> available in this report.

GRI index

G4 INDICATOR	COVERAGE	RESPONSE
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Report Profile

G4-28	Full	Cover
G4-29	Full	Our last report was published in September 2013.
G4-30	Full	This report covers the period 2012–2014.
G4-31	Full	To contact Avery Dennison in relation to this report, contact Helen Sahi at info@averydennison.com .
G4-32	Full	Avery Dennison is reporting in accordance with GRI G4.
G4-33	Full	Avery Dennison did not seek external assurance for this report at this point in time.

Governance

G4-34	Full	Informing This Report: Sustainability governance
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Ethics and Integrity

G4-56	Full	Playing fair as we play to win
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Category: Economic

G4-DMA	Partial	Avery Dennison’s economic disclosures are managed through the sustainability governance structure as described in About Avery Dennison: Informing this report . For more information about our management approach, see our annual report, Sustainable Momentum .
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Economic Performance

G4-EC1	Partial	Avery Dennison provides this information in our annual report, Sustainable Momentum .
G4-EC2	Not disclosed	Not disclosed at this time
G4-EC3	Not disclosed	Not disclosed at this time
G4-EC4	Not disclosed	Not disclosed at this time

Market Presence

G4-EC5	Not disclosed	Not disclosed at this time
G4-EC6	Not disclosed	Not disclosed at this time

G4 INDICATOR	COVERAGE	RESPONSE
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Indirect Economic Impacts

G4-EC7	Full	Funding change in the places we call home
G4-EC8	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	Not disclosed	Not disclosed at this time
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Category: Environmental

G4-DMA	Full	Doing business with the environment in mind
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Materials

G4-EN1	Partial	Prioritizing responsibly sourced paper
G4-EN2	Partial	Prioritizing responsibly sourced paper

Energy

G4-EN3	Full	Doing business with the environment in mind: Reducing greenhouse gases indexed to net sales by 15 percent
G4-EN4	Not disclosed	Not disclosed at this time
G4-EN5	Not disclosed	Not disclosed at this time
G4-EN6	Full	Doing business with the environment in mind: Reducing greenhouse gases indexed to net sales by 15 percent
G4-EN7	Full	Reducing resource consumption with Avery Dennison Greenprint

Water

G4-EN8	Full	Doing business with the environment in mind: Tracking our water consumption
G4-EN9	Not disclosed	Not disclosed at this time
G4-EN10	Not disclosed	Not disclosed at this time

Biodiversity

G4-EN11	Not disclosed	Not disclosed at this time
G4-EN12	Not disclosed	Not disclosed at this time
G4-EN13	Not disclosed	Not disclosed at this time
G4-EN14	Not disclosed	Not disclosed at this time

GRI index

G4 INDICATOR	COVERAGE	RESPONSE
Emissions		
G4-EN15	Full	<i>Doing business with the environment in mind: Reducing greenhouse gases indexed to net sales by 15 percent</i>
G4-EN16	Full	<i>Doing business with the environment in mind: Reducing greenhouse gases indexed to net sales by 15 percent</i>
G4-EN17	Partial	While not disclosed in this year's report, Avery Dennison has ambition to address this indicator in the future.
G4-EN18	Full	<i>Doing business with the environment in mind</i>
G4-EN19	Full	<i>Doing business with the environment in mind</i>
G4-EN20	Not disclosed	Not disclosed at this time
G4-EN21	Not disclosed	Not disclosed at this time
G4-EN22	Not disclosed	Not disclosed at this time
Effluents and Waste		
G4-EN23	Full	<i>Doing business with the environment in mind: Waste</i>
G4-EN24	Partial	Information on the total number and volume of spills is available in our annual report, <i>Sustainable Momentum</i> .
G4-EN25	Not disclosed	Not disclosed at this time
G4-EN26	Not disclosed	Not disclosed at this time
G4-EN27	Full	<i>Reducing resource consumption with Avery Dennison Greenprint; Doing business with the environment in mind: Helping customers reduce waste from our products</i>
Products and Services		
G4-EN28	Not disclosed	Not disclosed at this time
Compliance		
G4-EN29	Partial	Information on any fines or sanctions for noncompliance with environmental laws and regulations is available in our annual report at http://averydennison.com/2014-annual-report
Transport		
G4-EN30	Not disclosed	Not disclosed at this time
Overall		
G4-EN31	Partial	Information on our total environmental protection expenditures and investments is available in our annual report, <i>Sustainable Momentum</i> .

G4 INDICATOR	COVERAGE	RESPONSE
Supplier Environmental Assessment		
G4-EN32	Partial	While not disclosed in this year's report, Avery Dennison has ambition to address this indicator in the future.
G4-EN33	Partial	While not disclosed in this year's report, Avery Dennison has ambition to address this indicator in the future.
Environmental Grievance Mechanisms		
G4-EN34	Not disclosed	Not disclosed at this time
<hr/>		
Category: Social		
Labor Practices and Decent Work		
G4-DMA	Full	<i>Change begins inside our company: Our Company; Strengthening our company by sharpening our skills</i>
Employment		
G4-LA1	Partial	For certain business functions, information about employee hires and turnover rates are tracked based on gender and region and are reported internally.
G4-LA2	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://averydennison.com/en/home/careers/investing-in-our-people.html
Labor/Management Relations		
G4-LA3	Not disclosed	Not disclosed at this time
G4-LA4	Not disclosed	Not disclosed at this time
Occupational Health and Safety		
G4-LA5	Not disclosed	Not disclosed at this time
G4-LA6	Full	<i>Establishing one of the best safety records in manufacturing</i>
Training and Education		
G4-LA8	Not disclosed	Not disclosed at this time
G4-LA9	Full	<i>Strengthening our company by sharpening our skills</i>
G4-LA10	Full	<i>Strengthening our company by sharpening our skills</i>
G4-LA11	Partial	While not disclosed in this year's report, Avery Dennison has ambition to address this indicator in the future.

GRI index

G4 INDICATOR	COVERAGE	RESPONSE
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Diversity and Equal Opportunity

G4-LA12 Full *Diversity and Inclusion: Putting more women in positions of leadership*

Equal Remuneration for Women and Men

G4-LA13 Not disclosed Not disclosed at this time

Supplier Assessment for Labor Practices

G4-LA14 Full *Respecting human rights in our business and supply chain*

G4-LA15 Full *Respecting human rights in our business and supply chain*

Labor Practices Grievance Mechanisms

G4-LA16 Partial *Playing fair as we play to win*

Human Rights

G4-DMA Full *Respecting human rights in our business and supply chain*

Investment

G4-HR1 Not disclosed Not disclosed at this time

G4-HR2 Not disclosed Not disclosed at this time

Non-discrimination

G4-HR3 Full Avery Dennison is an equal opportunity and affirmative action employer.

Freedom of Association and Collective Bargaining

G4-HR4 Not disclosed Not disclosed at this time

Child Labor

G4-HR5 Partial *Ensuring that suppliers meet our standards*

Forced or Compulsory Labor

G4-HR6 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.

Security Practices

G4-HR7 Not disclosed Not disclosed at this time

G4 INDICATOR	COVERAGE	RESPONSE
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Indigenous Rights

G4-HR8 Not disclosed Not disclosed at this time

Assessment

G4-HR9 Not disclosed Not disclosed at this time

Supplier Human Rights Assessment

G4-HR10 Full *Respecting human rights in our business and supply chain*

Human Rights Grievance Mechanisms

G4-HR11 Partial In certain business units we conduct social compliance audits on suppliers.

G4-HR12 Not disclosed Not disclosed at this time

Society

G4-DMA Full *Funding change in the places we call home*

Local Communities

G4-SO1 Partial *Funding change in the places we call home*

G4-SO2 Partial To minimize risk to our customers, Avery Dennison conducts regular audits prior to qualifying a supplier, as well as regular audits of our finished goods suppliers.

Anti-Corruption

G4-SO3 Partial Avery Dennison has an anti-corruption policy available in our [SCC filings](http://www.investors.averydennison.com/phoenix.zhtml?c=97892&p=irol-sec) (http://www.investors.averydennison.com/phoenix.zhtml?c=97892&p=irol-sec).

G4-SO4 Partial Avery Dennison conducts anti-corruption training with our employees and communicates with them about policies on a regular basis.

G4-SO5 Not disclosed Not disclosed at this time

Public Policy

G4-SO6 not disclosed

Anti-competitive Behavior

G4-SO7 Not disclosed Not disclosed, but can be disclosed or explained here.

Compliance

G4-SO8 Partial Avery Dennison discloses non-compliance with laws and regulations. The information can be found on page 46 of the 2014 annual report, *Sustainable Momentum*, in the Legal Proceedings section.

GRI index

G4 INDICATOR	COVERAGE	RESPONSE
Supplier Assessment for Impacts on Society		
G4-SO9	Not disclosed	Not disclosed at this time
G4-SO10	Not disclosed	Not disclosed at this time
Grievance Mechanisms for Impacts on Society		
G4-SO11	Partial	Avery Dennison discloses social impact grievance mechanisms (Business Conduct GuideLine) in our 10K proxy statement , which is part of our 2014 Annual Report, <i>Sustainable Momentum</i> .
Product Responsibility		
G4-DMA	Full	<i>Change is the driving force in our products</i>
Customer Health and Safety		
G4-PR1	Not disclosed	Not disclosed at this time
G4-PR2	Not disclosed	Not disclosed at this time
Product and Service Labeling		
G4-PR3	Not disclosed	Not disclosed at this time
G4-PR4	Not disclosed	Not disclosed at this time
G4-PR5	Partial	Avery Dennison conducts annual customer surveys.
Marketing Communications		
G4-PR7	Not disclosed	Not disclosed at this time
Customer Privacy		
G4-PR8	Not disclosed	Not disclosed at this time
Compliance		
G4-PR9	Not disclosed	Not disclosed at this time

Feedback

We welcome your feedback on this report.

Contact us at
www.averydennison.com/contactus

or email us at
info@averydennison.com

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Inspired Brands.
Intelligent World.®