

Carbon Disclosure Project (CDP5) Greenhouse Gas Emissions Questionnaire

Avery Dennison Corporation response as at 30 November 2007 21:45

General Introduction

If you would like to give an introduction to your answers, please enter it here.

NOTE FROM CDP: This response was submitted as a Word / PDF document and is attached in full to this introduction section. Where possible the data has been inputted into the online system but where the response does not match the question we have left the box blank. Please check the full response in Word / PDF to see the complete answer from this company. Avery Dennison is responding to the series of Carbon Disclosure Project (CDP) information requests for a second time, having published the Company's initial response to the CDP4 questionnaire in 2006. Avery Dennison is a global leader in pressure-sensitive labeling materials, office products, and retail tag, ticketing and branding systems.

Section A - 1 Climate Change Risks, Opportunities and Strategy Question 1(a)(i) - Regulatory risks

For this question, please state the time period and where possible the associated financial implications. What commercial risks does climate change present to your company including regulatory risks associated with current and/or expected government policy on climate change e.g. emissions limits or energy efficiency standards?

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Yes

Avery Dennison has an ongoing process of tracking developments related to climate change and evaluating the potential impacts (including key risks and opportunities) to its business operations. While Avery Dennison acknowledges that climate change is an important global issue, the Company does not believe that climate change represents a significant direct risk to its operations. As observed in its initial GHG emissions inventory, which the Company is currently finalizing, the Company's enterprise-wide energy usage and associated greenhouse gas (GHG) emissions are very low in comparison to other industry sectors. Furthermore, for reasons specified in the Company's CDP4 response, the Company expects potential impacts from extreme weather events, supply chain disruptions, and changes in customer demand to be minimal.

Question 1(a)(ii) - Physical risks

For this question, please state the time period and where possible the associated financial implications. What commercial risks does climate change present to your company including physical risks to your business operations from scenarios identified by the Intergovernmental Panel on climate Change or other expert bodies, such as sea level rise, extreme weather events and resource shortages?

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 1(a)(iii) - Other risks

For this question, please state the time period and where possible the associated financial implications. Apart from any regulatory and physical risks you have described in your answers to questions 1(a)(i) and 1(a)(ii) above, what other commercial risks does climate change present to your company including shifts in consumer attitude and demand?

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 1(b) - Opportunities

For this question, please state the time period and where possible the associated financial implications. What commercial opportunities does climate change present to your company for both existing and new products and services?

With respect to opportunities for products and services, the Company sees potential benefits in two key areas. First, the Company is developing a new business to provide materials ("inlays" and tags) for use in radio frequency identification (RFID) applications. RFID technology enables large-scale retail organizations, the Department of Defense, consumer product companies, and other businesses to track their products more efficiently throughout the supply chain, allowing them to optimize product shipment and transportation, thereby potentially reducing transportation GHG emissions. Avery Dennison believes there is substantial likelihood of increased demand for this type of technology to reduce losses associated with stock outs and other supply chain inefficiencies,

including the need for companies to reduce their GHG emissions profile. Second, as a supplier of paper and film-based materials and products sold by major retailers, the Company seeks to develop environmentally-friendly products and products that minimize waste. An example of the Company's development of environmentally-friendly products is the recent launch by the Retail Information Services (RIS) division of a green product line which includes environmentally certified papers, organic cotton and recycled polyester printed fabric labels, organic cotton and bamboo woven labels, and biodegradable packaging materials, many of which are anticipated to have a reduced climate impact. Additional examples include development of products which use thinner liners, linerless labels and reduction packaging content.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 1(c) - Strategy

For this question, please state the time period and where possible the associated financial implications. Please detail the objectives and targets of the strategies you have undertaken or are planning to take to manage the risks and opportunities you have detailed in questions 1(a) and 1(b) above. Please include adaptation to physical risks.

Avery Dennison is in the process of developing a climate change strategy, which involves evaluating energy/emissions reduction targets and development of products that foster sustainability. The Company will continue tracking climate change developments, assessing business risks, and identifying business opportunities, as appropriate.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Section A - 2 Greenhouse Gas Emissions Accounting Question 2(a) (i) - Methodology - Accounting Year

Please state the accounting year used to report GHG emissions.

Other: Avery Dennison is currently completing a quality assurance review of the Company's initial emissions inventory for calendar year 2005 and will be providing the data to the CDP in Q3 2007 upon completion of the quality review. Avery Dennison will issue the inventory as an amended CDP5 response. Avery Dennison's initial emissions inventory will be for calendar year 2005. The Company will begin to quantify 2006 GHG emissions in the third quarter of 2007.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 2(a)(ii) - Methodology

Please state the methodology by which emissions are calculated.

GHG Protocol

Please provide additional information below

For Avery Dennison's baseline GHG inventory, the Company used operational control criteria for setting organizational boundaries. With regard to operational boundaries, the Company focused primarily on Scope 1 (direct) and Scope 2 (indirect emissions from purchased electricity). Scope 3 emissions, or supply chain contributions, were not quantified. With respect to emission calculation methodologies, the Company followed guidance in the internationally accepted GHG Protocol issued by the World Resources Institute/World Business Council for Sustainable Development, as well as the California Climate Action Registry General Reporting Protocol, and EPA Climate Leaders GHG Inventory Protocol.

Please state the reporting boundaries for the data provided in this questionnaire

Please provide additional information below

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 2(a)(iii) - Methodology - External verification

Please state whether the information provided has been externally verified or audited.

No

At this juncture, Avery Dennison's baseline GHG emissions inventory has not been audited or verified by a third-party.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 2(a) (iv) - Methodology - Variations in emissions

Please provide an explanation for any significant variations in emissions from year to year eg: due to major acquisitions, divestments, introduction of new technologies etc

Avery Dennison intends to complete annual GHG emissions inventories. After completion of the 2006 GHG inventory, the Company will be able to comment on emissions trends.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 2(b) - Scope 1 and Scope 2 GHG Protocol - Year 1 answers

Please state your direct and indirect GHG emissions in metric tonnes CO2e for global and Annex B countries. If you are having difficulty reporting your emissions figures in CO2e metric tonnes please see the further guidance on answering the CDP5 questionnaire available [here](cdp5reportingguidance.asp).

Please enter the accounting year used to report GHG emissions details below.

31 December 2005

Total Global Emissions

Total Emissions Annex B countries

Scope 1 activity emissions globally

Scope 1 activity emissions Annex B

Scope 2 activity emissions globally

Scope 2 activity emissions Annex B

Please state the MWh of electricity purchased and consumed by your company globally.

Please state the MWh of electricity purchased and consumed by your company in Annex B countries.

Please state the percentage of purchased and consumed MWh of electricity from renewables globally.

Please state the percentage of purchased and consumed MWh of electricity from renewables in Annex B countries.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Yes

Avery Dennison is currently finalizing a quality assurance review of theCompany's initial emissions inventory for calendar year 2005.

Question 2(c) - Scope 3 of GHG Protocol - Year 1 answers

Please enter the accounting year used to report GHG emissions details below.

02 July 2007

If possible, please provide estimates in metric tonnes CO2e for the following categories of emissions:Use/disposal of company's products and services

Your supply chain

External distribution/logisitics

Employee business travel

Other

Please provide details of the sources of emissions if you have entered a figure in the "Other" box

Please provide further information about your measurement of scope 3 emissions.

Avery Dennison does not quantify Scope 3 emissions as part of its GHG inventory program.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Section B - 3 Additional Greenhouse Gas Emissions Accounting
Question 3(a) - Scope 1 and Scope 2 GHG Protocol emissions per country

Using the methodology set out in 2(a), please state your emissions per country. NB : If it is not practical for you to list emissions on a full country by country basis, please list here countries with significant emissions in the context of your business and combine the remainder under "rest of world". If you already have this information in another format (e.g Excel) please attach it.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Yes

Avery Dennison is currently completing a quality assurance review of the Company's initial GHG inventory, which was compiled for calendar year 2005. Thus, the Company is not prepared to formally report Scope 1 and 2 emissions by country, as requested. Avery Dennison will be releasing this information to CDP in Q3 2007, through an amended CDP5 response.

Question 3(b) - Facilities covered by the EU Emissions Trading Scheme

Please provide details of total emissions in metric tonnes CO₂e for all facilities covered by the EU ETS and details of allowances issued under the applicable National Allocation Plans

Emissions from the total of all facilities covered by EU ETS figure in metric tonnes CO2e

Total number of allowances issued under all National Allocation Plans applicable to installations covered by the EU ETS

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Yes

As noted in Avery Dennison's CDP4 response, the Company is monitoring the EU ETS to assess future potential impacts to its facilities. Presently, Avery Dennison is not subject to any GHG regulations in the EU due to the low GHG emissions profile of its facilities.

Question 3(c) - EU ETS impact

What has been the impact on your profitability of the EU Emissions Trading Scheme?

As the EU ETS does not apply to Avery Dennison, profitability has not been impacted due to the EU ETS.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Section B - 4 Greenhouse Gas Emissions Management
Question 4(a) (i) Reduction programmes

What emission reduction programs does your company have in place? Please include any reduction programs related to your operations, energy consumption, supply chain and product use/disposal.

Does your company have an emissions reduction program?

What is the baseline year for the emissions reduction program? (YYYY format eg. 1990)

If you do not use a baseline year for your reduction programme, please provide details of your reference point for the programme here.

As indicated in Avery Dennison's CDP4 response, the Company will focus on achieving cost-effective GHG emission reductions through targeted energy efficiency initiatives. The Company has conducted energy audits at its EU locations and is planning a similar effort at facilities in the United States in the near future. Avery Dennison has upgraded to more energy efficient emissions control devices. Avery Dennison also is continuing to evaluate energy efficiency improvements for coating dryers across the company, which will result in GHG emissions reductions. Similarly, the Company is evaluating the use of compressed air systems and more energy efficient control devices.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(a)(ii) Reduction programmes

What are the emissions reduction targets and over what period do those targets extend?

Emissions reductions target (%)

Time frame for reduction target

Further information.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(a) (iii) Reduction programmes

What investment has been/will be required to achieve the targets. (In US \$)

Over what time period? (In years)

More detail

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(a) (iv) Reduction programmes

What emissions reductions and associated costs or savings have been achieved to date as a result of the program?

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(a) (v) Reduction programmes

What renewable energy and energy efficiency activities are you undertaking to manage your emissions?

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(b) Emissions trading

What is your company's strategy for trading in the EU Emissions Trading Scheme, CDM/JI projects and other trading systems (e.g. CCX, RGGI, etc), where relevant? Explain your involvement for each of the following:

EU ETS

CDM/JI

CCX

RGGI

Others

More detail

With respect to emissions trading, the Company is still monitoring existing programs and assessing the business value of participation in such programs. Given the relatively low GHG emissions profile of Avery Dennison's facilities, the need for a robust emissions trading strategy is not a significant priority for the Company at this time. In addition, the EU ETS does not apply to Avery Dennison.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(c) Emissions intensity

Please state which measurement you believe best describes your company's emissions intensity performance? What are your historical and current emissions intensity measurements? What are your targets?

Best measurement of emissions intensity for you company

Avery Dennison has not yet determined which metric will best represent its emissions intensity performance and whether future GHG emissions will be predicted using a Company-specific methodology. The Company will have more information on these items later in 2007.

Historical intensity details

Current intensity details

Target details

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(d) Energy costs

What are the total costs of your energy consumption e.g. from fossil fuels and electric power? What percentage of your total operating costs does this represent?

Total costs of energy consumption (in US\$)

Percentage of total operating costs (%)

More Details.

Avery Dennison is still finalizing the collection of energy cost information that will be used in evaluating alternate approaches for achieving cost-effective GHG emission reductions. This effort notwithstanding, the Company views all cost data (including energy-related costs) to be business sensitive information. Thus, Avery Dennison does not anticipate releasing energy cost data to the general public.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 4(e) Planning

Do you estimate your company's future emissions? If so please provide details of these estimates and summarize the methodology for this. How do you factor the cost of future emissions into capital expenditure planning? Have these considerations made an impact on your investment decisions?

Do you estimate your company's future emissions?

No

Please provide details of these estimates and summarize the methodology for this or provide details of why you do not estimate your company's future emissions.

At present, Avery Dennison does not estimate future GHG emissions.

How do you factor the cost of future emissions into capital expenditure planning?

Have these considerations made an impact on your investment decisions?

Please provide details below.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Section B - 5 Climate Change Governance - Responsibility

Question 5(a) (i) Responsibility

Which Board Committee or other executive body has overall responsibility for climate change?

The Company has a Corporate Sustainability Committee and recently created a new position - Director of Corporate Sustainability - to provide focus and accountability with respect to climate change and other sustainability issues. Avery Dennison's GHG initiative continues to be a key component within the Company's environmental management function.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 5(a) (ii) Responsibility

What is the mechanism by which the Board or other executive body reviews the company's progress and status regarding climate change?

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Question 5(b) Individual performance

Do you provide incentive mechanisms for managers with reference to activities relating to climate change strategy, including attainment of GHG targets?

If so, please provide details.

At this time, the Company has not yet established GHG reduction targets nor has it determined whether incentive mechanisms for managers are warranted with respect to GHG targets.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

General Information

Please add any general information and attachments that are not related to a specific question but that you would still like to include with your response here.