

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Avery Dennison Corporation (NYSE: AVY) is a global materials science and manufacturing company specializing in the design and manufacture of a wide variety of labeling and functional materials. The company’s products, which are used in nearly every major industry, include pressure-sensitive materials for labels and graphic applications; tapes and other bonding solutions for industrial, medical and retail applications; tags, labels and embellishments for apparel; and radio-frequency identification (RFID) solutions serving retail apparel and other markets. Our reportable segments for fiscal year 2018 were (i) Label and Graphic Materials (“LGM”); (ii) Retail Branding and Information Solutions (“RBIS”); and (iii) Industrial and Healthcare Materials (“IHM”). In 2018, the LGM, RBIS, and IHM segments made up approximately 68%, 23% and 9%, respectively, of our total sales. In 2018, international operations constituted a substantial majority of our business, representing approximately 76% of our sales. As of December 31, 2018, we operated approximately 180 manufacturing and distribution facilities worldwide with approximately 30,000 employees and had operations in over 50 countries, with 2018 sales of \$7.2 billion.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1 2018	December 31 2018

W0.3

(W0.3) Select the countries/regions for which you will be supplying data.

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

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

USD

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Not very important	Important	Avery Dennison does not use significant volumes of freshwater in production activities, therefore water is described as not very important for direct operations. Suppliers that provide paper use a considerable amount of water. As such, water availability may impact paper commodity costs in the future.
Sufficient amounts of recycled, brackish and/or produced water available for use	Not important at all	Neutral	Avery Dennison does not use recycled, brackish or produced water and are designating these as not important to direct operations. Our paper suppliers may use recycled water, therefore water quality/quantity for indirect use may be neutral.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

No, not currently but we intend to within two years

W1.4d

(W1.4d) Why do you not engage with any stages of your value chain on water-related issues and what are your plans?

	Primary reason	Please explain
Row 1	We are planning to do so within the next two years	Our business operations are not heavily dependent on water, whereas our paper suppliers view this as much more of a priority and concern. Over the next 24 or so months, we anticipate evaluating paper suppliers that may be operating in water stress regions to determine if those suppliers have water management strategies.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

Annually

How far into the future are risks considered?

1 to 3 years

Type of tools and methods used

Tools on the market

Tools and methods used

WRI Aqueduct

Comment

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. 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. We conduct a standard water risk assessment with the WRI Aqueduct to determine at-risk sites based on basin/geography and compare that to our operations.

Supply chain

Coverage

None

Risk assessment procedure

<Not Applicable>

Frequency of assessment

<Not Applicable>

How far into the future are risks considered?

<Not Applicable>

Type of tools and methods used

<Not Applicable>

Tools and methods used

<Not Applicable>

Comment

Other stages of the value chain

Coverage

None

Risk assessment procedure

<Not Applicable>

Frequency of assessment

<Not Applicable>

How far into the future are risks considered?

<Not Applicable>

Type of tools and methods used

<Not Applicable>

Tools and methods used

<Not Applicable>

Comment

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Not relevant, explanation provided	Our water comes from municipal sources
Water quality at a basin/catchment level	Not relevant, explanation provided	Our water comes from municipal sources
Stakeholder conflicts concerning water resources at a basin/catchment level	Not relevant, explanation provided	Our water comes from municipal sources
Implications of water on your key commodities/raw materials	Relevant, not included	Future changes in water availability for our key commodities and raw materials may impact our direct operations as well as our supply chain. We anticipate taking steps to include assessments of these future implications within our water risk assessments.
Water-related regulatory frameworks	Relevant, always included	We consider and comply with all water-related regulatory frameworks
Status of ecosystems and habitats	Relevant, always included	In our sites located in developing regions, we follow all government legislation related to ecosystems and habitats.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	Across our sites, we provide fully-functioning WASH services for all employees.
Other contextual issues, please specify	Not considered	

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Not relevant, explanation provided	Customers manage and evaluate their own water usage and risks
Employees	Relevant, always included	We ensure that employees have access to clean and potable drinking water, and access to fully-functioning WASH services
Investors	Relevant, always included	We report through ESG agencies and directly in our sustainability report
Local communities	Relevant, always included	We follow all local government regulations regarding water quality and discharge
NGOs	Relevant, always included	We consider NGO input in our water management and evaluation
Other water users at a basin/catchment level	Not relevant, explanation provided	We considered other water users but determined it was not relevant as our water comes from municipal sources
Regulators	Relevant, always included	All of our sites adhere to local government regulations regarding water quality and discharge
River basin management authorities	Not relevant, explanation provided	We considered river basin management authorities but determined it was not relevant as our water comes from municipal sources
Statutory special interest groups at a local level	Not relevant, explanation provided	There has been no interest from statutory special interest groups on site water-related activities
Suppliers	Relevant, not included	Avery Dennison's will be evaluating paper suppliers that may be operating in water stress regions and determining if those suppliers have water management strategies. We may consider our top 10-20 suppliers based on total spend, and we aspire to implement this effort in the next 24 or so months.
Water utilities at a local level	Not considered	Water utilities at a local level were considered as part of our water risk assessment
Other stakeholder, please specify	Not considered	

W3.3d

(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

Avery Dennison's sustainability leadership team is responsible for keeping abreast of market developments related to water usage and water risks. Avery Dennison acknowledges that both the availability and the costs of water, however small, are necessary to our business and growth strategy and can have a direct impact on our operational costs. Therefore, we've not only leveraged our internal teams to continue to assess water risks that could impact our business, but have expanded these efforts to include the WRI Aqueduct tool which takes into account current conditions as well as future risks and impacts to our business. The methods that we've used to mitigate water risks take into account all of our facilities.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

No

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

Avery Dennison defines substantive change as impacts on revenue, stakeholders and costs as well as availability of purchased goods. Indicators we recognize as having the potential to have a substantive impact include 5% revenue, concerns expressed by key stakeholders, and cost increases as much as 5% (or significant risk of material availability). Any one of these elements or a combination thereof would be basis for evaluating mitigating measures. These elements impact supply chain.

W4.2b

(W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Evaluation in progress	Avery Dennison performs an annual water assessment using the WRI Aqueduct tool. Based on recent assessments, several sites have been identified as medium/high Overall Risk, based on their location. Though the sensitivity of the geography in which these facilities are located is an issue, we are currently evaluating the impact our direct operations may have on the water basins to those areas, as well as the risk(s) utilizing water resources in these regions may have on our business. We anticipate evaluating these risks in the next 24 or so months.

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Lack of visibility of supply chain	

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

No

W4.3b

(W4.3b) Why does your organization not consider itself to have water-related opportunities?

	Primary reason	Please explain
Row 1	Judged to be unimportant	Avery Dennison recognizes that there are opportunities to reduce water usage and quality. When these opportunities arise, we review them and may take action if appropriate. Water data from across our global sites is collected on a monthly basis and analyzed based on: 1) sites with over 5M gallons of consumption 2) quality poses high or medium risk via aqueduct risk assessment We are additionally planning to announce a water quality goal at the end of 2019.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

No, but we plan to develop one within the next 2 years

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

No

W6.2c

(W6.2c) Why is there no board-level oversight of water-related issues and what are your plans to change this in the future?

	Primary reason	Board level oversight of water-related issues will be introduced in the next two years	Please explain
Row 1	Not deemed relevant	No	Given the immaterial nature of water-related issues to Avery Dennison, we currently don't have an expectation to include board-level oversight for water-related issues.

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

President

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Annually

Please explain

The Vice President of Environmental, Health & Safety (EH&S) is responsible for water-related issues and communicates them to our executive team.

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

No

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

No, and we have no plans to do so

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	No, water-related issues not yet reviewed, but there are plans to do so in the next two years	<Not Applicable>	
Strategy for achieving long-term objectives	No, water-related issues not yet reviewed, but there are plans to do so in the next two years	<Not Applicable>	
Financial planning	No, water-related issues were not reviewed and there are no plans to do so	<Not Applicable>	

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

Anticipated forward trend for CAPEX (+/- % change)

Water-related OPEX (+/- % change)

Anticipated forward trend for OPEX (+/- % change)

Please explain

W7.3

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	Yes	Our approach is based on The 3% Solution developed by World Wildlife Fund, CDP and McKinsey & Company. Because our facilities require different solutions based on their design and location, we're pursuing reductions through a variety of means, such as improving energy efficiency, sourcing renewable power and procuring renewable energy certificates.

W7.3a

(W7.3a) Has your organization identified any water-related outcomes from your climate-related scenario analysis?

No

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, and we do not anticipate doing so within the next two years

Please explain

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Our company sets no targets or goals	<Not Applicable>	<Not Applicable>

W8.1c

(W8.1c) Why do you not have water target(s) or goal(s) and what are your plans to develop these in the future?

	Primary reason	Please explain
Row 1	Judged to be unimportant, explanation provided	In Q4 2019, we will announce a new water-related sustainability goal for 2025.

W9. Linkages and trade-offs

W9.1

(W9.1) Has your organization identified any linkages or tradeoffs between water and other environmental issues in its direct operations and/or other parts of its value chain?

No

W9.1b

(W9.1b) Why has your organization not identified any linkages or tradeoffs between water and other environmental issues?

	Primary reason	Please explain
Row 1	Not considered, and we have no plans to do so	

W10. Verification

W10.1

(W10.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1d)?

No, we do not currently verify any other water information reported in our CDP disclosure

W11. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Senior Director, Environmental Services	EHS manager

W11.2

(W11.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

No

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors

Please confirm below

I have read and accept the applicable Terms