

# Well On Course to Net-Zero

**Does your organisation see climate change as a longterm threat? Has your company made a commitment to net-zero? If so, by when? Did your company sign the Paris Agreement?**

The climate threat is real and it can create a massive impact on businesses. Not only the physical risks like natural calamities, supply chain shortages but also the change in consumer behaviour due to climate change is a risk for companies.

Avery Dennison has made a commitment to achieving net-zero by 2050. In fact, we started working towards reducing our environmental impact in operations and supply chain as early as 2015 when we established our goal to reduce our absolute GHG emissions by three per cent year-over-year, and by at least 26 per cent compared to our 2015 baseline, by 2025. We exceeded that goal within five years of setting it, cutting emissions by approximately 42 per cent compared to the 2015 baseline in 2020.

By 2030, we plan to reduce our Scope 1 and 2 GHG emissions by 70 per cent from our 2015 baseline, and to work with our supply chain to reduce our Scope 3 GHG emissions by 30 per cent from our 2018 baseline. Our ambition is to achieve net-zero emissions by 2050.

Our emissions reduction targets have been approved by the Science Based Targets initiative (SBTi) as consistent with levels required to meet the goals of the Paris Agreement.

**What are the steps you are taking in the next three years towards that goal?**

Our Climate Change Policy details our strategy for managing climate-related issues within our organisation and throughout our value chain. The key areas where we are focussed to achieve our goal are:

## **Increasing Energy Efficiency**

Natural gas and electricity are the primary energy sources for our operations, accounting for 97% of our scope 1 and 2 energy emissions YE 2020. We implement energy efficiency projects to reduce our electricity and natural gas consumption,



**Vivek Kumar, Director, Segment Development and Tapes, South Asia, Avery Dennison, says the company is working towards achieving net-zero by 2050.**

particularly where we do not have a viable alternative to natural gas.

## **Sourcing Renewable Energy**

Though electricity makes up a lower percentage of the total energy we consume, its emissions impact is higher than that of our natural gas consumption. To address this, we source renewable energy whenever feasible. In 2018, we committed to a Virtual Power Purchase Agreement (VPPA) supporting the construction of a wind farm in Wayne County Nebraska, which became operational in June 2020.

## **Reducing Scope 3 Emissions**

In 2018, we completed our scope 3 GHG emissions inventory and determined that upstream goods and services is our largest category of scope 3 emissions, due to the volumes of paper, film, and chemicals to make our adhesives we purchase. Accordingly, we set a 2030 sustainability goal to reduce our scope 3 emissions by 30 per cent.

To understand opportunities for reducing our carbon footprint, we use Matchcheck™, a lifecycle analysis tool we developed for the

materials we source. In partnership with Carbon Trust, we are working to create a tool that will enable us to capture our holistic carbon picture.

**Have you felt the need to change processes within the company to make them environmentally sustainable, to reduce emission, waste and resource consumption? If yes, please elaborate.**

Apart from reducing emission, we are committed to reduction in waste. We're innovating products and re-engineering existing ones to reduce waste and increase the efficient use of materials. We also continually identify ways to reduce waste in our global operations. Our waste management initiatives help reduce costs, keep materials out of landfills, and reduce the consumption of natural resources.

By 2030, we announced a goal to have our operations be 95 per cent landfill-free, with a minimum of 80 per cent of our waste recycled and the remainder reused, composted, or sent to energy recovery. This builds on our 2025 goal of having 75 per cent of our waste reused, repurposed, or recycled.

We are also working towards our 2025 goal of eliminating 70 per cent of the matrix and liner waste from our value chain. To that end, we co-founded the Circular Economy for Labels consortium (CELAB) with other leading members of the pressure-sensitive label industry. And in 2021, we launched AD Circular, a programme enabling users of our label products to easily and affordably recycle used liners and matrix.

We continue to increase the number of facilities that meets our criterion for "Zero Waste" designation – sending less than two per cent of their waste to a landfill for six consecutive months. We have diverted 94 per cent of our waste in 2020.

**Handling Hazardous Waste**

Our global waste management standard establishes procedures for handling chemical waste and contaminated materials. When handling and disposing hazardous waste, we aim to follow applicable legal requirements and standards.

**Reusing Wastewater**

We're working with various partners

to reuse wastewater from our facilities. For example, our wastewater goes to waste management companies that use the wastewater as a coolant for their boilers.

**How important is environmental and social sustainability when planning for expansion or in preparing business plans? Has your company made internal/external investments in sustainability initiatives?**

At Avery Dennison, we are committed to both environmental and social sustainability. While the details and investments in different areas for environmental can be found in the previous answers, we are equally committed to social sustainability.

In the area of social sustainability, we are focussed in three key areas: Diversity, Inclusion and Equal Opportunity, Employee Safety and Health and Charitable Giving. Our goal is to make a positive impact by enhancing the livelihoods of our employees and communities.

**Inclusion Index**

Avery Dennison employees complete an annual engagement survey that includes three questions regarding inclusion. We record and track the percentage of employees who respond favourably to each of these three questions. In 2018, 75 per cent of employees responded favourably. By 2020, that number had increased to 81 per cent.

**Has the company been able to address sustainability issues at a community level, and have you faced challenges while doing so?**

Any change brings challenges with it. But that doesn't stop us from doing good. We at Avery Dennison are very passionate about community engagement and tend to work more towards sustainability in this space as well. We have several projects with different NGO partners.

**Apart from a sustainability officer, how are the rank and file staff involved/ motivated?**

The sustainability agenda is not driven by just a set of people, but it is an integral part of our business strategy. Each of the functions has different elements of sustainability embedded in their functional strategy, that translates to the whole

organisation working together in achieving these goals. Moreover, Volunteerism is an integral part of the social sustainability agenda. We target to achieve 50 per cent volunteerism for all our CSR projects, including sustainability.

**Have you considered supply chain sustainability through responsible sourcing?**

Responsible sourcing is one of our key strategies to achieve the goal of reducing our environmental impact in our operations and supply chain. We plan to source 100 per cent of paper fibre from certified sources focused on a deforestation-free future by 2030. Currently we have around 84 per cent certified paper, half of which is certified by the Forest Stewardship Council (FSC).

**Do you believe that going in for ESG or sustainable finance would deliver better longterm returns?**

Definitely, ESG provides better long-term returns. It also increases the scope of investment as more and more investors prefer companies with ESG reporting. Moreover, consumers are also aware of this and choose sustainably responsible brands. Hence, ESG or sustainable finance will surely provide better longterm returns.

**Do you have products designed to incorporate social or environmental concerns?**

Avery Dennison has a dedicated product portfolio for sustainability. Sustainable ADvantage is a portfolio of products and solutions that enables companies across global industries to use fewer natural resources, cut carbon emissions, reduce waste, and build towards a circular economy. It drives circularity and provides customers with supply chain transparency through intelligent labelling solutions.

It includes labels and tags made with 100 per cent FSC-certified paper, adhesives that enable more plastic to be recycled, water-efficient digital printers; industrial tapes to replace heavier fasteners; compostable paper packaging for shipping; digital ID technologies (such as RFID-equipped labels that dramatically improve supply chain efficiency, reduce waste and improve transparency).