

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  
 **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to § 240.14a-12

**EVERY DENNISON CORPORATION**

(Name of Registrant as Specified in Its Charter)

**N/A**

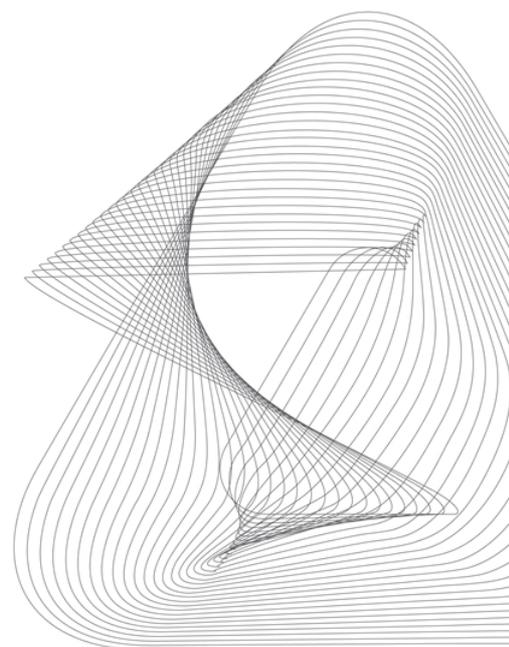
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- No fee required.
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- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- (1) Amount Previously Paid:
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  - (3) Filing Party:
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# 2021 Proxy Season Stockholder Engagement

Spring 2021



## Safe Harbor Statement

Certain statements contained in this document are "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements, and financial or other business targets, are subject to certain risks and uncertainties. We believe that the most significant risk factors that could affect our financial performance in the near-term include: (i) the impacts to underlying demand for our products and/or foreign currency fluctuations from global economic conditions, political uncertainty, changes in environmental standards and governmental regulations, including as a result of the coronavirus/COVID-19 pandemic; (ii) competitors' actions, including pricing, expansion in key markets, and product offerings; (iii) the degree to which higher costs can be offset with productivity measures and/or passed on to customers through price increases, without a significant loss of volume; and (iv) the execution and integration of acquisitions.

Actual results and trends may differ materially from historical or anticipated results depending on a variety of factors, including but are not limited to, risks and uncertainties relating to the factors shown below.

- COVID-19
- International Operations – worldwide and local economic and market conditions; changes in political conditions; and fluctuations in foreign currency exchange rates and other risks associated with foreign operations, including in emerging markets
- Our Business – changes in our markets due to competitive conditions, technological developments, environmental standards, laws and regulations, and customer preferences; fluctuations in demand affecting sales to customers; execution and integration of acquisitions; selling prices; fluctuations in the cost and availability of raw materials and energy; the impact of competitive products and pricing; customer and supplier concentrations or consolidations; financial condition of distributors; outsourced manufacturers; product and service quality; timely development and market acceptance of new products, including sustainable or sustainably-sourced products; investment in development activities and new production facilities; successful implementation of new manufacturing technologies and installation of manufacturing equipment; our ability to generate sustained productivity improvement; our ability to achieve and sustain targeted cost reductions; and collection of receivables from customers
- Income Taxes – fluctuations in tax rates; changes in tax laws and regulations, and uncertainties associated with interpretations of such laws and regulations; retention of tax incentives; outcome of tax audits; and the realization of deferred tax assets
- Information Technology – disruptions in information technology systems, including cyber-attacks or other intrusions to network security; successful installation of new or upgraded information technology systems; and data security breaches
- Human Capital – recruitment and retention of employees; fluctuations in employee benefit costs; and collective labor arrangements
- Our Indebtedness – credit risks; our ability to obtain adequate financing arrangements and maintain access to capital; volatility of financial markets; fluctuations in interest rates; and compliance with our debt covenants
- Ownership of Our Stock – potential significant variability of our stock price and amounts of future dividends and share repurchases
- Legal and Regulatory Matters – protection and infringement of intellectual property and impact of legal and regulatory proceedings, including with respect to environmental, health and safety, anti-corruption and trade compliance
- Other Financial Matters – fluctuations in pension costs and goodwill impairment

For a more detailed discussion of these factors, see "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2020 Form 10-K, filed with the Securities and Exchange Commission on February 25, 2021.

**The forward-looking statements included in this document are made only as of the date of this document, and we undertake no obligation to update these statements to reflect subsequent events or circumstances, other than as may be required by law.**

## Company Overview

We are a global materials manufacturer of branding and information labeling solutions and functional materials for the consumer goods, apparel, food, logistics, industrial and healthcare industries

### Highlights

**\$14.9B** | Market cap<sup>(1)</sup>      **\$7.0B** | 2020 Net sales

**32K+** | Employees      **50+** | Countries with operations

### Sustainable competitive advantages

- Global scale; ~190 operating locations
- Innovative materials science capabilities; vertically integrated in adhesives
- Innovative process technology
- Operational and commercial excellence

### Business Segments

Label and Graphic Materials (LGM)	<ul style="list-style-type: none"> <li>• 2020 net sales of \$4.7B (68% of total net sales)</li> <li>• Largest global provider of self-adhesive materials for packaged goods and variable information labeling</li> <li>• Leading provider of graphic and reflective solutions</li> </ul>
Retail Branding and Information Solutions (RBIS)	<ul style="list-style-type: none"> <li>• 2020 net sales of \$1.6B (23% of total net sales)</li> <li>• Largest global provider of tickets, tags and labels, sustainable packaging, and RFID and other solutions for branding and information management purposes for retail and other end markets</li> </ul>
Industrial and Healthcare Materials (IHM)	<ul style="list-style-type: none"> <li>• 2020 net sales of \$0.6B (9% of total net sales)</li> <li>• Leading provider of tapes, fasteners and medical pressure-sensitive adhesive based materials and products</li> </ul>

<sup>(1)</sup>As of March 15, 2021

# Response to COVID-19

**We responded to COVID-19 by prioritizing the health, safety and well-being of our employees, followed immediately by delivering for our customers; we also supported our communities and protected our operations and financial position**

<p style="text-align: center;"><b>Protecting Our Employees</b></p> <p>We implemented a number of measures to help keep our workplaces safe and provide support for our employees, including the following:</p> <ul style="list-style-type: none"> <li>• Early in pandemic, ensured that employees continued to receive full pay</li> <li>• Extended salary continuation in jurisdictions with weaker social safety nets</li> <li>• Provided supplemental payments to express gratitude to frontline workers, with ~84% of employees (all below manager level) receiving these payments</li> <li>• Continually adapted rigorous site safety protocols based on continuously evolving health information and governmental regulations</li> </ul>	<p style="text-align: center;"><b>Supporting Our Communities</b></p> <p>We are committed to supporting our local communities and took the following actions in response to the pandemic:</p> <ul style="list-style-type: none"> <li>• Made \$10 million contribution to Avery Dennison Foundation to significantly increase scope and pace of its support of communities in which we operate</li> <li>• Shifted resources to produce personal protective equipment and hand sanitizer to donate to local communities</li> <li>• Donated face masks and other needed materials to local hospitals</li> <li>• Avery Dennison Foundation made nearly \$3 million in grants to bolster rapid community response; also established employee assistance fund (supplemented by employee donations) to support team members who were furloughed, laid off, suspended or terminated due to COVID-19</li> </ul>
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<p style="text-align: center;"><b>Serving Our Customers</b></p> <p>We recognize the importance of delivering for our customers, even in times of crisis. To satisfy customer needs, we:</p> <ul style="list-style-type: none"> <li>• Adapted quickly to manage demand in label materials and address lockdowns impacting RBIS customers</li> <li>• Leveraged operational excellence to maximize production capacity in label materials</li> <li>• Developed and rapidly commercialized N95 masks primarily for sale to customers</li> <li>• Continued to successfully execute large RFID rollouts</li> </ul>	<p style="text-align: center;"><b>Mitigating Supply Chain Risk</b></p> <p>We play a critical role in the flow of essential goods. We experienced negligible supply chain disruptions throughout the pandemic due to the following actions:</p> <ul style="list-style-type: none"> <li>• Maintained strong relationships with suppliers and customers, which helped keep supply chains open for essential businesses</li> <li>• Selectively built strategic inventory</li> <li>• Leveraged global footprint with dual sourcing or readily available alternatives for most commodities</li> </ul>	<p style="text-align: center;"><b>Maintaining Financial Flexibility</b></p> <p>We took the following steps to maintain our strong balance sheet:</p> <ul style="list-style-type: none"> <li>• Drew down \$500 million under revolving credit facility in Q1 to mitigate dependence on then-unavailable commercial paper markets; promptly repaid in Q2</li> <li>• Temporarily suspended share repurchases in March; resumed repurchases in Q3</li> <li>• Increased dividend rate by 7% in October, after having maintained it earlier in year</li> <li>• Heightened focus on working capital management</li> </ul>
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# Committed to Operating in an Environmentally and Socially Responsible Manner

We create long-term stakeholder value through innovations and operations that positively impact our people and planet. We continue to make progress against our 2025 sustainability goals, and recently announced more ambitious 2030 goals

2025 Goals		2020 Results	2030 Goals	2030 Targets		
 <ul style="list-style-type: none"> <li>3% absolute GHG reduction every year (26% cumulative by 2025)<sup>(1)</sup></li> <li>100% certified paper</li> <li>70% Forest Stewardship Council (FSC)-certified face paper</li> <li>95% landfill-free</li> <li>75% waste recycled</li> <li>70% elimination of matrix and linear waste (LPM only)</li> </ul>		45% cumulative <sup>(2)</sup>  92% certified 83% FSC (face paper)  94% landfill-free 67% recycled <sup>(2)</sup>  53% recycled (paper) 39% recycled (PET)	 <p>Reduce the environmental impact in our operations and supply chain</p>	<ul style="list-style-type: none"> <li>Reduce emissions by <b>70%</b> (against 2015 baseline) and work with our supply chain to reduce Scope 3 emissions by <b>30%</b> (against our 2018 baseline) by 2030 – with an ambition of <b>net zero by 2050</b></li> <li>Source <b>100%</b> of paper fiber from certified sources, focusing on a deforestation-free future</li> <li>Divert <b>95%</b> of waste away from landfills, with a minimum of 80% of our waste recycled and the remainder either reused, composted or sent to energy recovery</li> </ul>		
	 <ul style="list-style-type: none"> <li>70% of revenues from sustainability-driven products</li> </ul>	LGM: 44% RBIS: 55%			 <p>Deliver innovations that advance the circular economy</p>	<ul style="list-style-type: none"> <li>Satisfy the recycling, composting or reuse requirements of all single-use consumer packaging and apparel with our products and solutions</li> <li>Metrics:               <ul style="list-style-type: none"> <li><b>RBIS: 100%</b> of core product categories meet our third-party verified ClearIntert Standard</li> <li><b>LGM: 100%</b> of standard label products contain recycled or renewable content; all regions will have labels that enable circularity of plastics</li> </ul> </li> </ul>
	 <ul style="list-style-type: none"> <li>40% women in manager level and above</li> <li>Maintain world-class safety and employee engagement scores</li> <li>Publicly commit to goals/report progress</li> </ul>	34%  0.21 Recordable Incident Rate (RIR) 82% engagement  Published ESG Download and Integrated Report			 <p>Make a positive social impact by enhancing the livelihood of our people &amp; communities</p>	<ul style="list-style-type: none"> <li>Foster an engaged team and inclusive workplace by ensuring our employees represent the community in which they live and work</li> <li>Metrics:               <ul style="list-style-type: none"> <li><b>85%</b> inclusion index, <b>82%+</b> employee engagement, <b>40%</b> women in manager level or above positions, <b>0.2</b> RIR</li> <li>Support employee participation in Avery Dennison Foundation grants and foster the well-being of local communities</li> </ul> </li> </ul>

In November 2020, we joined the UN Global Compact and will be disclosing our progress later this year. We also made commitments to the UN Sustainable Development Goals and aligned our most material sustainability topics with these goals.

<sup>(1)</sup> GHG baseline and actual data are from Q3 YTD comparisons (Q3 2015 to Q3 2020).  
<sup>(2)</sup> As of 9/30/20.  
 Spring 2021      Proxy Season Stockholder Engagement

# Independent, Diverse and Balanced Director Nominees Ensure Robust Oversight

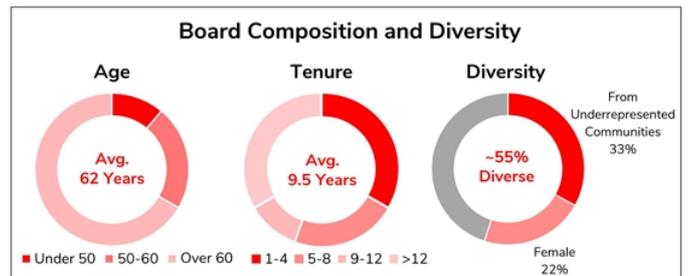
Our Board oversees, counsels and ensures management is serving the best interests of our company and stockholders, with the goal of maximizing the performance of our businesses and delivering long-term value for all our stakeholders

 <p><b>Mitchell Butier</b> Chairman, President &amp; CEO, Avery Dennison</p>	 <p><b>Patrick Siewert</b> Managing Director &amp; Partner, The Carlyle Group</p>
 <p><b>Bradley Alford</b> Retired Chairman &amp; CEO, Nestlé USA</p>	 <p><b>Anthony Anderson</b> Retired Vice Chair &amp; Managing Partner, Ernst &amp; Young</p>
 <p><b>Mark Barrenechea</b> Vice Chair, CEO &amp; CTO, OpenText</p>	 <p><b>Ken Hicks</b> Chairman, President &amp; CEO, Academy Sports + Outdoors</p>
 <p><b>Andres Lopez</b> President &amp; CEO, O-I Glass</p>	 <p><b>Julia Stewart</b> Chair &amp; CEO, Alurx</p>
 <p><b>Martha Sullivan</b> Retired CEO, Sensata Technologies</p>	<p>✓ 8/9 (89%) of director nominees are independent</p> <p>✓ Regular Board refreshment and succession planning</p>



## Lead Independent Director Primary Responsibilities:

- **Preside over executive sessions of independent directors** and Board meetings where Chairman/CEO is not present
- **Serve as liaison** between Chairman/CEO and independent directors
- **Approve Board meeting agendas and schedules**
- **Call meetings of independent directors**
- **Consult and meet with our stockholders**



## Matrix of Director Nominee Skills, Qualifications and Backgrounds

Our director nominees bring a balance of skills, qualifications and backgrounds to our company. Our Board regularly evaluates its composition to ensure it continues to advance our business strategies and serve the interests of all our stakeholders.

	Alford	Anderson	Barrenechea	Butier	Hicks	Lopez	Siewert	Stewart	Sullivan
<b>GOVERNANCE GUIDELINES CRITERIA*</b>									
Independent	✓	✓	✓		✓	✓	✓	✓	✓
Senior Leadership Experience	✓	✓	✓	✓	✓	✓	✓	✓	✓
Industry Experience	✓		✓		✓	✓	✓	✓	✓
Global Exposure	✓	✓	✓	✓	✓	✓	✓	✓	✓
Board Experience	✓		✓		✓	✓	✓	✓	✓
Financial Experience		✓		✓			✓		
<b>INDUSTRY EXPERIENCE</b>									
Retail/Dining					✓			✓	
Packaging				✓		✓			
Consumer Goods	✓				✓		✓		
Industrial Goods/Technology			✓	✓					✓
<b>DEMOGRAPHIC BACKGROUND</b>									
Tenure (years)*	11	8	2	4	13	4	15	18	8
Age*	64	65	56	49	68	58	65	65	64
Female								✓	✓
Male	✓	✓	✓	✓	✓	✓	✓		
Race/Ethnicity									
Black or African American		✓							
Hispanic or Latino						✓			
White	✓		✓	✓	✓	✓	✓	✓	✓
Native American or Alaska Native					✓				
Veteran					✓				
Lives/Has Lived Abroad	✓		✓	✓		✓	✓		

\* Information as of March 2021. Governance Guidelines criteria defined on page 11 of 2021 Proxy Statement.

# CEO Compensation 2020 Overview and 2021 Approach

<b>86% Performance-Based</b> Annual Long-Term	<b>Base Salary (14%)</b>	<ul style="list-style-type: none"> <li>Annual fixed-cash compensation</li> <li>Generally around market median</li> </ul>	<b>Change in Approach for CEO Compensation</b>	
	<b>Annual Incentive Plan (AIP) Award (18%)</b>	<ul style="list-style-type: none"> <li>Drives performance consistent with our company's financial goals for the year</li> <li>100% Financial Performance                             <ul style="list-style-type: none"> <li>60% Adjusted EPS</li> <li>20% Adjusted Sales Growth</li> <li>20% Free Cash Flow</li> </ul> </li> <li>Individual performance modifier based on achievement against predetermined strategic objectives (generally capped at 100%)</li> </ul>		<ul style="list-style-type: none"> <li>In February 2020, after extensive discussions and in consideration of and our CEO's consistent execution and value creation over his tenure and stockholder feedback, the Compensation Committee determined to eliminate annual increases to Mr. Butier's total target direct compensation (TDC) in favor of a longer-term approach that would hold his TDC constant for three years</li> <li>Those changes were initially approved for 2020; however, in light of COVID-19, our CEO recommended that the Committee postpone the changes, resulting in his forfeiture of equity grants worth ~\$1.3M</li> <li>In February 2021, the Committee determined to reinstate its longer-term approach. The Committee plans to evaluate the CEO's and company's performance and market conditions after three years to determine the appropriate level of go-forward compensation</li> </ul>
	<b>Performance Units (PUs) (34%)</b>	<ul style="list-style-type: none"> <li>100% Financial Performance                             <ul style="list-style-type: none"> <li>50% Relative TSR<sup>(1)</sup></li> <li>50% Cumulative EVA<sup>(2)</sup></li> </ul> </li> <li>Three-year cliff vesting</li> <li><b>Relative TSR payout capped at 100% if absolute TSR is negative</b></li> </ul>		
<b>Market-Leveraged Stock Units (MSUs) (34%)</b>	<ul style="list-style-type: none"> <li>100% Financial Performance                             <ul style="list-style-type: none"> <li>100% Absolute TSR<sup>(3)</sup></li> </ul> </li> <li>Vest over four-years based on one-, two-, three-, and four-year performance periods                             <ul style="list-style-type: none"> <li>Average 2.5-year performance period</li> </ul> </li> </ul>			

<sup>(1)</sup> Relative TSR compares our TSR to the TSR of companies in a peer group satisfying objective criteria for industry classification and revenue size, the names of which are disclosed on page 69 of our 2021 proxy statement  
<sup>(2)</sup> Economic Value Added (EVA) is a measure of financial performance calculated by deducting the economic cost associated with the use of capital (weighted average cost of capital multiplied by average invested capital) from after-tax operating profit  
<sup>(3)</sup> Absolute TSR measures the return that we provided our stockholders, including stock price appreciation and dividends paid (assuming reinvestment of dividends)

## Commitment to Strong Corporate Governance Practices

Our corporate governance program reflects our values and facilitates our Board's independent oversight of our company, and our executive compensation program aligns with our long-term financial goals and business strategies

<b>Stockholder Rights</b>	<ul style="list-style-type: none"> <li>✓ Market-standard proxy access</li> <li>✓ No supermajority voting requirements</li> </ul>	<ul style="list-style-type: none"> <li>✓ No poison pill</li> <li>✓ No exclusive forum or fee-shifting bylaws</li> </ul>
<b>Board Governance</b>	<ul style="list-style-type: none"> <li>✓ Annual election of directors</li> <li>✓ Majority voting in director elections</li> <li>✓ Single class of outstanding voting stock</li> <li>✓ Current directors 90% independent; director nominees 89% independent</li> <li>✓ Robust Lead Independent Director role</li> <li>✓ Regular director succession planning and Board refreshment</li> </ul>	<ul style="list-style-type: none"> <li>✓ Continuous executive succession planning and leadership development</li> <li>✓ Annual Board evaluations</li> <li>✓ Mandatory director retirement policy</li> <li>✓ Governance Guidelines</li> <li>✓ Strong Committee governance</li> <li>✓ Direct access to management and experts</li> </ul>
<b>Executive Compensation</b>	<ul style="list-style-type: none"> <li>✓ 86% of CEO 2020 target TDC tied to company performance</li> <li>✓ 68% of CEO 2020 target TDC equity-based to incent delivery of long-term stockholder value</li> <li>✓ Rigorous stock ownership policy; requires CEO ownership of ~6x base salary, with 50%+ held in vested shares</li> <li>✓ Double-trigger equity vesting requires termination of employment after change of control</li> <li>✓ Compensation clawback in event of accounting restatement</li> </ul>	<ul style="list-style-type: none"> <li>✓ Independent compensation consultant retained and serving at direction of Compensation Committee</li> <li>✓ No NEO employment contracts</li> <li>✓ No guaranteed AIP awards; NEO AIP awards based on company or business performance</li> <li>✓ No tax gross-ups on perquisites</li> <li>✓ No re-pricing of stock options without stockholder approval</li> <li>✓ No payout of MSU dividend equivalents until vesting</li> <li>✓ No supplemental retirement benefits</li> </ul>

# Appendix A:

## Financial Highlights



# Sustainable Value Creation through Consistent Execution of Core Strategies

In a challenging year due to the impact of COVID-19, we focused on minimizing the impact of the pandemic, while continuing to invest in the long-term success of our company

Drive outsized growth in high-value categories

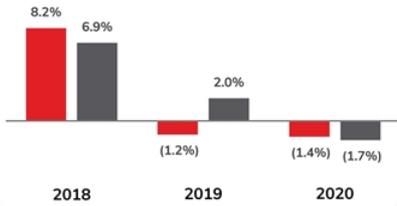
Grow profitability in our base businesses

Focus relentlessly on productivity

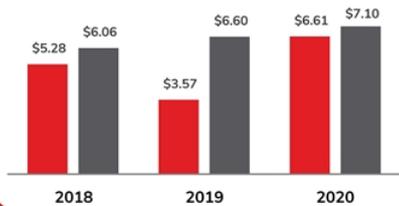
Effectively allocate capital

Lead in an environmentally and socially responsible manner

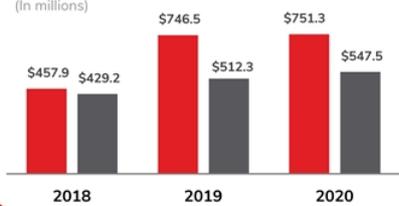
Reported Sales Change  
Sales Change Ex. Currency



Reported Earnings Per Share (EPS)  
Adjusted EPS



Net Cash Provided by Operating Activities  
Free Cash Flow



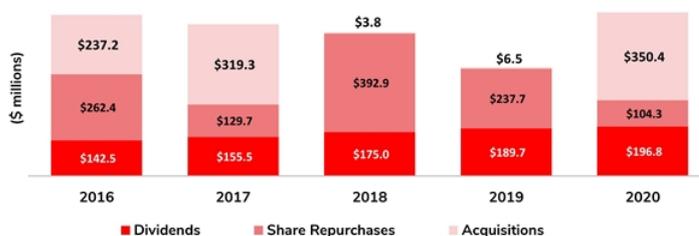
**We remained resilient despite the negative impact of COVID-19 on sales in 2020, growing EPS and free cash flow and significantly expanding operating margins**

# Disciplined Capital Allocation Driving Long-Term Stockholder Value

## Capital Allocation

- Over the last five years, we have allocated over \$900 million to acquisitions and venture investments and nearly \$2 billion to dividends and share repurchases
- We have invested in our businesses to support organic growth and pursued complementary and synergistic acquisitions
- We raised our quarterly dividend rate by approximately 7% in October 2020, after having maintained it earlier in the year due to the impact of COVID-19

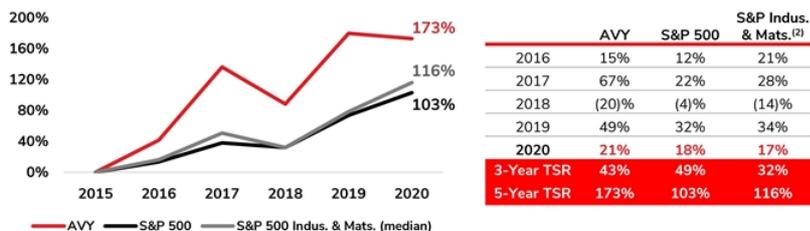
Capital Allocated to Dividends, Share Repurchases and Acquisitions<sup>(1)</sup>



## Stockholder Value Creation

- Over the last 5 years, we have created significant stockholder value, outperforming the S&P 500 and S&P Industrials and Materials indices on a cumulative TSR basis
- We experienced strong TSR in 2020 despite the uncertain macroeconomic environment during most of the year as a result of COVID-19, delivering TSR of over 20% and outperforming the S&P 500 and S&P Industrials and Materials indices

Total Stockholder Return



<sup>(1)</sup> Amounts for acquisitions include investments in unconsolidated businesses.  
<sup>(2)</sup> Based on median of companies in both subsets as of December 31, 2020.

# Appendix B:

## Reconciliation of Non-GAAP Financial Measures from GAAP



## Use of Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures as defined by SEC rules. We report our financial results in conformity with accounting principles generally accepted in the United States of America, or GAAP, and also communicate with investors using certain non-GAAP financial measures. These non-GAAP financial measures are not in accordance with, nor are they a substitute for or superior to, the comparable GAAP financial measures. These non-GAAP financial measures are intended to supplement the presentation of our financial results that are prepared in accordance with GAAP. Based upon feedback from investors and financial analysts, we believe that the supplemental non-GAAP financial measures we provide are useful to their assessments of our performance and operating trends, as well as liquidity.

Our non-GAAP financial measures exclude the impact of certain events, activities or decisions. The accounting effects of these events, activities or decisions, which are included in the GAAP financial measures, may make it difficult to assess our underlying performance in a single period. By excluding the accounting effects, positive or negative, of certain items (e.g., restructuring charges, legal settlements, certain effects of strategic transactions and related costs, losses from debt extinguishments, gains or losses from curtailment or settlement of pension obligations, gains or losses on sales of certain assets, gains or losses on investments, and other items), we believe that we are providing meaningful supplemental information that facilitates an understanding of our core operating results and liquidity measures. While some of the items we exclude from GAAP financial measures recur, they tend to be disparate in amount, frequency, or timing.

We use these non-GAAP financial measures internally to evaluate trends in our underlying performance, as well as to facilitate comparison to the results of competitors for a single period and full year. We use the following non-GAAP financial measures in this presentation:

- **Sales change ex. currency** refers to the increase or decrease in net sales, excluding the estimated impact of foreign currency translation, and, where applicable, an extra week in our fiscal year, currency adjustment for transitional reporting of highly inflationary economies, and the reclassification of sales between segments. The estimated impact of foreign currency translation is calculated on a constant currency basis, with prior period results translated at current period average exchange rates to exclude the effect of currency fluctuations.
- **Organic sales change** refers to sales change ex. currency, excluding the estimated impact of product line exits, acquisitions and divestitures.

We believe that sales change ex. currency and organic sales change assist investors in evaluating the sales change from the ongoing activities of our businesses and enhance their ability to evaluate our results from period to period.

- **Adjusted tax rate** refers to the full-year GAAP tax rate, adjusted to exclude certain unusual or infrequent events that are expected to significantly impact that rate, such as our U.S. pension plan termination, effects of certain discrete tax planning actions, impacts related to the enactment of the U.S. Tax Cuts and Jobs Act ("TCJA"), where applicable, and other items.
- **Adjusted net income** refers to income before taxes, tax-effected at the adjusted tax rate, and adjusted for tax-effected restructuring charges and other items.
- **Adjusted net income per common share, assuming dilution (adjusted EPS)** refers to adjusted net income divided by weighted average number of common shares outstanding, assuming dilution.

We believe that adjusted net income and adjusted EPS assist investors in understanding our core operating trends and comparing our results with those of our competitors.

- **Free cash flow** refers to cash flow provided by operating activities, less payments for property, plant and equipment, software and other deferred charges, plus proceeds from sales of property, plant and equipment, plus (minus) net proceeds from insurance and sales (purchases) of investments. Free cash flow is also adjusted for, where applicable, the cash contributions related to the termination of our U.S. pension plan. We believe that free cash flow assists investors by showing the amount of cash we have available for debt reductions, dividends, share repurchases, and acquisitions.

## Reconciliation of Non-GAAP Financial Measures from GAAP

<b>ORGANIC SALES CHANGE</b> (\$ in millions)	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Net sales</b>	<b>\$7,159.0</b>	<b>\$7,070.1</b>	<b>\$6,971.5</b>
Reported sales change	8.2%	(1.2)%	(1.4)%
Foreign currency translation	(1.4)%	3.3%	0.9%
Extra week impact	–	–	(1.3)%
Sales change ex. currency (non-GAAP) <sup>(1)</sup>	6.9%	2.0%	(1.7)%
Acquisitions/divestiture	(1.4)%	–	(1.7)%
<b>Organic sales change (non-GAAP)<sup>(1)</sup></b>	<b>5.5%</b>	<b>2.0%</b>	<b>(3.4)%</b>

<sup>(1)</sup> Totals may not sum due to rounding and other factors.

<b>ADJUSTED EARNINGS PER SHARE (EPS)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>As reported net income per common share, assuming dilution</b>	<b>\$5.28</b>	<b>\$3.57</b>	<b>\$6.61</b>
Non-GAAP adjustments per common share, net of tax:			
Restructuring charges and other items <sup>(1)</sup>	0.68	0.47	0.48
Pension plan settlements and related charges	0.84	3.12	0.01
Tax benefit from discrete foreign tax structuring and planning transactions	(0.35)	(0.56)	–
TCJA provisional amounts and subsequent adjustments <sup>(2)</sup>	(0.39)	–	–
<b>Adjusted net income per common share, assuming dilution (non-GAAP)</b>	<b>\$6.06</b>	<b>\$6.60</b>	<b>\$7.10</b>

The adjusted tax rates were 25.0%, 24.6% and 24.1% for 2018, 2019 and 2020, respectively.

<sup>(1)</sup> Includes restructuring charges, transaction and related costs, Argentine peso remeasurement transition loss, net gain on investments, net gain on sales of assets, reversal of acquisition-related contingent consideration, and other items.

<sup>(2)</sup> In the fourth quarter of 2018, we finalized our provisional amounts as defined under SEC Staff Accounting Bulletin No. 118 related to the TCJA.

<b>FREE CASH FLOW</b> (\$ in millions)	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Net cash provided by operating activities</b>	<b>\$457.9</b>	<b>\$746.5</b>	<b>\$751.3</b>
Purchases of property, plant and equipment	(226.7)	(219.4)	(201.4)
Purchases of software and other deferred charges	(29.9)	(37.8)	(17.2)
Proceeds from sales of property, plant and equipment	9.4	7.8	9.2
Proceeds from insurance and sales (purchases) of investments, net	18.5	4.9	5.6
Contributions for U.S. pension plan termination	200.0	10.3	–
<b>Free cash flow (non-GAAP)</b>	<b>\$429.2</b>	<b>\$512.3</b>	<b>\$547.5</b>



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