

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 30, 2023 or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-7685

AVERY DENNISON CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State of Incorporation)

95-1492269
(I.R.S. Employer Identification No.)

8080 Norton Parkway
Mentor, Ohio
(Address of Principal Executive Offices)

44060
(Zip Code)

Registrant's telephone number, including area code:
(440) 534-6000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$1 par value	AVY	New York Stock Exchange
1.25% Senior Notes due 2025	AVY25	Nasdaq Stock Market

Securities registered pursuant to Section 12(g) of the Act:

Not applicable.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated filer Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of voting and non-voting common equity held by non-affiliates as of July 1, 2023, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$13.7 billion.

Number of shares of common stock, \$1 par value, outstanding as of January 27, 2024, the end of the registrant's most recent fiscal month: 80,508,663.

The following documents are incorporated by reference into the Parts of this Form 10-K indicated below:

Document	Incorporated by reference into:
Portions of Definitive Proxy Statement for Annual Meeting of Stockholders to be held on April 25, 2024	Parts III, IV

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Safe Harbor Statement

The matters discussed in this Annual Report on Form 10-K contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, which are not statements of historical fact, contain estimates, assumptions, projections and/or expectations regarding future events, which may or may not occur. Words such as “aim,” “anticipate,” “assume,” “believe,” “continue,” “could,” “estimate,” “expect,” “foresee,” “guidance,” “intend,” “may,” “might,” “objective,” “plan,” “potential,” “project,” “seek,” “shall,” “should,” “target,” “will,” “would,” or variations thereof, and other expressions that refer to future events and trends, identify forward-looking statements. Our forward-looking statements, and financial or other business targets, are subject to certain risks and uncertainties, which could cause our actual results to differ materially from the expected results, performance or achievements expressed or implied by such forward-looking statements.

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 from global economic conditions, political uncertainty, and changes in environmental standards and governmental regulations; (ii) competitors’ actions, including pricing, expansion in key markets, and product offerings; (iii) the cost and availability of raw materials; (iv) 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; (v) foreign currency fluctuations; and (vi) the execution and integration of acquisitions.

Certain risks and uncertainties are discussed in more detail under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Annual Report on Form 10-K for the fiscal year ended December 30, 2023. Actual results and trends may differ materially from historical or anticipated results depending on a variety of factors, including but not limited to, risks and uncertainties related to the following:

- International Operations – worldwide economic, social, political and market conditions; changes in political conditions, including those related to China, the Russia-Ukraine war, the Israel-Hamas war and related hostilities in the Middle East; fluctuations in foreign currency exchange rates; and other risks associated with international operations, including in emerging markets
- Our Business – fluctuations in demand affecting sales to customers; fluctuations in the cost and availability of raw materials and energy; changes in our markets due to competitive conditions, technological developments, laws and regulations, tariffs and customer preferences; increasing environmental standards; the impact of competitive products and pricing; execution and integration of acquisitions; selling prices; customer and supplier concentrations or consolidations; financial condition of distributors; outsourced manufacturers; product and service quality; restructuring and other productivity actions; 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; collection of receivables from customers; our sustainability and governance practices; and epidemics, pandemics or other outbreaks of illness
- Information Technology – disruptions in information technology systems, cyber attacks or other security breaches; and successful installation of new or upgraded information technology systems
- 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
- Human Capital – recruitment and retention of employees and collective labor arrangements
- Our Indebtedness – credit risks; our ability to obtain adequate financing arrangements and maintain access to capital; fluctuations in interest rates; volatility in financial markets; 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; impact of legal and regulatory proceedings, including with respect to environmental, compliance and anti-corruption, environmental, health and safety, and trade compliance
- Other Financial Matters – fluctuations in pension costs and goodwill impairment

Our forward-looking statements are made only as of February 21, 2024. We assume no duty to update these forward-looking statements to reflect new, changed or unanticipated events or circumstances, other than as may be required by law.

PART I

Item 1. BUSINESS

Company Background

Avery Dennison Corporation (“Avery Dennison” or the “Company” and generally referred to as “we” or “us”) was incorporated in Delaware in 1977 as Avery International Corporation, the successor corporation to a California corporation of the same name incorporated in 1946. In 1990, we merged one of our subsidiaries into Dennison Manufacturing Company (“Dennison”), as a result of which Dennison became our wholly-owned subsidiary and in connection with which we changed our name to Avery Dennison Corporation. You can learn more about us by visiting our website at www.averydennison.com. Our website address provided in this Annual Report on Form 10-K is not intended to function as a hyperlink and the information on our website is not, nor should it be considered, part of this report or incorporated by reference into this report.

Business Overview and Reportable Segments

We are a global materials science and digital identification solutions company that provides a wide range of branding and information solutions that optimize labor and supply chain efficiency, reduce waste, advance sustainability, circularity and transparency, and better connect brands and consumers. Our products and solutions include labeling and functional materials, radio-frequency identification (“RFID”) inlays and tags, software applications that connect the physical and digital, and a variety of products and solutions that enhance branded packaging and carry or display information that improves the customer experience. We serve an array of industries worldwide, including home and personal care, apparel, general retail, e-commerce, logistics, food and grocery, pharmaceuticals and automotive.

Our reportable segments for fiscal year 2023 were:

- Materials Group; and
- Solutions Group

In 2023, our Materials Group and Solutions Group reportable segments comprised approximately 69% and 31%, respectively, of our total net sales.

In 2023, international operations constituted a substantial majority of our business, representing approximately 69% of our net sales. As of December 30, 2023, we operated over 200 manufacturing and distribution facilities in more than 50 countries.

Materials Group

Our Materials Group business is a leading provider to pressure-sensitive label and graphics industries worldwide. Our innovative products include label materials, graphics and reflective materials and functional bonding materials, such as tapes. Our label materials enhance shelf appeal for brands, inform shoppers, advance circularity, increase transparency, help reduce waste and improve operational supply chain efficiency. Our graphics portfolio offers highly engineered materials that range from vehicle wraps to architectural films. Materials Group plays a key role in advancing our fast-growing intelligent labels business, providing the materials science capabilities and process engineering expertise essential to developing and manufacturing intelligent labels at scale.

Our Materials Group manufactures and sells Fasson[®]-, JAC[®]-, and Avery Dennison[®]-brand pressure-sensitive label materials and performance tapes products, Avery Dennison[®]- and Mactac[®]-brand graphics, and Avery Dennison[®]-brand reflective products. Materials Group’s business tends not to be seasonal, except for certain outdoor graphics and reflective products.

Pressure-sensitive materials consist primarily of papers, plastic films, metal foils and fabrics, which are coated with internally-developed and purchased adhesives, and then laminated with specially-coated backing papers and films. They are then sold in roll or sheet form with either solid or patterned adhesive coatings in a wide range of face materials, sizes, thicknesses and adhesive properties.

A pressure-sensitive, or self-adhesive, material is one that adheres to a surface by press-on contact. It generally consists of four layers: a face material, which may be paper, metal foil, plastic film or fabric; an adhesive, which may be permanent or removable; a release coating; and a backing material to protect the adhesive from premature contact with other surfaces that can also serve as a carrier for supporting and dispensing individual labels. When the products are ready for use, the release coating and protective backing are removed, exposing the adhesive so that the label or other face material may be pressed or rolled into place. Because they are easy to apply without the need for adhesive activation, self-adhesive materials can provide cost savings compared to other materials that require heat- or moisture-activated adhesives, while also offering aesthetic and other advantages over alternative technologies.

Label materials are sold worldwide to label converters for labeling, decorating and specialty applications in the home and personal care, beer and beverage, durables, pharmaceutical, wine and spirits, food and logistics market segments. When used in package decoration applications, the visual appeal of self-adhesive materials can help increase sales of the products on which the materials are applied. Self-adhesive materials are also used to convey variable information, such as RFID inlays to enable digital identities on items and bar codes for mailing or weight and price information for packaged

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meats and other foods. Self-adhesive materials provide consistent and versatile adhesion and are available in a large selection of materials, which can be made into labels of varying sizes and shapes.

Our graphics and reflective products include a variety of films and other products that are sold to the architectural, commercial sign, digital printing and other related market segments. We also sell durable cast and reflective films to the construction, automotive and fleet transportation market segments and reflective films for traffic and safety applications. We provide sign shops, commercial printers and designers a broad range of pressure-sensitive materials that allow them to create impactful and informative brand and decorative graphics. We offer a wide array of pressure-sensitive vinyl and specialty materials designed for digital imaging, screen printing and sign cutting applications.

Our performance tapes products include a variety of Fasson®-brand and Avery Dennison®-brand tapes and other pressure-sensitive adhesive-based materials and converted products, mechanical fasteners and performance polymers. Our pressure-sensitive adhesive-based materials are available in roll form and in a wide range of face materials, sizes, thicknesses and adhesive properties. These materials and converted products are used in non-mechanical fastening, bonding and sealing systems for various automotive, electronics, building and construction, general industrial, personal care, and medical applications. Our performance tapes products include Yongle®-brand tapes for wire harnessing and cable wrapping in automotive, electrical and general industrial applications. The mechanical fasteners are primarily precision-extruded and injection-molded plastic devices used in various automotive, general industrial and retail applications.

Our larger competitors in label materials include UPM Raflatrac, a subsidiary of UPM Corporation; Fedrigoni Self-Adhesives; Lintec Corporation; Flexcon Corporation, Inc.; and an array of smaller regional and local companies. For graphics and reflective products, our largest competitors are 3M Company ("3M") and the Orafol Group. For performance tapes products, our competitors include 3M; Tesa-SE, a subsidiary of Beiersdorf AG; Nitto Denko Corporation; and numerous regional and specialty suppliers. For fastener products, there are a variety of competitors supplying extruded and injection molded fasteners and fastener attaching equipment. We believe that entry of competitors into the field of pressure-sensitive adhesives and materials is limited by technical knowledge and capital requirements. We believe that our technical expertise, size and scale of operations, broad line of quality products and reliable service, product and process innovation, distribution capabilities, brand strength and product innovation are the primary advantages in maintaining and further developing our competitive position.

Solutions Group

Our Solutions Group is a leading global provider of information and branding products and solutions that cover a breadth of customer needs from digital identification and data management, branding and embellishment, as well as productivity, pricing and retail media. We empower customers across multiple retail and industry segments to connect the physical and digital worlds, leveraging our industry-leading RFID solutions. Our technology addresses complex customer challenges, provides transparency and visibility across supply chains, improves labor and waste efficiency, and enables better consumer experiences at the point of purchase and beyond. Market segments served include the global apparel, logistics, food and grocery, and general retail industries. As a large ultra-high frequency RFID solutions provider, we leverage our innovation and data management capabilities, global footprint and market access in the ongoing advancement of our intelligent labels business.

The branding solutions of the Solutions Group include brand embellishments, graphic tickets, tags, and labels, and sustainable packaging. Solutions Group's information solutions include item-level RFID solutions; visibility and loss prevention solutions; price ticketing and marking; care, content, and country of origin compliance solutions; brand protection and security solutions; and Vestcom®-brand shelf-edge productivity and media solutions.

In the Solutions Group, our primary competitors include Checkpoint Systems, Inc., a subsidiary of CCL Industries Inc.; R-pac International Corporation; and SML Group Limited. We believe that our product, process and solution innovation, global distribution network, reliable service, product quality and consistency, and ability to serve customers consistently with comprehensive solutions close to where they manufacture, source and sell are the key advantages in maintaining and further developing our competitive position.

Research, Development and Innovation

As a global leader in materials science, we innovate to develop and introduce new products and solutions that help customers solve for some of the most complex problems in the industries we serve. Our vision is to leverage the strengths of our Materials and Solutions businesses to lead at the intersection of the physical and digital worlds. Our decades of experience creating solutions for customers and our core capabilities in materials science, engineering and process technology enable us to drive continuous innovation throughout our industries. Our innovation efforts focus on anticipating market and customer challenges and opportunities, and applying technology to address them. Our investment in innovation aims to accelerate growth, expand margins and enable customer success by leveraging scalable innovation platforms and delivering sustainability initiatives and advanced technologies.

Many of our new products result from our research and development efforts. These efforts are directed primarily toward developing products and solutions, operating techniques and improving productivity, sustainability and product performance, often in close association with our customers or end users. These efforts provide intellectual property that leverages our research and development relating to adhesives, as well as printing and coating technologies, films, release

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and ink chemistries in Materials Group. We focus on research projects related to RFID, external embellishments, data and digital solutions and printing technologies in Solutions Group, in each case for which we have and license a number of patents. Additionally, our research and development efforts include sustainable innovation and design of products that advance the circular economy, reduce materials and waste, use recycled content, and extend product end-of-life or enable product recycling.

Acquisitions and Venture Investments

In addition to our investments to support organic growth, we have pursued complementary and synergistic acquisitions. In 2023, we acquired Silver Crystal Group ("Silver Crystal"), a Canada-based provider of sports apparel customization and application solutions across in-venue, direct-to-business and e-commerce platforms; LG Group, Inc. ("Lion Brothers"), a Maryland-based designer and manufacturer of apparel brand embellishments; and Thermopatch, Inc. ("Thermopatch"), a New York-based manufacturer specializing in labeling, embellishments and transfers for the sports, industrial laundry, workwear and hospitality industries. The aggregate purchase consideration for these 2023 acquisitions was approximately \$231 million. In 2022, we acquired TexTrace AG ("TexTrace"), a Switzerland-based technology developer specializing in custom-made woven and knitted radio-frequency identification products that can be sewn onto or inserted into garments, as well as Rietveld Serigrafie B.V. and Rietveld Screenprinting Serigrafi Baski Matbaa Tekstil Ithalat Ihracat Sanayi ve Ticaret Limited Sirketi (collectively, "Rietveld"), a Netherlands-based provider of external embellishment solutions and application and printing methods for performance brands and team sports in Europe. The aggregate purchase consideration for the acquisitions of TexTrace and Rietveld was approximately \$35 million. During 2023, we also made one venture investment in a company developing technological solutions that we believe have the potential to advance our businesses. For information regarding our acquisitions, see Note 2, "Business Acquisitions," in the Notes to Consolidated Financial Statements. For information regarding our venture investments, see Note 9, "Fair Value Measurements," in the Notes to Consolidated Financial Statements.

Patents, Trademarks and Licenses

The loss of individual patents or licenses would not be material to us taken as a whole, nor to our operating segments individually. Our principal trademarks are Avery Dennison, our logo, and Fasson. We believe these trademarks are strong in the market segments in which we operate.

Human Capital Resources

Our Global Workforce

With approximately 69% of our 2023 net sales originating outside the U.S. and approximately 40% of our net sales originating in emerging markets (Asia Pacific, Latin America, Eastern Europe and Middle East/Northern Africa), our employees are located in more than 50 countries to best serve our customers. Approximately 83% of our employees at year-end 2023 were located outside the U.S. and approximately 66% were located in emerging markets.

The charts below show our global employee population by region and operational function. Over 19,000 of our approximately 35,000 employees at year-end 2023, representing approximately 56% of our global workforce, were in Asia Pacific, serving our customers in that region. At that time, approximately 65% of our global workforce worked in the operations of our manufacturing facilities or in positions directly supporting them from other locations.

Workforce by Region

Asia Pacific	56 %
North America	22
Europe	18
Latin America	4

Workforce by Function

Operations	65 %
Non-Operations	35

Talent & Development

Attracting, developing and retaining highly-skilled talent is critical to our ability to continuously deliver sustainable growth. We provide ongoing support and resources to our team members worldwide to ensure that their skills evolve with our business needs, industry trends and human capital management best practices, as well as enable increased productivity, peak performance and career growth. We have robust talent review and succession planning processes that provide individually targeted development opportunities for our team members. We emphasize on-the-job development and coaching, and also provide facilitator-led and direct-access online training, responsibility for executing special projects and, in some cases, cross-functional or cross-regional work assignments.

Pay & Benefits

Our compensation philosophy is to offer market-based, competitive wages and benefits in the markets where we compete for talent – all of our employees were paid at least the applicable legal minimum wage, and over 98% of our employees were paid above the applicable legal minimum wage at year-end 2023. Pay is generally positioned around the market median, with variances based on knowledge, skills, years of experience and performance. In addition to base wages, our compensation and benefit programs — which vary by region, country and business unit — include short-term incentives (generally paid in cash), long-term incentives (e.g., cash- or stock-based awards), employee savings plans, healthcare and insurance benefits, health savings and flexible spending accounts, paid time off, family leave and employee assistance programs. We annually evaluate pay equity, making adjustments where appropriate. In 2023, we reviewed pay equity (considering total base, annual incentive compensation and long term incentives) with respect to gender for all non-manufacturing employees globally, as well as manufacturing employees in the U.S. and certain other countries, and with respect to race/ethnicity for all U.S. employees. We offer flexible work arrangements for our office-based workforce to provide them with greater flexibility to balance their work and personal commitments, while ensuring that we meet the needs of our business. Our infrastructure, information security and digital tools support employee efficiency and effectiveness wherever they work.

Employee Engagement

Because we believe that an engaged workforce promotes retention and minimizes employee turnover, we annually conduct a global employee engagement survey. With a focus on continuous improvement, in 2023 we launched our survey using a more advanced platform providing real-time access to results, improved analytics and ability to connect data throughout the employee experience, more meaningful comparisons to external benchmarks, and ongoing pulse survey capability. Our business and functional teams use the anonymized results of our survey to identify and implement actions to address potential opportunities for improvement. While employee engagement is the result of many factors, we believe strong, encouraging and open leadership, as well as a continued effort to foster a collaborative, supportive culture, leads to strong workforce engagement.

Workforce Health & Safety

Safety is one of our highest priorities, and we continually work to ensure our manufacturing facilities, distribution centers and administrative offices focus on safety, so that anyone working in or visiting one of our locations feels and remains safe from injury. Our global Recordable Incident Rate of 0.22 in 2023 was significantly lower than the Occupational Safety and Health Administration manufacturing industry average of 3.2 in 2022 (the most recent available industry average).

Diversity, Equity & Inclusion

Our diversity, equity and inclusion ("DEI") efforts are intended to foster an environment where employees can grow and be increasingly productive and innovative, enhancing our reputation as a great place to work and allowing us to attract and retain talent for the benefit of our stakeholders. These efforts continue to gain momentum and create impact. In 2023, we significantly increased the number of questions we asked around DEI in our annual employee engagement survey. By aligning to external best practice questions, we can more deeply understand our DEI progress and opportunities. Our DEI global strategic pillars of focus continue to be: increasing the number of women who hold leadership positions; enhancing the experience of our manufacturing employees; increasing representation and inclusion for underrepresented groups, with priority populations and actions established regionally; and making merit and transparency even more foundational to our employee experience. During 2023, we continued conducting listening sessions to better understand both our strengths and areas of opportunity, and have deployed programmatic strategies such as leadership development programming; sponsorship and mentorship programs; connection events to build a culture of inclusion for our manufacturing employees across the globe; and talent analytics and pipeline modeling to further advance inclusion. Additionally, our Regional DEI Councils and Employee Resource Groups ("ERGs") continue to be integral in advancing our DEI strategy. ERGs, which are open to all employees, bring team members who have shared interests, providing them a means to collectively amplify their voices.

Manufacturing and Environmental Matters

We use various raw materials – primarily paper, plastic films and resins, as well as specialty chemicals purchased from various commercial and industrial sources – that are subject to price fluctuations. Although shortages can occur from time to time, these raw materials are generally available.

We produce a majority of our self-adhesive materials using water-based emulsion and hot-melt adhesive technologies. A portion of our manufacturing process for self-adhesive materials utilizes organic solvents, which, unless controlled, could be emitted into the atmosphere or contaminate soil or groundwater. Emissions from these operations contain small amounts of volatile organic compounds, which are regulated by federal, state, local and foreign governments. We continue to evaluate the use of alternative materials and technologies to minimize these emissions. In connection with the maintenance and acquisition of certain manufacturing equipment, we invest in solvent capture and control units to assist in regulating these emissions.

We have developed adhesives and adhesive processing systems that minimize the use of solvents. Emulsion adhesives, hot-melt adhesives, and solventless and emulsion silicone systems have been installed in many of our facilities.

Based on current information, we do not believe that the cost of complying with applicable laws regulating the emission or discharge of materials into the environment, or otherwise relating to the protection of the environment, will have a material effect upon our capital expenditures, consolidated financial position, results of operations or competitive position.

For information regarding our potential responsibility for cleanup costs at certain hazardous waste sites, see Note 8, “Contingencies,” in the Notes to Consolidated Financial Statements.

Available Information

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed with, or furnished to, the Securities and Exchange Commission (“SEC”) pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), are available free of charge on our investor website at www.investors.averydennison.com as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. This website address is not intended to function as a hyperlink and the information located there is not, nor should it be considered, part of this report or incorporated by reference into this report. We also make available on the investors section of our website under Corporate Governance – the following documents as currently in effect: (i) Amended and Restated Certificate of Incorporation; (ii) Amended and Restated Bylaws; (iii) Corporate Governance Guidelines; (iv) Code of Conduct, which applies to our directors, officers and employees; (v) Code of Ethics for our Chief Executive Officer and Senior Financial Officers; (vi) charters of the Audit, Talent and Compensation, Governance and Finance Committees of our Board of Directors; and (vii) Audit Committee Complaint Procedures for Accounting and Auditing Matters. These documents are also available free of charge upon written request to our Corporate Secretary, Avery Dennison Corporation, 8080 Norton Parkway, Mentor, Ohio 44060.

Reports filed with or furnished to the SEC may be viewed at www.sec.gov.

Item 1A. RISK FACTORS

The risk factors described in this section could materially adversely affect our business, including our results of operations, cash flows and financial condition, and cause the value of our securities to decline. This list of risks is not exhaustive. Our ability to attain our goals and objectives is dependent on numerous factors and risks, including, but not limited to, the most significant ones described in this section.

Risk Related to Our International Operations

The demand for our products is impacted by the effects of, and changes in, worldwide economic, social, political and market conditions, which have had in the past and could in the future have a material adverse effect on our business.

We have operations in more than 50 countries and our domestic and international operations are strongly influenced by matters beyond our control, including changes in political, social, economic and labor conditions (including governmental shutdowns), tax laws (including U.S. taxes on foreign earnings), and international trade regulations (including tariffs), as well as the impact these changes have on demand for our products. In 2023, approximately 69% of our net sales were from international operations.

Macroeconomic developments such as impacts from slower growth in geographic regions in which we operate; inflation; raw material, freight and labor availability and cost; energy costs; political, social, supply chain and other disruptions; epidemics, pandemics or other outbreaks of illness, disease or virus; and uncertainty in the global credit or financial markets leading to a loss of consumer confidence could result in a material adverse effect on our business as a result of, among other things, lower consumer spending, reduced asset valuations, diminished liquidity and credit availability, volatility in securities prices, credit rating downgrades and fluctuations in foreign currency exchange rates.

Tensions remain in relations between the U.S. and China. In recent years, the U.S. government imposed or increased tariffs on various products imported into the U.S. from China. This has resulted in reciprocal tariffs on goods imported from the U.S. into China. The impacts on our operations to date have not been significant. However, our business could be significantly impacted if additional tariffs or other restrictions are imposed on products. These actions or other developments in international trade relations could have a material adverse effect on our business.

In addition, business and operational disruptions or delays caused by political, social or economic instability and unrest – such as recent civil, political and economic disturbances in Argentina, Afghanistan, Syria, Iraq, Yemen, Iran, Turkey, North Korea, Hong Kong and Sri Lanka and the related impact on global stability, the Russia-Ukraine war, the Israel-Hamas war, terrorist attacks and the potential for other hostilities or natural disasters in various parts of the world – could contribute to a climate of economic and political uncertainty that could have a material adverse effect on our business. The Russia-Ukraine war that began in February 2022 continued in 2023 and we maintained our position of not shipping products for the Russian market throughout the year. The impact of the continuing war and our exit from our Russia-related business, as well as any further retaliatory actions taken by Russia, the U.S., the European Union and other jurisdictions, is unknown and could have a material adverse effect on our business. In October 2023, the war between Israel and Hamas began. Our sales in Israel in 2022 were less than 1% of our total net sales and have declined since the beginning of the war. We have experienced some disruptions in our operations in Israel and implemented plans to address these disruptions, which included sourcing production from alternative locations while focusing on the continued safety of our Israeli employees and their families. The impact of this war and any related hostilities in the Middle East region or elsewhere is unknown and could have a material adverse effect on our business.

We are not able to predict the duration and severity of adverse economic, social, political or market conditions in the U.S. or other countries.

Foreign currency exchange rates, and fluctuations in those rates, may materially adversely affects our business.

The substantial majority of our net sales in 2023 was in foreign currencies. Fluctuations in currency exchange rates, such as those associated with the Argentine peso and Chinese renminbi which had unfavorable impacts in 2023, may result in a variety of negative effects, including lower net sales, increased costs, lower gross margin percentages, increased allowance for credit losses and/or write-offs of accounts receivable, and required recognition of impairments of capitalized assets, including goodwill and other intangible assets. Foreign currency translation decreased our net sales in 2023 by approximately \$58 million compared to the prior year.

We monitor our foreign currency exposures and may use hedging instruments to mitigate transactional exposure to changes in foreign currencies. The effectiveness of our hedges in part depends on our ability to accurately forecast our future cash flows, which is particularly difficult during periods of uncertain demand for our products and services and highly volatile foreign currency exchange rates. Our hedging activities may offset only a portion, or none at all, of the material adverse financial effects of unfavorable movements in foreign currency exchange rates over the limited time the hedges are in place and we may incur significant losses from these activities.

Our strategy includes increased growth in emerging markets, including China, which creates greater exposure to unstable political conditions, civil unrest, economic volatility, contagious disease and other risks applicable to international operations.

A significant amount of our net sales – approximately 40% in 2023 – originated in emerging markets, which includes countries in Asia Pacific, Latin America, Eastern Europe and Middle East/Northern Africa. The profitable growth of our business in emerging markets is a significant focus of our long-term growth strategy and our regional results have and can fluctuate significantly based on their economic conditions. Our business operations have been and may continue to be adversely affected by the current and future political environment in China, including as a result of its response to tariffs imposed by the U.S. government on goods imported from China, tariffs imposed by China on U.S. goods, the increasing use of economic sanctions and export control restrictions, any trade agreements entered into between the U.S. and China, and tensions related to Hong Kong and Taiwan. Our ability to operate in China or other emerging markets has been and may continue to be adversely affected by changes in the laws and regulations of these jurisdictions or their interpretation thereof, including those relating to taxation, import and export tariffs, raw materials, environmental regulations, land use rights, property, foreign currency conversion, the regulation of private enterprises and other matters.

Epidemics, pandemics or other outbreaks of illness, disease or virus and other adverse developments in emerging markets materially adversely affected our business at various times during the 2020-2023 period. There have been and could be further disruptions in our supply chain or ability to manufacture our products, as well as temporary closures of our facilities or those of our suppliers or customers, which have impacted and could in the future impact our sales and operating results.

If we are unable to successfully expand our business in emerging markets or achieve the return on capital we expect from our investments in these countries, our financial performance could be materially adversely affected. In addition to the risks applicable to our international operations, factors that have negatively impacted our operations in these emerging markets from time to time include the less established or reliable legal systems and possible disruptions due to unstable political conditions, civil unrest or economic volatility. These factors can have a material adverse effect on our business in the affected markets by decreasing consumer purchasing power, reducing demand for our products or increasing our costs.

Our operations and activities outside of the U.S. subjects us to risks different from and potentially greater than those associated with our domestic operations.

A substantial portion of our employees and assets are located outside of the U.S. and, in 2023, approximately 69% of our sales was generated outside of the U.S. International operations and activities involve risks that are different from and potentially greater than the risks we face in our domestic operations, including changes in foreign political, regulatory and economic conditions, whether nationally, regionally or locally; changes in foreign currency exchange rates; inflation; reduced protection of intellectual property rights; laws and regulations impacting the ability to repatriate foreign earnings; challenges complying with foreign laws and regulations, including those relating to sales, operations, taxes, employment and legal proceedings; establishing effective controls and procedures to monitor compliance with U.S. laws and regulations such as the Foreign Corrupt Practices Act and similar foreign laws and regulations, such as the UK's Bribery Act of 2010; differences in lending practices; challenges with complying with applicable export and import control laws and regulations; and differences in language, culture and time zone.

Risks Related to Our Business

As a manufacturer, our sales and profitability depend upon the availability and cost of raw materials and energy, which are subject to price fluctuations, and our ability to control or offset increases in raw material and labor costs. Raw material and freight cost increases have impacted our business.

The markets for the raw materials used in our businesses are challenging and can be volatile, impacting raw material availability and pricing. Additionally, energy costs can be volatile and unpredictable. Shortages and inflationary or other increases in the costs of raw materials, labor, freight and energy have occurred in the past, and could recur. In 2021 and 2022, we implemented targeted price increases in our Materials Group reportable segment to address raw material inflation, which began moderating in 2023. If we experience inflationary headwinds in the future, we may implement similar pricing measures. Our performance depends in part on our ability to offset increased raw material costs by raising our selling prices or re-engineering our products.

It is also important for us to obtain timely delivery of materials, equipment, and other resources from suppliers, and to make timely delivery to customers. We may experience supply chain disruptions due to natural and other disasters or other events, or our existing relationships with suppliers could deteriorate or end in the future. Any such disruption in our supply chain could have a material adverse effect on our sales and profitability, and any sustained inability to obtain adequate supplies could have a material adverse effect on our business.

We are affected by changes in our markets due to competitive conditions, technological developments, laws and regulations, and customer preferences. If we do not compete effectively or respond appropriately to these changes, it could reduce market demand, or we could lose market share or reduce our selling prices to maintain market share, any of which could materially adversely affect our business.

We face the risk that existing or new competitors, which include some of our customers, distributors, and suppliers, will expand in our key market segments or develop new technologies, enhancing their competitive position relative to ours. Competitors also may be able to offer additional products, services, lower prices or other incentives that we cannot or that, to maintain profitability, we may not be able to offer. There can be no assurance that we will be able to compete successfully against current or future competitors or new technologies.

We also are exposed to changes in customer order patterns, such as changes in the levels of inventory maintained by customers and the timing of customer purchases, which may be affected by announced price increases, changes in our customer incentive programs, or changes in the customer's ability to achieve incentive targets. Changes in customers' preferences for our products can also affect demand for our products and a decline in demand for our products could have a material adverse effect on our business. In our Materials Group reportable segment, as supply chain constraints eased in 2022, customers increased inventory levels following a period of reduced availability. In the fourth quarter of 2022, inventories downstream from our company began to unwind swiftly, resulting in lower demand. This continued in 2023, with volume improving sequentially throughout the year.

We are affected by changes in our markets due to increasing environmental standards. If we do not respond appropriately to these changes, it could negatively impact market demand, our market share and pricing, any of which could materially adversely affect our business. Adverse weather conditions and natural disasters, including those related to the impacts of climate change, adversely affect our business.

A substantial amount of our label materials is sold for use in plastic packaging in the food, beverage, and home and personal care market segments. In recent years, there has been an accelerated focus on sustainability and transparency in sustainability reporting, with greater concern regarding climate change and single-use plastics, corporate commitments and increasing stakeholder expectations regarding the reuse and recyclability of plastic packaging and recycled content, and increased regulation in multiple geographies regarding the collection, recycling and use of recycled content. Changes in consumer preferences and laws and regulations related to the use of plastics reduces demand for certain of our products but also has the potential to increase demand for our more sustainable products. We have established a strategic innovation platform, among other things, focused on material circularity and waste elimination/reduction to develop products and solutions that advance the circular economy and address the need for increased recyclability of plastic packaging, in collaboration with our customers and the businesses in our supply chain. We have made considerable investments in our sustainability-driven products, but there can be no assurance that they will be successful, and a significant reduction in the use of plastic packaging could materially adversely affect demand for our products.

The scientific consensus is that the emission of greenhouse gases ("GHG") is altering our atmosphere in ways that are adversely affecting global climate. There is continuing concern from members of the scientific community and the general public that GHG emissions and other human activities have or will cause significant changes in weather patterns and increase the frequency or severity of extreme weather events, including droughts, wildfires and flooding. These types of extreme weather events have and may continue to adversely impact us, our suppliers, our customers and their ability to purchase our products and our ability to timely receive appropriate raw materials to manufacture and transport our products on a timely basis. Concern regarding climate change has led and is likely to continue leading to increasing demands by legislators and regulators, customers, consumers, investors, employees and non-governmental organizations for companies to reduce their GHG emissions. One of our 2025 sustainability goals is to achieve at least a 3% absolute reduction in our GHG emissions year-over-year and at least a 26% absolute reduction compared to our 2015 baseline by 2025; we have already exceeded the cumulative 2025 GHG emissions reduction goal. As part of our more ambitious 2030 sustainability goals, we are aiming by 2030 to reduce our Scope 1 and 2 GHG emissions by 70% compared to our 2015 baseline and work with our supply chain to reduce Scope 3 GHG emissions by 30% against our 2018 baseline; we also have an ambition to be net zero by 2050. We could face risks to our reputation, investor confidence and market share if we are unable to continue reducing our GHG emissions. Increased raw material costs, such as for fuel and electricity, and compliance-related costs could also impact customer demand for our products. The extent of the impact of climate change on our business is uncertain, as it will depend on the limits imposed by, and timing of, new or stricter laws and regulations, more stringent environmental standards and expectations, and evolving customer and consumer preferences, but it is likely to increase our costs and could have a material adverse effect on our business.

We have recently acquired companies and are likely to acquire other companies. Acquisitions come with significant risks and uncertainties, including those related to integration, technology and employees.

To grow existing businesses and expand into new areas, we have made acquisitions and are likely to continue acquiring companies that increase our presence in high value product categories, increase our pace of innovation and advance our sustainability priorities. In 2023, we acquired Silver Crystal, Lion Brothers and Thermopatch for aggregate purchase consideration of approximately \$231 million. In 2022, we acquired TexTrace and Rietveld for aggregate purchase consideration approximately \$35 million. The success of any acquisition depends on the ability of the combined company to realize the anticipated benefits from combining our businesses. Realizing these benefits depends, in part, on maintaining adequate focus on executing the business strategies of the combined company as well as the successful integration of

assets, operations, functions and personnel. We continue to evaluate potential acquisition targets and ensure we have a robust pipeline of potential opportunities.

Various risks, uncertainties and costs are associated with acquisitions. Effective integration of systems, controls, employees, product lines, market segments, customers, suppliers and production facilities and cost savings can be difficult to achieve and the success of integration activities can be uncertain. While we have not experienced significant issues with our acquisitions to date, if management of our combined company is unable to continue minimizing the potential disruption of the combined company's ongoing business during the integration process, the anticipated benefits of any acquisition may not be fully realized. In addition, the inability to successfully manage the implementation of appropriate systems, policies, benefits and compliance programs for the combined company could have a material adverse effect on our business. We may not be able to retain key employees of an acquired company or achieve the projected performance targets for the business into which an acquired company is integrated. Both before and after the closing of an acquisition, our business and that of the acquired company may suffer due to uncertainty or diversion of management attention. Future acquisitions could result in increased debt, dilution, liabilities, interest expense, restructuring charges and amortization expenses related to intangible assets. There can be no assurance that acquisitions will be successful and contribute to our profitability. Further, we may not be able to identify value-accretive acquisition targets that support our strategy of expanding our position in high value product categories or be able to successfully execute additional acquisitions in the future.

A significant consolidation of our customer base could negatively impact our business.

A significant consolidation of our customer base could negatively impact our business. In recent years, some converter customers served by our Materials Group reportable segment have consolidated and integrated vertically and some of our largest customers have acquired companies with similar or complementary product lines. Industry consolidation could continue to increase the concentration of our business with our largest customers. Further consolidation may be accompanied by pressure from customers for us to lower our selling prices. While we have been generally successful at managing customer consolidations in the past, increased pricing pressures from our customers could have a material adverse effect on our business.

Because some of our products are sold by third parties, our business depends in part on the financial condition of these parties and their customers.

Some of our products are sold not only by us, but also by third-party distributors. Some of our distributors also market products that compete with our products. Changes in the financial or business conditions, including economic weakness, market trends or industry consolidation, or the purchasing decisions of these distributors or their customers could materially adversely affect our business.

Our reputation, sales, and earnings could be materially adversely affected if the quality of our products and services does not meet customer expectations. In addition, product liability claims or regulatory actions could materially adversely affect our business and reputation.

There are times when we experience product quality issues resulting from defective materials, manufacturing, packaging or design. These issues are often discovered before shipping, causing delays in shipping, delays in the manufacturing process, or, occasionally, cancelled orders. When issues are discovered after shipment, they may result in additional shipping costs, discounts, refunds or loss of future sales. Both pre-shipping and post-shipping quality issues could have a material adverse effect on our business and negatively impact our reputation.

Claims for losses or injuries purportedly caused by some of our products arise in the ordinary course of our business. In addition to the risk of substantial monetary judgments and penalties that could have a material adverse effect on our business, product liability claims or regulatory actions could result in negative publicity, reputational harm and loss of brand value. We also could be required to recall and possibly discontinue the sale of products deemed to be defective or unsafe, which could result in adverse publicity and significant expenses. Although we maintain product liability insurance coverage, claims are subject to a deductible or may not be covered under the terms of the policy.

Changes in our business strategies and the restructuring of our operations affect our costs and the profitability of our businesses. In addition, our profitability may be materially adversely affected if we generate less productivity improvement from our restructuring actions than projected.

As our business environment changes, we have adjusted and may need to further adjust our business strategies or restructure our operations or particular businesses. As we continue to develop and adjust our growth strategies, we may invest in new businesses that have short-term returns that are negative or low and whose ultimate business prospects are uncertain or could prove unprofitable. We engage in restructuring actions from time to time to reduce our costs and increase efficiencies across our business segments. We expended approximately \$79 million in 2023 compared to \$8 million for restructuring actions in 2022. Our restructuring actions in 2023 included a restructuring plan to further optimize the European footprint of our Materials Group reportable segment. We had incremental savings from restructuring actions, net of transition costs, of approximately \$69 million in fiscal year 2023. We intend to continue efforts to reduce costs in all our businesses, which have in the past included, and may continue to include, facility closures and square footage reductions, headcount reductions, organizational restructuring, process standardization, and manufacturing relocation. The success of these efforts is not assured and targeted savings may not be realized. In addition, cost reduction actions can result in restructuring charges and could expose us to production risk, loss of sales and employee turnover. We cannot provide assurance that we

will achieve the intended results of any of our restructuring actions, which involve operational complexities, consume management attention and require substantial resources and effort. If we fail to achieve the intended results of such actions, our costs could increase, our assets could be impaired, and our returns on investments could be lower.

Our ability to develop and successfully market new products and applications impacts our competitive position.

The timely introduction of new products and improvements to current products helps determine our success. Many of our current products are the result of our research and development efforts, for which we expensed \$135.8 million in 2023. These efforts are directed primarily toward developing new products and operating techniques and improving product performance, often in close association with our customers or end users. These efforts include patent and product development work relating to printing and coating technologies, as well as adhesive, release and ink chemistries in Materials Group. We focus on research projects related to RFID and external embellishments in Solutions Group, for which we have and license a number of patents. Additionally, our research and development efforts include sustainable innovation and design of products that increase the use of recycled content, reduce waste, extend life or enable recycling. Research and development is complex and uncertain, requiring innovation and anticipation of market trends, which means that the costs of these expenditures may not be recovered through additional sales. We could focus on products that ultimately are not accepted by customers or end users or we could experience delays in the production or launch of new products could compromise our competitive position.

Our infrastructure needs impact our business and expenditures.

We continue to invest in our long-term growth and margin expansion plans, with \$285.1 million in capital expenditures, including fixed assets and information technology, in 2023. We may not be able to recoup the costs of our infrastructure investments if actual demand is not as we anticipate. In recent years, we expanded Materials Group's manufacturing capabilities in India and a location in Indiana; moved our Solutions Group's Vietnam business into a new, expanded facility; and made additional investments in both capacity and business development globally for our Intelligent Labels RFID platform, including new facilities in Brazil and Mexico. We also transferred Materials Group's European medical capacity from Belgium to Ireland. In addition, we added capacity through our acquisitions of Silver Crystal, Lion Brothers and Thermopatch in 2023. Infrastructure investments, which are long-term in nature, may not generate the expected return due to changes in the marketplace, failures in execution, and other factors. Significant changes from our expected need for and/or returns on our infrastructure investments could materially adversely affect our business.

Difficulty in the collection of receivables as a result of economic conditions or other market factors could have a material adverse effect on our business.

Although we have processes to administer credit granted to customers and believe our allowance for credit losses is adequate, we have increased the allowance due to, for example, epidemics, pandemics or other outbreaks of illness, supply chain challenges, issues with raw material availability and cost, freight and labor availability, and inflationary pressures, and in the future may experience losses as a result of our inability to collect some of our accounts receivable. A customer's financial difficulties are likely to result in reduced business with that customer. We may also assume higher credit risk relating to receivables of a customer experiencing financial difficulty. If these developments were to occur widely in our customer base, our inability to collect on our accounts receivable from customers could substantially reduce our cash flows and income and have a material adverse effect on our business.

There is a rapidly evolving awareness and focus from stakeholders, including our investors, customers and employees, with respect to global climate change and our company's sustainability and governance practices, which could affect our business.

Investor and societal expectations with respect to sustainability or governance matters have been evolving and increasing. We risk damage to our reputation if we do not continue to act responsibly with respect to these matters in the following key areas: environmental stewardship; DEI; corporate governance; support for our communities; and transparency. A failure to adequately meet stakeholders' expectations could result in loss of business, diluted market valuation, an inability to attract and retain customers and personnel, increased negative investor sentiment toward us and/or our customers and the diversion of investment to other industries, which could have a negative impact on our stock price and access to and cost of capital.

Epidemics, pandemics or other outbreaks of illness, and restrictions intended to prevent their spread, could materially adversely impact our business.

Epidemics, pandemics or other outbreaks of illness, disease or virus in the markets in which we do business, and actions taken to contain or prevent their further spread, could materially impact our business, as they did at various times during the 2020-2023 period. They could result in restrictive governmental measures being implemented to control their spread, including quarantines, restrictions on travel, "shelter in place" rules, stay-at-home orders, density limitations, social distancing measures, and/or restrictions on types of business that may continue to operate, which could materially adversely affect our business.

Risks Related to Information Technology

Significant disruption to the information technology infrastructure that stores our information could materially adversely affect our business.

We rely on the efficient and uninterrupted operation of a large and complex information technology infrastructure to link our global business. Like all information technology systems, ours are susceptible to a number of risks including, but not limited to, damage or interruptions resulting from obsolescence, natural disasters, power failures, human error, viruses, social engineering, phishing, ransomware or other malicious attacks and data security breaches. We upgrade and install new systems, which, if installed or programmed incorrectly or on a delayed timeframe, could cause delays or cancellations of customer orders, impede the manufacture or shipment of products, or disrupt the processing of transactions. We have continued to implement measures to mitigate our risk related to system and network disruptions, but if a significant disruption were to occur, we could incur significant losses and remediation costs that could have a material adverse effect on our business.

Additionally, we rely on services provided by third-party vendors for certain information technology processes, including system infrastructure management, application management, and software as a service. While we have matured our cybersecurity due diligence process, this reliance on third parties makes our operations vulnerable to a failure by any one of these vendors to perform adequately or maintain effective internal controls.

Cybersecurity or other security breaches could compromise our information and expose us to liability, which could have a material adverse effect on our business and reputation.

We maintain information necessary to conduct our business in digital form, which is stored in data centers and on our networks and third-party cloud services, including confidential and proprietary information as well as personal information regarding our customers and employees. The secure maintenance of this information is critical to our operations. Data maintained in digital form is subject to the risk of intrusion, tampering and theft. We develop and maintain systems and processes at significant cost to prevent this from occurring, but these systems require ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. We experience non-material cybersecurity events each year that are escalated through our documented and tested Security Incident Response Plan, and although we have not experienced a significant breach in recent years, the possibility of intrusion, tampering and theft cannot be eliminated entirely. Our information technology and infrastructure are vulnerable to attacks by hackers or breaches due to employee error, malfeasance or other disruptions, and the threat landscape remains challenging with our digital business transformation, hybrid workforces, the increasing use of artificial intelligence, and interconnected supply chains expanding the risk of attack. We also perform cybersecurity due diligence and mitigate identified risks during our M&A due diligence process; however, there is still a risk that a recent or future acquisition experiences an event that could lead to a breach before risks are able to be mitigated.

Additionally, we provide confidential, proprietary and personal information to third parties when it is necessary to pursue business objectives. While we obtain written agreements and assurances that these third parties will protect this information and, where appropriate, assess the protections utilized by these third parties, we are aware of suppliers in our ecosystem who have experienced security events, and there is a risk the confidentiality of data held by third parties may be compromised.

Breaches or attacks can compromise our network, the network of a third party to whom we have disclosed confidential, proprietary or personal information, a data center where we have stored such information or a third-party cloud service provider, and the information stored there can be accessed, publicly disclosed, lost or stolen. Any access, disclosure or loss of information could disrupt our operations, result in legal claims or proceedings, damage our reputation, impair our ability to conduct business, or result in the loss or diminished value of profitable opportunities and the loss of revenue as a result of unlicensed use of our intellectual property. Contractual provisions with third parties, including cloud service providers, often substantially limit our ability to fully recover our losses. If the personal information of our customers or employees were to be misappropriated, we could incur costs to compensate our customers or employees or pay damages or fines as a result of litigation or regulatory actions and our reputation with our customers and employees could be injured, resulting in loss of business or decline in morale. Data privacy legislation and regulation have been increasing in recent years – including, for example, the General Data Protection Regulation in the EU, the Personal Information Protection Law in China, the General Data Protection Law in Brazil and the state of California's Privacy Rights Act – and although we have made reasonable efforts to comply with all applicable laws and regulations, there can be no assurance that we will not be subject to regulatory action in the event of a data privacy violation.

Cybersecurity risk and ransomware attacks on companies continue to significantly increase and there can be no assurance that we have fully protected our information, that third parties to whom we have disclosed such information or with whom we have stored such information (in data centers and in the cloud) are taking similar precautions, or that we will not experience hacking or intrusion attempts that could have a material adverse effect on our business. In addition to maintaining a robust set of endpoint, network, email and cloud security solutions, we continue to take steps to further improve the security of our networks and computer systems, including strengthening authentication; continuing to mature our zero trust architecture and strategy; furthering our advanced malware detection measures; further enhancing and testing our security incident response plan; upgrading legacy information technology systems to simplify and standardize business processes and applications; adopting a robust cloud security strategy across multiple platforms; continuously improving

information technology project and portfolio management discipline; setting more aggressive key performance indicator targets and implementing appropriate mitigation measures; continuing to mature our data loss prevention framework to protect our critical data, network and site access controls; advancing our user access management program; limiting USB drive access across our company; increasing network segmentation; enhancing our focus on third party risk management; and improving our capabilities based on threat intelligence and the publicized incidents experienced by other companies, as well as ones that we have experienced despite their minimal operational or financial impact to date.

Risks Related to Income Taxes

Changes in our tax rates affect our business.

Our effective tax rate is affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws and regulations or their interpretation. The impact of these changes could materially impact our business.

Legislation implementing changes in taxation of business activities, adoption of other corporate tax reform policies, or other changes in tax legislation or policies impact our expenses.

Corporate tax reform, prevention of base-erosion and tax transparency continue to be high priorities for many tax jurisdictions worldwide, including the U.S. As a result, policies regarding corporate income and other taxes are under heightened scrutiny globally, with tax reform legislation having been proposed or enacted in a number of jurisdictions.

In addition, many countries have enacted, or plan to enact, legislation and other guidance to align their international tax rules with the Organisation for Economic Co-operation and Development's ("OECD") Base Erosion and Profit Shifting recommendations and directives, which aim to standardize and modernize global corporate tax policy, cross-border tax, transfer-pricing documentation rules, and nexus-based tax incentive practices. Moreover, the OECD continues to focus on fundamental changes to the profit allocation among tax jurisdictions in which companies do business and the implementation of a global minimum tax. The timing and ultimate impact of such changes on our effective tax rate remain uncertain as the countries in which we operate continue to adopt these directives. Due to the size of our international business activities, any substantial change in corporate tax policies, enforcement activities or legislative or regulatory actions could have a material adverse effect on our business.

Our inability to retain or renew certain tax incentives in foreign jurisdictions could materially adversely affect our effective tax rate.

Our effective tax rate reflects benefits from concessionary tax rates in certain foreign jurisdictions based on the geographic location of our manufacturing activities, the industries that we serve, or the business model under which we operate. If we do not meet the criteria required to retain or renew these tax incentives, our effective tax rate could be materially adversely affected.

The amount of various taxes we pay is subject to ongoing compliance requirements and audits by federal, state and foreign tax authorities.

We are subject to regular examinations of our income tax returns by various tax authorities. We regularly assess the likelihood of material adverse outcomes resulting from these examinations to determine the adequacy of our provision for taxes. In addition, tax enforcement has become increasingly aggressive in recent years focused primarily on transfer pricing and intercompany documentation. Our estimate of the potential outcome of uncertain tax issues requires significant judgment and is subject to our assessment of relevant risks, facts, and circumstances existing at the time. We use these assessments to determine the adequacy of our provision for income taxes and other tax-related accounts. Our results may include favorable or unfavorable adjustments to our estimated tax liabilities in the period the assessments are made or resolved, which may materially adversely affect our effective tax rate.

We have deferred tax assets that we may not be able to realize under certain circumstances.

If we are unable to generate sufficient taxable income in certain jurisdictions, or if there is a significant change in the time period within which the underlying temporary differences become taxable or deductible, we could be required to increase our valuation allowances against our deferred tax assets. This would increase our effective tax rate and could have a material adverse effect on our business. In addition, changes in statutory tax rates may change our deferred tax asset or liability balances, with either a favorable or unfavorable impact on our effective tax rate. A significant portion of our indefinite-lived net operating loss carryforwards is concentrated in Luxembourg and may require decades to be fully utilized under our current business model. Decreases in the statutory tax rate or changes in our ability to generate sufficient future taxable income in Luxembourg could materially adversely affect our effective tax rate. In addition, the computation and assessment of the realizability of our deferred tax assets may also be materially impacted by new legislation or regulations.

Risks Related to Human Capital

For us to remain competitive, deliver on our business strategy and avoid business disruption, it is important to recruit high caliber talent, retain key management and highly-skilled employees and receive high quality service from all outsourced service providers. This includes providing market-competitive compensation and benefits and ensuring a diverse, equitable and inclusive workplace.

Competition to recruit and retain critical talent has increased in recent years. Our ongoing productivity efforts and restructuring actions can increase this challenge. When it comes to our outsourced service providers, we have experienced delays or errors and reduced resource availability and manage ongoing risk when it comes to people, processes and software. We also have increased our focus on risks related to artificial intelligence.

Executive succession planning is also critical to our long-term success. We experienced several recent key management changes, including promotions in 2023 of long-serving and experienced leaders to the positions of President and Chief Executive Officer and our President, Solutions Group. While we believe we have appropriate leadership development programs and succession plans in place that are regularly discussed with our Board's Talent and Compensation Committee, any failure to ensure effective leadership transitions and knowledge transfer involving key management (or any highly-skilled employees) could hinder our strategic planning and execution.

We have various non-U.S. collective labor arrangements, which make us subject to potential work stoppages, as well as union and works council campaigns and other labor disputes, any of which could adversely impact our business.

Work interruptions or stoppages could significantly impact our ability to deliver for our customers. In addition, collective bargaining agreements, union contracts and labor laws may impair our ability to reduce labor costs by closing or downsizing manufacturing facilities because of limitations on personnel and salary and other restrictions. A work stoppage at one or more of our facilities, or the facilities of our customers or at any of our suppliers, could have a material adverse effect on our business.

In addition, the recent and ongoing geopolitical unrest and weather-related effects of climate change in numerous regions could impact the safety and productivity of our current employees. Those impacts could also hinder our ability to recruit and grow our talent pools in the impacted regions/countries.

Risks Related to Our Indebtedness

If our indebtedness increases significantly or our credit ratings are downgraded, we may have difficulty obtaining acceptable short- and long-term financing.

At December 30, 2023, we had approximately \$3.24 billion of debt. Our level of indebtedness and credit ratings are significant factors in our ability to obtain short- and long-term financing. Higher debt levels could negatively impact our ability to support our business needs and result in higher financing costs. The credit ratings assigned to us also impact the interest rates we pay. A downgrade of our short-term credit ratings could impact our ability to access the commercial paper markets and increase our borrowing costs if we needed to obtain short-term funding under our revolving credit facility. If our access to commercial paper markets were to become limited and we were required to obtain short-term funding under our revolving credit facility or our other credit facilities, we would have increased exposure to variable interest rates.

An increase in interest rates adversely affects our business.

In 2023, our average variable-rate borrowings were approximately \$608 million. Increases in short-term interest rates directly impact the amount of interest we pay. Fluctuations in interest rates can increase our borrowing costs and have a material adverse effect on our business.

Since 2022, the U.S. Federal Reserve and similar monetary policymaking entities around the world have raised interest rates in an effort to curb rising inflation across the globe. As of December 30, 2023, the U.S. Federal Reserve's benchmark interest rate was between 5.25% and 5.50%, up from between 4.25% and 4.50% the same time in 2022. As long-term interest rates rise, our borrowing costs increase. Continued increases in interest rates could, among other things, reduce the availability and/or increase the costs of obtaining new debt and refinancing existing indebtedness and negatively impact our business.

Our current and future debt covenants may limit our flexibility.

Our credit facilities and the indentures governing our medium- and long-term notes contain, and any of our future indebtedness likely would contain, restrictive covenants that impose operating and financial restrictions on us. Among other things, these covenants restrict our ability to incur additional indebtedness, incur certain liens on our assets, make certain investments, sell our assets or merge with third parties, or enter into certain transactions. We are also required to maintain specified financial ratios under certain conditions. These restrictive covenants and ratios may limit or prohibit us from engaging in certain activities and transactions that may be in the best interest of our business, putting us at a competitive disadvantage relative to our competitors, which could materially adversely affect our business.

Risk Related to Ownership of Our Stock

Our stock price is subject to significant variability.

Changes in our stock price may, among other things, affect our access to, or cost of financing from, capital markets, our stock-based compensation arrangements and our effective tax rate. Our stock price is influenced by changes in the overall stock market and demand for equity securities in general. Other factors, including our financial performance on an absolute basis and relative to peer companies and competitors, as well as market expectations of our performance, the level of perceived growth of our industries, and other company-specific factors, may also materially adversely affect our stock price. There can be no assurance that our stock price will not continue to experience significant variability in the future.

We cannot guarantee that we will continue to repurchase shares of our common stock or pay dividends on our common stock or that repurchases will enhance long-term stockholder value. Changes in our levels of stock repurchases or dividends could affect our stock price and increase its variability.

In April 2022, our Board authorized the repurchase of shares of our common stock with a fair market value of up to \$750 million, in addition to the amount of shares that were then available for repurchase under our previous Board authorization. In 2023, we repurchased 0.8 million shares of our common stock at an aggregate cost of \$137.5 million. As of December 30, 2023, shares of our common stock in the aggregate amount of \$592.8 million remained authorized for repurchase under this Board authorization. We make share repurchases through a variety of methods, which may include open market purchases, privately negotiated transactions, block trades or accelerated share repurchase transactions. Our share repurchase authorizations do not obligate us to acquire any specific number of shares or to repurchase any specific number of shares for any fixed period. The timing and amount of our repurchases, if any, are subject to market and economic conditions, applicable legal requirements and other relevant factors. We may limit, suspend or discontinue repurchasing shares at any time at our discretion and without prior notice.

Although we increased our quarterly dividend rate by approximately 8% in April 2023, there can be no assurance that we will maintain this rate or approve further increases in the future. Future dividends are subject to market and economic conditions, applicable legal requirements and other relevant factors. We are not obligated to continue declaring dividends for any fixed period, and our payment of dividends could be suspended or discontinued at any time at our discretion and without prior notice. We will continue to retain future earnings to develop our business, as opportunities arise, and evaluate the amount and timing of future dividends based on our operating results, financial condition, capital allocation strategies and general business conditions. The amount and timing of any future dividends may vary, and the payment of any dividend does not assure that we will pay dividends in the future.

In addition, any future repurchases of our common stock or payment of dividends, or any determination to cease repurchasing stock or paying dividends, could affect our stock price and significantly increase its variability. Our share repurchases and any future dividends could cause our stock price to be higher than it would otherwise be and could potentially reduce the market liquidity for our stock. Additionally, any future repurchases of our common stock or payment of dividends could impact our ability to invest in our businesses or pursue acquisitions and venture investments. Although our share repurchase program is intended to enhance long-term stockholder value, there is no assurance that it will do so because the market price of our common stock may decline below the levels at which we repurchased shares of stock and short-term stock price fluctuations could reduce the program's effectiveness.

Risks Related to Legal and Regulatory Matters

Infringing intellectual property rights of third parties or inadequately acquiring or protecting our intellectual property could harm our ability to compete or grow.

Because our products involve complex technology and chemistry, we are involved from time to time in litigation involving patents and other intellectual property. Parties have filed, and in the future may file, claims against us alleging that we have infringed their intellectual property rights. We are currently party to a litigation in which ADASA Inc. ("Adasa"), an unrelated third party, alleged that certain of our RFID products within our Solutions Group reportable segment infringed its patent. As of December 30, 2023 our contingent liability for this matter was \$82.9 million which reflects our best estimate of the anticipated judgment. For more information on this litigation, see Note 8, "Contingencies," in the Notes to Consolidated Financial Statements. If we are unsuccessful in our appeals related to the Adasa matter or are held liable for infringement in other matters, we could be required to pay damages, obtain licenses or cease making or selling certain products. There can be no assurance that licenses would be available on commercially reasonable terms or at all. The defense of these claims, whether or not meritorious, or the development of new technologies is costly and diverts the attention of management.

We also have valuable intellectual property upon which third parties may infringe. We attempt to protect and restrict access to our intellectual property and proprietary information by relying on the patent, trademark, copyright and trade secret laws of the U.S. and other countries, as well as non-disclosure agreements. However, it may be possible for a third party to obtain our information without our authorization, independently develop similar technologies, or breach a non-disclosure agreement entered into with us. In addition, many of the countries in which we operate do not have intellectual property laws as protective as those in the U.S. The use of our intellectual property by someone else without our authorization could reduce or eliminate certain competitive advantages we have, cause us to lose sales or otherwise harm our business. Further, the costs associated with protecting our intellectual property rights could materially adversely impact our business.

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We have obtained and applied for U.S. and foreign trademark registrations and patents, and will continue to evaluate whether to register additional trademarks and apply for additional patents. We cannot guarantee that any of our pending applications will be approved by the applicable governmental authorities. Further, we cannot assure that the validity of our patents or our trademarks will not be challenged. In addition, third parties may be able to develop competing products using technology that avoids our patents.

Unfavorable developments in legal proceedings, investigations and other legal and regulatory matters, could impact us in a materially adverse manner.

There can be no assurance that any outcome of any litigation, investigation or other legal, environmental, compliance and regulatory matter will be favorable. Our financial results could be materially adversely affected by an unfavorable outcome to pending or future litigation and investigations, and other legal, regulatory, environmental and compliance matters. See Note 8, "Contingencies," in the Notes to Consolidated Financial Statements for more information.

We are required to comply with anti-corruption and other compliance laws and regulations of the U.S. government and various international jurisdictions, and our failure to comply with these laws and regulations could have a material adverse effect on our business.

We are required to comply with the anti-corruption and other compliance laws and regulations of the U.S. government and various international jurisdictions, such as the U.S. Foreign Corrupt Practices Act and the UK's Bribery Act of 2010. If we fail to comply with anti-corruption laws, we could be subject to substantial civil and criminal penalties, including fines, monetary damages and incarceration for responsible employees and managers. In addition, if our distributors or agents fail to comply with these laws, our business may also be materially adversely affected through reputational harm and penalties.

We are required to comply with environmental, health, and safety laws at our operations around the world. The costs of complying with these laws is significant and increasing.

We are subject to national, state, provincial and/or local environmental, health, and safety laws and regulations in the U.S. and other countries in which we operate, including those related to the disposal of hazardous waste and GHG emissions from our manufacturing processes. These laws, which are continually evolving and imposing additional requirements on our current and former manufacturing facilities, impose liability for the costs of, and damages resulting from, cleaning up current sites, past spills, disposals and other releases of hazardous substances. Enforcement of these laws can be unclear and is subject to the discretion of governmental agencies. Any failure to comply with existing and future environmental, health and safety laws could subject us to fees, penalties, costs or liabilities, impact our production capabilities, limit our ability to sell, expand or acquire facilities, and have a material adverse effect on our business. Laws and regulations related to the environment, product content and product safety are complex, change often, and can be open to different interpretations. In addition, we could be materially and adversely impacted by any environmental or product safety enforcement action affecting our suppliers, particularly in emerging markets.

We have accrued liabilities for the environmental clean-up of certain sites, including the eleven sites for which U.S. governmental agencies have designated us as a potentially responsible party as of our 2023 fiscal year-end, where it is probable that a loss will be incurred and the cost or amount of loss can be reasonably estimated. See Note 8, "Contingencies," in the Notes to Consolidated Financial Statements for more information. However, because of the uncertainties associated with environmental assessment and remediation activities, the actual expense to remediate currently identified sites could be higher than the liabilities accrued and additional sites could be identified in the future.

We are subject to export and import control laws and regulations in the jurisdictions in which we do business that could subject us to liability or impair our ability to compete in these markets.

Export control laws and economic sanctions prohibit the shipment of some of our products to embargoed or sanctioned countries, governments and persons. While we train our employees to comply with these regulations, use third party screening software, and take other measures, we cannot guarantee that a violation will not occur. A prohibited shipment has negative consequences, including government investigations, penalties, fines, civil and criminal sanctions and/or reputational harm. Any change in export or import regulations, economic sanctions or related legislation, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons or technologies targeted by such regulations, could decrease our ability to export or sell our products internationally. Any limitation on our ability to export or sell our products could materially adversely affect our business.

Some of our products are subject to export control laws and regulations and may be exported only with an export license or through an applicable export license exception. If we fail to comply with export licensing, customs regulations, economic sanctions or other laws, we could be subject to substantial civil or criminal penalties, including fines, criminal charges against responsible employees and loss of export or import privileges. In addition, if our distributors fail to obtain appropriate import, export or re-export licenses or permits, we may also be materially adversely affected through reputational harm and penalties. Obtaining the necessary export license for a particular sale may be time consuming and expensive and could result in the delay or loss of sales opportunities.

Risks Related to Other Financial Matters

Our pension assets are significant and subject to market, interest and credit risk that may reduce their value.

Changes in the value of our pension assets, which was approximately \$663 million as of December 30, 2023, could materially adversely affect our earnings and cash flows. In particular, the value of our investments may decline due to increases in interest rates or volatility in financial markets. We continuously evaluate options to better manage the volatility associated with our pension liabilities and may take actions to reduce the financial volatility associated with our pension liabilities, which could result in significant charges. Although we mitigate these risks by investing in high quality securities, ensuring adequate diversification of our investment portfolio and monitoring our portfolio's overall risk profile, the value of our investments may nevertheless decline.

The actuarial assumptions used for valuation purposes affect our earnings and cash flows. Changes in accounting standards and government regulations could also affect our pension and postretirement plan expense and funding requirements.

We evaluate the assumptions used in determining projected benefit obligations and the fair value of plan assets for our non-U.S. pension plans and other postretirement benefit plans in consultation with outside actuaries. Our pension and projected postretirement benefit expenses and funding requirements increase or decrease as a result of the assumptions we use, including the discount rate, expected long-term rate of return or mortality rates. Because of changing market conditions or changes in participant populations, the actuarial assumptions that we use may differ from actual results, which could have a significant impact on our pension and postretirement benefit obligations and related costs. Funding obligations for each plan are determined based on the value of assets and liabilities on a specific date in accordance with applicable government regulations. Our pension funding requirements, and the timing of funding payments, could also be affected by future legislation or regulation. In 2023, the Dutch Senate passed the Dutch Pension Act, which requires traditional defined benefit plans to be phased out and transition to defined contribution plans by January 1, 2028.

An impairment in the carrying value of goodwill could negatively impact our results of operations and net worth.

Goodwill is initially recorded at fair value and not amortized and is reviewed for impairment annually (or more frequently if impairment indicators are present). As of December 30, 2023, the carrying value of our goodwill was \$2.01 billion. In 2023, we determined that the goodwill of our reporting units was not impaired. We review goodwill for impairment by comparing the fair value of a reporting unit to its carrying value. In assessing fair value, we make estimates and assumptions about sales, operating margins, growth rates, and discount rates based on our business plans, economic projections, anticipated future cash flows and marketplace data. There are inherent uncertainties related to these factors and management's judgment in applying these factors. Goodwill valuations have been calculated primarily using an income approach based on the present value of projected future cash flows of each reporting unit. We could be required to evaluate the carrying value of goodwill prior to the annual assessment if we experience disruptions to our business, unexpected significant declines in operating results, divestiture of a significant component of our business or sustained market capitalization declines. These types of events could result in goodwill impairment charges in the future. Impairment charges could materially adversely affect our business in the periods in which they are made.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 1C. CYBERSECURITY

Cybersecurity Risk Management and Strategy

Our cybersecurity risk management ("CSRM") program, which is designed to protect the confidentiality, integrity and availability of our critical systems and information, includes a comprehensive cybersecurity incident response plan.

We design and assess our program based on the ISO 27000 and the National Institute of Standards and Technology (NIST) SP-800 and Cybersecurity Framework ("CSF"). We use these frameworks to help us identify, assess and manage cybersecurity risks relevant to our business. It is not intended to suggest that we meet any particular technical standards, specifications or requirements.

Our CSRM program complements our overall enterprise risk management program, using similar methodologies and governance processes to identify risks and mitigating strategies.

Our CSRM program includes risk assessments designed to help identify potentially material cybersecurity risks to our critical systems, information, products and services, as well as our broader enterprise IT environment; an IT security team principally responsible for managing our cybersecurity risk assessment processes, security controls and response to any cybersecurity events; the use of third party experts and service providers, where appropriate, to assess, test and otherwise assist with protecting our security environment; cybersecurity awareness training for our employees and further training for our incident response personnel and senior management; a cybersecurity incident response plan that includes procedures for assessing and coordinating our response to cybersecurity events; and a third-party risk management process for service providers, suppliers and vendors.

We have not experienced cybersecurity events that have materially affected our operations, results of operations, or financial condition. However, we face certain ongoing risks from cybersecurity threats that, if realized, would be reasonably likely to materially affect us, including our operations, results of operations, or financial condition.

Risks and uncertainties related to cybersecurity are discussed in greater detail under "Risks Related to Information Technology" in Item 1A of this report.

Cybersecurity Governance

Our Board of Directors (our "Board") considers cybersecurity risk as part of its risk oversight function and has delegated to the Audit Committee primary responsibility for overseeing our CSRM program and engaging with management on cybersecurity and other risks related to our IT controls and security at least twice per year. Management updates the Audit Committee, if and as needed, regarding any significant cybersecurity events, as well as events that may have had lesser potential impact.

In addition to reports from its Chair on the Audit Committee's discussions on cybersecurity, our Board members receive periodic presentations on cybersecurity topics from our Chief Information Officer and our Information Security Officer ("ISO") as part of their continuing education on risks impacting public companies.

Our cybersecurity leadership team ("CSLT"), which includes leaders accountable for security operations, incident response, risk and compliance, data security, application security, digital solutions security, vulnerability management and operational technology security, is responsible for assessing and managing our risks from cybersecurity threats. The team has primary responsibility for our overall CSRM program and supervises both our internal cybersecurity personnel and our external cybersecurity consultants. Information security personnel maintain a variety of technical and managerial security certifications and have broad security experience in manufacturing, finance, software and IT environments.

The CSLT supervises our efforts to prevent, detect, mitigate and remediate cybersecurity risks and incidents through a variety of means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external consultants; and reports from cybersecurity systems deployed in our IT environment.

Item 2. PROPERTIES

As of December 30, 2023, we operated manufacturing facilities in excess of 100,000 square feet in the reportable segments and locations listed below.

Materials Group

U.S.	Peachtree City, Georgia; Fort Wayne, Greenfield, and Lowell, Indiana; Fairport Harbor, Mentor, Oak Harbor, and Painesville, Ohio; Mill Hall, Pennsylvania
Non-U.S.	Soignies and Turnhout, Belgium; Vinhedo, Brazil; Guangzhou, Kunshan, and Zhuozhou, China; Champ-sur-Drac, France; Gotha, Germany; Pune and Noida, India; Longford, Ireland; Kibbutz Hanita, Israel; Rodange, Luxembourg; Bangi, Malaysia; Queretaro, Mexico; Rayong, Thailand; and Cramlington, United Kingdom

Solutions Group

U.S.	New Century, Kansas and Miamisburg, Ohio
Non-U.S.	Dhaka, Bangladesh; Guangzhou, Nansha, Panyu, and Suzhou, China; Bufalo, Honduras; Ancarano, Italy; Kulim, Malaysia; and Long An Province, Vietnam

In addition to the manufacturing facilities described above, our other principal facilities include our corporate headquarters and divisional office in Mentor, Ohio and our divisional and corporate offices located in Dallas, Texas; Vinhedo, Brazil; Hong Kong and Kunshan, China; and Oegstgeest, the Netherlands.

We own all of the principal properties identified above, except for the facilities in the following locations, which are leased: Hong Kong, Panyu and Zhuozhou, China; Bufalo, Honduras; Kibbutz Hanita, Israel; New Century, Kansas; Mentor, Ohio; and Oegstgeest, the Netherlands.

We consider all our properties, whether owned or leased, suitable and adequate for our current needs. We generally expand production capacity as needed to meet increased demand. Owned buildings and plant equipment are insured against major losses from fire and other usual business risks, subject to applicable deductibles. We are not aware of any material defects in title to, or significant encumbrances on, our properties, except for certain mortgage liens.

Item 3. LEGAL PROCEEDINGS

See Note 8, "Contingencies," in the Notes to Consolidated Financial Statements.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

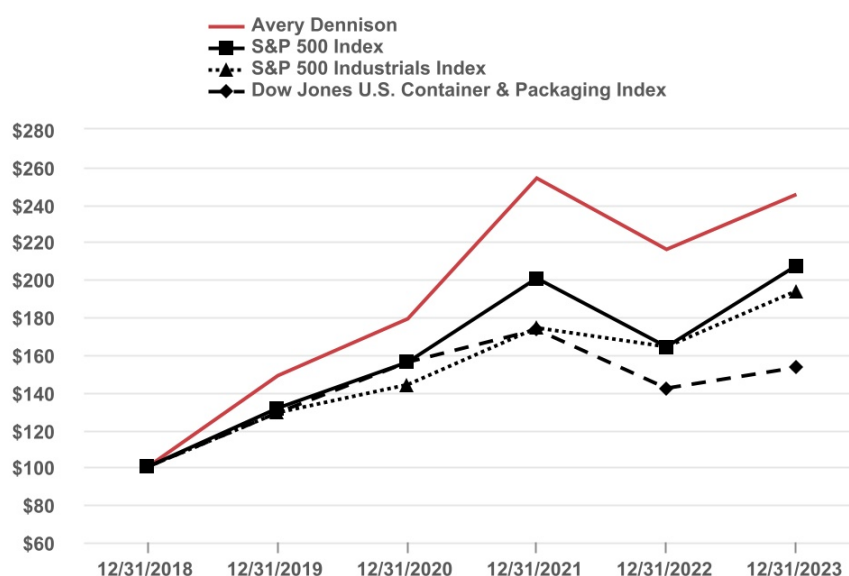
Item 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

(a) Our common stock is listed under the ticker symbol “AVY” on the New York Stock Exchange. We did not sell securities in any unregistered transactions during fiscal year 2023. We have historically paid quarterly cash dividends. Future dividend payments are subject to the approval by our Board of Directors based on our earnings, capital requirements, financial condition and other factors.

We had 3,600 shareholders of record as of December 30, 2023, the last day of our 2023 fiscal year.

Stockholder Return Performance

The graph below compares the cumulative stockholder return on our common stock, including reinvestment of dividends, with the return on the S&P 500 Stock Index, S&P 500 Industrials Index and Dow Jones U.S. Container & Packaging Index, in each case for the five-year period ending December 31, 2023. In 2023, we disaggregated our market basket used in previous years into the S&P 500 Industrials Index and the Dow Jones U.S. Container & Packaging Index, of which we are a member. We believe this presentation provides greater clarity on our relative performance, reflecting it in a manner more consistent with the methodology used by peer companies.



Total Return Analysis⁽¹⁾

	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023
Avery Dennison	\$ 100	\$ 149	\$ 179	\$ 254	\$ 216	\$ 245
S&P 500 Index	100	131	156	200	164	207
S&P 500 Industrials Index	100	129	144	174	164	194
Dow Jones U.S. Container & Packaging Index	100	129	156	173	142	153

⁽¹⁾ Assumes \$100 invested on December 31, 2018 and reinvestment of dividends.

(b) Not applicable.

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(c) Repurchases of Equity Securities by Issuer

Repurchases by us or our “affiliated purchasers” (as defined in Rule 10b-18(a)(3) of the Exchange Act) of registered equity securities in the fourth quarter of 2023 are shown in the table below. Repurchased shares may be reissued under our long-term incentive plan or used for other corporate purposes.

Period⁽¹⁾	Total number of shares purchased⁽²⁾	Average price paid per share⁽³⁾	Total number of shares purchased as part of publicly announced plans⁽²⁾⁽⁴⁾	Approximate dollar value of shares that may yet be purchased under the plans⁽⁵⁾
October 1, 2023 – October 28, 2023	59.1	\$ 178.5	59.1	\$ 602.6
October 29, 2023 – November 25, 2023	55.7	176.2	55.7	592.8
November 26, 2023 – December 30, 2023	—	—	—	592.8
Total	114.8	\$ 177.5	114.8	\$ 592.8

⁽¹⁾ The periods shown are our fiscal months during the thirteen-week quarter ended December 30, 2023.

⁽²⁾ Shares in thousands.

⁽³⁾ Average price paid per share includes transaction costs to acquire the shares and excludes the non-deductible 1% excise tax on the net value of repurchases imposed under the Inflation Reduction Act of 2022.

⁽⁴⁾ In April 2022, our Board authorized the repurchase of shares of our common stock with a fair market value of up to \$750 million, excluding any fees, commissions or other expenses related to such purchases, in addition to the amount outstanding under our previous Board authorization. Board authorizations remain in effect until shares in the amount authorized thereunder have been repurchased.

⁽⁵⁾ Dollars in millions.

Item 6. RESERVED

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**ORGANIZATION OF INFORMATION**

Management's Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, provides management's views on our financial condition and results of operations, should be read in conjunction with the Consolidated Financial Statements and related notes thereto, and includes the sections shown below.

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NON-GAAP FINANCIAL MEASURES

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 prepared in accordance with GAAP. 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 quarters and year-to-date periods, as applicable. Based on feedback from investors and financial analysts, we believe that the supplemental non-GAAP financial measures we provide are also useful to their assessments of our performance and operating trends, as well as liquidity. Reconciliations are provided in accordance with Regulation G and S-K and reconcile our non-GAAP financial measures with the most directly comparable GAAP financial measures.

Our non-GAAP financial measures exclude the impact of certain events, activities or strategic decisions. The accounting effects of these events, activities or decisions, which are included in the GAAP financial measures, may make it more 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, outcomes of certain legal proceedings, 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 venture investments, currency adjustments due to highly inflationary economies, 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 the non-GAAP financial measures defined below in this MD&A.

- *Sales change ex. currency* refers to the increase or decrease in net sales, excluding the estimated impact of foreign currency translation, the reclassification of sales between segments; where applicable, an extra week in our fiscal year; the calendar shift resulting from the extra week in the prior fiscal year; and currency adjustment for transitional reporting of highly inflationary economies. 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 foreign currency fluctuations.
- *Organic sales change* refers to sales change ex. currency, excluding the estimated impact of acquisitions and product line 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 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 company-owned life insurance policies, plus proceeds from sales of property, plant and equipment, plus (minus) net proceeds from insurance and sales (purchases) of investments. Where applicable, adjusted free cash flow is also adjusted for certain acquisition-related transaction costs. We believe that adjusted free cash flow assists investors by showing the amount of cash we have available for debt reductions, dividends, share repurchases, and acquisitions.
- *Operational working capital as a percentage of annualized current quarter net sales* refers to trade accounts receivable and inventories, net of accounts payable, and excludes cash and cash equivalents, short-term borrowings, deferred taxes, other current assets and other current liabilities, as well as net current assets or liabilities held-for-sale divided by annualized current quarter net sales. We believe that operational working

capital as a percentage of annualized current quarter net sales assists investors in assessing our working capital requirements because it excludes the impact of fluctuations attributable to our financing and other activities (which affect cash and cash equivalents, deferred taxes, other current assets and other current liabilities) that tend to be disparate in amount, frequency or timing, and may increase the volatility of working capital as a percentage of sales from period to period. The items excluded from this measure are not significantly influenced by our day-to-day activities managed at the operating level and do not necessarily reflect the underlying trends in our operations.

OVERVIEW AND OUTLOOK

Fiscal Year

Our fiscal years generally consist of 52 weeks, but every fifth or sixth fiscal year consists of 53 weeks; our 2023, 2022, and 2021 fiscal years consisted of 52-week periods ending December 30, 2023, December 31, 2022 and January 1, 2022, respectively.

Net Sales

The factors impacting reported net sales change, as compared to the prior-year period, are shown in the table below.

	2023	2022
Reported net sales change	(8)%	8 %
Foreign currency translation	1	6
Sales change ex. currency ⁽¹⁾	(7)%	13 %
Acquisitions	(1)	(4)
Organic sales change ⁽¹⁾	(8)%	10 %

⁽¹⁾ Totals may not sum due to rounding.

In 2023, net sales decreased on an organic basis primarily due to lower volume, partially offset by the impact of pricing actions. In 2022, net sales increased on an organic basis primarily due to pricing actions, partially offset by lower volume/mix.

Net Income

Net income decreased from approximately \$757 million in 2022 to approximately \$503 million in 2023. The major factors affecting this decrease were:

- Lower volume driven primarily by inventory destocking
- Higher restructuring charges
- Increase accrual for a legacy legal matter
- Higher employee-related costs
- Argentine peso remeasurement loss
- Growth investments

Offsetting factors:

- Benefits from productivity initiatives, including temporary cost-saving actions, material re-engineering and savings from restructuring actions, net of transition costs
- The net impact of pricing and raw material input costs
- Lower provision for income taxes

Business Acquisitions

2023 Business Acquisitions

On November 23, 2023, we completed our business acquisition of Silver Crystal Group ("Silver Crystal"), a Canada-based provider of sports apparel customization and application solutions across in-venue, direct-to-business and e-commerce platforms. On May 22, 2023, we completed our business acquisition of LG Group, Inc. ("Lion Brothers"), a Maryland-based designer and manufacturer of apparel brand embellishments. On March 6, 2023, we completed our business acquisition of Thermopatch, Inc. ("Thermopatch"), a New York-based manufacturer specializing in labeling, embellishments and transfers for the sports, industrial laundry, workwear and hospitality industries. These acquisitions expanded the product portfolio in our Solutions Group reportable segment.

The acquisitions of Silver Crystal, Lion Brothers and Thermopatch are referred to collectively as the "2023 Acquisitions."

The aggregate purchase consideration, including purchase consideration payable, for the 2023 Acquisitions was approximately \$231 million. We funded the 2023 Acquisitions using cash and commercial paper borrowings. In addition to the cash paid at closing, the sellers in one of these acquisitions are eligible for earn-out payments of up to \$5 million, subject to the acquired company achieving certain post-acquisition performance targets. As of the acquisition date, we included an estimate of the fair value of these earn-out payments in the aggregate purchase consideration.

The final allocations of purchase consideration for the 2023 Acquisitions to assets and liabilities are ongoing as we continue to evaluate certain balances, estimates and assumptions during the measurement period (up to one year from their respective acquisition date). Consistent with the allowable time to complete our assessment, the valuation of certain acquired assets and liabilities, including environmental liabilities and income taxes, is currently pending finalization.

The 2023 Acquisitions were not material, individually or in the aggregate, to the Consolidated Financial Statements.

2022 Business Acquisitions

In January 2022, we completed our business acquisitions of TexTrace AG ("TexTrace"), a Switzerland-based technology developer specializing in custom-made woven and knitted RFID products that can be sewn onto or inserted into garments, and Rietveld Serigrafie B.V. and Rietveld Screenprinting Serigrafi Baski Matbaa Tekstil İthalat İhracat Sanayi ve Ticaret Limited Sirketi (collectively, "Rietveld"), a Netherlands-based provider of external embellishment solutions and application and printing methods for performance brands and team sports in Europe. These acquisitions expanded the product portfolio in our Solutions Group reportable segment. The acquisitions of TexTrace and Rietveld are referred to collectively as the "2022 Acquisitions."

The aggregate purchase consideration for the 2022 Acquisitions was approximately \$35 million. We funded the 2022 Acquisitions using cash and commercial paper borrowings. In addition to the cash paid at closing, the sellers in one of these acquisitions are eligible for earn-out payments of up to \$30 million, subject to the acquired company achieving certain post-acquisition performance targets. As of the acquisition date, we included an estimate of the fair value of these earn-out payments in the aggregate purchase consideration.

The 2022 Acquisitions were not material, individually or in the aggregate, to the Consolidated Financial Statements.

Cost Reduction Actions

2023 Actions

In the third quarter of 2023, we approved a restructuring plan (the "2023 Plan") to further optimize the European footprint of our Materials Group reportable segment by reducing operations in a manufacturing facility in Belgium. The cumulative charges associated with the 2023 Plan consisted of severance and related costs for the reduction of approximately 210 positions as well as asset impairment charges. During 2023 we recorded \$30.4 million in restructuring charges related to the 2023 Plan. The activities related to the 2023 Plan are expected to be substantially completed by mid-2025.

We recorded \$49.0 million in restructuring charges, net of reversals, related to other 2023 actions (collectively with the 2023 Plan, "2023 Actions"). These charges consisted of severance and related costs for the reduction of approximately 1,450 positions and asset impairment charges at numerous locations across our company.

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2019/2020 Actions

During 2022, we recorded \$7.3 million in restructuring charges, net of reversals, related to our 2019/2020 actions. These charges consisted of severance and related costs for the reduction of approximately 830 positions and asset impairment charges at numerous locations across our company, reflecting actions in both our reportable segments. The actions in our Materials Group reportable segment were primarily associated with consolidations of its operations in North America and its graphics business in Europe, in part in response to the pandemic. The actions in our Solutions Group reportable segment were primarily related to global headcount and footprint reduction, with some actions accelerated and expanded in response to the pandemic. Our activities related to our 2019/2020 actions began in the fourth quarter of fiscal year 2019 and continued through fiscal year 2022.

We realized approximately \$69 million and \$26 million, respectively, in savings from restructuring, net of transition costs, primarily related to our 2023 actions in 2023 and our 2019/2020 actions in 2022.

Restructuring charges were included in "Other expense (income), net" in the Consolidated Statements of Income. Refer to Note 13, "Cost Reduction Actions," to the Consolidated Financial Statements for more information.

Accounting Guidance Updates

Refer to Note 1, "Summary of Significant Accounting Policies," to the Consolidated Financial Statements for this information.

Cash Flow

(In millions)	2023	2022	2021
Net cash provided by operating activities	\$ 826.0	\$ 961.0	\$ 1,046.8
Purchases of property, plant and equipment	(265.3)	(278.1)	(255.0)
Purchases of software and other deferred charges	(19.8)	(20.4)	(17.1)
Proceeds from company-owned life insurance policies	48.1	—	—
Proceeds from sales of property, plant and equipment	1.0	2.3	1.1
Proceeds from insurance and sales (purchases) of investments, net	1.9	1.9	3.1
Payments for certain acquisition-related transaction costs	—	.6	18.8
Adjusted free cash flow	\$ 591.9	\$ 667.3	\$ 797.7

In 2023, net cash provided by operating activities decreased compared to 2022 primarily due to lower net income and higher tax payments, net of refunds, partially offset by changes in operational working capital and lower incentive compensation payments. In 2023, adjusted free cash flow decreased compared to 2022 primarily due to lower net cash provided by operating activities, partially offset by higher proceeds from company-owned life insurance policies and lower purchases of property, plant and equipment.

Outlook

Certain factors that we believe will contribute to our 2024 results are described below.

- We anticipate net sales to increase due to higher volume as our markets improve following significant inventory destocking downstream from our company in 2023, which we may partially offset with deflation-related pricing actions.
- We anticipate incremental savings from restructuring actions, net of transition costs.
- We expect an insignificant impact to our full-year operating income from foreign currency translation, based on recent rates.
- We expect our full-year effective tax rate to be in the mid-twenty percent range.

ANALYSIS OF RESULTS OF OPERATIONS

Income before Taxes

(In millions, except percentages)	2023		2022		2021
Net sales	\$	8,364.3	\$	9,039.3	\$ 8,408.3
Cost of products sold		6,086.8		6,635.1	6,095.5
Gross profit		2,277.5		2,404.2	2,312.8
Marketing, general and administrative expense		1,313.7		1,330.8	1,248.5
Other expense (income), net		180.9		(.6)	5.6
Interest expense		119.0		84.1	70.2
Other non-operating expense (income), net		(30.8)		(9.4)	(4.1)
Income before taxes	\$	694.7	\$	999.3	\$ 992.6
Gross profit margin		27.2 %		26.6 %	27.5 %

Gross Profit Margin

Gross profit margin in 2023 increased compared to 2022 primarily due to benefits from productivity initiatives, including temporary cost-saving actions, material re-engineering and savings from restructuring actions, net of transition costs, and the net impact of pricing and raw material inputs costs, partially offset by lower volume and higher employee-related costs.

Gross profit margin in 2022 decreased compared to 2021 primarily due to the net impact of higher selling prices, higher raw material costs and higher freight costs, as well as higher employee-related costs, partially offset by higher volume/mix primarily related to the impact of acquisitions.

Marketing, General and Administrative Expense

Marketing, general and administrative expense decreased in 2023 compared to 2022 primarily due to benefits from productivity initiatives, including temporary cost-saving actions and savings from restructuring actions, net of transition costs, partially offset by higher employee-related costs and growth investments.

Marketing, general and administrative expense increased in 2022 compared to 2021 primarily due to the impact of acquisitions and growth investments, partially offset by the impact of favorable foreign currency translation.

Other Expense (Income), Net

(In millions)	2023		2022		2021
Other expense (income), net by type					
Restructuring charges:					
Severance and related costs	\$	70.8	\$	7.6	\$ 10.5
Asset impairment charges and lease cancellation costs		8.6		.1	3.1
Other items:					
Outcomes of legal proceedings, net		64.3		6.3	(.4)
Argentine peso remeasurement loss		29.9		—	—
Transaction and related costs		5.3		.3	20.9
(Gain) loss on venture investments		1.5		(13.5)	(23.0)
(Gain) loss on sales of assets		.5		(1.4)	.2
Gain on sale of product line		—		—	(5.7)
Other expense (income), net	\$	180.9	\$	(.6)	\$ 5.6

Refer to Note 13, "Cost Reduction Actions," to the Consolidated Financial Statements for more information regarding restructuring charges.

Refer to Note 9, "Fair Value Measurements," to the Consolidated Financial Statements for more information regarding gains on venture investments.

Refer to Note 8, "Contingencies," and Note 15, "Segment and Disaggregated Revenue Information," to the Consolidated Financial Statements for more information regarding outcomes of legal proceedings.

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Interest Expense

Interest expense increased by approximately \$34.9 million in 2023 compared to 2022, primarily as a result of higher interest rates on borrowings and higher debt levels.

Interest expense increased by approximately \$13.9 million in 2022 compared to 2021, primarily as a result of additional interest from the \$800 million of senior notes we issued in August 2021 and higher interest rates on short-term borrowings.

Other Non-Operating Expense (Income), Net

Other non-operating income increased in 2023 compared to 2022 due to higher interest income, primarily in Argentina.

Net Income and Earnings per Share

(In millions, except percentages and per share amounts)	2023		2022		2021
Income before taxes	\$	694.7	\$	999.3	\$ 992.6
Provision for income taxes		191.7		242.2	248.6
Equity method investment (losses) gains		—		—	(3.9)
Net income	\$	503.0	\$	757.1	\$ 740.1
Net income per common share	\$	6.23	\$	9.28	\$ 8.93
Net income per common share, assuming dilution		6.20		9.21	8.83
Effective tax rate		27.6 %		24.2 %	25.0 %

Provision for Income Taxes

Our effective tax rate in 2023 increased compared to 2022 primarily due to higher non-deductible expenses resulting from the impact of the Argentine peso remeasurement loss, higher tax charges from the recognition of uncertain tax positions in certain foreign jurisdictions, and lower U.S. federal return-to-provision benefits. Our effective tax rate in 2022 decreased compared to 2021 primarily due to higher benefits related to the settlement of certain foreign tax audits, partially offset by U.S. federal return-to-provision benefits that were lower than in 2021.

Many countries have enacted, or plan to enact, changes to their tax laws based on the Organization for Economic Cooperation and Development ("OECD") Base Erosion and Profit Shifting recommendations to implement a global minimum tax, namely the Pillar Two framework. The first component of the Pillar Two framework is expected to be effective for our company in 2024, with a second component expected to be effective in 2025. While we do not expect the implementation of a global minimum tax to have a material impact on our effective tax rate, our analysis is ongoing as the OECD continues to release additional guidance and countries implement legislation.

Our effective tax rate can vary from period to period due to a variety of factors, such as changes in our mix of earnings in countries with differing statutory tax rates, changes in our tax reserves, settlements of income tax audits, changes in tax laws and regulations, return-to-provision adjustments, tax impacts related to stock-based payments, and our execution of tax planning strategies.

Refer to Note 14, "Taxes Based on Income," to the Consolidated Financial Statements for more information.

RESULTS OF OPERATIONS BY REPORTABLE SEGMENT

Operating income refers to income before taxes, interest and other non-operating expense (income), net.

Materials Group

(In millions)	2023		2022		2021
Net sales including intersegment sales	\$	5,968.4	\$	6,632.2	\$ 6,312.3
Less intersegment sales		(157.1)		(137.1)	(105.8)
Net sales	\$	5,811.3	\$	6,495.1	\$ 6,206.5
Operating income ⁽¹⁾		700.9		859.3	883.3
⁽¹⁾ Included charges associated with restructuring actions and related costs in all years, Argentine peso remeasurement loss and loss on sale of assets in 2023, outcomes of legal proceedings in 2023 and 2021, gain on venture investment in 2022, and gain on sale of product line, gain on sale of assets, and transaction and related costs in 2021	\$	88.3	\$	(13.4)	\$ (25.7)

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Net Sales

The factors impacting reported net sales change are shown in the table below.

	2023	2022
Reported net sales change	(11)%	5 %
Foreign currency translation	—	6
Sales change ex. currency ⁽¹⁾	(10)	11
Organic sales change ⁽¹⁾	(10)%	11 %

⁽¹⁾ Totals may not sum due to rounding.

In 2023, net sales decreased on an organic basis compared to the same period in the prior year due to lower volume driven primarily by inventory destocking, partially offset by the impact of pricing actions. On an organic basis, net sales decreased by a low double-digit rate in North America, a mid-to-high teens rate in Western Europe and a mid-to-high single digit rate in emerging markets.

In 2022, net sales increased on an organic basis compared to the same period in the prior year due to pricing actions, partially offset by lower volume/mix. On an organic basis, net sales increased a low double-digit rate in North America, a high-teens rate in Western Europe and by a mid-to-high single digit rate in emerging markets.

Operating Income

Operating income decreased in 2023 compared to the same period in 2022 primarily due to lower volume, higher restructuring charges and the Argentine peso remeasurement loss, partially offset by benefits from productivity initiatives, including temporary cost-saving actions, material re-engineering and savings from restructuring actions, net of transition costs, and the net impact of pricing and raw material input costs.

Operating income decreased in 2022 compared to the same period in 2021 primarily due to unfavorable volume/mix, the impact of unfavorable foreign currency translation, higher employee-related costs and the impact of a Brazil indirect tax credit in the prior year, partially offset by the net impact of higher selling prices, higher raw material costs and higher freight costs.

Solutions Group

(In millions)	2023		2022		2021
Net sales including intersegment sales	\$	2,588.5	\$	2,581.6	\$ 2,239.1
Less intersegment sales		(35.5)		(37.4)	(37.3)
Net sales	\$	2,553.0	\$	2,544.2	\$ 2,201.8
Operating income ⁽¹⁾		165.7		302.3	257.2
⁽¹⁾ Included charges associated with restructuring actions, outcomes of legal proceedings, and transaction and related costs in all years, loss on venture investments in 2023, gain on sales of assets in 2022, loss on sale of asset and gain on venture investments in 2021.	\$	86.3	\$	7.8	\$ 36.6

Net Sales

The factors impacting reported net sales change are shown in the table below.

	2023	2022
Reported net sales change	— %	16 %
Reclassification of sales between segments	—	(1)
Foreign currency translation	2	4
Sales change ex. currency ⁽¹⁾	2	19
Acquisitions	(3)	(14)
Organic sales change ⁽¹⁾	(1)%	5 %

⁽¹⁾ Totals may not sum due to rounding.

In 2023, on an organic basis, net sales increased by a high single-digit rate in high-value categories and decreased by a low-double digit rate in the base business compared to the prior year. Company-wide, on an organic basis, sales of Intelligent Label solutions increased by a low-double digit rate compared to the prior year.

In 2022, on an organic basis, net sales increased by a mid-teens rate in high-value categories and decreased by a low-single digit rate in the base business compared to the prior year. Company-wide, on an organic basis, sales of Intelligent Label solutions increased by a mid-teens rate compared to the prior year.

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Operating Income

Operating income decreased in 2023 compared to 2022 primarily due to an increased accrual for the *Adasa* legal matter (described in Note 8, "Contingencies" to the Consolidated Financial Statements), higher employee-related costs, lower volume, growth investments and the impact of unfavorable foreign currency translation, partially offset by benefits from productivity initiatives, including temporary cost-saving actions and savings from restructuring actions, net of transition costs.

Operating income increased in 2022 compared to 2021 primarily due to the combined benefit of higher organic volume and acquisitions, the impact of legal proceedings in the prior year, and lower transaction and related costs, partially offset by higher amortization of other intangibles resulting from business acquisitions, growth investments and higher employee-related costs.

FINANCIAL CONDITION

Liquidity

Operating Activities

(In millions)	2023	2022	2021
Net income	\$ 503.0	\$ 757.1	\$ 740.1
Depreciation	187.4	177.4	167.3
Amortization	111.0	113.3	76.8
Provision for credit losses and sales returns	49.9	50.1	35.7
Stock-based compensation	22.3	47.4	37.2
Deferred taxes and other non-cash taxes	(24.4)	18.4	2.6
Other non-cash expense and loss (income and gain), net	37.1	23.5	11.7
Trade accounts receivable	(16.7)	(22.1)	(113.2)
Inventories	111.7	(140.7)	(182.7)
Accounts payable	(87.6)	68.2	255.2
Taxes on income	(18.7)	18.9	(7.3)
Other assets	37.7	15.3	4.1
Other liabilities	(86.7)	(165.8)	19.3
Net cash provided by operating activities	\$ 826.0	\$ 961.0	\$ 1,046.8

In 2023, cash flow provided by operating activities decreased compared to 2022 primarily due to lower net income and higher tax payments, net of refunds, partially offset by changes in operational working capital and lower incentive compensation payments.

In 2022, cash flow provided by operating activities decreased compared to 2021 primarily due to changes in operational working capital, higher incentive compensation payments and the timing of payroll payments, partially offset by higher net income and lower income tax payments, net of refunds.

Investing Activities

(In millions)	2023	2022	2021
Purchases of property, plant and equipment	\$ (265.3)	\$ (278.1)	\$ (255.0)
Purchases of software and other deferred charges	(19.8)	(20.4)	(17.1)
Proceeds from company-owned life insurance policies	48.1	—	—
Proceeds from sales of property, plant and equipment	1.0	2.3	1.1
Proceeds from insurance and sales (purchases) of investments, net	1.9	1.9	3.1
Proceeds from sale of product line and venture investment	—	1.1	7.6
Payments for acquisitions, net of cash acquired, and venture investments	(224.9)	(39.5)	(1,477.6)
Net cash used in investing activities	\$ (459.0)	\$ (332.7)	\$ (1,737.9)

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Purchases of Property, Plant and Equipment

In 2023, in our Solutions Group reportable segment, we primarily invested in buildings and equipment to support growth in certain countries in Asia Pacific, primarily Malaysia, in the U.S. and in certain countries in Latin America, primarily Mexico; in our Materials Group reportable segment, we primarily invested in buildings and equipment to support growth in the U.S. and in certain countries in Europe, primarily France, and in Asia Pacific, primarily China. In 2022, in our Solutions Group reportable segment, we primarily invested in buildings and equipment to support growth in certain countries in Asia Pacific, including Malaysia, China and Vietnam, and in the U.S.; in our Materials Group reportable segment, we primarily invested in buildings and equipment in the U.S. and certain countries in Europe, primarily France, and Latin America, primarily Brazil. In 2021, in our Materials Group reportable segment, we primarily invested in equipment to support growth in the U.S. and certain countries in Asia Pacific, including India and China, and Europe, including France and Luxembourg; in our Solutions Group reportable segment we primarily invested in equipment to support growth in certain countries in Asia Pacific, including China, Malaysia and Bangladesh, and in the U.S.

Purchases of Software and Other Deferred Charges

In 2023, 2022 and 2021, we invested in information technology upgrades worldwide.

Proceeds from Company-Owned Life Insurance Policies

In 2023, we utilized approximately \$48 million of the cash surrender value available under our company-owned life insurance policies.

Proceeds from Sale of Product Line and Venture Investment

In 2022, we received proceeds of \$1.1 million from the sale of a venture investment. In 2021, proceeds from the sale of a product line were in our Materials Group reportable segment.

Payments for Acquisitions, Net of Cash Acquired, and Venture Investments

We paid consideration, net of cash acquired, of approximately \$223 million for the 2023 Acquisitions and \$30 million for the 2022 Acquisitions. We funded the 2023 Acquisitions and 2022 Acquisitions using cash and commercial paper borrowings. In 2021, we paid consideration, net of cash acquired, of approximately \$1.44 billion to acquire CB Velocity Holdings, LLC ("Vestcom") and \$32 million to acquire ZippyYum, LLC ("ZippyYum") and JDC Solutions, Inc. ("JDC"). We funded the Vestcom acquisition using the net proceeds from the senior notes we issued in August 2021, commercial paper borrowings and cash. We funded the ZippyYum and JDC acquisitions using cash and commercial paper borrowings. We also made certain venture investments in 2023, 2022 and 2021.

Refer to Note 2, "Business Acquisitions," to the Consolidated Financial Statements for more information.

Financing Activities

(In millions)		2023		2022		2021
Net increase (decrease) in borrowings with maturities of three months or less	\$	(36.6)	\$	34.6	\$	259.2
Additional long-term borrowings		394.9		—		791.7
Repayments of long-term debt and finance leases		(255.9)		(6.3)		(13.4)
Dividends paid		(256.7)		(238.9)		(220.6)
Share repurchases		(137.5)		(379.5)		(180.9)
Net (tax withholding) proceeds related to stock-based compensation		(23.8)		(25.1)		(25.4)
Other		(1.6)		—		(6.3)
Net cash (used in) provided by financing activities	\$	(317.2)	\$	(615.2)	\$	604.3

Borrowings and Repayment of Debt

During 2023, 2022 and 2021, our commercial paper borrowings were used to fund acquisitions, dividend payments, share repurchases, capital expenditures and other general corporate purposes.

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In March 2023, we issued \$400 million of senior notes, due March 15, 2033, which bear an interest rate of 5.750% per year, payable semiannually in arrears. Our net proceeds from this issuance, after deducting underwriting discounts and offering expenses, were \$394.9 million, which we used to repay both existing indebtedness under our commercial paper programs and our \$250 million aggregate principal amount of senior notes that matured on April 15, 2023.

In August 2021, we issued \$500 million of senior notes, due February 15, 2032, which bear an interest rate of 2.250%, payable semiannually in arrears. Our net proceeds from this issuance, after deducting underwriting discounts and offering expenses, were \$493.7 million. Additionally, in August 2021, we issued \$300 million of senior notes, due August 15, 2024, which we can repay without penalty on or after August 15, 2022 and bear an interest rate of 0.850%, payable semiannually in arrears. Our net proceeds from this issuance, after deducting underwriting discounts and offering expenses, were \$298 million. We used the net proceeds from these two debt issuances to finance a portion of the Vestcom acquisition.

Refer to Note 2, "Business Acquisitions," and Note 4, "Debt," to the Consolidated Financial Statements for more information.

Dividends Paid

We paid dividends per share of \$3.18, \$2.93 and \$2.66 in 2023, 2022 and 2021, respectively. In April 2023, we increased our quarterly dividend rate to \$.81 per share, representing an increase of approximately 8% from our previous quarterly dividend rate of \$.75 per share. In April 2022, we increased our quarterly dividend to \$.75 per share, representing an increase of approximately 10% from our previous dividend rate of \$.68 per share.

Share Repurchases

From time to time, our Board authorizes the repurchase of shares of our outstanding common stock. Repurchased shares may be reissued under our long-term incentive plan or used for other corporate purposes. In 2023, 2022 and 2021, we repurchased approximately 0.8 million, 2.2 million and 0.9 million shares of our common stock, respectively.

In April 2022 our Board authorized the repurchase of shares of our common stock with a fair market value of up to \$750 million, excluding any fees, commissions or other expenses related to such purchases and in addition to any amount outstanding under our previous Board authorization. Shares of our common stock in the aggregate amount of \$592.8 million as of December 30, 2023 remained authorized for repurchase under this Board authorization. Board authorizations remain in effect until shares in the amount authorized thereunder have been repurchased.

Net (Tax Withholding) Proceeds Related to Stock-Based Compensation

In 2023, tax withholding for stock-based compensation was comparable to 2022 and 2021.

Approximately .02 million stock options were exercised in 2021. Refer to Note 12, "Long-Term Incentive Compensation," to the Consolidated Financial Statements for more information.

Analysis of Selected Balance Sheet Accounts

Long-lived Assets

Property, plant and equipment, net, increased by approximately \$86 million to \$1.63 billion at year-end 2023, which primarily reflected purchases of property, plant and equipment and the impact of foreign currency translation, partially offset by depreciation expense.

Goodwill increased by approximately \$151 million to \$2.01 billion at year-end 2023, which reflected the impact of the acquired goodwill associated with the 2023 Acquisitions and foreign currency translation.

Other intangibles resulting from business acquisitions, net, increased by approximately \$9 million to \$849.1 million at year-end 2023, reflecting the valuation of intangible assets associated with the 2023 Acquisitions, partially offset by current year amortization expense.

Refer to Note 3, "Goodwill and Other Intangibles Resulting from Business Acquisitions," to the Consolidated Financial Statements for more information.

Other assets decreased by approximately \$1 million to \$809.6 million at year-end 2023, primarily reflecting the utilization of the cash surrender value available under our company-owned life insurance policies, partially offset by higher operating lease assets.

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Long-term Retirement Benefits and Other Liabilities

Other long-term retirement benefits and other liabilities increased by approximately \$133 million to \$500.3 million at year-end 2023, primarily reflecting the contingent liability recorded for the Adasa legal matter and higher operating lease liabilities.

Shareholders' Equity Accounts

The balance of our shareholders' equity increased by approximately \$96 million to \$2.13 billion at year-end 2023. Refer to Note 11, "Supplemental Equity and Comprehensive Income Information," to the Consolidated Financial Statements for more information.

Impact of Foreign Currency Translation

(In millions)		2023	2022
Change in net sales	\$	(58) \$	(417)

In 2023, international operations generated approximately 69% of our net sales. Our future results are subject to changes in political, social and economic conditions in the regions in which we operate and the impact of fluctuations in foreign currency exchange rates.

The unfavorable impact of foreign currency translation on net sales in 2023 compared to 2022 was primarily related to sales in China, partially offset by favorable impact from euro-denominated sales.

Effect of Foreign Currency Transactions

The impact on net income from transactions denominated in foreign currencies is largely mitigated because the costs of our products are generally denominated in the same currencies in which they are sold. In addition, to reduce our income and cash flow exposure to transactions in foreign currencies, we enter into foreign exchange forward, option and swap contracts where available and appropriate. Refer to Note 5, "Financial Instruments," to the Consolidated Financial Statements for more information.

During 2023, the Argentine peso devalued significantly compared to the U.S. dollar which resulted in remeasurement loss of approximately \$30 million which was included in "Other expense (income), net" in the Consolidated Statements of Income.

Analysis of Selected Financial Ratios

We utilize the financial ratios discussed below to assess our financial condition and operating performance. We believe this information assists our investors in understanding the factors impacting our cash flow other than net income and capital expenditures.

Operational Working Capital Ratio

Operational working capital, as a percentage of annualized current-quarter net sales, is reconciled to working capital (deficit) below. Our objective is to minimize our investment in operational working capital, as a percentage of annualized current-quarter net sales, to maximize our cash flow and return on investment. Operational working capital, as a percentage of annualized current-quarter net sales, in 2023 was lower than in 2022. Further information regarding the components of operational working capital is provided below.

(In millions, except percentages)		2023	2022
(A) Working capital (deficit)	\$	96.5 \$	(17.8)
Reconciling items:			
Cash and cash equivalents		(215.0)	(167.2)
Other current assets		(245.4)	(230.5)
Short-term borrowings and current portion of long-term debt and finance leases		622.2	598.6
Current income taxes payable and other current accrued liabilities		800.2	861.9
(B) Operational working capital	\$	1,058.5 \$	1,045.0
(C) Fourth-quarter net sales, annualized	\$	8,442.0 \$	8,103.6
Operational working capital, as a percentage of annualized current-quarter net sales (B) ÷ (C)		12.5 %	12.9 %

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Accounts Receivable Ratio

The average number of days sales outstanding was 61 days in 2023 compared to 62 days in 2022, calculated using the accounts receivable balance at year-end divided by the average daily sales in the fourth quarter of 2023 and 2022, respectively.

Inventory Ratio

Average inventory turnover was 6.6 in 2023 compared to 6.0 in 2022, calculated using the annualized fourth-quarter cost of products sold in 2023 and 2022, respectively, and divided by the inventory balance at the respective year-end. The increase in average inventory turnover primarily reflected higher prior-year inventory balances due to customer inventory destocking.

Accounts Payable Ratio

The average number of days payable outstanding was 77 days in 2023 compared to 80 days in 2022, calculated using the accounts payable balance at year-end divided by the annualized fourth-quarter cost of products sold in 2023 and 2022, respectively. The decrease in the average number of days payable outstanding from the prior year primarily reflected the timing of vendor payments, the impact of acquisitions and the impact of foreign currency translation.

Capital Resources

Capital resources include cash flows from operations, cash and cash equivalents and debt financing, including access to commercial paper borrowings supported by the Revolver. We use these resources to fund our operational needs.

At year-end 2023, we had cash and cash equivalents of \$215.0 million held in accounts at third-party financial institutions in numerous locations throughout the world. At year-end 2023, the majority of our cash and cash equivalents was held by our foreign subsidiaries, primarily in the Asia Pacific region.

To meet our U.S. cash requirements, we have several cost-effective liquidity options available. These options include borrowing funds at reasonable rates, including borrowings from our foreign subsidiaries, and repatriating foreign earnings and profits. However, if we were to repatriate foreign earnings and profits, a portion would be subject to cash payments of withholding taxes imposed by foreign tax authorities. Additional U.S. taxes may also result from the impact of foreign currency fluctuations related to these earnings and profits.

In January 2023, we extended the maturity date of the Revolver by one year to February 13, 2026, and increased the commitments by \$400 million, from \$800 million to \$1.2 billion. Additionally, we amended the Revolver to replace the LIBOR benchmark interest rate with Term SOFR, Euribor and SONIA benchmark interest rates. We use the Revolver as a back-up facility for our commercial paper program and for other corporate purposes.

The Revolver contains a financial covenant that requires us to maintain a maximum leverage ratio (calculated as a ratio of consolidated debt to consolidated EBITDA as defined in the agreement) of not more than 3.50 to 1.00; provided that, in the event of an acquisition by us that exceeds \$250 million, which occurred when we acquired Vestcom, the maximum leverage ratio increases to 4.00 to 1.00 for the fiscal quarter in which the acquisition occurs and the three fiscal quarters immediately following that fiscal quarter. As of December 30, 2023 and December 31, 2022, our ratio was substantially below the maximum ratio allowed by the Revolver.

In addition to the Revolver, we have short-term lines of credit available in various countries of approximately \$327 million in the aggregate at December 30, 2023. These lines may be cancelled at any time by us or the issuing banks. Short-term borrowings outstanding under these lines of credit were \$1.0 million and \$2.4 million at December 30, 2023 and December 31, 2022, respectively, with weighted average interest rates of 2.24% and 0.64%, respectively. Refer to Note 4, "Debt," to the Consolidated Financial Statements for more information.

We are exposed to financial market risk resulting from changes in interest and foreign currency exchange rates, and to possible liquidity and credit risks of our counterparties.

We currently anticipate using cash flows from operations and commercial paper borrowings to repay the \$300 million of senior notes we issued in 2021, which mature in the third quarter of 2024.

Capital from Debt

The carrying value of our total debt increased by approximately \$142 million to \$3.24 billion at year-end 2023 from 2022, primarily reflecting our issuance of \$400 million of senior notes in March 2023 and the revaluation of our euro-denominated senior notes, partially offset by the repayment of our \$250 million of senior notes maturing in April 2023 and a net decrease in commercial paper borrowings.

Credit ratings are a significant factor in our ability to raise short- and long-term financing. The credit ratings assigned to our company also impact the interest rates we pay and our access to commercial paper, credit facilities, and other borrowings. A downgrade of our short-term credit ratings could impact our ability to access commercial paper markets. If our access to commercial paper markets were to become limited, the Revolver and our other credit facilities would be available

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to meet our short-term funding requirements. When determining our credit rating, we believe that rating agencies primarily consider our competitive position, business outlook, consistency of cash flows, debt level and liquidity, geographic footprint and management team. We remain committed to maintaining an investment grade rating.

Fair Value of Debt

The estimated fair value of our long-term debt is primarily based on the credit spread above U.S. Treasury securities or euro government bond securities, as applicable, on notes with similar rates, credit ratings and remaining maturities. The fair value of short-term borrowings, which includes commercial paper issuances and short-term lines of credit, approximates their carrying value given their short duration. The fair value of our total debt was \$3.11 billion at December 30, 2023 and \$2.85 billion at December 31, 2022. Fair value amounts were determined based primarily on Level 2 inputs, which are inputs other than quoted prices in active markets that are either directly or indirectly observable. Refer to Note 1, "Summary of Significant Accounting Policies," for more information.

Contractual Obligations, Commitments and Off-Balance Sheet Arrangements

Material Cash Requirements at End of Year 2023

We have short- and long-term material cash requirements related to our contractual obligations that arise in the normal course of business. In addition to principal and interest payments on our outstanding debt obligations, our contractual obligations primarily consist of lease payments and purchase commitments.

Refer to Note 4, "Debt," to the Consolidated Financial Statements for a summary of our principal payments for short-term borrowings and long-term debt obligations as of December 30, 2023. Future interest payments for long-term debt as of December 30, 2023 are approximately \$90 million in 2024; \$87 million in 2025; \$78 million in 2026; \$78 million in 2027; \$78 million in 2028; and \$199 million from 2029 through maturity.

As of December 30, 2023, we have a commitment to purchase approximately \$164 million of raw materials in fiscal year 2024.

Refer to Note 7, "Commitments and Leases," to the Consolidated Financial Statements for a summary of our lease obligations as of December 30, 2023.

Refer to Note 6, "Pension and Other Postretirement Benefits," to the Consolidated Financial Statements for information regarding our defined benefit pension plan contributions and future benefit payments, deferred compensation plan benefit payments and unfunded termination indemnity benefits.

Refer to Note 12, "Long-term Incentive Compensation," to the Consolidated Financial Statements for information regarding cash-based awards to employees under one of our long-term incentive compensation plans.

Refer to Note 14, "Taxes Based on Income," to the Consolidated Financial Statements for more information regarding our unrecognized tax benefits of approximately \$88 million.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with GAAP requires our management to make estimates and assumptions for the reporting period and as of the financial statement date. These estimates and assumptions affect our reported amounts of assets and liabilities, disclosure of contingent liabilities, and reported amounts of revenue and expense. Actual results could differ from these estimates.

Critical accounting estimates are those that are important to our financial condition and results, and which require us to make difficult, subjective and/or complex judgments. Critical accounting estimates cover accounting matters that are inherently uncertain because their future resolution is unknown. We believe our critical accounting estimates include accounting for goodwill, business combinations, pension and postretirement benefits, taxes based on income and long-term incentive compensation.

Goodwill

Business combinations are accounted for using the acquisition method, with the excess of the acquisition cost over the fair value of net tangible assets and identified intangible assets acquired considered goodwill. As a result, we disclose goodwill separately from other intangible assets. Our reporting units are composed of either a discrete business or an aggregation of businesses with similar economic characteristics.

We perform our annual impairment test of goodwill during the fourth quarter. Certain factors may cause us to perform an impairment test prior to the fourth quarter, including significant underperformance of a business relative to expected operating results, significant adverse economic and industry trends, significant decline in our market capitalization for an extended period of time relative to net book value, or a decision to divest a portion of a reporting unit. In performing impairment tests, we have the option to first assess qualitative factors to determine whether it is necessary to perform a quantitative assessment for goodwill impairment. If the qualitative assessment indicates that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value, we perform a quantitative assessment.

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A quantitative assessment primarily consists of using the present value (discounted cash flow) method to determine the fair value of reporting units with goodwill. We compare the fair value of each reporting unit to its carrying amount, and, to the extent the carrying amount exceeds the unit's fair value, we recognize an impairment of goodwill for the excess up to the amount of goodwill of that reporting unit. In consultation with outside specialists, we estimate the fair value of our reporting units using various valuation techniques, with the primary technique being a discounted cash flow analysis. A discounted cash flow analysis requires us to make various assumptions about our reporting units, including their respective forecasted sales, operating margins and growth rates, as well as discount rates. Our assumptions about discount rates are based on the weighted average cost of capital for comparable companies. Our assumptions about sales, operating margins and growth rates are based on our forecasts, business plans, economic projections, anticipated future cash flows, and marketplace data. We also make assumptions for varying perpetual growth rates for periods beyond our long-term business plan period. We base our fair value estimates on projected financial information and assumptions that we believe are reasonable. However, actual future results may differ materially from these estimates and projections. The valuation methodology we use to estimate the fair value of reporting units requires inputs and assumptions that reflect current market conditions, as well as the impact of planned business and operational strategies that require management judgment. The estimated fair value could increase or decrease depending on changes in the inputs and assumptions.

In our annual impairment analysis in the fourth quarter of 2023, the goodwill of all reporting units in our Materials Group and Solutions Group reportable segments were tested utilizing a qualitative assessment. Based on this assessment, we determined that the fair values of these reporting units were more-likely-than-not greater than their respective carrying values. Therefore, the goodwill of our reporting units was not impaired.

Business Combinations

The results of acquired businesses are included in our Consolidated Financial Statements from their acquisition date. Assets and liabilities of an acquired business are recorded at their estimated fair values on the acquisition date. We engage third-party valuation specialists to assist us in determining these fair values where necessary. Any excess consideration over the fair value of assets acquired and liabilities assumed is recognized as goodwill.

The allocation of purchase price requires management to make significant estimates and assumptions. While we believe our assumptions and estimates are reasonable, they are inherently uncertain and based in part on our experience, market conditions, our projections of future performance, and information obtained from management of the acquired companies. Critical estimates include, but are not limited to, the following:

- Future revenue and profit margins;
- Royalty rates;
- Discount rates;
- Customer retention rates;
- Technology migration curves; and
- Useful lives assigned to acquired intangible assets.

Acquired identifiable finite-lived intangible assets are amortized on a straight-line basis over their respective estimated useful lives to marketing, general and administrative expense.

Pension and Postretirement Benefits

The assumptions we use in determining projected benefit obligations and the fair value of plan assets for our defined benefit pension plans and other postretirement benefit plans are evaluated by management in consultation with outside actuaries. In the event that we determine that changes are warranted in the assumptions we use, such as the discount rate, expected long-term rate of return or health care costs, future pension and postretirement benefit expenses could increase or decrease. Due to changes in market conditions or participant population, the actuarial assumptions we use may differ from actual results, which could have a significant impact on our pension and postretirement liabilities and related costs.

Discount Rate

In consultation with our actuaries, we annually review and determine the discount rates we use in valuing our postretirement obligations. The assumed discount rates for our non-U.S. pension plans reflect market rates for high quality corporate bonds currently available. Our discount rates are determined by evaluating yield curves consisting of large populations of high quality corporate bonds. The projected pension benefit payment streams are then matched with the bond portfolios to determine a rate that reflects the liability duration unique to our pension and postretirement benefit plans. As of December 30, 2023, a 0.25% increase in the discount rates associated with our non-U.S. plans would have decreased our year-end projected benefit obligation by \$27 million and decreased expected periodic benefit cost for the coming year by approximately \$1 million. Conversely, a 0.25% decrease in the discount rates associated with our non-U.S. plans would have increased our year-end projected benefit obligation by approximately \$27 million and would not have a significant impact on expected periodic benefit cost for the coming year.

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We use the full yield curve approach to estimate the service and interest cost components of net periodic benefit cost for our pension and other postretirement benefit plans. Using this approach, we apply multiple discount rates from a yield curve composed of the rates of return on several hundred high-quality, fixed income corporate bonds available at the measurement date. We believe this approach provides a more precise measurement of service and interest cost by aligning the timing of plan liability cash flows to the corresponding rates on the yield curve.

Long-term Return on Plan Assets

We determine the long-term rate of return assumption for plan assets by reviewing the historical and expected returns of both the equity and fixed income markets, taking into account our asset allocation, the correlation between returns in our asset classes, and our mix of active and passive investments. Additionally, current market conditions, including interest rates, are evaluated and market data is reviewed for reasonableness and appropriateness. An increase or decrease of 0.25% on the long-term return on assets associated with our non-U.S. plans would have decreased or increased our periodic benefit cost for the coming year by approximately \$2 million.

Taxes Based on Income

Because we are subject to income tax in the U.S. and multiple foreign jurisdictions, judgment is required in evaluating and estimating our worldwide provision for income taxes, accruals for taxes, deferred taxes and tax positions. Our provision for income taxes is determined using the asset and liability approach in accordance with GAAP. Deferred tax assets represent amounts available to reduce income taxes payable in future years. These assets arise because of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as from net operating losses and tax credit carryforwards. These amounts are adjusted, as appropriate, to reflect changes in tax rates expected to be in effect when the temporary differences reverse. We evaluate the realizability of these future tax deductions and credits by assessing the period over which recoverability is allowed by law and the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies. Our assessment of these sources of income relies heavily on estimates. Our forecasted earnings by jurisdiction are determined by how we operate our business and any changes to our operations may affect our effective tax rate. For example, our future income tax rate could be adversely affected by earnings being lower than anticipated in jurisdictions in which we have significant deferred tax assets that are dependent on such earnings to be realized. We use our historical experience and operating forecasts to evaluate expected future taxable income. To the extent we do not consider it more-likely-than-not that a deferred tax asset will be recovered, a valuation allowance is established in the period we make that determination.

We calculate our current and deferred tax provision based on estimates and assumptions that could differ from the actual results reflected in income tax returns filed in subsequent years. Adjustments based on filed returns are recorded when identified.

Tax laws and regulations are complex and subject to different interpretations by taxpayers and governmental taxing authorities. We review our tax positions quarterly and adjust the balances if and as new information becomes available. Significant judgment is required in determining our tax expense and evaluating our tax positions, including evaluating uncertainties. Our estimate of the potential outcome of any uncertain tax issue is subject to our assessment of relevant facts and circumstances existing at the balance sheet date, taking into consideration existing laws, regulations and practices of the governmental taxing authorities exercising jurisdiction over our operations. We recognize and measure our uncertain tax positions following the more-likely-than-not threshold for recognition and measurement for tax positions we take or expect to take on a tax return.

Refer to Note 14, "Taxes Based on Income," to the Consolidated Financial Statements for more information.

Long-Term Incentive Compensation

Valuation of Stock-Based Awards

We base our stock-based compensation expense on the fair value of awards, adjusted for estimated forfeitures, amortized on a straight-line basis over the requisite service period for stock options and restricted stock units ("RSUs"). We base compensation expense for performance units ("PUs") on the fair value of awards, adjusted for estimated forfeitures, and amortized on a straight-line basis as these awards cliff-vest at the end of the requisite performance period. We base compensation expense related to market-leveraged stock units ("MSUs") on the fair value of awards, adjusted for estimated forfeitures, and amortized on a graded-vesting basis over their respective performance periods.

Compensation expense for awards with a market condition as a performance objective, which includes PUs and MSUs, is not adjusted if the condition is not met, as long as the requisite service period is met.

We determine the fair value of RSUs and the component of PUs that is subject to the achievement of a performance objective based on a financial performance condition based on the fair market value of our common stock as of the date of the grant, adjusted for foregone dividends. Over the performance period of the PUs, the estimated number of shares of our common stock issuable upon vesting is adjusted upward or downward based on the probability of achieving the performance objectives established for the award.

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We determine the fair value of stock-based awards that are subject to achievement of performance objectives based on a market condition, which includes MSUs and the other component of PUs, using the Monte-Carlo simulation model, which utilizes multiple input variables, including expected stock price volatility and other assumptions appropriate for determining fair value, to estimate the probability of satisfying the respective target performance objectives established for the award.

Forfeiture Rate

Changes in estimated forfeiture rates are recorded as cumulative adjustments in the period estimates are revised.

Certain of our assumptions are based on management's estimates, in consultation with outside specialists. Significant changes in assumptions for future awards and actual forfeiture rates could materially impact our stock-based compensation expense and results of operations.

Valuation of Cash-Based Awards

Cash-based awards consist of long-term incentive units ("LTI Units") granted to eligible employees. LTI Units are classified as liability awards and remeasured at each quarter-end over the applicable vesting or performance period. In addition to LTI Units with terms and conditions that mirror those of RSUs, we also grant certain employees LTI Units with terms and conditions similar to those of PUs and MSUs.

RECENT ACCOUNTING REQUIREMENTS

Refer to Note 1, "Summary of Significant Accounting Policies," to the Consolidated Financial Statements for this information.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Risk Management

We are exposed to the impact of changes in foreign currency exchange rates and interest rates. We generally do not purchase or hold foreign currency or interest rate or commodity contracts for trading purposes.

Our objective in managing our exposure to foreign currency changes is to reduce the risk to our earnings and cash flow associated with foreign exchange rate changes. As a result, we enter into foreign exchange forward, option and swap contracts to reduce risks associated with the value of our existing foreign currency assets, liabilities, firm commitments and anticipated foreign revenues and costs, when available and appropriate. The gains and losses on these contracts are intended to offset changes in the related exposures. We do not hedge our foreign currency translation exposure in a manner that would entirely eliminate the effects of changes in foreign exchange rates on our net income.

Our objective in managing our exposure to interest rate changes is to reduce the impact of interest rate changes on earnings and cash flows. To achieve this objective, we may periodically use interest rate contracts to manage our exposure to interest rate changes.

Additionally, we enter into certain natural gas futures contracts to reduce the risks associated with natural gas we anticipate using in our manufacturing operations. These amounts are not material to our financial statements.

In the normal course of operations, we also face other risks that are either non-financial or non-quantifiable. These risks principally include changes in economic or political conditions, other risks associated with international operations, commodity price risk, and legal and compliance risk, which are not reflected in the analyses described below.

Foreign Exchange Value-At-Risk

We use a Value-At-Risk ("VAR") model to determine the estimated maximum potential one-day loss in earnings associated with our foreign exchange positions and contracts. This approach assumes that market rates or prices for foreign exchange positions and contracts are normally distributed. VAR model estimates are made assuming normal market conditions. The model includes foreign exchange derivative contracts. Forecasted transactions, firm commitments, accounts receivable and accounts payable denominated in foreign currencies, which certain of these instruments are intended to hedge, are excluded from the model.

The VAR model is a risk analysis tool and does not represent actual losses in fair value that we could incur, nor does it consider the potential effect of favorable changes in market factors.

In both 2023 and 2022, the VAR was estimated using a variance-covariance methodology. The currency correlation was based on one-year historical data obtained from one of our domestic banks. A 95% confidence level was used for a one-day time horizon.

The estimated maximum potential one-day loss in earnings for our foreign exchange positions and contracts was not significant at year-end 2023 or 2022.

Interest Rate Sensitivity

In 2023 and 2022, an assumed 41 and 12 basis point, respectively, increase in interest rates affecting our variable-rate borrowings (10% of our weighted average interest rate on floating rate debt) would not have had a significant impact on interest expense.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Avery Dennison Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Avery Dennison Corporation and its subsidiaries (the "Company") as of December 30, 2023 and December 31, 2022, and the related consolidated statements of income, of comprehensive income, of shareholders' equity and of cash flows for each of the three years in the period ended December 30, 2023, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 30, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 30, 2023 and December 31, 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 30, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 30, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition from Certain Product Revenue

As described in Notes 1 and 15 to the consolidated financial statements, revenue is recognized for an amount that reflects the consideration which is expected from the sale of products when the Company satisfies a performance obligation by transferring control of products to a customer. Management considers a number of factors in determining when control has been transferred to a customer, including the following: (i) the Company's present right to payment; (ii) the customer's legal title to the asset; (iii) physical possession of the asset; (iv) the customer's significant risks and rewards of ownership of the asset; and (v) the customer's acceptance of the asset. Control generally transfers to a customer at a point in time upon shipment or delivery, depending on the specific terms of sale with the customer. The Company's consolidated net sales were \$8,364.3 million for the year ended December 30, 2023, of which a majority relates to certain product revenue in the Company's Materials Group and Solutions Group reportable segments.

The principal consideration for our determination that performing procedures relating to revenue recognition from certain product revenue is a critical audit matter is a high degree of auditor effort in performing procedures related to the Company's revenue recognition from certain product revenue.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including controls over the recognition of certain product revenue as the amount of consideration which is expected from the sale of products when the Company satisfies a performance obligation. These procedures also included, among others (i) testing the completeness, accuracy, and occurrence of revenue recognized for a sample of revenue transactions by obtaining and inspecting source documents, such as purchase orders, invoices, contracts, proof of shipment, and subsequent payment receipts and (ii) confirming a sample of outstanding customer invoice balances as of December 30, 2023 and, for confirmations not returned, obtaining and inspecting source documents, such as invoices, proof of shipment, and subsequent payment receipts.

/s/ PricewaterhouseCoopers LLP

Los Angeles, California
February 21, 2024

We have served as the Company's auditor since at least 1960, which were the Company's first financial statements subject to SEC reporting requirements. We have not been able to determine the specific year we began serving as auditor of the Company or a predecessor company.

Consolidated Balance Sheets

(Dollars in millions, except per share amount)	December 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 215.0	\$ 167.2
Trade accounts receivable, less allowances of \$34.4 at year-end 2023 and 2022	1,414.9	1,374.4
Inventories	920.7	1,009.9
Other current assets	245.4	230.5
Total current assets	2,796.0	2,782.0
Property, plant and equipment, net	1,625.8	1,540.2
Goodwill	2,013.6	1,862.4
Other intangibles resulting from business acquisitions, net	849.1	840.3
Deferred tax assets	115.7	115.1
Other assets	809.6	810.5
	\$ 8,209.8	\$ 7,950.5
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term borrowings and current portion of long-term debt and finance leases	\$ 622.2	\$ 598.6
Accounts payable	1,277.1	1,339.3
Accrued payroll and employee benefits	213.4	228.5
Accrued trade rebates	142.4	173.8
Income taxes payable	57.6	76.2
Other current liabilities	386.8	383.4
Total current liabilities	2,699.5	2,799.8
Long-term debt and finance leases	2,622.1	2,503.5
Long-term retirement benefits and other liabilities	500.3	367.1
Deferred tax liabilities and income taxes payable	260.0	247.9
Commitments and contingencies (see Notes 7 and 8)		
Shareholders' equity:		
Common stock, \$1 par value per share, authorized – 400,000,000 shares at year-end 2023 and 2022; issued – 124,126,624 shares at year-end 2023 and 2022; outstanding – 80,495,585 and 80,810,016 shares at year-end 2023 and 2022, respectively	124.1	124.1
Capital in excess of par value	854.5	879.3
Retained earnings	4,691.8	4,414.6
Treasury stock at cost, 43,631,039 and 43,316,608 shares at year-end 2023 and 2022, respectively	(3,134.4)	(3,021.8)
Accumulated other comprehensive loss	(408.1)	(364.0)
Total shareholders' equity	2,127.9	2,032.2
	\$ 8,209.8	\$ 7,950.5

See Notes to Consolidated Financial Statements

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Consolidated Statements of Income

(In millions, except per share amounts)	2023		2022		2021
Net sales	\$	8,364.3	\$	9,039.3	\$ 8,408.3
Cost of products sold		6,086.8		6,635.1	6,095.5
Gross profit		2,277.5		2,404.2	2,312.8
Marketing, general and administrative expense		1,313.7		1,330.8	1,248.5
Other expense (income), net		180.9		(.6)	5.6
Interest expense		119.0		84.1	70.2
Other non-operating expense (income), net		(30.8)		(9.4)	(4.1)
Income before taxes		694.7		999.3	992.6
Provision for income taxes		191.7		242.2	248.6
Equity method investment (losses) gains		—		—	(3.9)
Net income	\$	503.0	\$	757.1	\$ 740.1

Per share amounts:					
Net income per common share	\$	6.23	\$	9.28	\$ 8.93
Net income per common share, assuming dilution	\$	6.20	\$	9.21	\$ 8.83

Weighted average number of shares outstanding:					
Common shares		80.7		81.6	82.9
Common shares, assuming dilution		81.1		82.2	83.8

See Notes to Consolidated Financial Statements

Consolidated Statements of Comprehensive Income

(In millions)	2023		2022		2021
Net income	\$	503.0	\$	757.1	\$ 740.1
Other comprehensive income (loss), net of tax:					
Foreign currency translation:					
Translation gain (loss)		(14.6)		(96.6)	30.7
Pension and other postretirement benefits:					
Net gain (loss) recognized from actuarial gain/loss and prior service cost/credit		(25.2)		6.3	27.9
Reclassifications to net income		(1.0)		2.8	4.4
Cash flow hedges:					
Gain (loss) recognized on cash flow hedges		(7.0)		4.9	5.4
Reclassifications to net income		3.7		1.5	(1.7)
Other comprehensive income (loss), net of tax		(44.1)		(81.1)	66.7
Total comprehensive income, net of tax	\$	458.9	\$	676.0	\$ 806.8

See Notes to Consolidated Financial Statements

Consolidated Statements of Shareholders' Equity

(Dollars in millions, except per share amounts)	Common stock, \$1 par value	Capital in excess of par value	Retained earnings	Treasury stock	Accumulated other comprehensive loss	Total
Balance as of January 2, 2021	\$ 124.1	\$ 862.1	\$ 3,349.3	\$ (2,501.0)	\$ (349.6)	\$ 1,484.9
Net income	—	—	740.1	—	—	740.1
Other comprehensive income (loss), net of tax	—	—	—	—	66.7	66.7
Repurchase of 925,425 shares for treasury	—	—	—	(180.9)	—	(180.9)
Issuance of 257,189 shares under stock-based compensation plans	—	.2	(7.2)	16.6	—	9.6
Contribution of 123,015 shares to 401(k) plan	—	—	19.1	5.5	—	24.6
Dividends of \$2.66 per share	—	—	(220.6)	—	—	(220.6)
Balance as of January 1, 2022	\$ 124.1	\$ 862.3	\$ 3,880.7	\$ (2,659.8)	\$ (282.9)	\$ 1,924.4
Net income	—	—	757.1	—	—	757.1
Other comprehensive income (loss), net of tax	—	—	—	—	(81.1)	(81.1)
Repurchase of 2,173,416 shares for treasury	—	—	—	(379.5)	—	(379.5)
Issuance of 223,676 shares under stock-based compensation plans	—	17.0	(4.4)	10.6	—	23.2
Contribution of 153,803 shares to 401(k) plan	—	—	20.1	6.9	—	27.0
Dividends of \$2.93 per share	—	—	(238.9)	—	—	(238.9)
Balance as of December 31, 2022	\$ 124.1	\$ 879.3	\$ 4,414.6	\$ (3,021.8)	\$ (364.0)	\$ 2,032.2
Net income	—	—	503.0	—	—	503.0
Other comprehensive income (loss), net of tax	—	—	—	—	(44.1)	(44.1)
Repurchase of 780,721 shares for treasury	—	—	—	(137.5)	—	(137.5)
Issuance of 297,885 shares under stock-based compensation plans	—	(24.8)	8.9	16.5	—	.6
Contribution of 168,404 shares to 401(k) plan	—	—	22.0	8.4	—	30.4
Dividends of \$3.18 per share	—	—	(256.7)	—	—	(256.7)
Balance as of December 30, 2023	\$ 124.1	\$ 854.5	\$ 4,691.8	\$ (3,134.4)	\$ (408.1)	\$ 2,127.9

See Notes to Consolidated Financial Statements

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Consolidated Statements of Cash Flows

(In millions)	2023		2022		2021
Operating Activities					
Net income	\$	503.0	\$	757.1	\$ 740.1
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation		187.4		177.4	167.3
Amortization		111.0		113.3	76.8
Provision for credit losses and sales returns		49.9		50.1	35.7
Stock-based compensation		22.3		47.4	37.2
Deferred taxes and other non-cash taxes		(24.4)		18.4	2.6
Other non-cash expense and loss (income and gain), net		37.1		23.5	11.7
Changes in assets and liabilities and other adjustments:					
Trade accounts receivable		(16.7)		(22.1)	(113.2)
Inventories		111.7		(140.7)	(182.7)
Accounts payable		(87.6)		68.2	255.2
Taxes on income		(18.7)		18.9	(7.3)
Other assets		37.7		15.3	4.1
Other liabilities		(86.7)		(165.8)	19.3
Net cash provided by operating activities		826.0		961.0	1,046.8
Investing Activities					
Purchases of property, plant and equipment		(265.3)		(278.1)	(255.0)
Purchases of software and other deferred charges		(19.8)		(20.4)	(17.1)
Proceeds from company-owned life insurance policies		48.1		—	—
Proceeds from sales of property, plant and equipment		1.0		2.3	1.1
Proceeds from insurance and sales (purchases) of investments, net		1.9		1.9	3.1
Proceeds from sale of product line and venture investment		—		1.1	7.6
Payments for acquisitions, net of cash acquired, and venture investments		(224.9)		(39.5)	(1,477.6)
Net cash used in investing activities		(459.0)		(332.7)	(1,737.9)
Financing Activities					
Net increase (decrease) in borrowings with maturities of three months or less		(36.6)		34.6	259.2
Additional long-term borrowings		394.9		—	791.7
Repayments of long-term debt and finance leases		(255.9)		(6.3)	(13.4)
Dividends paid		(256.7)		(238.9)	(220.6)
Share repurchases		(137.5)		(379.5)	(180.9)
Net (tax withholding) proceeds related to stock-based compensation		(23.8)		(25.1)	(25.4)
Other		(1.6)		—	(6.3)
Net cash (used in) provided by financing activities		(317.2)		(615.2)	604.3
Effect of foreign currency translation on cash balances		(2.0)		(8.6)	(2.8)
Increase (decrease) in cash and cash equivalents		47.8		4.5	(89.6)
Cash and cash equivalents, beginning of year		167.2		162.7	252.3
Cash and cash equivalents, end of year	\$	215.0	\$	167.2	\$ 162.7

See Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

We are a global materials science and digital identification solutions company that provides a wide range of branding and information solutions that optimize labor and supply chain efficiency, reduce waste, advance sustainability, circularity and transparency, and better connect brands and consumers. Our products and solutions include labeling and functional materials, radio-frequency identification ("RFID") inlays and tags, software applications that connect the physical and digital, and a variety of products and solutions that enhance branded packaging and carry or display information that improves the customer experience. We serve an array of industries worldwide, including home and personal care, apparel, general retail, e-commerce, logistics, food and grocery, pharmaceuticals and automotive.

Principles of Consolidation

Our Consolidated Financial Statements include the accounts of majority-owned and controlled subsidiaries. Intercompany accounts, transactions and profits are eliminated in consolidation.

Fiscal Year

Our fiscal years generally consist of 52 weeks, but every fifth or sixth fiscal year consists of 53 weeks; our 2023, 2022, and 2021 fiscal years consisted of 52-week periods ending December 30, 2023, December 31, 2022 and January 1, 2022, respectively.

Accounting Guidance Updates

Supplier Finance Programs

In the first quarter of 2023, we adopted guidance that requires disclosures of key supplier finance program terms, information about obligations under these programs and a rollforward of these obligations. This guidance was effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the disclosure on rollforward information, which is effective for fiscal years beginning after December 15, 2023. See Note 16, "Supplemental Financial Information," for more information.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, or GAAP, requires management to make estimates and assumptions for the reporting period and as of the date of our financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities and the reported amounts of revenue and expense. As the effects of future events cannot be determined, actual results could differ significantly from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents generally consist of cash on hand, deposits in banks, cash-in-transit, and bank drafts and short-term investments with maturities of three months or less when purchased or received. The carrying value of these assets approximates fair value due to the short maturity of these instruments.

Inventories

We state inventories at the lower of cost or net realizable value and categorize them as raw materials, work-in-progress, or finished goods. Cost is determined using the first-in, first-out method. We record inventory that is damaged, obsolete, excess and slow-moving to cost of products sold and we establish a lower cost basis for the inventory. Slow-moving inventory is reviewed by category and may be recognized partially or fully to cost of products sold depending on the type of product, level of usage and length of time the product has been included in inventory.

Trade Accounts Receivable

We record trade accounts receivable at the invoiced amount. Our allowance for credit losses reflects customer trade accounts receivable that are estimated to be partially or entirely uncollectible. These allowances are used to reduce gross trade receivables to their net realizable values. We record these allowances based on estimates related to the following:

- The financial condition of customers;
- The aging of receivable balances;
- Our historical collection experience; and
- Current and expected future macroeconomic and market conditions.

Property, Plant and Equipment

We generally compute depreciation using the straight-line method over the estimated useful lives of the respective assets, ranging from ten to 45 years for buildings and improvements and three to 15 years for machinery and equipment. Leasehold improvements are depreciated over the shorter of the useful life of the asset or the term of the associated leases. We expense maintenance and repair costs as incurred; we capitalize renewals and improvements. Upon the sale or retirement of assets, the accounts are relieved of the cost and the related accumulated depreciation, with any resulting gain or loss included in net income.

Leases

Our leases primarily relate to office and warehouse space, machinery, transportation, and equipment for information technology. We determine if an arrangement is a lease or contains a lease at inception. For lease accounting purposes, we do not separate lease and nonlease components, nor do we record operating or finance lease assets and liabilities for short-term leases. We have options to renew or terminate some of our leases. We evaluate renewal and termination options based on considerations available at the lease commencement date and over the lease term to determine if we are reasonably certain to exercise these options. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the lease commencement date to determine the present value of lease payments. We recognize expense for operating leases on a straight-line basis over the lease term, with variable lease payments recognized in the periods in which they are incurred.

Software

We capitalize software costs incurred during the application development stage of software development, including costs incurred for design, coding, installation to hardware, testing, and upgrades and enhancements that provide the software or hardware with additional functionalities and capabilities. We expense software costs, including internal and external training costs and maintenance costs, incurred during the preliminary project stage and the post-implementation and/or operation stage. In addition, we capitalize implementation costs incurred under a hosting arrangement that is a service contract. Capitalized software, which is included in "Other assets" in the Consolidated Balance Sheets, is amortized on a straight-line basis over the estimated useful life of the software, which is generally between five and ten years.

Venture Investments

We invest in privately held companies and utilize the measurement alternative for equity investments that do not have readily determinable fair values, measuring them at cost less impairment plus or minus observable price changes in orderly transactions. The carrying value of our venture investments is included in "Other assets" in the Consolidated Balance Sheets.

See Note 9, "Fair Value Measurements," for more information.

Impairment of Long-lived Assets

We record impairment charges when the carrying amounts of long-lived assets are determined not to be recoverable. We measure recoverability by comparing the undiscounted cash flows expected from the applicable asset or asset group's use and eventual disposition to its carrying value. We calculate the amount of impairment loss as the excess of the carrying value over the fair value. Historically, changes in market conditions and management strategy have caused us to reassess the carrying amount of our long-lived assets.

Goodwill and Other Intangibles Resulting from Business Acquisitions

We account for business combinations using the acquisition method, with the excess of the acquisition cost over the fair value of net tangible assets and identified intangible assets acquired considered goodwill. As a result, we disclose goodwill separately from other intangible assets. Other identifiable intangibles include customer relationships, patented and other developed technology, and trade names and trademarks.

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We perform an annual impairment test of goodwill during the fourth quarter and, as necessary, if changes in facts and circumstances that indicate the fair value of a reporting unit may be less than its carrying value. Factors that may cause us to perform an impairment test outside of our annual assessment include significant underperformance of a business relative to expected operating results, significant adverse economic and industry trends, significant decline in our market capitalization for an extended period of time relative to net book value, or our decision to divest a portion of a reporting unit. In performing impairment tests, we have the option to first assess qualitative factors to determine whether it is necessary to perform a quantitative assessment for goodwill impairment. If the qualitative assessment indicates that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value, we perform a quantitative assessment. A quantitative assessment primarily uses the present value (discounted cash flow) method to determine the fair value of reporting units with goodwill.

We compare the fair value of each reporting unit to its carrying amount, and, to the extent the carrying amount exceeds the unit's fair value, we recognize an impairment of goodwill for the excess up to the amount of goodwill of that reporting unit.

In consultation with outside specialists, we estimate the fair value of our reporting units using various valuation techniques, with the primary technique being a discounted cash flow analysis. A discounted cash flow analysis requires us to make various assumptions about our reporting units, including their respective forecasted sales, operating margins and growth rates, as well as discount rates. Our assumptions about discount rates are based on the weighted average cost of capital for comparable companies. Our assumptions about sales, operating margins and growth rates are based on our forecasts, business plans, economic projections, anticipated future cash flows, and marketplace data. We also make assumptions for varying perpetual growth rates for periods beyond our long-term business plan period. We base our fair value estimates on projected financial information and assumptions that we believe are reasonable. However, actual future results may differ materially from these estimates and projections. The valuation methodology we use to estimate the fair value of reporting units requires inputs and assumptions that reflect current market conditions, as well as the impact of planned business and operational strategies that require management judgment. The estimated fair value could increase or decrease depending on changes in the inputs and assumptions.

We test indefinite-lived intangible assets, consisting of trade names and trademarks, for impairment in the fourth quarter or whenever events or circumstances indicate that it is more-likely-than-not that their carrying amounts exceed their fair values. In performing the impairment tests, we have the option first to assess qualitative factors to determine whether it is necessary to perform a quantitative assessment for indefinite-lived intangible asset impairment. If we decide not to perform a qualitative assessment, or if the qualitative assessment indicates that it is more-likely-than-not that the fair value of an indefinite-lived intangible asset is less than its carrying value, we perform a quantitative assessment. Fair value is estimated as the discounted value of future revenues using a royalty rate that a third party would pay to use the asset. Variation in the royalty rates could impact our estimate of fair value. If the carrying amount of an asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

We amortize finite-lived intangible assets, consisting of customer relationships, patented and other developed technology, trade names and trademarks, and other intangibles, on a straight-line basis over their estimated useful lives.

See Note 3, "Goodwill and Other Intangibles Resulting from Business Acquisitions," for more information.

Foreign Currency

We translate asset and liability accounts of international operations into U.S. dollars at current rates. Revenues and expenses are translated at the weighted average currency rate for the fiscal year. We record gains and losses resulting from hedging the value of investments in certain international operations and from the translation of balance sheet accounts directly as a component of other comprehensive income.

We account for our operations in Argentina as highly inflationary, because the country's three-year cumulative inflation rate exceeds 100%. As a result, the functional currency of our Argentine subsidiary is the U.S. dollar.

Financial Instruments

We enter into foreign exchange derivative contracts to reduce our risk from exchange rate fluctuations associated with receivables, payables, loans and firm commitments denominated in certain foreign currencies that arise primarily as a result of our operations outside the U.S. From time to time, we enter into interest rate contracts to help manage our exposure to certain interest rate fluctuations. We also enter into futures contracts to hedge certain price fluctuations for a portion of our anticipated domestic purchases of natural gas. The maximum length of time for which we hedge our exposure to the variability in future cash flows is 36 months for forecasted foreign exchange and commodity transactions and 10 years for cross-currency swap transactions.

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On the date we enter into a derivative contract, we determine whether the derivative will be designated as a hedge. Derivatives designated as hedges are classified as either (1) hedges of the fair value of a recognized asset or liability or an unrecognized firm commitment ("fair value" hedges) or (2) hedges of a forecasted transaction or the variability of cash flows that are to be received or paid in connection with a recognized asset or liability ("cash flow" hedges). Other derivatives not designated as hedges are recorded on the balance sheets at fair value, with changes in fair value recognized in earnings. Our policy is not to purchase or hold any foreign currency, interest rate or commodity contracts for trading purposes.

We assess, both at the inception of any hedge and on an ongoing basis, whether our hedges are highly effective. If we determine that a hedge is not highly effective, we prospectively discontinue hedge accounting. For cash flow hedges, we record gains and losses as components of other comprehensive income and reclassify them into earnings in the same period during which the hedged transaction affects earnings. In the event that the anticipated transaction is no longer likely to occur, we recognize the change in fair value of the instrument in current period earnings. We recognize changes in fair value hedges in current period earnings. We also recognize changes in the fair value of underlying hedged items (such as recognized assets or liabilities) in current period earnings and offset the changes in the fair value of the derivative.

In the Consolidated Statements of Cash Flows, hedges are classified in the same category as the item hedged, primarily in operating activities.

See Note 5, "Financial Instruments," for more information.

Fair Value Measurements

We define fair value as the price that would be received from selling an asset or paid for transferring a liability in an orderly transaction between market participants at the measurement date. In determining fair value, we consider the principal or most advantageous market in which we would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability.

We determine fair value based on a three-tier fair value hierarchy, which we use to prioritize the inputs used in measuring fair value. These tiers consist of Level 1, which are observable inputs such as quoted prices in active markets; Level 2, which are inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, which are unobservable inputs in which little or no market data exists, requiring us to develop our own assumptions to determine the best estimate of fair value.

Revenue Recognition

Substantially all of our revenue is derived from the sale of products. Our Materials Group reportable segment sells pressure-sensitive label materials, films, performance tapes and fasteners. Our Solutions Group reportable segment sells a wide variety of branding and information solutions-oriented products, such as tickets, tags, labels (including RFID inlays), as well as related equipment, services, and supplies, that provide our customers with solutions for them to optimize branding and engagement with their consumers and enable item visibility and traceability. We recognize revenue for an amount that reflects the consideration which we expect from the sale of our products when we satisfy a performance obligation by transferring control of our products to a customer. We consider a number of factors in determining when we have transferred control to a customer, including the following: (i) our present right to payment; (ii) the customer's legal title to the asset; (iii) physical possession of the asset; (iv) the customer's significant risks and rewards of ownership of the asset; and (v) the customer's acceptance of the asset. Generally, there are no substantive differences in revenue recognition considerations among our various products. Control generally transfers to a customer at a point in time upon shipment or delivery, depending on the specific terms of sale with the customer.

Our payment terms with customers are generally consistent with those used in the industries and the regions in which we operate.

We accept sales returns in certain limited circumstances. We record a liability for estimated returns and a corresponding reduction to sales in the amount we expect to repay or credit customers, which we base on historical returns and outstanding customer claims. We update our estimates each reporting period.

Sales rebates, discounts and other customer concessions represent variable consideration and are common in the industries and regions in which we operate, which we account for as a reduction to sales based on estimates at the time at which products are sold. We base these estimates on our historical experience, as well as current information such as sales forecasts. We regularly review our estimates and adjust the revenue recognized from sales as necessary as additional information becomes available.

We exclude sales tax, value-added tax and other taxes we collect from customers from sales. We account for shipping and handling activities after control of a product is transferred to a customer as fulfillment costs and not as separate performance obligations. As a practical expedient, we have elected not to disclose the value of unsatisfied performance obligations for contracts with an expected length of less than one year. We generally expense sales commissions when incurred because the expected amortization period is one year or less. We record these costs in "Marketing, general and administrative expense" in the Consolidated Statements of Income.

Research and Development

Research and development costs are related to research, design and testing of new products and applications, which we expense as incurred.

Long-Term Incentive Compensation

No long-term incentive compensation expense was capitalized in 2023, 2022 or 2021.

Valuation of Stock-Based Awards

We base our stock-based compensation expense on the fair value of awards, adjusted for estimated forfeitures, amortized on a straight-line basis over the requisite service period for stock options and restricted stock units ("RSUs"). We base compensation expense for performance units ("PUs") on the fair value of awards, adjusted for estimated forfeitures, and amortized on a straight-line basis as these awards cliff-vest at the end of the requisite service period. We base compensation expense related to market-leveraged stock units ("MSUs") on the fair value of awards, adjusted for estimated forfeitures, and amortized on a graded-vesting basis over their respective performance periods.

Compensation expense for awards with a market condition as a performance objective, which includes PUs and MSUs, is not adjusted if the condition is not met, as long as the requisite service period is met.

We estimate the fair value of stock options as of the date of grant using the Black-Scholes option-pricing model. This model requires input assumptions for our expected dividend yield, expected stock price volatility, risk-free interest rate and expected option term.

We determine the fair value of RSUs and the component of PUs that is subject to the achievement of a performance objective using a financial performance condition based on the fair market value of our common stock as of the date of grant, adjusted for foregone dividends. Over the performance period of the PUs, the estimated number of shares of our common stock issuable upon vesting is adjusted upward or downward from the target shares at the time of grant based on the probability of the financial performance objectives established for the award being achieved.

We determine the fair value of stock-based awards that are subject to the achievement of performance objectives based on a market condition, which includes MSUs and the other component of PUs, using the Monte-Carlo simulation method, which utilizes multiple input variables, including expected stock price volatility and other assumptions appropriate for determining fair value, to estimate the probability of satisfying the target performance objectives established for the award.

Certain of these assumptions are based on management's estimates, in consultation with outside specialists. Significant changes in assumptions for future awards and actual forfeiture rates could materially impact stock-based compensation expense and our results of operations.

Valuation of Cash-Based Awards

Cash-based awards consist of long-term incentive units ("LTI Units") granted to eligible employees. We classify LTI Units as liability awards and remeasure them at each quarter-end over the applicable vesting or performance period. In addition to LTI Units with terms and conditions that mirror those of RSUs, we also grant certain employees LTI Units with terms and conditions that mirror those of PUs and MSUs.

Forfeitures

We estimate expected forfeitures in determining the compensation cost to be recognized each period, rather than accounting for forfeitures as they occur. We record changes in estimated forfeiture rates as cumulative adjustments in the period estimates are revised.

See Note 12, "Long-term Incentive Compensation," for more information.

Taxes Based on Income

Because we are subject to income tax in the U.S. and multiple foreign jurisdictions, judgment is required in evaluating and estimating our worldwide provision, accruals for taxes, deferred taxes and tax positions. Our provision for income taxes is determined using the asset and liability approach in accordance with GAAP. Under this approach, deferred taxes represent the expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities. We record a valuation allowance to reduce our deferred tax assets when uncertainty regarding their realizability exists. We recognize and measure our uncertain tax positions following the more-likely-than-not threshold for recognition and measurement for tax positions we take or expect to take on a tax return.

See Note 14, "Taxes Based on Income," for more information.

Recent Accounting Requirements

In November 2023, the Financial Accounting Standards Board ("FASB") issued guidance to expand annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently assessing the impact of adopting this guidance on our financial statement disclosures.

In December 2023, the FASB issued guidance on improvements to income tax disclosures in the rate reconciliation and income taxes paid. The guidance is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently assessing the impact of adopting this guidance on our financial statement disclosures.

NOTE 2. BUSINESS ACQUISITIONS

2023 Business Acquisitions

On November 23, 2023, we completed our business acquisition of Silver Crystal Group ("Silver Crystal"), a Canada-based provider of sports apparel customization and application solutions across in-venue, direct-to-business and e-commerce platforms. On May 22, 2023, we completed our business acquisition of LG Group, Inc. ("Lion Brothers"), a Maryland-based designer and manufacturer of apparel brand embellishments. On March 6, 2023, we completed our business acquisition of Thermopatch, Inc. ("Thermopatch"), a New York-based manufacturer specializing in labeling, embellishments and transfers for the sports, industrial laundry, workwear and hospitality industries. These acquisitions expanded the product portfolio in our Solutions Group reportable segment.

The acquisitions of Silver Crystal, Lion Brothers and Thermopatch are referred to collectively as the "2023 Acquisitions."

The aggregate purchase consideration, including purchase consideration payable, for the 2023 Acquisitions was approximately \$231 million. We funded the 2023 Acquisitions using cash and commercial paper borrowings. In addition to the cash paid at closing, the sellers in one of these acquisitions are eligible for earn-out payments of up to \$5 million, subject to the acquired company achieving certain post-acquisition performance targets. As of the acquisition date, we included an estimate of the fair value of these earn-out payments in the aggregate purchase consideration.

The final allocations of purchase consideration for the 2023 Acquisitions to assets and liabilities are ongoing as we continue to evaluate certain balances, estimates and assumptions during the measurement period (up to one year from their respective acquisition date). Consistent with the allowable time to complete our assessment, the valuation of certain acquired assets and liabilities, including environmental liabilities and income taxes, is currently pending finalization.

The 2023 Acquisitions were not material, individually or in the aggregate, to the Consolidated Financial Statements.

2022 Business Acquisitions

In January 2022, we completed our business acquisitions of TexTrace AG ("TexTrace"), a Switzerland-based technology developer specializing in custom-made woven and knitted RFID products that can be sewn onto or inserted into garments, and Rietveld Serigrafie B.V. and Rietveld Screenprinting Serigrafie Baski Matbaa Tekstil Ithalat Ihracat Sanayi ve Ticaret Limited Sirketi (collectively, "Rietveld"), a Netherlands-based provider of external embellishment solutions and application and printing methods for performance brands and team sports in Europe. These acquisitions expanded the product portfolio in our Solutions Group reportable segment. The acquisitions of TexTrace and Rietveld are referred to collectively as the "2022 Acquisitions."

The aggregate purchase consideration for the 2022 Acquisitions was approximately \$35 million. We funded the 2022 Acquisitions using cash and commercial paper borrowings. In addition to the cash paid at closing, the sellers in one of these acquisitions are eligible for earn-out payments of up to \$30 million, subject to the acquired company achieving certain post-acquisition performance targets. As of the acquisition date, we included an estimate of the fair value of these earn-out payments in the aggregate purchase consideration.

The 2022 Acquisitions were not material, individually or in the aggregate, to the Consolidated Financial Statements.

Vestcom Acquisition

On August 31, 2021, we completed our business acquisition of CB Velocity Holdings, LLC ("Vestcom"), an Arkansas-based provider of shelf-edge pricing, productivity and consumer engagement solutions for retailers and consumer packaged goods companies, for purchase consideration of \$1.47 billion. We funded this acquisition using cash and proceeds from both commercial paper borrowings and issuances of senior notes. Refer to Note 4, "Debt," to the Consolidated Financial Statements for more information.

Vestcom's solutions expanded our position in high-value categories and added channel access and data management capabilities to our Solutions Group reportable segment.

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The impact of the Vestcom acquisition was not material to the pro forma net sales or net income of our combined operations for the periods presented. Post-acquisition net sales and net income related to Vestcom were not material to the Consolidated Statements of Income for 2021.

Other 2021 Business Acquisitions

On March 18, 2021, we completed our business acquisition of the net assets of ZippyYum, LLC (“ZippyYum”), a California-based developer of software products used in the food service and food preparation industries. This acquisition expanded the product portfolio in our Solutions Group reportable segment.

On March 1, 2021, we completed our business acquisition of the issued and outstanding stock of JDC Solutions, Inc. (“JDC”), a Tennessee-based manufacturer of pressure-sensitive specialty tapes. This acquisition expanded the product portfolio in our Materials Group reportable segment.

The acquisitions of ZippyYum and JDC are referred to collectively as the “Other 2021 Acquisitions.”

The aggregate purchase consideration for the Other 2021 Acquisitions was approximately \$43 million. We funded the Other 2021 Acquisitions using cash and commercial paper borrowings. In addition to the cash paid at closing, the sellers in one of these acquisitions are eligible for earn-out payments of up to approximately \$13 million subject to the acquired company’s achievement of certain post-acquisition performance targets. As of the acquisition date, we estimated the fair value of these earn-out payments to be approximately \$12 million, which was included in the \$43 million of aggregate purchase consideration.

The Other 2021 Acquisitions were not material, individually or in the aggregate, to the Consolidated Financial Statements.

NOTE 3. GOODWILL AND OTHER INTANGIBLES RESULTING FROM BUSINESS ACQUISITIONS

Goodwill

Results from our annual goodwill impairment test in the fourth quarter of 2023 indicated that no impairment occurred during 2023. The assumptions used in our assessment were primarily based on Level 3 inputs.

Changes in the net carrying amount of goodwill for 2023 and 2022 by reportable segment are shown below:

(In millions)	Materials Group		Solutions Group		Total
Goodwill as of January 1, 2022	\$	645.5	\$	1,236.0	\$ 1,881.5
Acquisitions ⁽¹⁾		—		16.3	16.3
Acquisition adjustment ⁽²⁾		—		(.5)	(.5)
Translation adjustments		(26.8)		(8.1)	(34.9)
Goodwill as of December 31, 2022		618.7		1,243.7	1,862.4
Acquisitions ⁽³⁾		—		135.0	135.0
Translation adjustments		12.0		4.2	16.2
Goodwill as of December 30, 2023	\$	630.7	\$	1,382.9	\$ 2,013.6

⁽¹⁾ Goodwill acquired related to the 2022 Acquisitions. We expect the recognized goodwill related to the 2022 Acquisitions not to be deductible for income tax purposes.

⁽²⁾ Measurement period adjustment related to the finalization of the purchase price allocation for the Vestcom acquisition.

⁽³⁾ Goodwill acquired related to the 2023 Acquisitions. We expect substantially all of the recognized goodwill related to the 2023 Acquisitions not to be deductible for income tax purposes.

The carrying amounts of goodwill at December 30, 2023 and December 31, 2022 were net of accumulated impairment losses of \$820 million recognized in fiscal year 2009 by our Solutions Group reportable segment.

Indefinite-Lived Intangible Assets

Results from our annual indefinite-lived intangible assets impairment test in the fourth quarter indicated that no impairment occurred in 2023. The carrying value of indefinite-lived intangible assets resulting from business acquisitions, consisting of trade names and trademarks, was \$155.3 million and \$154.7 million at December 30, 2023 and December 31, 2022, respectively.

Finite-Lived Intangible Assets

In connection with the 2023 Acquisitions, we acquired approximately \$94 million of identifiable finite-lived intangible assets, which consisted of customer relationships, patented and other developed technology, and trade names and trademarks. We utilized the income approach to estimate the fair value of acquired identifiable intangibles, primarily using Level 3 inputs. We applied significant judgment in determining the fair value of intangible assets, which included our estimates and assumptions with respect to estimated future revenue and related profit margins, customer retention rates, technology migration curves, royalty rates, discount rates and economic lives assigned to the acquired intangible assets.

The table below summarizes the amounts and weighted average useful lives of the intangible assets associated with the 2023 Acquisitions as of the acquisition date.

	Amount (in millions)	Weighted average amortization period (in years)
Customer relationships	\$ 68.8	11
Patented and other developed technology	22.2	7
Trade names and trademarks	3.0	6

In connection with the 2022 Acquisitions, we acquired approximately \$21 million of identifiable finite-lived intangible assets, which consisted of patented and other developed technology as well as customer relationships.

Refer to Note 2, "Business Acquisitions," for more information.

The table below sets forth our finite-lived intangible assets resulting from business acquisitions at December 30, 2023 and December 31, 2022, which continue to be amortized.

(In millions)	2023			2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	\$ 922.5	\$ 383.7	\$ 538.8	\$ 852.2	\$ 330.1	\$ 522.1
Patented and other developed technology	278.3	130.2	148.1	261.9	104.3	157.6
Trade names and trademarks	17.4	11.7	5.7	14.4	10.3	4.1
Other intangibles	3.2	2.0	1.2	3.2	1.4	1.8
Total	\$ 1,221.4	\$ 527.6	\$ 693.8	\$ 1,131.7	\$ 446.1	\$ 685.6

Amortization expense for finite-lived intangible assets resulting from business acquisitions was \$86.3 million for 2023, \$81.8 million for 2022 and \$44.6 million for 2021.

We expect estimated amortization expense for finite-lived intangible assets resulting from business acquisitions for each of the next five fiscal years and thereafter to be as follows:

(In millions)	Estimated Amortization Expense
2024	\$ 89.7
2025	88.9
2026	85.9
2027	85.4
2028	78.0
2029 and thereafter	265.9

NOTE 4. DEBT

Short-Term Borrowings

We had \$112 million and \$128 million of outstanding borrowings from U.S. commercial paper issuances as of December 30, 2023 and December 31, 2022, respectively, with a weighted average interest rate of 5.54% and 4.84%, respectively.

We have a Euro-Commercial Paper Program under which we may issue unsecured commercial paper notes up to a maximum aggregate amount outstanding of \$500 million. Proceeds from issuances under this program may be used for general corporate purposes. The maturities of the notes vary, but may not exceed 364 days from the date of issuance. Our payment obligations with respect to any notes issued under this program are backed by our revolving credit facility (the "Revolver"). There are no financial covenants under this program. We had balances of \$199.2 million and \$213.0 million outstanding under this program as of December 30, 2023 and December 31, 2022, respectively, with a weighted average interest rate of 4.13% and 2.06%, respectively.

Short-Term Credit Facilities

In January 2023, we extended the maturity date of the Revolver by one year to February 13, 2026, and increased the commitments by \$400 million, from \$800 million to \$1.2 billion. Additionally, we amended the Revolver to replace the LIBOR benchmark interest rate with Term SOFR, Euribor and SONIA benchmark interest rates. We use the Revolver as a back-up facility for our commercial paper program and for other corporate purposes.

No balance was outstanding under the Revolver as of December 30, 2023 or December 31, 2022. Commitment fees associated with the Revolver in 2023, 2022 and 2021 were \$1.2 million, \$0.9 million and \$0.9 million, respectively.

In addition to the Revolver, we have short-term lines of credit available in various countries of approximately \$327 million in the aggregate at December 30, 2023. These lines may be cancelled at any time by us or the issuing banks. Short-term borrowings outstanding under these lines of credit were \$1.0 million and \$2.4 million at December 30, 2023 and December 31, 2022, respectively, with weighted average interest rates of 2.24% and 0.64%, respectively.

From time to time, we provide guarantees on certain arrangements with banks. Our exposure to these guarantees is not material.

Long-Term Borrowings

In March 2023, we issued \$400 million of senior notes, due March 15, 2033, which bear an interest rate of 5.750% per year, payable semiannually in arrears. Our net proceeds from this issuance, after deducting underwriting discounts and offering expenses, were \$394.9 million, which we used to repay both existing indebtedness under our commercial paper programs and our \$250 million aggregate principal amount of senior notes that matured on April 15, 2023.

In August 2021, we issued \$500 million of senior notes, due February 15, 2032, which bear an interest rate of 2.250%, payable semiannually in arrears. Our net proceeds from this issuance, after deducting underwriting discounts and offering expenses, were \$493.7 million. Additionally, in August 2021, we issued \$300 million of senior notes, due August 15, 2024, which we can repay without penalty on or after August 15, 2022 and bear an interest rate of 0.850%, payable semiannually in arrears. Our net proceeds from this issuance, after deducting underwriting discounts and offering expenses, were \$298 million. We used the net proceeds from these two debt issuances to finance a portion of the Vestcom acquisition.

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Our long-term debt, and related interest rates, at year-end 2023 and 2022 is shown below.

(In millions)	2023	2022
Long-term debt		
Medium-term notes:		
Series 1995 due 2025	\$ 30.0	\$ 30.0
Long-term notes:		
Senior notes due 2023 at 3.4%	—	249.7
Senior notes due 2024 at 0.85%	299.6	299.0
Senior notes due 2025 at 1.25% ⁽¹⁾	552.6	531.3
Senior notes due 2028 at 4.875%	496.7	496.0
Senior notes due 2030 at 2.650%	496.1	495.5
Senior notes due 2032 at 2.25%	495.1	494.5
Senior notes due 2033 at 6.0%	149.2	149.1
Senior notes due 2033 at 5.75%	395.3	—
Less amount classified as current	(299.6)	(249.7)
Total long-term debt⁽²⁾	\$ 2,615.0	\$ 2,495.4

⁽¹⁾ These senior notes are euro-denominated. The face value is €500 million.

⁽²⁾ Included unamortized debt issuance costs and debt discounts of \$11.3 million and \$7.4 million, respectively, as of year-end 2023 and \$10.5 million and \$7.1 million, respectively, as of year-end 2022.

At year-end 2023 and 2022, our medium-term notes had accrued interest at a weighted average fixed rate of 7.5%.

We expect maturities of our long-term debt for each of the next five fiscal years and thereafter to be as follows:

Year	(In millions)
2024	\$ 300.0
2025	583.4
2026	—
2027	—
2028	500.0
2028 and thereafter	1,550.0

Refer to Note 7, "Commitments and Leases," for information related to finance leases.

Other

The Revolver contains a financial covenant that requires us to maintain a specified ratio of total debt in relation to a certain measure of income. As of December 30, 2023 and December 31, 2022, we were in compliance with our financial covenant.

Our total interest costs in 2023, 2022 and 2021 were \$126.5 million, \$89.8 million and \$75.0 million, respectively, of which \$7.5 million, \$5.7 million and \$4.8 million, respectively, was capitalized as part of the cost of property, plant and equipment and capitalized software.

The estimated fair value of our long-term debt is primarily based on the credit spread above U.S. Treasury securities or euro government bond securities, as applicable, on notes with similar rates, credit ratings and remaining maturities. The fair value of short-term borrowings, which includes commercial paper issuances and short-term lines of credit, approximates their carrying value given their short duration. The fair value of our total debt was \$3.11 billion at December 30, 2023 and \$2.85 billion at December 31, 2022. Fair value amounts were determined based primarily on Level 2 inputs, which are inputs other than quoted prices in active markets that are either directly or indirectly observable. Refer to Note 1, "Summary of Significant Accounting Policies," for more information.

NOTE 5. FINANCIAL INSTRUMENTS

As of December 30, 2023, the aggregate U.S. dollar equivalent notional value of our outstanding commodity contracts and foreign exchange contracts was \$5.8 million and \$1.34 billion, respectively. Our outstanding foreign exchange contracts as of December 30, 2023 were recorded in various currencies, primarily the U.S. dollar, euro, Chinese renminbi, British pound sterling and Hong Kong dollar.

We recognize derivative instruments as either assets or liabilities at fair value in the Consolidated Balance Sheets. We designate commodity forward contracts on forecasted purchases of commodities and foreign exchange contracts on forecasted transactions as cash flow hedges. We also enter into foreign exchange contracts to offset certain of our economic exposures arising from foreign exchange rate fluctuations.

Cash Flow Hedges

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of "Accumulated other comprehensive loss" and reclassified into earnings in the same period(s) during which the hedged transaction impacts earnings. Gains and losses on these derivatives, representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness, are recognized in current earnings. Except for the cross-currency swap discussed below, cash flow hedges were not material in 2023, 2022 or 2021.

Cross-Currency Swap

In March 2020, we entered into U.S. dollar to euro cross-currency swap contracts with a total notional amount of \$250 million to effectively convert our fixed-rate U.S. dollar-denominated debt into euro-denominated debt, including semiannual interest payments and the payment of principal at maturity. During the term of the contract, which ends on April 30, 2030, we pay fixed-rate interest in euros and receive fixed-rate interest in U.S. dollars. These contracts have been designated as cash flow hedges. The fair value of these contracts was \$2.3 million as of December 30, 2023 and \$15.5 million as of December 31, 2022, which were included in "Other Assets" in the Consolidated Balance Sheets. Refer to Note 9, "Fair Value Measurements," to the Consolidated Financial Statements for more information.

We recorded no ineffectiveness from our cross-currency swap to earnings during 2023, 2022 or 2021.

Other Derivatives

The following table shows the fair value and balance sheet locations of other derivatives as of December 30, 2023 and December 31, 2022:

(In millions)	Balance Sheet Location	Asset		Liability	
		2023	2022	2023	2022
Foreign exchange contracts	Other current assets	\$ 6.3	\$ 4.3	Other current liabilities	\$ 6.0 \$ 9.6
Commodity contracts	Other current assets	—	—	Other current liabilities	— .2
		\$ 6.3	\$ 4.3	\$ 6.0	\$ 9.8

For other derivative instruments not designated as hedging instruments, the gain or loss is recognized in current earnings.

The following table shows the components of the net gains (losses) recognized in income related to these derivative instruments:

(In millions)	Statements of Income Location	2023	2022	2021
Foreign exchange contracts	Cost of products sold	\$ 3.4	\$ 5.6	\$ 1.4
Foreign exchange contracts	Marketing, general and administrative expense	5.5	(4.3)	21.0
		\$ 8.9	\$ 1.3	\$ 22.4

NOTE 6. PENSION AND OTHER POSTRETIREMENT BENEFITS

Defined Benefit Plans

We sponsor a number of defined benefit plans, the accrual of benefits under some of which has been frozen, covering eligible employees in the U.S. and certain other countries. Benefits payable to an employee are based primarily on years of service and the employee's compensation during the course of his or her employment with our company.

We are also obligated to pay unfunded termination indemnity benefits to certain employees outside the U.S., which are subject to applicable agreements, laws and regulations. We have not incurred significant costs related to these benefits, and, therefore, no related costs have been included in the disclosures below.

Plan Assets

Assets in our non-U.S. plans are invested in accordance with locally accepted practices and primarily include equity securities, fixed income securities, insurance contracts and cash. Asset allocations and investments vary by country and plan. Our target plan asset investment allocation for our non-U.S. plans in the aggregate is approximately 26% in equity securities, 59% in fixed income securities and cash, and 15% in insurance contracts and other investments, subject to periodic fluctuations among these asset classes.

Fair Value Measurements

The valuation methodologies we use for assets measured at fair value are described below.

Cash is valued at nominal value. Cash equivalents and mutual funds are valued at fair value as determined by quoted market prices, based upon the net asset value ("NAV") of shares held at year-end. Pooled funds are structured as collective trusts, not publicly traded and valued by calculating NAV per unit based on the NAV of the underlying funds/trusts as a practical expedient for the fair value of the pooled funds. The pooled funds are categorized by the primary investment strategy which is primarily investments in equity and fixed income securities. The pooled funds categorized as other investments are primarily investments in real estate funds. Insurance contracts are valued at book value, which approximates fair value and is calculated using the prior-year balance plus or minus investment returns and changes in cash flows.

These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While we believe these valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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The following table sets forth, by level within the fair value hierarchy (as applicable), non-U.S. plan assets at fair value:

(In millions)	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
2023				
Cash	\$ 1.3	\$ 1.3	\$ —	\$ —
Insurance contracts	42.6	—	—	42.6
Pooled funds – real estate investment trusts	6.4	—	—	6.4
Pooled funds – fixed income securities ⁽¹⁾	389.8			
Pooled funds – equity securities ⁽¹⁾	169.4			
Pooled funds – other investments ⁽¹⁾	53.7			
Total non-U.S. plan assets at fair value	\$ 663.2			
2022				
Cash	\$ 6.4	\$ 6.4	\$ —	\$ —
Insurance contracts	37.1	—	—	37.1
Pooled funds – real estate investment trusts	8.3	—	—	8.3
Pooled funds – fixed income securities ⁽¹⁾	335.7			
Pooled funds – equity securities ⁽¹⁾	151.9			
Pooled funds – other investments ⁽¹⁾	45.9			
Total non-U.S. plan assets at fair value	\$ 585.3			

⁽¹⁾ Pooled funds that are measured at fair value using the NAV per unit (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to reconcile to total non-U.S. plan assets.

The following table presents a reconciliation of Level 3 non-U.S. plan asset activity during the year ended December 30, 2023:

(In millions)	Level 3 Assets			Total
	Insurance Contracts	Pooled Funds – Real Estate Investment Trusts		
Balance at December 31, 2022	\$ 37.1	\$ 8.3	\$	45.4
Net realized and unrealized gain (loss)	1.3	(2.3)		(1.0)
Purchases	3.5	—		3.5
Settlements	(2.8)	—		(2.8)
Acquisition	1.1	—		1.1
Impact of changes in foreign currency exchange rates	2.4	.4		2.8
Balance at December 30, 2023	\$ 42.6	\$ 6.4	\$	49.0

Plan Assumptions

Discount Rate

In consultation with our actuaries, we annually review and determine the discount rates used to value our pension and other postretirement obligations. The assumed discount rate for each pension plan reflects market rates for high quality corporate bonds currently available. Our discount rate is determined by evaluating yield curves consisting of large populations of high quality corporate bonds. The projected pension benefit payment streams are then matched with bond portfolios to determine a rate that reflects the liability duration unique to our plans.

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We use the full yield curve approach to estimate the service and interest cost components of net periodic benefit cost for our pension and other postretirement benefit plans. Under this approach, we apply multiple discount rates from a yield curve composed of the rates of return on several hundred high-quality, fixed income corporate bonds available at the measurement date. We believe that this approach provides a more precise measurement of service and interest cost by aligning the timing of a plan's liability cash flows to its corresponding rates on the yield curve.

Long-term Return on Assets

We determine the long-term rate of return assumption for plan assets by reviewing the historical and expected returns of both the equity and fixed income markets, taking into account our asset allocation, the correlation between returns in our asset classes, and our mix of active and passive investments. Additionally, we evaluate current market conditions, including interest rates, and review market data for reasonableness and appropriateness.

Measurement Date

We measure the actuarial value of our benefit obligations and plan assets using the calendar month-end closest to our fiscal year-end and adjust for any contributions or other significant events between the measurement date and our fiscal year-end.

Plan Balance Sheet Reconciliations

The following table provides a reconciliation of benefit obligations, plan assets, funded status of the plans and accumulated other comprehensive loss for our defined benefit plans:

Plan Benefit Obligations

(In millions)	Pension Benefits			
	2023		2022	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Change in projected benefit obligations				
Projected benefit obligations at beginning of year	\$ 51.8	\$ 586.9	\$ 66.8	\$ 882.4
Service cost	—	10.5	—	16.5
Interest cost	2.4	24.7	1.2	10.8
Participant contributions	—	4.5	—	4.6
Amendments	—	(.1)	—	—
Actuarial (gain) loss	1.4	51.3	(9.1)	(244.9)
Acquisition	—	1.2	—	—
Benefits paid	(6.3)	(25.3)	(7.1)	(21.3)
Settlements	—	(.6)	—	(1.0)
Foreign currency translation	—	26.8	—	(60.2)
Projected benefit obligations at end of year	\$ 49.3	\$ 679.9	\$ 51.8	\$ 586.9
Accumulated benefit obligations at end of year	\$ 49.3	\$ 628.7	\$ 51.8	\$ 540.2

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Plan Assets

(In millions)	Pension Benefits			
	2023		2022	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Change in plan assets				
Plan assets at beginning of year	\$ —	\$ 585.3	\$ —	\$ 874.6
Actual return on plan assets	—	54.6	—	(226.5)
Acquisition	—	1.1	—	—
Employer contributions	6.3	17.2	7.1	15.2
Participant contributions	—	4.5	—	4.6
Benefits paid	(6.3)	(25.3)	(7.1)	(21.3)
Settlements	—	(.6)	—	(1.0)
Foreign currency translation	—	26.4	—	(60.3)
Plan assets at end of year	\$ —	\$ 663.2	\$ —	\$ 585.3

Funded Status

(In millions)	Pension Benefits			
	2023		2022	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Funded status of the plans				
Other assets	\$ —	\$ 67.8	\$ —	\$ 70.0
Other accrued liabilities	(6.1)	(.2)	(6.2)	(.4)
Long-term retirement benefits and other liabilities ⁽¹⁾	(43.2)	(84.3)	(45.6)	(71.2)
Plan assets less than benefit obligations	\$ (49.3)	\$ (16.7)	\$ (51.8)	\$ (1.6)

⁽¹⁾ In accordance with our funding strategy, we have the option to fund certain of our U.S. liabilities with proceeds from our company-owned life insurance policies.

	Pension Benefits			
	2023		2022	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Weighted average assumptions used to determine year-end benefit obligations				
Discount rate	4.86 %	3.78 %	5.06 %	4.36 %
Compensation rate increase	—	2.73	—	2.75

For U.S. and non-U.S. plans combined, the projected benefit obligations and fair values of plan assets for pension plans with projected benefit obligations in excess of plan assets were \$210 million and \$76 million, respectively, at year-end 2023 and \$165 million and \$42 million, respectively, at year-end 2022.

For U.S. and non-U.S. plans combined, the accumulated benefit obligations and fair values of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were \$162 million and \$43 million, respectively, at year-end 2023 and \$132 million and \$23 million, respectively, at year-end 2022.

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Accumulated Other Comprehensive Loss

The following table shows the pre-tax amounts recognized in "Accumulated other comprehensive loss" in the Consolidated Balance Sheets:

(In millions)	Pension Benefits					
	2023		2022		2021	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Net actuarial loss	\$ 9.6	\$ 73.2	\$ 9.1	\$ 38.2	\$ 9.1	\$ 38.2
Prior service (credit) cost	—	(3.4)	—	(3.5)	—	(3.5)
Net amount recognized in accumulated other comprehensive loss	\$ 9.6	\$ 69.8	\$ 9.1	\$ 34.7	\$ 9.1	\$ 34.7

The following table shows the pre-tax amounts recognized in "Other comprehensive loss (income)":

(In millions)	Pension Benefits					
	2023		2022		2021	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Net actuarial (gain) loss	\$.9	\$ 32.6	\$ (5.6)	\$ (.8)	\$ (.7)	\$ (34.8)
Prior service credit	—	(.1)	—	—	—	(.9)
Amortization of unrecognized:						
Net actuarial gain	(.4)	2.1	(.8)	(2.5)	(.8)	(6.1)
Prior service credit (cost)	—	.4	—	.4	—	.4
Settlements	—	.1	(.1)	.1	(1.1)	(.5)
Net amount recognized in other comprehensive loss (income)	\$.5	\$ 35.1	\$ (6.5)	\$ (2.8)	\$ (2.6)	\$ (41.9)

Plan Income Statement Reconciliations

The following table shows the components of net periodic benefit cost, which are recorded in net income for our defined benefit plans:

(In millions)	Pension Benefits					
	2023		2022		2021	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Service cost	\$ —	\$ 10.5	\$ —	\$ 16.5	\$ —	\$ 19.0
Interest cost	2.4	24.7	1.2	10.8	1.0	8.9
Actuarial (gain) loss	.5	—	(3.5)	—	(1.1)	—
Expected return on plan assets	—	(33.2)	—	(21.9)	—	(19.8)
Amortization of actuarial loss	.4	(2.1)	.8	2.5	.8	6.1
Amortization of prior service (credit) cost	—	(.4)	—	(.4)	—	(.4)
Recognized loss (gain) on settlements	—	(.1)	.1	(.1)	1.1	.5
Net periodic benefit cost (credit)	\$ 3.3	\$ (.6)	\$ (1.4)	\$ 7.4	\$ 1.8	\$ 14.3

Service cost and components of net periodic benefit cost other than service cost were included in "Marketing, general and administrative expense" and "Other non-operating expense (income), net" in the Consolidated Statements of Income, respectively.

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The following table shows the weighted average assumptions used to determine net periodic cost:

	Pension Benefits					
	2023		2022		2021	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	5.06 %	4.36 %	2.19 %	1.57 %	2.20 %	1.26 %
Expected return on assets	—	4.71	—	3.00	—	2.61
Compensation rate increase	—	2.75	—	2.33	—	2.15

Plan Contributions

We make contributions to our defined benefit plans sufficient to meet the minimum funding requirements of applicable laws and regulations, plus additional amounts, if any, we determine to be appropriate. The following table sets forth our expected contributions in 2024:

(In millions)	
U.S. pension plans	\$ 6.3
Non-U.S. pension plans	13.8

Future Benefit Payments

The future benefit payments shown below reflect the expected service periods for eligible participants.

(In millions)	Pension Benefits	
	U.S.	Non-U.S.
2024	\$ 6.3	\$ 25.7
2025	6.1	24.8
2026	5.9	28.7
2027	5.4	29.0
2028	4.9	27.7
2029-2033	18.4	157.4

Postretirement Health Benefits

We provide postretirement health benefits to certain of our retired U.S. employees up to the age of 65 under a cost-sharing arrangement and provide supplemental Medicare benefits to certain of our U.S. retirees over the age of 65. Our postretirement health benefit plan was closed to new participants retiring after December 31, 2021. Our policy is to fund the cost of these postretirement benefits from operating cash flows. While we do not intend to terminate these postretirement health benefits, we may do so at any time, subject to applicable laws and regulations. At year-end 2023, our postretirement health benefits obligation and related loss recorded in "Accumulated other comprehensive loss" were approximately \$2 million and \$10 million, respectively. At year-end 2022, our postretirement health benefits obligation and related loss recorded in "Accumulated other comprehensive loss" were approximately \$2 million and \$11 million, respectively. Net periodic benefit cost was not material in 2023, 2022 or 2021.

Defined Contribution Plans

We sponsor various defined contribution plans worldwide, the largest of which is the Avery Dennison Corporation Employee Savings Plan ("Savings Plan"), a 401(k) plan for our U.S. employees.

We recognized expense of \$30.3 million, \$27.3 million and \$24.6 million in 2023, 2022 and 2021, respectively, related to our employer contributions and employer match of participant contributions to the Savings Plan.

Other Retirement Plans

We have deferred compensation plans and programs that permit eligible employees to defer a portion of their compensation. The compensation voluntarily deferred by the participant, together with certain employer contributions, earns specified and variable rates of return. As of year-end 2023 and 2022, we had accrued \$88.2 million and \$87.3 million, respectively, for our obligations under these plans. A portion of the interest on certain of our contributions may be forfeited by participants if their employment terminates before age 55 other than by reason of death or disability.

Our Directors Deferred Equity Compensation Program allows our non-employee directors to elect to receive their cash compensation in deferred stock units (“DSUs”) issued under our equity plan. Additionally, two legacy deferred compensation plans had DSUs that were issued under our then-active equity plans. Dividend equivalents, representing the value of dividends per share paid on shares of our common stock and calculated with reference to the number of DSUs held as of a quarterly dividend record date, are credited in the form of additional DSUs on the applicable dividend payable date. DSUs are converted into shares of our common stock, less fractional shares, and issued to the director upon his or her separation from our Board. Approximately 0.1 million DSUs were outstanding for both year-end 2023 and 2022, with an aggregate value of \$19 million and \$20 million, respectively.

We hold company-owned life insurance policies, the proceeds from which are payable to us upon the death of covered participants. The cash surrender values of these policies, net of outstanding loans, which are included in “Other assets” in the Consolidated Balance Sheets, were \$228.4 million and \$265.0 million at year-end 2023 and 2022, respectively.

NOTE 7. COMMITMENTS AND LEASES

Supplemental cost information related to leases is shown below.

(In millions)		2023		2022		2021
Operating lease costs	\$	73.6	\$	70.8	\$	68.8

Lease costs related to finance leases were not material in 2023, 2022 or 2021.

Supplemental balance sheet information related to leases is shown below.

(In millions)	Balance Sheet Location		2023		2022
Assets					
Operating	Other assets	\$	200.2	\$	161.7
Finance ⁽¹⁾	Property, plant and equipment, net		29.6		27.5
Total leased assets		\$	229.8	\$	189.2
Liabilities					
Current:					
Operating	Other current liabilities	\$	45.4	\$	42.4
Finance	Short-term borrowings and current portion of long-term debt and finance leases		6.3		5.4
Non-current:					
Operating	Long-term retirement benefits and other liabilities		152.3		113.6
Finance	Long-term debt and finance leases		7.0		8.2
Total lease liabilities		\$	211.0	\$	169.6

⁽¹⁾ Finance lease assets are net of accumulated amortization of \$14.6 million and \$12.4 million as of December 30, 2023 and December 31, 2022, respectively.

Supplemental cash flow information related to leases is shown below.

(In millions)		2023		2022		2021
Cash paid for amounts included in measurement of operating lease liabilities	\$	55.8	\$	60.5	\$	54.2
Operating lease assets obtained in exchange for operating lease liabilities		92.4		37.2		58.0

Cash flows related to finance leases were not material in 2023, 2022 or 2021.

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Weighted average remaining lease term and discount rate information related to leases as of December 30, 2023 and December 31, 2022 is shown below.

	2023	2022
Weighted average remaining lease term (in years):		
Operating	7.1	5.9
Finance	3.1	2.7
Weighted average discount rate (percentage):		
Operating	4.1 %	3.2 %
Finance	4.2	2.8

Operating and finance lease liabilities by maturity date from December 30, 2023 are shown below.

(In millions)	Operating Leases	Finance Leases
2024	\$ 50.3	\$ 6.9
2025	41.0	3.5
2026	32.4	1.9
2027	23.0	1.3
2028	15.1	.6
2029 and thereafter	69.5	.6
Total lease payments	231.3	14.8
Less: imputed interest	(33.6)	(1.5)
Present value of lease liabilities	\$ 197.7	\$ 13.3

As of December 30, 2023, we had no significant operating or finance leases that had not yet commenced.

NOTE 8. CONTINGENCIES

Legal Proceedings

We are involved in various lawsuits, claims, inquiries and other regulatory and compliance matters, most of which are routine to the nature of our business. When it is probable that a loss will be incurred and where a range of the loss can be reasonably estimated, the best estimate within the range is accrued. When the best estimate within the range cannot be determined, the low end of the range is accrued. The ultimate resolution of these claims could affect future results of operations should our exposure be materially different from our estimates or should we incur liabilities that were not previously accrued. Potential insurance reimbursements are not offset against potential liabilities.

We are currently party to a litigation in which ADASA Inc. ("Adasa"), an unrelated third party, alleged that certain of our RFID products within our Solutions Group reportable segment infringed its patent. The case was filed on October 24, 2017 in the United States District Court in the District of Oregon (Eugene Division) and is captioned ADASA Inc. v. Avery Dennison Corporation. We recorded a contingent liability in the amount of \$26.6 million related to this matter in the second quarter of 2021 based on a jury verdict issued on May 14, 2021.

During the fourth quarter of 2021, the first instance judgment associated with the jury verdict was issued. This resulted in additional potential liability for the RFID tags sold during the period from the jury verdict to the issuance of the first instance judgment, a higher royalty imposed by the judge applicable to tags sold after the judgment and a royalty on additional late-disclosed tags, as well as sanctions, prejudgment interest, costs, and attorneys' fees. In addition, Adasa was awarded an ongoing royalty on in-scope tags sold after October 14, 2021. On October 22, 2021, we appealed the judgment to the United States Court of Appeals for the Federal Circuit ("CAFC").

During the fourth quarter of 2022, the CAFC issued its opinion, reversing the grant of summary judgment of validity as to anticipation and obviousness, vacating the sanctions ruling, and remanding the case for retrial with respect to validity for anticipation and obviousness over the prior art. The CAFC affirmed subject-matter eligibility and damages if liability is determined on retrial. On remand, the trial court was required to reconsider the amount of sanctions consistent with the CAFC's instruction to limit sanctions to the late-disclosed tags. With continued evaluation of the matter and our defenses, as well as consultation with our outside counsel, we believed that Adasa's patent was invalid and that the sanctions sought by Adasa were unreasonable. In addition, we believed that there were appealable grounds in the CAFC's decision; as a result, we sought U.S. Supreme Court review on February 27, 2023.

After the U.S. Supreme Court denied our writ of certiorari petition on May 30, 2023, the trial court's retrial began on July 10, 2023. On July 18, 2023, the jury in the retrial issued a verdict that Adasa's patent is valid. Although the court had not issued its judgment, including its decision on sanctions, we increased our contingent liability to reflect our best estimate of

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the anticipated judgment to \$80.4 million as of July 1, 2023, with an expectation to continue adjusting our accrual quarterly, as appropriate. As of December 30, 2023 our contingent liability was \$82.9 million. We have grounds to appeal and plan to appeal any judgment based on the jury verdict; therefore, we classified the total contingent liability as non-current due to the time expected for this matter to be fully resolved.

A hearing took place on October 24, 2023 before the district court on the pending sanctions decision and certain post-trial motions. We determined that no additional adjustment to our accrual was required as a result of the hearing.

On January 23, 2024, the district court issued two orders relating to Adasa's original and supplemental bill of taxable costs, which did not have an impact on the liability we recorded as of December 30, 2023. On January 25, 2024, the district court issued a revised sanction order lowering the sanction against us from approximately \$20 million to approximately \$5.2 million, based on a royalty of \$0.0025/late-reported tag, which was consistent with the amount we had accrued. In February 2024, the district court issued decisions denying our motion for judgment as a matter of law and our motion for a new trial. We plan to appeal these recent decisions.

We have largely completed our migration to alternative encoding methods for our RFID tags.

Because of the uncertainties associated with claims resolution and litigation, future expenses to resolve legal proceedings could be higher than the liabilities we have accrued; however, we are unable to reasonably estimate a range of potential expenses. If information were to become available that allowed us to reasonably estimate a range of potential expenses determined to be probable in an amount higher or lower than what we have accrued, we would adjust our accrued liabilities accordingly. Additional lawsuits, claims, inquiries, and other regulatory and compliance matters could arise in the future. The range of expenses for resolving any future matters would be assessed as they arise; until then, a range of potential expenses for their resolution cannot be determined. Based upon current information, we believe that the impact of the resolution of legal proceedings would not be, individually or in the aggregate, material to our financial position, results of operations or cash flows.

Environmental Expenditures

Environmental expenditures are generally expensed. When it is probable that a loss will be incurred and where a range of the loss can be reasonably estimated, the best estimate within the range is accrued. When the best estimate within the range cannot be determined, the low end of the range is accrued. The ultimate resolution of these matters could affect future results of operations should our exposure be materially different from our estimates or should we incur liabilities that were not previously accrued. Potential insurance reimbursements are not offset against potential liabilities. We review our estimates of the costs of complying with environmental laws related to remediation and cleanup of various sites, including sites in which governmental agencies have designated us as a potentially responsible party ("PRP"). However, environmental expenditures for newly acquired assets and those that extend or improve the economic useful life of existing assets are capitalized and amortized over the shorter of the estimated useful life of the acquired asset or the remaining life of the existing asset.

As of December 30, 2023, we have been designated by the U.S. Environmental Protection Agency ("EPA") and/or other responsible state agencies as a PRP at eleven waste disposal or waste recycling sites that are the subject of separate investigations or proceedings concerning alleged soil and/or groundwater contamination. No settlement of our liability related to any of these sites has been agreed upon. We are participating with other PRPs at these sites and anticipate that our share of remediation costs will be determined pursuant to agreements that we negotiate with the EPA or other governmental authorities.

These estimates could change as a result of changes in planned remedial actions, remediation technologies, site conditions, the estimated time to complete remediation, environmental laws and regulations, and other factors. Because of the uncertainties associated with environmental assessment and remediation activities, our future expenses to remediate these sites could be higher than the liabilities we have accrued; however, we are unable to reasonably estimate a range of potential expenses determined to be probable. If information were to become available that allowed us to reasonably estimate a range of potential expenses in an amount higher or lower than what we have accrued, we would adjust our environmental liabilities accordingly. In addition, we may be identified as a PRP at additional sites in the future. The range of expenses for remediation of any future-identified sites would be addressed as they arise; until then, a range of expenses for their remediation cannot be determined.

The activity related to our environmental liabilities in 2023 and 2022 is shown below:

(In millions)		2023		2022
Balance at beginning of year	\$	24.3	\$	21.9
Charges, net of reversals		2.5		4.4
Payments		(2.3)		(2.0)
Balance at end of year	\$	24.5	\$	24.3

Approximately \$11 million and \$9 million, respectively, of this balance was classified as short-term and included in "Other current liabilities" in the Consolidated Balance Sheets as of December 30, 2023 and December 31, 2022.

NOTE 9. FAIR VALUE MEASUREMENTS
Recurring Fair Value Measurements

Assets and liabilities carried at fair value, measured on a recurring basis, as of December 30, 2023, were as follows:

(In millions)	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets				
Investments	\$ 37.8	\$ 19.6	\$ 18.2	\$ —
Derivative assets	6.3	—	6.3	—
Bank drafts	5.3	5.3	—	—
Cross-currency swap	2.3	—	2.3	—
Liabilities				
Derivative liabilities	\$ 7.6	\$ 1.6	\$ 6.0	\$ —
Contingent consideration liabilities	10.0	—	—	10.0

Assets and liabilities carried at fair value, measured on a recurring basis, as of December 31, 2022 were as follows:

(In millions)	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets				
Investments	\$ 31.3	\$ 22.6	\$ 8.7	\$ —
Derivative assets	4.3	—	4.3	—
Bank drafts	3.2	3.2	—	—
Cross-currency swap	15.5	—	15.5	—
Liabilities				
Derivative liabilities	\$ 12.2	\$.3	\$ 11.9	\$ —
Contingent consideration liabilities	6.0	—	—	6.0

Investments included fixed income securities (primarily U.S. government and corporate debt securities) measured at fair value using quoted prices/bids and a money market fund measured at fair value using NAV. As of December 30, 2023, investments of \$2.7 million and \$35.1 million were included in “Cash and cash equivalents” and “Other current assets,” respectively, in the Consolidated Balance Sheets. As of December 31, 2022, investments of \$0.7 million and \$30.6 million were included in “Cash and cash equivalents” and “Other current assets,” respectively, in the Consolidated Balance Sheets. Derivatives that are exchange-traded are measured at fair value using quoted market prices and classified within Level 1 of the valuation hierarchy. Derivatives measured based on foreign exchange rate inputs that are readily available in public markets are classified within Level 2 of the valuation hierarchy. Bank drafts (maturities greater than three months) are valued at face value due to their short-term nature and were included in “Other current assets” in the Consolidated Balance Sheets.

Contingent consideration liabilities relate to estimated earn-out payments associated with certain acquisitions completed in 2023, 2022 and 2021, which are subject to the acquired companies achieving certain post-acquisition performance targets. These liabilities were recorded based on the expected payments and have been classified as Level 3. Activity related to contingent consideration in 2023 and 2022 was immaterial.

In addition to the investments described above, we hold venture investments that had a total carrying value of approximately \$71 million and \$70 million as of December 30, 2023 and December 31, 2022, respectively, which was included in “Other assets” in the Consolidated Balance Sheets. We recognized no net gains or losses on these investments in 2023 and recognized net gains of \$13.5 million and \$23.0 million in 2022 and 2021, respectively, in “Other expense (income), net” in the Consolidated Statements of Income.

NOTE 10. NET INCOME PER COMMON SHARE

Net income per common share was computed as follows:

(In millions, except per share amounts)	2023		2022		2021
(A) Net income	\$	503.0	\$	757.1	\$ 740.1
(B) Weighted average number of common shares outstanding		80.7		81.6	82.9
Dilutive shares (additional common shares issuable under stock-based awards)		.4		.6	.9
(C) Weighted average number of common shares outstanding, assuming dilution		81.1		82.2	83.8
Net income per common share (A) ÷ (B)	\$	6.23	\$	9.28	\$ 8.93
Net income per common share, assuming dilution (A) ÷ (C)	\$	6.20	\$	9.21	\$ 8.83

Certain stock-based compensation awards were excluded from the computation of net income per common share, assuming dilution, because they would not have had a dilutive effect. Stock-based compensation awards excluded from the computation totaled 0.1 million shares for 2023 and were not significant in 2022 or 2021.

NOTE 11. SUPPLEMENTAL EQUITY AND COMPREHENSIVE INCOME INFORMATION

Common Stock and Share Repurchase Program

Our Amended and Restated Certificate of Incorporation authorizes five million shares of \$1 par value preferred stock (of which no shares are outstanding), with respect to which our Board may fix the series and terms of issuance, and 400 million shares of \$1 par value voting common stock.

From time to time, our Board authorizes the repurchase of shares of our outstanding common stock. Repurchased shares may be reissued under our long-term incentive plan or used for other corporate purposes. In 2023, we repurchased approximately 0.8 million shares of our common stock at an aggregate cost of \$137.5 million. In 2022, we repurchased approximately 2.2 million shares of our common stock at an aggregate cost of \$379.5 million.

In April 2022, our Board authorized the repurchase of shares of our common stock with a fair market value of up to \$750 million, excluding any fees, commissions or other expenses related to such purchases and in addition to any amount outstanding under our previous Board authorization. Shares of our common stock in the aggregate amount of \$592.8 million as of December 30, 2023 remained authorized for repurchase under this Board authorization. Board authorizations remain in effect until shares in the amount authorized thereunder have been repurchased.

Treasury Shares Reissuance

We fund a portion of our employee-related costs using shares of our common stock held in treasury. We reduce capital in excess of par value based on the grant date fair value of vesting awards and record net gains or losses associated with using treasury shares to retained earnings.

Accumulated Other Comprehensive Loss

The changes in "Accumulated other comprehensive loss" (net of tax) for 2023 and 2022 were as follows:

(In millions)	Foreign Currency Translation		Pension and Other Postretirement Benefits		Cash Flow Hedges		Total
Balance as of January 1, 2022	\$	(217.4)	\$	(60.4)	\$	(5.1)	\$ (282.9)
Other comprehensive income (loss) before reclassifications, net of tax		(96.6)		6.3		4.9	(85.4)
Reclassifications to net income, net of tax		—		2.8		1.5	4.3
Net current-period other comprehensive income (loss), net of tax		(96.6)		9.1		6.4	(81.1)
Balance as of December 31, 2022	\$	(314.0)	\$	(51.3)	\$	1.3	\$ (364.0)
Other comprehensive income (loss) before reclassifications, net of tax		(14.6)		(25.2)		(7.0)	(46.8)
Reclassifications to net income, net of tax		—		(1.0)		3.7	2.7
Net current-period other comprehensive income (loss), net of tax		(14.6)		(26.2)		(3.3)	(44.1)
Balance as of December 30, 2023	\$	(328.6)	\$	(77.5)	\$	(2.0)	\$ (408.1)

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The following table sets forth the income tax (benefit) expense allocated to each component of other comprehensive income (loss):

(In millions)	2023	2022	2021
Foreign currency translation:			
Translation gain (loss)	\$ 1.2	\$ (7.0)	\$ (23.2)
Pension and other postretirement benefits:			
Net gain (loss) recognized from actuarial gain/loss and prior service cost/credit	(8.2)	.5	8.5
Reclassifications to net income	(.3)	1.1	1.6
Cash flow hedges:			
Gain (loss) recognized on cash flow hedges	(2.2)	1.6	1.7
Reclassifications to net income	1.2	.4	(.5)
Income tax (benefit) expense allocated to components of other comprehensive income (loss)	\$ (8.3)	\$ (3.4)	\$ (11.9)

NOTE 12. LONG-TERM INCENTIVE COMPENSATION

Stock-Based Awards

Stock-Based Compensation

We grant our annual stock-based compensation awards to eligible employees in March and non-employee directors in May. Certain awards granted to retirement-eligible employees one year or more before their retirement date vest upon retirement; these awards are accounted for as fully vested one year from the date of grant.

Our 2017 Incentive Award Plan (the "Equity Plan"), a long-term incentive plan for employees and non-employee directors, allows us to grant stock-based compensation awards – including stock options, RSUs, PUs, MSUs and DSUs – or a combination of these and other awards. Under the Equity Plan, 5.4 million shares are available for issuance, and each full value award is counted as 1.5 shares for purposes of the number of shares authorized for issuance. Full value awards include RSUs, PUs and MSUs.

Stock-based compensation expense and the related recognized tax benefit were as follows:

(In millions)	2023	2022	2021
Stock-based compensation expense	\$ 22.3	\$ 47.4	\$ 37.2
Tax benefit	2.4	6.7	4.6

This expense was included in "Marketing, general and administrative expense" in the Consolidated Statements of Income.

As of December 30, 2023, we had approximately \$35 million of unrecognized compensation expense related to unvested stock-based awards, which is expected to be recognized over the remaining weighted average requisite service period of approximately two years.

Stock Options

Stock options may be granted to employees and non-employee directors at no less than 100% of the fair market value of our common stock on the date of the grant and generally vest over a four-year period. Options expire ten years from the date of grant.

The fair value of stock options is estimated as of the date of grant using the Black-Scholes option-pricing model. This model requires input assumptions for our expected dividend yield, expected stock price volatility, risk-free interest rate and the expected option term. The following assumptions are used in estimating the fair value of granted stock options:

Risk-free interest rate is based on the 52-week average of the Treasury-Bond rate that has a term corresponding to the expected option term. For 2023, it was 3.84%.

Expected stock price volatility represents an average of the implied and historical volatility. For 2023, it was 23.90%.

Expected dividend yield is based on the current annual dividend divided by the 12-month average of our monthly stock price prior to grant. For 2023, it was 1.84%.

Expected option term is determined based on historical experience under our stock option and incentive plans. For 2023, it was 6.31 years.

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The weighted average grant date fair value per share for stock options granted in 2023 was \$47.65. No stock options were granted in fiscal years 2022 or 2021.

The following table summarizes information related to stock options:

	Number of options (in thousands)	Weighted average exercise price	Weighted average remaining contractual life (in years)	Aggregate intrinsic value (in millions)
Outstanding at December 31, 2022	141.1	\$ 73.96	3.42	\$ 15.1
Granted	63.0	190.54		
Outstanding at December 30, 2023	204.1	\$ 109.92	4.36	\$ 18.7
Options vested and expected to vest at December 30, 2023	192.6	105.10	4.36	18.7
Options exercisable at December 30, 2023	141.1	\$ 73.96	2.42	\$ 18.1

The total intrinsic value of stock options exercised was \$3.5 million in 2021. We received approximately \$1 million in 2021 from the exercise of stock options, and the tax benefit associated with these exercised options was \$0.9 million. The stock option exercises in 2022 were immaterial and there were no stock option exercises in 2023. The intrinsic value of a stock option is based on the amount by which the market value of our stock exceeds the exercise price of the option.

Performance Units ("PUs")

PUs are performance-based awards granted to eligible employees under the Equity Plan. PUs are payable in shares of our common stock at the end of a three- or four-year cliff vesting period provided that the designated performance objectives are achieved at the end of the period. Over the performance period, the estimated number of shares of our common stock issuable upon vesting is adjusted upward or downward based on the probability of achieving the performance objectives established for the award. The actual number of shares issued generally ranges from 0% to 200% of the target shares at the time of grant; however the shares issued for certain special PU awards can range up to 300% of the target shares at time of grant. The weighted average grant date fair value for PUs was \$180.12, \$163.97 and \$191.86 in 2023, 2022 and 2021, respectively.

The following table summarizes information related to awarded PUs:

	Number of PUs (in thousands)	Weighted average grant-date fair value
Unvested at December 31, 2022	372.7	\$ 147.45
Granted at target	85.0	180.12
Adjustment for above-target performance ⁽¹⁾	58.2	112.51
Vested	(201.9)	112.51
Forfeited/cancelled	(13.3)	174.50
Unvested at December 30, 2023	300.7	\$ 174.54

⁽¹⁾ Reflects adjustments for the vesting of PUs based on above-target performance for the 2020-2022 performance period.

The fair value of vested PUs was \$22.7 million in 2023, \$20.2 million in 2022 and \$19.2 million in 2021.

Market-Leveraged Stock Units ("MSUs")

MSUs are performance-based awards granted to eligible employees under our equity plans. MSUs are payable in shares of our common stock over a four-year period provided that the designated performance objective is achieved as of the end of each vesting period. MSUs accrue dividend equivalents during the vesting period, which are earned and paid only at vesting provided that, at a minimum, threshold-level performance is achieved. The number of shares earned is based upon our absolute total shareholder return at each vesting date and can range from 0% to 200% of the target amount of MSUs subject to vesting. Each of the four vesting periods represents one tranche of MSUs and the fair value of each of these four tranches was determined using the Monte-Carlo simulation model, which utilizes multiple input variables, including expected stock price volatility and other assumptions, to estimate the probability of achieving the performance objective established for the award. The weighted average grant date fair value for MSUs was \$192.53, \$141.80 and \$216.06 in 2023, 2022 and 2021, respectively.

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The following table summarizes information related to awarded MSUs:

	Number of MSUs (in thousands)		Weighted average grant-date fair value
Unvested at December 31, 2022	208.5	\$	145.86
Granted at target	82.3		192.53
Adjustments for above-target performance ⁽¹⁾	35.9		125.18
Vested	(118.9)		135.77
Forfeited/cancelled	(12.3)		166.45
Unvested at December 30, 2023	195.5	\$	167.16

⁽¹⁾ Reflects adjustments for the vesting of MSUs based on above-target performance for each of the tranches of awards vesting in 2023.

The fair value of vested MSUs was \$16.1 million in 2023, \$19.9 million in 2022 and \$17.8 million in 2021.

Restricted Stock Units ("RSUs")

RSUs are service-based awards granted to eligible employees and non-employee directors under our equity plans. RSUs granted to employees generally vest ratably over a period of three or four years. RSUs granted to non-employee directors generally vest in one year. The vesting of RSUs is subject to continued service through the applicable vesting date. If that condition is not met, unvested RSUs are generally forfeited. The weighted average grant date fair value for RSUs was \$175.88, \$168.34 and \$196.26 in 2023, 2022 and 2021, respectively.

The following table summarizes information related to awarded RSUs:

	Number of RSUs (in thousands)		Weighted average grant-date fair value
Unvested at December 31, 2022	59.8	\$	159.23
Granted	38.1		175.88
Vested	(18.1)		148.26
Forfeited/cancelled	(13.3)		159.43
Unvested at December 30, 2023	66.5	\$	171.68

The fair value of vested RSUs was \$2.7 million, \$2.8 million and \$2.7 million in 2023, 2022 and 2021, respectively.

Cash-Based Awards

Long-Term Incentive Units ("LTI Units")

LTI Units are cash-based awards granted to employees under our long-term incentive unit plan. LTI Units are service-based awards that generally vest ratably over a four-year period. The settlement value equals the number of vested LTI Units multiplied by the average of the high and low market prices of our common stock on the vesting date. The compensation expense related to these awards is amortized on a straight-line basis and the fair value is remeasured using the estimated percentage of units expected to be earned multiplied by the average of the high and low market prices of our common stock at each quarter-end.

We also grant cash-based awards in the form of performance and market-leveraged LTI Units to eligible employees. Performance LTI Units are payable in cash at the end of a three-year cliff vesting period provided that certain performance objectives are achieved at the end of the performance period. Market-leveraged LTI Units are payable in cash and vest ratably over a period of four years. The number of performance and market-leveraged LTI Units earned at vesting is adjusted upward or downward based upon the probability of achieving the performance objectives established for the respective award and the actual number of units issued can range from 0% to 200% of the designated target units subject to vesting. Performance and market-leveraged LTI Units are remeasured using the estimated percentage of units expected to be earned multiplied by the average of the high and low market prices of our common stock at each quarter-end over their respective performance periods. The compensation expense related to performance LTI Units is amortized on a straight-line basis over their respective performance periods. The compensation expense related to market-leveraged LTI Units is amortized on a graded-vesting basis over their respective performance periods.

The compensation expense related to LTI Units was \$16.3 million in 2023, \$11.5 million in 2022 and \$21.3 million in 2021. This expense was included in "Marketing, general and administrative expense" in the Consolidated Statements of Income. The total recognized tax benefit related to LTI Units was \$3.9 million in 2023, \$2.7 million in 2022 and \$5.1 million in 2021.

NOTE 13. COST REDUCTION ACTIONS

Restructuring Charges

We have plans that provide eligible employees with severance benefits in the event of an involuntary termination. We calculate severance using the benefit formulas under the applicable plans. We record restructuring charges from qualifying cost reduction actions for severance and other exit costs (including asset impairment charges and lease and other contract cancellation costs) when they are probable and estimable.

2023 Actions

In the third quarter of 2023, we approved a restructuring plan (the "2023 Plan") to further optimize the European footprint of our Materials Group reportable segment by reducing operations in a manufacturing facility in Belgium. The cumulative charges associated with the 2023 Plan consisted of severance and related costs for the reduction of approximately 210 positions as well as asset impairment charges. During 2023 we recorded \$30.4 million in restructuring charges related to the 2023 Plan. The activities related to the 2023 Plan are expected to be substantially completed by mid-2025.

We recorded \$49.0 million in restructuring charges, net of reversals, related to other 2023 actions (collectively with the 2023 Plan, "2023 Actions"). These charges consisted of severance and related costs for the reduction of approximately 1,450 positions and asset impairment charges at numerous locations across our company.

2019/2020 Actions

During 2022, we recorded \$7.3 million in restructuring charges, net of reversals, related to our 2019/2020 actions. These charges consisted of severance and related costs for the reduction of approximately 830 positions and asset impairment charges at numerous locations across our company, reflecting actions in both our reportable segments. The actions in our Materials Group reportable segment were primarily associated with consolidations of its operations in North America and its graphics business in Europe, in part in response to the pandemic. The actions in our Solutions Group reportable segment were primarily related to global headcount and footprint reduction, with some actions accelerated and expanded in response to the pandemic. Our activities related to our 2019/2020 actions began in the fourth quarter of fiscal year 2019 and continued through fiscal year 2022.

Accruals for severance and related costs and lease cancellation costs were included in "Other current liabilities" and "Long-term retirement benefits and other liabilities" in the Consolidated Balance Sheets. Asset impairment charges were based on the estimated market value of the assets, less selling costs, if applicable. Restructuring charges were included in "Other expense (income), net" in the Consolidated Statements of Income.

During 2023, restructuring charges and payments were as follows:

(In millions)	Accrual at December 31, 2022	Charges, Net of Reversals	Cash Payments	Non-cash Impairment	Foreign Currency Translation	Accrual at December 30, 2023
2023 Actions						
Severance and related costs	\$ —	\$ 72.1	\$ (45.1)	\$ —	\$.7	\$ 27.7
Asset impairment charges	—	8.3	—	(8.3)	—	—
2019/2020 Actions						
Severance and related costs	5.1	(1.0)	(4.1)	—	—	—
Total	\$ 5.1	\$ 79.4	\$ (49.2)	\$ (8.3)	\$.7	\$ 27.7

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During 2022, restructuring charges and payments were as follows:

(In millions)	Accrual at January 1, 2022	Charges, Net of Reversals	Cash Payments	Non-cash Impairment	Foreign Currency Translation	Accrual at December 31, 2022
2019/2020 Actions						
Severance and related costs	\$ 11.5	\$ 7.2	\$ (13.4)	\$ —	\$ (.2)	\$ 5.1
Asset impairment charges	—	.1	—	(.1)	—	—
Total	\$ 11.5	\$ 7.3	\$ (13.4)	\$ (.1)	\$ (.2)	\$ 5.1

The table below shows the total amount of restructuring charges incurred by reportable segment and Corporate.

(In millions)	2023	2022	2021
Restructuring charges by reportable segment and Corporate			
Materials Group	\$ 52.4	\$ (1.0)	\$ 5.0
Solutions Group	23.2	7.9	7.6
Corporate	3.8	.8	1.0
Total	\$ 79.4	\$ 7.7	\$ 13.6

NOTE 14. TAXES BASED ON INCOME

Taxes based on income were as follows:

(In millions)	2023	2022	2021
Current:			
U.S. federal tax	\$ 42.5	\$ 29.4	\$ 7.3
State taxes	9.0	8.8	5.3
Foreign taxes	160.8	177.7	229.9
	212.3	215.9	242.5
Deferred:			
U.S. federal tax	(29.0)	5.8	(1.1)
State taxes	(3.5)	.9	(5.3)
Foreign taxes	11.9	19.6	12.5
	(20.6)	26.3	6.1
Provision for income taxes	\$ 191.7	\$ 242.2	\$ 248.6

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The principal items accounting for the difference between taxes computed at U.S. federal statutory rate and taxes recorded were as follows:

(In millions)	2023		2022		2021
Tax provision computed at U.S. federal statutory rate ⁽¹⁾	\$	145.9	\$	209.9	\$ 208.5
Increase (decrease) in taxes resulting from:					
State taxes, net of federal tax benefit		2.6		11.8	4.5
Foreign earnings taxed at different rates ⁽¹⁾		50.4		51.7	72.7
GILTI high-tax exclusion election, net ⁽²⁾		(10.0)		(11.9)	(22.8)
Valuation allowance		2.6		(5.0)	(4.8)
U.S. federal research and development tax credits		(8.3)		(6.5)	(6.2)
Tax contingencies and audit settlements		11.9		(4.3)	3.9
Other items, net		(3.4)		(3.5)	(7.2)
Provision for income taxes	\$	191.7	\$	242.2	\$ 248.6

⁽¹⁾ In 2023, we recognized \$4.4 million from our current year GILTI exclusion election and \$5.6 million related to the election made on our 2022 U.S. federal tax return. In 2022, we recognized \$11.9 million of benefit related to a GILTI exclusion election made on our 2021 U.S. federal tax return. In 2021, we recognized \$14.1 million and \$8.7 million of benefit related to GILTI exclusion elections made on our amended 2018 and originally filed 2020 U.S. federal tax returns, respectively.

⁽²⁾

Income before taxes from our U.S. and foreign operations was as follows:

(In millions)	2023		2022		2021
U.S.	\$	187.2	\$	232.4	\$ 88.0
Foreign		507.5		766.9	904.6
Income before taxes	\$	694.7	\$	999.3	\$ 992.6

Our effective tax rate was 27.6%, 24.2% and 25.0% for fiscal years 2023, 2022 and 2021, respectively.

Our 2023 provision for income taxes included (i) \$16.4 million of net tax charge related to the tax on global intangible low-taxed income ("GILTI") of our foreign subsidiaries after benefiting from our current year exclusion election, as well as the recognition of foreign withholding taxes on current year earnings, partially offset by the benefit from foreign-derived intangible income ("FDII"); (ii) \$14.7 million of return-to-provision benefit primarily related to our GILTI exclusion election and benefits from additional foreign tax credits recognized under temporary relief granted by the Internal Revenue Service ("IRS") in July 2023, upon completion of our 2022 U.S. federal tax return, (iii) \$10.5 million of tax charge related to non-deductible expenses resulting from the impact of the Argentine peso remeasurement loss; and (iv) \$9.5 million of net tax charge primarily from the recognition of uncertain tax positions in certain foreign jurisdictions, partially offset by decreases in certain tax reserves as a result of closing tax years.

Our 2022 provision for income taxes included (i) \$18.8 million of net tax charge related to the tax on GILTI of our foreign subsidiaries and the recognition of foreign withholding taxes on current year earnings, partially offset by the benefit from FDII; (ii) \$17.3 million of return-to-provision benefit, including \$11.9 million related to a GILTI exclusion election and a lower net tax charge from other international inclusion items upon completion of our 2021 U.S. federal tax return, and (iii) \$4.3 million of net tax benefit primarily from decreases in certain tax reserves, including interest and penalties, as a result of closing tax years and the settlement of certain foreign tax audits.

Our 2021 provision for income taxes included (i) \$28.5 million of net tax charge related to the tax on GILTI of our foreign subsidiaries and the recognition of foreign withholding taxes on current year earnings, partially offset by the benefit from FDII; (ii) \$14.1 million of return-to-provision benefit related to a GILTI exclusion election made on our amended 2018 U.S. federal tax return; and (iii) \$11.3 million of return-to-provision benefit, including \$8.7 million related to a GILTI exclusion election and a higher FDII deduction on our 2020 U.S. federal tax return.

Deferred Taxes

Deferred taxes reflect the temporary differences between the amounts at which assets and liabilities are recorded for financial reporting purposes and the amounts utilized for tax purposes. The primary components of the temporary differences that gave rise to our deferred tax assets and liabilities were as follows:

(In millions)	2023	2022
Accrued expenses not currently deductible	\$ 44.5	\$ 32.3
Net operating loss carryforwards	138.9	137.2
Tax credit carryforwards	9.0	9.7
Capitalized research expenses	59.9	38.6
Stock-based compensation	10.9	15.4
Pension and other postretirement benefits	34.2	31.5
Inventory reserve	16.4	15.6
Lease liabilities	43.3	33.2
Other assets	27.9	21.3
Valuation allowance	(62.0)	(59.4)
Total deferred tax assets⁽¹⁾	323.0	275.4
Depreciation and amortization	(317.2)	(296.6)
Repatriation accrual	(24.5)	(12.0)
Foreign operating loss recapture	(3.4)	(3.2)
Lease assets	(43.4)	(33.8)
Total deferred tax liabilities⁽¹⁾	(388.5)	(345.6)
Total net deferred tax assets (liabilities)	\$ (65.5)	\$ (70.2)

⁽¹⁾ Reflect gross amounts before jurisdictional netting of deferred tax assets and liabilities.

We assess the available positive and negative evidence to estimate if sufficient future taxable income is expected to be generated to use existing deferred tax assets. On the basis of our assessment, we record valuation allowances only with respect to the portion of the deferred tax asset that is not more-likely-than-not to be realized. Our assessment of the future realizability of our deferred tax assets relies heavily on our forecasted earnings in certain jurisdictions determined by the manner in which we operate our business and the relevant carryforward periods. Any changes to our operations may affect our assessment of deferred tax assets considered realizable if the positive evidence no longer outweighs the negative evidence.

Net operating loss carryforwards of foreign subsidiaries at December 30, 2023 and December 31, 2022 were \$481 million and \$463 million, respectively. Tax credit carryforwards of both domestic and foreign subsidiaries at December 30, 2023 and December 31, 2022 totaled \$9 million and \$10 million, respectively. If unused, foreign net operating losses and tax credit carryforwards will expire as follows:

(In millions)	Net Operating Losses ⁽¹⁾	Tax Credits
Year of Expiry		
2024	\$ 2.7	\$.1
2025	2.8	.2
2026	2.9	.3
2027	3.7	.3
2028	12.6	1.2
2029-2043	16.4	5.2
Indefinite life/no expiry	439.5	1.7
Total	\$ 480.6	\$ 9.0

⁽¹⁾ Net operating losses are presented before tax effects and valuation allowance.

Certain indefinite-lived foreign net operating losses may require decades to be fully utilized under our current business model.

At December 30, 2023, we had net operating loss carryforwards in certain states of \$429 million before tax effects. Based on our estimates of future state taxable income, it is more-likely-than-not that the majority of these carryforwards will not be realized before they expire. Accordingly, a valuation allowance has been recorded on \$402 million of these carryforwards.

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As of December 30, 2023, our provision for income taxes did not materially benefit from applicable tax holidays in foreign jurisdictions.

Unrecognized Tax Benefits

As of December 30, 2023, our unrecognized tax benefits totaled \$88 million, \$75 million of which, if recognized, would reduce our annual effective income tax rate. As of December 31, 2022, our unrecognized tax benefits totaled \$70 million, \$65 million of which, if recognized, would reduce our annual effective income tax rate.

Where applicable, we accrue potential interest and penalties related to unrecognized tax benefits in income tax expense. The interest and penalties we recognized during fiscal years 2023, 2022 and 2021 were not material, individually or in aggregate, to the Consolidated Statements of Income. We have \$16 million of accrued interest and penalties, net of tax benefit, in the Consolidated Balance Sheets at December 30, 2023 and December 31, 2022.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is set forth below.

(In millions)		2023	2022
Balance at beginning of year	\$	69.5	\$ 74.0
Additions for tax positions of current year		15.4	6.6
Additions (reductions) for tax positions of prior years, net		8.0	(2.2)
Settlements with tax authorities		(1.8)	(1.1)
Expirations of statutes of limitations		(3.9)	(4.8)
Changes due to translation of foreign currencies		.8	(3.0)
Balance at end of year	\$	88.0	\$ 69.5

It is reasonably possible that, during the next 12 months, we may realize a decrease in our uncertain tax positions, including interest and penalties, of approximately \$6 million, primarily as a result of closing tax years.

The amount of income taxes we pay is subject to ongoing audits by taxing jurisdictions around the world. Our estimate of the potential outcome of any uncertain tax issue is subject to our assessment of the relevant risks, facts, and circumstances existing at the time. We believe we have adequately provided for reasonably foreseeable outcomes related to these matters. However, our future results may include favorable or unfavorable adjustments to our estimated tax liabilities in the period the assessments are made or resolved, which may impact our effective tax rate. The final determination of tax audits and any related legal proceedings could materially differ from amounts reflected in our tax provision for income taxes and the related liabilities. To date, we and our U.S. subsidiaries have completed the IRS' Compliance Assurance Process through 2021. With limited exceptions, we are no longer subject to income tax examinations by tax authorities for years prior to 2010.

NOTE 15. SEGMENT AND DISAGGREGATED REVENUE INFORMATION

Segment Reporting

We have the following reportable segments:

- Materials Group – manufactures and sells pressure-sensitive label materials, films for graphic and reflective products, performance tapes and other adhesive products for industrial, medical and other applications, as well as fastener solutions.
- Solutions Group – designs, manufactures and sells a wide variety of branding and information solutions, including brand and price tickets, tags and labels (including RFID inlays), and related services, supplies and equipment.

Intersegment sales are recorded at or near market prices and are eliminated in determining consolidated sales. We evaluate our performance based on income from operations before interest expense and taxes. Corporate expense is excluded from the computation of income from operations for the segments.

We do not disclose total assets by reportable segment since we neither generate nor review that information internally. As our reporting structure is neither organized nor reviewed internally by country, results by individual country are not provided.

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Disaggregated Revenue Information

Disaggregated revenue information is shown below in the manner that best reflects how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors. Revenue from our Materials Group reportable segment is attributed to geographic areas based on the location from which products are shipped. Revenue from our Solutions Group reportable segment is shown by product group.

(In millions)	2023		2022		2021
Net sales to unaffiliated customers					
Materials Group:					
U.S.	\$	1,687.8	\$	1,892.1	\$ 1,736.4
Europe, the Middle East and North Africa		2,007.1		2,396.2	2,261.1
Asia		1,315.2		1,390.3	1,471.1
Latin America		474.2		470.1	408.6
Other		327.0		346.4	329.3
Total Materials Group		5,811.3		6,495.1	6,206.5
Solutions Group:					
Apparel		1,661.4		1,851.2	1,839.1
Identification Solutions and Vestcom		891.6		693.0	362.7
Total Solutions Group		2,553.0		2,544.2	2,201.8
Net sales to unaffiliated customers	\$	8,364.3	\$	9,039.3	\$ 8,408.3

Revenue from our Materials Group reportable segment by product group is shown below.

(In millions)	2023		2022		2021
Net sales to unaffiliated customers					
Materials Group:					
Labels, graphics and reflectives	\$	5,076.8	\$	5,725.7	\$ 5,430.4
Tapes and adhesives		665.3		696.3	703.4
Other		69.2		73.1	72.7
Total Materials Group	\$	5,811.3	\$	6,495.1	\$ 6,206.5

Our total company revenue by geographic area is shown below. Revenue is attributed to geographic areas based on the location from which products are shipped.

(In millions)	2023		2022		2021
Net sales to unaffiliated customers					
U.S.	\$	2,578.3	\$	2,565.9	\$ 2,065.2
Europe, the Middle East and North Africa		2,306.7		2,683.6	2,541.4
Asia		2,545.2		2,817.2	2,914.5
Latin America		582.3		605.7	537.6
Other		351.8		366.9	349.6
Net sales to unaffiliated customers	\$	8,364.3	\$	9,039.3	\$ 8,408.3

Net sales to unaffiliated customers in Asia included sales in China (including Hong Kong) of \$1.30 billion in 2023, \$1.50 billion in 2022 and \$1.68 billion in 2021.

No single customer represented 10% or more of our net sales in year-end 2023, 2022 or 2021. Our ten largest customers by net sales in the aggregate represented approximately 16% of our net sales during 2023, 2022 and 2021.

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Additional Segment Information

Additional financial information by reportable segment and Corporate is shown below.

(In millions)	2023		2022		2021
Intersegment sales					
Materials Group	\$	157.1	\$	137.1	\$ 105.8
Solutions Group		35.5		37.4	37.3
Intersegment sales	\$	192.6	\$	174.5	\$ 143.1
Income before taxes					
Materials Group	\$	700.9	\$	859.3	\$ 883.3
Solutions Group		165.7		302.3	257.2
Corporate expense		(83.7)		(87.6)	(81.8)
Interest expense		(119.0)		(84.1)	(70.2)
Other non-operating expense (income), net		30.8		9.4	4.1
Income before taxes	\$	694.7	\$	999.3	\$ 992.6
Capital expenditures⁽¹⁾⁽²⁾					
Materials Group	\$	117.8	\$	153.5	\$ 170.3
Solutions Group		148.7		144.0	96.3
Capital expenditures	\$	266.5	\$	297.5	\$ 266.6
Depreciation and amortization expense⁽¹⁾					
Materials Group	\$	127.8	\$	135.8	\$ 141.9
Solutions Group		170.6		154.9	102.2
Depreciation and amortization expense	\$	298.4	\$	290.7	\$ 244.1
Other expense (income), net by reportable segment					
Materials Group	\$	88.3	\$	(13.4)	\$ (25.7)
Solutions Group		86.3		7.8	36.6
Corporate		6.3		5.0	(5.3)
Other expense (income), net	\$	180.9	\$	(.6)	\$ 5.6

⁽¹⁾ Corporate capital expenditures and depreciation and amortization expense are allocated to the reportable segments based on their percentage of consolidated net sales.

⁽²⁾ Capital expenditures for property, plant and equipment included accruals.

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Other expense (income), net by type were as follows:

(In millions)	2023		2022		2021
Other expense (income), net by type					
Restructuring charges:					
Severance and related costs	\$	70.8	\$	7.6	\$ 10.5
Asset impairment charges and lease cancellation costs		8.6		.1	3.1
Other items:					
Outcomes of legal proceedings, net ⁽¹⁾		64.3		6.3	(.4)
Argentine peso remeasurement loss ⁽²⁾		29.9		—	—
Transaction and related costs		5.3		.3	20.9
(Gain) loss on venture investments		1.5		(13.5)	(23.0)
(Gain) loss on sales of assets		.5		(1.4)	.2
Gain on sale of product line		—		—	(5.7)
Other expense (income), net	\$	180.9	\$	(.6)	\$ 5.6

⁽¹⁾ Amount for 2023 included an additional contingent liability related to the Adasa litigation in the amount of \$56.3 million. Refer to Note 8, "Contingencies" for more information regarding the Adasa litigation.

Amount for 2021 included an indirect tax credit based on a Brazilian Federal Supreme Court ruling in the amount of \$29.1 million, partially offset by a contingent liability related to the Adasa litigation in the amount of \$26.6 million. Refer to Note 8, "Contingencies" for more information regarding the Adasa litigation.

⁽²⁾ The impact of the Argentine peso remeasurement loss prior to the third quarter of 2023 was not material.

Property, plant and equipment, net, in our U.S. and non-U.S. operations were as follows:

(In millions)	2023		2022		2021
Property, plant and equipment, net					
U.S.	\$	621.2	\$	589.0	\$ 524.0
Non-U.S.		1,004.6		951.2	953.7
Property, plant and equipment, net	\$	1,625.8	\$	1,540.2	\$ 1,477.7

Property, plant and equipment, net, located in China (including Hong Kong) was approximately \$247 million in 2023, \$259 million in 2022 and \$290 million in 2021.

NOTE 16. SUPPLEMENTAL FINANCIAL INFORMATION

Inventories

Inventories at year-end were as follows:

(In millions)	2023		2022	
Raw materials	\$	415.4	\$	457.6
Work-in-progress		238.2		255.1
Finished goods		267.1		297.2
Inventories	\$	920.7	\$	1,009.9

Property, Plant and Equipment, Net

Major classes of property, plant and equipment, stated at cost, at year-end were as follows:

(In millions)	2023		2022	
Land	\$	35.9	\$	29.3
Buildings and improvements		817.9		781.0
Machinery and equipment		2,799.5		2,667.8
Construction-in-progress		317.1		269.6
Property, plant and equipment		3,970.4		3,747.7
Accumulated depreciation		(2,344.6)		(2,207.5)
Property, plant and equipment, net	\$	1,625.8	\$	1,540.2

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Software

Capitalized software costs at year-end were as follows:

(In millions)		2023		2022
Cost	\$	362.4	\$	390.6
Accumulated amortization		(257.9)		(282.3)
Software, net	\$	104.5	\$	108.3

Software amortization expense was \$23.4 million in 2023, \$29.5 million in 2022 and \$30.1 million in 2021.

Allowance for Credit Losses

Given the short-term nature of trade receivables, our allowance for credit losses is based on the financial condition of customers, the aging of receivable balances, our historical collections experience, and current and expected future macroeconomic and market conditions. Balances are written off in the period in which they are determined to be uncollectible.

The activity related to our allowance for credit losses was as follows:

(In millions)		2023		2022
Balance at beginning of year	\$	34.4	\$	33.0
Provision for credit losses		4.4		6.9
Amounts written off		(6.3)		(4.3)
Other, including foreign currency translation		1.9		(1.2)
Balance at end of year	\$	34.4	\$	34.4

The reversal of credit losses was \$4.7 million in 2021.

Research and Development

Research and development expense, which was included in "Marketing, general and administrative expense" in the Consolidated Statements of Income, was as follows:

(In millions)		2023		2022		2021
Research and development expense	\$	135.8	\$	136.1	\$	136.6

Supplemental Cash Flow Information

Cash paid for interest and income taxes was as follows:

(In millions)		2023		2022		2021
Interest	\$	109.9	\$	80.9	\$	62.8
Income taxes, net of refunds		234.9		204.8		253.4

Foreign Currency Effects

Gains and losses resulting from foreign currency transactions are included in income in the period incurred. Transactions in foreign currencies (including receivables, payables and loans denominated in currencies other than the functional currency), including hedging impacts, were not material in 2023, 2022 or 2021.

Deferred Revenue

Deferred revenue primarily relates to constrained variable consideration on supply agreements for sales of products, as well as to payments received in advance of performance under a contract. Deferred revenue is recognized as revenue as or when we perform under a contract.

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The following table shows the amounts and balance sheet locations of deferred revenue as of December 30, 2023 and December 31, 2022:

(In millions)	December 30, 2023		December 31, 2022	
Other current liabilities	\$	18.1	\$	22.2
Long-term retirement benefits and other liabilities		1.3		2.1
Total deferred revenue	\$	19.4	\$	24.3

Revenue recognized from amounts included in deferred revenue as of December 31, 2022 was \$21.0 million in 2023. Revenue recognized from amounts included in deferred revenue as of January 1, 2022 was \$23.5 million in 2022. Revenue recognized from amounts included in deferred revenue as of January 2, 2021 was \$18.4 million in 2021. This revenue was included in "Net sales" in the Consolidated Statements of Income.

Supplier Finance Programs

We have agreements with third-party financial institutions to facilitate payments to suppliers. These third-party financial institutions offer voluntary supply chain finance programs that enable certain of our suppliers, at the supplier's sole discretion, to sell our payment obligations to a financial institution on terms directly negotiated with the financial institution. Participating suppliers decide which payment obligations are sold to the financial institution and we have no economic interest in a supplier's decision to sell these payment obligations. We make payments to the financial institution on the invoice due date, regardless of whether an individual invoice is sold by the supplier to the financial institution. Our obligations to our suppliers, including amounts due and scheduled payment dates, are not impacted by suppliers' decisions to sell amounts under these arrangements. Amounts due under our supply chain finance programs are included in accounts payable on our Consolidated Balance Sheets and activities related to these programs are presented as operating activities in our Consolidated Statements of Cash Flows. As of December 30, 2023 and December 31, 2022, the amounts due to financial institutions for suppliers that participate in these programs were \$397.4 million and \$430.1 million, respectively.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures. As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective in providing reasonable assurance that information is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer as appropriate, to allow for timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting. We are responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act). Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based upon the framework in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of December 30, 2023.

The effectiveness of our internal control over financial reporting as of December 30, 2023 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in the Report of Independent Registered Public Accounting Firm contained in Item 8 of this report.

Changes in Internal Control over Financial Reporting. There have been no changes in our internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. OTHER INFORMATION

None of our directors or executive officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K) during the fourth quarter of 2023.

Item 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information concerning directors and corporate governance required by this Item is incorporated herein by reference from the definitive proxy statement for our Annual Meeting of Stockholders to be held on April 25, 2024 (our “2024 Proxy Statement”), which will be filed with the SEC pursuant to Regulation 14A within 120 days of the end of the fiscal year covered by this report. The information concerning executive officers required by this Item appears, in part, as referenced below. If applicable, information concerning any late filings under Section 16(a) of the Exchange Act is incorporated by reference from our 2024 Proxy Statement.

The information required by this Item concerning our Audit Committee is incorporated by reference from our 2024 Proxy Statement.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS⁽¹⁾

Name and Position	Age	Executive Officer Since		Former Positions within Past Five Years/ Officer Positions with Avery Dennison
Deon M. Stander President and Chief Executive Officer	55	August 2016	2022-2023	President and Chief Operating Officer
			2015-2022	Vice President and General Manager, RBIS
			2013-2015	Vice President and General Manager, Global Commercial and Innovation, RBIS
			2010-2012	Vice President and General Manager, Global Commercial, RBIS
Mitchell R. Butier Executive Chairman	52	March 2007	2022-2023	Chairman and Chief Executive Officer
			2019-2022	Chairman, President and Chief Executive Officer
			2016-2019	President and Chief Executive Officer
			2015-2016	President and Chief Operating Officer
			2014-2015	President, Chief Operating Officer and Chief Financial Officer
			2010-2014	Senior Vice President and Chief Financial Officer
Gregory S. Lovins Senior Vice President and Chief Financial Officer	51	March 2017	2017	Vice President and Interim Chief Financial Officer
			2016-2017	Vice President and Treasurer
			2011-2016	Vice President, Global Finance, Materials Group
Deena Baker-Nel Senior Vice President and Chief Human Resources Officer	53	September 2020	2020-2022	Vice President and Chief Human Resources Officer
			2018-2020	Vice President, Human Resources, LGM
			2015-2018	Vice President, Human Resources, RBIS
Nicholas R. Colisto Senior Vice President and Chief Information Officer	57	September 2020	2018-2022	Vice President and Chief Information Officer
			2012-2018	Senior Vice President and Chief Information Officer, Xylem Inc.
Francisco Melo President, Solutions Group	50	April 2023	2022-2023	Senior Vice President and General Manager, Avery Dennison Smartrac
			2013-2022	Vice President and General Manager, Avery Dennison Smartrac
			2012-2013	Vice President Global Inventory Accuracy and Loss Prevention, Information Solutions Market Development
Divina F. Santiago Vice President, Controller	54	September 2023	2022-2023	Vice President Finance
			2008-2022	Senior Director, Finance
Ignacio J. Walker Senior Vice President and Chief Legal Officer	47	September 2020	2020-2022	Vice President and Chief Legal Officer
			2020	Vice President and Assistant General Counsel, Americas
			2018-2019	Vice President and Assistant General Counsel
			2013-2017	Vice President and Assistant General Counsel, RBIS

⁽¹⁾ Executive officers are generally elected on the date of our annual stockholder meeting to serve a one-year term and until their successors are duly elected and qualified.

Item 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference from our 2024 Proxy Statement.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated by reference from our 2024 Proxy Statement.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated by reference from our 2024 Proxy Statement.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated by reference from our 2024 Proxy Statement.

PART IV

Item 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

- (a) Financial Statements, Financial Statement Schedule and Exhibits
- (1) Financial statements filed as part of this report are listed on the accompanying Index to Financial Statements.
 - (2) All financial statement schedules are omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto.
 - (3) Exhibits filed as a part of this report are listed on the accompanying Exhibit Index. Each management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K is identified as such on the Exhibit Index.
- (b) The exhibits required to be filed by Item 601 of Regulation S-K are set forth on the accompanying Exhibit Index.

AVERY DENNISON CORPORATION

EXHIBIT INDEX

For the Year Ended December 30, 2023

Exhibit No.	Exhibit Name	Originally Filed as Exhibit No.	Filing⁽¹⁾
2.1	Agreement and Plan of Merger, dated as of July 27, 2021, by and among Registrant, CB Velocity Holdings, LLC, Lobo Merger Sub, LLC and Charlesbank Equity Fund VIII, Limited Partnership, as unitholder representative	2.1	Current Report on Form 8-K, filed July 30, 2021
3.1(i)	Amended and Restated Certificate of Incorporation, as filed on April 28, 2011 with the Office of Delaware Secretary of State	3.1	Current Report on Form 8-K, filed April 29, 2011
3.1(ii)	Amended and Restated Bylaws, effective as of February 23, 2023	3.1	Current Report on Form 8-K, filed February 27, 2023
4.1	Indenture, dated as of March 15, 1991, between Registrant and Security Pacific National Bank, as Trustee (the "1991 Indenture")	4.1	Registration Statement on Form S-3 (File No. 33-39491), filed March 19, 1991
4.2	First Supplemental Indenture, dated as of March 16, 1993, between Registrant and BankAmerica National Trust Company, as successor Trustee (the "Supplemental Indenture")	4.4	Registration Statement on Form S-3 (File No. 33-59642), filed March 17, 1993
4.3	Officers' Certificate establishing a series of Securities entitled "Medium-Term Notes, Series C" under the 1991 Indenture, as amended by the Supplemental Indenture	4.1	Current Report on Form 8-K, filed May 12, 1995
4.4	Indenture, dated as of July 3, 2001, between Registrant and Chase Manhattan Bank and Trust Company, National Association, as trustee (the "2001 Indenture")	4.1	Registration Statement on Form S-3 (File No. 333-64558), filed July 3, 2001
4.5	Officers' Certificate establishing Securities entitled "6.000% Notes due 2033" under the 2001 Indenture	4.2	Current Report on Form 8-K, filed January 16, 2003
4.6	6.000% Notes Due 2033	4.4	Current Report on Form 8-K, filed January 16, 2003

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Exhibit No.	Exhibit Name	Originally Filed as Exhibit No.	Filing⁽¹⁾
4.7	Indenture, dated as of November 20, 2007, between Registrant and Bank of New York	4.2	Current Report on Form 8-K, filed November 20, 2007
4.8	Third Supplemental Indenture, dated as of April 8, 2013, between Registrant and Bank of NY	4.2	Current Report on Form 8-K, filed April 8, 2013
4.9	Form of 3.35% Senior Notes due 2023	4.2	Current Report on Form 8-K, filed April 8, 2013
4.10	Fourth Supplemental Indenture, dated as of March 3, 2017, between Registrant and The Bank of New York Mellon Trust Company, N.A. ("BNY Mellon") as Trustee (including Form of 1.250% Senior Notes due 2025 on Exhibit A thereto)	4.2	Current Report on Form 8-K, filed March 3, 2017
4.11	Fifth Supplemental Indenture, dated as of December 6, 2018, between Registrant and BNY Mellon, as Trustee (including Form of 4.875% Senior Notes due 2028 on Exhibit A thereto)	4.2	Current Report on Form 8-K, filed December 6, 2018
4.12	Sixth Supplemental Indenture, dated as of March 11, 2020, between Registrant and BNY Mellon, as Trustee (including Form of 2.650% Senior Notes due 2030 on Exhibit A thereto)	4.2	Current Report on Form 8-K, filed March 11, 2020
4.13	Seventh Supplemental Indenture, dated as of August 18, 2021, between Registrant and BNY Mellon, as Trustee (including Form of 0.850% Senior Notes due 2024 on Exhibit A thereto)	4.2	Current Report on Form 8-K filed on August 18, 2021
4.14	Eighth Supplemental Indenture, dated as of August 18, 2021, between Registrant and BNY Mellon, as Trustee (including Form of 2.250% Senior Notes due 2032 on Exhibit A thereto)	4.3	Current Report on Form 8-K filed on August 18, 2021
4.15	Ninth Supplemental Indenture, dated as of March 15, 2023, between Registrant and The Bank of New York Mellon Trust Company, N.A., as Trustee (including Form of 5.750% Senior Notes due 2033 on Exhibit A thereto)	4.2	Current Report on Form 8-K filed on March 15, 2023
4.16	Description of Securities	4.15	2020 Annual Report on Form 10-K, filed February 25, 2021
10.1	Amendment No. 2 to Credit Agreement, dated as of January 24, 2023, by and among Avery Dennison Corporation, a Delaware corporation, as the borrower, Bank of America, N.A., as the administrative agent, and the other lenders party thereto.	10.1	Current Report on Form 8-K, filed January 30, 2023
10.2*	Amended and Restated Supplemental Executive Retirement Plan ("SERP")	10.11.1	Quarterly Report on Form 10-Q, filed August 12, 2009
10.3*	Complete Restatement and Amendment of Executive Variable Deferred Compensation Plan ("EVDCP")	10.16	1994 Annual Report on Form 10-K, filed March 30, 1995

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Exhibit No.	Exhibit Name	Originally Filed as Exhibit No.	Filing⁽¹⁾
10.4*	Amendment No. 1 to EVDCCP	10.16.1	1999 Annual Report on Form 10-K, filed March 30, 2000
10.5*	Amended and Restated 2005 Directors Variable Deferred Compensation Plan	10.18.2	Quarterly Report on Form 10-Q, filed May 10, 2011
10.6*	Amended and Restated Stock Option and Incentive Plan ("Equity Plan")	A	2012 Proxy Statement on Schedule 14A, filed March 9, 2012
10.7*	First Amendment to Equity Plan	10.20	2014 Annual Report on Form 10-K, filed February 25, 2015
10.8*	2017 Incentive Award Plan ("2017 Plan")	B	2017 Proxy Statement on Schedule 14A, filed March 10, 2017
10.9*	Amended and Restated Annual Incentive Plan	10.1	Quarterly Report on Form 10-Q, filed May 1, 2020
10.10*	Complete Restatement and Amendment of Executive Deferred Retirement Plan ("EDRP")	10.28	1994 Annual Report on Form 10-K, filed March 30, 1995
10.11*	Amendment No. 1 to EDRP	10.28.1	1999 Annual Report on Form 10-K, filed March 30, 2000
10.12*	Amendment No. 2 to EDRP	10.28.2	2001 Annual Report on Form 10-K, filed March 4, 2002
10.13*	2005 Executive Variable Deferred Retirement Plan, amended and restated	10.1	Quarterly Report on Form 10-Q, filed May 7, 2013
10.14*	Amended and Restated Key Executive Change of Control Severance Plan	10.4	Quarterly Report on Form 10-Q, filed May 1, 2020
10.15*	Amended and Restated Executive Severance Plan	10.3	Quarterly Report on Form 10-Q, filed May 1, 2020
10.16*	Form of Executive Severance Agreement	10.19	2020 Annual Report on Form 10-K, filed February 25, 2021
10.17*	Amended and Restated Long-Term Incentive Unit Plan ("LTI Unit Plan")	10.2	Quarterly Report on Form 10-Q, filed May 1, 2020
10.18*	Form of Restricted Stock Unit Agreement under Equity Plan	10.38	2013 Annual Report on Form 10-K, filed February 26, 2014
10.19*	Form of Performance Unit Agreement under Equity Plan	10.39	2013 Annual Report on Form 10-K, filed February 26, 2014
10.20*	Form of Market-Leveraged Stock Unit Agreement under Equity Plan	10.40	2013 Annual Report on Form 10-K, filed February 26, 2014

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Exhibit No.	Exhibit Name	Originally Filed as Exhibit No.	Filing⁽¹⁾
10.21*	Form of Long-Term Incentive Unit Agreement under LTI Unit Plan	10.41	2013 Annual Report on Form 10-K, filed February 26, 2014
10.22*	Form of Director Restricted Stock Unit Agreement under 2017 Plan	10.2	Quarterly Report on Form 10-Q, filed August 1, 2017
10.23*	Form of Employee Market-Leveraged Stock Unit Agreement under 2017 Plan	10.3	Quarterly Report on Form 10-Q, filed August 1, 2017
10.24*	Form of Employee Performance Unit Agreement under 2017 Plan	10.4	Quarterly Report on Form 10-Q, filed August 1, 2017
10.25*	Form of Employee Restricted Stock Unit Agreement under 2017 Plan	10.5	Quarterly Report on Form 10-Q, filed August 1, 2017
10.26*	Form of Employee Non-Qualified Stock Option Agreement under 2017 Plan	10.6	Quarterly Report on Form 10-Q, filed August 1, 2017
10.27*	Offer Letter to Mitchell Butier, dated February 25, 2016	10.2	Quarterly Report on Form 10-Q, filed May 3, 2016
10.28*	Offer Letter to Mitchell Butier, dated May 25, 2023	10.1	Quarterly Report on Form 10-Q, filed August 1, 2023
10.29*	Offer Letter to Gregory Lovins, dated July 10, 2017	10.1	Quarterly Report on Form 10-Q, filed August 1, 2017
10.30*	Offer Letter to Deena Baker-Nel, dated August 26, 2020	10.1	Quarterly Report on Form 10-Q, filed May 3, 2022
10.31*	Offer Letter to Ignacio Walker, dated August 25, 2020	10.2	Quarterly Report on Form 10-Q, filed May 3, 2022
10.32*	Offer Letter to Deon Stander, dated March 1, 2022	10.3	Quarterly Report on Form 10-Q, filed May 3, 2022
10.33*	Offer Letter to Deon Stander, dated May 25, 2023	10.2	Quarterly Report on Form 10-Q, filed August 1, 2023
10.34*	Offer Letter to Hassan Rmaile, dated February 27, 2023	10.1	Quarterly Report on Form 10-Q, filed May 2, 2023
10.35*	Offer Letter to Francisco Melo, dated February 27, 2023	10.2	Quarterly Report on Form 10-Q, filed May 2, 2023
21†	List of Subsidiaries	N/A	N/A
23†	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm	N/A	N/A

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Exhibit No.	Exhibit Name	Originally Filed as Exhibit No.	Filing⁽¹⁾
24†	Power of Attorney (see Signatures – Power of Attorney)	N/A	N/A
31.1†	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	N/A	N/A
31.2†	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	N/A	N/A
32.1††	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	N/A	N/A
32.2††	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	N/A	N/A
97†	Policy for Recovery of Erroneously Awarded Compensation	N/A	N/A
101.INST†††	Inline XBRL Instance Filing – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	N/A	N/A
101.SCH†††	Inline XBRL Extension Schema Filing	N/A	N/A
101.CAL†††	Inline XBRL Extension Calculation Linkbase Filing	N/A	N/A
101.DEF†††	Inline XBRL Extension Definition Linkbase Filing	N/A	N/A
101.LAB†††	Inline XBRL Extension Label Linkbase Filing	N/A	N/A
101.PRE†††	Inline XBRL Extension Presentation Linkbase Filing	N/A	N/A
104†††	Inline XBRL for the cover page of this Annual Report on Form 10-K, included as part of the Exhibit 101 inline XBRL document set		

⁽¹⁾ Unless otherwise noted, the File Number for all filings is File No. 1-7685.

* Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K pursuant to Item 15(b) of Form 10-K.

† Filed herewith.

†† This certification is being furnished solely to accompany this report pursuant to 18 U.S.C. 1350, and is not being filed for purposes of Section 18 of the Exchange Act and is not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

††† Furnished herewith. Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act, are deemed not filed for purposes of Section 18 of the Exchange Act and otherwise are not subject to liability under those sections.

Item 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AVERY DENNISON CORPORATION

By: /s/ Gregory S. Lovins

Gregory S. Lovins

Senior Vice President and Chief Financial Officer

Dated: February 21, 2024

POWER OF ATTORNEY

Each person whose signature appears below does hereby constitute and appoint Gregory S. Lovins and Ignacio J. Walker, and each of them, with full power of substitution, his or her true and lawful attorney-in-fact to act for him or her in any and all capacities, to sign this Annual Report on Form 10-K and any or all amendments or supplements thereto, and to file each of the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in order to effectuate the same as fully, to all intents and purposes, as he or she could do in person, hereby ratifying and confirming all that said attorneys-in-fact or substitutes, or any of them, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and as of the dates indicated.

Signature	Title	Date
<u>/s/ Deon M. Stander</u> Deon M. Stander	President, Chief Executive Officer and Director (Principal Executive Officer)	February 21, 2024
<u>/s/ Gregory S. Lovins</u> Gregory S. Lovins	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	February 21, 2024
<u>/s/ Divina F. Santiago</u> Divina F. Santiago	Vice President, Controller (Principal Accounting Officer)	February 21, 2024
<u>/s/ Mitchell R. Butier</u> Mitchell R. Butier	Executive Chairman	February 21, 2024
<u>/s/ Bradley A. Alford</u> Bradley A. Alford	Director	February 21, 2024
<u>/s/ Ken C. Hicks</u> Ken C. Hicks	Director	February 21, 2024
<u>/s/ Andres A. Lopez</u> Andres A. Lopez	Director	February 21, 2024
<u>/s/ Francesca Reverberi</u> Francesca Reverberi	Director	February 21, 2024
<u>/s/ Patrick T. Siewert</u> Patrick T. Siewert	Director	February 21, 2024
<u>/s/ Julia A. Stewart</u> Julia A. Stewart	Director	February 21, 2024
<u>/s/ Martha N. Sullivan</u> Martha N. Sullivan	Director	February 21, 2024
<u>/s/ William R. Wagner</u> William R. Wagner	Director	February 21, 2024

SUBSIDIARY⁽¹⁾**U.S. STATE OR COUNTRY IN WHICH ORGANIZED**

ADC PHILIPPINES, INC.	PHILIPPINES
ADESPAN S.R.L.	ITALY
ADHIPRESS BANGLADESH LTD.	BANGLADESH
AVERY CORP.	DELAWARE
AVERY DE MEXICO, S. DE R.L. DE C.V.	MEXICO
AVERY DENNISON ATMA d.o.o.	CROATIA
AVERY DENNISON ATMA GMBH	AUSTRIA
AVERY DENNISON AUSTRALIA INTERNATIONAL HOLDINGS PTY LTD.	AUSTRALIA
AVERY DENNISON AUSTRALIA PTY LTD.	AUSTRALIA
AVERY DENNISON BELGIE BV	BELGIUM
AVERY DENNISON BELGIUM MANAGEMENT SERVICES SRL	BELGIUM
AVERY DENNISON BENELUX BV	BELGIUM
AVERY DENNISON BV	NETHERLANDS
AVERY DENNISON CANADA CORPORATION	CANADA
AVERY DENNISON CENTRAL EUROPE GMBH	GERMANY
AVERY DENNISON CHILE S.A.	CHILE
AVERY DENNISON COLOMBIA S. A. S.	COLOMBIA
AVERY DENNISON COMMERCIAL EL SALVADOR, S.A. DE C.V.	EL SALVADOR
AVERY DENNISON CONVERTED PRODUCTS DE MEXICO, S.A. DE C.V.	MEXICO
AVERY DENNISON CONVERTED PRODUCTS EL SALVADOR S. A. DE C. V.	EL SALVADOR
AVERY DENNISON, C.A.	VENEZUELA
AVERY DENNISON DE ARGENTINA S.R.L.	ARGENTINA
AVERY DENNISON DO BRASIL LTDA.	BRAZIL
AVERY DENNISON DOMINICAN REPUBLIC, S.R.L.	DOMINICAN REPUBLIC
AVERY DENNISON ETIKET TICARET LIMITED SIRKETI	TURKEY
AVERY DENNISON EUROPE HOLDING (DEUTSCHLAND) GMBH & CO KG	GERMANY
AVERY DENNISON FINANCE GERMANY GMBH	GERMANY
AVERY DENNISON FRANCE MANAGEMENT SERVICES SAS	FRANCE
AVERY DENNISON G HOLDINGS I LLC	DELAWARE
AVERY DENNISON G HOLDINGS III LLC	DELAWARE
AVERY DENNISON G INVESTMENTS III LIMITED	GIBRALTAR
AVERY DENNISON G INVESTMENTS V LIMITED	GIBRALTAR
AVERY DENNISON GROUP DANMARK APS	DENMARK
AVERY DENNISON GROUP SINGAPORE PTE LTD	SINGAPORE
AVERY DENNISON GULF FZCO	UNITED ARAB EMIRATES
AVERY DENNISON HOLDING FRANCE S.A.S.	FRANCE
AVERY DENNISON HOLDING GMBH	GERMANY
AVERY DENNISON HOLDING LIMITED	UNITED KINGDOM
AVERY DENNISON HOLDING LUXEMBOURG S. A. R. L.	LUXEMBOURG
AVERY DENNISON HOLDING & FINANCE THE NETHERLANDS BV	NETHERLANDS
AVERY DENNISON HOLDINGS LLC	DELAWARE
AVERY DENNISON HONG KONG B.V.	NETHERLANDS
AVERY DENNISON HONG KONG HOLDING I B.V.	NETHERLANDS
AVERY DENNISON IBERICA, S.A.	SPAIN
AVERY DENNISON INNOVATIONS LLC	DELAWARE
AVERY DENNISON INTELLIGENT HEALTHCARE SOLUTIONS LLC	DELAWARE

<p> AVERY DENNISON INTELLIGENT LABELS EUROPE S.R.L. AVERY DENNISON INTELLIGENT LABELS HK LIMITED AVERY DENNISON INVESTMENT LUXEMBOURG II SARL AVERY DENNISON INVESTMENTS LUXEMBOURG III SARL AVERY DENNISON INVESTMENTS LUXEMBOURG IV SARL AVERY DENNISON ISRAEL LTD. AVERY DENNISON ITALIA S.R.L. AVERY DENNISON JAPAN KK AVERY DENNISON KOREA LIMITED AVERY DENNISON LANKA (PRIVATE) LIMITED AVERY DENNISON LUXEMBOURG SALES SARL AVERY DENNISON LUXEMBOURG S.A.R.L. AVERY DENNISON MANAGEMENT GMBH AVERY DENNISON MATERIALS BELGIUM SRL AVERY DENNISON MATERIALS EUROPE B.V. AVERY DENNISON MATERIALS EUROPE GMBH AVERY DENNISON MATERIALS FRANCE S.A.R.L. AVERY DENNISON MATERIALS GMBH AVERY DENNISON MATERIALS IRELAND LIMITED AVERY DENNISON MATERIALS NEDERLAND BV AVERY DENNISON MATERIALS NEW ZEALAND LIMITED AVERY DENNISON MATERIALS PTY LTD AVERY DENNISON MATERIALS ROM SRL AVERY DENNISON MATERIALS RUSSIA LLC AVERY DENNISON MATERIALS SALES BELGIUM SRL AVERY DENNISON MATERIALS SALES FRANCE S. A. S. AVERY DENNISON MATERIALS SALES GERMANY GMBH AVERY DENNISON MATERIALS SDN BHD AVERY DENNISON MATERIALS UKRAINE LLC AVERY DENNISON MATERIALS U.K. LIMITED AVERY DENNISON MAURITIUS LTD. AVERY DENNISON MEDICAL LIMITED AVERY DENNISON NETHERLANDS INVESTMENT I BV AVERY DENNISON NETHERLANDS INVESTMENT II B. V. AVERY DENNISON NETHERLANDS INVESTMENT VIII BV AVERY DENNISON NORDIC APS AVERY DENNISON NTP A. S. AVERY DENNISON OFFICE PRODUCTS COMPANY AVERY DENNISON OFFICE PRODUCTS HOLDINGS COMPANY AVERY DENNISON OFFICE PRODUCTS MANUFACTURING U.K. LTD. AVERY DENNISON OVERSEAS CORPORATION AVERY DENNISON PENSION TRUSTEE LIMITED AVERY DENNISON PERU S. R. L. AVERY DENNISON POLSKA SP. Z O.O. AVERY DENNISON PRAHA SPOL. S R. O. AVERY DENNISON RBIS INDIA PRIVATE LIMITED AVERY DENNISON RBIS PTY LTD AVERY DENNISON RBIS (CAMBODIA) CO. LTD AVERY DENNISON RBIS (CAMBODIA) TRADING CO., LTD. AVERY DENNISON RETAIL INFORMATION SERVICES COLOMBIA S. A. S. </p>	<p> ROMANIA HONG KONG LUXEMBOURG LUXEMBOURG LUXEMBOURG ISRAEL ITALY JAPAN SOUTH KOREA SRI LANKA LUXEMBOURG LUXEMBOURG GERMANY BELGIUM NETHERLANDS SWITZERLAND FRANCE GERMANY IRELAND NETHERLANDS NEW ZEALAND AUSTRALIA ROMANIA RUSSIA BELGIUM FRANCE GERMANY MALAYSIA UKRAINE UNITED KINGDOM MAURITIUS IRELAND NETHERLANDS NETHERLANDS NETHERLANDS DENMARK NORWAY NEVADA NEVADA UNITED KINGDOM MASSACHUSETTS UNITED KINGDOM PERU POLAND CZECH REPUBLIC INDIA AUSTRALIA CAMBODIA CAMBODIA COLOMBIA </p>
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AVERY DENNISON RETAIL INFORMATION SERVICES DE MEXICO, S. A. DE C.V.	MEXICO
AVERY DENNISON RETAIL INFORMATION SERVICES EL SALVADOR, LTDA. DE C. V.	EL SALVADOR
AVERY DENNISON RETAIL INFORMATION SERVICES GUATEMALA, S. A.	GUATEMALA
AVERY DENNISON RETAIL INFORMATION SERVICES HONDURAS, S. DE R.L.	HONDURAS
AVERY DENNISON RETAIL INFORMATION SERVICES LLC	NEVADA
AVERY DENNISON RETAIL INFORMATION SERVICES PERÚ SAC	PERU
AVERY DENNISON RETAIL INFORMATION SERVICES UK LTD.	UNITED KINGDOM
AVERY DENNISON RETAIL INFORMATION SERVICES (PTY) LTD	SOUTH AFRICA
AVERY DENNISON RFID COMPANY	DELAWARE
AVERY DENNISON RIS TAIWAN LTD.	TAIWAN
AVERY DENNISON RIS VIETNAM CO., LIMITED	VIETNAM
AVERY DENNISON R.I.S. FRANCE S. A. S.	FRANCE
AVERY DENNISON R.I.S. IBERIA S.L.	SPAIN
AVERY DENNISON R.I.S. ITALIA S.R.L.	ITALY
AVERY DENNISON SCANDINAVIA AB	SWEDEN
AVERY DENNISON SCANDINAVIA APS	DENMARK
AVERY DENNISON SECURITY PRINTING EUROPE APS	DENMARK
AVERY DENNISON SHARED SERVICES, INC.	NEVADA
AVERY DENNISON SINGAPORE (PTE) LTD.	SINGAPORE
AVERY DENNISON SMARTRAC DE MEXICO, SOCIEDAD DE RESPONSABILIDAD LIMITADA DE CAPITAL VARIABLE	MEXICO
AVERY DENNISON SMARTRAC (SHANGHAI) IOT TECHNOLOGY CO. LTD	CHINA
AVERY DENNISON SMARTRAC LATAM LTDA.	BRAZIL
AVERY DENNISON SOUTH AFRICA (PROPRIETARY) LIMITED	SOUTH AFRICA
AVERY DENNISON SUPPORT SERVICES GMBH	SWITZERLAND
AVERY DENNISON S.R.L.	ROMANIA
AVERY DENNISON TEKSTIL URUNLERI SANAYI VE TICARET LIMITED SIRKETI	TURKEY
AVERY DENNISON TRADING COMPANY LTD.	BANGLADESH
AVERY DENNISON TREASURY MANAGEMENT BV	NETHERLANDS
AVERY DENNISON U.K. II LIMITED	UNITED KINGDOM
AVERY DENNISON U.K. LIMITED	UNITED KINGDOM
AVERY DENNISON (ASIA) HOLDINGS LIMITED	MAURITIUS
AVERY DENNISON (CHANGZHOU) FILMS TECHNOLOGY CO., LTD	CHINA
AVERY DENNISON (CHINA) COMPANY LIMITED	CHINA
AVERY DENNISON (GUANGZHOU) CONVERTED PRODUCTS LIMITED	CHINA
AVERY DENNISON (GUANGZHOU) CO., LTD.	CHINA
AVERY DENNISON (GUANGZHOU) INTELLIGENT LABELS CO. LTD	CHINA
AVERY DENNISON (HONG KONG) LIMITED	HONG KONG
AVERY DENNISON (INDIA) PRIVATE LIMITED	INDIA
AVERY DENNISON (IRELAND) LIMITED	IRELAND
AVERY DENNISON (KENYA) PRIVATE LIMITED	KENYA
AVERY DENNISON (KUNSHAN) COMPANY LIMITED	CHINA
AVERY DENNISON (QINGDAO) CONVERTED PRODUCTS LIMITED	CHINA
AVERY DENNISON (SUZHOU) CO. LIMITED	CHINA
AVERY DENNISON (THAILAND) LTD.	THAILAND
AVERY DENNISON (VIETNAM) LIMITED	VIETNAM
AVERY DENNISON, S.A. DE C.V.	MEXICO
AVERY GRAPHIC SYSTEMS, INC.	DELAWARE

AVERY LLC
AVERY OFFICE PRODUCTS PUERTO RICO L.L.C.
AVERY PACIFIC LLC
AVERY PROPERTIES PTY. LIMITED
AWESOME PROFITS LIMITED
CB VELOCITY HOLDINGS, LLC
CB VELOCITY MIDCO, INC.
CHOICE CLEVER PROFITS LIMITED
CREATERO GMBH
DENNISON INTERNATIONAL COMPANY
DENNISON MANUFACTURING COMPANY
DIGIPRO BV
ELECTRONIC IMAGING SERVICES, INC.
EUSTON FINANCIAL LIMITED
HANITA COATINGS USA, LLC
HEBEI YONGLE TAPE CO., LTD
INK MILL LLC
INTEGRATED RETAIL LIMITED
JAC ASIA PACIFIC SDN BHD
JAC CARIBE C.S.Z.
JAC DO BRASIL - LOCAÇÃO DE EQUIPAMENTOS INDUSTRIAIS LTDA
JACKSTADT FRANCE S.N.C.
L&E AMERICAS SERVICIOS, S. A. DE C.V.
LG GROUP, INC.
LG PRINT LLC
LION BROTHERS COMPANY, INC.
LION BROTHERS FAR EAST LIMITED
LION BROTHERS (SHENZHEN) COMPANY LIMITED
LION-REDCLIFFE & COMPANY LIMITED
MODERN MARK INTERNATIONAL LIMITED
NINGBO AVERY DENNISON SHENZHOU EMBELLISHMENT CO. LTD.
PAXAR BANGLADESH LIMITED
PAXAR B.V.
PAXAR CANADA CORPORATION
PAXAR CORPORATION
PAXAR DE EL SALVADOR S. A. DE C. V.
PAXAR DE GUATEMALA, S. A.
PAXAR DE MEXICO S. A. DE C. V.
PAXAR DO BRASIL LTDA
PAXAR FAR EAST LIMITED
PAXAR PACKAGING (GUANGZHOU) LTD.
PAXAR PAKISTAN (PRIVATE) LIMITED
PAXAR (CHINA) LTD.
PLYMOUTH YONGLE TAPE (SHANGHAI) CO., LTD.
PT AVERY DENNISON INDONESIA
PT AVERY DENNISON PACKAGING INDONESIA
PT AVERY DENNISON TRADING INDONESIA
P. T. PACIFIC LABEL INDONESIA
P. T. PAXAR INDONESIA
RIETVELD SERIGRAFIE B.V.

DELAWARE
PUERTO RICO
CALIFORNIA
AUSTRALIA
BRITISH VIRGIN ISLANDS
DELAWARE
DELAWARE
BRITISH VIRGIN ISLANDS
GERMANY
MASSACHUSETTS
NEVADA
NETHERLANDS
DELAWARE
BRITISH VIRGIN ISLANDS
DELAWARE
CHINA
NEW HAMPSHIRE
UNITED KINGDOM
MALAYSIA
DOMINICAN REPUBLIC
BRAZIL
FRANCE
MEXICO
DELAWARE
DELAWARE
DELAWARE
HONG KONG
CHINA
HONG KONG
HONG KONG
CHINA
CHINA
BANGLADESH
NETHERLANDS
CANADA
NEW YORK
EL SALVADOR
GUATEMALA
MEXICO
BRAZIL
HONG KONG
CHINA
PAKISTAN
HONG KONG
CHINA
INDONESIA
INDONESIA
INDONESIA
INDONESIA
INDONESIA
NETHERLANDS

RVL AMERICAS, S DE R.L. DE C.V.
RVL CENTRAL AMERICA, S. A.
RVL PACKAGING FAR EAST LIMITED
RVL SERVICE, S. DE R. L. DE C. V.
SCI JO-LIO
SECURITY PRINTING DIVISION, INC.
SKILLFIELD INVESTMENTS LIMITED
SMARTRAC INVESTMENT B.V.
SMARTRAC SPECIALTY GMBH
SMARTRAC TECHNOLOGY FLETCHER, INC.
SMARTRAC TECHNOLOGY GERMANY GMBH
SMARTRAC TECHNOLOGY GMBH
SMARTRAC TECHNOLOGY MALAYSIA SDN. BHD
SMARTRAC TECHNOLOGY (GUANGZHOU) CO., LTD.
TEXTRACE, AG
THERMOPATCH BV
THERMOPATCH BORDUUR BV
THERMOPATCH DEUTSCHLAND GMBH
THERMOPATCH FRANCE SAS
THERMOPATCH INTERNATIONAL BV
THERMOPATCH POLSKA SP ZOO
THERMOPATCH SPORTS LTD
THERMOPATCH UK LTD.
THERMOPATCH (CANADA) INC.
VESTCOM PARENT HOLDINGS, INC.
WORLDWIDE RISK INSURANCE, INC.
YONGLE TAPE LTD

MEXICO
GUATEMALA
HONG KONG
MEXICO
FRANCE
DELAWARE
BRITISH VIRGIN ISLANDS
NETHERLANDS
GERMANY
DELAWARE
GERMANY
GERMANY
MALAYSIA
CHINA
SWITZERLAND
NETHERLANDS
NETHERLANDS
GERMANY
FRANCE
NETHERLANDS
POLAND
UNITED KINGDOM
UNITED KINGDOM
CANADA
DELAWARE
HAWAII
BERMUDA

(1) Each subsidiary listed on this Exhibit 21 is a Consolidated Subsidiary

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-264452) and Form S-8 (Nos. 033-54411, 033-58921, 033-63979, 333-38707, 333-38709, 333-107370, 333-107371, 333-107372, 333-109814, 333-124495, 333-143897, 333-152508, 333-166832, 333-166836, 333-166837, 333-181221, 333-197631, 333-217534, 333-226484 and 333-268096) of Avery Dennison Corporation of our report dated February 21, 2024 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Los Angeles, California
February 21, 2024

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

CERTIFICATION

I, Deon M. Stander, certify that:

1. I have reviewed this annual report on Form 10-K of Avery Dennison Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Deon M. Stander

Deon M. Stander

President and Chief Executive Officer

February 21, 2024

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

CERTIFICATION

I, Gregory S. Lovins, certify that:

1. I have reviewed this annual report on Form 10-K of Avery Dennison Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Gregory S. Lovins

Gregory S. Lovins
Senior Vice President and
Chief Financial Officer

February 21, 2024

CERTIFICATION OF CHIEF EXECUTIVE OFFICER*
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Avery Dennison Corporation (the "Company") hereby certifies, to the best of his knowledge, that:

- (i) the Annual Report on Form 10-K of the Company for the fiscal year ended December 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 21, 2024

/s/ Deon M. Stander

Deon M. Stander

President and Chief Executive Officer

* The above certification accompanies the Company's Annual Report on Form 10-K and is furnished, not filed, as provided in SEC Release 33-8238, dated June 5, 2003.

CERTIFICATION OF CHIEF FINANCIAL OFFICER*
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Avery Dennison Corporation (the "Company") hereby certifies, to the best of his knowledge, that:

- (i) the Annual Report on Form 10-K of the Company for the fiscal year ended December 30, 2023 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 21, 2024

/s/ Gregory S. Lovins

Gregory S. Lovins
Senior Vice President and
Chief Financial Officer

* The above certification accompanies the Company's Annual Report on Form 10-K and is furnished, not filed, as provided in SEC Release 33-8238, dated June 5, 2003.

AVERY DENNISON CORPORATION

POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

Avery Dennison Corporation (the "Company") has adopted this Policy for Recovery of Erroneously Awarded Compensation (the "Policy"), effective as of October 2, 2023 (the "Effective Date"). Capitalized terms used in this Policy but not otherwise defined in this Policy are defined in Section 11.

1. Persons Subject to Policy

This Policy shall apply to any current and former executive officer of the Company (the "Officers"), as defined in Rule 10D-1(d) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Each Officer shall be required to sign an acknowledgement, substantially in the form attached hereto as Exhibit A, pursuant to which such Officer agrees to be bound by the terms of, and comply with, this Policy; any Officer's failure to sign such acknowledgement shall not negate the application of this Policy to such Officer.

2. Compensation Subject to Policy

This Policy shall apply to Incentive-Based Compensation received on or after the Effective Date. For purposes of this Policy, the date on which Incentive-Based Compensation is "received" shall be determined under Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder, the listing rules of the national securities exchange or association on which the Company's securities are listed, and any applicable rules, standards or other guidance adopted by the Securities and Exchange Commission or any national securities exchange or association on which the Company's securities are listed (collectively, the "Applicable Rules"), which generally provide that Incentive-Based Compensation is "received" in the Company's fiscal period during which the relevant Financial Reporting Measure is attained or satisfied, without regard to whether the grant, vesting or payment of the Incentive-Based Compensation occurs prior to or after the end of that period.

3. Recovery of Compensation

In the event that the Company is required to prepare an accounting restatement to correct the Company's material noncompliance with any financial reporting requirement under U.S. securities laws (a "Restatement"), including restatements that correct an error in previously issued financial statements (a) that is material to the previously issued financial statements or (b) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period, the Company shall recover, reasonably promptly, the portion of any Incentive-Based Compensation that is Erroneously Awarded Compensation, unless the Talent and Compensation Committee (the "Committee") of the Company's Board of Directors (the "Board") has determined that recovery would be impracticable, and one or more of the Impracticability Conditions has been met. Recovery shall be required in accordance with the preceding sentence regardless of whether the applicable Officer engaged in misconduct or otherwise caused or contributed to the requirement for the Restatement and regardless of whether or when restated financial statements are filed by the Company. For clarity, the recovery or attempted recovery of Erroneously Awarded Compensation under this Policy will not give rise to any person's right to voluntarily terminate employment for "good reason," or due to a "constructive termination" (or any similar term of like effect) under any plan, program or policy of or agreement with the Company (including,

without limitation, the Amended and Restated Executive Severance Plan and the Amended and Restated Key Employee Change of Control Severance Plan) or any of its affiliates or to constitute a breach of a contract or other arrangement to which such person is party.

4. Manner of Recovery; Limitation on Duplicative Recovery

The Committee shall, in its sole discretion, determine the manner of recovery of any Erroneously Awarded Compensation, which may include, without limitation, (a) reduction or cancellation by the Company or an affiliate of the Company of Incentive-Based Compensation or Erroneously Awarded Compensation, (b) requiring the reimbursement or repayment by any person subject to this Policy of the Erroneously Awarded Compensation, and (c) to the extent permitted by law, an offset of the Erroneously Awarded Compensation against other compensation payable by the Company or an affiliate of the Company to such person. Notwithstanding the foregoing, unless otherwise prohibited by the Applicable Rules, to the extent this Policy provides for recovery of Erroneously Awarded Compensation already recovered by the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 or Other Recovery Arrangements, the amount of Erroneously Awarded Compensation already recovered by the Company from the recipient of such Erroneously Awarded Compensation will be credited to the amount of Erroneously Awarded Compensation required to be recovered pursuant to this Policy from such person.

5. Administration

This Policy shall be administered, interpreted and construed by the Committee, which is authorized to make all determinations necessary, appropriate or advisable for such purpose. The Board may re-vest in itself the authority to administer, interpret and construe this Policy in accordance with applicable law, and in such event references herein to the "Committee" shall be deemed to be references to the independent directors on the Board. Subject to any permitted review by the applicable national securities exchange or association pursuant to the Applicable Rules, all determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company and its affiliates, shareholders and employees. The Committee may delegate administrative duties with respect to this Policy to one or more directors or employees of the Company, as permitted by applicable law, including any of the Applicable Rules.

6. Interpretation

This Policy will be interpreted and applied in a manner that is consistent with the requirements of the Applicable Rules. To the extent this Policy is inconsistent with the Applicable Rules, it shall be deemed amended to the minimum extent necessary to ensure compliance therewith.

7. No Indemnification; No Personal Liability

Notwithstanding the terms of any contractual or other arrangement with any Officer that may be interpreted to the contrary, the Company shall not indemnify or insure any person against the loss of any Erroneously Awarded Compensation pursuant to this Policy, nor shall the Company directly or indirectly pay or reimburse any person for any premiums for third-party insurance policies that such person may elect to purchase to fund such person's potential obligations under this Policy. No member of the Committee or the Board shall have any personal liability to any person as a result of actions taken under this Policy and each member

of the Committee and the Board shall be fully indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any actions taken under this Policy. The foregoing sentence shall not limit any other rights to indemnification the members of the Board may have under applicable law or Company policy.

8. Application; Enforceability

Except as otherwise determined by the Committee or the Board, the adoption of this Policy does not limit, and is intended to apply in addition to, any other clawback, recoupment, forfeiture or similar policies or provisions of the Company or its affiliates, including any such policies or provisions contained in any employment agreement, bonus plan, incentive plan, equity-based plan or award agreement thereunder or similar plan, program or agreement of the Company or an affiliate or required under applicable law (the "Other Recovery Arrangements"). The remedy specified in this Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company or an affiliate of the Company. This Policy shall be binding and enforceable against all current and former Officers and their beneficiaries, heirs, executors, administrators or other legal representatives.

9. Severability

The provisions in this Policy are intended to be applied to the fullest extent of the law. To the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

10. Amendment and Termination

The Board or the Committee may amend, modify or terminate this Policy in whole or in part at any time and from time to time in its sole discretion. This Policy will terminate automatically when the Company does not have a class of securities listed on a national securities exchange or association.

11. Definitions

"Erroneously Awarded Compensation" means the amount of Incentive-Based Compensation received by a current or former Officer that exceeds the amount of Incentive-Based Compensation that would have been received by such current or former Officer based on a restated Financial Reporting Measure, as determined on a pre-tax basis in accordance with the Applicable Rules.

"Financial Reporting Measure" means any measure determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures, including generally accepted accounting principles in the United States of America (GAAP), international financial reporting standards as adopted by the International Accounting Standards Board (IFRS) and non-GAAP/IFRS financial measures, as well as stock or share price and total shareholder return.

“Impracticability Conditions” means (a) the direct costs paid to third parties to assist in enforcing recovery would exceed the Erroneously Awarded Compensation, provided that the Company (i) has made reasonable attempts to recover the Erroneously Awarded Compensation, (ii) documented such attempt(s), and (iii) provided such documentation to the relevant listing exchange or association; (b) to the extent permitted by the Applicable Rules, the recovery would violate the Company’s home country laws pursuant to an opinion of home country counsel, provided that the Company has (i) obtained an opinion of home country counsel, acceptable to the relevant listing exchange or association, that recovery would result in such violation, and (ii) provided such opinion to the relevant listing exchange or association; or (c) recovery would likely cause an otherwise tax-qualified retirement plan under which benefits are broadly available to employees of the Company to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

“Incentive-Based Compensation” means, with respect to a Restatement, any compensation that is granted, earned or vested based wholly or in part upon the attainment of one or more Financial Reporting Measures and received by a person (a) after beginning service as an Officer; (b) who served as an Officer at any time during the performance period for that compensation; (c) while the issuer has a class of its securities listed on a national securities exchange or association; and (d) during the applicable Three-Year Period.

“Three-Year Period” means, with respect to a Restatement, the three completed fiscal years immediately preceding the date that the Board, a committee of the Board, or, if Board action is not required, the officer or officers of the Company authorized to take such action, concludes, or reasonably should have concluded, that the Company is required to prepare such Restatement, or, if earlier, the date on which a court, regulator or other legally authorized body directs the Company to prepare such Restatement. The “Three-Year Period” also includes any transition period (that results from a change in the Company’s fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence. However, a transition period between the last day of the Company’s previous fiscal year and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year.

**EXHIBIT A – FORM OF ACKNOWLEDGMENT AND CONSENT TO
POLICY FOR RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION**

The undersigned has received a copy of the Policy for Recovery of Erroneously Awarded Compensation (as amended from time to time, the “Policy”) adopted by Avery Dennison Corporation (the “Company”).

In consideration of, and as a condition to, the receipt of future cash and/or equity incentive compensation from the Company, the undersigned agrees to the terms of the Policy and agrees that compensation received by the undersigned may be subject to reduction, cancellation, forfeiture and/or recoupment as required by the Policy, notwithstanding any other agreement to the contrary. The undersigned further acknowledges and agrees that the undersigned is not entitled to indemnification in connection with any enforcement of the Policy and expressly waives any rights to such indemnification under the Company’s organizational documents or otherwise.

Date

Signature

Name

Title