

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 14A INFORMATION

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

Filed by the Registrant
Filed by a Party other than the Registrant

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

AVERY DENNISON CORPORATION
(Name of Registrant as Specified In Its Charter)

N/A
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:
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 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
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- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
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-



2020 In-Season Stockholder Engagement

Spring 2020

Company Overview

We are a global materials science and manufacturing company specializing in the design and manufacture of a wide variety of labeling and functional materials

Highlights

\$9.5B | Market cap⁽¹⁾ **\$7.1B** | 2019 Net sales

30K+ | Employees **50+** | Countries with operations

Sustainable competitive advantages

- Global scale: 180+ operating locations
- Broad exposure to large, growing and diverse end markets
- Innovative process technology; operational and commercial excellence
- Relentless focus on innovation, productivity and highly disciplined capital allocation

Business Segments

Label and Graphic Materials	<ul style="list-style-type: none"> • \$4.7B 2019 Net sales; 1.2% Organic sales change • Largest global provider of self-adhesive materials for packaged goods and variable information labeling • Leading provider of graphics and reflective solutions
Retail Branding and Information Solutions	<ul style="list-style-type: none"> • \$1.7B 2019 Net sales; 5.1% Organic sales change • Largest global provider of tickets, tags and labels, sustainable packaging, and RFID and other solutions for branding and information management purposes for the retail and other end markets
Industrial and Healthcare Materials	<ul style="list-style-type: none"> • \$0.7B 2019 Net sales; 0.4% Organic sales change • Leading provider of tapes, fasteners and medical pressure-sensitive adhesive based materials and products



⁽¹⁾ As of Feb. 29, 2020

Our Strategies Create Value for All Our Stakeholders

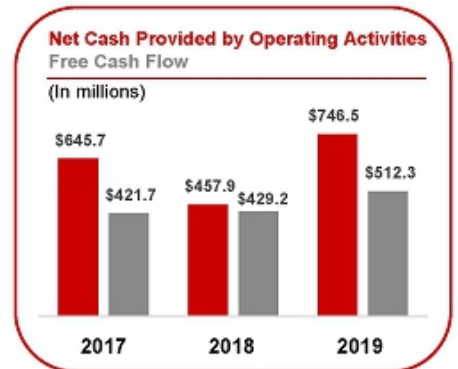
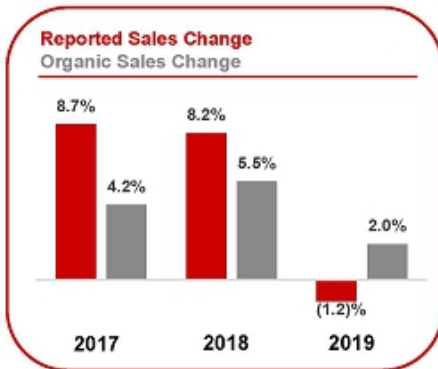
Our core strategies drive superior long-term, sustainable value for our customers, employees and investors, and improve the communities in which we operate

Achieve outsized growth in high value product categories with higher growth and margin potential

Grow profitably in our base businesses through tailored go-to-market strategies and disciplined execution

Advance sustainability in our operations and throughout value chains

Foster well-being and diversity in our teams

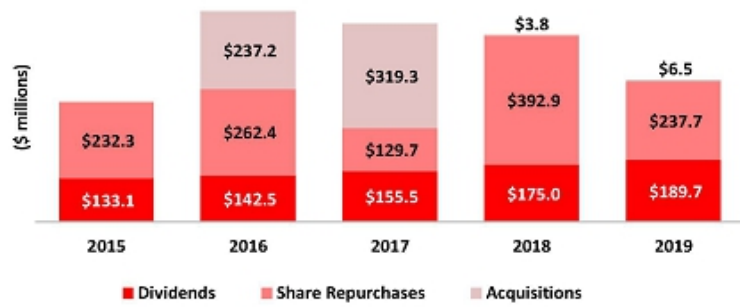


Disciplined Capital Allocation and Strong Stockholder Value Creation

Capital Allocation

- Over the last five years, we have allocated over \$2 billion to dividends and share repurchases
- We have also invested in our businesses to support organic growth and acquired targeted companies that increased our exposure to high value product categories

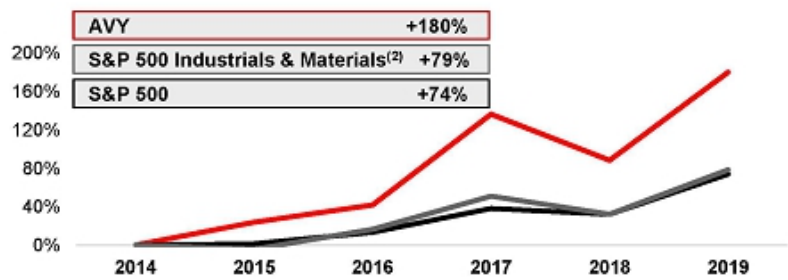
Capital Allocated to Dividends, Share Repurchases and Acquisitions⁽¹⁾



Stockholder Value Creation

- Our Total Stockholder Return (TSR) over the most recent 1-, 3- and 5-calendar years significantly outperformed the S&P 500 and the S&P 500 Industrials and Materials subsets

5-Year Total Stockholder Return



⁽¹⁾ Amounts for acquisitions include equity investments in unconsolidated businesses.

⁽²⁾ Based on median of companies in both subsets as of December 31, 2019.

Progress Towards Achieving Long-Term Financial Targets

Our long-term financial targets aim to balance strong top-line growth with margin expansion to maintain our focus on delivering top-quartile returns

ON TRACK TO DELIVER LONG-TERM FINANCIAL TARGETS

FINANCIAL MEASURE ⁽¹⁾	2017–2021 TARGETS	2017-2019 RESULTS ⁽¹⁾
Sales Growth ⁽²⁾	4%+ organic 5%+ ex. currency ⁽³⁾	3.9% organic 5.7% ex. currency
GAAP Operating Margin	11%+ in 2021	10.9% in 2019
Adjusted EPS Growth ⁽²⁾	10%+	18.0%
Return on Total Capital (ROTC)	17%+ in 2021	11.9% in 2019 Adj. ROTC ⁽⁴⁾ of 19.6% in 2019

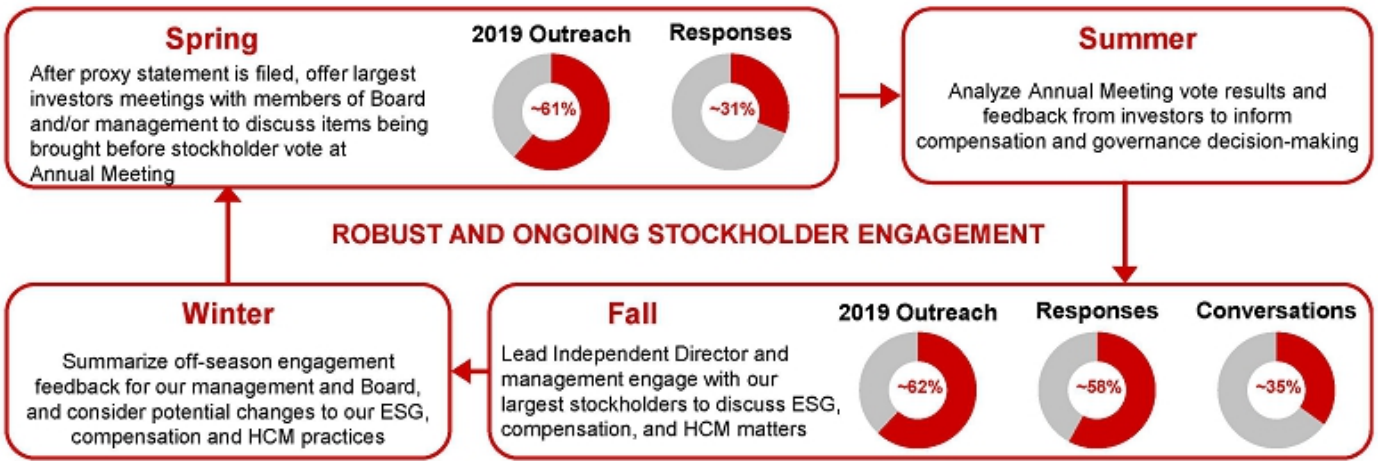
⁽¹⁾ Non-GAAP financial measures are defined and qualified – and results for these measures are reconciled from GAAP – in the Appendix.

⁽²⁾ Percentages for targets reflect five-year compound annual growth rates, with 2016 as the base period. Percentages for results reflect three-year compound annual growth rates, with 2016 as the base period.

⁽³⁾ Target for sales growth ex. currency reflects the impact of completed acquisitions as of March 2017 of approximately 1 point.

⁽⁴⁾ Excludes the impact of the termination of our U.S. pension plan.

Engagement Informs Strong Governance and Compensation Practices



Stockholder Rights

- ✓ Annual election of directors
- ✓ Majority voting in director elections
- ✓ Single class of outstanding voting stock
- ✓ Market-standard proxy access
- ✗ No supermajority voting requirements
- ✗ No poison pill
- ✗ No exclusive forum or fee-shifting bylaws

Governance

- ✓ Current directors 91% independent
- ✓ Robust lead independent director role
- ✓ Ongoing director succession planning and board refreshment
- ✓ Executive succession planning and leadership development
- ✓ Annual board evaluations
- ✓ Mandatory director retirement policy
- ✓ Direct board access to management and experts

Compensation

- ✓ Rigorous stock ownership policy (6x salary for CEO); requires 50% to be held in vested shares
- ✓ Double-trigger CIC equity vesting
- ✓ Clawback policy
- ✗ No employment agreements with NEOs
- ✗ No hedging or pledging AVY stock
- ✗ No gross-ups on perquisites or change of control severance benefits
- ✗ No supplemental retirement benefits

Our Director Nominees Have Experience that Aligns with Our Strategies

Our director nominees possess the skills and experience necessary to guide our strategy and success

Mitchell Butier

Chairman, President & CEO, Avery Dennison

Patrick Siewert

Managing Director & Partner, The Carlyle Group

Bradley Alford

Retired Chairman & CEO, Nestlé USA

Anthony Anderson

Retired Vice Chair & Managing Partner, Ernst & Young

Peter Barker

Retired Chairman of California, JPMorgan Chase

Mark Barrenechea

Vice Chair, CEO & CTO, OpenText

Ken Hicks

Chairman, President & CEO, Academy Sports + Outdoors

Andres Lopez

President & CEO, O-I Glass

Julia Stewart

Chair & CEO, Alurx

Martha Sullivan

Retired President & CEO, Sensata Technologies

Patrick Siewert was selected by our independent directors to serve as Lead Independent Director after the Annual Meeting, subject to his reelection

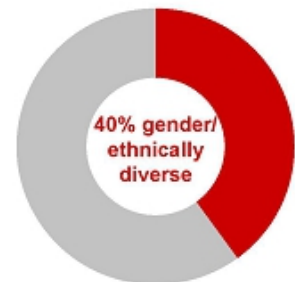


Patrick Siewert
LID-Elect

Primary Responsibilities

- **Preside over executive sessions of independent directors** and meetings of our Board at which the non-independent Chairman/CEO is not present
- **Serve as liaison** between the non-independent Chairman/CEO and our independent directors
- **Approve meeting agendas, schedules** and other information sent to our Board to ensure appropriate items are discussed, with sufficient time for discussion of all items
- **Call meetings of independent directors** when necessary or appropriate
- If requested, **consult and meet with our stockholders**

- ✓ **90% director nominees are independent**
- ✓ **Three new directors in the last five years**
- ✓ **Longstanding commitment to ongoing stockholder engagement**
- ✓ **Thoughtful Board evaluation and refreshment practices**



Matrix of Director Nominee Skills, Qualifications and Backgrounds

Our director nominees have the skills and qualifications to best advance our business strategies and serve the interests of our customers, investors, employees and communities

	Alford	Anderson	Barker	Barrenechea	Butler	Hicks	Lopez	Stewart	Stewart	Sullivan
GOVERNANCE GUIDELINES CRITERIA										
Board Experience	•	•	•	•		•	•	•	•	•
Global Exposure	•	•	•	•	•	•	•	•	•	•
Senior Leadership Experience	•	•	•	•	•	•	•		•	•
Industry Experience	•			•	•	•	•	•		•
Financial Sophistication		•	•		•			•		
Independent	•	•	•	•		•	•	•	•	•
INDUSTRY EXPERIENCE										
Retail/Dining						•			•	
Packaging					•		•			
Consumer Goods	•					•		•		
Industrial Goods/Technology				•	•					•
DEMOGRAPHIC BACKGROUND										
Tenure (years)	10	7	17	1	4	12	3	15	17	7
Age	63	64	71	55	48	67	57	64	64	63
Lives/Has Lived Abroad	•		•	•	•		•	•		

2019 CEO Compensation and Change in Approach for 2020

86% Performance-Based	Annual	Base Salary (14%)	<ul style="list-style-type: none"> • Annual fixed-cash compensation • Generally targeted at or around market median 	<div style="background-color: #cccccc; padding: 5px; text-align: center; font-weight: bold;">Change in Approach for CEO Compensation</div> <p>After extensive discussion and giving consideration to feedback from dialogue with our largest stockholders, consistent with its performance-based compensation approach, the Compensation Committee determined to eliminate year-over-year increases to our CEO's total target direct compensation (TDC) in favor of an even longer-term approach that would hold his TDC constant for three years and evaluate his and our company's performance and market conditions at the end of the period to determine the appropriate level of his go-forward compensation.</p>
		Annual Incentive (18%)	<ul style="list-style-type: none"> • Drives performance consistent with our company's financial goals for the year • 100% based on financial performance <ul style="list-style-type: none"> • (60%) Adjusted EPS • (20%) Adjusted Sales Growth • (20%) Free Cash Flow • Individual performance modifier based on achievement against predetermined and objectively measurable strategic objectives (generally capped at 100%) 	
	Long-Term	Performance Units (34%)	<ul style="list-style-type: none"> • 100% Financial Performance <ul style="list-style-type: none"> • (50%) Relative TSR⁽¹⁾ • (50%) Cumulative EVA⁽²⁾ • Three-year cliff vesting • Relative TSR capped at 100% if absolute TSR is negative 	
		Market-Leveraged Stock Units (34%)	<ul style="list-style-type: none"> • 100% Financial Performance <ul style="list-style-type: none"> • (100%) Absolute TSR⁽³⁾ • Vest over four-years based on one-, two-, three-, and four-year performance periods (average 2.5-year performance period) 	

(1) Relative TSR compares our TSR to the TSR of companies in a peer group satisfying objective criteria for industry classification and revenue size, the names of which are disclosed on page 56 of our 2020 proxy statement

(2) Economic Value Added (EVA) is a measure of financial performance calculated by deducting the economic cost associated with the use of capital (weighted average cost of capital multiplied by average invested capital) from after-tax operating profit

(3) Absolute TSR measures the return that we have provided our stockholders, including stock price appreciation and dividends paid (assuming reinvestment of dividends)

Sustainability as a Competitive Advantage

Sustainability is one of our core values and has long been an integral part of how we do business. In 2015, we announced our sustainability goals we aim to achieve by 2025.



RESPONSIBLE SOURCING

- **Source 100% certified paper**, of which at least 70% will be Forest Stewardship Council® certified
- Ensure that **70% of the films we buy conform** to, or enable end products to conform to, our environmental and social guiding principles
- Ensure that **70% of the chemicals we buy conform** to, or enable end products to conform to, our environmental and social guiding principles



HUMAN CAPITAL MGMT

- Continue to cultivate a diverse (**40%+ female at the level of manager and above**) and engaged workforce
- Maintain a safe workplace (**recordable injury rate of <0.25**)
- Continue to **invest in our employees and the communities** in which they live and work



WASTE MINIMIZATION

- Achieve at least **3% absolute reduction of greenhouse gas GHG emissions** year-over-year and at least 26% overall compared to 2015
- **Be 95% landfill-free**, with at least 75% of our waste reused, repurposed or recycled
- **Eliminate 70% of the matrix and liner waste** from our value chain

Progress towards achieving our 2025 sustainability goals:

- ✓ Reduced absolute greenhouse gas emissions by over 5% in 2019 and over 30% compared to 2015
- ✓ ~90% of the total paper procured in 2019 was certified, with ~80% of facestocks Forest Stewardship Council-certified
- ✓ Recordable incident rate of 0.23 in 2019, compared to an industry average of 3.4 in 2018 (most recently available data)
- ✓ Named #20 on Barron's 100 Most Sustainable Companies in Feb. 2020

Appendix



Use of Non-GAAP Financial Measures

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

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 difficult to assess our underlying performance in a single period. By excluding the accounting effects, both positive or negative, of certain items (such as restructuring charges, legal settlements, certain effects of strategic transactions and related costs, losses from debt extinguishments, gains or losses from curtailment or settlement of pension obligations, gains or losses on sales of certain assets, and other items), we believe that we are providing meaningful supplemental information that facilitates an understanding of our core operating results and liquidity measures. While some of the items we exclude from GAAP financial measures recur, they tend to be disparate in amount, frequency, or timing.

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

We use the following non-GAAP financial measures in this presentation:

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

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 net income per common share, assuming dilution (adjusted EPS)*, refers to adjusted net income divided by weighted average number of common shares outstanding, assuming dilution. Adjusted net income is income from continuing operations before taxes, tax-effected at the adjusted tax rate, and adjusted for tax-effected restructuring charges and other items. Adjusted tax rate is the full-year GAAP tax rate, adjusted to exclude certain unusual or infrequent events that are expected to significantly impact that rate, such as impacts related to the enactment of the U.S. Tax Cuts and Jobs Act (TCJA) and our U.S. pension plan termination, effects of certain discrete tax planning actions, and other items. We believe that adjusted EPS assists investors in understanding our core operating trends and comparing our results with those of our competitors.
- *Free cash flow* refers to cash flow provided by operating activities, less payments for property, plant and equipment, software and other deferred charges, plus proceeds from sales of property, plant and equipment, plus (minus) net proceeds from insurance and sales (purchases) of investments. Free cash flow is also adjusted for the cash contributions related to the termination of our U.S. pension plan. We believe that free cash flow assists investors by showing the amount of cash we have available for debt reductions, dividends, share repurchases, and acquisitions.
- *Return on total capital (ROTC)* refers to net income excluding the expense and tax benefit of debt financing divided by the average of beginning and ending invested capital. *Adjusted ROTC* refers to ROTC adjusted for the impact of the TCJA and pension plan settlements. We believe that ROTC and adjusted ROTC assist investors in understanding our ability to generate returns from our capital.

Reconciliation of Non-GAAP Financial Measures from GAAP

ORGANIC SALES CHANGE BY SEGMENT

(\$ in millions)

Label and Graphic Materials	2018	2019
Net sales	\$4,851.1	\$4,745.9
Reported sales change	7.5%	(2.2)%
Reclassification of sales between segments		(0.2)%
Foreign currency translation	(1.9)%	3.6%
Sales change ex. currency ⁽¹⁾	5.7%	1.2%
Acquisitions	(0.2)%	–
Organic sales change (non-GAAP)⁽¹⁾	5.5%	1.2%

Retail Branding and Information Solutions	2018	2019
Net sales	\$1,613.2	\$1,650.3
Reported sales change	6.7%	2.3%
Reclassification of sales between segments		0.6%
Foreign currency translation	0.2%	2.2%
Sales change ex. currency ⁽¹⁾	6.9%	5.1%
Organic sales change (non-GAAP)⁽¹⁾	–	–

Industrial and Healthcare Materials	2018	2019
Net sales	\$694.7	\$673.9
Reported sales change	17.6%	(3.0)%
Foreign currency translation	(1.5)%	3.4%
Sales change ex. currency ⁽¹⁾	16.1%	0.4%
Acquisitions	(14.7)%	–
Organic sales change (non-GAAP)⁽¹⁾	1.4%	0.4%

⁽¹⁾ Totals may not sum due to rounding and other factors

Reconciliation of Non-GAAP Financial Measures from GAAP

ORGANIC SALES CHANGE

(\$ in millions)	2015	2016	2017	2018	2019	2015-2019 5-YR CAGR ⁽¹⁾	2017-2019 3-YR CAGR ⁽²⁾
Net sales	\$5,966.9	\$6,086.5	\$6,613.8	\$7,159.0	\$7,070.1		
Reported sales change	(5.7)%	2.0%	8.7%	8.2%	(1.2)%		
Foreign currency translation	8.6%	2.6%	(0.5)%	(1.4)%	3.3%		
Sales change ex. currency (non-GAAP) ⁽³⁾	2.9%	4.6%	8.2%	6.9%	2.0%	4.9%	5.7%
Extra week impact	-1.2%	-	-	-	-		
Acquisitions/divestiture	0.6%	(0.7)%	(3.9)%	(1.4)%	-		
Organic sales change (non-GAAP) ⁽³⁾	4.6%	3.9%	4.2%	5.5%	2.0%	4.0%	3.9%

⁽¹⁾ Reflects five-year compound annual growth rate, with 2014 as the base period.

⁽²⁾ Reflects three-year compound annual growth rate, with 2016 as the base period.

⁽³⁾ Totals may not sum due to rounding and other factors.

ADJUSTED EARNINGS PER SHARE (EPS)

	2015	2016	2017	2018	2019	2015-2019 5-YR CAGR ⁽¹⁾	2017-2019 3-YR CAGR ⁽²⁾
As reported net income per common share from continuing operations, assuming dilution	\$2.95	\$3.54	\$3.13	\$5.28	\$3.57		
Non-GAAP adjustments per common share, net of tax:							
Restructuring charges and other items ⁽³⁾	0.49	0.48	0.29	0.68	0.47		
Pension plan settlements and related charges	-	-	-	0.84	3.12		
Tax benefit from discrete foreign tax structuring and planning transactions	-	-	-	(0.35)	(0.56)		
TCJA provisional amounts and subsequent adjustments ⁽⁴⁾	-	-	1.91	(0.39)	-		
Impact of previously planned repatriation of foreign earnings for Q4 2017	-	-	(0.33)	-	-		
Adjusted net income per common share from continuing operations, assuming dilution (non-GAAP)	\$3.44	\$4.02	\$5.00	\$6.06	\$6.60	16.2%	18.0%

The adjusted tax rate was 28.0%, 25.0% and 24.6% for 2017, 2018 and 2019, respectively.

⁽¹⁾ Reflects five-year compound annual growth rate, with 2014 as the base period.

⁽²⁾ Reflects three-year compound annual growth rate, with 2016 as the base period.

⁽³⁾ Includes restructuring charges, Argentine peso remeasurement transition loss, other restructuring-related charge, transactions costs, reversal of acquisition-related contingent consideration, net gain on sales of assets, and other items.

⁽⁴⁾ In the fourth quarter of 2018, we finalized our provisional amounts as defined under SEC Staff Accounting Bulletin No. 118 related to the TCJA.

Reconciliation of Non-GAAP Financial Measures from GAAP

FREE CASH FLOW

(\$ in millions)	2017	2018	2019
Net cash provided by operating activities	\$645.7	\$457.9	\$746.5
Purchases of property, plant and equipment	(190.5)	(226.7)	(219.4)
Purchases of software and other deferred charges	(35.6)	(29.9)	(37.8)
Proceeds from sales of property, plant and equipment	6.0	9.4	7.8
Proceeds from insurance sales (purchases) of investments, net	(3.9)	18.5	4.9
Plus: Pension plan contributions for plan termination	—	200.0	10.3
Free cash flow (non-GAAP)	\$421.7	\$429.2	\$512.3

RETURN ON TOTAL CAPITAL (ROTC)

(\$ in millions)	2017	2018	2019	2018 Adjusted ROTC	2019 Adjusted ROTC
Net income	\$281.8	\$467.4	\$303.6	\$467.4	\$303.6
Pension plan settlements and related charges				93.7	444.1
Tax benefit from pension plan contributions				(31.0)	
Tax benefit from pension plan settlements				(19.3)	(179.0)
Interest expense, net of tax benefit ⁽¹⁾⁽²⁾	30.1	49.5	57.2	43.9	57.2
Effective tax rate ⁽²⁾	52.2%	15.4%	24.6%	25.0%	24.6%
Income from operations, excluding expense and tax benefit of debt financing (non-GAAP)	311.9	516.9	360.8	554.7	625.9
Total debt	\$1,581.7	\$1,966.2	\$1,939.5	\$1,966.2	\$1,939.5
Shareholders' equity	1,046.2	955.1	1,204.0	955.1	1,204.0
Pension plan settlements and related charges				93.7	444.1
Tax benefit from pension plan contributions				(31.0)	
Tax benefit from pension plan settlements				(19.3)	(179.0)
Total debt and shareholders' equity	\$2,627.9	\$2,921.3	\$3,143.5	\$2,964.7	\$3,408.6
Return on Total Capital (ROTC) (non-GAAP)	12.9%	18.6%	11.9%	19.3%	19.6%

⁽¹⁾ Interest expense, net of tax benefit for 2019, based on our GAAP tax rate of (22.7)%, is not meaningful. Applying the adjusted tax rate of 24.6% removes the benefit of the negative tax rate from pension plan settlements and discrete foreign tax structuring and planning transactions.

⁽²⁾ The adjusted tax rate was 28.0%, 25.0% and 24.6% for 2017, 2018 and 2019, respectively.

