



Leadership Message

Tina Hart

Vice President, Sales, Label and Packaging Materials North America



Subject: Label & Packaging Materials Price Update - Q4 2022

September 30, 2022

Dear Valued Avery Dennison Customer,

As mentioned in our regular business communications, the industry is facing a number of economic and raw material supply challenges that mean we continue to operate in an inflationary and highly volatile environment. Extremely high raw material and indirect costs are causing continued inflation, especially on paper products.

In paper materials, while high pulp prices are adding to this raw material inflation, the primary driver of new increases is related to a shortage of paper capacity versus the high demand. Recent closure announcements (Pixelle Androscoggin Mill, Dunn Paper Port Huron, Arjo Wiggins Fine Paper) have further exacerbated the supply/demand balance.

While our first priority is the sourcing of paper to fulfill your pressure-sensitive label orders, we have taken many measures to absorb costs and have attempted to negotiate alternative suppliers and better supply and pricing. However, some events have presented challenges beyond our control. Since July, several additional rounds of price increases have been received from our paper suppliers, amounting to 20%+ increases in some cases. Structural costs in energy and labor are also continuing to rise.

