



OUR RESPONSIBILITY – OUR COMMITMENT

Sustainability Report
of the tesa Group 2017

About this report

This sustainability report offers our stakeholders and the general public insight into our worldwide commitment and involvement and the economic, ecological, and social impacts of our corporate activities in 2017. The report presents an overview of key measures, results, and indicators across five fields:

- Responsible corporate management
- Multifaceted approach to supporting employees
- Consistent environmental protection
- Product responsibility
- Social commitment and involvement

We implement a large number of projects at our 52 affiliates worldwide, year after year. This report is limited to a representative selection of current initiatives. It focuses both on the topics and areas that are of material importance to our business and those that have a major impact on our business activities. To identify these topics, we performed what is known as a materiality analysis. The subjects identified as being of material importance were climate protection and CO₂ emissions, internal succession and leadership, occupational safety, prevention of anticompetitive practices, human rights in the supply chain, and product safety.

UN Global Compact and German CSR Directive Implementation Act

This report also meets our obligation under the United Nations Global Compact to provide information on our advances every year. As a member of the Global Compact, tesa is committed to upholding ten universal principles in the areas of human rights, labor standards, environmental protection, and anti-corruption.

The 2017 fiscal year marks the first time that our parent company, Beiersdorf AG, is obligated, under the German CSR Directive Implementation Act, to supplement the existing financial reporting with information on key non-financial aspects of business activities. We have integrated the non-financial information on tesa, which is part of the non-financial group declaration of Beiersdorf, into this sustainability report.

Editorial notes and further information

This report is available in German and English. Like all of the versions published in previous years, it is available online at www.tesa.de and www.tesa.com

For further information on the subjects of products, the environment, employees, and society, please also visit the “Responsibility” section of our website at www.tesa.com/company/responsibility

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FOREWORD

“Sustainable thinking is an integral element of our corporate strategy: It guides our actions and drives us to continuously improve.”

Dear Reader,

As one of the world's leading adhesive technology companies, we know how sustainable bonds are created. In an extended sense, too, our goal at tesa is to connect things that belong together: social and ecological responsibility on the one hand and economic activity on the other. That is the foundation on which we offer innovative, high-quality products for our customers.

Sustainable thinking is a longstanding tradition at tesa, a fact that is also expressed in our membership in the United Nations Global Compact. We undertook this voluntary commitment in 2006, and ever since then we have pledged to achieve continuous improvement on key subjects relating to sustainability.

Our corporate responsibility activities focus on four strategic action fields: employees, the environment, products, and society. Against the background of the German CSR Directive Implementation Act, we reassessed which topics are of key importance to us in these fields in 2017 (see p. 9). On this basis, we can manage and guide our activities even better in the future.

We know that our responsibilities don't start and end at the plant door. That's why as early as during the process of sourcing our raw materials, we take care to ensure that natural resources are used sparingly and that social standards are observed. We also aim to make our own processes even more ecofriendly. We take various approaches to meet this goal, including focusing on energy conservation and efficient in-house power generation to lower our CO₂ emissions. We also make targeted investments in sustainable



Dr. Robert Gereke, CEO of tesa SE

products. In 2010, we launched the tesa ecoLogo® brand, which includes products such as adhesive tape dispensers, transparent adhesive tape, and packing tapes, all made primarily from recycled or natural materials.

To continue to grow and evolve as a company, we need committed, dedicated, and highly qualified employees. We place great emphasis on good management and internal succession. To this end, we have developed a standardized global leadership training program for management in recent years. We were able to further expend on these offerings in 2017.

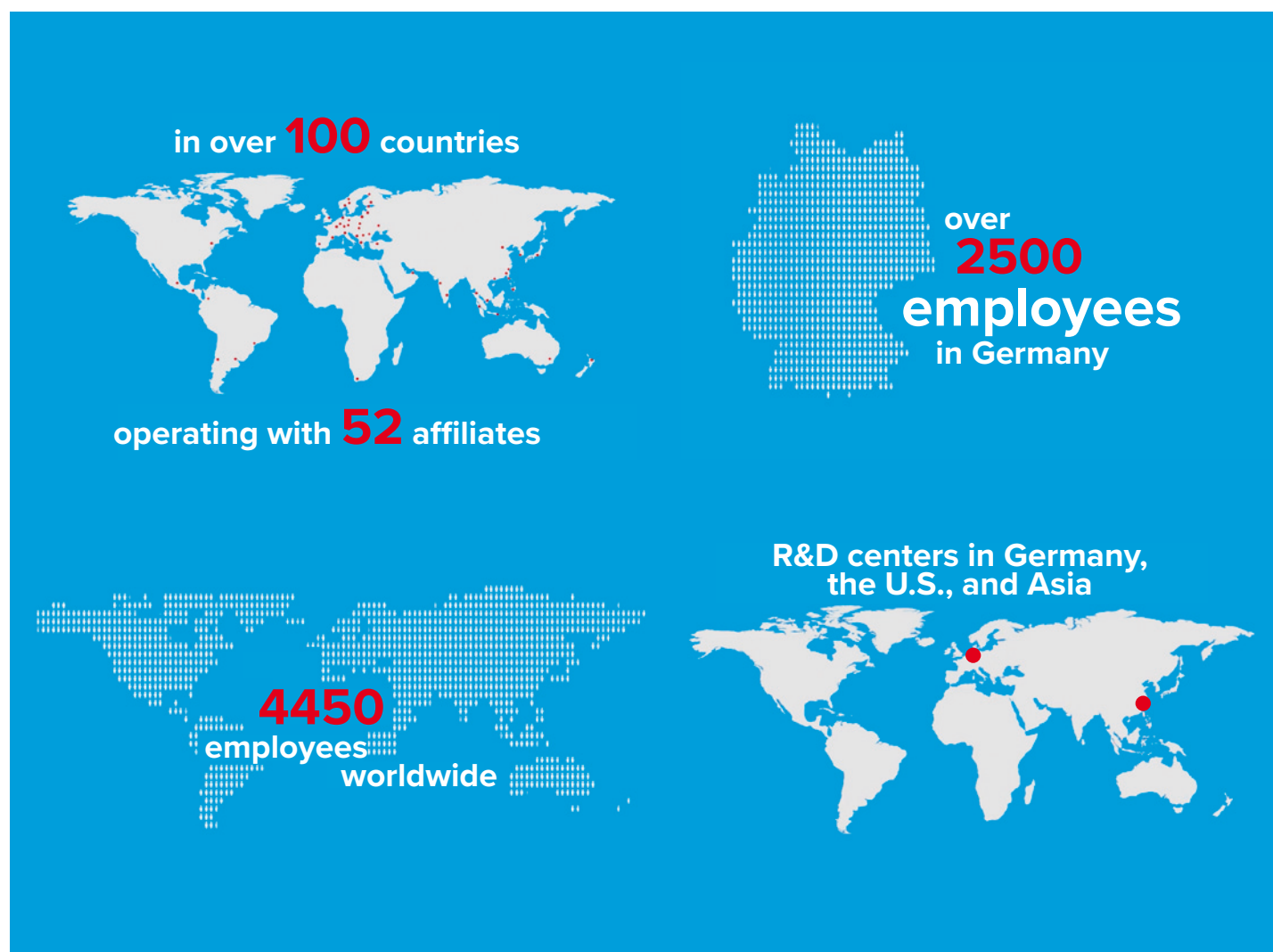
Our goal is to have a positive impact on the world around us. Through our “tesa connects” program, we assume responsibility for diverse social matters and the environment with this aim in mind. Alongside donations, the program focuses in particular on volunteer activities by our committed and dedicated employees. This year employees worldwide once again engaged voluntarily in more than 50 initiatives for a good cause.

We firmly believe that the economy, ecology and social matters form an inseparable whole. That's why at tesa, we plan to continue to work toward stable bonds in the future – in our core business and beyond.

A handwritten signature in blue ink, reading "R. Gereke". The signature is fluid and cursive, with a large, stylized "G".

Dr. Robert Gereke
CEO of tesa SE

THE tesa BUSINESS MODEL



tesa SE, with its 52 affiliates, is one of the world's leading manufacturers of self-adhesive products and system solutions for industrial customers and consumers. The Group is a wholly owned affiliate of the Beiersdorf Group. It employs approximately 4,450* people and operates in more than 100 countries.

The Group and its affiliates worldwide

The geographic focus of our business activities is Europe, followed by the regions of Africa, Asia and Australia, and the Americas. In addition to tesa SE, the affiliates in China, the United States, Italy, and Singapore are among the largest single companies in the tesa Group. We have production facilities in Germany, Italy, the United States, and China. tesa has been headquartered in Norderstedt, near Hamburg, since 2015.

*31.12.2017

Solutions and products for industry, craftsmen, and consumers

The tesa business is divided into two segments: In the **Direct Industries** division, which accounts for somewhat more than half of sales, tesa supplies specialized system solutions directly to industrial customers. The **Trade Markets** division deals with those markets where customers obtain their market-driven tesa products through retail partners or similar channels rather than directly. This includes not

only the product ranges for private consumers and craftsmen, but also adhesive tapes that are intended for industrial and commercial customers and are marketed primarily via technical retailers.

Our brand philosophy and strategy center on dependably high quality, high capacity for innovation, and the use of state-of-the-art technology. We offer our customers effective solutions and high-quality products, especially for the following areas of application:

- tesa supports customers from the automotive, electrical and electronics, print and paper, and construction industries with system solutions first and foremost. For the electronics industry, for example, we supply adhesive systems for mobile devices such as smartphones, tablets, and wearables (including smart watches, fitness trackers, and smart glasses).
- Our affiliate tesa Labtec GmbH focuses on the development and production of medicated patches, termed “transdermal therapeutic systems,” for the pharmaceuticals industry. Its other areas of emphasis include films containing an active ingredient that dissolve in the mouth without needing added liquid.
- tesa carries a broad assortment of products for the technical trade and continually adds new products and adjusts its range to the changing needs of professional customers in fields such as the construction industry.
- Under the tesa umbrella brand, we offer consumers in Europe and Latin America an extensive range of innovative products for use in the home, office, and garden. They include classic tesafilm® along with tesamoll® solutions for heat insulation, Easy Cover® products for painting and masking applications, mounting tapes for repairs and mounting, packing tapes, and household insect control products.
- In the craftsmen business segment, tesa focuses on customized product ranges and target group-specific marketing concepts for professional craftsmen, such as painters and finishers.

Strategic alignment

Our core mission is to enhance the value of the tesa Group on a sustained basis with the interests of our employees, customers, and shareholders in mind by offering useful products and selling them at a profit all over the world. Our highly qualified employees and continuously optimized business processes allow us to respond quickly and flexibly to changes in the market and develop demand-driven products. Knowledge of production processes and analyses of current industry trends combine with our broad spectrum of high-quality, market-driven products to give our company

a competitive edge and ensure its lasting success. Our great willingness to assume corporate responsibility toward society and the environment also contributes to this. Sustainable thinking and actions are integral parts of our corporate culture and are firmly anchored in all of our business processes. With an eye to ensuring good, sustainable corporate management, we have developed internal standards such as the tesa Code of Conduct for this, and we emphasize compliance with these rules across the entire Group. We have also established the tesa Code of Conduct for Suppliers, which obligates our business partners to conform to our sustainability standards.

Procurement markets and overall external conditions

The range of goods we need to make our products is a diverse one. Sixty percent of them are what are known as direct goods, which go directly into our products. This category includes items like rubber, chemicals, and backing materials such as films and fabrics. The other forty percent are indirect goods, which are used indirectly to manufacture our products. These include machines, buildings, and services. The tesa value chain is aligned globally, with Europe and Asia as the largest procurement markets and China as the main country of origin.

One factor that is hugely important to the quality of our products – and thus to our ongoing success – is an efficient value chain geared toward not only fulfilling current needs, but also anticipating future developments. To meet this requirement, we qualify our suppliers on a systematic basis and work to streamline our supply chains through regional procurement in the vicinity of our production sites. We ensure this in various ways, including by relying on local purchasing teams. They know and observe the local market in detail and are able to make a realistic assessment of the risks arising from issues like political instability and changes in local legislation. We also minimize regional risks by developing alternative suppliers.

In addition to regional changes, broader trends also affect procurement. These include rising raw material prices, changes in sales and distribution channels, and shifts in the competition situation. To account for these influences, tesa has created a central function called the tesa Purchasing Network (tPN), which brings together cross-sector activities and resources and manages all processes across the Group, supported by IT systems.

RESPONSIBLE CORPORATE MANAGEMENT



tesa views responsibility as the key to sustainable value creation. Across the entire Group, we have established the following principles for this, based on our corporate values:

The basis for our lasting success is **our customers' trust** in tesa as a company and in the tesa brand. Our goal is to affirm that trust time and again through **dependable quality, superior service, robust innovation performance, state-of-the-art technologies, and sustainable products**.

In the process, we trust in our **employees**, who put their passion and experience to work for tesa. Through

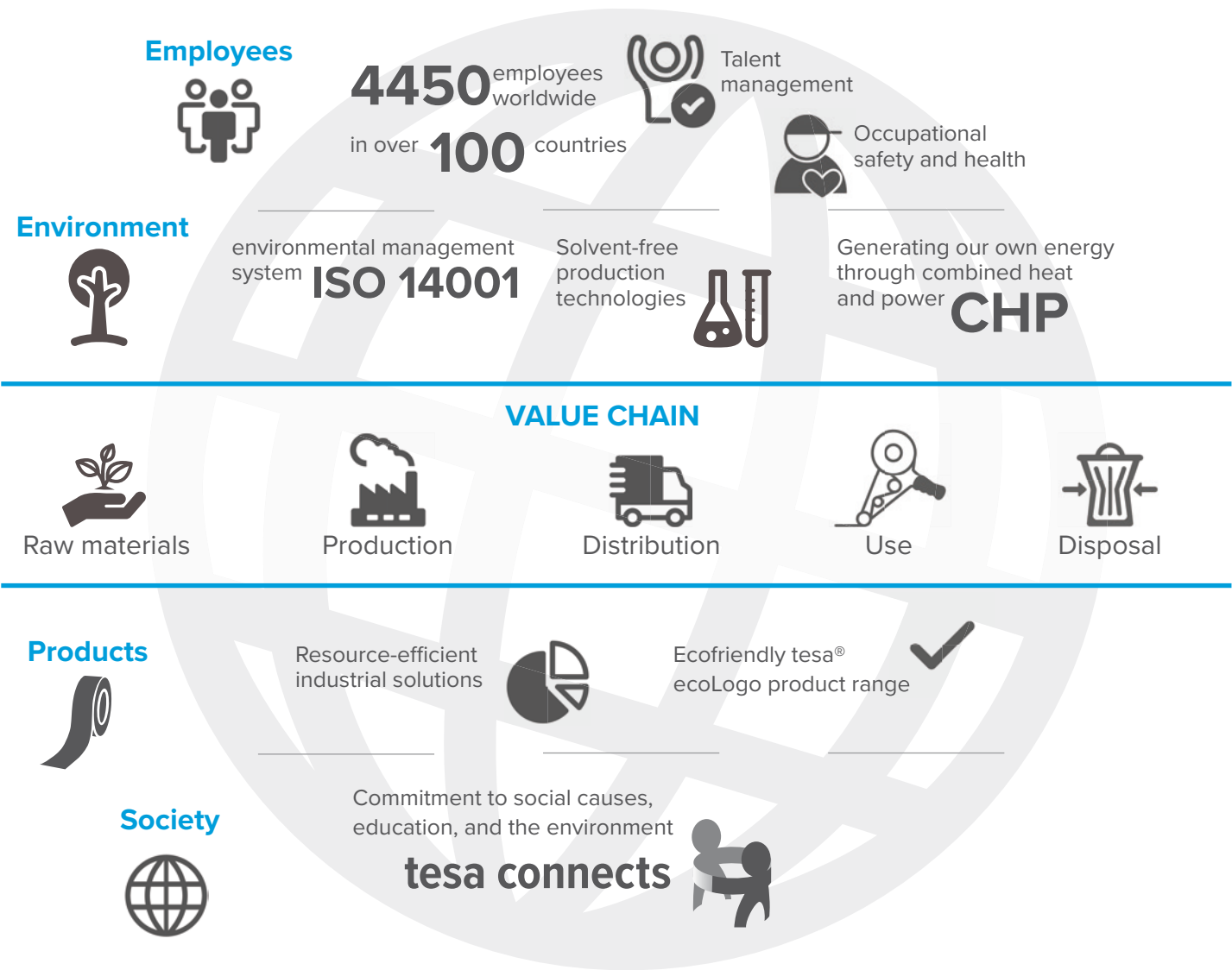
healthy, fair working conditions that offer a wealth of opportunities, we aim to earn their long-term loyalty and be an **attractive, responsible employer**.

Our responsibility extends along the **entire value chain**. We strive to ensure **fair working conditions** within our suppliers' organizations, respect the **environment**, work on behalf of **society** as a whole, and create **lasting added value** through our products.

Sustainability along the value chain

At tesa, we have viewed corporate responsibility as an important feature of our core business and our business processes for many years. From raw materials procurement to recycling, we assume responsibility at every stage of our value chain:

FOUR ACTION FIELDS



We prioritize regional sources and renewable raw materials as early as during the procurement stage. At the same time, we also require our suppliers to do business responsibly by complying with our Code of Conduct for Suppliers. At our sites, we work to reduce our environmental impact on a continuous basis. We also ensure consistent occupational safety and health for our employees. We are socially involved and committed in a variety of ways around our sites, and we offer our customers an ever-growing range of ecofriendly products.

Strategic action fields

Our approach to corporate responsibility focuses on four strategic action fields: employees, products, the environment, and society. We regularly review our areas of focus within these action fields. With an eye to the German CSR Directive Implementation Act, we reevaluated our main topics in 2017 with representatives of the units at tesa, the Group parent company Beiersdorf, and other relevant stakeholders. During the materiality analysis, the subjects of climate protection and CO₂ emissions, internal succession and leadership, occupational safety, prevention of anticompetitive practices, human rights in our supply chain, and product safety were identified as being material.

Risk management

We believe success-oriented and responsible activities include Group-wide, integrated management of risks and opportunities that follows a structured process to identify and manage risks. In the course of these activities, we assess operational, functional, and strategic risks with an eye to their possible financial impact and effects on our reputation as well as their probability of occurrence. Our compliance management team uses the same criteria in a separate process (compliance risk assessment) to identify and assess the relevant risks we may face as a result of non-compliance with external regulations and internal standards.

At the end of 2017 and start of 2018, we held an interdepartmental workshop to review how well our existing processes cover the non-financial aspects. The workshop also identified additional potential risks associated with aspects not previously covered.

We subsequently assessed all of the risks that were identified as part of this process with regard to their impact on the non-financial aspects. The only risks identified as having a high likelihood of occurrence and potentially serious negative effects were those associated with competition law; these are explained in the section on good governance.

These risks will be integrated into our Group-wide risk management policies and procedures in 2018, if this step has not already been taken.

Organizational structure

Corporate responsibility is a firmly established principle at the tesa Group, and the Executive Board has articulated an express commitment to it. At its instigation, responsibility was established as a task that cuts across all areas within the Group. All of the relevant units are involved, which ensures that there is a link between these efforts and our business activities and key business processes. The following units are involved in steering these activities and are responsible for operational implementation:

- Legal & Compliance
- Purchasing Network
- Human Resources
- Environmental, Quality, Health & Safety Management
- Corporate Citizenship
- Corporate Communication

A central corporate responsibility steering group that includes representatives of these units meets quarterly, under the leadership of the member of the tesa Management Board responsible for human resources, to discuss issues of content. The group also coordinates the dialogue between the units and reporting on non-financial topics.

In addition, we engage in regular dialogue with our parent company Beiersdorf and coordinate our activities with each other. Our cooperation takes place both at a subject-specific level and within the framework of our joint reporting.

UN Global Compact

tesa joined the UN Global Compact in 2006. Our membership underscores our commitment to upholding internationally recognized social and environmental standards. Companies from 163 countries, international employees' associations, civil society groups, governments, and UN organizations have now joined the Global Compact. Its ten principles in the areas of human rights, labor standards, environmental protection, and anti-corruption form the overarching guidelines for the company's actions at tesa, as elsewhere.

- Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2:** make sure that they are not complicit in human rights abuses.
- Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4:** the elimination of all forms of forced and compulsory labor;
- Principle 5:** the effective abolition of child labor; and
- Principle 6:** the elimination of discrimination in respect of employment and occupation.
- Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- Principle 8:** undertake initiatives to promote greater environmental responsibility; and
- Principle 9:** encourage the development and diffusion of environmentally friendly technologies.
- Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

At tesa, the ten principles of the Global Compact are the starting point for the internal Code of Conduct and guidelines. Chief among them are the Code of Conduct for Suppliers and the environmental guidelines, which are described in further detail in this report. Each year, we present the advances we have made in these areas to the UN Global Compact in the form of this report.

Good governance

tesa assumes responsibility for economic actions that are legally compliant and aligned with ethical principles, both within its own organization and in its supply chain. Employees and suppliers of the Group are required to abide by clear specifications that have been set down in writing. Compliance with these specifications is monitored and verified regularly through internal and external audits and supported through activities such as advising, training sessions, and action programs.

Governance & compliance

Legal violations not only lead to penalties and fines, but also damage our reputation and run counter to our understanding of good governance. To secure the longstanding trust and confidence that consumers, customers, investors, and employees place in the tesa Group, we set high standards with regard to good governance and corporate responsibility, both for the company as a whole and for each and every one of us as individuals.

Code of Conduct



The tesa Code of Conduct (CoC) sets out our high standards regarding good governance on a binding basis for the entire organization. With its fundamental rules and criteria derived from the ten principles of the UN Global Compact, the tesa CoC offers clear guidance for the entire staff and is applicable worldwide. It helps employees and managers to observe and uphold our company's key principles and values in their day-to-day work, to share these with others, and to gear all of their business conduct toward them.

Compliance management system

Based on the same key principles and values enshrined in the tesa CoC, tesa has long been committed to free markets and fair competition. We reject any and all forms of corruption, bribery, and other unlawful conduct. Our internal guidelines are aligned with the applicable laws and the tesa CoC. They are an essential basis of our activities and a key factor contributing to our long-term, sustainable business success. A new conceptual and organizational approach was chosen for the tesa Compliance Management System (CMS) in 2017, representing a logical next step for the existing system. The Executive Board's goal in doing this was to align tesa toward the growing challenges in new and highly competitive markets in the medium to long term while also taking the context of rapidly changing overall legal and economic conditions into account.

Our goal in adjusting and strengthening our CMS is to ensure that all relevant applicable legal provisions are observed. At the same time, we believe it is especially important to make sure that compliance is viewed as being associated with good governance and thus as an integral part of our business activities, and it should be embraced as a matter of course. To achieve this, we follow a specified process with four steps: **prevent, identify, respond, improve**.

Our compliance program currently focuses on conduct that is compliant with antitrust law, preventing corruption, and data protection and privacy. Other risk areas have also

been identified as compliance fields, and organizational measures and processes have been established to accommodate these areas. Clear assignment of duties ensures that all compliance officers are aware when organizing their tasks and conscious of their responsibilities and work on and further develop the respective thematic areas on an ongoing basis.

Systematic approach

Our parent company, Beiersdorf AG, performs regular audits of its own and, on behalf of the Executive Board of tesa SE, also conducts further audits in specific risk fields. We also perform spot checks in the individual compliance fields that are not prompted by specific events or occasions. The results of the various audits and spot checks allow us to identify possible undesirable developments and needed improvements in the overall system early on and take appropriate corrective measures.

Compliance initiatives and measures

Based on standardized risk analyses, we have identified and defined relevant compliance fields for the tesa Group. Our designated experts review these fields regularly, ensuring that they are up to date and adding new areas and making adjustments as necessary.

We continued to spread and solidify the principles of the CoC through regular communication and training activities and intensive advising within the company.

To provide our employees with information, we also operate a compliance theme platform on our intranet. Employees all over the world can use the platform to learn about legally compliant behavior in their day-to-day business dealings and to find guidelines and processes and capable points of contact to obtain further advice. Our staff also receives regular multilingual intranet news items on relevant developments and decisions by courts and other government agencies and tips on how to behave in the context of governance and compliance.

Reporting system

One important element of the compliance management system is our internal reporting structure, which we use to take reports of potential compliance violations, evaluate their importance, and then determine what sanctions to impose in strict compliance with the principle of proportionality. tesa has expanded this reporting system over several stages. In recent years, for example, tesa has given its central CoC Manager from the field of HR further backing and sup-



port by creating a new network of regional CoC managers in HR. In addition, tesa adopted a Group-wide whistleblowing policy in 2017 and appointed an external ombudsman as part of a pilot project in the Greater China and Asia Pacific regions.

Prevention of anticompetitive practices

Attention and sensitivity to the subject of antitrust law have increased worldwide, a fact that has also been affirmed by an internal risk assessment performed with an eye to gauging materiality with regard to the topics covered by the CSR Directive Implementation Act. Prevention of anticompetitive practices (antitrust) lies at the heart of our CMS and has been identified as a key subject for the purposes of the CSR Directive Implementation Act. This development has been driven by the increasingly complex overall legal conditions that apply, changes in the prosecution practices of antitrust authorities, and the various business models in place within the tesa Group.

Alongside our own sales activities and sales and distribution through wholesalers, retailers, and online retailers, tesa is also active in research and development. Elevated risks apply in all of these areas. These days, prosecutors are cracking down on – and imposing hefty fines for – not just traditional cartel agreements, like price fixing between competitors, but increasingly also anticompetitive restraints between suppliers and their customers and sharing of sensitive information. The vast potential for sanctions is further exacerbated by the fact that following the antitrust proceedings pursued by the competition authorities, legal actions are generally to be expected from customers seeking damages as a result of financial harm sustained through the antitrust breach. Independently of this development, we successfully introduced the tesa Antitrust Compliance Program across the board several years ago and have been further developing it since then. The program's primary objective is to raise awareness of topics in antitrust law throughout the Group. It provides information on relevant content in antitrust law and clarifies potential risks. Internal communication structures and a global network of expert attorneys were also put in place.

The key elements of our antitrust compliance program include various guidelines, a training concept that is geared toward real-world practice, encompassing Web-based training modules and on-site training sessions as well as workshops, and extensive advising options. Our guidelines set out clear specifications on topics relevant to competition. This includes proper interaction with competitors, participation in meetings of industry associations, and information on retail prices. The guidelines also provide information on general and simple requirements and prohibitions. They are accessible to all employees 24 hours a day on the compliance intranet platform, and we also provide versions in the local language to employees of our international affiliates after review and adaptation to accommodate local laws. Training options also offer support.

All employees and managers worldwide who come into contact with topics related to antitrust law receive training at regular intervals. Our training concept encompasses online training that communicates key concepts in antitrust law in six languages. We also hold on-site training sessions in the local language in regions where there is particular risk, paying special attention to country-specific regulations and circumstances. Selected business units also receive intensive in-house training on specific topics that are particularly relevant to our business.

Individualized advice on issues of antitrust law during ongoing business operations is provided by the legal and compliance department of tesa SE as another key element of the antitrust compliance program. At the international level,

these activities are supplemented by specialized attorneys at many of our affiliates' sites, so there is a wealth of advice available from highly qualified sources worldwide.

Anti-corruption

The tesa anti-corruption guidelines offer guidance on what to do in case of conflicts of interest, invitations, and personal gifts or perquisites. Through supplementary advice and training, we explain in detail how these rules are to be applied in order to give employees guidance and a sense of certainty.

Data protection

Based on the heightened requirements set down in the EU General Data Protection Regulation (GDPR), we identified data protection as a key compliance field this reporting year, following a revision of our former risk analysis. We have been working with an external advisor and service provider since then to implement the organizational and technical requirements of the GDPR on time by May 25, 2018.

Key figures

Participation in all training activities worldwide is tracked, analyzed, and reported on centrally through our Learning Management Platform. In 2017, we invited 1621 employees in 41 countries and at 48 affiliates to an online training in the key compliance field of antitrust. Training in this field is scheduled to take place at least every two years, so we will be using 2018 for follow-up training and to revise all of the training materials for online and on-site training activities. The goal in doing this is to provide information on governance and compliance with as much of a focus on real-world practice as possible. At the same time, we need to ensure that the entire staff takes these topics very seriously and understands that they are an integral element of business activities.

Antitrust	
Rate of successful participation (global1*)	96.42 %

1* - The participation rate refers to the target and risk group that was defined in advance for this key compliance field. This group includes all employees and managers throughout the tesa Group who may come into contact with antitrust-related topics and requirements.

Responsibility in the supply chain

Our production activities require raw materials and chemicals that we purchase from numerous suppliers all over the world and transport to our sites. Our cooperation with these suppliers also calls our attention to ecological and social challenges within the supply chain. On the process side, all matters concerning the supply chain fall within the area of responsibility of the member of the executive management responsible for the Supply Network.

Procurement strategy

Our employees, customers, and suppliers are at the heart of what we do. But we are also responsible for people who have an indirect connection with our processes. Complying with human rights worldwide is among our principles.

Because of the international nature of our value chain, we are exposed to a certain level of risk with regard to human rights violations. We aim to make the origin of the raw and intermediate products we purchase traceable. With this in mind, our procurement strategy focuses on physical proximity: We are ramping up our efforts to procure the raw materials needed at the plants – including in Asia, for example – in close geographic proximity to the sites.

Code of Conduct for Suppliers



The Code of Conduct for Suppliers (CoCfS) forms the basis for the responsible design of our global procurement processes. It describes fundamental rules and obligations for all key suppliers that supply tesa directly in the areas of human rights, labor standards, environmental protection, and prevention of corruption, all based on the ten principles outlined in the UN Global Compact. We only embark on business relationships with these relevant suppliers if they expressly agree to follow the CoCfS.

The CoCfS replaced the tesa Purchasing Charter, which had the same content, on March 31, 2017. The renaming took place at the same time as the international launch of a new purchasing standard. Worldwide, we began training all process owners in the application of the standard during this reporting period. The online training developed specifically for this purpose also highlights and goes into further detail on the key role played by the CoCfS as an element of all procurement processes at tesa.

Supplier audits

In addition to supplier visits, tesa performs regular supplier audits. In new business relationships and existing relation-



ships alike, tesa conducts these kinds of audits of key suppliers. The suppliers who are subject to audits are selected according to various criteria, which can include the supplier's strategic importance, a search for new suppliers, or quality issues. The objective of these audits is to assess a specific supplier's performance capacity. Irregularities are noted in visit or audit reports. In the course of these activities, we regularly check and document whether environmental standards and occupational health and safety measures are being complied with; these are also elements of the CoCfS. Within the tesa Group, the Group internal audit department monitors the purchasing standards that apply worldwide and the associated processes at the affiliates by conducting regular "Purchase to Pay" audits, which review all processes from procurement through to invoicing. To help make the subject of human rights a generally observed standard through regular supplier visits and supplier audits, plans call for including the aspects of the CoCfS in the standard list of questions for supplier audits as well starting in 2018.

MULTIFACETED APPROACH TO SUPPORTING EMPLOYEES



Our goal is to boost our employees' engagement and motivation and enhance their loyalty to the company. That's why we make ongoing investments in measures to ensure that working at tesa remains highly attractive. Important components of our personnel policy include primarily internal staffing of management positions and leadership, training and continuing education, a thriving culture of feedback and dialogue, and occupational safety and health.

Personnel policy and personnel strategy

As a leading technology company in our industry, we need to **recruit** highly qualified, committed and dedicated employees, **further develop** them on an individualized basis and **earn their loyalty**. With an eye to our managers, our goal is to safeguard and expand valuable experience

and market expertise and harness these factors to ensure our long-term success as a company. One crucial factor is for tesa to be perceived as an attractive employer by employees and applicants alike. Employee health and safety is the basis for a motivated, satisfied, high-performing workforce, which is why these aspects are top priorities at tesa.

Two factors are especially crucial when it comes to our appeal as an employer: recruiting talented next-generation workers and securing their lasting loyalty to the company, and promoting and cultivating outstanding leadership qualities among our managerial staff. We have developed extensive measures in both areas to help strengthen our staff in their individual development. We are also committed to a diverse corporate culture where all employees can live up to their full potential.

Internal succession

One core element of our personnel strategy is to fill key management positions from within wherever possible in order to retain their valuable experience and market knowledge and be able to optimally leverage these capabilities for our long-term success as a company. Several times a year, the Executive Board holds meetings where the members discuss succession planning and talent management. The Human Resources (HR) unit is instrumental in making it easier for future managers to rise within the organization and earning their lasting loyalty. Among other things, the unit conducts development meetings and advisory sessions with employees, organizes talent management workshops, and ensures that employees receive regular feedback from their supervisors. HR's tasks also include ensuring that information is shared between the regions and the corporate headquarters and making suggestions for filling open positions across different units and regions. In the period under review, we filled most top management positions with internal candidates in this way. The following specific measures contributed to this in 2017:

Measures:

- In the Europe and Asia regions, talented workers were given the opportunity to undergo a **“Competencies Review.”** The review provided feedback on participants' strengths and development areas with regard to the tesa Key Competencies. Intensive discussions with experienced managers and HR employees gave these up-and-coming employees further impetus for their future careers at tesa.
- During the several-week **tesa Management Development Program**, international managers took an in-depth look at the subject of strategy development. Professors from several business schools assisted participants by supplying recent academic and scientific insights and competitive analyses on the specific topics covered.
- In 2017, as in years past, **talent workshops** were held at the management level both within the regions and at

headquarters. During these events, managers come together worldwide to discuss ways to support junior talent on an individualized basis.

- We held a major **HR marketplace** event at our headquarters in Norderstedt in 2017, which focused on employee development, along with other topics. During the event, we met with managers and employees and talked about who bears which responsibilities when it comes to ensuring that our staff's personal and professional development is a success. Many participants attended, affirming that there is great demand for information and opportunities for dialogue on these subjects.

Training and measures aimed at good management

Good leadership is crucial to employees' engagement and to the focus on performance and achieving goals that applies throughout the company. We firmly believe that leadership is absolutely essential in earning employees' long-term loyalty to tesa. With this in mind, we regularly invest in further developing our managers, and have developed a standardized worldwide leadership training program in recent years. This includes the new Essential Leadership Training program. We introduced this program in the Latin America region in 2017, following the launches in Asia and Europe. We plan to shift the regions of North America and Germany to the new concept in 2018 as well. The goal is to have a standardized concept of leadership throughout the entire group of companies in the future. This same concept is also reflected in the tesa Key Competencies – four of the nine key competencies relate to the topics of management and leadership.

Measures:

- tesa managers in the Europe, Asia, and Latin America regions underwent a six-day modular training program on managing employees as part of the standardized worldwide leadership training program. The Essential Leadership Program will be offered in Germany as well starting in 2018. The “Intensive Leadership at tesa” training session was held for the last time in Germany in 2017.
- We aim to give experienced managers the opportunity to tackle tough leadership situations with professional guidance. Toward that end, we developed a program called **Advanced Leadership Training** and tested it in a pilot project in Germany in 2017. The program is slated to launch internationally in the spring of 2018.
- In addition to their subject-specific duties, managers also have to be able to answer questions from their employ-

ees on a wide range of topics and about rules at the company and to provide explanations on these subjects. These include issues like recruiting new employees, supervision of interns and student employees, compensation management, matters of labor and employment law, and talks regarding parental leave. On top of that, laws and collective agreements impose an ever-increasing number of requirements, which managers are required to know and apply. To assist them in this, the HR unit has created a **shared digital information room** on the intranet where managers can find all of the information they need quickly and in a clearly structured, easy-to-use format.

- How do employees view their supervisors, and what are their perceptions of the supervisors' leadership? To answer these questions, we developed a **digital feedback tool** based on the tesa Key Competencies in 2017. Employees are surveyed on various aspects relating to leadership, and afterward, supervisors receive an anonymized analysis they can use as a basis to discuss the next steps with their employees.

Development, support, training

To be successful in the long term, we need to offer our employees attractive development opportunities – at all levels, in all areas. We noticed years ago that development opportunities are increasingly crucial in determining how close employees feel to their company. We firmly believe that all people enjoy growing and developing and are willing to

learn new things. With that in mind, we give our employees opportunities to participate in continuing education programs and gain new experience in other units or regions.

We are also constantly enlarging the range of formal vocational training programs offered at the tesa plants in Germany. This reporting year, for example, the first apprentices joined the company in the electronics technician for operating technology program. Prior years had already seen the creation of new programs for apprentice machine and system operators, industrial mechanics, chemical technicians, and mechatronics technicians.

Measures and programs:

- **Formal vocational training programs:** machine and system operator, industrial mechanic, chemical technician, electronics technician and mechatronics technician apprenticeship tracks. There were 81 apprentices and trainees in 2017. Two of them decided to complete a cooperative university education and vocational training program.
- **Qualification programs:** basic training for new employees and special formats tailored to the requirements of individual business units. The **Sales and Marketing Qualification Program**, for example, encompasses a combination of technical training and sales skills for sales employees. This reporting year, it was adjusted to account for the latest developments on the market and the changing needs of the sales team. The training and qualification program for tesa R&D employees includes topics such as patents and quality management. During the year under



review, 664 employees participated in a total of 220 days of training as part of our training and qualification programs.

- **tesa Supply Network e-learning program:** This initiative helps employees develop an understanding of processes and contexts within the areas of logistics, production, and materials management.
- **Open course program:** These classes are open to all employees by arrangement with their managers and include subjects such as language classes and IT training sessions. These sessions comprised 51 days of training, with two hundred employees participating.
- **“Treffpunkt Weiterbildung” (Training Venue):** All tesa employees have the option to participate in the continuing education program run by parent company Beiersdorf.

Feedback and dialogue

Formats geared toward feedback and dialogue also play a key role in our employees’ personal development. Sharing with colleagues and supervisors gives employees a chance to learn more about their personal strengths and areas where they have potential for development and to give each other valuable feedback.

We have continued to cultivate and improve our corporate culture of feedback in recent years, using tools such as **employee surveys**, which we conduct on a rotating basis in several regions or the Hamburg headquarters every year. The first step is to measure our employees’ engagement, motivation, and loyalty to the company. To foster dialogue between employees and supervisors, joint workshops are held following the anonymized surveys, with participants discussing the results and mapping out specific actions to take. We then conduct subsequent employee surveys to review how effective and how widely accepted these measures have been. In general, the results of these surveys have affirmed that our employees are highly motivated and committed and have strong ties to tesa.

After conducting employee surveys at the Norderstedt headquarters and other locations in Europe in 2016, Latin America was the focus for 2017. Employees of five affiliates in all were surveyed, with a response rate of 98 percent. The individual companies will begin implementing the measures derived from the survey results in 2018.

We also conducted competency-based employee performance appraisals in the tesa regions in 2017. This standardized international format is modeled on the tesa Key Competencies, which determine the actions of people at tesa. This is another way we ensure dialogue between employees and managers.



Occupational health and safety

The safety and health of employees are the prerequisites for a motivated, satisfied, high-performing staff. We take various measures to help prevent or minimize accidents and illnesses.

Foundations for safe, healthy work

Protecting the health and safety of our employees is one of our responsibilities as a company. We take a proactive approach in order to prevent workplace accidents and eliminate work-related health risks and the occupational illnesses they cause before they can arise. Our approach includes measures in the areas of safety and occupational medicine along with actions geared toward protecting employees’ health.

With regard to occupational safety, we follow the tesa **Occupational Safety Guidelines**, which apply throughout the group of companies. They form the basis of our internal management system in this area. As part of an annual management review, the company management works together with the occupational safety unit to evaluate the accidents that have occurred that year and takes new steps to further improve our employees’ safety and reduce work-related health risks.

We employ internal safety specialists who are familiar with tesa’s global health and occupational safety guidelines and with the local circumstances at all our production sites. We also take deliberate steps to promote international dialogue among these experts. The safety specialists meet annually to discuss key occupational health and safety risks. They also initiate joint projects, define standards, and share information on successes and experiences as part of these events.

Changes in machinery, systems, or working premises, new purchases, and process adjustments can all affect our employees' safety and health. When we identify a risk in this area, we perform a risk assessment, focusing on two key aspects: systematic identification and assessment of risks, and personal responsibility on the part of employees. We also strive to implement a continuous improvement process that integrates all of the parties involved. The person responsible for the risk assessments is the supervisor in charge of the specific area in question.

We aim to ensure that our stringent requirements for occupational health and safety are implemented consistently. With that in mind, we are careful to factor in this aspect right from the start when planning new plant and equipment projects. This allows us to identify and eliminate risks to employee safety early on. Before equipment and systems are commissioned, they are required to undergo multistage safety tests.



To proactively promote employees' health, tesa also has a broad-based occupational health management program at headquarters. Under the "It's for you" umbrella brand, an interdisciplinary team consisting of representatives from HR, the works council, the health promotion team, the tesa sport

club, the social advising service, the body representing disabled employees, the occupational health service, and the occupational safety team works to develop a wide range of measures (see measures and areas of focus in occupational health management).

Reducing absences, preventing accidents

Our strategic goal "Zero Accidents" is derived from the prevention strategy adopted by Berufsgenossenschaft Rohstoffe und Chemische Industrie (BG RCI), the statutory accident insurance and prevention institution for the raw materials and chemicals industries. In this way, we put the safety and health of our employees front and center in everything we do. At all of our sites, we are constantly on the lookout for risks and possible ways to improve and take appropriate action to ensure greater safety in the workplace.

Our occupational safety management activities focus on production sites, where the risks of accidents and adverse health effects are greater than at our office headquarters. Group-wide, all of our sites with attached coating and/or adhesive production operations are certified under ISO 14001, a standard that covers both environmental aspects and occupational safety.

Our goal is to continuously reduce the number of accidents with ≥ 1 day of absence and, in particular, the number of reportable accidents with > 3 days of absence. tesa also monitors the lost day rate for specific locations.

The frequency of reportable accidents (> 3 days) at tesa stood at 1.3 per million hours worked in 2017 (2016: 3.1), significantly below the German industry average (BG RCI), of 11.7. We view this as proof of the quality of our management system in the area of occupational safety.

Occupational Safety*	unit	Full Year 2015	Full Year 2016	Full Year 2017
Work Accidents ≥ 1 day	number	16	22	14
Accidents Frequency Rate	number / million hours worked	3.6	4.9	2.9
Lost Days ≥ 1 day	number	148	539	191
Lost Day Rate	number / million hours worked	33.2	118.9	39.9
(Reportable) Work Accidents > 3 days	number	6	14	6
(Reportable) Accidents Frequency Rate	number / million hours worked	1.3	3.1	1.3

*Scope: tesa SE and affiliates which are ISO 14001 certified

We are currently reviewing whether further key sales offices will be included in the Group reporting alongside tesa SE in the future.

Occupational safety measures and areas of focus in 2017:

- At the tesa SE site, we developed **training videos** in 2017 covering a wide range of topics in occupational safety and emergency prevention and made them accessible to all employees. Each film shows in compact form, in just a few minutes, how employees at the company headquarters or the research or technology center behave in order to best prevent risks to their own safety. These videos are especially well suited to training new employees.
- As in years past, employee awareness **campaigns** were held in 2017. Major areas of focus included preventing accidents in traffic within the plant and training on how to use respiratory protection equipment. The tesa plant in Hamburg put a device to test the seal on respirators into use for the first time as part of these activities. In this “fit test,” the respirator’s fit and seal are tested on the wearer under realistic conditions. After all, optimum protection can only be achieved if the mask and user truly fit each other. As part of our fire prevention concept for 2020, we implemented measures in the area of technical fire prevention and protection at the tesa plant in Offenbourg this reporting year. The focus was on prevention. We held a daylong event for all employees that highlighted the subject of fire prevention, for example. At the tesa plant in Suzhou, China, this reporting year marked the sixth time that a “Safety Week” event was held. It encompassed a range of educational and training courses on topics such as proper conduct for safety and health, explosion and fire prevention, and fire extinguisher usage.
- At tesa Plant Concagno, in Italy – one of tesa’s major production sites – a new monitoring audit in 2017 confirmed the validity of the existing **OHSAS 18001** certification. This is one of the best-known and most important standards for management systems in the area of occupational safety. Alongside improved training concepts for employees and external companies, risk assessment for machines was also optimized in this reporting year.
- As part of the project planning for a new production line for water-based adhesive tapes for the tesa plant in Sparta, Michigan (USA), two extensive **safety tests** were conducted in 2017, one on site at the manufacturer’s location and one at tesa before commissioning. The defined safety concept was reviewed in the process.



Measures and areas of focus in occupational health management:

- The **tesa sport club** offers tesa employees in Norderstedt a wide range of fitness and relaxation options, including endurance and strength training equipment and a variety of courses like spinning, yoga and back strength building, along with individual fitness checks. This reporting year, we extended the club’s hours in order to meet the high demand for its services. We also began offering our employees physical therapy in 2017.
- Employees of the sites in Hamburg can use the options offered by our in-house **occupational health management** service and those offered by our parent company, Beiersdorf, which include autogenic training, progressive muscle relaxation, and workshops on back health and relaxation techniques.
- Another key aspect of the company’s efforts to promote health is its extensive array of **preventive health checks**. These include vein screenings, skin cancer prevention, and smoking cessation programs.
- We conducted **psychological risk assessments** in six other areas in 2017, prompted by the German Occupational Safety and Health Act. One aspect of this program is that employees are asked individually what stressful situations or stress factors they personally experience on the job and what the effects are. On this basis, we strive to reduce stressful aspects wherever possible.
- **Further measures** include equipping all office workstations with height-adjustable desks to minimize back strain, in-house advising on ergonomics, and promotion of healthy eating by offering healthy choices at the company’s restaurant and in cooking classes.

CONSISTENT ENVIRONMENTAL PROTECTION



Careful use of natural resources and raw materials is our stated goal as a company. Our aim in making these efforts is to leave an intact environment for subsequent generations while at the same time safeguarding the basis of our business success.

Focus on major environmental impacts

Environmental impacts predominantly arise at our production sites. We consider our **energy use**, and the associated **CO₂ emissions**, to represent major impacts. The subject of **resource efficiency** is also relevant, but it is not a major topic. We have already significantly reduced our environmental impact in this area.

Our binding environmental guidelines offer guidance in this area. They state that we produce, use, and dispose of products in such a way as to minimize harmful impact on the environment. In addition to our consistent compliance with legal requirements, we also proactively assume responsibility in this area. We further develop our environmental management systems on an ongoing basis, and to this end, en-

gage in dialogue with external experts as well. We also provide our stakeholders with candid, transparent information on our goals and successes in this area. The full guidelines are available on our website at www.tesa.com/about-tesa/responsibility/environment.

A proven concept in environmental protection

Environmental protection has been a key element of our corporate responsibility activities for years, and our environmental guidelines firmly establish it throughout the Group. **Environmental management systems** are the key point of departure. We use these systems at all sites that have significant impacts on the environment. Seven production sites

and the Group headquarters now have environmental management systems certified under **ISO 14001**.

The **tesa environmental program** was put in place in 2001. It sets Group-wide targets for us to continuously reduce our environmental impact. The previous environmental program ran through the end of 2015. We succeeded in reducing many of our environmental impacts during this period: energy use (-24 percent), CO₂ emissions (-19 percent), solvent use (-41 percent), waste (-77 percent), and emissions of volatile organic compounds (-91 percent).

The goals we set for ourselves as part of the environmental program are regularly reviewed and adjusted. The current program applies to the period from 2016 until 2020. It defines **targets** and **control parameters** for reducing CO₂ and waste. Further information appears in the specific sections.

To achieve continuous improvement in our environmental performance, we take into account the results generated by our environmental management systems and environmental audits. The tesa executive management is involved in this process each year, through management audits. In the process, the results of the environmental audits, which are conducted on a regular basis, are considered in order to identify possible ways to conserve, further optimize energy-intensive processes, and reduce both costs and CO₂ emissions.

In addition, we conduct annual processes to identify and assess major **environmental risks** both at the individual production site level and across the board. The goal here is to prevent possible environmental incidents and the costs they generate.

As a company driven by innovation, we also develop energy-saving, resource-conserving technologies that we use in our production operations. Environmental experts who are familiar with tesa's global environmental guidelines and with local conditions and who network across locations work at all sites. They establish comparison values, initiate projects, and work to improve our environmental performance on an ongoing basis.

Environmental impacts also arise in our supply chain and within our business partners' operations. The tesa Code of Conduct for Suppliers obligates our suppliers to uphold the principles of the UN Global Compact, and thus also fundamental standards in environmental protection.

Energy efficiency and CO₂ reduction

Climate change brings both challenges and opportunities in terms of our business development. In tesa's role as an industrial supplier, it is especially important in this context for

the company to prepare for future developments in overall regulatory conditions: policy measures enacted to protect the climate, efficiency targets, and the further expansion of renewable energies may affect tesa's business activities. Threshold limits, technical standards, and approval processes for energy generation and production facilities are also in flux, which calls for a forward-looking approach. Besides that, climate protection is garnering growing public attention.

Our concept: boost efficiency – reduce emissions

Climate protection is an element of environmental management and energy management at tesa. The Group headquarters and the sites with the highest CO₂ emissions (Hamburg and Offenburg) have not only an environmental management system, but also a certified energy management system pursuant to **ISO 50001**. These sites together are responsible for approximately 60 percent of the CO₂ emissions generated by all tesa sites with environmental management systems. Introducing the energy management systems paved the way for further increases in the energy efficiency of the systems and equipment in use there. We strive to offset possible increases in CO₂ emissions as a result of production activities with these kinds of efficiency gains. Further strategic approaches include efficient generation of our own energy through cogeneration (combined heat and power, CHP) and obtaining electricity from renewable sources.

Through our internal planning and reporting activities, we identify, assess, and monitor risks and measures associated with reducing CO₂ emissions at the level of the headquarters and the individual sites certified according to ISO 14001.

A clear CO₂ target – measurable advances

As part of the **tesa environmental program**, we have already managed to reduce our energy use by 24 percent from 2001 to 2015. During the same period, the specific CO₂ emissions (Scope 1 and 2) per ton of final products decreased by 19 percent. By 2020, we aim to reduce specific CO₂ emissions (location based) by another ten percentage points compared to the reference year, 2015.

Development of energy and CO₂ emissions

Our environmental protection management activities focus on sites with production operations, as they have greater environmental impact than office locations. With this in mind, all of our sites with attached coating and/or adhesive pro-

duction operations are certified under ISO 14001, a globally recognized standard that sets out requirements for environmental management systems.

In the reporting period we once again significantly reduced the specific CO₂ emissions per tonne of end product according to the location-based method. In comparison with the reference year of 2015, we are down by 9.5% overall in 2017; according to the market-based method, taking into account the electricity from renewable sources, actually by 32.6%.

Energy use		2001	2015 ²	2016	2017	
Natural gas	GWh	225	205	233	262	
Electricity from renewable sources	GWh	0	0	16	24	
Conventionally generated electricity	GWh	72	61	38	26	
Total energy use	GWh	297	266	286	311	
Greenhouse gas emissions, location-based ³		2001 ¹	2015 ^{2,6}	2016	2017	Target, 2020
CO ₂ direct (Scope 1)	1000 t	44	41	47	53	
CO ₂ indirect (Scope 2)	1000 t	34	29	25	23	
CO ₂ total	1000 t	78	70	72	76	
Change, 2017 vs. 2015 ⁵	%	-	-	-	-9.5	-10.0
Greenhouse gas emissions, market-based ⁴		2001 ¹	2015 ²	2016	2017	
CO ₂ direct (Scope 1)	1000 t	44	41	47	53	
CO ₂ indirect (Scope 2)	1000 t	34	42	23	14	
CO ₂ total	1000 t	78	83	70	67	
Change, 2017 vs. 2015 ⁵	%	-	-	-	-32.6	

¹ CO₂ conversion factors before 2015: 0.47 t CO₂/MWh electricity and 0.18 t CO₂/MWh gas

² Reference year

³ Definitions according to GHG Protocol Scope 2 Standard; source, CO₂ factors: GHG Protocol / IEA

⁴ Definitions according to GHG Protocol Scope 2 Standard; source, CO₂ factors: electricity providers and/or residual mix: RE-DISS (07/2017); emission factor for electricity from renewable sources is set as equal to zero.

⁵ With reference to production volume

⁶ Recalculation starting in the base year due to change of methods (shift in CO₂ factors: see footnotes ¹ and ³)

We are currently reviewing whether it will also be possible to identify and report on Scope 3 emissions, such as those generated from the production of raw materials or transportation logistics, in the future.

Measures for 2017

Energy management systems pursuant to ISO 50001

The two largest emitters of CO₂ across the Group, the Hamburg and Offenburg production sites, further developed their energy management systems during this reporting year and received certification under the international ISO 50001 standard for the third time in 2017. The new tesa headquarters in Norderstedt successfully underwent ISO 50001 certification for the second time in 2017. Advanced monitoring processes are an element of the energy management systems. These processes are expanded and improved on an ongoing basis. Employees and external associates who have an influence over the company's energy performance have been sensitized to this topic and have received training on keeping energy management in mind in their actions.

Generating our own energy through cogeneration

We began operating a CCHP (combined cooling, heat and power) system for climate-friendly in-house power generation at the Offenburg plant in 2014, and the Hamburg plant followed suit with a CHP (combined heat and power) plant in 2016. In these systems, we use not only the electricity generated, but also the heat that is produced, which is used for purposes such as heating and in production processes. These two plants together supplied enough electricity to meet about 47 percent of our worldwide demand in 2017.

Electricity from renewable sources

In 2017, we purchased outside electricity from renewable sources at five European sites, covering about 25 percent of our global demand for the ISO 14001 certified sites.

Supporting industry in terms of climate protection

Climate protection is also important to many of tesa's industrial customers. Our products can help to reduce CO₂. For example, we offer the automotive industry solutions to affix and insulate the lithium-ion battery elements used in climate-friendly hybrid and electric vehicles. We also make it possible for manufacturers to reduce the weight of their vehicles, which also improves their fuel economy, by replacing items such as rivets and screws with lightweight, durable adhesive bonding solutions from tesa.

We also offer a wide range of solutions for operators of wind and solar energy facilities, covering everything from fast, secure assembly and installation to protecting sensitive surfaces and marking hazardous areas. Some of these adhesive tapes are used temporarily, to preserve value, while others are installed permanently.

Transparent reporting

We review the effectiveness of our measures by determining the amounts of electricity and gas used by the specific sites each year. We ascertain the Scope 1 and 2 CO₂ emissions associated with this based on the specifications of the Greenhouse Gas Protocol.

We voluntarily provide the public with information regarding the measures we take to protect the climate and our CO₂ emissions. To this end, we regularly participate in the supply chain program run by the nonprofit organization CDP (formerly the Carbon Disclosure Project). This program evaluates various factors, including the environmental footprint of production companies. The result for this reporting period was positive: tesa's CDP 2017 Climate Score was well above the average for all program participants.

Efficient use of resources

We aim to offer our customers products that have as little environmental impact as possible over their entire lifecycle. To accomplish this, we develop ecofriendly, solvent-free production methods, use renewable and recycled raw materials where possible, conserve resources, and prevent production waste. We take care to ensure resource efficiency from the early stages of developing our products and the methods used to produce them. Measures to this end are an integral part of our environmental protection activities as a company. We also regularly raise awareness among our employees regarding the subjects of reducing and sorting waste.

Comprehensive management of waste and raw materials

Our waste and raw materials management activities are geared toward using materials efficiently and recycling wherever possible. There is no way to eliminate all waste when producing goods, but we are constantly at work on minimizing production-related losses of the raw materials we use when producing adhesives, coating tapes, and cutting rolls.

We have already made significant improvements in many areas. Within the scope of the tesa environmental program,



for example, we were able to reduce emissions of volatile organic compounds (VOCs) by 91 percent between 2001 and 2015, and solvent use was down 41 percent in the same period. The volume of non-recyclable waste has also decreased by 77 percent, and the recycling rate was over 90 percent in 2017.

New waste target

Our goal is to reduce the specific volume of waste per ton of end products by a further two percentage points by 2020 compared with the reference year, 2015.

As a result of one-off effects and period adjustments in the reporting year, the amount of waste generated overall was not reduced in comparison with the reference year.

Waste		2001	2015*	2016	2017	Target, 2020
Non-hazardous waste for disposal	1000 t	2.7	0.3	0.8	1.1	
Non-hazardous waste for recycling	1000 t	3.9	9.6	9.2	10.4	
Hazardous waste for disposal	1000 t	1.0	0.6	0.6	0.6	
Hazardous waste for recycling	1000 t	4.7	4.5	4.5	5.8	
Total waste	1000 t	12.3	14.9	15.2	17.9	
Change, 2017 vs. 2015	%	-	-	-	+0.1	-2.0

*Reference year

The waste generated at tesa is determined on a site-specific basis according to various waste fractions and is then separated for reporting purposes into categories based on whether it is non-hazardous or hazardous and whether it is for disposal or recycling. tesa recycles almost all non-hazardous waste and hazardous waste containing solvents.

Ongoing improvements in machinery and production processes – including some at our employees' instigation – have allowed us to reduce our waste volumes on a continuous basis. In 2017, for example, we improved the drives and controls on existing converting systems for greater accuracy of control. The result is even, straight feeding, generating less production-related waste. To harness our employees' expertise for waste-reducing measures like these, we continued a successful campaign at the tesa plant in Offenburg that highlighted the need for creative solutions.

We have used our unique, patented ACX® technology to produce double-sided acrylic adhesive tapes for highly durable adhesive bonds for years now. In 2017, as in years past, this technology helped to further reduce solvent use,

among other things. The ACX® method removes the solvents used from the adhesive, eliminating the need for energy-intensive drying. The use of this technology was expanded in 2017. The same is true of NRE technology, which is used to manufacture and coat natural rubber adhesives. This method substitutes solvent-free extruded rubber systems for solvent-based adhesives.

We also commissioned a whole new production unit for ecofriendly manufacturing of adhesive tapes in Sparta, Michigan, in 2017. The new unit allows us to replace solvent-based adhesives with water-based ones, thereby improving our overall use of solvents.

Resource-efficient solutions for consumers

Resource efficiency is important not just to tesa itself, but also to our customers. As a result, we are continuously expanding our range of paper, office, and stationery products aimed at environmentally conscious consumers. Under the tesa ecoLogo® sub-brand, we offer various products, including adhesive tapes and dispensers, packing tapes, glue sticks, and corrective tape dispensers, all made primarily from recycled or natural materials. We added a new product, the ecoLogo® glue stamp, to the range in 2017 as a fast way to glue photos, notes, or decorations. The housing is made of 100 percent recycled plastic, and like in all ecoLogo® products, the adhesive used is free of solvents. The tesa Easy Cut® Smart desktop dispenser was revamped with a new housing made from recycled plastic in a material-saving design. The glue stick range was streamlined and shifted over entirely to ecoLogo® in 2017.

tesamoll® products for sealing gaps around windows and doors and the tesa® ISO SYSTEM for easy interior roof insulation help users to save energy.

Resource-efficient solutions for industry

These days, our industrial customers use adhesive tapes as key components in electronic devices. Tapes help to make the devices more durable and prevent the need for resource-intensive new purchases. At the customer's request, recyclability can also be taken into account when designing the adhesive bonds.

PRODUCT RESPONSIBILITY



Offering safe, long-lasting products to our customers is part of our approach to corporate responsibility. With this in mind, we strive to protect people and the environment across the entire product lifecycle, from manufacturing and use through to disposal.

Our goal? Products that meet the very highest standards of quality and safety. Our work in this area is supported by product safety officers and founded on our product safety guidelines, which provide a framework for appropriate actions and approaches. They supplement the already stringent legal regulations that apply.

Product safety

When it comes to ensuring that our customers are satisfied, and thus that we are successful in economic terms, it is crucial for our products to be safe. Any safety issues could have negative effects on both the people who use our products and the natural world. Harm to our image is also possible. With all this in mind, we strive to ensure that there are no risks associated with our products, and we provide reliable protection for the safety and health of customers and employees. Standards and processes are used to minimize relevant risks for tesa. We train selected employees on the laws that apply to chemicals, product liability legislation, and product issues management. These activities were also part of our efforts during this reporting year. Product safety management is a key element of our quality management system and is within the organizational structure is steered by the Management Board.

Measures for safe products

Our goal is to design products and processes in a way that ensures they meet the various expectations of our stakeholders and no one is harmed by them. Alongside our own standards, we also have to meet the requirements set by

law and by our customers. We look to applicable laws and regulations for guidance.

The Product Safety and Product Development departments are responsible for assessing materials and substances. In the process, they evaluate the latest research findings and consider information on safety-related substance properties and safe handling of substances and mixtures.

The Product Development department and the production team use various tools to prevent product defects. These tools include failure mode and effects analysis (FMEA), which is used to identify and eliminate faults in the system, the design of products, or how production and assembly processes are arranged at an early stage of product creation.

Responsibility for the entire product lifecycle

Once products are already on the market, our business units continue to monitor them. If the units determine that a new risk analysis and assessment and relevant measures are necessary, they initiate the necessary steps to ensure the health and safety of our customers and employees. In 2017 there have been no product recalls of safety relevance for customers.

SOCIAL COMMITMENT AND INVOLVEMENT



Beyond our core activities, we as a company aim to make a positive contribution to society. Voluntarily assuming social responsibility is part of tesa's corporate philosophy. This aspect is also an integral element of our company values and corporate citizenship strategy.

Corporate citizenship strategy

We have a clear vision for our corporate citizenship (CC) activities as a company: We want to effect positive change in the world around us and, beyond our core business, should

der responsibility for matters affecting society at large and for ensuring sustainable development. This self-image has a long history at tesa. The Beiersdorf group of companies, to which we belong, has been actively involved in promoting the welfare of its own employees and the wider society

throughout its 130-year history. We are still carrying on this tradition as an independent affiliate. Our social commitment and involvement creates a bridge to the core tesa competencies and the company's strengths – its inventiveness and spirit of ingenuity, solution-oriented approach, focus on practical assistance and team spirit.

Global strategy, local implementation

We firmly believe that all sides win through our commitment and involvement: the organizations and projects that receive support, and tesa itself. We give back at several levels worldwide – in the form of donations, supporting memberships and sponsorships as well as through employee volunteering. This helps us form lasting bonds – just like our products do.

The Executive Board explicitly supports and welcomes civic involvement. It sets guidelines for our affiliates to donate part of their local sales for social projects. The board also urges employees to get involved with social causes through volunteering and team building activities.

Overarching responsibility for the subject of social responsibility rests with the Corporate Citizenship unit, which is part of Corporate Communications. This unit decides on and coordinates all support activities by tesa headquarters and coordinates them. Based on our donation guidelines and the CC strategy, the unit also makes recommendations regarding suitable topics of support in the regions. In keeping with the “global strategy, local implementation” approach, the regional companies perform the planned activities independently. They are the ones who are most familiar with local circumstances, so they can help ensure that activities represent effective solutions to social challenges. The CC unit provides personal advice as needed. Once a year, the regional companies report to CC on the advances they have made in their local projects.

Our “tesa connects” program



Our activities in support of social causes follow an integral approach, bringing things and people together. With this in mind, the guiding principle behind our CC strategy is “tesa connects.” Across a wide range of projects, colleagues apply their knowledge and expertise in specific areas, act as mentors, or roll up their sleeves and pitch in where help

is needed. This forges ties between employees and the community and enhances team cohesion. We also support charitable causes by providing funding and donations in kind.

Our corporate citizenship strategy emphasizes specific areas where involvement is most urgently needed and where we can have the biggest impact. All of the projects we support fall thematically into at least one of our three core fields: **social commitment and involvement, support for education, and environmental protection**. At the project level, these fields are reflected in the four pillars of our activities to give back: “tesa helps” and “tesa donates” (social), “tesa supports” (education), and “tesa protects” (environment). All projects also fit the identity of the brand and the company as a whole and our regions. Taking these principles into account, all tesa affiliates are free to determine their own areas of emphasis.

Fundamental information on social commitment and involvement is set out in our strategy, the tesa Corporate Giving Policy, a set of guidelines on brand and product sponsoring activities along with internal informational materials regarding the various ways to get involved. These documents can be downloaded from the company intranet.

We work together with selected partners in cooperative initiatives and projects for these activities. This represents a win–win–win situation, benefiting all concerned in different ways:

- **Benefit to nonprofit organizations (NPOs):** Our contributions support the activities of selected organizations, helping them to achieve their short-term and long-term goals.
- **Benefit to society:** By supporting the work of selected NPOs, we have a positive impact on their topics of focus.
- **Benefit to tesa:** Our involvement enhances the perception of tesa and tesa's credibility with regard to social responsibility while also boosting employees' motivation and helping them to grow and cultivate their skills.

We keep several strategic criteria in mind in our work with partners:

- **Relevance:** We make certain the topics selected focus on areas and organizations where contributions are used in a way that generates maximum benefit to all concerned.
- **Long-term commitments:** We strive to establish lasting cooperative initiatives. This also includes helping those responsible for projects and their target groups achieve independence and autonomy beyond the aid they receive from us. We focus on helping others to help themselves.
- **Equal partnerships:** To strengthen local responsibility, tesa works with partners in the local community in a spirit of equal partnership.

Once a year, employees can take a day off from work to work together with colleagues for a social cause. The CC unit and cooperation partners such as tatkräftig e.V., a non-profit initiative for volunteer activities, help employees to select the projects. Our individual affiliates handle these activities differently depending on their size. Several affiliates have longstanding ties with particular initiatives, organize annual activities such as summer festivals, renovation days, or afternoon craft projects during the Christmas season. In many countries, the social commitment and involvement of tesa employees is a longstanding tradition.

As part of our employee communications, we report on our social commitment and involvement in various tesa Group media. We post information on all of the volunteering projects we have implemented and on donations and events on the intranet, for example. We also emphasize personal feedback toward the employees involved and appreciative communications in publications such as the employee magazine and the annual overview of all CC measures.

As touched on above, all of the projects within the “tesa connects” program fall within four areas: **help, donate, support, and protect**. While our focus in the first two of these areas is on social projects, “support” encompasses the subject of education and “protect” covers the environment. The sections that follow describe our approaches and activities in each of these areas.



Being there for others as a good neighbor

Neighbors helping neighbors in the immediate vicinity of our sites – that’s the principle behind “tesa helps.” Many of our employees live near our sites and want to give back to social causes in their local areas. All over the world, local tesa teams pitch in to help with projects and support their communities.

At the tesa headquarters (Norderstedt), for example, employees can choose from a pool of projects compiled by the Corporate Citizenship unit. Alternatively, they can also arrange to support self-chosen initiatives in the local area. During this reporting period, our employees continued various existing activities and started new ones.

Commitment and involvement in Germany

- The tesa headquarters continued its partnership with the nonprofit organization “tatkräftig – Hände für Hamburg” in 2017. With “1 day, 1 team, 1 goal” as its motto, the organ-

ization connects volunteer helpers with over 150 institutions in the Hamburg area. In the year under review, 83 employees supported eight projects in all, including play and craft activities or gardening, handicraft, and renovation work at social and charitable institutions, such as children’s and youth facilities, day care centers, and refugee centers. A “tesa helps” project with “tatkräftig” has now become an integral part of the first year of apprenticeship at the tesa plant in Hamburg.

tesa affiliates also provided active assistance in their local areas in 2017:

Worldwide commitment and involvement

- tesa UK has supported the Walnuts School, a school for autistic children in Milton Keynes, since 2009. tesa contributed funding to the project in 2017, as in past years, making it possible for young people with autism to gain initial experience in the working world.
- tesa employees in the Czech Republic spent an afternoon of games and contests with children suffering from leukemia at the Motol University Hospital Transplant Center in Prague this year, as in the past. Colleagues from Slovakia teamed up with the foundation Deti slovenska (Children of Slovakia) in 2017 to organize a similar activity for children who have hemophilia.
- In the Netherlands, tesa supports Stichting het Raakt U, a foundation that helps and advocates for children with physical limitations. tesa organized a field trip with the children and made monetary donations and donations in kind in 2017.
- In Switzerland, tesa has been committed to helping Theodora, an initiative that brings clowns to hospitals to entertain and distract pediatric patients, through donations at Christmastime for the past six years. tesa also ran a fundraising campaign for Theodora in 2016 and 2017.
- The Austrian tesa team supports Stiftung Kindertraum, a foundation that grants wishes for children and teens with disabilities or serious illnesses. tesa helped to make big dreams come true once again in 2017.
- In Hungary, tesa has been supporting a children’s facility in Budapest for two years. Among other things, employees designed a special room for infants and toddlers and organized a Christmas gift donation campaign.
- An orphanage for disadvantaged children in India has received financial support from tesa since 2008. tesa employees also help with IT matters to meet the site’s needs.
- tesa maintains a longstanding partnership in Italy with the nonprofit organization Fondazioni Piatti. The initiative provides care for children with neuropsychiatric condi-

tions at one of its sites in northern Italy. tesa provided necessary accessories for the swimming pool there during this reporting period.

- The colleagues in Russia supported the Mercy aid center for children and families, near Moscow, with a donation and hands-on help with renovations in 2017. tesa also participated in a Christmas bazaar for children at a German school in Russia this year.

tesa donates



Uncomplicated help for social projects

As part of “tesa donates,” we make targeted monetary and product donations to support people and the day-to-day work of selected institutions. We provide tesa products for various purposes and groups, from schools and childcare centers to campaigns to provide aid to victims of natural disasters and other emergencies, when items like fly screens and packing tape can be useful. The company also provides financial support, runs “leftover change donation” programs, and gives away old computers. In 2017, as in the past, we were able to support various initiatives through numerous donation activities. Examples:

Donation campaigns

- The tesa companies in Norderstedt, Hamburg, and Langenfeld continued their “leftover change donation” programs in 2017, in line with the slogan “small gesture, big impact.” The concept is simple: Employees donate the cents amount of their net monthly pay (0.01 to 0.99 euros) to nonprofit organizations in their communities. The money collected, amounting to a maximum of 11.88 euros per employee per year, is credited to a separate tesa donation account. Donations totaling 3251.04 euros were collected in 2017. The amount was matched by the executive management, for a total of 6502.08 euros, which was then donated to the project Knack den Krebs, a cancer-fighting initiative run by nonprofit organization Fördergemeinschaft Kinderkrebs-Zentrum Hamburg e.V.
- Because not every child is fortunate enough to receive gifts at Christmas, tesa organized a Christmas gift campaign again in 2017. New gifts were collected during the holiday season from tesa colleagues, who were encouraged to place them under the Christmas tree at tesa headquarters. Employees of ToysCompany, a nonprofit partner organization, then distributed the presents to so-

cially disadvantaged families in time for the holiday. In all, 131 packages were handed out in 2017.

- Instead of giving Christmas gifts to customers, we supported the Hamburg-based nonprofit Chancen für Kinder e.V. with a donation of 20,000 euros again in 2017. Some of the money was used to make it possible for children who are forced to work in quarries in Yeleswaram, India, to attend school. The other part supported Klinik-Clowns Hamburg e.V., an initiative that brings clowns to hospitals to entertain severely ill children with the aim of strengthening their will to live.

tesa supports



Recruiting the next generation of employees

Education in STEM (science, technology, engineering, and mathematics) fields is important when it comes to sustaining human life and securing social progress. From digitization to climate change and energy issues, STEM skills help to solve present-day challenges. For tesa as a technology company, strengthening this knowledge is essential in order to recruit the next generation of employees. That’s why we work with various initiatives to support educational projects that unlock prospective futures for kids and teens in these areas. Specific projects and cooperative activities are associated with these efforts in Germany and at many international tesa affiliates.

Partner to Initiative Naturwissenschaft & Technik (NAT)

tesa SE in Germany has been partnering with Initiative Naturwissenschaft & Technik (Science & Technology Initiative – abbreviated NAT) since 2014. In Hamburg and the surrounding metropolitan area, NAT connects schools with universities, colleges and technology-driven companies. The objective is to give young people a variety of insights into various occupational fields. tesa is a supporting member, providing donations and encouraging volunteer efforts by employees. We provide particular support for two NAT initiatives: “mint:pink,” a support program to promote girls’ participation in STEM, and “90 Minutes of STEM,” a course that offers a view into scientists’ working lives. tesa provided conceptual and financial support to both programs again in 2017.

- In the “90 Minutes of STEM” program, tesa employees spend two hours in a classroom, giving groups of about

20 school students real-life insights into their working lives. In 2017, a class from a specialized higher grade level at an academic secondary school in Hamburg visited various labs where basic research is performed.

- In February 2017, tesa organized this year's kickoff event for the mint:pink program, which encourages girls to explore STEM fields, in Norderstedt. About 170 ninth graders from 13 schools attended, along with teachers, parents, and representatives of the political sphere. Over the course of the year, the students visited five companies in all, where they were given insight into exciting technologies and working worlds.
- tesa also participated in mint:pink with various practical units in 2017. During these activities, R&D employees shared their own enthusiasm for science with the girls and gave them a wide range of insights into the basic principles behind adhesive technology. In 2017, students visited the production facility at tesa's plant in the Hausbruch district of Hamburg and the tesa physics lab, for example.
- NAT is further expanding its activities starting in 2018, thanks in part to encouragement from tesa. Future plans call for opening up the mint:pink program to 50 female students from the city of Norderstedt, Schleswig-Holstein, as well.
- NAT celebrated its tenth anniversary with a major event at Hamburg's arguably most spectacular building, the Elbphilharmonie orchestra hall. Over 1300 students and supporters of the initiative were there for the celebration. tesa made a donation that allowed two classes to attend.

International support for education

- 2017 marked the fifth time the tesa affiliate in Japan participated in the Tsukuba Science Festival. Held in Tsukuba, the famous "City of Science," the event is aimed at introducing children and teens to the world of science through fun experiments and games. The potential scientists of tomorrow learned about interesting aspects of adhesive technology at the tesa stand.
- The tesa plant in Suzhou, China, initiated its tesa Sunshine Education Assistance program ten years ago to help children from families of migrant laborers get a better elementary school education. The program has provided tesa Sunshine Scholarships to about 630 children so far.
- Other tesa affiliates have an established practice of contributing funding to educational initiatives:
- In Turkey, tesa supports the organization Educational Vol-

unteers Foundation of Turkey, which offers extracurricular educational and enrichment programs for children.

- In Mexico, the regional office provides funding to the Fundación para la Protección de la Niñez (Foundation for the Protection of Children), which awards scholarships for learning English as a second language.
- The Guatemalan tesa affiliate finances a partial scholarship for a student otherwise unable to afford higher education.
- tesa India donates to the Nanhi Kali organization, which offers primary school education opportunities to disadvantaged young girls.
- In 2015, tesa tape North America began sponsoring a four-year study program concentrating on automotive technology. The EcoCAR program is devoted to the development of an extremely energy-efficient high-performance vehicle.



Working to protect the environment

We view environmental protection as part of our social responsibilities. After all, an unspoiled natural environment is part of good quality of life. This is why environmental protection and nature conservation are a part of tesa's corporate strategy. Our engagement on the production and product level is complemented by specific projects for preserving nature and improving quality of life in the regions where we operate.

From 2011 to 2017, we worked to preserve the sensitive ecosystem of the "Niedersächsische Elbtalaue" UNESCO Biosphere Reserve near Hamburg.

Environmental protection projects

- These activities focused on measures that serve to conserve or restore the original landscapes of this area and thus preserve species and biodiversity. We supported activities on site through the active efforts of employees and financial support alike. Our one-time donation of 100,000 euros in 2011 made possible various activities between then and 2017, including planting trees typical of the region, which now offer new habitats for native species of birds and insects.
- tesa is planning a new cooperative relationship with an environmental initiative in the area of the Norderstedt headquarters starting in 2018.

- Colleagues from tesa China have been working to protect the environment since 2015 as part of the “Million Tree Project.” In 2017, tesa Greater China donated funding for 2500 trees to the program, and five volunteers participated in a tree planting campaign in Inner Mongolia.

tesa’s efforts make significant contributions to all three of the company’s core areas: social commitment and involvement, support for education, and environmental protection.





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