



OUR RESPONSIBILITY – OUR COMMITMENT

**Sustainability Report
of the tesa Group 2018**

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Cover picture: tesa offers numerous applications for the solar industry, such as mounting adhesives.



FOREWORD

“Sustainability is an integral component of our business processes – indeed along our entire value chain. Even so, we are not content to rest on our laurels in terms of what we have achieved. After all, sustainability is not a project, but rather a key future topic.”

Dear readers,

As one of the world’s leading adhesive technology companies, we have been a pillar of innovation and high product quality for many years. But we have another tradition: ecological and social responsibility. It is an integral component of our business processes – and along our entire value chain. After all, what we produce is not all that matters; how we produce it is also extremely important.

Therefore, as part of our corporate responsibility we focus on four strategic areas of activity: the environment, employees, products and society. In these areas, we want to continuously improve with the help of targeted projects and strategic measures. We have already achieved a great deal. For example, we have been able to make a wide range of products more environmentally friendly with the help of energy-efficient, solvent-free manufacturing processes. We have already significantly reduced specific emissions of CO₂ per metric ton of end product. Our very low accident figures in comparison to the industry demonstrate that our occupational safety measures are working. In order to promote the internal filling of positions and to boost our attractiveness as an employer, we continuously invest in professional development measures for employees and managers. And numerous tesa employees worldwide voluntarily support social projects as part of the “tesa connects” initiative.

But we are not content to rest on our laurels in terms of what we have achieved. After all, sustainability is

not a project, but rather a key future topic – worldwide. Global challenges such as climate change and profound social transformations such as demographic change demonstrate this. In order to address them, we must harmonize social, ecological and economic concerns. Particularly as a company that operates internationally, we are required to assume responsibility and to align our business processes with a sustainable economy.

As an expression of this understanding, we have been a member of the UN Global Compact since 2006 and commit ourselves explicitly to the ten principles in the areas of environmental protection, human rights and labor standards and the fight against corruption. With its commitment, tesa has also joined in the pursuit of one of the primary goals of the Global Compact: the implementation of Sustainable Development Goals (SDGs). These 17 sustainability goals of the United Nations constitute the core of Agenda 2030, a global action plan for sustainable development.

This year we have decided to incorporate the SDGs into our sustainability report for the first time and to make our contribution to them transparent. By doing so, we are underscoring our conviction that, along with politics and civil society, companies also play a decisive role in the achievement of ambitious goals.

You can learn more about our sustainability work and the progress that we have made in the last fiscal year in this report. We hope you enjoy reading this report and find it both interesting and informative.

Dr. Robert Gereke
Chief Executive Officer of tesa SE

ABOUT THIS REPORT

With this sustainability report we provide our stakeholders and the public with insight into our worldwide commitment and the economic, ecological and social impact of corporate operations in 2018. On the following pages we summarize our management approaches, significant measures, results and key figures, divided into the five fields of:

- Compliance
- Employees
- Environment
- Product responsibility
- Social commitment and involvement

This report is limited to an exemplary, but representative selection of current initiatives that we are implementing at our affiliates worldwide. 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 a materiality analysis in 2017.

We identified as material the topics “prevention of anti-competitive practices,” “human rights in the supply chain,” “internal succession,” “occupational safety,” “climate protection and CO₂ emissions” as well as “product safety.”

UN Global Compact and CSR Directive Implementation Act

With this report we meet our annual obligation to inform the Global Compact of the United Nations about our progress. As a participant in the Global Compact, tesa commits itself to observe ten universal principles in the areas of human rights, labor standards, environmental protection and anti-corruption.

In accordance with the German CSR Directive Implementation Act, our parent company, Beiersdorf, is obligated 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. This data is shown in this sustainability report in brackets indicating the page or paragraph.

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. Authoritative is always the German version.

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/en/about-tesa/responsibility.

in over **100** countries



operating with **64** affiliates



over **2500**
employees
in Germany



~4900
employees
worldwide

R&D centers in Germany,
the U.S., and Asia



THE tesa BUSINESS MODEL

tesa is one of the world's leading manufacturers of technical adhesive tapes and adhesive system solutions for industrial and professional customers as well as consumers. Our more than 7000 products find applications in various industrial areas, such as the automotive industry, the electronics industry, the construction supply industry and the print and paper industry. In the consumer and craftsmen market, our products make life easier – both at home and at work. In addition, tesa works with the pharmaceutical industry to develop medical patches and films.

The Group and Its Affiliates Worldwide

The tesa Group is a wholly owned affiliate of Beiersdorf AG. tesa SE employs approximately 4900 people (December 31, 2018) and operates in more than 100 countries with 64 affiliates. The corporate headquarters have been located in Norderstedt, near Hamburg, Germany, since 2015.

The geographic focus of our business activities is Europe, followed by the regions of Asia, America, Australia and Africa. 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 in China.

Strategic Alignment

We are pursuing a long-term increase in the value of the tesa Group in the interests of our employees, customers and shareholders 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 a broad range of high-quality, demand-driven products. In addition, the knowledge of production processes and the ongoing analysis of current trends and developments in the industry give our company a competitive edge and ensure its lasting success.

We have understood the assumption of corporate responsibility to be a key element of our business processes at tesa for many years. For us, socially and ecologically responsible conduct along the entire value chain is essential to our corporate culture and is part of our core business principles. With an eye to ensuring good, responsible corporate management, we have developed internal standards, such as the tesa Code of Conduct (see p. 12) and our environmental guidelines, and we emphasize compliance with these rules across the entire Group. With the Code of Conduct for Suppliers (see p. 33–34), we also obligate our key business partners to conform to our sustainability standards.

Solutions and Products for Industry, Trade, and Consumers

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, high-quality products and excellent service – especially for the areas of application of automotive, electronics, construction, health, transportation and print and paper industries, as well as in the area of renewable energies and in the household appliances sector. In addition, we offer professional craftsmen and private consumers adhesive solutions that are tailored to their needs.

Our business is divided into two segments: In the Direct Industries division, tesa supplies specialized system solutions directly to industrial customers. This

division accounts for slightly more than half of sales. The Trade Markets division deals with the markets in which customers obtain their products not directly from tesa, but via retail partners or similar channels. In addition to product ranges for private consumers and craftsmen, they also include adhesive tapes that are intended for industrial and commercial customers and are marketed primarily via technical retailers.

Procurement Markets and Overall External Conditions

An efficient value chain is highly significant for the quality of our products – and thereby our business success. The tesa value chain is aligned globally, with Europe and Asia as the largest procurement markets and China as the main country of origin.

The value chain must be designed in such a way that it can anticipate future developments and respond to them. 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 and local purchasing teams. They know and observe the local market in detail and are able to make a realistic assessment of the possible risks arising from issues such as political instability and changes in local legislation. We also minimize risks by building a network of alternative suppliers. In order to accommodate general developments in procurement, such as rising raw material prices, changes in sales and distribution channels, and shifts in the competition situation, 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.

tesa's success is not just down to innovative ideas, product quality or technological advances; environmental and social responsibility also play a key role.



OUR RESPONSIBILITY

Assuming corporate responsibility is key to generating sustainable value at tesa. Sustainability and the responsible use of resources are an integral part of our corporate culture and are firmly anchored in all of our business processes. These principles are grounded in the tesa Corporate Values and tesa Code of Conduct (see p. 12), which provide clear guidance for our daily conduct. In addition, as a long-standing member of the United Nations Global Compact we expressly commit to the 17 Sustainable Development Goals

(SDGs) of the United Nations. We make our contribution to achieving these goals through our activities and products.

Our Corporate Values

As one of the world's leading adhesive technology companies, we see it as our duty to align our business activities with the core principles of sustainability.

From the procurement of raw materials to recycling, we assume responsibility at all stages of our value chain. We also expect our suppliers to manage their businesses responsibly. In order to make this attitude clear and understandable for all employees across the Group, we have established a set of corporate values. They are regularly checked for their relevance and were most recently revised in 2017. The corporate values are accessible to all employees on the intranet and create a common vision of how we understand sustainability. In addition, they may be accessed on our corporate website at www.tesa.com.

Guidelines for our Actions: Global Compact Principles and SDGs

We have been a member of the Global Compact of the United Nations since 2006. Our membership underscores our commitment to upholding internationally recognized social and environmental standards in our business activities. The ten Global Compact principles in the areas of human rights, labor standards, environmental protection and anti-corruption form the overarching guidelines for our actions.



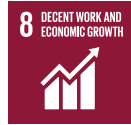
In the 2018 reporting year, we also reaffirmed our goal to make our contribution to the 17 Sustainable Development Goals of the United Nations. The SDGs constitute the core of the 2030 Agenda, a global action plan for sustainable development. For the first time they balance the three dimensions of sustainable development: the economic, social and environmental. Along with politics and civil society, companies are also urged to make a contribution to the achievement of these ambitious goals.



In 2018, we therefore determined which of the 17 SDGs we can make a particularly effective contribution to with our activities and products. In order to define our contribution as precisely as possible, we carried out a comparison with the detailed 169 targets. The respective targets and our contribution to them are set out in the index on pp. 9–10. We also include symbols at the start of every chapter to indicate which SDGs we are contributing to with the activities described. In the future, the SDGs will establish an important framework for action for our sustainability work.

tesa Corporate Values

- All of tesa's activities are focused on our customers being satisfied with the high quality of our products and services.
- We take a proactive role in shaping our future and view every change as an opportunity. Innovation in technology, processes, and products is the basis of future growth.
- The motivation, competence and effectiveness of all our staff ensures our long-term success.
- We ensure the satisfaction of tesa's shareholders by continuously adding value to our company, so that shareholders continue to invest in our company and, in turn, our job security.
- We are committed to putting the principles of the Global Compact into practice: adhering to human rights, fair labor practices, environmental protection and the fight against corruption.
- We assume social responsibility. We focus on the advancement of young people in the fields of science and technology, on the protection of the environment, as well as on local social projects.

We contribute to the following SDGs and their corresponding targets:

| SDG No. | SDG targets | Our contribution | Information in tesa sustainability report |
|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
|  | <p>5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p> | <p>tesa has been a member of the UN Global Compact since 2006. The ten principles in the areas of human rights, labor standards, environmental protection and anti-corruption also represent the overarching guidelines for all actions at tesa. With our membership, we have committed ourselves to Principle 6 "The elimination of discrimination in respect of employment and occupation" and reject any form of discrimination in the workplace or in the filling of positions.</p> | <p>Global Compact Principles and SDGs, p. 8</p> <p>Training, development and support, pp. 22–24</p> |
|  | <p>7.3: By 2030, double the global rate of improvement in energy efficiency</p> | <p>tesa's headquarters and sites with the highest CO₂ emissions have an environmental management system as well as an energy management system certified in accordance with ISO 14001 respectively ISO 50001. The introduction of the energy management systems paved the way for further increasing the energy efficiency of our facilities. Another strategic approach for tesa is the use of energy and resource-saving technologies, such as efficient generation of our own energy through cogeneration (combined heat and power, CHP) and obtaining electricity from renewable sources.</p> | <p>Climate protection and CO₂ emissions, pp. 27–30</p> |
|  | <p>8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programs on sustainable consumption and production, with developed countries taking the lead</p> <p>8.8: Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p> | <p>Our products should be as harmless as possible to the environment over their entire lifecycle. During development and manufacturing we take care to ensure resource efficiency and to avoid production waste. Measures to this end are an integral part of our environmental protection activities as a company. Wherever possible and sensible we use renewable and recycled raw materials.</p> <p>As a responsible employer, we see it as our duty to protect our employees from risks and hazards in the exercise of their activities. With a wide range of measures, we contribute to preventing or minimizing accidents and occupational illnesses.</p> | <p>Efficient use of resources, pp. 30–31</p> <p>Occupational safety, occupational health management, pp. 17–19, 25</p> |

| SDG No. | SDG targets | Our contribution | Information in tesa sustainability report |
|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
|  | <p>12.2: By 2030, achieve the sustainable management and efficient use of natural resources</p> <p>12.4: By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment</p> <p>12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p> | <p>tesa develops ecofriendly, solvent-free production methods, and uses renewable and recycled raw materials wherever possible and sensible. 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.</p> <p>There is no way to eliminate all waste when producing goods. Our waste and raw materials management activities are geared toward using materials efficiently and recycling wherever possible. Therefore, we constantly work on minimizing production-related losses in the raw materials we use. tesa recycles almost all non-hazardous waste and hazardous waste containing solvents.</p> <p>We have set ourselves the goal of reducing specific waste volume per metric ton of end product by the year 2020 by another two percentage points from the 2015 reference year.</p> | <p>Efficient use of resources, pp. 30–31</p> |
|  | <p>16.5: Substantially reduce corruption and bribery in all their forms</p> | <p>We reject any form of corruption, bribery or other forms of unlawful conduct. Anti-corruption is one of tesa’s Core Compliance Fields and plays a central role in the Compliance Management System. The main goal is to avoid possible cases of corruption before they arise. Our Group-wide Anti-Corruption Guideline instructs our employees on proper conduct and explains how employees should conduct themselves in corresponding situations.</p> | <p>Compliance, pp. 12–14</p> |

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 material 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,” “occupational safety,” “prevention of anticompetitive practices,” “human rights in our supply chain” and “product safety” were identified as being material. We carry out a materiality analysis every two to three years alongside the materiality process of the parent company, Beiersdorf. The next analysis is planned for 2020.

Organizational Structure

The tesa Executive Board has articulated an express commitment to our corporate responsibility. 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 there is a direct 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
- Quality, Environmental, Health & Safety Management
- Corporate Communications

A central corporate responsibility steering group that includes representatives of these units meets quarterly, under the leadership of the member of the Management Board responsible for human resources. The group 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.

Risk Management

We believe success-oriented and responsible activities include the Group-wide, integrated management of risks and opportunities. Risks are identified and managed in a structured process. 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.

In addition, during the reporting year we introduced a standardized process for risks that can arise in connection with our material non-financial topics. We considered all non-financial topics that are material for tesa and interviewed all relevant units about their risk assessment. The result was reviewed following the risk management process. In the process, no risks were identified that need to be reported in accordance with the guidelines of the CSR Directive Implementation Act.

4

strategic action fields

> help us focus our sustainability activities.

Five avatars guide participants through the compliance e-learning program.



COMPLIANCE



We will continue to be a trustworthy partner to our customers, shareholders, business partners and employees and to government agencies, institutions and the public. Compliance with all of the laws and regulations that apply to tesa is therefore particularly important.

Compliance violations can be not only expensive, but also damaging, particularly to the company's reputation. As a result, all employees, managers and corporate bodies are required to abide by clear specifications that have been set down in writing. Compliance with these

specifications is monitored and verified regularly through audits and supported by activities such as advising, training sessions, measures and programs. The goal is to raise awareness among our employees about relevant issues and to teach them how to act appropriately.

tesa Code of Conduct

The tesa Code of Conduct is derived from the ten principles of the UN Global Compact and serves as an overarching, binding code of conduct for all employees. We use this to support our employees, managers and corporate bodies in observing the key principles and values of our company in their day-to-day work, gearing their conduct toward them and sharing them with others.

Compliance Management System

Through our Compliance Management System (CMS) we want to ensure that all tesa employees, managers and bodies comply with applicable legal provisions and internal rules. In order to achieve this goal, we follow an orderly management process. It encompasses the four steps of prevent, detect, react and improve.

In 2018, we revised and updated the tesa CMS. In the process, we reviewed our mandatory governance and compliance guidelines with respect to their practicality and acceptance and adjusted them where necessary. We are taking dynamic changes in the legal and economic environment into account in this update.

The focus of our compliance program is currently on the Core Compliance Fields of Antitrust, Anti-Corruption and Data Privacy. The tesa Corporate Compliance Officer is responsible for ensuring legal conformity in the Core Compliance Fields as well as possible and enhancing the entire system. In the tesa affiliates, we have designated the managing directors responsible for the respective affiliates as compliance officers. They are supported by specially designated local compliance officers. The local and (corporate) compliance managers are responsible for the operational implementation and refinement of the tesa compliance standards. Our reporting system is another important component of tesa CMS. tesa has implemented both internal and external reporting channels through ombudsmen to take reports of compliance violations. We use this system to pursue all tips, clarify the relevant issues and take appropriate measures after carefully weighing and considering the principle of proportionality.

Measures and Results

Communication and training activities We anchor the compliance principles within the company through routine communication and training activities. For example, our employees find tips, guidelines, processes and capable points of contact for their day-to-day business dealings on a compliance platform on the intranet. We also use this platform to provide information on relevant legal developments. In order to leave no room for uncertainty regarding compliance, we also published a glossary that defines and explains compliance-related terms and acronyms on the intranet during the reporting period.

In addition, we developed and introduced a new “compliance learning world” in 2018. In the process, we completely revamped e-learning courses in all Core Compliance Fields.

Audits The Internal Audit department (Beiersdorf AG) conducts routine audits during which compliance-related topics are reviewed.

3

E-Learning

➤ about the Core Compliance Fields will be available on the intranet starting in 2019.

Prevention of Anticompetitive Practices

Also in 2018 we analyzed and evaluated the existing and future compliance risks of our business models. The resulting materiality analysis has confirmed our classification of the topic of Antitrust as a Core Compliance Field.

Management Approach

Several years ago, we successfully introduced the tesa Antitrust Compliance Program throughout the Group. It is an important element of our overall program and has been refined continuously since then. It provides information on relevant content in antitrust law and raises awareness to potential risks. It also encompasses the regular review and updating of guidelines as well as control over their implementation.

Measures and Results

Internal guidelines In 2018, we created and introduced a new overarching Antitrust Compliance Guideline to the company. This guideline summarizes already existing regulations, establishes general conditions and minimum standards in the Antitrust Core Compliance Field and describes them.

Training courses All relevant employees and managers¹ receive training every two years. Our training scheme includes a mandatory e-learning course that communicates key concepts in antitrust law. In 2018, we developed a new e-learning module on the topic of antitrust. It will be available on the intranet starting in 2019. During the 2017/2018 training cycle, we invited 1,621 employees in 41 countries and 48 affiliates to participate in an e-learning course in the Antitrust Core Compliance Field. The rate of successful participation was 96.4 percent (global²).

We also hold on-site training sessions in regions where there is particular risk and in selected business units. This is augmented by individualized advice on issues of antitrust law during ongoing operations.

Corruption Prevention

Anti-Corruption is one of tesa's Core Compliance Fields and, after antitrust, plays a central role in the Compliance Management System. The main goal is to avoid possible cases of corruption before they arise.

Our Management Approach

Our focus is on ongoing efforts to inform and raise the awareness of employees for corruption-related risks as well as dangerous activities and situations in day-to-day business dealings. The Group-wide Anti-Corruption Guideline makes an important contribution to these efforts. It offers guidance to our employees on what to do in case of conflicts of interest, invitations and personal gifts from and to representatives, agents and employees of other companies or public officials and explains how employees should conduct themselves in corresponding situations.

Measures and Results

The e-learning course, which was redesigned in 2018, covers the topic of anti-corruption as a Core Compliance Field. It is mandatory for all relevant employees, managers and corporate bodies to complete the course every two years. The course will also be available on our intranet starting in 2019. On-site training on the topic of corruption prevention is held as needed and is conducted by speakers or experts on the issue in question.

Data Protection

The confidential, honest, safe and appropriate handling of the information entrusted to us is a high priority for tesa. Given the heightened requirements set down in the EU General Data Protection Regulation (GDPR), the topic of data protection represents a Core Compliance Field again in 2018.

Management Approach

Prevention by raising awareness and through education is a key focus for us in the area of data protection. We therefore inform employees about the measures we are taking to comply with the GDPR, who the points of contact are and what employees should keep in mind in their day-to-day work. In addition, we published the Data Protection Compliance Guideline in the reporting year. It summarizes all valid organizational rules on the topic of data protection and gives employees assistance and instructions for handling data.

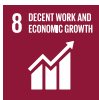
Measures and Results

Information and training courses Along with events on the topic of data protection, we also use the intranet to keep our employees informed. There is a data protection series that teaches people about the most important contents of the GDPR, for example. In order to explain the requirements of the regulation and its implementation as understandably and true to real-world practice as possible, we address issues that arise from the day-to-day activities of employees and provide information about proper and legally compliant conduct. We have also developed a number of training activities. Beginning in 2019, there will be a new e-learning course on the topic of data protection, which all employees, managers and corporate bodies must complete every two years.

^{1,2} The participation rate refers to the target and risk group that was defined in advance for this Core Compliance Field. This group includes all employees and managers who may come into contact with antitrust-related topics and requirements. This figure corresponds to the situation as of December 31, 2017. A new evaluation was not carried out in 2018.

The dedication of skilled experts and motivated young employees helps to shape the company and builds the foundation for our success.

EMPLOYEES



We would like to provide our customers with the best possible service and expand our position as one of the leading adhesive technology companies. The skills of our employees and their willingness to continue to develop them are paramount for this.

Qualified employees who actively participate in shaping the continued development of the company and promote innovations in the area of products and processes are the key to the successful implementation of our corporate strategy. They help us meet the expecta-

tations of our customers – and to exceed them again and again.

At the same time, the demands of employees are constantly evolving and the attractiveness of an employer plays a more important role today than in the past. Aspects such as development opportunities in the company, the topics of occupational safety and health promotion, a thriving culture of feedback and dialogue, and models for reconciling professional and private life are all increasing in significance.

Important goals of our human resources strategy are therefore to employ appropriate measures to attract well-qualified, committed employees to our company, to win their loyalty and to maintain our attractiveness as

an employer. In addition, our express goal is to promote a corporate culture that strengthens performance, teamwork, cross-functional collaboration and internationalization. The tesa Key Competencies establish the basis for this. They describe nine core competencies that determine the actions of employees and represent fundamental values at tesa: “Set the pace,” “Focus on your customer,” “Team up,” “Achieve & improve,” “Challenge yourself,” “Lead to success,” “Grow talent,” “See the bigger picture” and “Get buy-in.”

Internal Succession

With its products, tesa is represented in several different markets and industries that each have different requirements, issues and needs. Managing this complexity is no easy task. The skills, knowledge and experience of our employees give us a distinct competitive advantage.

One core element of our personnel strategy is to fill key positions from within wherever possible in order to retain their valuable experience and market knowledge, enhance their expertise and skills, and leverage these capabilities for our long-term success as a company. This approach is also beneficial to our employees. Without changing companies, they can gain broad knowledge from different areas and obtain attractive promotion and development opportunities. Accordingly, our goal is to fill as many open positions as possible with internal employees.

Management Approach

The topic of internal succession is firmly established at the highest level at tesa. Several times a year, the Executive Board holds meetings where the members discuss succession planning and talent management.

The topic is centrally managed by the Human Resources (HR) department. The Succession Planning and Talent Management team, which was established specifically to handle internal succession, employs structured management processes in its work and carries out a series of different activities. This includes development interviews and advisory sessions with employees as well as talent management workshops. Furthermore, HR ensures that employees receive regular feedback on their performance from their supervisors. HR's tasks also include ensuring that information is shared between the regions and the company headquarters and making suggestions for filling open positions

across different units and regions. By doing so, the HR department plays a key role when it comes to making it easier for future executives to rise within the organization and to win their lasting loyalty to the company. In the period under review, we filled most top management positions with internal candidates in this way.

Measures and Results

Competencies review In Europe, North America, Greater China and Asia/Pacific, talented employees were given the opportunity to participate in professionally relevant role playing and exercises – comparable to those of an assessment center. They then received feedback on their strengths and areas for development 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. The competencies reviews enable us to develop talented workers' skills in a targeted manner, making them candidates for internal succession.

tesa X-perience Career Model In 2018, we devised the tesa X-perience career model. The aim is to develop a uniform understanding of sensible development and career progression throughout the company. Furthermore, employees should be motivated to seek job rotation opportunities not only internationally or functionally, but to actively make cross-functional moves. This contributes to building up broader expertise and establishes the basis for promotion within the company. The model will be introduced in Germany starting in 2019 and will then gradually be rolled out elsewhere.



X-perience

> The new career model offers employees international or functional job rotation opportunities.

Management Development Program Also in 2018, a group of international executives set up the Management Development Program (MDP). As part of this program, participants take a close look at the corporate strategy and the positioning of different functions in the company. In order to keep the program up to date and to begin with management training even earlier, we launched a project to revamp the MDP in 2018. Initial adjustments should be implemented in 2019.

Occupational Safety

As a responsible employer, we see it as our duty to protect our employees from risks and hazards in the exercise of their activities. A safe working environment is essential to ensure staff remain motivated and engaged. It contributes immensely to our employees' ability to provide ideal solutions and actively play a part in the development of the company and customer satisfaction.

In addition, a high level of occupational safety promotes a good corporate reputation and increases the company's attractiveness as an employer. It helps to reduce sick leave and absences and to limit staff turnover. In turn, this has a positive effect on costs. We have therefore implemented a wide range of measures that serve to prevent and minimize accidents and illness. Our strategic aim is to reduce the number of accidents to zero.

Management Approach

We want to prevent workplace accidents and eliminate work-related health risks and the occupational illnesses they cause before they can arise. Therefore, we prioritize prevention and raising awareness among staff about potential hazards – for their own protection and also for the protection of their colleagues.

Our Occupational Safety Guidelines, which apply throughout the group of companies, form the basis for our internal management system in the area of occupational safety. As part of an annual management review, the company management works with the occupational safety unit to evaluate the accidents that have occurred that year. Based on this information, it then takes new steps to further improve our employees' safety and reduce work-related health risks.

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.

We employ our own safety specialists at all ISO 14001 certified sites. They are familiar both with tesa's global health and occupational safety guidelines and with local conditions. 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. This approach contributes toward the continuous optimization of prevention measures at tesa.

At tesa comprehensive risk assessments establish the basis for selecting and managing work resources, work procedures, workplaces and work processes in such a way that technical and organizational flaws are avoided and employees observe safe practices. But changes in machinery, systems, or working premises, new purchases, and process adjustments can all affect our employees' safety and health. Therefore, for example, safety-related testing and acceptance as well as systematic hazard identification and risk assessment are carried out at the time of the procurement and commissioning of equipment. If we recognize a risk to employees during this testing, we take appropriate countermeasures. Material results of the evaluations are discussed by the occupational safety committees with management and the employee representatives, and satisfactory measures are defined. The responsible and proactive actions of employees play a major role in risk avoidance. This includes, for example, wearing personal protective equipment and appropriate work clothing at all times.

However, should a workplace accident occur despite all preventive measures, we will conduct an accident investigation. The investigation will identify the technical, organizational and personal causes of the accident. Appropriate accident preventive measures will help to avoid a similar incident from occurring in the future.

Measures and Results

Training courses 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. The films show in compact form how employees at the company headquarters and the research and technology center should behave in order to best prevent risks to their own safety. In 2018, the videos were also integrated into an e-learning course that all employees at the company headquarters site had to complete. Both the e-learning course and the films are available in German and English. Alongside improved training schemes for employees and external companies, risk assessment for machines was also optimized in this reporting year.

Campaigns As in previous years, employee awareness campaigns were held in 2018. Major areas of focus again included preventing accidents in traffic within the plant and training on how to use respiratory protection equipment. In the Hamburg tesa plant, employees from the areas of coating and adhesive manufacturing are qualified to use respiratory protection equipment in accordance with the requirements for volunteer firefighters. In the event of a gas extinguisher system deployment, these employees are an essential safety component as they can rescue anyone who may become trapped before the fire department has arrived. One cause of work accidents is not using personal protective equipment. As a remedial action, with the participation of all safety specialists we developed the worldwide “It’s in your hands! Always wear your safety gear.” campaign in the reporting year. It should raise the awareness of employees both in production and in the laboratories about how important it is to wear the proper protective equipment at work.

Fire Safety As part of our fire prevention scheme for 2020, we implemented measures in the area of technical fire prevention and protection at the tesa plant in Ofenburg this reporting year. The focus here was also on prevention. We held a daylong event for all employees that highlighted the subject of fire prevention, for example. The introduction of the 2020 fire prevention scheme is already showing initial signs of success. For example, we have improved the early detection of fires through organizational and technical measures. At the tesa plant in Suzhou, China, this reporting year marked the seventh 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.

For the **7th** time,
 > a “Safety Week”
 was held in the Suzhou
 tesa plant in 2018.

Certifications The Concagno plant in Italy, one of the largest tesa production sites, was certified in accordance with ISO 45001, the successor to OHSAS 18001. The standard is one of the best-known and most important standards for management systems in the area of occupational safety. The certification of other sites is currently not planned.



ISO certification

> In 2018, the Concagno plant was certified according to ISO 45001 for the first time.



Safety goggles are an essential part of personal protective equipment in all tesa laboratories.

Performance Indicator

Our aim is to continuously reduce the number of accidents with one or more days of absence. This particularly involves accidents resulting in longer incapacity to work, when the employee is absent for more than three days. In addition, tesa monitors the lost day rate, measured in calendar days per million hours worked, for specific locations.

The frequency of accidents > 3 days at tesa in 2018 was 1.9 per million hours worked globally. This was slightly above the previous year's figure (1.3 in 2017), but well below the German industry average (BG RCI) of 11.6. We view this as proof of the quality of our management system in the area of occupational safety.

Occupational safety key figures

| | unit | Full year 2016 | Full year 2017 | Full year 2018 |
|----------------------------------|-----------------------------|----------------|----------------|----------------|
| Work accidents ≥ 1 day | number | 22 | 14 | 21 |
| Accident frequency rate ≥ 1 day | number/million hours worked | 4.9 | 2.9 | 4.1 |
| Lost days ≥ 1 day | number | 539 | 261* | 326 |
| Lost day rate ≥ 1 day | number/million hours worked | 118.9 | 54.6* | 63.2 |
| Work accidents > 3 days | number | 14 | 6 | 10 |
| Accident frequency rate > 3 days | number/million hours worked | 3.1 | 1.3 | 1.9 |

*Adjustment compared to previous year

Good Leadership

For a technology company like tesa it is important that the corporate culture and the working environment are structured in such a way that they motivate employees to be creative and innovative and to support the implementation of new ideas. Good leadership is crucial for this. It helps to create a positive workplace environment and working conditions that encourage performance, an environment in which employees can realize their potential, gain recognition and be promoted. In addition, we are convinced that leadership makes a significant contribution to winning the loyalty of engaged and well-trained employees to the company and reducing turnover.

A common vision, clear-cut values and uniform management guidelines are essential to achieving this. This means that executives can lead and support their employees in such a way that the company as a whole continues to develop and corporate goals can be achieved. This ambition is reflected in the tesa Key Competencies. Four of the nine key competencies relate to the topics of leadership and management.

4 of 9

➤ tesa Key Competencies relate to the topics of leadership and management.

Management Approach

Executive development at tesa is anchored in the area of training and learning in the Human Resources (HR) unit and is managed from there. The understanding of management at tesa is based on the Flow Leadership Model, which makes use of positive psychology. It calls for a work atmosphere in which employees enjoy what they are doing and reach a “flow” state, a sense of energized focus, of complete involvement and success. According to the model, this type of work atmosphere leads to feelings of happiness and heightens the motivation, commitment and performance of the employees. The model therefore helps to increase employees’ satisfaction and makes them feel more connected to the company.

Globally uniform two-stage leadership training lies at the heart of executive development at tesa. It consists of the Essential and Advanced Leadership modules. The Essential Leadership module can be taken by executives at tesa who have assumed responsibility over personnel for the first time. Above all this module should sharpen the understanding of one’s role as a manager. Topics such as communication and feedback and approaches for situational leadership and team development play an important role in this. The Advanced Leadership Program is designed for employees who have already held leadership responsibility for a while. It includes topics such as dealing with difficult management situations, employee development and coaching as a leadership tool. The program gives participants the opportunity to discuss situations they have experienced as part of their daily management duties and to obtain valuable input from other executives and trainers.

In order to take tesa’s matrix organizational structure into account, a Matrix Leadership Program, consisting of three training modules (Leading without authority, Get buy-in, Virtual teams), was also developed. It is open to all employees who do not have the authority to issue orders, but have project responsibility. The international introduction of the Matrix Leadership Program, for example, in the regions of Asia Pacific, Greater China and Eastern Europe, is currently being planned. By 2020, the Leadership Program should be rounded out by Strategic Leadership for the upper management level and a revamped Management Development Program.

Measures and Results

Essential Leadership: tesa executives in the regions of Germany, Europe, Asia/Pacific, Greater China, North America and Latin America underwent a modularly structured training program on employee leadership



Strategic personnel development plays an important role at tesa in preparing up-and-coming talent for key positions on an international level.

lasting up to six days as part of a globally uniform leadership training scheme. With a total of four training cycles, the Essential Leadership Program was also rolled out very successfully in Germany. The international introduction of this portion of the Leadership Program has therefore now been completed. Wherever necessary, this training will be augmented in some regions with short leadership tool training units.

Advanced Leadership We would like to give experienced executives the opportunity to deal with challenging leadership situations under professional guidance. Following the successful testing of the Advanced Leadership training in 2017, it has been offered internationally since spring 2018, for example, in the regions of North America and Greater China. In 2018, three training courses were offered at the company headquarters. One

of them was held in English and was aimed at executives from other regions.

Team room In 2018, the HR department created a shared digital information platform for executives in the intranet. In the team room, executives quickly and clearly find all the tools and information they need for day-to-day management work.

Feedback tool 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. The tool has been in use since the beginning of 2018 and is available globally. 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. In addition, the managers have the opportunity to conduct a team workshop with their employees based on the results. The workshop should offer them a suitable space for discussing potential areas of development in the team. Since its introduction, 15 executives worldwide have used the feedback tool.

100 %

➤ was the trainee retention rate in the tesa Offenburg plant in 2018.

Training, Development and Support

The competition for employees from the natural sciences and engineering is constantly increasing within our industry. In addition, advancing digitalization and internationalization are leading to changes in working requirements and methods. We want to offer our customers outstanding products, innovative solutions and the best service at the same time.

We are adjusting to these challenges with our comprehensive initial and advanced training programs that are specially tailored to our requirements. After all, highly qualified, engaged and performance-oriented employees are a decisive competitive advantage for us. In addition, having a wide range of initial and advanced training opportunities increases our attractiveness as an employer and contributes to the willingness of high-potential employees to work for us for a long time.

Management Approach

In order to respond suitably to the challenges of the labor market and the competitive environment, we have developed tesa-specific training. It helps young people gain entry into the working world and gives us the opportunity to offer targeted training for employees in the areas relevant to us. Along with technical training content, there is an increasing focus on soft skills that have a positive impact on our interactions with each other and promote cooperation. For example, from the beginning we convey to trainees our understanding of quality and service as well as key competencies that are meaningful to tesa.

In order to be successful over the long term, we must also offer our employees attractive development opportunities – both professionally and personally, at all levels and in all areas. In order to identify and fully realize the potential of our employees, we have established target group and expertise-oriented training programs. In addition, we enable our employees to gain new experience in other units or regions. The tesa training portfolio includes programs that are specially tailored to the areas of Sales & Marketing, Research & Development, Purchasing and the tesa Supply Network. A series of “open” course programs is also available. This includes, for example, methodological training courses, such as time and project management, or communication training courses, such as conflict management, language courses, moderation or presentation skills. In addition, certain

leadership and management programs are available to selected employees.

Measures and Results

Training In the technical area we have introduced five different apprenticeships in the last six years for chemical technicians, electronics technicians for operating technology, industrial mechanics, machine and system operators and mechatronics technicians. As of the end of 2018, the Hamburg-Harburg tesa plant had 43 apprentices. The machine operators represent the largest group (16). The Offenburg tesa plant had 42 apprentices, four of whom completed a cooperative university education and vocational training program. The high retention rate demonstrates that we intend to employ the apprentices over the long term. In Hamburg, eight out of nine apprentices were retained in 2018, corresponding to 87.5 percent. In Offenburg, the retention rate in 2018 was 100 percent.

Qualification programs The qualification programs contain basic qualifications 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. For the sales training courses, this includes the introduction of a blended learning approach, which combines in-person classroom presentations and e-learning. This approach was applied successfully for the first time in 2018 and has significantly reduced the number of days requiring attendance. A total of 275 participants have taken part in 44 training days for the Sales & Marketing qualification program. The training and qualification program for tesa R&D employees includes topics such as patents and quality management. A total of 179 people participated in this program in 17 training days during the reporting period.

During the year under review, 454 employees participated in a total of 61 days of training as part of our qualification programs.

E-learning Along with classroom training courses and programs, tesa offers its employees a broad range of e-learning courses, for example, from areas such as compliance, research and development or the tesa Supply Network. In 2018, the e-learning course offerings were expanded again. Additional courses included e-onboarding, which all new employees must go through. In addition, the units are now getting more support to create their own e-learning courses. 1,056 employees completed an e-learning course in 2018.

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 74 days of training in 2018, with 243 employees participating.

Learning management system (LMS) The LMS provides employees with information on all the continuing education options on offer at tesa and lets them register for courses. The platform helps the HR department document the complete range of training courses. The system will be expanded in the future. The goal is to automate and standardize training administration and organization in the area of classroom training courses, e-learning programs and blended learning across countries, while enabling each region to manage itself. In 2018, we began to roll out the LMS internationally. As a first step, the training records of the staff were collected and made uniform. The introduction will continue in 2019.

HR Marketplace In September 2018, the second HR Marketplace was held at our headquarters in Norderstedt. This gave us the opportunity to demonstrate the



454 participants

> took part in 61 days of training offered through our qualification programs.

progress we had made in the areas of professional and personal development since the 2016 employee survey. This also enabled us to fulfill our employees wishes to be more fully informed about continuing education and career opportunities. During the event employees and managers had the opportunity to speak to HR representatives, ask questions and provide feedback. Among the key topics of the HR Marketplace were compensation and benefits, and occupational health management.

Feedback and Dialogue

Regular feedback and open dialogue between supervisors and employees are important components of a modern corporate and management culture. Being able to discuss questions, ideas, expectations, goals and also problems creates a relationship based on trust between employees and managers and strengthens team spirit.

In addition, it promotes mutual development. Given the challenging labor market situation, a strong feedback culture is a decisive factor in gaining the loyalty of employees to the company and increasing employer attractiveness.

Management Approach

In recent years tesa has continuously improved its feedback culture, through employee surveys, for example. We conduct them at regular intervals both at tesa's headquarters and in the regions. Surveys are conducted annually worldwide. At the individual site level, employees in different regions are surveyed every two to three years. This helps us ensure that the implementation of corresponding measures is properly tracked. The employee surveys serve to measure the engagement of our employees, their motivation and their loyalty to the company as well as to identify any elements that significantly affect these aspects. The individual regions can also add questions to cover locally relevant topics. 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 committed and have strong ties to tesa.

Dialogue about continued development takes the form of performance appraisals, 360° and 180° feedback

and competencies reviews. These forms of dialogue are based on the tesa Key Competencies, which are also used in the area of succession planning and talent management. There are guidelines for conducting performance appraisals. In addition, managers are trained in conducting these reviews. These reviews are usually conducted once a year, twice in some regions. The participation rate is 90 to 100 percent.

Measures and Results

Competency-based employee performance appraisals We also conducted competency-based employee performance appraisals in the tesa regions in 2018. 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. Besides facilitating feedback to employees, it also enables employees to provide voluntary feedback to supervisors.

Employee survey After conducting employee surveys in 2017 in the regions of Eastern Europe, Asia-Pacific and Latin America, there was no survey in 2018. The companies in the specified regions are in the process of implementing the measures derived from the survey results. The next surveys will be conducted in 2019 at tesa's headquarters and in Western Europe.

> 90 %

> was the participation rate in annual performance appraisals in 2018.

Occupational Health Management

Maintaining and promoting the health and productivity of employees are important concerns at tesa. We wish to meet our responsibility as an employer beyond providing a good workplace environment and opportunities for promotion and continuing education. Moreover, health promotion to us is an expression of our respect for our employees. They rightfully regard offerings in this area as the defining feature of a modern employer and attach increasing importance to occupational health management.

Management Approach

To proactively promote and preserve employees' health, tesa also has a broad-based occupational health management program. Under the "It's for you" umbrella brand, an interdisciplinary team works to develop a wide range of measures. The team includes representatives from HR as the coordinating body, the works council, the health promotion team, the tesa sport club, the social advising service, the body representing employees with disabilities, the occupational health service and the occupational safety team. The goal is to minimize strain and to strengthen the resources available to people.

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. 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 colorectal cancer screening.

Further measures include equipping all office workstations with height-adjustable desks to minimize back strain, in-house advising on ergonomics, which provides support on the proper height adjustment of desks and office chairs, and information on exercises people can do at their desks. This also includes the promotion of healthy eating by offering healthy choices at the company's restaurant.

The range of occupational health management options is constantly reviewed for its acceptance and effectiveness.

Measures and Results

"tesa sport club" This reporting year, we once again extended the club's hours in order to meet the high demand for its services. After a successful start in 2017, we also expanded the range of in-house physiotherapeutic treatments.

Psychological risk assessments In 2018, we performed psychological risk assessments in three other areas based on the German Occupational Safety and Health Act. The cycle of psychological risk assessments is now up to 90 percent complete, with surveys to be conducted every three to five years in all areas.

The “Einfälle statt Abfälle” campaign launched by tesa’s Offenburg plant in 2018 aims to continuously reduce energy and resource use.



ENVIRONMENT



As a chemical and manufacturing company, tesa bears tremendous responsibility for environmental issues. Treating the environment, natural resources and raw materials with great care is one of our corporate goals. This strengthens people’s trust in the brand and safeguards the foundation of our business success.

Environmental protection has been a key element of our corporate responsibility activities for years, and our environmental guidelines firmly establish it throughout the Group. The guidelines provide all employees with a standard for our actions and are designed to increase environmental awareness in the company.

tesa’s primary environmental impact is the energy consumption at its production sites. We therefore put particular emphasis on protecting the climate and reducing CO₂ emissions. However, resource efficiency is also a top priority for us. Applicable legislative provisions, which we implement at all our sites, form the basis of our work in the area of climate protection. In addition, we use environmental management systems

to control environmental performance effectively. They are used at all sites with a significant environmental impact. Seven production sites and tesa's headquarters now have an ISO 14001 certified environmental management system. There are environmental experts at all sites. They are familiar with tesa's global environmental guidelines as well as local legislation and the status of on-site technology. The experts compile comparative figures, initiate projects and work on the ongoing improvement of our environmental performance.

Another important element of our environmental management is dealing with risks proactively. This approach helps us to respond to changes promptly, to avert costs and damage to our reputation as well as to take advantage of the opportunities that present themselves. As part of our environmental management activities, we identify and evaluate opportunities and risks in relation to environmental aspects both at the level of individual production sites and across the board. This makes it easier for us to select suitable measures to protect the environment and helps exert a positive impact on tesa's risk situation. Therefore, environmental risk management is an important factor for our sustained economic success.

Our environmental program sets ambitious Group-wide targets and enables us to solidify our environmental commitment. The previous environmental program ran through the end of 2015, by which point we had reduced many of our environmental impacts. For example, from the 2001 reference year we were able to reduce our specific energy consumption per metric ton of end product by 24 percent and specific CO₂ emissions per metric ton of end product by 19 percent. Furthermore, we were able to reduce the specific use of solvents (-41 percent) and the volume of non-recyclable waste (-77 percent). The specific emission of volatile organic compounds (-91 percent) also dropped significantly.

Climate Protection and CO₂ Emissions

In order to live up to our responsibility toward the environment, we systematically analyze all developments and challenges that can arise for our business from climate change and calibrate our measures accordingly. 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.

We would like to take these developments into account, while living up to our own ambition to provide effective climate protection. After all, this can also result in opportunities and competitive advantages for us. By proactively communicating our commitment to climate protection and emphasizing how our products contribute to more sustainability for customers, we can increase interest in our products. Our innovative capacity also benefits us here as it helps us to continuously improve our products and production processes. For example, we are manufacturing more and more products using energy-efficient, solvent-free production processes.

We have set ourselves the goal of reducing specific CO₂ emissions per metric ton of end product (location based) by 2020 by another ten percent compared to the 2015 reference year. As of the reporting date, we were at -8.3 percent.

Management Approach

Climate protection is an integral component of environmental management at tesa. We now use ISO 14001 certified environmental management systems at eight sites for the continuous management of our internal environmental protection. Certified sites include all production sites with related coating and/or adhesive production; this does not include the production sites of the companies acquired in 2017 and 2018. They have relatively high energy consumption, due, for example, to drying or waste air purification processes, causing them to have higher CO₂ emission levels. tesa's headquarters, the tesa Converting Center and tesa scribos GmbH are also certified. According to our calculations, 95 percent of our Scope 1 and Scope 2 emissions accrue to sites with certified environmental management systems.

We take into account the results of environmental audits to steadily improve our environmental performance. By doing so, we identify additional potential savings, optimize energy-intensive processes and reduce costs and CO₂ emissions. tesa management conducts a management review every year as part of this process. The environmental experts working at all locations bear operational responsibility. They are familiar with tesa's global

environmental guidelines as well as local legislation and the status of on-site technology. The experts compile comparative figures and initiate projects, ensuring the ongoing improvement of our environmental performance.

tesa's headquarters and sites with the highest CO₂ emissions (Hamburg and Offenburg) have an energy management system certified in accordance with ISO 50001 in addition to the environmental management system. They account for about 60 percent of the CO₂ emissions of all tesa sites with environmental management systems. This can be explained by the fact that tesa's headquarters have the most employees and the largest research and development unit; Hamburg and Offenburg are the largest production sites.

The introduction of the energy management systems has set the stage for further increasing energy efficiency at the sites. 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. Another strategic approach for tesa is the use of energy and resource-saving technologies, such as efficient generation of our own energy through cogeneration (combined heat and power, CHP) and obtaining electricity from renewable sources.

8

sites

➤ have an ISO 14001-certified environmental management system.

3

sites

➤ have an ISO 50001-certified energy management system.

With our tesa environmental program, which was put in place in 2001, we are setting Group-wide targets for us to continuously reduce our environmental impact. The current program is running from 2016 to 2020. In this period, we aim to reduce specific CO₂ emissions per metric ton of end product (location based) by ten percent. Energy consumption is the most important control parameter here, and is constantly being reduced through our environmental program and our continuous improvement process. The targets that we set for ourselves in a given period are regularly reviewed and revised. 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. The Environmental Management Team prepares and updates the assessment for climate-related risks on a yearly basis. We review the effectiveness of our activities by keeping track of monthly site-specific energy consumption. We determine Scope 1 and Scope 2 CO₂ emissions based on the guidelines of the Greenhouse Gas Protocols.

However, environmental impacts do not arise only from our own production, but also in our supply chain and within our business partners' operations. Therefore, the tesa Code of Conduct for Suppliers (reference, pp. 33–34) obligates our suppliers to uphold the principles of the UN Global Compact, and thus also fundamental standards in environmental protection.

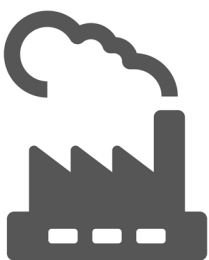
All emissions along the entire value chain that do not fall under Scope 1 and Scope 2 are assigned to Scope 3 emissions. In 2018, we began to collect data for material emissions throughout the value chain. In the process, we identified the areas of packaging, raw materials, finished good suppliers and product transport as material Scope 3 categories.

Measures and Results

Environmental management systems During the reporting period, the environmental management systems at all sites that were certified in accordance with ISO 14001 were converted to the revised standard ISO 14001:2015 and successfully certified.

Energy management systems During the reporting period, Hamburg and Offenburg refined their energy management systems and were certified for the fourth time in accordance with ISO 50001. The new tesa headquarters in Norderstedt were awarded ISO 50001 certification in 2018 for the third time.

Environmental audits External environmental audits are conducted annually as part of matrix certification of the ISO 14001 sites. In addition, internal system audits are conducted at all ISO 14001 sites. Due to the revision of the environmental management standard, the focus was in part on performance management, risks and opportunities as well as determining the expectations of interested stakeholders.



Specific CO₂ emissions per metric ton of end product

> were reduced by 8.3 percent in 2018 compared with 2015 (location-based method).

Climate protection measures 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 about 41 percent of our worldwide electricity demand at ISO 14001 certified sites. At the Offenburg site, a new boiler has been used to supply steam to the production plant since 2018. It is more efficient and reduces the consumption of natural gas and the related CO₂ and NO_x emissions. During the reporting year, feasibility studies were completed for CHP systems at the Concagno tesa plant and the tesa SE plant in Norderstedt, resulting in the affirmative decision to go ahead with investments.

In 2018, along with our own generation, we purchased outside electricity from renewable sources at five European sites, covering about 30 percent of our global demand for the ISO 14001 certified sites. During the reporting period, we also completed additional energy projects with investments in LED lighting at the headquarters as well as at the sites in Hamburg, Sparta and Suzhou.

Performance Indicator

During the reporting period, we were able to reduce the specific CO₂ emissions per metric ton of end product according to the market-based method, taking into account electricity from renewable sources by 0.5 percentage points compared to the previous year. Compared to the 2015 reference year, overall we are at -8.3 percent according to the location-based method in 2018, and are within the target range of the 10 percent reduction we are pursuing for 2020.

Key figures climate protection and CO₂ emissions

Energy use

| | | 2015 ^{2,6} | 2017 | 2018 |
|--------------------------------------|-----|---------------------|------|------|
| Natural gas | GWh | 204 | 262 | 275 |
| Crude oil | | 0 | 0 | 0 |
| District heat | | 0 | 0 | 0 |
| Electricity from renewable sources | GWh | 0 | 24 | 26 |
| Conventionally generated electricity | GWh | 60 | 26 | 26 |
| Total energy use | GWh | 265 | 311 | 327 |

Greenhouse gas emissions, location-based^{3,7}

| | | 2015 ² | 2017 | 2018 | 2020 target |
|------------------------------------|--------|-------------------|------|------|-------------|
| CO ₂ direct (Scope 1) | 1000 t | 41 | 53 | 56 | |
| CO ₂ indirect (Scope 2) | 1000 t | 28 | 23 | 24 | |
| CO ₂ total | 1000 t | 69 | 76 | 79 | |
| Change 2018 vs. 2015 ⁵ | % | - | - | -8.3 | -10.0 |

Greenhouse gas emissions, market based^{4,7}

| | | 2015 ² | 2017 | 2018 |
|------------------------------------|--------|-------------------|------|-------|
| CO ₂ direct (Scope 1) | 1000 t | 41 | 53 | 56 |
| CO ₂ indirect (Scope 2) | 1000 t | 41 | 14 | 14 |
| CO ₂ total | 1000 t | 83 | 67 | 70 |
| Change 2018 vs. 2015 ⁵ | % | - | - | -32.7 |

¹CO₂ conversion factors before 2015: 0.47 t CO₂ / MWh electricity and 0.18 t CO₂ / MWh gas; ²Reference year; ³Definitions according to the GHG Protocol Scope 2 Standard; source, CO₂e factors: GHG Protocol / IEA; ⁴Definitions according to the GHG Protocol Scope 2 Standard; source, CO₂e factors: electricity providers and/or residual mix: RE-DISS (07/2017); emission factor for electricity from renewable sources is set as equal to zero; ⁵With reference to production volume; ⁶Assumption of gas/electricity consumption at the Hamburg tesa plant replaced by real values in the reporting year 2018; ⁷Changeover from CO₂ to CO₂e in the reporting year 2018

Efficient Use of Resources

The production of goods always results in waste. We are committed to reducing waste efficiently and preserving natural resources. We therefore constantly work on raising awareness among all stakeholders about avoiding unnecessary waste and professional recycling.

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 refine our environmental

management systems on an ongoing basis, and to this end, engage in dialogue with external experts as well. We also provide our stakeholders with candid, transparent information on our goals and successes in this area. With these measures we have already significantly reduced our environmental impact in the area of resource efficiency. We have set ourselves the goal of reducing specific waste volume per metric ton of end product by 2020 by another two percentage points from the 2015 reference year. Material losses during the production process are an important control parameter here.

Management Approach

We aim to offer our customers products that have as little environmental impact as possible over their

entire lifecycle. To accomplish this, we develop eco-friendly, solvent-free production methods, and use renewable and recycled raw materials where possible.

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.

There is no way to eliminate all waste when producing goods. Our waste and raw materials management activities are geared toward using materials efficiently and recycling wherever possible. We are thus constantly at work on minimizing production-related losses of the raw materials we use when producing adhesives, coating tapes and cutting rolls. The waste generated during the production process is determined on a site-specific basis according to various waste fractions. For reporting purposes, it is summarized in 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.

We have used our unique, patented ACX technology to produce double-sided acrylic adhesive tapes for highly durable adhesive bonds for years now. The ACX method removes the solvents used from the adhesive, eliminating the need for energy-intensive drying. 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.

Measures and Results

Employee involvement To harness our employees’ expertise for waste-reducing measures like these, we continued the successful “Einfälle statt Abfälle (“Big Ideas Instead of Waste”) campaign at the tesa plant in Offenburg in 2018 that highlighted the need for creative solutions. Behind this campaign is a long-term project through which we intend to continuously reduce energy and resource use. Employees from production, process development and technology are participating in the project. The project involves regular intra-departmental and inter-departmental discussions, which assist in coordinating the imple-

mentation of potential improvements. The project also includes communication measures that are designed to create awareness of the issue among employees.

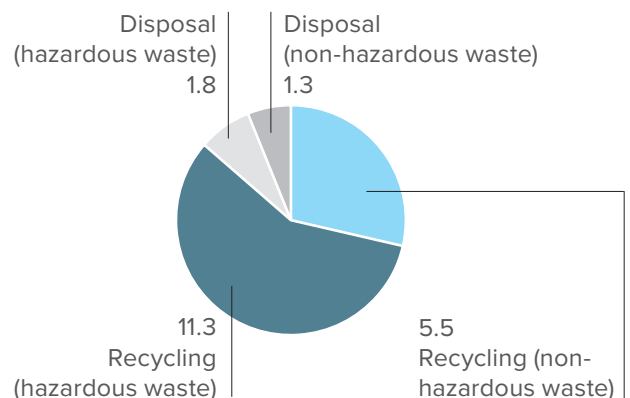
Expansion of ACX technology In 2018, we converted other products to this technology, which led to additional energy, material and solvent savings.

Optimization of plant operations During the reporting year, we optimized the new production unit put into operation in Sparta, Michigan, USA, in 2017, in part with respect to the resulting production waste. The unit allows us to replace solvent-based adhesives with water-based ones, thereby improving our overall use of solvents.

Performance Indicators

Compared to the base year, the volume of waste per metric ton of end product was adjusted for mix effects that resulted from the weighting of the various sites and could be reduced by -2.5 percent (by deducting mix effects, we can represent the performance of our sites and our progress more transparently). We are thus on target Group-wide. All German production sites have already reached their individual goals compared with the reference year of 2015. Aside from mix effects, one-off effects from the ramp-up of a new production line in the USA negatively affected the amount of waste in the reporting year.

Waste volumes by type and disposal method [1000 t] 2018:



Under the tesa ecoLogo® sub-brand, tesa offers products manufactured from primarily recycled or natural materials.



PRODUCT RESPONSIBILITY



We view it as part of our corporate responsibility to offer our customers safe, durable and harmless products.

Our product responsibility begins right from the procurement of our raw materials. We purchase them, to the extent possible, regionally and are working on further increasing transparency about the origin of the

materials used. In addition, we take care to comply with environmental, social and labor standards in our supply chain. We manage the use and consumption of raw materials as efficiently as possible in order to preserve natural resources. Our product responsibility includes offering our customers innovative services and ensuring the safety of our products. In addition, we design our products to be as environmentally friendly as possible. Specifically, this means that we are continuously working on improving our product design in order to minimize the environmental impacts of our products.

Applicable laws and regulations establish the foundation for our product responsibility. However, our commitment goes even deeper. Our environmental and product safety policies include strict internal guidelines that are designed to ensure the safety and environmental compatibility of our products. With these policies, we provide all employees with a clear framework for action for the development, production and market observation of products.

Our aim is to offer our customers products that harm the environment as little as possible over their entire lifecycle and are safe to use.

Responsibility in the Supply Chain

For our production we need raw materials and chemicals that we purchase from numerous suppliers worldwide and transport to our sites.

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 know the origin of the raw and intermediate products we purchase and provide traceability. 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 in close geographic proximity to the sites.

Management Approach

The Head of the tesa Supply Network, which is part of tesa management, bears responsibility for our supply chain activities, and is supported by the regional supply chain organizations. Our purchasing organization has offices in Germany, China, Korea, Malaysia and the USA. Our global purchasing processes are defined and described in the Purchasing Compliance Guideline. This guideline includes binding rules of conduct for tesa as the purchaser. For example, it states that tesa employees who engage in purchasing activity must require the main suppliers to sign the Code of Conduct for Suppliers (CoCfS).

The CoCfS establishes the foundation for the responsible management of our global procurement processes and is mandatory for all main suppliers that supply tesa directly. It describes fundamental rules and obligations in the area of human rights, labor standards, environmental protection and corruption prevention. The ten principles



Rubber is one of the most important raw materials in adhesive manufacturing.

of the UN Global Compact also serve as a basis here. If a supplier violates our rules, we call upon it to remedy the shortcomings. If the supplier does not comply with this demand, we seek to terminate the business relationship.

Measures and Results

Creation of a plan for the integration of human rights aspects into supplier audits In both new and ongoing business relationships, tesa conducts regular audits of the main suppliers along with supplier visits. The selection of the suppliers to be reviewed is made according to different criteria, for example, their strategic significance, or in case of defective quality. 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 whether environmental standards and occupational health and safety measures are being complied with; these are also elements of the CoCfS. In 2018, tesa began to develop a plan for the integration of human rights aspects into supplier audits. The focus here is on reviewing irregularities or violations of the CoCfS. In 2019, we plan to carry out pilot projects to establish whether external audits of the Business Social Compliance Initiative (BSCI) or the Sedex Members Ethical Trade Audit (SMETA) would be a meaningful addition to tesa's own audits.

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. In the process, Group internal audit department also checks whether the main suppliers are subject to any corresponding obligations under CoCfS. If necessary, the department calls for corrective measures.

Training courses In 2017, we began training all process owners in the application of the Purchasing Compliance Guideline. The online training developed specifically for this purpose also explains the role played by the CoCfS as an element of our procurement processes at tesa. Since then, more than 300 employees have been trained. These training courses will also continue in 2019.



The tesa CoCfS

> is binding for all main suppliers that supply tesa directly.

Product Safety

The safety of our products is decisive for the satisfaction of our customers and thereby for our economic success. It makes a major contribution to creating and maintaining people’s trust in our products.

If the products display safety defects, this can have a negative impact – on the people who deal with them as well as on the natural environment. But our company can also suffer serious harm from product incidents. Actions such as recalling products can result in financial losses or damage our reputation. On the other hand, companies that ensure a high degree of product safety and quality benefit from competitive advantages – for example, by sharpening their brand profile or penetrating new markets more quickly.

We aim to make products that satisfy the highest quality and safety requirements.

Management Approach

We want to design products and processes in such a way that they fulfill the diverse expectations of our stakeholders and no one is harmed during their production or use.

In order to offer our customers safe and high-quality products, we comply with applicable laws and guidelines. Our internal product safety guidelines, which expand upon the strict legal provisions, play a key role here. They describe mandatory measures enabling us to further increase the safety of our products. In addition, they

specify the roles and responsibilities of the product safety officers. The tesa Product Safety Guideline is available on the intranet.

Product safety management at tesa is an essential component of quality management, for which control is shared by the organizational structure and management. 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. In order to avoid product errors, the Product Development and Production departments conduct failure mode and effects analyses (FMEA), among other measures. This helps them to identify potential errors in design, production or directions, such as inaccurate instruction manuals, during the development process.

Once products are already on the market, our business units continue to monitor them. If the units recognize that a renewed risk analysis and evaluation as well as corresponding measures are required, they initiate the necessary steps to ensure the health and safety of our customers and employees. There were no recall actions from end customers during the reporting year.

The product safety officer (PSO) is important for our work in this area. Every major plant worldwide has a local PSO who reports to the centrally responsible Corporate PSO. All product safety officers have completed an external training course that is recognized by the automotive industry. They are usually also the quality officers at the plants. For 2019, there are plans to establish a global PSO reporting system.

Measures and Results

Training courses During the reporting year, we have again trained employees in chemicals legislation, in the area of product liability and product issues management. They include employees from the areas of research & development, process development, marketing and controlling as well as the product safety officers. For the worldwide training measures, in the future we will use e-learning courses developed in 2018 in addition to classroom training. In the event of legislative changes, the Corporate PSO, the central product safety officer, revises the training courses. We plan to update the e-learning courses with new content and expand the target group in 2019.

Audits In order to check the safety of our products and processes, we also conducted internal audits during the reporting year. The Quality Management department and the product safety officers are responsible for these audits. Both event-driven and annually planned audits are carried out. In addition to the areas of research and development, and production, marketing is also reviewed if necessary.

Sustainable Product Solutions

tesa products represent the highest level of quality, safety and the responsible use of resources. In the process, we support industrial partners in optimizing their processes and improving their products. We help professional craftsmen to achieve optimal results efficiently. We enable private users to perform their daily tasks and projects at home or in the office simply.

Regardless of the area of application, our focus is on the resource efficiency, durability and environmental compatibility of our products. In addition, with our products and in their application we want to contribute to climate and environmental protection at our customers' facilities by making their products more durable, efficient, energy-saving and low-emission.

Management Approach

We would like our products to be as harmless as possible to human beings and the environment over their entire lifecycle. Therefore, an element of our corporate strategy is to increase energy efficiency, to reduce the use of solvents in the production of adhesives and to use as large a proportion as possible of renewable or recyclable raw materials.

For this purpose, we are developing environmentally friendly, solvent-free manufacturing processes, for example. In addition, we analyze the ecological balance of selected products using a holistic lifecycle approach. The approach is an integral part of our environmental management system. It helps us to find out what environmental impact our products have and how this impact can be reduced.

50 %

> fewer solvents and less energy are used for the manufacture of tesa[®] ACX^{plus} adhesive tapes compared to conventional production processes.



With its solutions, tesa enables automotive manufacturers to produce lighter and thereby more energy-efficient vehicles.

Measures and Results

Solutions for industrial customers The tesa® ACX^{plus} products for very secure permanent adhesives are used in the automotive, electronics, wind and solar, construction and other industries. They stand out for their high adhesive strength and environmentally compatible production. Compared to conventional production processes, 50 percent less solvents and energy are used. tesa uses internally developed, state-of-the-art technology that was supported by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety. The electronics industry uses adhesive tapes as one of the most important key components in electronic equipment. They help to make them more durable and to avoid resource-intensive new purchases.

At customer request, we now offer alternative raw materials for the manufacturing of individual products.

By using the biomass balance approach, the proportion of sustainable raw materials in the value chain of our customers can be increased. In the process, the use of renewable raw materials can be assigned to existing products in the supply chain. In addition, with this approach fossil resources can be conserved and greenhouse gas emissions reduced. Product quality and product properties remain unchanged in the process. In 2018, we made a commitment to use this approach starting in 2019, with two products to start with.

We offer the automotive industry solutions for fastening and insulating the lithium-ion battery elements of climate-friendly hybrid and electric vehicles. In addition, we enable manufacturers to produce lighter and thereby more energy-efficient vehicles by replacing rivets or screws with lightweight and very secure adhesive bondings from tesa or by using our products to cover holes with water, air and dust-tight seals. In addition, we

offer our customers two environment and health-friendly options for adhesives in the vehicle interior. In order to improve the air quality in vehicles, global demand is increasing for solutions featuring the low emission of volatile organic compounds (VOCs). VOCs are released through certain plasticizers and adhesives at room temperature and contribute, for example, to the typical “new car smell.” Since some VOCs have been linked in the past to health problems, the emission limits in vehicle interiors are strictly regulated worldwide, albeit not uniformly. Therefore, along with adhesive tapes with low VOC values, we offer the Ultra Low VOC option. Our adhesive tapes are designed in such a way that they comply with the limits – in every country and in every automotive market. In 2018, we were able to further expand our range of offerings in the area of hole taping as well as Ultra Low VOC adhesive tapes.

Our products also contribute to more sustainability in paper production and the printing industry. For example, we offer our customers an assortment of repulpable splicing tapes for resource-efficient processes in paper production. Our portfolio also includes tesa EasySplice® adhesive tapes for paper printing. They facilitate deinking and recycling. During deinking, the ink and other foreign substances in paper are removed before the scrap paper can be successfully recycled. Our tesa EasySplice® adhesive tapes are certified for the deinking process by the International Association of the Deinking Industry.

We also offer a broad range of solutions to the operators of solar and wind energy systems. As a member of the German Solar Energy Association, we develop UV and moisture-resistant product solutions, among other items, for our customers in the solar industry. We work with TÜV Rheinland to check weather resistance in accordance with the IEC 61215 international standard. tesa® solutions are used, for example, with frame and box mounting or cell and cable fastening. Various adhesive tape solutions, among other items, are used with wind power systems to manufacture rotor blades – for example, for the durable protection of the front edges with a particularly weather-resistant film. In addition, tesa® products with a UV and salt water-resistant anti-slip coating on or in the nacelle make an important contribution to the safety of the maintenance personnel.

Solutions for consumers In the paper, office and stationary area, we are continuously expanding our product range for environmentally conscious consumers. Under the tesa ecoLogo® sub-brand, we offer adhesive rollers, adhesive films, packing tape, glue sticks and correction rollers, which are manufactured from primarily recycled or natural materials. The tesa ecoLo-

go® complies with the demanding ISO 1402 standard for ecological products since solvents are completely dispensed with in their production and primarily bio-based materials and recycled packages are used. tesamoll® products for sealing window and door gaps as well as the tesa® ISO SYSTEM for uncomplicated interior roof insulation help users to conserve energy and reduce the emission of CO₂. They also prevent the penetration of moisture and improve the indoor climate.

ULTRA **LOW**
VOC



In 2018,

> we further expanded our range of offerings in the area of Ultra Low VOC adhesive tapes.

As a technology company, tesa supports young people in STEM subjects and invites them to project days to give them insights into different occupational fields.



SOCIAL COMMITMENT AND INVOLVEMENT



Voluntarily assuming social responsibility is part of tesa's corporate philosophy and firmly anchored in our corporate values through our corporate citizenship strategy. We have a clear vision for our civic engagement as a company – called international corporate citizenship. As a company, we want to look beyond our core business in making a positive contribution to society.

With our social engagement, we are also building a bridge to the tesa core competencies and the strengths

of the company – imagination and an inventive spirit, solution orientation, practical support and team spirit.

We are convinced that all sides gain from social engagement – the supported organizations and projects as well as tesa itself. Therefore, we are active globally, giving donations and sponsoring memberships as well as through the voluntary commitment of employees.

Management Approach

With our social commitment we would like to create sustainable connections – much as with our products – to our environment, but also through our interactions as a team. This is why we have launched the “tesa connects”

initiative as part of our corporate citizenship strategy. This strategy is complemented by a corporate giving policy as well as guidelines for brand and product sponsorships.

In order to implement the strategy, we have defined three strategic core areas, to which all projects that we support can be assigned: social commitment, supporting education and environmental protection. At the project level, these are divided into the four pillars “tesa helps,” “tesa donates” (social), “tesa supports” (education) and “tesa protects” (environment). All projects also fit the identity of the brand, the entire company and our regions.

The Corporate Citizenship department, which is a unit of Corporate Communications, bears overall responsibility for the topic of social commitment and involvement. It decides on all support activities of headquarters and coordinates them. Once a year, employees can take a day off from work to work together with colleagues for a social cause. The Corporate Citizenship unit and cooperation partners such as tatkräftig e.V., a nonprofit initiative for volunteer activities, help employees to select the projects.

The Executive Board explicitly supports and welcomes civic involvement – not only at the headquarters, but also in the individual regions. For example, the Executive Board encourages affiliates to donate a portion of local sales to social projects and to demonstrate social commitment through volunteer work and team building activities. In keeping with the “global strategy, local implementation” approach, the regional companies perform the planned activities independently. The Corporate Citizenship department provides advice as needed on suitable support projects based on the Corporate Citizenship strategy and the corporate giving policy. Our affiliates manage their volunteer work individually and differently based on the number of employees. For example, affiliates that have already been associated with an initiative for many years organize regular annual action days, such as summer festivals, renovation days or crafts afternoons during the Christmas season. They are most familiar with local conditions and so can ensure that the respective measures effectively address the social challenges. Once a year, the regional companies report to the department on what progress has been achieved in the local projects.

tesa helps: Being there for Others as a Good Neighbor

The core idea of “tesa helps” is to offer neighborly assistance that is needed in the immediate vicinity of our sites. Many of our employees live near our sites

and would like to become involved in social causes in their area. On all continents, on-site tesa teams take on projects and get involved in the local community.

Commitment and involvement in Germany Employees of tesa SE and the Hamburg tesa plant can voluntarily participate in various projects in the region. The projects are offered by the Corporate Citizenship department in cooperation with the association “tatkräftig – Hände für Hamburg.” With “1 day, 1 team, 1 goal” as its motto, the organization connects volunteer helpers with over 150 institutions in the Hamburg area. As an alternative, employees can choose their own initiatives to support in the neighborhood following consultation. For trainees from the Hamburg tesa plant, participation in a “tesa helps” project with “tatkräftig” has now become an integral part of the first apprenticeship year. In the year under review, 58 employees supported five 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.

Worldwide commitment and involvement The affiliates worldwide also provided active assistance in their areas in 2018. This includes the charitable participation of employees in games and crafts afternoons or excursions with at times seriously ill children, but also renovation work in schools and kindergartens. For example, since 2010 tesa staff in Slovakia have been supporting the “Deti Slovenska” (Children of Slovakia) foundation, which cares for children with hemophilia. Every year, a group of tesa employees organize an afternoon of games for the children. In 2018, the employees set up a series of games areas where the children could prove their skills, patience, logic and memory.



In cooperation

> with the “tatkräftig” organization 58 employees participated in “tesa helps” projects in 2018.

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 financial support primarily benefits organizations that care for disadvantaged or ill children.

Donation to the Norderstedt food bank In 2018, the annual leftover change donation went to the Norderstedter Tafel e.V. This is based on a simple principle. On a monthly basis, employees on the Norderstedt, Hamburg, and Langenfeld sites donate the cent amount from their net salary (0.01 to 0.99 euros), therefore a maximum of 11.88 euros per employee per year, to nonprofit organizations in their communities. Donations totaling 3784.35 euros were collected in 2018. The amount was matched by the executive management, for a total of 7568.90 euros.

7568.90

euros

➤ in leftover change
were donated in 2018.

Christmas gift campaign tesa organized a Christmas gift campaign again in the reporting year. tesa staff placed a total of 185 gifts under the Christmas tree at the company headquarters for children who would not otherwise receive a gift. Employees of ToysCompany, a nonprofit partner organization, then distributed the presents to socially disadvantaged families in time for the holiday. In addition, we supported the Hamburg-based non-profit Chancen für Kinder e. V. and KinderHelden gGmbH with donations of 10,000 euros each. Some of our sites worldwide also supported organizations caring for disadvantaged children with financial and in-kind donations.

tesa supports: Recruiting the Next Generation of Employees

From digitization to climate change and energy issues, STEM skills (science, technology, engineering, mathematics) help to solve present-day challenges and are important for preserving livelihoods and for social progress. As a technology company, tesa would like to support young people in these subjects and in the process recruit qualified up-and-coming talent. Therefore, together with various initiatives we support educational projects that open up future prospects for young people in these areas. Specific projects and cooperative agreements in Germany and in numerous international affiliates are associated with this.

Initiative Naturwissenschaft & Technik 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. In 2018, three STEM days were held at tesa. In addition, tesa has supported both programs again in the form of a major annual donation.

Educational projects worldwide Support for education also plays an important role at international sites. For example, the tesa plant in Suzhou, China, has been involved in the “tesa Sunshine Education Assistance” program for ten years. This aims to im-



“tesa helps”: tesa employees from the Netherlands helped children with physical and mental disabilities enjoy a very special day at the Rucphen indoor winter sports center Skidôme.

prove the elementary school education of the children of migrant workers. A total of about 700 children have already received a scholarship (“tesa Sunshine Scholarship”). In India, tesa supports the “Nanhi Kali” organization, which enables disadvantaged young girls to obtain an elementary school education.

tesa protects: Working to Protect the Environment

Environmental protection is part of tesa’s corporate philosophy. We augment our activities at the production and product level with specific projects to preserve nature and to improve the quality of life in our regions.

Cooperation with the environmental center In 2018, we began to look into potential cooperation with the Hamburg environmental center Gut Karlshöhe. The center has been operated by the Hamburg Climate Foundation since 2008 and is a place for learning about and experiencing nature. People from the Hamburg metropolitan area can learn here in conferences, workshops, exhibitions or markets how life can succeed in terms of natural resources. The grounds are located near tesa’s company headquarters in Norderstedt and offer various uncultivated areas that must be cared for and maintained. This offers the opportunity for charitable activities that

can be combined with environmental education and food for thought for a more sustainable lifestyle. In spring 2019 we will conduct a pilot project to find out how this collaboration resonates with tesa employees. If we receive a positive response, we will firmly integrate projects with the environmental center into the Corporate Citizenship’s range of offerings if we decide this is beneficial.

“The Million Tree Project” tesa staff in China have been working to protect the environment since 2015 by supporting the “Million Tree Project” – a tree-planting campaign in Inner Mongolia. In 2018, six tesa employees participated in the project. They trimmed older trees and planted new ones.



Publisher

tesa SE
Hugo-Kirchberg-Strasse 1
22848 Norderstedt, Germany

Contact

tesa SE
Corporate Communications & Responsibility
Tel.: +49(0) 40 88899-7480
responsibility@tesa.com

<https://www.tesa.com/en/about-tesa/responsibility>
<https://www.tesa.com/en>

Collaboration

Text
tesa SE
Stakeholder Reporting, Hamburg

Translation
EnglishBusiness AG, Hamburg

Design
Grafik Design Kloth, Hamburg