



OUR RESPONSIBILITY – OUR COMMITMENT

Sustainability Report
of the tesa Group 2016



Cover: tesa SE has supported the “mint:pink” program operated by the Hamburg-based “Initiative Naturwissenschaft & Technik” (Science & Technology Initiative) since 2014 as part of its social commitment. The program encourages girls to explore STEM fields.

About this report

This sustainability report offers our stakeholders and the general public insight into our worldwide commitment and involvement and the economic, ecological, and social impacts of our corporate activities in 2016. The report presents an overview of key measures, results, and indicators across four fields:

- Corporate management
- Employees
- Environmental protection
- Social commitment

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

The tesa Group follows a sustainable approach geared toward both continuity and ongoing further development and evolution. To live up to this standard, we implement a large number of projects at our 51 affiliates worldwide, year after year. The report is limited to a representative selection of current initiatives.

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

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

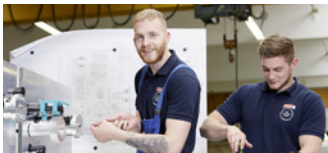
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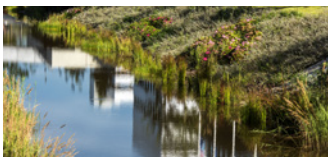
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FOREWORD

“Taking responsibility

has a longstanding tradition at tesa:
It is seen as an important investment
for the future.”



Dr. Robert Gereke, CEO of tesa SE

Dear Reader,

As one of the world’s leading adhesive technology companies, tesa owes its outstanding brand reputation to ongoing high innovative drive and product quality. But to us, the crucial thing isn’t just what we produce – it’s also how we produce it. Socially and ecologically responsible actions along the entire value chain are traditionally among the basic principles of how tesa does business. Both the brand and the group name are emblematic of this approach.

We have been actively committed to supporting the environment, employees, and society at large for many years. tesa underscored this voluntary commitment to doing business sustainably in 2006 by joining the United Nations Global Compact. We align our business strategy toward the Global Compact as a compass guiding us in our efforts to uphold the very highest social and environmental standards and strive to achieve continuous improvement along the way.

At all tesa production sites, for example, we work to make our processes even more ecofriendly, from using renewable and recycled raw materials to solvent-free production methods, conserving energy, and generating our own electricity. tesa has high standards in terms of safety, too, as shown by our accident figures, which are low for our industry.

Capable, happy employees are the key to both our innovative products and our ability to do business sustainably. With this in mind, tesa continued to cultivate a corporate culture of feedback and dialogue in 2016, in addition to offering a number of training and qualification measures.

Our employees are not only excellent specialists, but also regularly commit to social projects, demonstrating their passion and enthusiasm beyond their job-related duties. Under the “tesa connects” motto, numerous colleagues were involved in activities in four areas – help, donate, support, protect – worldwide in 2016, as in previous years.

We remain firm in our belief that acting with good business sense and living up to ecological and social responsibility are not a contradiction in terms, but instead form equally important factors in a sustainable understanding of quality and benefit to the customer. We will continue to align tesa’s development with this core conviction into the future.

A handwritten signature in blue ink, appearing to read 'R. Gereke'. The signature is fluid and cursive.

Dr. Robert Gereke
CEO of tesa SE

THE tesa BUSINESS MODEL

in over **100** countries



operating with **51** affiliates



over **2200** employees in Germany



over **4150** employees worldwide

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



The tesa Group is one of the world's leading manufacturers of self-adhesive products and system solutions for industrial customers and consumers. The tesa Group is part of the Beiersdorf Group. It employs approximately 4,150 people and operates in more than 100 countries. tesa SE is a wholly owned subsidiary of Beiersdorf AG and the direct or indirect parent company of the 51 tesa affiliates.

Regions and major locations

tesa operates worldwide, with the main focus concentrated on Europe, followed by the business regions of Africa/Asia/Australia and the Americas. In addition to tesa SE, the affiliates in China, the United States, Italy, and Singapore are among the largest single companies in the tesa Group. Our production facilities are located in Europe (Germany and Italy), North America (United States), and Asia (China).

Industrial business

tesa earns about three-quarters of its sales with products for industrial and commercial customers. In the industrial segment, tesa offers system solutions for customers in the electronics, printing and paper, building and construction, and automotive industries in particular. The company's strategic focus is especially on developing and expanding profitable lines of business in technologically advanced fields of application. Products from tesa are used to optimize and

enhance the efficiency of production processes, as customized protection and packaging systems, and as fastening solutions in construction-related applications. This includes special product ranges for roll offset and flexo printing and for mounting electronic components in smartphones, tablets, digital cameras, and LCD screens. Forgery-proof laser-printed labels and systems for bundling and affixing cables or mounting emblems and decorative elements are among the products used in the automotive industry. tesa also offers innovative solutions with flexible uses to protect products from tampering and counterfeiting. One promising new market that tesa is developing for the future is being handled by tesa Labtec GmbH. This tesa affiliate develops and manufactures medicated patches, termed “transdermal therapeutic systems”, and rapidly dissolving oral films for the pharmaceuticals industry. In the industrial retail business, tesa supplies technical retailers with state-of-the-art product ranges.

Consumer & craftsmen business

tesa earns about one-fourth of its total sales in the consumer business, which is focused on Europe and Latin America. In this area, tesa markets innovative product solutions intended for various applications, including for daily use in offices and in the home and garden. Under the tesa umbrella brand, DIY stores and superstores as well as paper goods and stationery shops offer end consumers a broad assortment of more than 300 products. The product range includes both handy products for office use, such as the classic tesafilm® transparent adhesive tape, and tailored solutions for specific applications such as energy conservation, renovation, repairs, packaging, and temporary or permanent bonding. Proven products include tesamoll® foam for sealing windows and doors; the bonding solution tesa Powerstrips®, which are reliable and yet can be removed without a trace afterward; mounting tapes for indoor and outdoor use; the versatile line of fabric tapes; a wide array of masking tapes and tesa Easy Cover® for clean, professional painting and finishing work; and, last but not least, fly screens for various uses. In the craftsmen business segment, tesa concentrates on customized product ranges and marketing concepts for professional craftsmen, such as painters and finishers.

Strategy and responsibility

Our success is founded on the high levels of trust and confidence our customers place in tesa as a company and the

tesa brand day after day. Living up to that trust in everything we do is our responsibility – a responsibility we uphold with dependable quality, excellent service, robust innovative power, and the use of superior technologies. But to us, demonstrating responsibility means even more than that. We are also committed to working within our sphere of influence to ensure that we pass down a livable world to future generations. That’s why one integral element of our concept of quality and innovation is offering our customers products that are not only highly functional, but also sustainable – products that have as little environmental impact as possible over their entire lifecycle. Developing eco-friendly, solvent-free production methods and using renewable and recycled raw materials where possible are just as much a part of our strategy as conserving resources and preventing waste during the production process.

People are at the heart of everything we do. That means both our customers, for whom tesa develops effective solutions to problems, and our employees, whose passion and experience ensure tesa’s success each and every day. Our goal is to earn these people’s loyalty to our company and our brand for as long as possible through healthy, fair, and attractive working conditions and to continue to recruit outstanding employees for all areas of the company now and into the future. We also strive to ensure that the same working conditions apply to our suppliers. We take a holistic view of social responsibility and are involved worldwide at various levels to support social causes in the form of donations, supporting memberships and sponsorships as well as through employee volunteering.

1 RESPONSIBLE CORPORATE MANAGEMENT



tesa sees the economic further development of the company and living up to responsibility for employees, the environment, and society at large as two sides of the same coin. This means doing business sustainably is an integral part of the tesa corporate philosophy.

Key action fields

Supporting and maintaining a livable environment is among the major guiding principles of our actions. Areas of emphasis include conserving ecological resources and social commitment. We focus on four action fields: employees, the environment, products, and society. All of them are integral parts of our strategy and management practices.

Organizational structure

The critical basis for our activities is a holistic view of all business processes that are necessary to fulfill individual tasks and goals of the company. These processes and the structure of the Group are mapped out in the **tesa integrated management system (IMS)**, which is divided into four main fields: Innovation, Marketing, Supply Chain, and Customer Management. The IMS integrates not only the re-

quirements of a modern system of quality management geared toward international standards, but also key topics in social responsibility as well as comprehensive environmental protection and occupational safety and health.

The UN Global Compact

We underscore our commitment to meeting the very highest social and environmental standards through our membership in the UN Global Compact. Companies from about 170 countries, international employees' associations, civil society groups, governments and UN organizations have joined the Global Compact. With its **ten principles in the areas of human rights, labor standards, environmental protection, and anti-corruption**, the pact serves to provide overarching guidance for tesa's actions as well as those of others.

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



At tesa, the ten principles of the Global Compact are the starting point for internal codes of conduct and regulations, most especially the **Code of Conduct** 📄, **Purchasing Charter** 📄, and **Environmental Guidelines** 📄. The sections that follow describe these documents in further detail.

Good governance

Our activities revolve around people all over the world – and that means our employees as well as our customers and suppliers. This is why upholding and supporting international human rights is among our guiding principles, along with impeccable labor standards and sustainable, legally compliant business models.

Code of Conduct

To secure the high level of trust and confidence that consumers, customers, investors, and employees place in tesa, we set high standards for responsibility, both for the company as a whole and for each and every one of us as individuals. The tesa **Code of Conduct (CoC)** 📄 sets out these standards – derived from the ten principles of the UN Global Compact – on a binding basis for the entire organization and is applicable worldwide. With its fundamental rules and criteria, the tesa CoC offers clear guidance for the entire staff and helps employees to observe and uphold our company's key principles and values in their day-to-day work, to share these principles and values with others, and gear all of their business conduct toward them.

As in previous years, we continued to communicate and reinforce this content within the company in 2016 through regular **communication and training measures** and through extensive advising. At the start of the year, for example, we again familiarized more than 650 managers with the CoC in this context.


A **CoC Manager** has also been available to all employees for some time now. Employees are encouraged to contact the CoC Manager anytime in the case of violations of the rules.

As part of the further development of this internal reporting system, we introduced the **international CoC**



network in 2016. The CoC Manager, who works at tesa headquarters, is now supported within this network by six CoC Representatives in the regions. These representatives are also available to employees as additional points of contact at the regional level in the event of suspected violations or failure to follow the rules.

Purchasing Charter

At tesa, we firmly believe that responsible corporate governance over the long term requires looking beyond their boundaries of the company itself. The tesa **Purchasing Charter**  (from April 2017 „Code of Conduct for Suppliers“), adopted by our strategic purchasing division in 2008, plays a key role in ensuring that our minimum international standards in the fields of human rights, labor and employment standards, environmental guidelines, and anti-corruption are upheld. This document sets out the minimum re-

quirements that apply to our suppliers. The Purchasing Charter is part of our defined global procurement processes, which makes it a key requirement for all tesa suppliers. Suppliers undertake a signed written obligation to comply with the requirements set out in the charter. At the same time, they also affirm that they will apply the same standards when selecting their own suppliers.

tesa performs **supplier audits** when embarking on new business relationships and throughout them. The objective of these audits is to assess a specific supplier’s performance capacity, including with an eye to compliance with the basic principles of the Global Compact. Irregularities are noted in visit or audit reports. Where discrepancies occur, tesa works with the supplier to develop and follow up on plans of action. If a supplier is unable to meet the requirements set out in the Purchasing Charter despite these measures, tesa will terminate the business relationship and turn to alternative suppliers instead. This scenario did not materialize a single time in 2016, however. In all, 31 audits were performed during this reporting period. Internally, we monitor and document compliance with the purchasing standards that apply worldwide through **“Purchase to Pay” audits** performed by bodies such as the Group internal audit department.

Compliance

tesa has long been committed to values that guarantee free markets and fair competition. We reject any and all forms of corruption, bribery, and other unlawful conduct. We view compliance with applicable laws and internal guidelines as a major basis of our activities and a key factor contributing to our long-term, sustainable business success. The tesa Code of Conduct lays out our compliance system, which is geared toward these principles, on a binding global basis. The guidelines and processes that build on this system offer more concrete detail and assist with implementing the principles that have been described, giving our employees the best possible guidance for their actions.

Based on a risk analysis of the key compliance fields that are relevant to tesa, the existing compliance programs are continuously adapted in response to new challenges. In addition, **regular training activities** raise awareness of all compliance-related topics among employees and managers alike, while a wide range of **advising options** help to establish and reinforce compliance within the overall organization on a lasting basis and reduce the risk of violations.

tesa also offers a **compliance theme platform** on its intranet. Employees all over the world can use the platform to

learn about legally compliant behavior in their day-to-day business dealings or find competent points of contact for further advice. Our staff also receives regular multilingual intranet news items on relevant compliance-related developments and decisions by courts and other government agencies.

tesa takes reports of potential compliance violations, evaluates them with an eye to their relevance to the system, and determines what sanctions to impose in strict compliance with the principle of proportionality. Employees have **various reporting channels** available to them for communicating about possible compliance violations: the internal whistleblower system (CoC Manager and international compliance network), their line supervisors, internal points of contact, and internal and external experts in the relevant compliance fields.

Diversity in supervisory and management bodies

tesa strives to ensure equal participation among women and men within the staff and in the company management wherever possible. As a company with a heavy technological focus, we set stringent requirements for subject-specific expertise, professional and industry experience, and leadership skills when filling available positions.

Supervisory Board

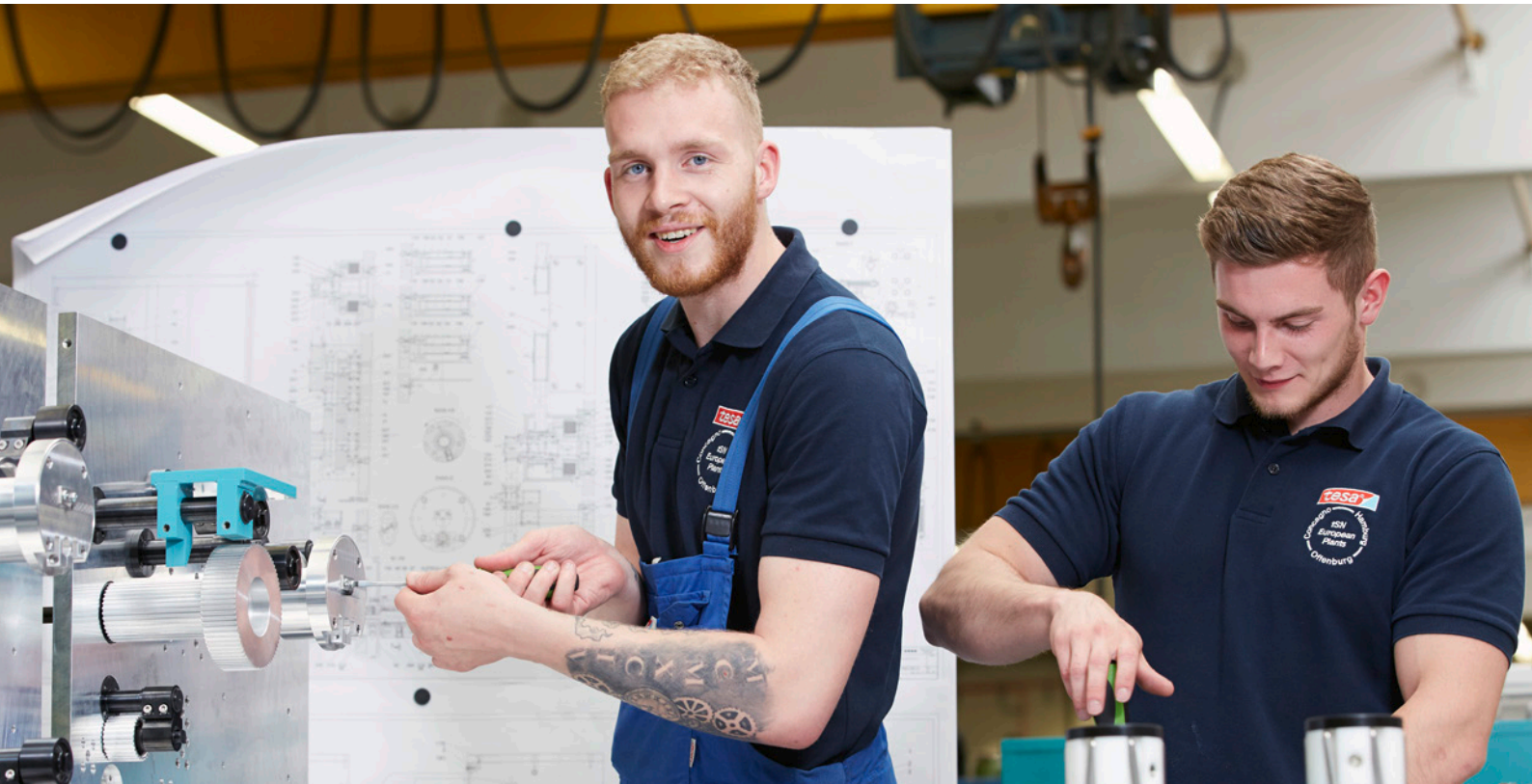
The Supervisory Board of tesa SE has six members. Two positions are filled by the works council of tesa SE. In this body, as elsewhere, the company strives to ensure the long-term inclusion of women, with as much continuity within positions as possible. In 2016 there was no change in supervisory board mandates with regard to genders.

Executive Board

The four-member Executive Board of tesa SE is also subject to the long-term goal of achieving equality in staffing between men and women. High continuity is a priority here as well, in light of the company's business model.

Two new members of the Executive Board were appointed this reporting period. One is a longstanding employee of the company, while the other (who has been with tesa since January 1, 2017) was recruited from a different company in our industry after a careful search process. There were no equally qualified female candidates available for either position.

2 MULTIFACETED APPROACH TO SUPPORTING EMPLOYEES



With the goal of boosting motivation and enhancing employees' loyalty to the company, we make ongoing investments in measures to ensure that working at tesa remains highly attractive: training and continuing education, support for employees' health, a thriving culture of feedback and dialogue, and occupational safety are all important elements of our personnel development policies, which are geared toward the future.

Culture of feedback and dialogue

Feedback and the related dialogue between employees and managers form the basis for the professional as well as personal development. With this in mind, we continued to develop our culture of feedback in 2016, as in past years.

Regular **employee surveys** are a key part of this policy. We conducted one such survey again at the tesa headquarters in Norderstedt in 2016. The methodology used for the

surveys is designed to capture information on employee engagement, measuring not only respondents' satisfaction, but also their motivation, dedication, and loyalty to the company. Compared to other companies in Germany, we achieved excellent results, placing in the top quarter of companies. On this basis, we have developed company-wide measures to maintain and expand on this high engagement among employees. Management teams and employees from all functions met during about 30 workshops to agree on specific further improvements. We will

gauge how effective these measures have been when the next employee survey is conducted.

2016 was the first year that tesa conducted an employee survey in the tesa Western Europe region. It followed the same systematic approach as the employee surveys taken at tesa headquarters and in the Eastern Europe and Latin America regions. Employees in Western Europe were highly interested in participating, as shown by the fact that the response rate was over 90 percent. Here as well, the engagement index was in the upper zone. The management team for this region has also initiated optimization measures in selected areas with an eye to achieving even better results the next time a survey is taken.

Personnel planning and management

One element of our strategy is to fill **key management positions from within wherever possible** in order to retain valuable experience and market knowledge and be able to leverage these capabilities optimally for our long-term success as a company. With the goal of developing successors for key positions in good time and systematically at an international level, tesa intensified its strategic personnel development activities in 2016.

The **competency-based employee performance appraisal** process, which was first introduced in 2015 for the management segment, was expanded to include other groups this reporting year. This standardized international format is modeled on the **tesa Key Competencies**, which determine the actions of people at tesa – individually, in their dealings with one another, and in their communications with customers and/or suppliers. Human resources employees trained in using this tool worldwide participated in training and workshops to accompany the introduction of performance appraisals in the specific units and functions. To supplement these efforts, tesa developed a broad-based **Development Kit** encompassing tips for day-to-day work, training offerings, and recommended readings. This kit is intended to help supervisors and employees identify and choose appropriate learning and improvement measures.

In 2016, the company prepared 16 new junior managers in Germany for their roles as supervisors and for future challenges as part of the proven **tesa Intensive Leadership Program**. International tesa managers in the Eastern Europe, Western Europe, and Asia/Pacific regions also completed a six-day modular **employee management training program** in which they developed skills in communication, conducting discussions, and motivating employees. The program is slated to be expanded to the Latin America re-



gion in 2017. The tesa plant in Hamburg also continued to work in 2016 on targeted personnel development, with 26 managers participating in **HR roundtables** on various topics of focus, including coaching during processes of change.

Development, support, training

Ongoing investments in targeted employee qualification and training activities are also part of the tesa strategy. We continued the **Sales and Marketing Qualification Program** in 2016 and trained about 480 participants over 60 training sessions with a total duration of 1,670 days. Beyond giving new employees the basic skills they need, the training concept also includes specific formats tailored to the requirements of individual business fields – such as a combination of technical training and selling skills for sales reps. We also



offer a separate **training program for tesa R&D employees** that covers topics such as patents and quality management. In 2016, 150 employees participated in this program on 24 training days.

We also responded this year to the growing trend toward digital learning. For example, the tesa Supply Network devoted great efforts in 2016 to developing tailored **e-learning**, with a training format comprising several modules as the result. The first part has already been introduced at tesa's headquarters in Norderstedt, where 217 employees were invited to participate. The remaining training sessions are scheduled for 2017. These courses deepen employees' understanding of processes and connections within the logistics, production, and materials management segments.

In addition to specialized and function-specific continuing and professional education opportunities, tesa also offers an **open course program** covering various subjects. Roughly 20 employees participated in these courses during the past reporting year over 50 days of training on subjects such as presentation techniques and project management. This represented a continuation of the positive trend from previous years. **Language classes** in different formats (25 class offerings, 130 participants) and **IT training classes** (13 classes, 20 participants) have also become firmly established at the new site.

Additional courses were set up as part of the **"Treffpunkt Weiterbildung"** program in connection with the move from Hamburg to the neighboring town of Norderstedt. This diverse program, which was originally created many years ago by our parent company, Beiersdorf, allows employees to complete training in their spare time. About 30 people participated in eight different training sessions at the new headquarters in 2016.

The tesa plant in Hamburg expanded its **range of formal vocational training programs**. In addition to the programs for apprentice machine and system operators, this reporting year saw the advent of industrial mechanic, chemical technician, and mechatronics technician apprenticeship programs. Starting in 2017, the site will also begin offering an apprenticeship program for trainees to become qualified as an electronics technician for operating technology.

Health

To promote health and performance capacity, we offer an **occupational health management** program for our employees. Since the move to the new headquarters, the management has initiated a broad range of options for employees who work there. An interdisciplinary occupational health management team consisting of representatives from HR, the works council, the health promotion team, the tesa sport club, the social advising service, the body representing disabled employees, the occupational health service, and the occupational safety team is actively working to integrate as broad a range of measures as possible under the "It's for you" umbrella brand.

The in-house **tesa sport club**, for example, offers top-quality endurance and strength training equipment and a range of courses like spinning, yoga and "back power", along with individual fitness checks. This gives employees a way to stay in shape at the tesa SE fitness facilities, with low membership fees and expert assistance and instruction.

tesa employees are also still welcome to make use of the options offered by the **occupational health promotion** service at the 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 range of **preventive health checks**.

In 2016, the occupational health management team also began working on an important project focusing on **psychological risk assessments**, something every company is required to work on under the German Occupational Safety and Health Act. In this program, employees are asked on an individual basis what stressful situations or stress factors they experience on the job and whether they have positive or negative effects. The basic principle is that positive aspects should be maintained (but not necessarily intensified) and negative ones prevented.

We are also concerned for the health of those whose day-to-day work takes place in the offices, where all workstations have **height-adjustable desks to minimize back**

strain. All employees receive information and tips about maintaining good posture, both sitting and standing, from the company's in-house **ergonomics team**. Members of the occupational health management team (occupational health service, works council, occupational safety, and HR) conduct site inspections of all areas of the new headquarters to identify possible issues and stresses at workstations and map out improvement measures.

Healthy eating is another key aspect of occupational health management. The company restaurant at the new headquarters offers a varied menu of healthy meals made from freshly prepared local ingredients. Employees are also welcome to participate in **cooking classes** in cooperation with the company's health promotion team.

tesa also supports athletic activity on the way to work or on the way home, with the **"tesa Bike"** program as a particular highlight. Employees can lease a bicycle of their

choice through the company and have their monthly installment payments paid out of their gross pay through deferred compensation. tesa also supports this leasing arrangement by contributing a monthly sum.

At the tesa plant in Hamburg, the **Health Working Group** adopted the motto "Healthy from Head to Toe" for its activities in 2016. The annual program of events involved a **range of courses** held in the plant's own fitness room and **team events** such as group participation in organized runs. A running course for beginners and advanced runners offered motivation and tips for daily physical activity.

Occupational health and safety

Protecting the safety and health of employees is a top priority at tesa. The **Occupational Safety Guidelines** apply throughout the company, all over the world. We apply high standards and use targeted measures to help prevent occupational accidents, work-related illnesses and occupational diseases. Our results have been positive: The accident rate at tesa in 2016 was 4.6 per 1,000 employees, once again significantly below the industry average of 14.7 as tracked by the employers' liability association. This shows that with our high safety standards, investments in technical safety, occupational health and safety measures and training programs, we are on the right track in terms of achieving our long-term goal of zero reportable accidents.

We hold **national and international meetings of safety specialists** every year to discuss key occupational safety and health risks and map out specific measures and protective processes to put in place. One key factor in helping to ensure workplace safety is our **risk assessments**. They are based on a combination of systematic identification and evaluation of risks, personal responsibility on the part of employees, and a continuous improvement process that includes all parties involved. The risk analysis and the process of finding appropriate solutions follow the "STOP" principle, which outlines four categories: substituting, technical, organizational and personal.

We implement safety measures on an ongoing basis at all tesa locations. These include providing detailed **operating instructions for all production equipment and systems**, targeted **training in the use of machines**, and 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. We deliberately raise employees' awareness through practical training on site. Local safety officers address the risks in the workplace directly and talk with the interested parties about safe be-



havior. As one example, our Hamburg and Offenburg plants launched an occupational safety campaign in 2016 focusing on the risks associated with forklifts.

To ensure that our stringent requirements for occupational health and safety measures undergo rigorous further development and implementation, we factor in occupational health and safety considerations right from the start when planning new plant and equipment projects. The focus of these activities is on early identification and elimination of potential risks. As part of this approach, our safety standards are already incorporated into the drafting of specifications. The entire design, construction and manufacturing process is accompanied by regular status checks. Even before a new plant or unit is delivered, we check all of the important details right on site with a **“Factory Acceptance Test”**. After that, a final **“Site Acceptance Test”** is performed before the plant or unit actually enters production operation. This test involves additional checks of all safety-related functions, with optimization measures taken where necessary. We successfully implemented this same process for the project planning of a new production unit at our plant in Sparta, Michigan, in 2016.

At our Group headquarters, we introduced a new **online training tool** featuring relevant questions in 2016 to teach employees about general safety rules. Employees are not allowed to enter areas that are of particular concern in terms of occupational safety until they have completed this training.



3 CONSISTENT ENVIRONMENTAL PROTECTION



tesa's goal is to conserve ecological resources and leave an intact environment for subsequent generations. We have defined our positions in binding environmental guidelines that apply worldwide. These guidelines set the standards for the actions of all employees, with the goal of further enhancing environmental awareness. Ongoing monitoring of key indicators and regular audits of the individual production sites according to harmonized standards help us consistently live up to our environmental pledges.

Development to date

tesa has been consistently advancing the cause of continuous improvement in its environmental management system since 2001. Our advanced technologies and worldwide production sites have been key factors in ensuring that tesa has been able to not only meet, but also exceed, its ambitious environmental targets in the past. For example, we have reduced our emissions of volatile organic compounds

(VOCs) by a whopping 90 percent. In addition, significant reductions have been made in our solvent use, CO₂ emissions, and volume of non-recyclable waste. The company employs its own **environmental experts** at all production sites, who are familiar with both tesa's global environmental guidelines and the local circumstances, and tesa encourages international dialogue among them. In the course of our external **certification and monitoring audits**, we also check all locations that are certified under the international **ISO**

14001 environmental standard on a regular basis as part of a matrix audit structure. This involves group certification based on spot checks as required by a standardized management system.

tesa takes environmental risks into account in overarching assessments and as primary factors within the scope of **materiality analyses** of the ecological aspects of individual production sites. We document climate-related risks in particular as part of the CDP supply chain program (CDP = formerly Carbon Disclosure Project).

We harness state-of-the-art technologies to reduce the negative environmental impacts of our activities; one part of our strategy, for example, is the development of proprietary **solvent-free production methods**.

In the interests of climate protection and resource conservation, tesa also regularly reviews whether there are **more environmentally friendly alternatives** to the raw materials currently employed. To determine this, we consider

various factors, including the environmental footprint of selected products, and analyze the products' environmental impact over their entire lifecycle. We advance our ecological commitment at the product level with the **tesa ecoLogo®** sub-brand.

Focus on energy efficiency and CO₂ reduction

Our goal is to further improve process efficiency and utilize low-carbon and renewable energy sources to achieve further reductions in our CO₂ emissions during the period from 2016 to 2020. In keeping with these aims, we are focusing on a climate-friendly energy supply and efficient energy management.

tesa's top priority in this field is systematically **reducing energy consumption**, since conservation is always the best alternative from both an ecological and an economic standpoint. To cover the remaining need for energy, we are stepping up efforts to generate our own energy through **cogeneration (CHP, combined heat and power)** and **obtaining electricity from renewable sources**.

The reduction in energy consumption achieved at our production sites from 2001 to 2015 brought CO₂ emissions down by 19 percent during this period. Our goal is to reduce specific CO₂ emissions by another ten percent by 2020, with 2015 as the baseline. tesa has made excellent progress toward this goal in just the first year, comfortably achieving the interim target of minus 2.0 percent.

The tesa plant in Offenburg commissioned a trigeneration (CCHP, combined cooling, heat and power) system in 2014, enabling environmentally friendly power generation on-site. A cogeneration (CHP) plant followed at the Hamburg site in 2016. These advanced methods make it possible to generate both electricity and heat simultaneously via a single power plant. While the primary energy generated, mechanical energy, is converted directly to electricity, the heat generated during the process can also be used for heating or production processes. Thanks to these high-efficiency systems at our two largest production sites worldwide, we were able to serve about 39 percent of our worldwide electricity needs on a CO₂-optimized basis in 2016. We also realized substantial savings on energy costs at the tesa plant in Offenburg.

tesa has increasingly turned to ecofriendly power sources to meet the energy needs not covered by cogeneration. We use purchased electricity from renewable sources at five European sites for this. This alone was enough to cover about 31 percent of the company's global demand for electricity in 2016.



During the year under review, the tesa production sites in Hamburg and Offenburg additionally focused their efforts on the further development of their respective energy management systems, and both of them were successfully recertified under the international **ISO 50001 standard** in 2016, the second time they have accomplished this aim. The new tesa headquarters in Norderstedt also achieved ISO 50001 certification in 2016. This was associated with the development of internal systems and processes to improve energy performance. **Modern energy monitoring systems** are in place to track energy consumption and optimize energy efficiency. These systems undergo a continuous process of expansion and improvement.

In addition to the ecofriendly methods and other approaches with which tesa gears its efforts toward the latest technologies, **raising employee awareness** is also part of our commitment to the environment. After all, employees are familiar with ongoing operations, and they use their knowledge and ideas on a continuous basis to help us conserve energy, thereby not only reducing CO₂ emissions, but lowering costs as well. During our annual **“energy hunts”**, for example, staff members pitch in to identify and leverage potential for savings. This initiative has yielded many small measures that together add up to a big impact.

Focus on resource efficiency and ecological footprint

For the period from 2016 to 2020, tesa has pledged to further optimize its responsible use of resources and its environmental footprint. The company plans to use a continuous improvement process (CIP) to achieve this.

Management of waste and resources

All production of goods involves the generation of waste. In order to reduce waste on a lasting basis and to protect the environment and conserve resources, we provide regular training courses for our employees all over the world. This ensures that everyone involved is aware of the need to avoid unnecessary waste and to recycle appropriately.

Recycling and reusing raw materials, auxiliary materials, and fuels has been business as usual at our plants for years. From 2001 to 2015 (when the target period ended), the recycling rate rose to more than 90 percent as a result of these efforts.

Our employees at all locations are also involved in waste reduction, with great success. We now aim to reduce our generation of specific waste by another two percent from the 2015 baseline by 2020.



This reporting year, we exceeded the interim target – a reduction of 0.4 percent per year – through numerous **campaigns** (including one at the tesa plant in Offenburg that highlighted the need for creative solutions) and projects. Our unique, patented ACX technology also helped noticeably reduce our solvent waste once again.

Lifecycle analysis

A great deal of the harmful environmental impact caused by the manufacturing of products occurs outside the manufacturing company itself, so we are increasingly scrutinizing the entire product lifecycle, from production or extraction of raw materials to the materials used, production and transportation, and all the way through to disposal after the products are used. We rely on the lifecycle analysis method to determine key parameters that affect the ecological footprint of selected products over their entire lifecycle. In 2016,

for example, we brought in professional outside help to determine the **product carbon footprint (PCF)** for the tesa® ecoLogo® glue stick. With this climate-friendly product alternative, tesa was able to reduce CO₂ emissions for the glue stick product range by 25 to 32 percent.

We are also regularly involved on a voluntary basis in the **supply chain program** run by the nonprofit organization CDP (formerly the Carbon Disclosure Project). This program evaluates various factors, such as how production companies can affect their environmental footprint. tesa's positive **CDP 2016 Climate Score** was well above the average for all program participants, putting the company in the top one-third within our comparison group, "Automobiles & Components".

Ongoing modernization of our production sites also helps to reduce environmental impacts. For example, tesa began building a new production unit for ecofriendly adhesive tape production in Sparta, Michigan, in 2016.

Focus on ecofriendly products

In addition to its other activities, tesa has been working to uphold its commitment to the environment at the product level for some time now. We offer various environmentally friendly solutions for consumers, including the **tesa ecoLogo® product range**. Products in this ever-growing range have received multiple awards in recent years. Their key advantages are solvent-free adhesives and the fact that the products themselves and the product packaging are made primarily from biologically based or recycled materials. One good example is the tesa Easy Cut® Desk dispenser SMART, which boasts a compact design and is made from 100% recycled plastic using material-minimizing methods. In addition, all glue sticks were shifted to the ecoLogo® format in 2015, so tesa no longer offers any conventionally produced glue sticks at all. The company's "green" range of ecoLogo® products, including **painter's, repair, and packing tapes**, has been sold in hardware, DIY and other stores for several years now. Consumers can also visit these retailers to find **products to help save energy**, such as tesamoll® for sealing gaps around windows and doors and the tesa® ISO SYSTEM for easy interior roof insulation.



Milestones, key indicators, and successes

2002	The tesa plant in Offenburg commissions an ecofriendly production system for the solvent-free manufacturing of masking tape. Today, over 60 percent of the plant's entire production takes place without solvents.	2013	tesa introduces an energy management system at its German production sites to sustainably reduce energy consumption and CO ₂ emissions even further. The "Green Car Policy" is also launched this year, with the goal of having low-emission cars reduce the CO ₂ emissions of the entire fleet from an average of 161 to 140 grams per kilometer.
2005	tesa receives the B.A.U.M. environmental prize and the "Responsible Care Prize" for the consistent and successful development of a holistic environmental management system.	2014	tesa's Offenburg plant begins operating a CCHP (combined cooling, heat and power) system for environmentally friendly in-house power generation. The German production sites in Hamburg and Offenburg are each implementing an ultra-modern energy monitoring system as part of their energy management activities.
2006	Five years after launching its environmental program, tesa posts positive results: Targets for reducing the amount of energy and solvents consumed have been exceeded.	2015	The energy management systems in place at the production sites in Hamburg and Offenburg, Germany, earn certification under the international ISO 50001 standard.
2007	A second environmental program, this one to run until 2012, is adopted. Its focus is on reduced emissions of volatile organic compounds (VOCs).	2016	A CHP (combined heat and power) plant begins operating at the tesa site in Hamburg for ecofriendly in-house power generation. The tesa headquarters in Norderstedt earn certification under the international ISO 50001 energy management standard.
2007	An innovative system for heat recovery at the tesa plant in Offenburg considerably reduces energy consumption.		
2009	tesa reports significant advances in the emission of volatile organic compounds. VOC emissions are down 50 percent compared to 2001. One year later, the figure already stands at minus 58 percent.		
2010	The tesa plant in Hamburg installs a new, state-of-the-art ventilation system. During the same year, the technology center at tesa's headquarters in Hamburg receives funding from the Hamburg Authority for Urban Development and Environmental Affairs to modernize the technology in the ventilation system and its control unit. The first tesa ecoLogo® products also begin conquering the office supply market.		
2011	tesa makes a technological breakthrough at the plant in Hamburg. The company's unique, patented ACX technology enables the ecofriendly production of double-sided acrylic adhesive tapes for high-strength permanent adhesive bonds.		

4 SOCIAL COMMITMENT



Assuming social responsibility is part of tesa's corporate philosophy. We firmly believe that all sides win when companies are good citizens, so we give back at several levels worldwide – in the form of donations, supporting memberships and sponsorships as well as through employee volunteering. It is a strategy with regional facets.

tesa connects

Help, donate, support, protect – these are the four pillars of the “tesa connects” corporate citizenship program. The goal of this approach is to make it easy for employees worldwide to get involved for the good of society in a meaningful way. At the same time, the program creates a bridge to the core tesa competencies and the company's strengths – its inventiveness and spirit of ingenuity, solution-oriented approach, focus on practical assistance and team spirit.

In all four areas, tesa's efforts have had demonstrable results. Overall, the company participated in about **85** projects in 2016, providing volunteer assistance, services, and both donations in kind and monetary donations valued at **187,000 euros**.

tesa connects



tesa helps: Fostering community ties

Neighbors helping neighbors in the immediate vicinity of our sites – that’s the principle behind “tesa helps”. All over the world, local tesa teams pitch in to help with projects and support their communities.

Involvement in Germany

The tesa headquarters continued its partnership with the “**tatkräftig – Hände für Hamburg**” nonprofit organization in 2016. With “1 day, 1 team, 1 goal” as its motto, the organization connects volunteer helpers with over 150 institutions in the Hamburg area that need support in the form of manpower. In the year under review, more than 65 employees from the headquarters, working in teams, volunteered to help with charitable projects including **gardening at refugee homes, renovations at children’s and youth facilities, assisting with clothing donations, and Christmas arts and crafts with socially disadvantaged children**. This involvement was a valuable experience for employees, boosting teamwork off the job as well. A “tesa helps” project with “tatkräftig” has now become an integral part of the first year of apprenticeship at the tesa plant in Hamburg.

The tesa plant in Offenburg (tWO) also participated in a number of activities in support of good causes in 2016. Employees organized a soccer break for a team at the nearby **refugee camp** and provided the players with shoes, balls, and jerseys. The plant also supported refugee centers by supplying office trailers equipped with computers with language learning software.

Global involvement

The affiliates also provided active aid in their vicinities in 2016. The social commitment of tesa employees is a tradition in France, Spain, Italy, the Netherlands, Belgium, the UK, Turkey, Mexico, Colombia, Japan, India, China and many other countries. A few examples:

Employees from the site in Brussels, Belgium, actively supported “De Ark”, a facility that works with disabled children and youth and those from socially disadvantaged circumstances. The tesa employees made it possible for the children to spend a day at a theme park, provided refreshments, and helped the group leaders with the field trip.

Eleven colleagues from the Czech Republic spent a creative afternoon with children suffering from leukemia at the Motol University Hospital Transplant Center in Prague. The tesa employees came up with what they called a “forensic scene investigation game” revolving around the “golden tape”. Colleagues from Slovakia organized a similar activity



for the foundation “Deti slovenska” (Children of Slovakia), doing craft projects with children who have hemophilia.

tesa helps



tesa donates: For uncomplicated help

Fast, effective assistance is needed when natural disasters strike and in many other situations. We make targeted monetary and product donations to support people in affected areas and the day-to-day work of selected institutions.

Activities in Germany

The Hamburg and Norderstedt tesa locations continued their **“leftover change donation”** program in 2016, in line with the slogan “small gesture, big impact”. The concept is simple, so participation is easy: Employees donate the cents amount of their net monthly pay (i.e. 0.01 to 0.99 euro) to nonprofit organizations in their communities. The money collected, amounting to a maximum of 11.88 euros per employee per year, is credited to a separate tesa donation account. The three tesa locations in northern Germany collected a total of 2,992.92 euros by the end of the year in 2016. The management matched the funds for a total of 5,985.84 euros, which was then donated to the project **“Zeit für Zukunft – Mentoren für Kinder e.V.”**. This initiative matches socially disadvantaged children and teens ranging in age from six to 16 years with an adult mentor who meets with them two to four times a month for at least one year to boost their self-confidence and support their personal development.

Because not every child is fortunate enough to receive gifts at Christmas, tesa organized a **Christmas gift campaign** in 2016. New gifts were collected during the holiday season from tesa colleagues, who were encouraged to place them under the tesa Christmas tree. Employees of ToysCompany, a nonprofit partner organization, then distributed the presents to socially disadvantaged families in time for the holiday.

Instead of giving Christmas gifts to customers, we supported the Hamburg-based nonprofit **“Chancen für Kinder e.V.”** again in 2016, this time with a donation of 20,000 euros. The money goes toward three projects. First, we have been sponsoring children from poor families in Yeleswaram, India, for several years now, giving the children a chance to go to school instead of toiling in the quarries. Second, we have also traditionally supported the Escuela Popular de Artes music school in Achupallas, Chile, which gives street children a musical education, and thus a connection with a structured lifestyle. The third part of the donation for 2016 went to the newly founded initiative **“Klinik-Clowns Hamburg e.V.”**, which is dedicated to cheering up severely ill children at hospitals in Hamburg, thereby strengthening their will to live.



International activities

Collecting and providing donations is also an established tradition at our affiliates. The worldwide tesa sites outside Germany donated about 102,000 euros to various causes in 2016. Initiated by tesa Colombia, Argentina, and Guatemala, a large individual sum of about 9,000 euros out of the total went to the regional Red Cross to **aid the victims of the disastrous earthquake in Ecuador**. The Japanese affiliate donated 3,000 euros to aid the victims of the **Kumamoto earthquake**.

tesa donates



tesa supports: With opportunities for education

This area encompasses educational projects with which we aim to unlock prospective futures for kids and teens. Our focus here is on science and technology. These areas are not only important prerequisites in terms of sustaining human life and securing social progress, but are also crucial to tesa as a technology firm when it comes to recruiting the next generation of employees. Specific projects are associated with these efforts in Germany and at many international tesa affiliates.

Getting young people excited about STEM jobs

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, for example, offers the **“90 Minutes of STEM”** program (STEM = science, technology, engineering, and mathematics). In this program, tesa employees take a little less than two teaching hours to give groups of 12 to 15 school students real-life insights into their working lives. In addition, tesa once again opened its labs to female 9th graders in November 2016 as part of the **“mint:pink”** program. During the event, product development employees shared their own enthusiasm for science with the girls and gave them a wide range of insights into the basic principles behind adhesive technology. In addition to practical projects and excursions like this, tesa supports the NAT initiative financially as a supporting member.

Adhesive technology outreach in Japan

tesa’s Japanese affiliate was again active in the **“Tsukuba Science Festival”** in 2016. Held in Tsukuba, the famous “City of Science”, the event is aimed at introducing young people to the world of science through fun experiments and games. The potential scientists of tomorrow were able to experience fascinating aspects of bonding technology at the tesa stand.

Elementary school scholarships in China

The tesa plant in Suzhou, China, initiated its **“tesa Sunshine Education Assistance”** program nine years ago to help children from families of migrant laborers get a better



elementary school education. The program has provided tesa Sunshine Scholarships to 526 children so far. In late November 2016, the management personally presented the scholarships to 54 students at a special ceremony. After that, the colleagues visited a robot museum with the boys and girls to spark their interest in technology.

Support for educational initiatives

Other tesa affiliates have an established practice of contributing funding to educational initiatives. In Turkey, tesa supports the organization **“Educational Volunteers Foundation of Turkey”**, which offers extracurricular educational and enrichment programs for children; in Mexico, the regional office provides funding to the **“Fundación para la Protección de la Niñez”** (Foundation for the Protection of Children), which awards scholarships for English as a second language; the Guatemalan affiliate finances a **partial scholarship for a student** otherwise unable to afford higher education; and tesa India donates to the **“Nanhi Kali”** organization, which offers primary school education opportunities to disadvantaged young girls. In September 2015, tesa tape North America began sponsoring a four-year study program concentrating on automotive technology. The **EcoCAR program** is devoted to the development of an extremely energy-efficient high-performance vehicle.

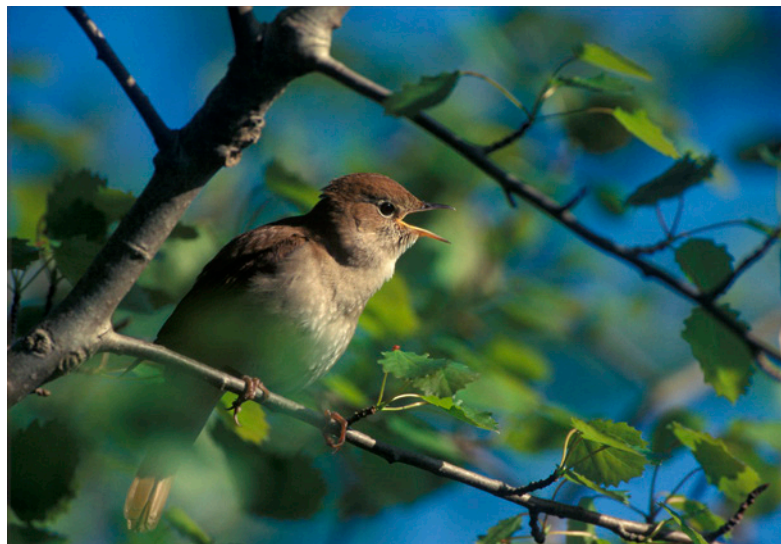
tesa supports



tesa protects: Working to protect the environment

Environmental protection and sustainable management of natural resources are part of the tesa business strategy. Our engagement on the production and product level is complemented by specific projects for preserving nature and improving quality of life in the region.

Since 2011 we have been working to preserve the sensitive ecosystem of the **UNESCO Biosphere Reserve “Niedersächsische Elbtalaue”**, not far from Hamburg. These activities focus on measures that serve to conserve or restore the original landscapes of this area and thus preserve species and biodiversity. Through the active efforts of employees and financial support alike, a host of trees typical of the region were planted as part of three reforestation projects up to 2015. They now offer new habitats for native species of birds and insects. In addition, **funding was provided for nearly 20,000 plants for reforestation measures** in various “nature dynamics” areas – protected habitat zones inside the biosphere reserve where nature is left to take its own course. In 2016, after the elimination of spruce monocultures not typical of the landscape, oak trees were planted over a one-hectare area, which was then fenced in with a neighboring area where planting had taken place in 2015. In this way, tesa has helped to ensure that 10.3 hectares of coniferous forest has been converted to deciduous forest.



tesa protects





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