

Report 2006-2007

tesa AG: Our Responsibility – Our Commitment and Involvement



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Dear Readers,

We shape our future through innovations and the willingness to embrace change – the traditional key corporate values of tesa AG. The goal of exerting a positive influence on the environment applies not only to our products, but also to our social and ecological commitment to the society in which we operate. At tesa, voluntary involvement beyond what the law requires has been simply our goal for many years now.

tesa is involved and committed in a multitude of ways, setting a prime example of responsibility toward its own employees and society at large. Our social activities focus on providing assistance to children and youth all over the world, and at the same time, maintaining a healthy environment for generations to come. Economic and ecological well-being are equally important goals of our company's operations. Additional factors that play an important role in our long-term, sustained success are humane labor conditions for all tesa employees worldwide and ensuring that our products and services demonstrate the very highest quality and reliability.

When we joined the Global Compact in March 2006, we committed to ensuring that our economic actions were in accordance with the ten ethical principles of this UN corporate responsibility initiative in the areas of human rights, labor standards, environmental protection, and anti-corruption. We operate in more than one hundred countries – to us, globalization is not a buzzword, but a fact of everyday business. We view our involvement in the Global Compact as an opportunity, side by side with numerous other companies, to take on a positive role in making sure that globalization takes a humane course.

Our support for social projects all around the globe and awards such as the Environmental Award from B.A.U.M. (the German Environmental Management Association) and the Responsible Care Award from the Association of the German Chemical Industry (VCI) attest to our successful work in this field that we will continue to pursue with enthusiasm and conviction. After all, quality and continuous progress are our declared goals – and with respect to more than just our products.



Dieter Steinmeyer
Chief Executive Officer, tesa AG



The Company as an Involved Citizen

Every tesa product solves a problem and helps with everyday matters – a key aspect of our brand philosophy



tesa has taken on the goal of supporting children all over the world. The winners of the 2007 Tesalino & Tesalina competition, students from Neu-Wulmstorf, Germany, were pleased at the chance to take a trip aboard the research vessel Aldebaran. But tesa also supports children and youth farther afield, in India and Chile.



Our status quo: With our 51 subsidiaries located all over the world, we are involved with institutions in every region in which we operate: Southwestern and Eastern Europe, Central and Northern Europe, Asia/Pacific, and North and South America. Employees of tesa AG have gotten involved in aid campaigns through financial donations, donations through personal commitment, and aid to children and other people in need at the local level.

Examples from a wide array of projects illustrate our commitment in 2006 and 2007

In the field of promoting education and creativity

Viña del Mar, Chile: Working together with B.A.U.M. e.V. (the German Environmental Management Association), tesa supports the music school project "Escuela Popular de Artes", one of the country's most innovative and successful cultural centers. In Viña del Mar, 65 percent of the population lives below the poverty line. The school offers more than 200 students between the ages of 6 and 29 an education. tesa finances full scholarships to 110 of the students who come from destitute homes. The institution's advanced educational concept also helps these children overcome everyday problems and cope with their lives at the same time.

Yeleswaram, India: In the quarries of the Southern Indian state of Andhra Pradesh, even children toil to

ensure that their families can get by – for just three euros a month. Acting through the "Chancen für Kinder" (Opportunities for Children) foundation and in cooperation with B.A.U.M. e.V., tesa began sponsoring 60 boys and girls. The children are now able to attend a school and additionally receive medical care, food, and clothing. Because the children's parents depend on the children's income, they receive support as well. The goal is to break the vicious cycle of poverty and exploitation.

Sparta, USA: Our plant in Sparta, Michigan, is working with a neighboring school to develop a concept that will give elementary and high school students a glimpse of how a production company works. The focus of this initiative is to link together production and environmental protection. The plant offers students internships and support for term papers and projects.

Germany: For the eighth time, tesa and the Stiftung Lesen (Reading Foundation) came together in 2007 to invite all primary and elementary schools throughout Germany to participate in a collective creativity contest. The aim is to foster reading and writing skills and stimulate the imagination. This time the theme of the storytelling and arts and crafts contest was the fabulous adventures of the two sticky characters Tesalino and Tesalina in the underwater world of water nymphs, sprites, mermaids, magical fishes, and sea monsters. Thomas Brezina, a well-known German-language children's book author, wrote the beginning of the story. At the primary and elementary schools, including the special-needs classes, the children wrote, created, and acted out the story to the end. Two thousand classes rolled up their sleeves to participate. The reward for all their efforts: The overall winners experienced an exciting research expedition on the Elbe River aboard the research ship Aldebaran, with insight into environmental protection and climate research. The many runners-up enjoyed authors' readings and other prizes.

Turkey: The Turkish Educational Volunteers Foundation (TEGV) operates learning centers that offer children in poor socioeconomic surroundings a supplement to what the state-run schools provide. The foundation maintains a total of 86 learning facilities, among them 17 mobile learning trucks and 58 local learning centers. One of them is the "Izmit Korfez 1 Learning Center," which is located in the heart of the area affected by the 1999 Marmara earthquake and is supported by tesa Turkey. Up to 500

This claim also applies to the social context in which we operate: Here as well, the company's goal is to be an integral part of everyday life and exert a positive influence on the development of our surroundings. Our involvement focuses on supporting and protecting children and youth. The task we are currently facing is to bundle all of our worldwide activities together to achieve a targeted strategy that is effective locally.



children affected by the disaster are able to use the library, work on the computer, and do arts and crafts.

In the field of promoting the next generation in science and technology

Brazil: tesa employees assist young people during their technical apprenticeships in professions such as printing. They pass along the expertise they have gained through working in the print and paper industry and their practical experience from their day-to-day work in order to provide apprentices with a good start in their future professions. tesa employees give support in the form of practical teaching units and provide important instructional materials.

Hamburg, Germany: tesa supports students at the Northern Institute of Technology (NIT) with scholarships and practical semester units. The students, each of whom is required to have perfect English skills, a previous engineering degree, and initial professional experience, complete a two-year dual major track to earn the degrees of MBA and Master of Science. The goal is to provide targeted assistance to especially gifted students from all over the world. In addition, graduates have good opportunities to get their careers off to an international start at tesa.

In the field of supporting institutions that aid sick or socially disadvantaged children

Hamburg, Germany: Instead of giving out Christmas cards and gifts, tesa supports the Sternenbrücke (Bridge to the Stars) children's hospice in Hamburg each year. Since 2003, the hospice has provided terminally ill children and their families with care that is both professional and kind in equal measure. In 2006, tesa enabled the hospice to purchase an urgently needed ventilator.

Our involvement and commitment includes local, personal aid to children in areas where our subsidiaries are located, such as in Hungary. tesa is also promoting the next generation in the sciences, such as at the Northern Institute of Technology (NIT) in Hamburg, Germany, and providing help for sick children (here, at the Sternenbrücke hospice in Hamburg).



United States: In 2007 tesa employees collected donations for cancer research by participating in a 24-hour fundraising run organized by the American Cancer Society. tesa employees sponsored a booth and sold products and food, with the proceeds also going to cancer research.

Australia and Austria: tesa supports associations and foundations that help make the wishes of severely ill children come true (the Make-A-Wish Foundation and Stiftung Kindertraum).

Eastern Europe: Pediatric hospitals in Eastern Europe often lack the financial means for necessary medical purchases and therapeutic measures. In 2006, our subsidiaries in this region, acting in cooperation with the organization "Smiling Hospitals," provided financing for important medical equipment. To help sick children during their healing process they also implemented musical and theatrical events through collected donations. In 2007, tesa employees donated climbing structures for a children's playground to the village of Alsómcsolád, in the south of Hungary, and worked together with village residents to set up the structures.

Our outlook for 2008

In the future, we will continue to be involved worldwide as a responsible, socially active citizen and will further expand our existing activities. Protecting and supporting children and youth in their development and training will continue to be the focus of our activities. To create transparency, enable the free exchange of ideas and opinions, and prompt further involvement, we are intensifying internal communications regarding our social activities in our company media. Our aim in doing so is to provide examples and suggestions and convey know-how. Our subsidiaries are implementing our strategy locally and bringing in their own ideas, since they know best what is needed in their surroundings. We have established our own Corporate Responsibility Team, which strategically coordinates all of the measures and monitors and supports the subsidiaries in an advisory capacity.



Balancing Economic and Ecological Well-Being

For us, economic success and environmental protection are equally important corporate goals that we pursue across every position and location



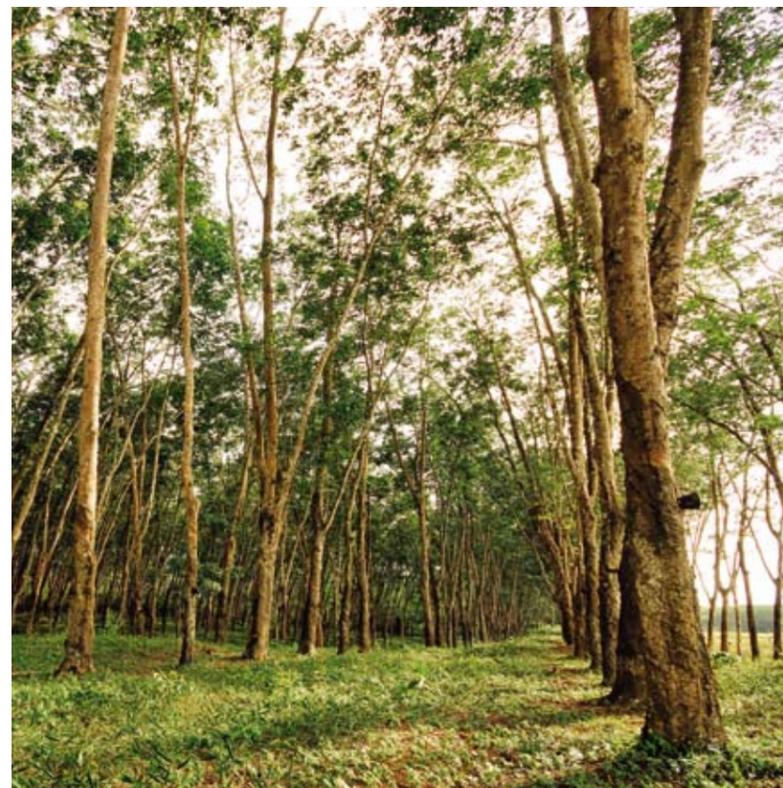
We use the latest technologies to protect valuable resources on a sustainable basis.

We are firmly convinced that sustainable stewardship is one of the main prerequisites for generating confidence in a brand. It is an essential factor in our economic success. Our environmental goals are part of the Integrated Management System (IMS) tesa, which forms the basis for our worldwide operations. In the IMS, guaranteeing consistent quality, environmental protection, and occupational safety are closely inter-related and firmly anchored at the corporate management level. Throughout the company, we have implemented a sophisticated environmental management system in which relevant processes are reviewed regularly. New findings are integrated into the system and it is actively adjusted to important changes.

Our environmental guidelines, which apply throughout the company, further demonstrate our provident approach to dealing with environmental problems. For



One of our most important raw materials is natural rubber. State-of-the-art technologies and highly qualified teams worldwide ensure that we are able to process this and other base materials with minimal environmental impact. The teams work together to pursue ambitious goals in the reduction of emissions and use of solvents and energy.



example, we subject raw materials to a comprehensive ecological evaluation before using them in tesa products.

Our commitment to the worldwide “Responsible Care” initiative of the chemical industry and our adherence to the “Responsible Operations” guidelines of the Association of the German Chemical Industry (VCI), as well as our participation in the Hamburg Eco-Partnership at our main headquarters, offer further proof of our focus on sustainable stewardship.

We have won numerous awards for our involvement. For example, the B.A.U.M. initiative granted tesa its 2005 Environmental Award “for practical accomplishments in favor of provident, sustainable, and holistic environmental protection at a business.” At nearly the same time, the Association of the German Chemical Industry distinguished tesa with the Responsible Care Award for its achievements in the area of environmental protection.

When it comes to environmental protection, what counts is not good intentions, but solely positive results. With this in mind, we have set ambitious quantitative goals for ourselves and are obligated to meet them within a period of five years.

Our goals are to reduce our use of solvents, VOC (volatile organic compound) emissions, waste, and CO₂ emissions, and to achieve lower energy consumption. We view the statutory requirements and official directives as the minimum standard. Based on a systematic review of all our business and production processes with regard to environmental impact and risks, we have

developed and implemented a total of more than 70 individual projects at tesa locations all over the world. For example, the tesa plant in Malaysia has put a highly efficient new solvent recovery system into operation. The largest tesa production location, in Offenburg, Germany, and the tesa plant in Concagno, Italy, have switched more products to an innovative solvent-free coating technology developed and patented by tesa. The plant in Suzhou, China, has optimized the use of waste heat. We use these and many more initiatives to promote responsible environmental conduct.

By taking extensive measures, we succeeded in meeting the environmental goals set for the period from 2002 through 2007, even considerably exceeding them in many areas. For example, use of solvents was reduced by 41 percent, energy consumption by 26 percent, and waste by ten percent.

We assess the effectiveness of our environmental projects each year by implementing a monitoring process that compares the goals and outcomes. If there is any discrepancy, we initiate additional measures.

For the period from 2007 through 2012, we have set the following goals for ourselves:

- VOC emissions:** - 50 percent
- Use of solvents:** - 15 percent
- Energy use:** - 10 percent
- Waste:** - 5 percent
- CO₂ emissions in Europe:** - 10 percent



Certified environmental protection

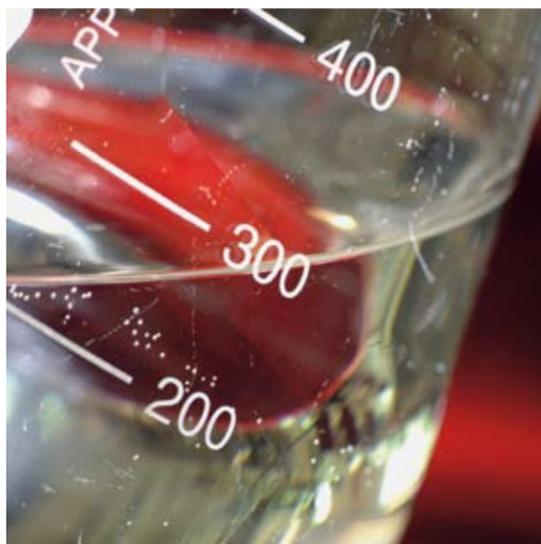
For tesa, following international quality, environmental, and occupational safety standards is a matter of course. As part of our Global Certification Concept, which we established ourselves, compliance with these standards is reviewed regularly by accredited certification companies. Nearly all of our production locations are now certified under the ISO 14001 environmental standard, and certification is planned for 2008 in the Suzhou, China and Singapore locations. All of our locations already meet the ISO 9001 quality standard.

Development of innovative technologies

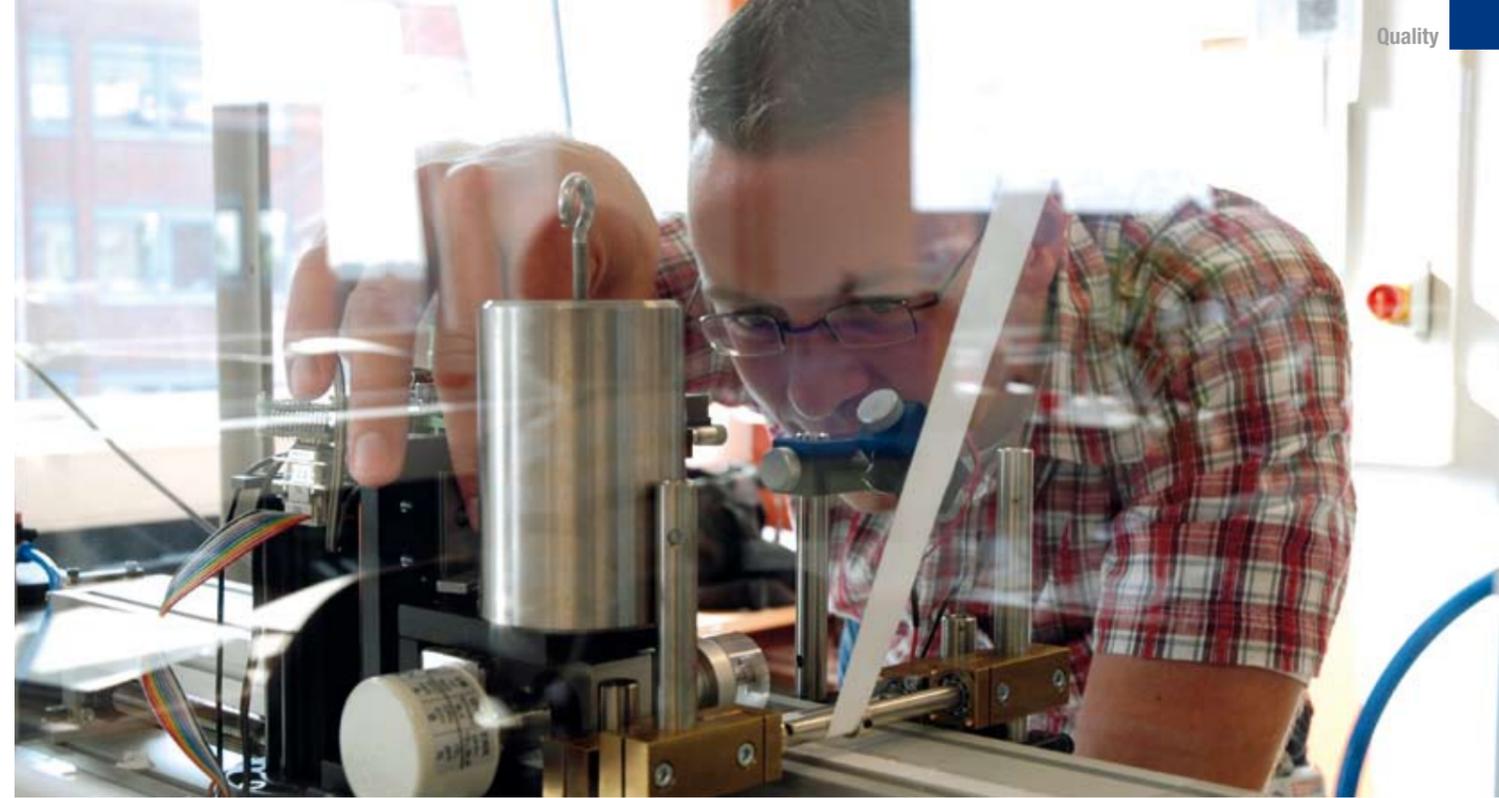
One consequence of our environmental program was the realignment of our production operations. Patented technologies developed by tesa enable us to use brand-new, solvent-free coating processes. Sixty percent of all products produced at the tesa plant in Offenburg are already manufactured in-line with this process, with improved product quality as a welcomed side effect. An innovative acrylate system also makes it possible to coat special products for bundling cable sets for the automotive industry, all without using solvents. The plants in Malaysia and Concagno, Italy, are already producing half of their production volume without the use of solvents.

It is not yet possible to completely eliminate solvents in the production of technical adhesive tapes, but harmful emissions can be prevented in large measures, even if traditional production methods are used. The plant in Hamburg offers a good example: Painstaking recovery and purification processes enable the reuse of solvents, thereby keeping emissions to a minimum.

tesa is also participating in drafting BREFs (best available techniques reference documents), an extensive set of documents to apply throughout the European Union. Their goal is to assist government agencies in applying and implementing environmental protection requirements when granting permits and authorizations. By taking part in these initiatives in the field of innovative technology, tesa is working toward the development and use of environmentally friendly technologies.



Reducing the amount of solvents used in production is one of the major challenges facing our industry. The latest technologies now allow some plants to eliminate solvents to a large extent; where that is not the case, closed loops ensure efficient use.



Seamless Management for Top Quality

Wherever tesa products are used – at home, at work, at school, or in industry: For generations, the tesa® brand has stood for reliability and quality

To meet our high standards for the quality of our products, we make intensive monitoring of production processes and testing of the raw materials we use a top priority. Ongoing evaluation of our suppliers is also particularly important. We communicate with our suppliers regularly to optimize the materials being used.

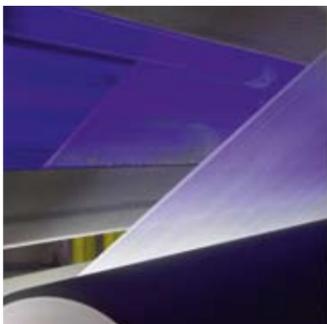
The basis for our quality goals is the binding quality guidelines that apply throughout the company. Among other things, these guidelines set out our constant drive to improve in every area, our “zero-error philosophy,” and the continuous monitoring that our business processes are required to undergo.

Our quality assurance measures apply at every stage of product development, from production all the way to sales. The development process starts with a precise analysis of the characteristics required for the use of the product. The development process itself involves the use of established quality management instruments, such as design of experiments (DoE), and failure mode, and effects analysis (FMEA). Quality in series production is ensured with the help of statistical process control (SPC) and process FMEA. Some of the features that distinguish the quality of our service are our dependable compliance with the required product characteristics, advising in application techniques, and fast response times.

Our internal benchmark is the internationally recognized ISO 9001:2000 standard for quality management systems. In addition, we also observe the standards of the automotive industry.

All locations that produce for this sector are additionally certified under the ISO/TS 16949:2002 international automotive industry standard.

This means that tesa meets extraordinarily challenging standards set by some of the company's major partners in industry. The end result is satisfied customers. This is particularly demonstrated by our various awards. In 2006, for example, automaker Ford granted tesa its second Q1 Award. This is the highest possible classification for Ford suppliers and a significant quality distinction. The tesa subsidiary acos also received a Q1 Award from Ford and further distinctions from Kraft Foods and VW. The Brazilian Association of Flexography (ABFLEXO) granted tesa Brazil the title of “Best Supplier of the Year 2005” in the double-sided tape category.



Our Most Valuable Capital

Our employees have made the company what it is: Today, tesa is the world market leader in self-adhesive systems for many fields of application

Our ability to bring the right people into the company and retain them is a central factor in our success. Appreciation of our employees is one of our firmly established management principles. One focus of leadership positions at tesa is to enable employees to develop and successfully implement visions and strategies. The priorities for all the divisions of the company are set with this in mind. Our aim is to create a great deal of latitude and give employees corresponding decision-making authority, creating a fun work environment at tesa.

Providing employees with opportunities to obtain further qualifications and training is a high priority to which we dedicate a great deal of time. One important

tool we use to improve performance, support employees, and develop our staff for new duties is ongoing feedback, including feedback for management. Since 2005, tesa has offered its managers the opportunity to review their own behavior from a critical standpoint through a communications process carried out together with the team: the tesa management feedback process. Using anonymous questionnaires, which was developed jointly by employee representatives and the human resources department, compares managers' and employees' views of themselves and others.

Training sessions and specific skills training are other venues we offer to give our employees further qualifications.

To ensure that comprehensive information is provided and that the company communicates extensively with the employees, media such as the employee magazine inside:tesa and the tesa intranet were created as part of an across-the-board communications strategy that aims to promote an unmistakable international corporate culture.

The company's innovative personnel policy has won multiple awards. In 2007 the jury in the "Top Job" competition, which was held under the auspices of former German Minister of Economics Wolfgang Clement, named the tesa plant in Harsislee, near Flensburg, Germany, as one of the top 100 mid-sized German



Two of the principles of our personnel policy are creating latitude and enabling decision-making skills. Low accident figures demonstrate the success of the comprehensive measures we have taken to promote occupational safety, which is a top priority.



employers. The tesa plant in Suzhou, near Shanghai, was distinguished by the district government as one of the 19 best employers among the 2,000 companies present in the industrial park. In addition, the F.A.Z. Institute of the Frankfurter Allgemeine Zeitung, a major German daily newspaper, granted the largest tesa plant, in Offenburg, its TOP Business Award. The jurors were won over by the innovative models for employee working hours, progressive programs to promote employee responsibility, and motivation, as well as leadership skills in the management of all three plants.

Since 2004, tesa has been supporting the "Fair Company" initiative. This initiative distinguishes companies that offer graduates good career opportunities rather than employing them as long-term interns, and thus using them as inexpensive labor in positions beneath their qualification levels.

In March 2007, the company also established an internal complaints office serving all employees of tesa AG and its subsidiaries. It offers assistance to all em-

ployees and applicants who feel they are being or have been discriminated against on the basis of race, ethnic origin, religion, creed, disability, age, or sexual orientation.

Occupational safety is a high priority at the company. The occupational safety guidelines pursuant to the international OHSAS 18001 standard apply within the company. tesa has achieved great success in preventing injuries and job-related health risks, as the extraordinarily low accident rates at the locations demonstrate. One of the most important goals of occupational safety is the systematic determination of where hazards lie, and the assessment of the risks that arise from those hazards. The locations regularly exchange information and opinions concerning known sources of danger. As far back as 2006, tesa's German locations achieved the lowest accident numbers in the history of tesa AG: just 2.8 reportable occupational accidents for every 1,000 full-time employees. That corresponds to 73 percent fewer reportable occupational accidents than in 2002.

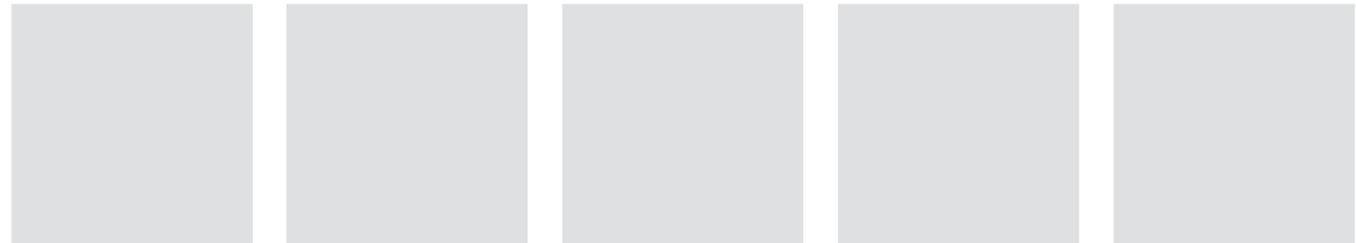
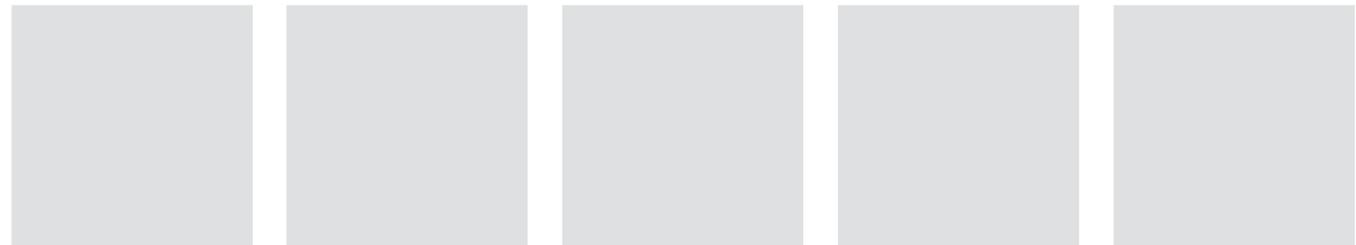


tesa AG: Self-Adhesive System Solutions for the World

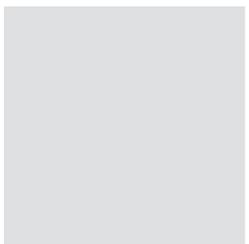
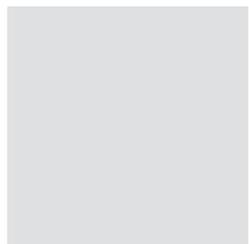
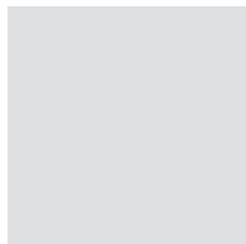
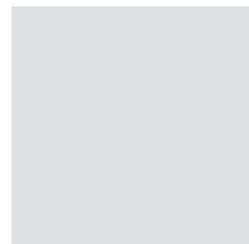
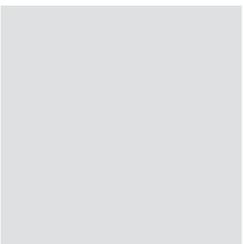
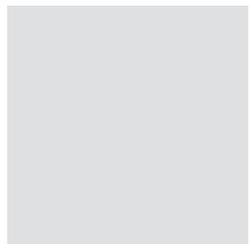
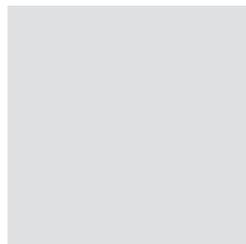
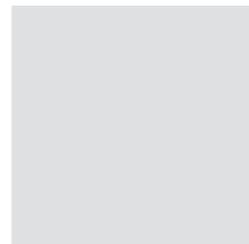
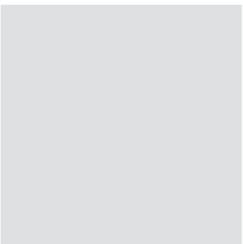
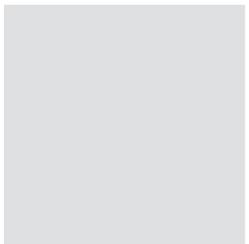
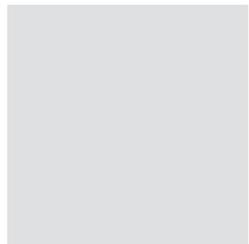
tesa AG is one of the world's leading producers of self-adhesive product and system solutions for industry, trade, and consumers

Over one hundred years of experience in coatings technology, the development of adhesive masses, and innovative product solutions have earned the Hamburg-based company a top spot on the world market in many fields of application. In Germany, where the tesa® brand enjoys name recognition of 98 percent and a degree of popularity of 76 percent, tesa® is among the country's strongest brands. Generations have grown up using transparent tesafilm®, which was first developed in 1935 and served as the cornerstone for the broad product portfolio that has followed in the current era. More than 6,000 products developed and produced by tesa are marketed in over one hundred countries. The company achieves more than three-quarters of its total sales volume with special system solutions for industrial customers, ensuring in many sectors that processes are optimized and end products thereby improved. For example, a mobile phone, digital camera, or LCD display may utilize up to 20 tesa products, and more than 50 tesa solutions may have been used in manufacturing a car. Slightly less than one-quarter of the company's sales volume is attributed to consumer-oriented solutions intended for everyday use at the office and in homes and gardens. In these settings, tesa® products support people in designing their environments themselves, thus enhancing quality of life.

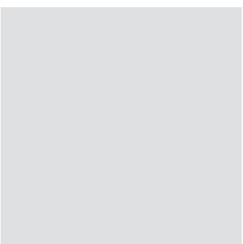
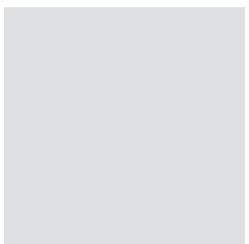
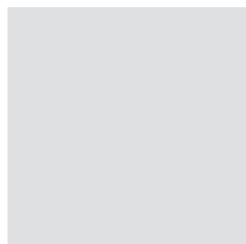
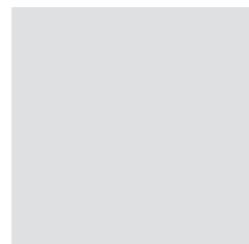
tesa AG has been an independent corporation since 2001. Currently, about 4,000 employees across 51 subsidiaries support the company's presence in all of the important industrial markets around the globe. Employees at the ten tesa production sites worldwide ensure that the company is always close to its customers. Research laboratories in Germany, United States, China, and Singapore guarantee continuous development of innovative products. A globally oriented company, tesa earned overall sales of over 850 million euros in 2007, 71 percent of it in international business and 29 percent in the company's home market of Germany.



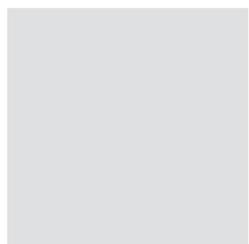
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tesa is always right next door to the customers: 51 subsidiaries based all over the world ensure a direct connection everywhere. In total, about 4,000 employees work for tesa, on nearly every continent. Our goal is not only to actively participate in globalization, but also to play an active role in shaping its course.



