



Connecting, Changing, Charging Ahead

Sustainability Report 2020



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Dear Readers,

in 2020, we took our sustainability activities to the next level and made “Sustainable Growth” a key element of our corporate strategy. At the heart of this is our new sustainability agenda. It provides us with a schedule and sets out the path we need to pursue in order to make our business model even more sustainable – holistically throughout our entire value chain. This agenda consists a series of goals and measures that guide our sustainability activities in relation to the environment, our customers and society. It also helps us to align our efforts with global objectives such as the Sustainable Development Goals and the Global Compact principles.

I am proud of the fact that we made strong progress in the area of sustainability in 2020. This was a year full of challenges and dominated by a pandemic that turned our lives upside down from one day to the next. At the same time, however, we discovered that even during a crisis – or perhaps especially during a crisis – a good strategy focuses on the key issues and provides the right framework for action.

As a multinational technology group, it has always been important for us to assume social responsibility. It was and is especially important for us to participate in the efforts to alleviate the grave effects of this global crisis. Therefore, we decided early on to set up our own donations initiative as part of the large-

scale assistance program established by our parent company, Beiersdorf. Continuing far into 2021, we will donate a total of five million euros to selected charitable relief organizations and projects committed to mitigating the effects of the pandemic.

We are aware that this is only possible because tesa is in a financially solid position and we have successfully coped with the coronavirus crisis to date. This once again demonstrates how important it is to establish a healthy balance between economic, ecological and social issues – the three core dimensions of the concept of sustainability.

As an industrial company, we seek to minimize the environmental impact of our business activities. In fact, our products should increasingly help to protect the environment. At the same time, our industrial customers are increasingly shifting their focus to sustainability. Likewise, many private consumers are attaching great importance to the environmental friendliness of products and manufacturing processes. This equally informs our goal of continuously improving the level of sustainability of our adhesive solutions as well as our processes.

In 2020, we made solid progress toward our goal of achieving a climate-neutral business model by 2050: In absolute terms (according to the market-oriented



method) we cut our CO₂ emissions by 23 percentage points between 2018 and 2020. Moreover, in the reporting year we were again awarded a silver medal in the EcoVadis sustainability ratings. Our sustainability performance is thus once again above-average for our industry.

I therefore have an optimistic view of the future. Not least, 2020 demonstrated what we are capable of as a society when the chips are down. I am proud of what our employees accomplished during this difficult year. Special thanks go to them.

This report provides you with further information on the progress that we achieved in ecological and social areas in 2020. I wish you an inspiring and informative reading experience!

Dr. Norman Goldberg
Chief Executive Officer of tesa SE

About This Report

This year, our sustainability report provides an insight into tesa's worldwide commitment as well as the economic, ecological and social impact of our corporate operations in 2020.

As a participant in the UN Global Compact, tesa undertakes to observe ten universal principles in the areas of human rights, labor standards, environmental protection and corruption prevention. This year, our report will exclusively present for the first time, the level of progress that we have achieved according to the UN Global Compact. We comply with our reporting obligation through our parent company, Beiersdorf, and publish a joint non-financial disclosure (NFD) in Beiersdorf's annual report.

Our new sustainability agenda is at the heart of this report. We have prepared information on all of the relevant measures and results of our sustainability activities in the following five areas:

- [Environment](#)
- [Customers](#)
- [Society](#)
- [Commitment](#)
- [Compliance](#)

In 2020, we once again carried out a materiality analysis in order to find out which topics are particularly significant for our activities and our reporting. This analysis combines our own internal assessment of

sustainability issues with that of our external stakeholders such as customers, policy makers, environmental and human rights organizations and other social groups. Based on this analysis, tesa has defined ten key topics: climate and energy, water, resource efficiency, product sustainability, product safety, human rights, occupational health and safety, employee development, diversity and equal opportunity, and prevention of anticompetitive behavior.

This report is available in German and English. The German version is authoritative. Like all of the versions published in previous years, it is available online at tesa.com/en/sustainability.



The tesa Business Model

As a multinational company, tesa has developed innovative adhesive tapes and self-adhesive system solutions for industry, commercial customers and consumers for 125 years.

The company offers more than 7,000 adhesive solutions that help to improve the work, products and lives of its customers. Sustainability and energy-saving methods are now a paramount concern. Together with its international customers, tesa develops tailored innovations at the product and process levels. More than 130 tesa tapes can thus be installed in an electric car and over 70 in a smartphone. With its special adhesive tapes, tesa is also continuously entering new segments and countries in the printing and construction industries. With 300 applications and products for consumers and professional craftsmen, such as the legendary tesafilm, we make life easier and even a little more pleasant, as in the case of insect protection. tesa is one of the world's leading manufacturers of adhesive solutions.

The Group and Its Affiliates Worldwide

With approximately 4,700 employees and 62 affiliates, tesa operates in more than 100 countries. tesa SE is a wholly owned and independent affiliate of Beiersdorf Aktiengesellschaft.

7,000 Products

tesa offers more than 7,000 products and solutions.

Applications for various industry sectors account for about three-quarters of the Group's sales (2020: 1,325 million euros). tesa operates worldwide with a focus on Europe, followed by the regions of Asia, North and South America and Asia Pacific. In addition to its German sites, the affiliates in China, the United States, Italy and Singapore are among the largest single companies in the tesa Group.

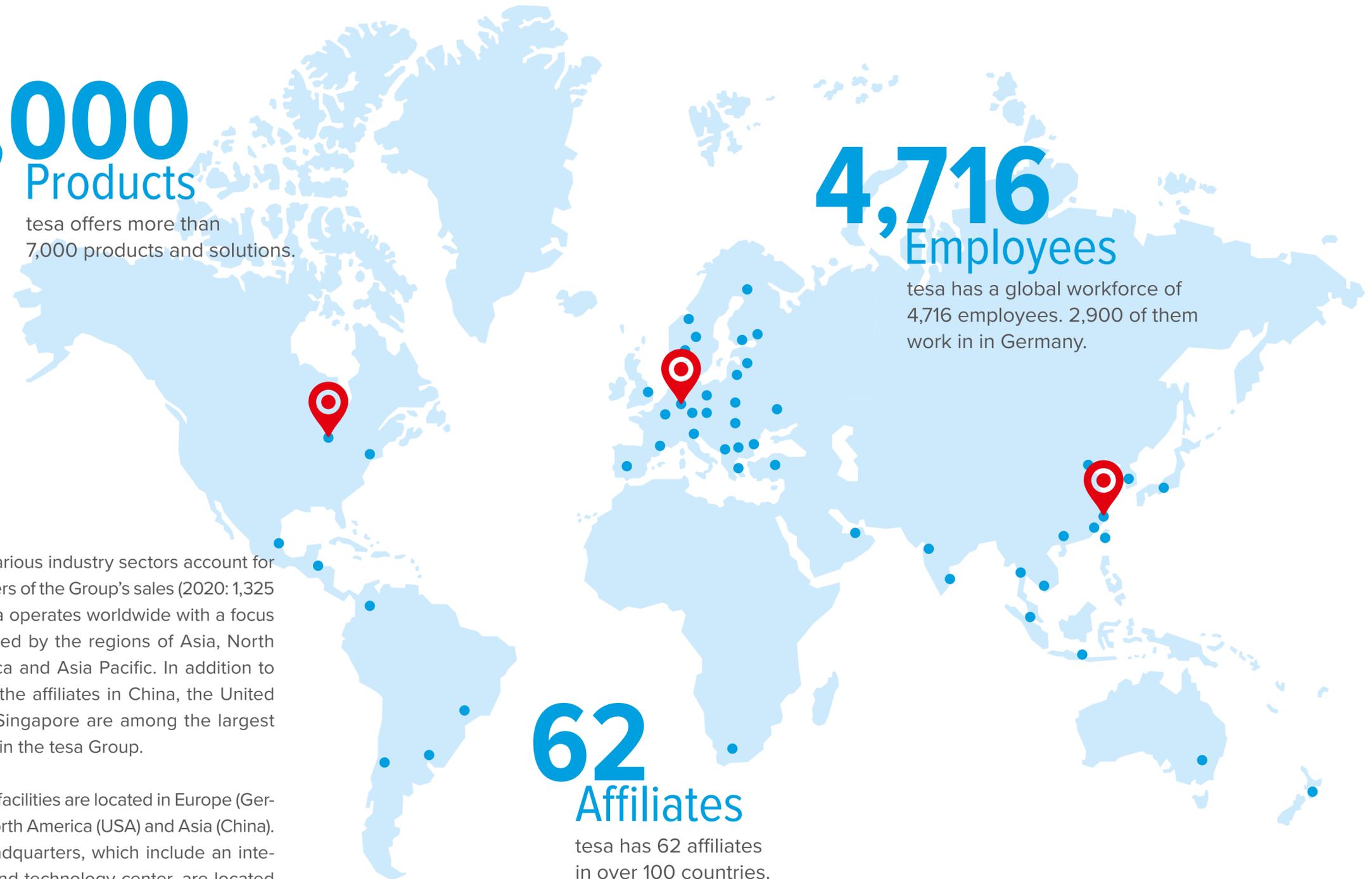
Our 14 production facilities are located in Europe (Germany and Italy), North America (USA) and Asia (China). The company headquarters, which include an integrated research and technology center, are located in Norderstedt, near Hamburg, Germany.

4,716 Employees

tesa has a global workforce of 4,716 employees. 2,900 of them work in in Germany.

62 Affiliates

tesa has 62 affiliates in over 100 countries.



Strategic Alignment

Innovations and pioneering product developments on the basis of state-of-the-art technologies, a high level of quality, reliability and excellent service are key elements of the philosophy behind the tesa brand and tesa's success. That includes developing effective solutions together with the company's customers for the respective markets and working out customer needs.

With regard to the development and sales of innovative, market-driven adhesive solutions under the tesa® brand, the company focuses on the following strategic vision:

“Become a truly multinational company ...

- tesa acts globally while taking account of local needs and adapting to them.

... with a focus on selected markets ...

- We focus on profitable growth markets where we can differentiate ourselves from our competitors.

... and an equally strong presence ...

- We aim to strike a greater balance in terms of sales, employees and infrastructure.

... in Asia, the Americas, and Europe.”

- We intend to defend our leading market position in Europe and to invest in the expansion of our presence in Greater China, the Asia-Pacific region and North America.

tesa's various customer groups and their expectations have always been at the heart of everything the company does. tesa is responding with modern structures, processes and mindsets to significantly heightened requirements. At the same time, the company is using the opportunities of digitalization in order to further boost the level of service which it provides for its customers and to reduce costs. The following factors are key to our success:

- Comprehensive knowledge of specific customers' needs, production processes, market requirements and industry trends
- Comprehensive knowledge of the wishes and needs of end customers and the expectations of partners in the retail trade, so that we can meet their requirements efficiently and offer high sales productivity per unit area
- Ongoing staff training and continuous improvement of business processes to enable efficient and rapid implementation

We take corporate responsibility in our business processes. In 2020, we incorporated the element of “Sustainable Growth” into our business strategy and approved a new sustainability agenda. This covers the three areas of environment, customers and soci-

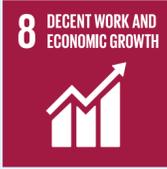


ety and applies throughout our entire value chain. In line with a good, responsible corporate management, we are guided group-wide by our internal standards such as the tesa Code of Conduct (see p. 45) and our environmental guidelines. With our Code of Conduct for Suppliers (see p. 27), we also obligate our key business partners to comply with our sustainability standards.

Solutions and Products for Industry, Trade and Consumers

Our business consists of two different business units: The Direct Industries division, which generates roughly three quarters of our sales, supplies tesa's industrial customers – in the automotive, electronics, printing and paper and building and construction industries

in particular – with specialized system solutions. Our products are also used in the area of renewable energy and in the household appliances sector. Trade Markets, the second business segment, encompasses those markets in which tesa supplies end customers with market-driven products via retail partners or trade related channels online or directly. In addition to product ranges for private consumers and craftsmen, this includes adhesive tapes that are intended for commercial customers. These are marketed primarily via technical retailers, but increasingly also online.

SDG	Goal	Measure	As of the end of 2020
	100% purchased green electricity by 2025	<p>Global purchasing of green electricity</p> <p>Since the end of 2020, renewable energy sources provide 100 percent of the electricity purchased for all of our sites worldwide. We are supporting the development of renewable energy by purchasing green electricity.</p> <p>See the “Environment” chapter of this report, p. 11</p>	100% achieved
	80% Sustainability assessments to cover 80% of our direct purchasing volume by 2025	<p>Sustainability assessment of direct suppliers</p> <p>We cooperate closely with our suppliers in order to achieve a more sustainable supply chain. In mid-2020, we initiated a program together with EcoVadis for the assessment of our suppliers’ sustainability performance. Safeguarding high environmental and labor standards is a core priority here.</p> <p>See the “Society” chapter of this report, p. 26</p>	31% achieved
	30% absolute reduction in our Scope 1 and 2 emissions* by 2025 by comparison with 2018	<p>Reducing our carbon footprint</p> <p>Through our climate protection goal, we aim to cut our CO₂ emissions by 30 percent in absolute terms by comparison with 2018. This goal is consistent with the scientific consensus that global warming should not exceed 1.5°C.</p> <p>See the “Environment” chapter of this report, p. 11</p>	23% achieved

* Scope 1 comprises emissions resulting due to a company’s own activities – for instance, during production. Scope 2 comprises emissions arising through purchased energy – such as electricity.

Our Responsibility

Global challenges such as climate change and growing resource scarcity quite clearly demonstrate the need for us as a society to strike a balance between social, ecological and economic concerns. At tesa, we are facing up to this challenge and taking responsibility – both for the people who work for us and for the impact of our products and processes.

As a company with international manufacturing operations, we align our business processes with a sustainable economy. We assume responsibility at every stage of our value chain, from the procurement of raw materials to recycling, and we also require our suppliers to comply with high standards in their business processes.

Global Compact Principles and Sustainable Development Goals

We have been a member of the Global Compact of the United Nations since 2006. Our membership underscores our commitment to upholding internationally recognized social and environmental standards in our business activities. The ten Global Compact principles in the areas of human rights, labor standards, environmental protection and anti-corruption form the overarching guidelines for our actions. Since 2018, we have also contributed to the realization of the United Nations’ 17 Sustainable Development Goals (SDGs). The Sustainable Development Goals consti-

tute the core of the 2030 Agenda, a global action plan for sustainable development. They represent an important orientation framework for our work on sustainability. As a member of the business community, we consider that we also have a responsibility alongside policy makers and civil society to support the achievement of the Sustainable Development Goals.

In order to define as precisely as possible to which SDGs we can contribute with our activities and products, we have carried out a comparison with the 169 SDG targets. The result can be found in the index on page 46. We also include symbols at the start of every chapter to indicate to which Sustainable Development Goals we are contributing with the activities described in the respective chapter.

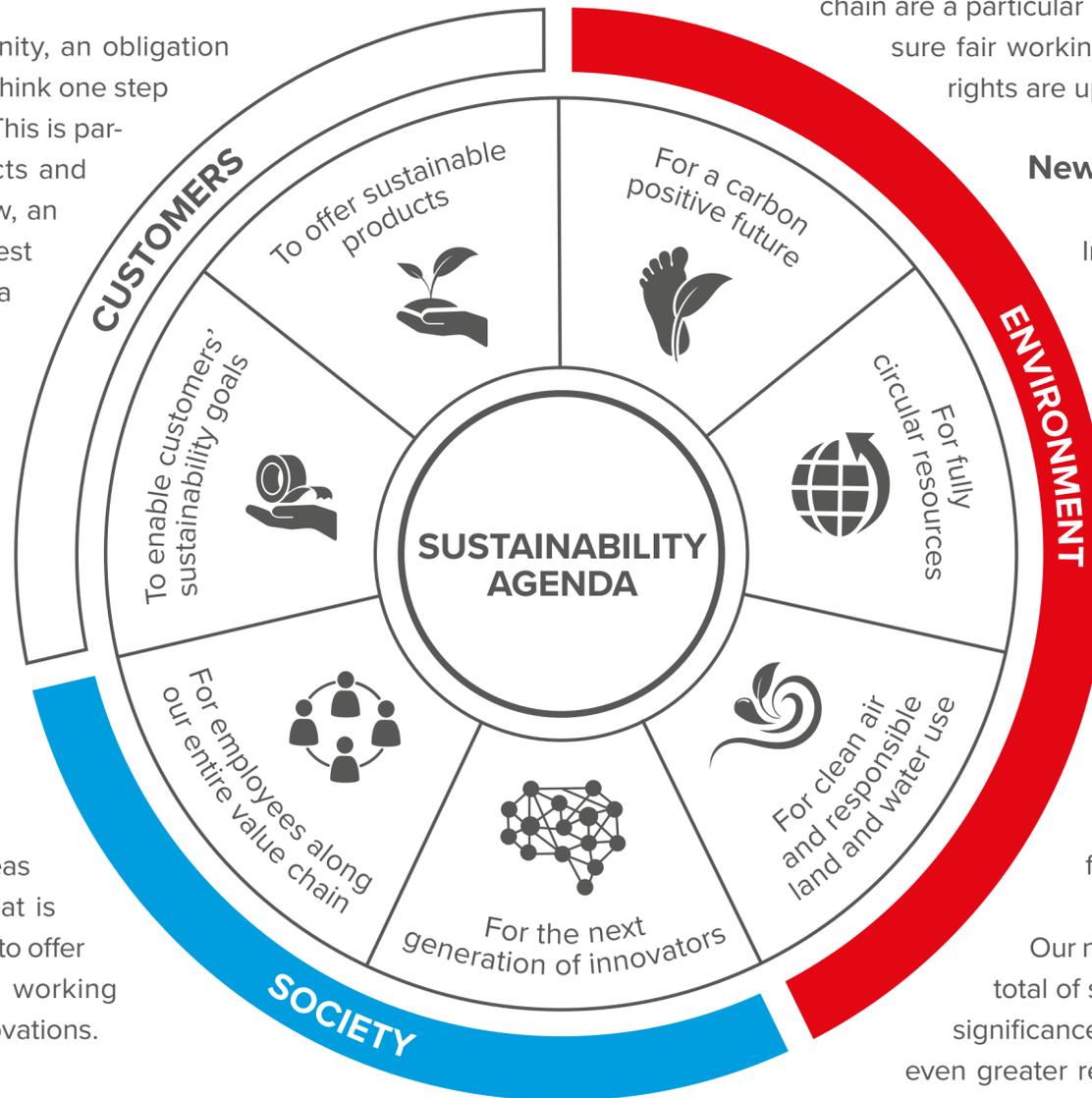
Our Agenda

Sustainability at tesa

We see sustainability as an opportunity, an obligation and as a philosophy. It requires us to think one step further and to continuously improve. This is particularly true in regard to our products and our production processes. In our view, an innovative product combines the highest level of quality and performance with a reduced environmental footprint. We are permanently working to ensure that our products conserve resources and protect the environment throughout their life cycle. In order to achieve that, we are continuously improving our level of energy efficiency, turning to renewable energy and testing out the use of alternative materials. Our goal is to achieve a completely climate-neutral business model by 2050.

To realize this objective, we use the ideas and expertise of our employees. That is why we are doing everything possible to offer them a safe, healthy and attractive working environment as well as space for innovations.

tesa has affiliates in more than 100 countries and a production network that encompasses almost every continent.

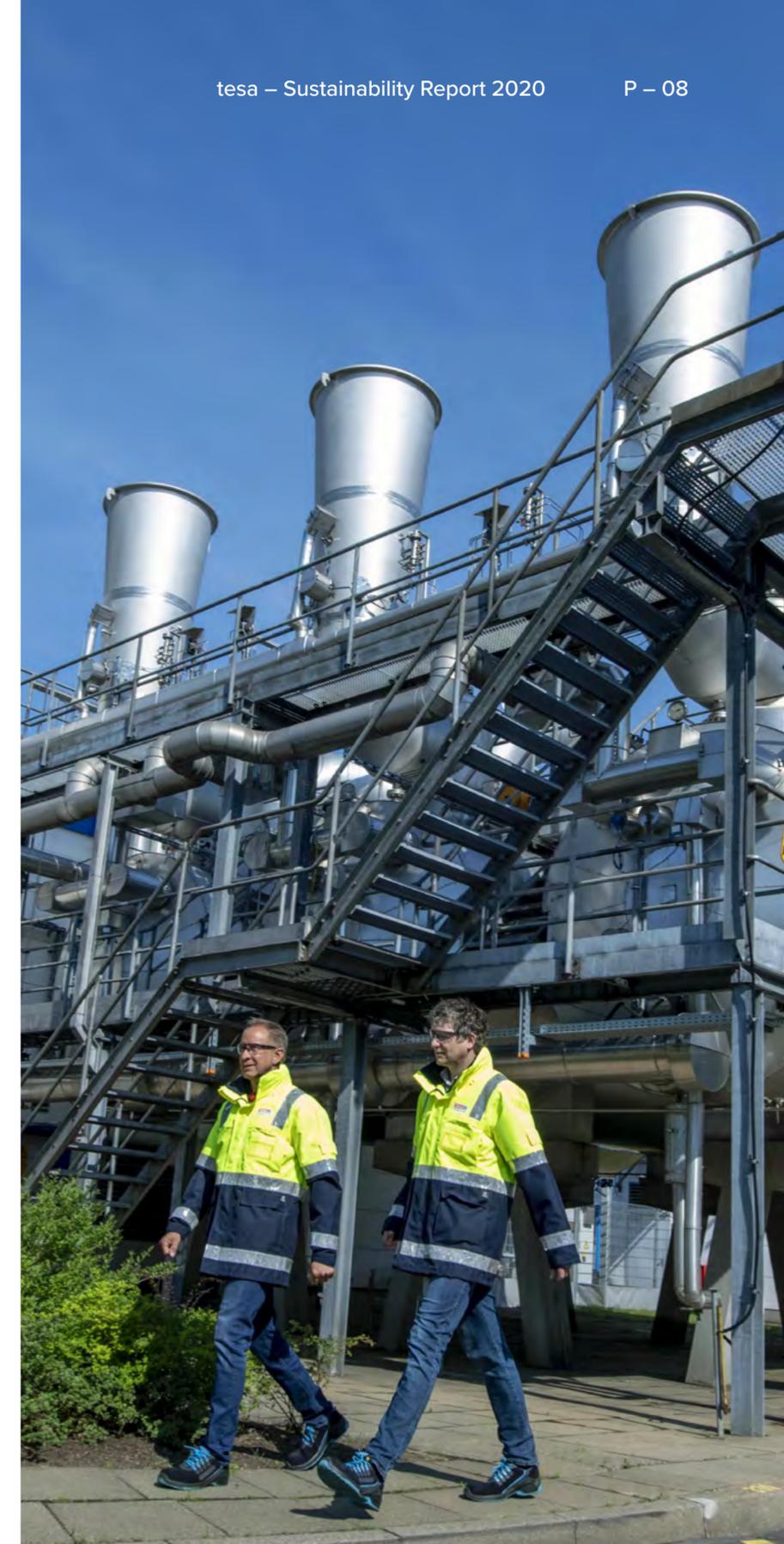


Therefore, our partners and suppliers who work for us along our value chain are a particular area of focus. It is important for us to ensure fair working conditions and that labor and human rights are upheld.

New Sustainability Agenda

In our view, business success and sustainability are compatible with one another. Sustainable products and processes are crucial to tesa's further growth. It is for this reason that we have made "Sustainable Growth" a core element of our corporate strategy. Our new sustainability agenda is at the heart of this strategy. It demonstrates how we can strike a balance between the three dimensions of environment, customers and society. Since 2020, our sustainability agenda has applied throughout our company and it provides us with a set of guiding principles for all of our business decisions.

Our new sustainability agenda encompasses a total of seven areas of focus that are of strategic significance for us and to which we intend to commit even greater resources in the future. We have already defined ambitious goals for these areas of focus, or are in the process of doing so.



Sustainability is Anchored Within Our Organizational Structure

Sustainability is firmly anchored within tesa’s core processes and business model. We have established an organizational structure to reflect this and have defined responsibility as a task that cuts across every area of our Group. Our Sustainability Committee is responsible for the decision-making process and management of our sustainability activities. This committee meets on a quarterly basis and consists of managers drawn from various business units and divisions. It is chaired by a member of the Executive Board. Our Sustainability Management department handles the planning and coordination of our engagement, while our specialist functions, regions and affiliates are responsible for the implementation of specific measures. We also regularly pursue a dialogue and coordinate our activities with our parent company, Beiersdorf.

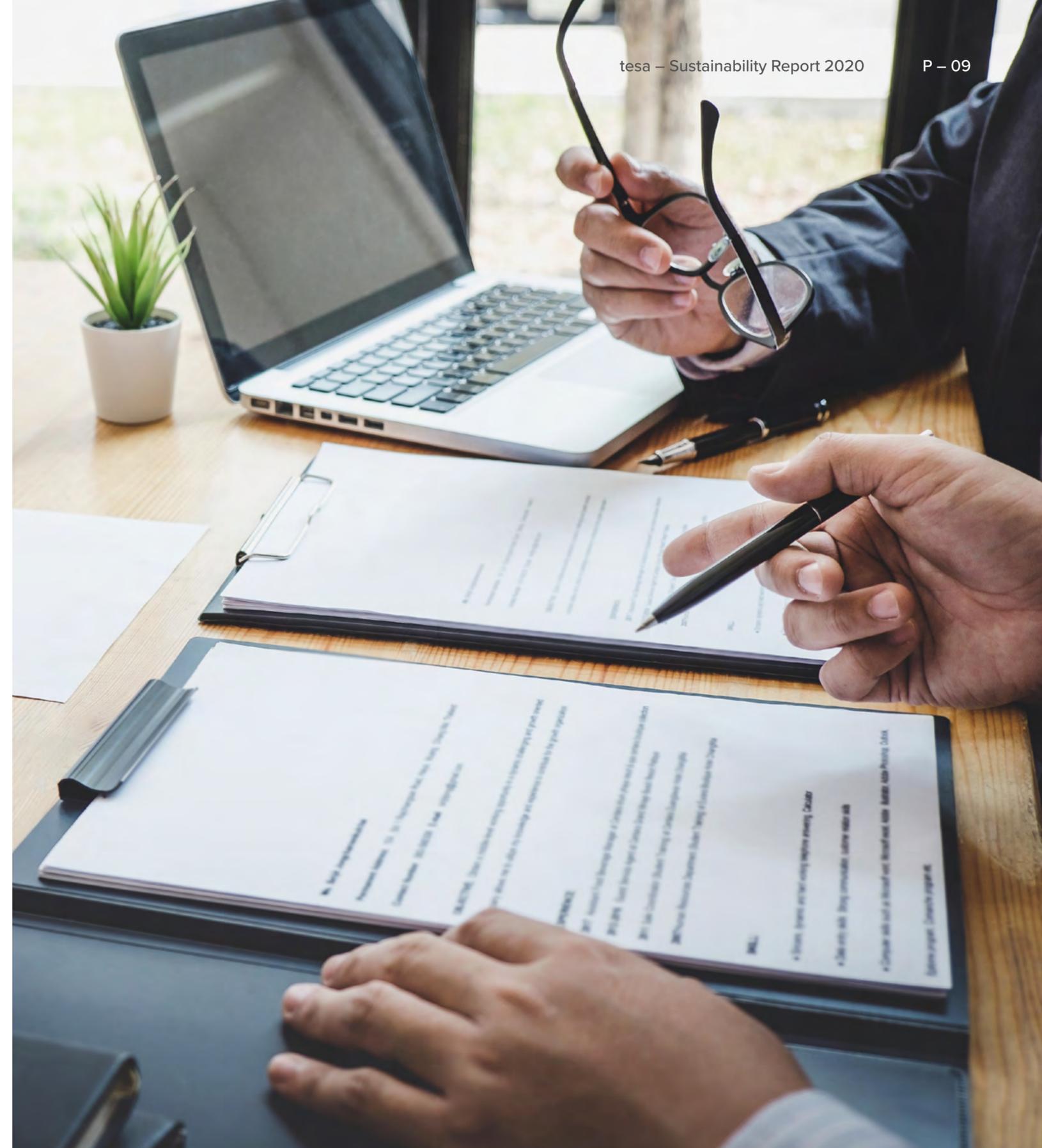
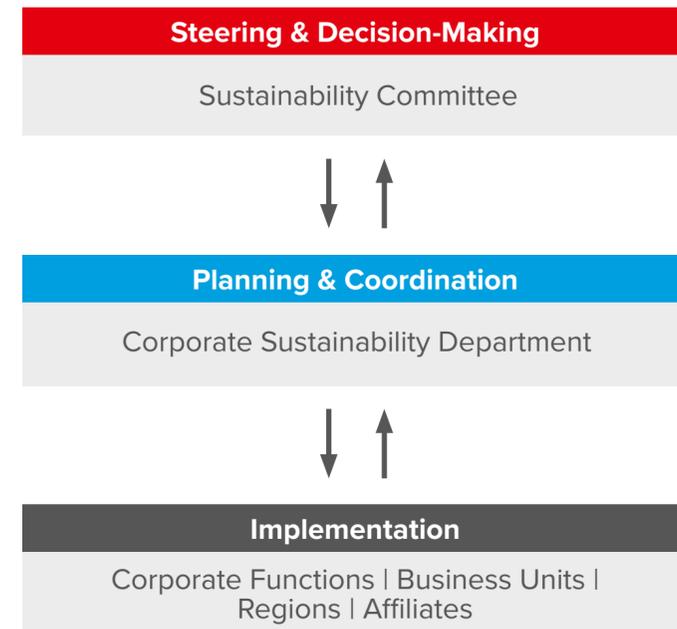
Ratings and Awards

Ratings and rankings regularly confirm our clear commitment to sustainability. We see the results of these assessments as a starting point for us to achieve further improvements.

CDP has awarded tesa a B score for its efforts in the area of climate protection. Its scale ranges from A to D,

with A as the best possible result. CDP is a charitable organization that carries out an annual questionnaire-based assessment of companies’ sustainability performance. In 2020, tesa also once again participated in EcoVadis’ sustainability ratings and was awarded a silver medal for its sustainability efforts. EcoVadis is a well-known rating platform for companies with global procurement chains.

Sustainability Governance



Interview with Angela Cackovich, Executive Board Direct Industries

In your role as a member of the Executive Board, you are responsible for sustainability at tesa – is that a topic which is of relevance for you in your daily life?

Yes, undoubtedly. Environmental protection is a frequent topic of discussion with my daughters aged 16 and 20. They are both very interested in sustainability and are thus a great source of inspiration for me. I think that we have a lot to learn from the younger generation and from initiatives such as Fridays for Future. They are demonstrating the courage to stand up for what is really important – and giving us adults a wake-up call.

With its new sustainability agenda, tesa has now anchored the topic of sustainability even more firmly within its corporate structure. What does this agenda consist of, and what role does it play for tesa?

At tesa, we see it as our corporate responsibility to participate in solving global challenges such as climate change and resource scarcity. Our agenda is holistic and forward-looking and provides all of our employees with a set of guiding principles, so that they can approach these activities with even greater

focus. It helps us to concentrate on those aspects of our business activities where we can be most effective and which are particularly important to us: from the circular economy principle via a climate-neutral business model to the promotion of talented young people. We aim to achieve significant improvements in each of the three dimensions of our agenda: our customers, the environment and society.

tesa already offers a large number of products that enable customers to adopt a more sustainable lifestyle. What is your view of the potential that sustainable solutions have to offer for the future?

Environmentally friendly products lost their niche status some time ago, and demand for them is growing continuously. Our sustainability agenda therefore includes the goal of a significant increase in our sales of sustainable products within the next five years. That includes our increased use of recycled or bio-based raw materials, solvent-free manufacturing and increasingly closing raw material loops. I am confident that, if we continue unwaveringly on our current path, we will be able to offer significantly more sustainable products in the near future – and thus also develop new sales opportunities for tesa.



“Environmentally friendly products lost their niche status some time ago, and demand for them is growing continuously.”

In your view, what does tesa have to offer in order to cope with the challenges of the future?

tesa has always been known for its capacity for innovation – and its untiring efforts to develop ever-improving solutions. In addition to our proximity to our customers, we are well positioned in order to use sustainability as an opportunity. I can see two areas of emphasis for the future: On the one hand, we need

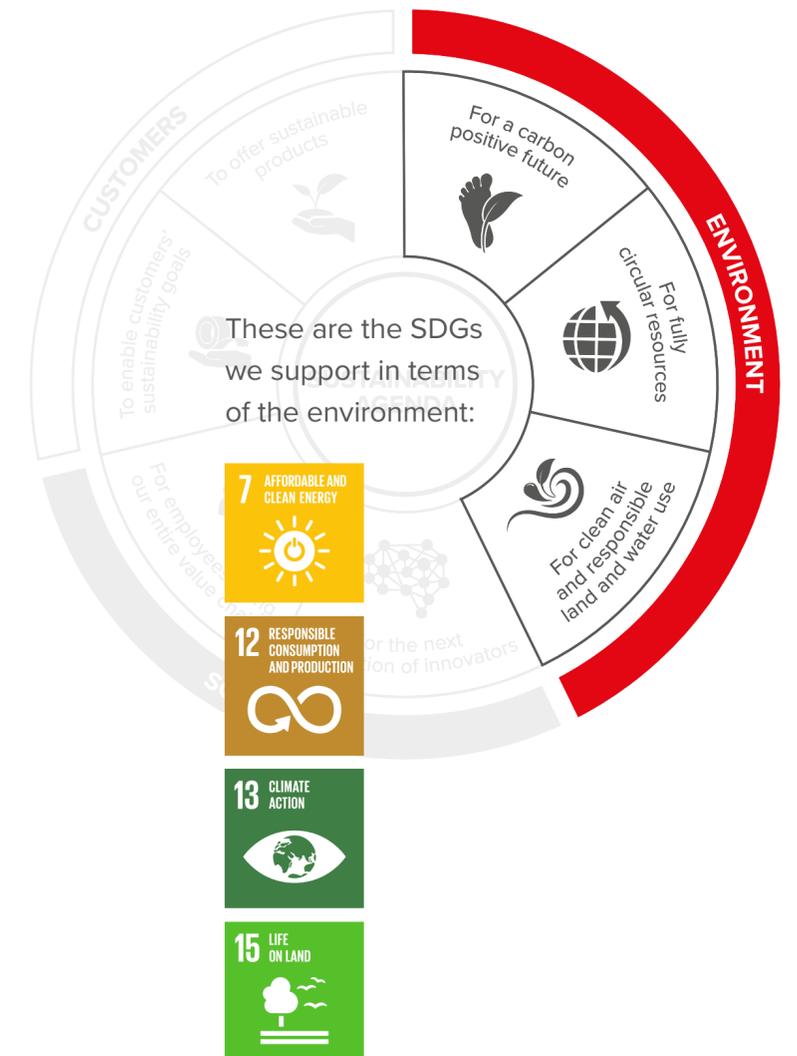
to focus on our own operations and continue to invest in environmentally friendly equipment, technologies and products. On the other hand, we need to help our customers to achieve their sustainability goals – and pull together with them. I am confident that we will achieve both of those goals.

Many thanks for the interview.

Environment

Reducing emissions and conserving resources is at the heart of our new sustainability agenda. We have set ourselves clear goals: By 2025, we aim to reduce our energy-related CO₂ emissions (Scope 1 and 2) by 30 percent in absolute terms (in comparison with 2018). We are even aiming to achieve a completely climate-neutral business model by 2050. tesa is thus firmly supporting the United Nations' goal of limiting the increase in the average global temperature to 1.5°C.

We are committed to the principle of a circular economy in terms of our responsible use of natural resources. We are doing our utmost to ensure that the materials used to produce our products can be recycled or otherwise reused at the end of their useful lives. We are doing everything possible in order to conserve water as a resource. We use water as sparingly as possible and prevent effluent from our production operations from polluting bodies of water.



Working to Protect the Climate

Climate change is one of the key social challenges of our time. It is important to limit the increase in the average global temperature to no more than 1.5°C. We are supporting this goal. At tesa, we are helping to protect the climate by consuming less energy, using it more efficiently and utilizing renewable energy. As part of our environmental program, our plants define the measures that they intend to implement every year and the level of reduction in CO₂ emissions thus achievable.

In 2020, we signed together with Beiersdorf the United Nations’ “Business Ambition for 1.5°C” global commitment letter. tesa has set itself an ambitious climate goal as part of this process: We aim to reduce our absolute CO₂ emissions by 30 percent compared to 2018 (Scope 1 and Scope 2 emissions according to the Greenhouse Gas Protocol) by 2025. The “Science Based Targets initiative” (SBTi) – a joint undertaking of CDP, the UN Global Compact, the World Resources Institute and the WWF – confirmed our Group’s goals in May 2020. Our reduction target is consistent with current scientific findings and the goal of limiting global warming to no more than 1.5°C. In addition, we have set ourselves the goal of achieving a zero-emission business model by 2050.

In the period from 2018 to 2020, we already reduced our Scope 1 and Scope 2 emissions by 23 percent in

absolute terms. We lowered our specific emissions per metric ton of end product by 13.7 percent in the same period.

A Systematic Approach to Perfecting Our Environmental and Energy Management

We are making continuous progress in our protection of the environment and the climate. Environmental management systems play an important role in this area. At eight of our sites, we are already employing systems which have been awarded an ISO 14001 matrix certification.

All of our production facilities with a related coating unit and/or adhesive production have been certified. Compared with other sites, these certified sites have high levels of energy consumption, for example due to drying or waste air purification processes. This means that they also have higher CO₂ emission levels: They cause much of our Scope 1 and Scope 2 emissions. The companies acquired since 2017 have not yet been integrated into this certification process.

In addition to our environmental management system, tesa’s headquarters and production facilities in Hamburg and Offenburg have energy management systems certified in accordance with ISO 50001.

23% Less CO₂

In the period from 2018 to 2020, tesa already reduced its direct CO₂ emissions (Scope 1 and Scope 2) by 23 percent in absolute terms.

Hamburg and Offenburg are our largest production facilities and have a high level of energy consumption by comparison with our other sites: They account for almost 70 percent of the CO₂ emissions of all of our ISO 14001-certified sites. Most of our employees work at our headquarters; our largest research and development unit, including a laboratory, is also based there along with the company’s testing and small-batch production facilities. Our energy management systems provide the basis to further increase energy efficiency at the sites. In the first quarter of 2020, Hamburg and Offenburg completed their first recertification audit according to the ISO 50001:2018 standard.



Safeguarding the Success of Our Activities

We also internally identify, assess and monitor the progress made by our ISO 14001-certified sites in reducing their CO₂ emissions. We review the effectiveness of our activities by keeping track of monthly site-specific energy consumption. We determine energy-related CO₂ emissions based on the guidelines of the Greenhouse Gas Protocol.

Energy consumption is an important lever in order to reduce our CO₂ emissions – and achieve related cost savings. We continuously identify energy-saving opportunities and optimize energy-intensive processes. Our environmental program and the results of our environmental audit provide the basis for these efforts. tesa corporate management is involved in this process every year through a management review. The environment experts at our respective sites are responsible for the implementation of specific environmental measures.

Conserving Energy and Resources With Smart Technology

We rely on highly efficient energy and resource-saving technologies to increase our level of energy efficiency. That includes the efficient generation of the company’s own energy: At several of our production

100% Green Energy

Since 2020, tesa has exclusively purchased electricity from renewable sources at all of its offices and production facilities worldwide.

facilities, we operate a combined cooling, heat and power system or a combined heat and power plant (CHP) to generate electricity. In these systems, we use both the electricity generated and the heat that is produced for production processes or for heating. Two new CHP plants were added in 2020: at our production plant in Italy and our Norderstedt headquarters. In the future, they will produce almost 11 GWh per year of additional electricity. We will thus cover nearly half of our electricity requirements ourselves.

It is also important that we continue to reduce our level of energy demand. In the reporting period, we optimized air conditioning in our technology center at our Norderstedt headquarters. We reduced our electricity consumption by turning down ventilation systems during non-operating times.



Green Energy: Using Electricity From Renewable Sources

We are purchasing renewable energy in order to achieve our climate goals. This enables us to reduce our carbon footprint. Since the end of 2020, we have sourced 100 percent of our purchased electricity from renewable energy sources such as solar energy, wind energy and hydropower. In connection with this goal, we carried out an electricity consumption and supplier survey at all of our offices and production facilities in 2020. Some of our sites already purchased electricity from renewable energy sources, and we acquired green electricity guarantees of origin* for our other sites for 2020.

We are also looking into installing our own photovoltaic systems at our sites. We commissioned feasibility studies in this area during the reporting period. On the basis of the findings, we decided to install a system at our production facility in Suzhou, China, by 2023.

* For the electricity it purchases, tesa acquires what are known as “International Renewable Energy Certificates” (I-RECs), European guarantees of origin or country-specific certificates.

72%

72 percent of our total emissions are attributable to purchased goods such as raw materials.

Reducing CO₂ emissions along the value chain

All emissions along the entire value chain that do not fall under Scope 1 and Scope 2 are assigned to Scope 3 emissions*. The main sources of emissions along our value chain include raw materials and goods. 72 percent of our total emissions are attributed to this category. We therefore see the increased use of recycled and biobased raw materials as a key lever for reducing our indirect emissions (see Products p. 20).

* Scope 3 comprises emissions caused by upstream and downstream activities along the value chain – for example, through suppliers.

Ensuring Clean Air: Avoiding VOC Emissions

In the period under review, we put into operation a second regenerative thermal oxidation system at our production facility in Suzhou, China, in order to minimize airborne emissions. This thermal oxidation system burns exhaust gas in the air resulting in purified exhaust gas, which is then discharged into the environment. We intend to install an additional regenerative thermal oxidation system at our production facility in Hamburg in order to achieve a further reduction in emissions of volatile organic compounds (VOC) there.

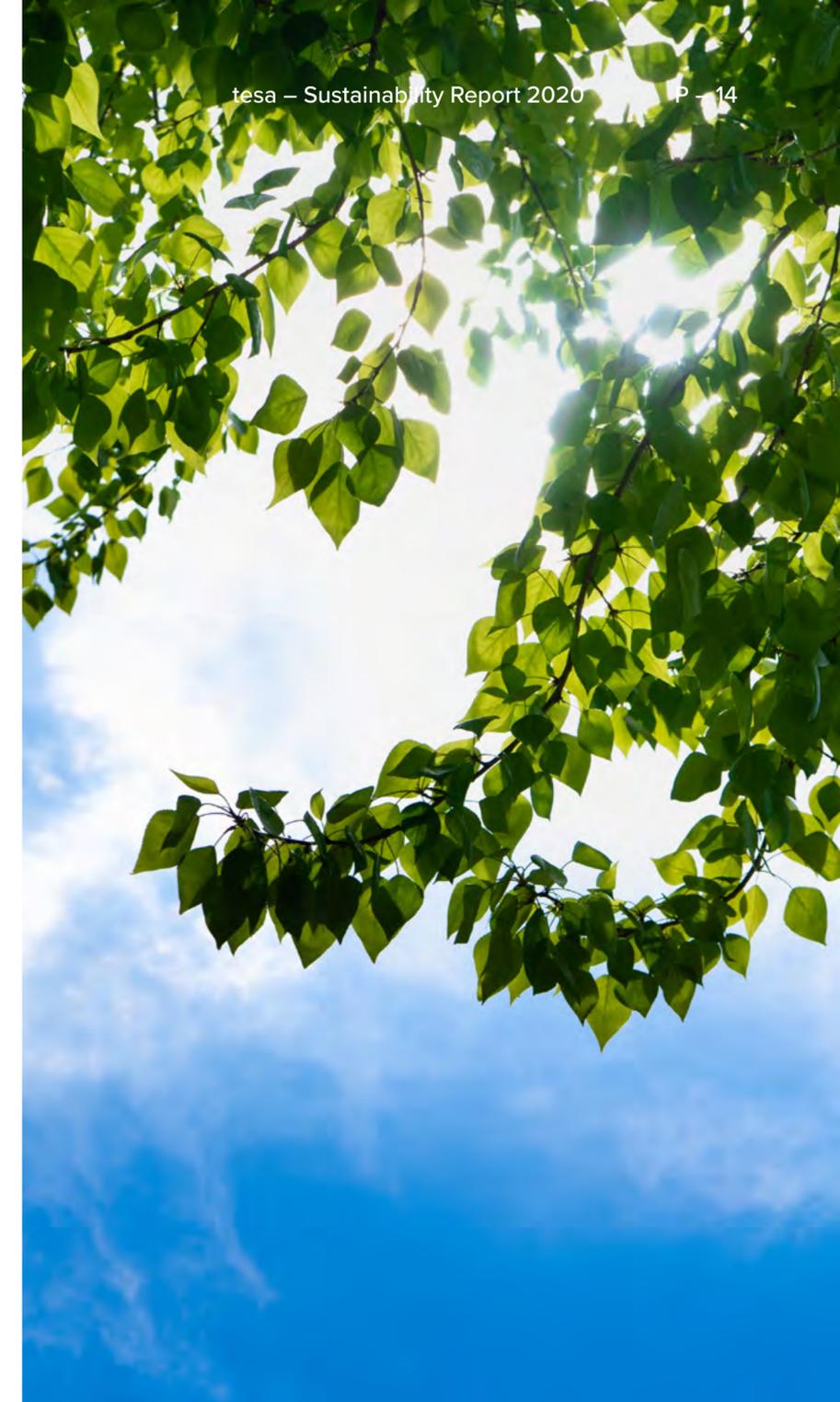
Consistently Reducing Emissions

By 2025, we intend to cut our absolute Scope 1 and Scope 2 emissions by 30 percent by comparison with 2018. In the period under review, we lowered our CO₂ emissions – according to the market-based method and taking into consideration electricity from renewable energy sources – in absolute terms by 23 percentage points compared to 2018.

Climate Footprint and Energy Consumption	2018 ¹	2019	2020
Total energy consumption (GWh)	327	301	310
Electricity from renewable energy sources (Percentage share)	30	34	50
Electricity from own CHP (Percentage share)	41	37	50
Specific CO₂ emissions per metric ton of end product (t CO₂e)	0.94	0.91	0.82
Direct CO₂ (Scope 1) (t CO₂e)	55,639	50,321	54,128
Indirect CO₂ (Scope 2)² (t CO₂e)	14,251	13,121	12
CO₂ total (t CO₂e)	69,890	63,442	54,140

¹ Reference year

² Definitions according to the GHG Protocol Scope 2 standard; market-based method; electricity from renewable sources is assigned an emissions factor of zero.



tesa Is Switching Over to Green Electricity

We have reached an important milestone in the area of climate protection: Since 2020, all tesa offices and production facilities have purchased 100 percent of their electricity from renewable energy sources such as solar and wind energy or hydropower. We are thus getting closer to our goal of achieving an entirely climate-neutral business model by 2050.



Mr. Lang, what role does the changeover to green electricity play in tesa's climate goals?

We have set ourselves the target of reducing our direct energy-related CO₂ emissions by 30 percent in absolute terms by 2025 – relative to 2018. This goal relates to energy that we either generate internally or purchase and that we require for our production and administrative activities. It is here that we can have a direct impact in terms of reducing greenhouse gases, and we can get a lot done in a short space of time. In the future, we will thus source green electricity at every one of our sites on five continents. In this way, we are taking a further step toward climate neutrality – entirely in keeping with our new sustainability strategy. This envisages us achieving a completely climate-neutral business model by no later than 2050 – in line with the United Nations' 1.5°C goal. To this end, in the future we will also focus on our supply and value chain and reduce our indirect CO₂ emissions.

What do you particularly look at when purchasing green electricity?

We obtain green electricity guarantees of origin when purchasing renewable energy. We pay special attention to the recognized EKOenergy mark of quality. Operators are required to meet certain sustainability

criteria in order to receive this label. For instance, wind farms are only included if they are built outside of nature reserves and important bird sanctuaries. EKOenergy also operates a fund to support additional climate protection projects. As well as purchasing green electricity, we are also making progress in generating our own electricity: In November 2020, we decided to install our own photovoltaic system at our plant in Suzhou, China, in 2021.

tesa produces its own electricity at some of its sites – this is currently enough to meet 50 percent of our total requirements. What's next?

Within the scope of our company environmental management plan, we have been hard at work for many years now to increase our level of production efficiency and employ relatively low-emission technologies. We are already covering the base load of our energy requirements through highly efficient combined heat and power (CHP) plants. We are well equipped with them. In the future, we intend to replace the fuels used in our existing CHP plants with climate-neutral alternatives in order to achieve CO₂-neutral production. Biogas and power-to-gas technology are highly promising options here. We are also looking at the possibility of offsetting unavoidable CO₂ emissions through appropriate offset projects.

tesa has set itself ambitious climate goals. What challenges does this entail?

tesa aims to become climate-neutral in the long term and to actively contribute to the environment. The greatest challenge we face is breaking the link between growth and CO₂ emissions. If we can manage that, our company could achieve further growth without an increased volume of CO₂ emissions. There are various factors to consider if we are to achieve that goal. They include partnerships along the supply and value chain, technologies to reduce, capture and remove CO₂ and, not least, doing without fossil fuels and resources. We expect to see increased political momentum in all of these areas in the future – particularly since the European Green Deal will underpin these objectives.



Michael Lang
Director of Corporate
Sustainability and Quality
Management

Using Resources Sparingly

We aim to offer our customers products that have as little environmental impact as possible over their entire life cycle. That is why we take care to employ environmentally friendly, solvent-free manufacturing processes from the early stages of developing our products. In the future, we aim to increase the proportion of recycled and renewable raw materials even further. We will develop products which, on reaching the end of their useful lives, can continue to be used within the circular economy or otherwise be recycled. We aim to avoid waste as far as possible and, wherever that is not possible, to reduce our volume of waste or else recycle it professionally.

We consistently comply with legal requirements. In addition, we refine our environmental management systems on an ongoing basis, and to this end, engage in dialogue with external experts. In this way, we have already clearly reduced our environmental impact. Resource conservation measures are an integral part of our company’s environmental protection activities.

Avoid, Reuse, Recycle

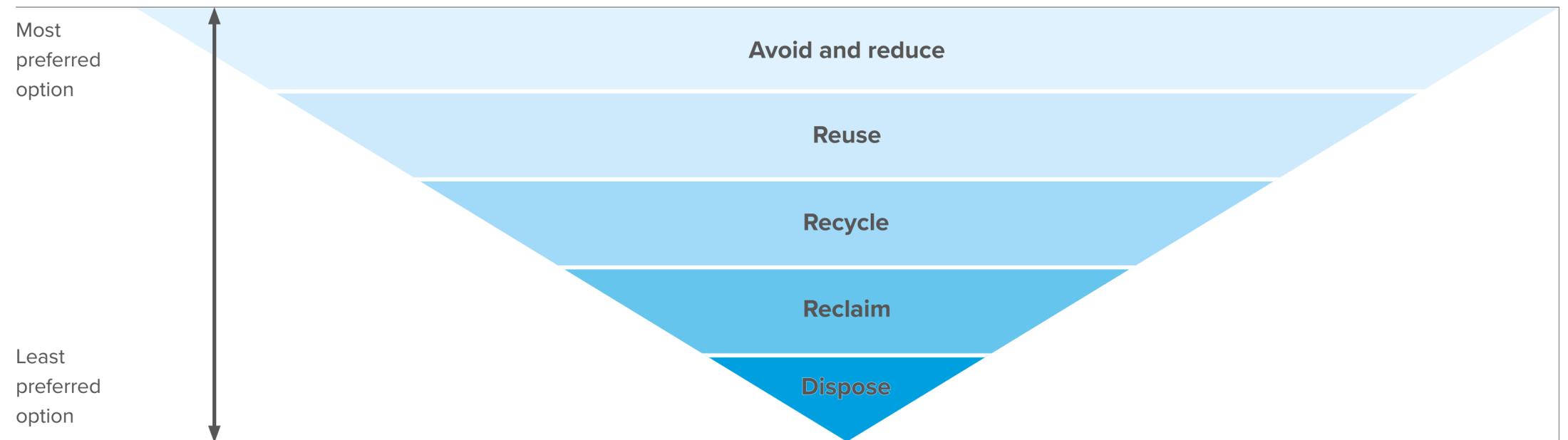
We base our waste and raw material management on the waste pyramid (see diagram): Above all, we avoid waste. Where that is not possible, we reduce it. Where waste is unavoidable, we seek to reuse it by various means. Only where it is not possible either to avoid, reduce or reuse waste will we dispose of it. We regularly raise awareness among our employees on the subject of avoiding waste and the correct process for separating it.

To ensure the efficient use of materials, we minimize production-related losses of the raw materials we use to produce adhesives, coating tapes and cutting rolls. To achieve this goal, we are continuously improving our machinery and production processes and thus reducing our waste volumes. Our employees provide valuable suggestions here.

The waste generated during the production process is collected separately for each waste category and on a site-specific basis and is recycled to the greatest

extent possible. Waste is summarized in categories based on whether it is non-hazardous or hazardous and whether it is to be disposed of or recycled. tesa recycles almost all non-hazardous waste and hazardous waste containing solvents.

Waste pyramid – prioritization of waste categories



Sustainable Packaging

We are also reducing the volume of waste and minimizing the negative environmental impact associated with our packaging materials. In the industrial area, our goal is to reduce the amount of packaging materials as much as possible and to avoid all packaging that is not absolutely necessary – without harming the quality, performance or protection of our products in the process.

In 2020, we initiated the process of defining a sustainable packaging target as part of our sustainability agenda. Specifically, in the future we intend to use less raw materials for packaging or make use of alternative and/or recycled raw materials. For instance, we aim to avoid plastic packaging. Here we are also considering new types of packaging, such as replacing shrink-wrap with a paper sleeve or a folding carton. The development of specific indicators will help us to ensure transparency regarding our progress in this area.

We have already achieved some initial success in relation to packaging in our Consumer & Craftsmen segment:

- To reduce packaging waste, we have decreased the weight of our packaging.
- For paper, cardboard and carton packaging, we primarily use FSC-certified materials.

- We also aim to achieve optimal utilization of our pallets in order to avoid unnecessary transport, thereby reducing CO₂ emissions.

“Big Ideas Instead of Waste” Employee Campaign for Reduced Waste

How can we harness our employees’ expertise in order to develop waste-reducing measures? One response to this is our successful “Big Ideas Instead of Waste” campaign at our tesa plant in Offenburg. Behind this campaign is a long-term project through



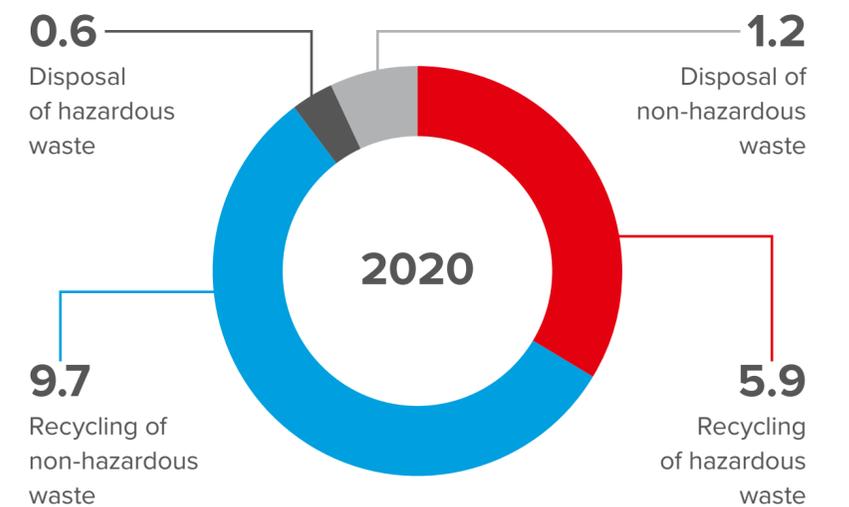
which we intend to continuously reduce our energy and resource use. Employees from production, process development and technology are participating in this initiative. The project involves regular intra- and inter-departmental discussions, which assist in coordinating concrete measures and in fostering an exchange regarding best practice solutions. This includes communication measures that are designed to enhance employees’ awareness of the issue. Overall in 2020, we implemented 23 projects with the goal of using resources more efficiently. One positive side effect is that, as well as conserving resources, we have also achieved costs savings of 249,000 euros. Some of these projects also help to reduce our energy consumption indirectly, since the materials that are not required are then no longer used in the manufacturing process.

Effective Waste Reduction

Above all, we seek to avoid waste. If this is not possible, it should at least be recycled as much as possible. Therefore, our goal is to keep waste volumes sent for disposal as low as possible. Categorized by waste disposal method, our waste volumes in 2020 were as illustrated above on the right.

In sum, the waste volume per metric ton of end product was reduced by 5.8 percent compared to the base year 2015. The figure indicated here has been

Waste volumes by type and disposal method (in 1,000 t)



adjusted for mix effects that result from the weighting of the various sites. Removing mix effects provides for greater transparency in our presentation of our sites’ performance and our level of progress.

Conserving and Protecting Water

Water is a valuable resource for people and ecosystems that must be protected: As a result of climate change and the growing global population, clean water is becoming scarcer worldwide. We primarily use water for production processes and sanitation at our sites.

In our production processes, we strive for careful and economical use of water. Furthermore, as a chemical company that operates worldwide, we consider it to be our responsibility to protect water sources from contamination caused by our production activities. This awareness is reflected in our Group-wide environmental guidelines.

Among other things, we use water for the production of adhesives – for example, for the dilution and granulation of rubber or to manufacture intermediate products. In recent years, the share of water-based products has increased significantly since we are using water ever more frequently as a solvent. We also make use of water in cutting and cooling processes and for the moistening of release papers.

We aim to use this scarce resource responsibly and efficiently. This includes keeping track at our production facilities every year of water data such as water consumption and effluent quantities.

We primarily obtain water from the local drinking water supply and from the groundwater. The water in our cooling systems is reused several times: Following its use, most of it is channeled into the sewage system as effluent or discharged as surface water. We are implementing appropriate measures at our sites in order to return used water to the water cycle. In the year under review, we installed a water vapor recovery system at our production plant in Concagno, Italy.

We tightened up our environmental guidelines relating to water even further in the reporting year. We also disclose information on our water management through CDP. In 2020, our volume of water with drawal amounted to approximately 501,000m³. Of this, 264,000m³ is well water, while 237,000m³ is derived from municipal sources. Our water consumption in 2020 was approximately 268,000m³.

A Preventive Approach to Water Risks

We perform an annual risk assessment on the basis of the World Resources Institute’s “Aqueduct Water Risk” method at our production facilities as well as our Norderstedt headquarters. This covers water withdrawal as well as effluent types and quantities. We also identify sites that have an increased level of water scarcity or water stress risk*.

We would like to reduce risks for water sources that result from our production as much as possible. Therefore, we take preventive measures against any conceivable accidents. For example, liquids that pose a threat to water are emptied and refilled or stored only in areas that are equipped with appropriate retention tanks. Equipment to measure turbidity and solvent concentration ensures that no contaminated surface water is channeled into the sewage system. If a relevant quantity of water-endangering substances leaks, emergency plans come into effect and precisely regulate the further course of action. All of these measures are regularly reviewed in our external ISO 14001 audits and are the prerequisite for a successful audit result.

* An area is subject to water stress when the amount of water withdrawn exceeds the level of water inflow.

620t CO₂ Reduction

Through the installation of a water vapor recovery system at our plant in Italy, we have lowered our water and energy requirements and thus reduced our CO₂ emissions by around 620 metric tons of CO₂ per year.



Customers

Whether individual consumers, craftsmen, specialist retailers or industrial companies: Just like us, many of our customers are committed to achieving greater sustainability. We support them by enabling them to make technological progress and actively contribute to sustainability through our products. For instance: renewable energy. With our adhesive tape solutions, we support the production of solar modules and wind farms – and thus the energy production systems of the future.

Our products are part of the solution. Our sustainability strategy reflects that perspective: Over the next five years, we will significantly increase our level of sales of sustainable products, and use more sustainable packaging in the future.



Sustainable Products With Added Value

Safety, quality, performance: We are highly demanding in our product development activities. At the same time, we are designing more and more products that combine these characteristics with a reduced environmental footprint. As well as product design, our sustainable product concept includes the phase of their use by our customers.

In many areas, tesa products provide ecological added value. Our adhesive solutions are also used to make repairs, so that products can be used for longer. They also enable specific components to be separated from one another and subsequently recycled. That conserves resources, protects the environment and avoids emissions.

In our new sustainability agenda (see strategy p. 8), we have set ourselves the goal of increasing the proportion of sustainable products in our product range by 2025. On the one hand, that means the increased use of renewable or recycled raw materials in our products. We also intend to pay greater attention to how the materials we use can be recycled or reused at the end of their product life. On the other hand, we intend to offer an increased number of products that demonstrably enable our customers to achieve greater sustainability in their lives.

Sustainability From Start to Finish

Reducing a product's carbon footprint while maintaining the same level of quality is a core product development issue for us. In the future, we intend to use an increased volume of raw materials that are more environmentally and climate-friendly than conventional raw materials. Here, we weigh up the use of different raw materials. In particular, the use of recycled and bio-based raw materials is currently a key concern for us. At the same time, we avoid scarce raw materials or raw materials whose extraction places an excessive burden on the environment. We are also looking to make further reductions in our use of solvents during the production process.

The end of a product's life is not less important than its beginning. If a product or its individual parts can be recycled or reused, then resources can be conserved elsewhere. To achieve this effect, we consider the end of the product's life even during the early stages of its development and are investing in further research on this subject. We are driven by the idea of a circular economy. The goal is for less material to be used and for a greater volume of material to be reused or recycled.



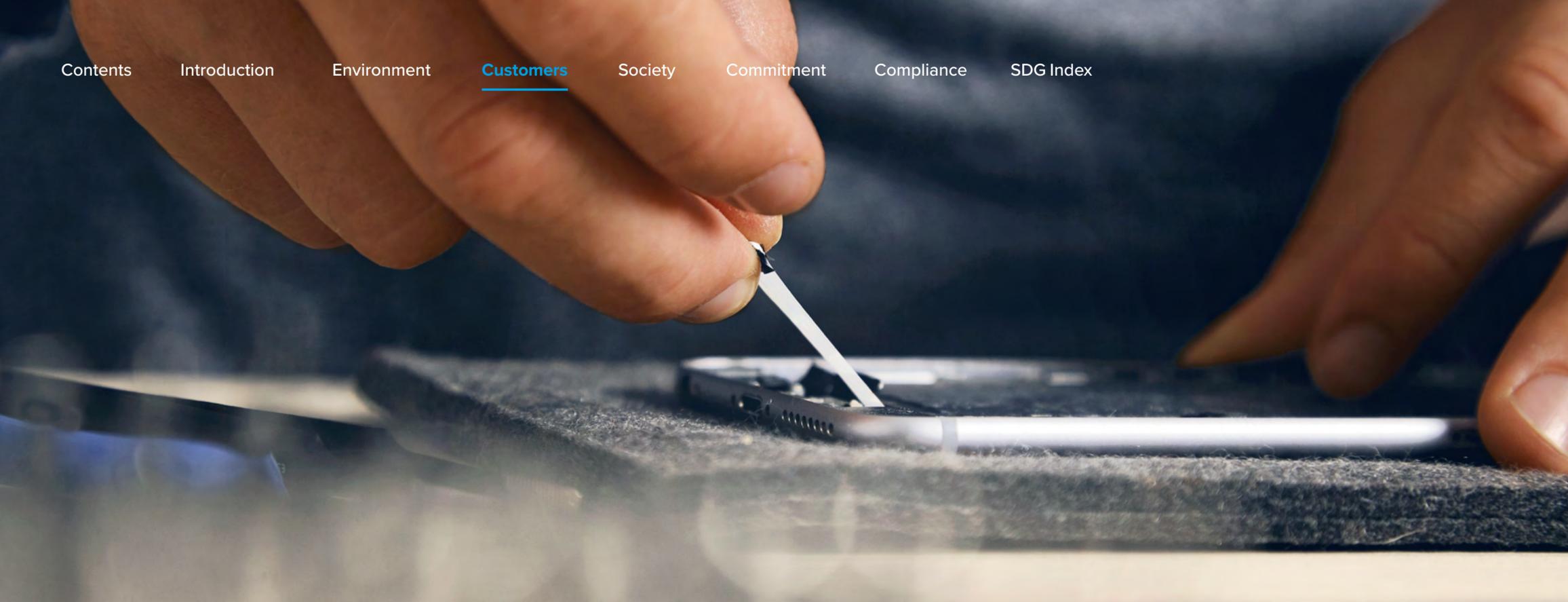
Automotive

“Our customers in the automotive industry are in the midst of a far-reaching process of transformation, leading to new mobility solutions and increased sustainability. ...



... We would like to help shape this process of change, by working together with our customers as partners. The example of “hole covering” – a big issue in the automotive industry – shows that we are already offering them sustainable alternatives. True to the “adhering instead of plugging” principle, we have developed environmentally friendly solutions for covering production-related holes in the vehicle body. For this purpose, we are using adhesive solutions that are less CO₂ and material-intensive than conventional plastic plugs. Products made from bio-based or recycled materials are also important here – and in the future we intend to further expand our product range in this area.”

Boris Kawa, Corporate Marketing Business Unit Automotive



Examples of Products With Sustainable Characteristics

Alongside their performance characteristics, an increasing number of products in our portfolio also offer a strong sustainability profile – such as tesa® Bond & Detach products for the industrial segment or our ecoLOGO® and Sugru® consumer brands.

Bond & Detach: Smart Products for Improved Recycling

We aim to help our customers work toward a circular economy. Our tesa® Bond & Detach products, for example, assist with this process. If modern smartphones are no longer needed or are broken, it is generally difficult to take them apart. Our tesa® Bond & Detach products make it possible to attach components such as batteries and many other parts so that they remain permanently in place. If necessary, they can then be removed without any difficulty and without leaving any residue. Electronic parts can thus be replaced, properly disposed of or recycled. In the year under review, we once again expanded our portfolio of tesa® Bond & Detach products.

Electronics

“Electronic equipment is complex. Intelligent solutions are necessary in order to make it more sustainable – for instance, in order to improve its recyclability. ...



... At tesa, we are aiming to play a leading role in this process. Our “Bond & Detach” products demonstrate what that means in practice. They make it possible to easily remove the individual components of a smartphone – either for repair purposes or else at the end of the phone’s life – and to recycle them separately. At the same time, we would like to help extend the life of electronic equipment through our products so that it doesn’t have to be disposed so quickly.”

Carsten Meyer-Rackwitz, Corporate Vice President
Business Unit Electronics

Making Decisions for the Future With the “Project Sustainability Assessment”

In mid-2020, we introduced a tool at tesa that incorporates sustainability early on as an aspect of all product development and major investment projects: our “Project Sustainability Assessment.” We thus ensure that product development employees reflect on how their product can contribute to sustainability right from the start. Even major investment decisions undergo this process. This assessment includes quantitative and qualitative information regarding specific aspects of sustainability. For instance, we will decide whether to use a bio-based raw material such as paper instead of a conventional material for the base of a new adhesive tape. Our “Project Sustainability Assessment” is in line with our sustainability agenda as well as the United Nations’ Sustainable Development Goals.

Consumer & Craftsmen

“We are assuming responsibility for our planet’s resources and emphasize sustainability in our decision-making processes. ...



... We are exploiting our expertise and our capacity for innovation in order to be able to offer an ever-increasing number of sustainable products. For example, we are working on improving the sustainability of base materials – such as for packaging adhesive tapes or tesa film® – and reducing the amount of plastic used in our products. However, besides our actual products we are also looking at packaging and cutting down on resources here as well. We are thus fulfilling the desire of many of our customers to use sustainable products in their everyday lives.”

Ben Arne Ruthenbeck, Director International Marketing Consumer & Craftsmen

**tesa ecoLOGO®:
The Sustainable Sub-Brand Turns 10**

The products of our “green” tesa ecoLOGO® sub-brand have been featured in our range for ten years now. They include adhesive rollers, adhesive films, packing tapes, glue sticks and correction rollers. Our tesa ecoLOGO® product range mainly features recycled, bio-based (renewable) or natural raw materials as well as recycled or bio-based packaging. The manufacturing process is entirely solvent-free. Our product range now comprises a total of 89 products – and more are currently in the planning stage. We will make even further improvements to our product range in terms of its sustainability profile.



**Sugru by tesa®:
A Relaunch for a Practical Repair Helper**

A malleable adhesive that can be used to repair, fasten and personalize everyday objects rapidly and simply: That is the idea behind our product Sugru®. This kneadable special silicone-based adhesive can be used for a wide range of purposes: From the repair of a damaged zipper to covering a fragile smartphone charging cable or individual wardrobe hooks. In May 2018, tesa acquired London-based FormFormForm Ltd. and, with it, Sugru®. The formula, packaging and marketing strategy for this malleable adhesive underwent an overhaul in 2020. Sugru® is now stronger and sticks for up to 22 months instead of the previous 13. The product is also skin-friendly and is considered toy-safe according to the European toy safety standard EN71.



10 Years
tesa ecoLOGO®

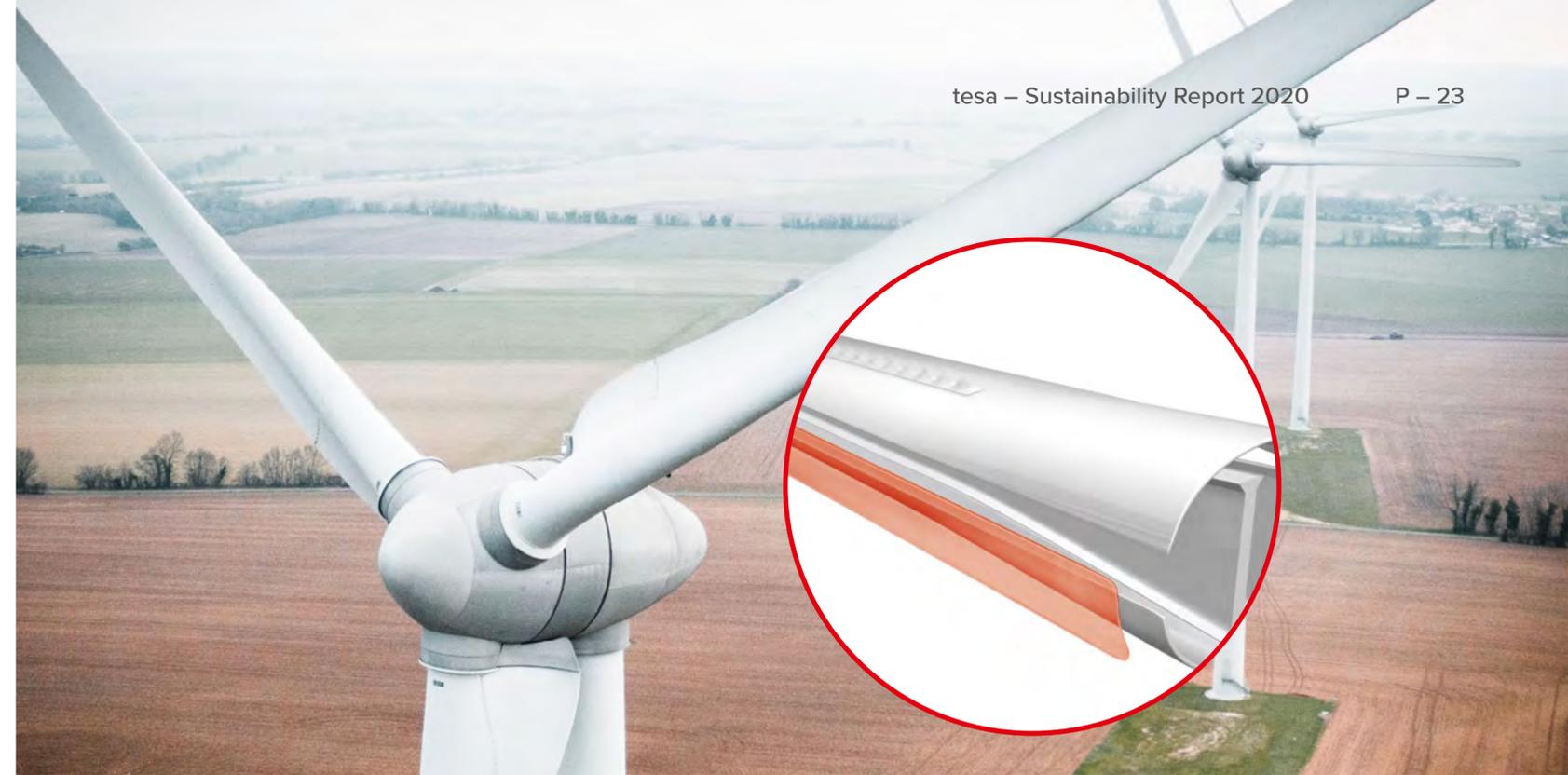
General Industrial Markets

“We have set ourselves the goal of helping our industrial customers to achieve their sustainability goals while reducing our own CO₂ emissions. ...



... These two objectives mean that there is quite a lot going on at tesa – and this is also a major opportunity for us. Our chemists and process engineers are hard at work on improving the sustainability of our products and production processes. For instance, they are developing new formulations that improve the recyclability of our tapes while lowering their carbon footprint. Throughout this process, we are maintaining a close dialogue with our customers. We want to know precisely what sustainability means to them. We are currently focusing on carton closure tapes: For 2021, we are planning to bring four new packaging adhesive tapes with sustainable characteristics to the market.”

Frank Domann, Marketing-Manager General Industrial Markets



Direct Growth Markets

“Whether the EU’s Green Deal, discussions about the amount of plastic in the oceans or new product requirements in the construction industry: ...



... We are keeping a very close eye on a wide range of developments – and making a series of changes so that our products meet these requirements even more effectively. In doing so, we are exploiting our capacity for innovation and, for instance, developing products which support the circular economy principle – such as permanent adhesive tape solutions which can be removed without leaving any residue if necessary. We are confident that products such as these are the future.”

Dr. Karsten Seitz, Director Product Development, Direct Growth Markets



Paper Makes it Possible

Can window envelopes be disposed of as paper waste? What about restaurants' to-go boxes, which are made of cardboard but feature a light coating? It's not always easy to dispose of packaging in an environmentally responsible manner: Does it belong in paper or residual waste? Can packaging be recycled, or has it reached the end of the line? Among other factors, the sustainability of packaging includes how well it can be recycled at the end of its useful life. This is an increasingly important topic for companies. But an eye for detail is key. Even minor points such as film windows or plastic-based packaging tapes can turn otherwise recyclable packaging into an environmental villain.

Paper-based packing tapes are one possible solution. Unlike their plastic adversaries, they can be recycled together with cardboard packaging without any difficulty. That is not possible in the case of cartons sealed using plastic packing tapes. Other approaches to more sustainable packaging are invisible but at least as effective: solvent-free manufacturing of adhesive tapes as well as sustainable and bio-based raw materials.

“Paper-based packing tapes are one possible solution. Unlike their plastic adversaries, they can be recycled together with cardboard packaging without any difficulty.”

At tesa, we are working on solutions on many different levels. Our portfolio includes adhesive tapes whose manufacture does not require any solvents. We are making intensive progress on material- and process-oriented innovations such as these in order to make packaging ever more environmentally friendly. And tesapack® 4313, a paper-based tape, is our response to the call for more paper instead of plastic. This packing tape is suitable in order to seal moderately heavy shipping boxes and can be easily disposed of as paper waste together with packaging – an important step toward more recycling and less waste.



Safety First

High-quality and safe products play a key role in ensuring our customers' confidence and satisfaction. They serve as the foundation of our economic success. By means of internal guidelines and regular checks, we ensure that each of our products meets our stringent standards.

A high level of product quality safeguards our market position. That is why we have established an extensive quality management system. This helps us to maintain a high level of product safety while minimizing possible negative impacts on people and the environment.

We design products and processes so that they can be safely manufactured and used. Our key goal is therefore to keep the number of product liability cases at zero. All of tesa's production facilities have certified management systems in line with quality requirements, standards and regulations recognized worldwide. Our products, systems and processes are regularly reviewed within the scope of internal and external audits.

All over the world, each of our key plants has its own product safety officer (PSO) who is responsible for ensuring product safety. This person reports to the central product safety officer at our headquarters. All PSOs have completed a recognized, external training course and are usually also the quality officers at

our plants. Our company's management supervises product safety management.

Group-Wide Product Safety Guideline

It goes without saying that we comply with applicable laws and guidelines. With our tesa Product Safety Guideline, we also take things a step further: This guideline sets out mandatory measures through which we enhance the level of safety of our products. It also specifies the roles and responsibilities of our product safety officers. tesa's Product Safety Guideline is valid worldwide and is easily accessible for all of our employees via our intranet.

Products on the Test Bench

Our Product Safety and Product Development departments are responsible for assessing the materials and substances used in our products. For this purpose, they rely on various chemical industry databases, evaluate research findings and consider information on safety-related substance properties and the safe handling of substances and mixtures. A safety data sheet is available for each product and includes safety-related information, e.g., in relation to materials and substances, correct storage and appropriate use. It also provides recommendations on the product's disposal.

For each new product, the Product Development and Production divisions perform risk assessments and analyze possible error sources. This helps them to identify potential defects in the design or manufacturing of products or inaccurate instruction manuals during the development process.

Once products are already on the market, our business units monitor them. If they identify the need for a new risk analysis and assessment and appropriate measures, they will initiate the necessary steps. They thus ensure the health and safety of our customers and employees.

In 2020, we had no product liability cases at all.

Reinforcing Expertise

In the year under review, selected product safety officers in our Quality Management and Product Safety divisions completed a "Product Safety & Conformity Representative" course. They reinforced the expertise which they require for their work.

Playing it Safe With Internal Audits

We conducted internal audits during the reporting year in order to check the safety of our products and processes. Our Quality Management department and product safety officers are responsible for these au-



ditions. Both event-driven and scheduled annual audits are carried out. Research, development and production are reviewed, as well as marketing where necessary.

Certified Quality and Safety

In the year under review, the production facilities of the tesa Group were successfully audited in line with globally recognized quality requirements and standards, including ISO 9001:2015 and IATF 16949. IATF certification focuses particularly strongly on the uniform design of all products, processes, parts, services as well as product safety. Specific customer requirements must be taken into consideration alongside the requirements of this standard.

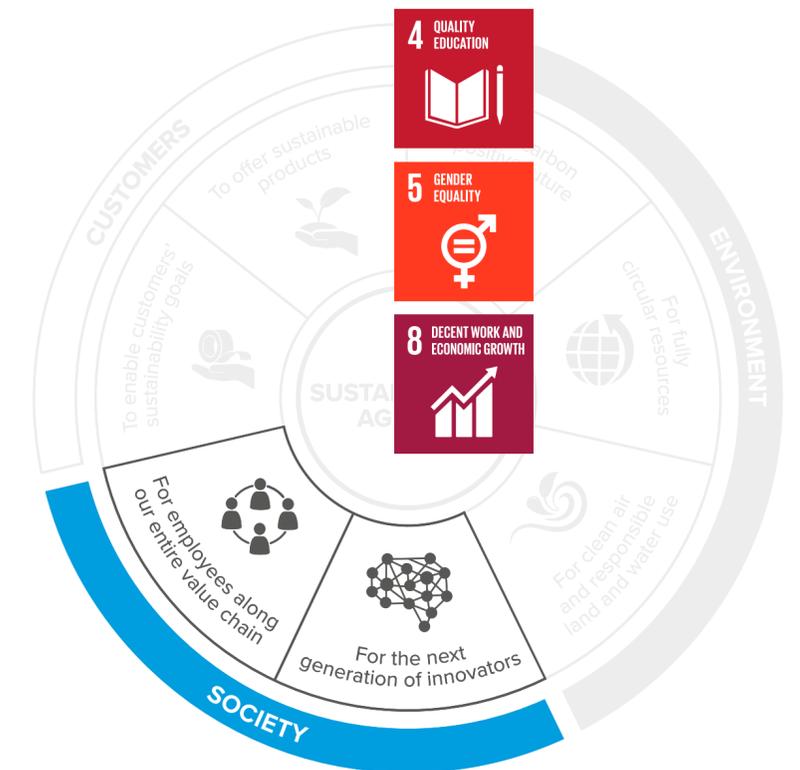


Society

As an international company with more than 4,716 employees, we have a big responsibility – to our own employees as well as the people who work for us along our value chain. We strive to ensure that our suppliers offer safe and fair working conditions. We embody a corporate culture characterized by appreciation and respect. We invest in initial and advanced training and support diversity and equal opportunity. We also ensure that our employees remain healthy and able to work. We have set ourselves the goal over the next five years of reducing the number of work-related accidents to zero.

Another important issue for us is to counter the current skills shortage and to identify and promote talented people early on. With this end in mind, we are supporting the next generation of innovative minds and assisting with a large number of educational projects – increasingly also outside Germany.

These are the SDGs we support in terms of society:



Responsibility in the Supply Chain

As an international company, we purchase raw materials all over the world. Europe and Asia are two of our most important markets. By closely cooperating with suppliers, we can ensure a high level of product quality and security of supply. At the same time, we assume social and ecological responsibility. We expect all of our suppliers to share our standards. That includes respecting and safeguarding human rights.

To ensure the quality of our products and our business success, it is important that we always keep a close eye on our supply chain. We need to predict future developments – such as potential raw material shortage – early on and react accordingly. We pursue a regular dialogue with our suppliers in this respect. Our local purchasing teams who precisely monitor the local market also play an important role. They are able to provide a realistic assessment of possible risks, such as due to political instability or changes to local legislation. We also establish a network of alternative suppliers in order to reduce potential procurement risks.

Our local purchasing teams closely cooperate with our purchasing experts at our Norderstedt headquarters. Our central purchasing team monitors global trends such as rising raw material prices, changes in sales and distribution channels, and shifts in the competitive environment. Its tasks include organizing our

purchasing processes accordingly. Our tesa purchasing network brings together cross-sector activities and resources. As a central function, it manages all processes across the Group.

The head of tesa's Supply Network, who is part of tesa's management, is responsible for supply chain activities and is supported by our tesa purchasing network.

Purchasing in Line With Global Requirements

Our global purchasing processes are defined and described in our Purchasing Compliance Guideline (PCG). The PCG forms part of our Group-wide Compliance Manual. This guideline includes binding rules of conduct for our purchasing activities and is regularly reviewed and revised. The PCG requires key suppliers, who supply tesa directly, to sign our Code of Conduct for Suppliers (CoCfS). It underpins the responsible management of our global procurement processes. The ten principles of the UN Global Compact serve as the basis of the CoCfS. New suppliers must accept these rules of conduct before the first order is placed. Otherwise, we will not do business with them. If the CoCfS is not yet a component of existing contracts, it will be integrated whenever the contract in question is next updated. If a supplier violates our rules, we call upon him to remedy the



shortcomings. If he does not do so, we will terminate the business relationship. tesa rejects any form of human rights violations. Any reported violations will be dealt with immediately. However, no reports of human rights violations were received for the year under review.

The requirement to respect and safeguard human rights is also a core aspect of our Group-wide Code of Conduct, which is applicable for all of our employees. It sets out rules and obligations in the areas of labor standards, corruption prevention and environmental protection.

Monitoring of Purchasing Standards

Within the tesa Group, our Group internal audit department monitors our purchasing standards that apply worldwide and the associated processes at affiliates by conducting regular “Purchase to Pay” audits, which review all of our processes from procurement to accounting. As part of these audits, the Group internal audit department also checks whether all suppliers have signed up our CoCfS. If necessary, the department will call for corrective measures.

Fair, Environmentally Responsible and Reliable Supply Chains

In mid-2020, we launched a sustainability program for our suppliers to check whether human rights, working conditions and environmental aspects are complied with in our supply chain. As a first step, we invited 50 suppliers to submit a detailed self-disclosure form through the EcoVadis information system. We selected the invited suppliers on the basis of their sales volume and a separate risk assessment. On the basis of the EcoVadis points system, we defined a minimum threshold that our suppliers were required to reach in their sustainability performance. If a supplier does not reach this threshold, he is required to present a suitable action plan. At the end of 2020, we

31% Assessed Purchasing Volume

In 2020, we covered 31 percent of our direct purchasing volume based on self-assessments via EcoVadis.

reviewed 31 percent of our direct purchasing volume on the basis of these EcoVadis self-disclosure forms. Over the next few years, we intend to gradually increase this share: By 2025, we will review 80 percent of our overall direct purchasing volume by means of self-disclosure forms.

Promoting Awareness of Responsible Purchasing

Our purchasers regularly undergo a specially developed online training course. This covers the application of our Purchasing Compliance Guideline and CoCfS, Antitrust Compliance and sustainability. As part of this course, we also promote awareness among participants of the need to respect human rights.



Healthy and Safe Working

As an employer, we are obliged to protect our employees against risk and hazards at work. Health and safety in the workplace are a key priority for tesa. There are good reasons for this: A safe work environment provides a vital contribution to the productivity of our workforce and the quality of our products – and thus also to our customers' satisfaction. High occupational safety standards are therefore a key factor in tesa's competitiveness.

We aim for all of our employees and suppliers to benefit from the highest possible health and safety standards. For us, effective occupational health and safety measures require a systematic and consistent approach. We focus on prevention and raise our employees' awareness of possible risks – for their own protection and for that of their colleagues.

We see occupational health and safety as a holistic and preventive management task: Our goal is to reduce the number of work accidents to zero and to avoid work-related ill health as well as physical and mental exhaustion at work.

A Firm Definition of Occupational Safety: Group-Wide Guidelines

At tesa, we are making progress in the area of occupational health and safety management through working groups, such as the occupational safety committees that are required by law in Germany. We comply with all legal requirements. Our Group-wide Occupational Safety Guidelines stipulate clear occupational safety standards. These are fleshed out through additional guidelines and operating instructions and are accessible to all of our workforce via our intranet. These guidelines provide the basis for our internal management system in the area of occupational safety. They also apply to sub-contractors who handle tasks at our production sites.

Together with our occupational safety unit, corporate management assesses each year the volume of accidents that have occurred in the year in question. Based on this information, it then adopts new measures to increase employees' safety and reduce work-related health risks.



Production Safety

Our occupational safety management activities focus in particular on our production facilities: There, the risks of accidents and adverse health effects are greater than at our office locations. We have set ourselves a demanding goal as part of our sustainability agenda: By 2025, all tesa sites that already have an ISO 14001 certified environmental management system are to obtain equivalent certification in the area of occupational safety.

We employ our own safety specialists at all of our ISO 14001 certified sites. They are familiar both with tesa’s global occupational safety and health guidelines as well as with local legal requirements and conditions. The safety specialists meet annually – either in person or virtually – to discuss key occupational safety and health risks. They also initiate joint projects, define standards and share information on successes and their experiences, as part of these events. They thus help to avoid accidents at tesa right from the outset.

Risk Prevention and Avoidance

Risk assessments help us to identify technical and organizational risks and shortcomings even before they arise, e.g., work resources or work procedures. This

enables us to prevent accidents, avoid strain, improve working conditions and thereby increase employees’ level of motivation.

New equipment or process adjustments, changes to machinery, facilities or work spaces can likewise affect our employees’ health and safety. We therefore examine sources of possible risks even before we purchase systems or put them into operation – and pursue a preventive approach to risk management. Occupational safety committees, employee representatives as well as management analyze the key findings of assessments and define appropriate measures. Production facilities also undergo routine inspections and evaluations. We take into account new findings, determine additional measures if necessary and update the relevant occupational health and safety documents.

Handling of Hazardous Substances

The handling of hazardous substances is clearly regulated at tesa: Representatives of our occupational safety, production, product safety and research and development units jointly draw up the procedures for the handling, labeling, storage and transport of hazardous substances. Employees who work with hazardous substances undergo regular mandatory

health check-ups. In addition, the relevant technical units of our company regularly monitor the safety of facilities and workplaces as well as related emission sources. The procedure in case of an accident is governed by site-specific emergency plans.

Regular Training

Risks can only be reduced if our employees act in a responsible and proactive manner. Our Occupational Safety Guidelines therefore require employees to receive regular information on how to handle safety risks and possible risk sources, for example via trainings and specific instruction courses.

“Sicher mit System”: tesa Awarded Seal of Approval

The award of the “Sicher mit System” seal of approval represents an important occupational safety milestone at tesa. Germany’s professional association of raw materials and chemical industry (Berufsgenossenschaft Rohstoffe & chemische Industrie) awarded this seal for occupational safety at tesa’s headquarters, its Technology & Product Development department and its tesa Converting Center in Hamburg. This certification confirms that we have systematically integrated the issue



of occupational safety in our management approach and organizational structure.

Identifying Hidden Dangers

In 2020, we continued to pursue the “Double Prevention Program,” which we introduced at our Chinese plant in Suzhou in 2019. This program is intended to raise awareness among our workforce that hazards are not always obvious. For this purpose, we initially analyze health and safety risks in the workplace. Afterwards we subsequently determine hidden risks and take corresponding corrective measures. In addition, the plant has a risk map that indicates the risk for each department. We updated this map in the past year. In workplaces, we point out risks as well as means for our employees to protect themselves against these risks.

Responsibility for Personal Safety

Back in 2019, we implemented the “It’s in your hands! Always wear your safety gear” global campaign to encourage our employees to wear their personal protective equipment. We continued this campaign in 2020 with further events at our plants, covering various issues such as hand protection and respiratory protection. In addition, in June we held a “safety month” at our tesa plant in Suzhou, China, in order to raise awareness of the issue of occupational health and safety.

Emergency Preparedness

In the year under review, we continued our fire protection concept 2020 and implemented measures focusing on prevention. At our tesa plant Offenburg, the shutdown plans for facilities were reviewed within the scope of inspections. A particular area of focus was the issue of whether fire loads are present after facilities have been shut down and whether hazardous materials are appropriately stored. To ensure that new employees receive timely instruction in the area of fire prevention, we also introduced a new fire pre-

vention instruction concept. The plant’s firefighters offer a monthly theoretical fire prevention course, which includes practical training on how to extinguish fires.

Reducing Accidents to the Maximum Extent Possible

We would like to keep the number of accidents as low as possible. This particularly applies to accidents resulting in a prolonged incapacity for work, when the employee is absent for more than three days.

In 2020, the frequency of accidents leading to more than three lost days was 1.8 per million hours worked globally. This was slightly higher than the previous year’s figure (1.6 in 2019) and well below the German industry average (BG RCI) of 12.3. For us, this demonstrates that our occupational safety measures are paying off.

Occupational Safety Figures	2018	2019	2020
Work accidents ≥ 1 day (Number)	21	22	18
Accident frequency rate ≥ 1 day (Number / million hours worked)	4.1	4.3	3.6
Work accidents > 3 days (Number)	10	8	9
Accident frequency rate > 3 days (Number / million hours worked)	1.9	1.6	1.8



Safely Through the Pandemic

The COVID-19 pandemic has also challenged us in relation to occupational safety. Our paramount goal is the optimal protection of the health of our employees worldwide. At the start of 2020, we established crisis teams and developed our own pandemic plans at all of our sites. We also established a global task force as well as a local task force at our Norderstedt site, chaired by our management and whose members initially held daily meetings. By means of various measures, we have minimized the level of risk for our employees and avoided chains of infection. That includes strict operating procedures, strict compliance with social distancing rules, provision of masks, regular disinfection of surfaces, changes to work procedures in response to the pandemic and, finally, rules and channels of communication in the event of an infection.

Focusing on Employees

Our customers’ needs are changing ever more frequently. And the demands on our products are likewise increasing due to new technologies and trends as well as global challenges, such as climate change and resource scarcity. We will only be able to meet our customers’ expectations – and repeatedly surpass them – with dedicated employees.

Our company’s success depends to a significant extent on the skills of our workforce and their willingness to undergo further development. Our human resources strategy aims to recruit and retain well-trained and committed employees for our company. By means of specific measures, this strategy will steadily increase our high level of attractiveness as an employer. We focus on our employees’ diversity and development and ensure that they all have the same opportunities. In addition, our declared aim is to promote a corporate culture that strengthens performance, teamwork as well as cross-functional and international collaboration.

Our People Values form part of our corporate strategy which is continuing to transform our culture. In our day-to-day activities, we shape our corporate culture on the basis of our People Values. We thus integrate more modern, more flexible and more agile work methods. We encourage inter-departmental cooperation across borders. As an employer, we encourage our employees to shape this process of change themselves and offer them further training opportunities.

In 2021, we will hold various communication courses and events within the scope of our accompanying HR project “Our People – Our Values” in order to publicize these new values and anchor them in our everyday work.

People Values: Our Teamwork Values

They are intended to inspire, guide and motivate us to strive for and achieve ambitious goals as a global team: our new People Values. As an essential component of our culture, our People Values underpin all of our employees’ self-commitment. We embody these values through our teamwork. Our People Values also reflect another important aspect of tesa’s DNA: conserving resources and protecting the environment. This self-commitment defines our company’s focus just as much as it does our appreciation for our colleagues, our customers and our social environment.



We team up

We challenge ourselves

We set the pace

We focus on our customers

We act responsibly

We achieve and improve

Learning and Further Development

The level of competition for employees in the science and engineering field is constantly increasing within our industry. In addition, the ongoing process of digitalization and internationalization is resulting in changing work requirements and methods. We are responding to this trend with comprehensive initial and advanced training programs. Highly qualified, committed and performance-oriented employees are a key competitive advantage for us. In addition, having a wide range of initial and advanced training opportunities, increases our attractiveness as an employer and contributes to the willingness of high-potential employees to work for us for a long period of time.

To ensure long-term success, we offer our employees attractive development opportunities. Our further training programs include basic qualifications for new employees as well as special formats tailored to the requirements of individual business units. As well as in-person training courses, tesa also offers its workforce a broad range of online training courses. We significantly expanded this range of courses in 2020. We thus were able to offer various further training opportunities for our employees who increasingly worked from home due to COVID-19.

Diversity for Trainees

In order to respond to the challenges of the labor market and the competitive environment, we have developed a tesa-specific training program. This helps young people to start out in their careers. It also offers us the opportunity to provide employees with targeted training in the areas that are relevant for our business.

In the field of engineering, trainees can choose from five different apprenticeships: chemical technician, electronics technician for operating technology, industrial mechanic, machine and system operator and mechatronics technician. In late 2020, our tesa plant Hamburg-Hausbruch had 37 trainees and one student completing a cooperative university education and vocational training program. Machine and system operators account for the largest group, with 14 trainees. Our tesa plant Offenburg employed 36 trainees, six of whom are completing a cooperative university education and vocational training program. As well as “traditional” courses of study in mechatronics, mechanical engineering and industrial engineering, courses are also offered in security as well as plastic and elastomer technology.

Our hiring rate demonstrates that we aim to employ our trainees on a long-term basis: In 2020, we hired 11 out of a total of 17 trainees on a permanent basis



at Hamburg-Hausbruch. We also offered a further trainee a cooperative university education and vocational training program. That corresponds to a hiring rate of 71 percent. At 50 percent, the rate in Offenburg was lower in 2020 than in previous years. This reflects the economic situation due to the pandemic.

At our tesa plant Offenburg, we have focused in recent years on providing further training for originally unqualified temporary workers: In cooperation with the German Federal Employment Agency, over the past three years we have provided training for a total of ten employees through a one-year machine and

system operator course. All ten of them passed their examination, and roughly half of them were subsequently hired permanently.

The recruitment of new trainees and cooperative university education and vocational training program students in the field of science and engineering is increasingly challenging – due to the demographic trend as well as the associated level of competition for up-and-coming talent. For this reason, our tesa plant Offenburg has, among other things, sponsored the “Jugend forscht” competition in Germany’s Southern Baden region for many years now.

Lifelong Learning

In 2020, we further expanded our range of further training courses. For our sales employees in particular, we developed new training courses that employees can take worldwide, anytime and anywhere. Sales employees on every continent made use of the training courses offered in 2020. Overall, these were accessed more than 1,300 times.

Our open course program is open to all employees, subject to consultation with their managers, and includes subjects such as language classes and IT training sessions. In 2020, eleven such open courses took place as classroom training courses in the period up to March. From April onwards, we adopted virtual formats for these training courses due to the pandemic. In 2020, we offered further online language courses as part of our open course program and made these available in our Western Europe region.

Modern Learning – Digital and Home-Based

From March 2020 onwards, many of our employees (with the exception of our production and Product & Technology departments) switched over to working from home due to COVID-19. To offer these employees suitable further training opportunities even while working from home, we established our “Home-Office

16,000
Courses

Our employees are able to select from an offering of more than 16,000 courses via the learning platform LinkedIn Learning.

Learning Journey” in March 2020. This comprises constantly changing digital learning courses in the fields of sales, virtual leadership and management as well as technical training. This offering met with a strong response: A total of 1,109 employees took part in our 25 courses during the year under review.

This offering was supplemented with the digital learning platform LinkedIn Learning. Subject to consultation with human resources and their managers, our employees have been able to take additional digital courses, which are taught by recognized industry experts, authors and scientists, since 2020. Overall, more than 16,000 courses are available, covering a wide variety of topics and accessible in seven different languages. With around 850 active licenses worldwide and an average learning period of nearly three hours per user (in the period from January to October 2020), our employees were enthusiastic users of this platform. In 2019, we had announced the possible

introduction of a “Learn Experience Platform.” We did not implement this project and decided to introduce LinkedIn Learning instead.

We further expanded our existing e-learning offering in 2020, for example, through podcasts and online training courses for sales employees, an e-learning series covering the topic of product safety and a redesigned online training course on our code of conduct. Further online training courses are planned for early 2021, for example in the area of occupational safety. Overall in 2020, tesa’s e-learning courses were taken 5,670 times worldwide.

Since 2018, our employees have been able to find out more about all of our training opportunities at tesa and sign up for them via a learning management system (“Learning Hub”). At the same time, our Learning Hub automates and standardizes the administration and organization process for training courses. This covers every area of in-person training, e-learning programs and blended learning at an international level. We successfully introduced this learning platform in all of tesa’s regions in 2020 and are continuously making further changes to it. New employees receive an invitation to get to know the system as well as initial training courses. We also invite employees on a targeted basis to take part in training courses covering suitable subject areas for them.



5,670
Courses Taken

In 2020, our e-learning courses were taken 5,670 times.

Feedback and Dialogue

A modern corporate and management culture includes regular feedback and open dialogue between managers and employees. A strong feedback culture is a decisive factor in winning the loyalty of employees to tesa and enhancing our attractiveness as an employer.

Being able to discuss questions, ideas, expectations, goals and also problems, creates a relationship based on trust between employees and managers. Dialogue also strengthens team spirit and promotes our company's development.

Since 2018, we have used a digital feedback tool that enables employees to regularly evaluate their managers as well as different aspects of their management. Our managers subsequently receive an anonymized report that provides them with feedback. The goal is to establish transparency and to identify areas of improvement in relation to management and teamwork. We further optimized this tool and made it more user-friendly in 2020. Since its introduction, to date 62 managers worldwide have used this feedback tool.

As part of our 360° feedback process, employees receive feedback on their work from their managers, colleagues and internal customers. In consultation with HR and the respective managers, in principle every employee can participate in this process. Since its introduction in 2018, around 70 employees worldwide have used this service.

A Strong Management Culture

Good management plays a key role in a pleasant workplace environment and working conditions that encourage performance. We are convinced that good management is significant in winning the loyalty of engaged and well-trained employees to the company and keeping turnover low. This enables us to retain our employees' knowledge and experience for the company for as long as possible – an important competitive factor for us.

95
Managers

In 2020, 95 managers took part in an online training course covering the subject of virtual leadership.

A three-stage Leadership Development Program lies at the heart of tesa's approach to executive development. This program is gradually being introduced in all tesa regions. The focus here is on building and developing leadership skills.

- The first step, the "Matrix Leadership Module," is open to all employees who have no direct authority to issue directives but do have responsibility in the context of projects, for instance. This module consists of three training units and is offered in German and English. The Group's employees from other regions are thus also able to participate in this further training.
- The Essential Leadership module is designed for executives assuming personnel management responsibility at tesa for the first time. Above all, this module is intended to sharpen participants' understanding of their role as managers.
- With our "Advanced Leadership module," we give experienced executives the opportunity to deal with challenging leadership situations under professional guidance.



Since these training courses are designed to take place in person, in the year under review we were only able to provide them on a small number of occasions, with 40 participants overall. In addition to our in-person events, in 2020 we established a modular online training course in the area of virtual leadership. To date, 95 managers worldwide have taken part in this course.

Matrix Leadership & Project Management

In 2020, Matrix Leadership training courses were offered in the Asia Pacific and Greater China regions for the first time and took place with external trainers from these regions. Overall, 102 employees from across our Group took place in these training units. Due to the pandemic, we postponed further planned training courses for the time being.

We also rolled out our PRO@tesa project management training course on a Group-wide basis in the past year. This is designed for project managers. Twelve virtual PRO@tesa training courses took part with a total of 134 participants.

Eight participants successfully completed our Essential Leadership program in 2020. In addition, six further participants began our “Leadership Essential for Operations” program in Italy, which covers plant-specific challenges. No further training courses took place on account of COVID-19.

tesa X-perience Career Model

In 2020, we continued to pursue our “X-perience” career model, which we introduced at all of our sites in 2019. This is intended to create a uniform understanding of promising development and career trajectories throughout the company. Internal job postings were

52 Participants

A total of 52 (potential) managers completed one of the two components of our Management Development Program in 2020.



an area of focus in 2020, which explicitly included a request to apply for the positions in question at an international level and moving beyond applicants’ current roles.

Management Development Program

Our Management Development Program (MDP), which we launched in 2019, is intended to help executives and managers to expand their abilities and skill sets.

In the year under review, 30 participants took part in the “Essential” MDP e-learning component, which conveys fundamental knowledge regarding responsibilities, processes and tasks in all of the company’s business units.

We also launched our “Advanced” MDP component in 2020. This segment of the program was developed in cooperation with the Ashridge Hult Business School. It covers all of the various areas of management: strategic development, finance & controlling, B2B and B2C strategies and, finally, supply chain and HR management. In 2020, we were forced to adapt the program, which had originally been designed with seven in-person modules, and instead implemented it in a digital format due to the travel restrictions. The first digital modules took place in September; 22 executives and managers from all over the world took part. Further modules are set to follow in April 2021.

Our further training strategy helps us to fill key positions with our own employees to the maximum extent possible. They are able to profitably contribute their valuable experience and market knowledge, enhance their expertise and skills and thus safeguard our long-term success as a company. They gain broad knowledge in a range of different areas and benefit from attractive promotion and development opportunities.

Diversity and Equal Opportunity

As an international company, we value a highly diverse workforce. Diversity is a key factor in our competitiveness, since different perspectives help us to achieve a better understanding of our customers’ needs as well as strengthening our capacity for innovation.

We aim for all of our employees to have the same opportunities – irrespective of their gender, age, origin, sexual orientation or religion. We are therefore building a working environment in which every employee is respected and their individual contribution acknowledged. We emphasize two priorities in particular: creating an international work environment and promoting women to management positions. In addition, our human resources departments and our managers worldwide are made aware of the need to prevent any form of discrimination.

Unfortunately, due to the COVID-19 pandemic it was not possible to hold many events and projects in this area in the normal format in 2020. All of these initiatives and projects will restart in 2021 – as soon as possible.

Encouraging an International Focus

When filling new positions, we emphasize hiring new employees from different countries. We aim to encourage an international workforce at our Norderstedt

headquarters in particular. We are therefore increasingly filling positions with employees who have previously worked for us at our foreign sites – mostly in our growth markets in Asia. We are also encouraging an international, cross-functional process of exchange – and thus also our employees’ mobility – through our global career path model “X-perience the tesa world.”

Preparing Women for Management Positions

We aim to foster a culture of equal opportunity. That includes appointing an increasing number of women to management positions. In early 2020, Angela Cackovich joined tesa’s Executive Board as its first female member in the company’s history – this is an initial sign of the process of change. Over the next few years, we will work even harder on achieving gender equality in our workforce and in management positions.

In Germany we have already offer a special training course intended to encourage young female employees to aim for management positions.

With the tesa Women’s Network, our female employees have established an initiative intended to promote networking and mutual support. This network aims to enhance the visibility of talented female employees in our company and encourage them to pursue career opportunities. Since its foundation in 2018, a wide

variety of podium discussions and conversations have taken place with the goal of female managers sharing their experiences within the tesa Group.

Encouraging Girls’ Interest in Technology

We aim to promote equal opportunity from an early age. The science initiative “mint:pink”, which is organized by our partner “Initiative Naturwissenschaft & Technik” (Science & Technology Initiative – abbreviated NAT), is a support program for girls. Through a series of excursions, female students at the junior high stage learn more about the work of scientists at our Norderstedt site and receive a range of different insights into various careers in the field of science.



Encouraging the Next Generation

STEM skills (science, technology, engineering, mathematics) are important for preserving livelihoods and for social progress. They also help to deal with current challenges such as the COVID-19 pandemic. As a technology company, we aim to support young people in these subjects and, in the future, to recruit qualified up-and-coming talent. We incorporated this goal into our sustainability agenda in 2020.

At tesa, we see ourselves as a companion for the next generation and aim to enable it to access STEM subjects as well as important future technologies. That is why we already began to launch projects in this area in Germany in 2014. In 2020, we incorporated in our sustainability agenda a further area of focus: “For the next generation of innovators.” We are thus increasingly widening our commitment to education worldwide: We initially began to expand our program in China in 2020; in the period from 2021 to 2024 it will be introduced in the USA and we will also further develop the program in Germany.

We develop our age-appropriate learning opportunities in close cooperation with partner schools, universities, STEM companies and other partners. tesa experts from different fields provide an insight into their everyday working lives. For instance, students in the 11th to 13th grades will receive a playful introduction to STEM careers through summer workshops. Our program also particularly focuses on students

1,000 Young People

We aim to inspire 1,000 children and young people every year to pursue STEM subjects.

between the age of 14 and 18 who are on the point of choosing a career. We intend to provide them with insights into STEM careers through experiment workshops and competitions. Students between the ages of 19 and 25 likewise face the decision of which career they should pursue. We aim to assist them in their decision-making through working student activities and internships.

Increased Opportunities for Elementary School Children

Whether it’s the grant of annual scholarships or donations to cover school fees: The tesa plant in Suzhou, China, has been involved in the “tesa Sunshine Education Assistance” program since 2008. It aims to improve the level of elementary school education for children of migrant workers. A total of 710 children

have already been awarded an annual scholarship (“tesa Sunshine Scholarship”). Over the past few years, more than 120 employees have volunteered in support of this initiative and donated books, toys or sports equipment and taken part in events such as the annual “tesa Sunshine Day” when children visit our plant. In 2020, employees at the plant developed six STEM courses, which have been included in weekly tuition at the Sunshine School since October. With various experiments, these courses are intended to stimulate the interest of the roughly 30 sixth graders in scientific topics such as noise transmission, surface energy and light.

Cooperation with Soochow University

In late 2020, the tesa plant in Suzhou, China, entered into a three-year research partnership with Soochow University. Soochow University is a public university with around 50,000 students and roughly 1,600 professors in Suzhou. A joint research group consisting of laboratory managers from tesa’s research and development center in Suzhou as well as professors and students from Soochow University will pursue joint research and co-development projects. tesa signed the related partnership agreement with the faculty of chemistry, chemical engineering and materials science. This cooperation represents a valuable opportunity for tesa to strengthen academic research and

networking, while supporting highly-qualified local talent and recruiting them for the company.

Science & Technology Initiative (NAT)

We have cooperated with the German “Initiative Naturwissenschaft & Technik” (Science & Technology Initiative – NAT) since 2014. We provide financial support and our employees also volunteer with this initiative. NAT connects schools with universities, colleges and technology-driven companies in Hamburg and the surrounding metropolitan area. The objective is to give young people a variety of insights into various careers. In particular, we support the NAT programs “mint:pink” – a support program for girls – and “mint:match”, which provides career and university course guidance through visits to local companies as well as video conferences. Both are taster courses which enable students to become familiar with the work of scientists. Each year, up to 250 girls take part in the NAT program mint:pink, while through mint:match the initiative reaches roughly 300 students. In 2020, tesa provided NAT with 10,000 euros of funding.

In 2020, tesa was thus also able to support “Match Days” – a virtual conference for high school students from Hamburg and Norderstedt that provides career and university course guidance in the STEM field. Current topics such as clean technologies, intelligent

mobility, research into infectious diseases and artificial intelligence were core areas of focus. The Match Days were also a response to the coronavirus pandemic. High school students have been particularly badly affected by the crisis: Due to the lockdown, hardly any career or university course guidance was available in 2020, and excursions were generally not possible. Through the Match Days 2020, NAT was able to reach more than 1,000 students and over 50 teachers and school administrators. It aims to repeat its Match Days event in 2021. tesa employees will contribute to this conference through presentations and career guidance sessions.





Commitment

The year 2020 will linger in our collective memory for a long time. The coronavirus pandemic posed big challenges for society and also for our company. In this situation, it was important to remain level-headed and to provide rapid and unbureaucratic assistance. As a financially healthy company, we see that as our responsibility.

For this reason, we quickly put together a donation package amounting to five million euros. This money is helping a large number of different initiatives to tackle the coronavirus crisis all over the world – wherever tesa has a presence. The largest individual donations – each with a volume of one million euros – went to Save the Children and Doctors Without Borders. We will also continue to provide financial assistance for further projects through this package in 2021.



Keeping Society in Mind

In 2020, our social commitment and involvement were dominated by the COVID-19 pandemic. In this global crisis, we aimed to provide assistance rapidly and in every region. For this purpose, tesa provided a total of five million euros for social and humanitarian causes in 2020 and 2021. It also made a large number of product donations in the year under review. At the same time, the pandemic meant that some of our volunteer projects were not able to take place in the usual format due to the hygiene rules.

The Corporate Citizenship department, which is a unit of Corporate Communications, is responsible for social commitment and involvement at tesa. It coordinates and decides on all of our headquarters' support activities. As a company that operates worldwide, it is important to us to strengthen civic involvement in the regions where we are active. Like all Beiersdorf affiliates, tesa donates a portion of local sales to social projects and demonstrates social commitment through volunteer work. In keeping with the "Global Reach, Local Presence" approach, tesa's regional companies independently select the projects which they wish to support. They notify the Corporate Citizenship department in an annual report of the projects which they have assisted. Our Corporate Citizenship department advises the regional companies as needed on suitable support projects. Our Corporate Giving Policy serves as the framework for this.

A Socially Committed Response to the Crisis

In 2020 and 2021, we are providing an overall amount of five million euros to fight the coronavirus pandemic. In the year under review, Doctors Without Borders' global COVID-19 crisis fund and the Save the Children initiative, both received a sum of one million euros. We also made donations in seven regions – from Asia to North and Latin America all the way to Europe – amounting to a total of 1.5 million euros to local organizations selected by our affiliates in these regions. This program will continue in 2021. As a Beiersdorf affiliate, we participate in our parent company's large-scale assistance program "Care Beyond Skin" through these activities.

Major Donation to Doctors Without Borders

In this difficult period of the COVID-19 pandemic, we aim to assist in caring for sick people as well as enabling prevention. For this reason, we have made a donation of one million euros to Doctors Without Borders. This money will go to its global COVID-19 crisis fund: Doctors Without Borders is currently supporting people in the fight against the coronavirus in more than 70 countries worldwide. Local teams are implementing infection control measures, carrying out testing, setting up isolation areas, training employees in clinics and care facilities and educating



local populations. This organization is also advising government and public institutions and strengthening their capacities.

Education Partnership With Save the Children

According to the United Nations Educational, Scientific and Cultural Organization (UNESCO), at the height of the pandemic 1.5 billion boys and girls worldwide were affected by the closure of their schools, daycare centers and leisure centers. Socially disadvantaged children were hit particularly hard by this exceptional situation. In the period under review, we entered into

a partnership with Save the Children under the slogan "Education Brings Us Together. Worldwide." with a donation of one million euros, we are supporting selected projects in six different countries – China, Germany, India, Italy, Mexico and Vietnam. The supported projects are all in regions where tesa has plants or affiliates or where it plans to operate in the future.

Combating the Coronavirus at a Regional Level

The impact of the global COVID-19 pandemic varies in different regions. tesa’s regions have therefore decided at a local level which organizations and projects to donate to. They are most familiar with the situation on the ground. They select suitable projects in consultation with the Corporate Citizenship department and monitor the donation process. They were also able to choose between investing donations in one-time, immediate assistance or long-term support for an organization.



Help Has Many Different Faces

Protective equipment for clinic personnel in Argentina, help for disadvantaged children in Japan, new ultrasound devices for a hospital in Prague: Our donations benefited a wide variety of different causes. In the Latin America region, they included 50,000 euros in support for the Brazilian organization ASID. ASID helps disabled people who are affected by the coronavirus crisis. Thanks to this donation, more than 1,000 families received a basket containing food and hygiene products.

In the Asia-Pacific region, the donations were mainly used to provide protective equipment, materials and instruments in hospitals. tesa’s site in Japan invested some of its donations in supporting the schooling of disadvantaged children whose situation had further deteriorated as a result of the pandemic: A contribution to the Kids Door Fund enabled scholarships for 500 schoolchildren. Children were also the beneficiaries of the donations in China. The main objective here was to improve hygiene conditions in schools.

Families and children likewise play a key role for Family Promise, a local relief organization close to our site in Sparta in the USA. Family Promise helps homeless families in particular, e.g., by means of temporary accommodation or through preventive programs. tesa donated 50,000 euros to this organization.

Motol University Hospital in Prague, in the Czech Republic, received one of the largest donations in the Eastern Europe region. This paid for three ultrasound devices for cardiological, pulmonary and gastric examinations, which are now being used in this hospital’s intensive care unit.

In Austria, “Österreich hilft Österreich” – an alliance of the country’s leading relief organizations – was the recipient of the donations, while the donations in Switzerland went to the coronavirus fundraising appeal of the Swiss organization “Die Glückskette.”

Some of the projects supported, focus on the psychological effects of the crisis – an aspect which is frequently overlooked. In the United Kingdom, 100,000 euros were contributed to the organization “Mind,” which helps people with mental health problems. Since these people are particularly affected by the social distancing measures, Mind is supporting them by means of an information hotline and an online community. The Galatea Foundation in Spain also received 100,000 euros. This foundation provides psychological support for health care and social service professionals.

tesa likewise sought to alleviate the effects of the pandemic in Germany in the reporting period – in particular, through product donations and donations to charitable organizations and selected relief



projects. Social distancing tapes are one such example. In many places, these colored ground markings help people to keep an appropriate distance. tesa made these tapes available to various hospitals free of charge. Overall, to date we have donated around 3,000 rolls with a total length of 100 kilometers to 30 clinics. Further product donations and donations in kind were made to the Hanseatic Help initiative as part of the “Hamburg pack’s zusammen!” donation campaign, to the street newspaper Hinz&Kunzt and to food banks.



Compliance

Existing legislation, rules and internal guidelines serve as the basis for our actions. Through our Compliance Management System (CMS), we aim to ensure compliance to the maximum extent possible. However, not only do we expect our employees and managers to comply with these minimum standards but also aim to motivate them to act at all times with integrity and a sense of responsibility.

We revised our Code of Conduct in 2020. In order to establish this new code, we have introduced a mandatory e-learning course. This course informs all of our employees worldwide regarding the contents of the code and helps them to internalize it. We will only achieve compliance if everyone is familiar with the rules and incorporates them in their daily work.

Compliance Without Compromise

Whether shareholders, employees, business partners, customers or other interest groups: We are and will remain a trustworthy partner for all of them. But we can only do so if we are familiar with and understand the existing legal framework and properly apply it.

For us, compliance means that we adhere to legislation, rules and internal guidelines – and that we do so without compromise. We aim to ensure, to the maximum extent possible, that we observe these standards and act responsibly. That is why we have developed our Code of Conduct (CoC). The CoC is our binding value framework and helps our employees and managers to observe and apply key principles and guidelines. We revised our CoC in the year under review and introduced it throughout our Group in November. This included a new e-learning course.

Our Compliance Management System (CMS) is intended to ensure, to the maximum extent possible, that our employees and managers adhere to legal provisions and internal rules. In order to achieve this goal, we follow the three principles set out below:

1. Prevention

We set in place preventive measures, to avoid violations.

2. Identification

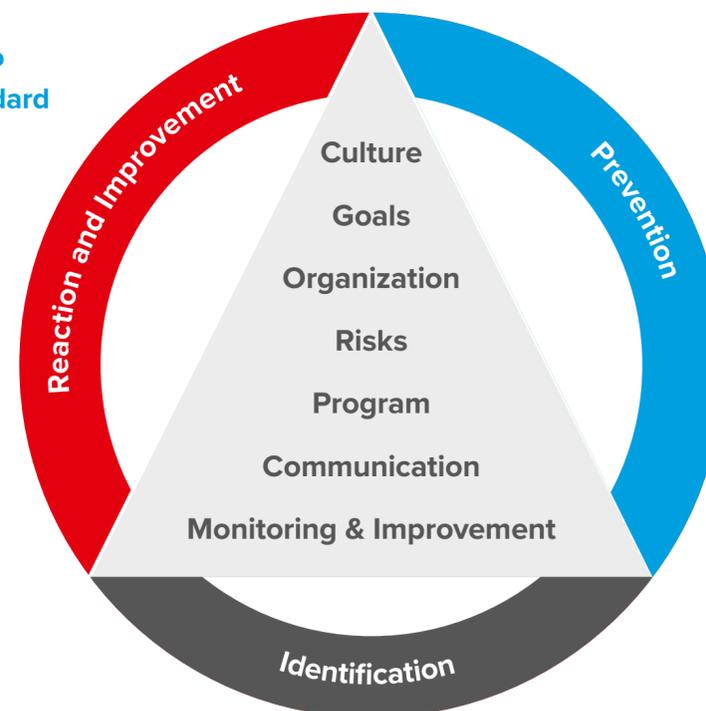
We use risk assessment in order to identify and manage key compliance risks Group-wide early on. Additional control mechanisms enable us to rapidly identify irregular activities.

3. Reaction and Improvement

We punish any violations of legislative or internal requirements on an appropriate case-by-case basis. We also continuously identify improvement measures for the entire CMS.

Our Group-wide CMS is based on the uniform standard 980 issued by the Institute of Public Auditors in Germany (IDW). The individual measures are based on the seven elements of the IDW audit standard 980 pyramid (see graphic).

The tesa CMS according to the compliance audit standard IDW 980



Clear Responsibilities

Our Corporate Compliance department is responsible for the CMS. It also helps tesa’s corporate management to identify compliance risks and prevent violations. For this purpose, it regularly implements a compliance risk assessment in order to identify key compliance risk fields (see “Identification”). Executive and Supervisory Board members are regularly informed about relevant compliance issues.

Our Corporate Compliance department advises and supports local compliance officers and management teams in relation to implementation. Our local compliance officers help to achieve our employees’ familiarity with our compliance programs. We thus aim to ensure that every component of our compliance system is established at our affiliates and is continuously monitored and improved.

1st Principle: Prevention

As in previous years, a key area of focus in our activities in 2020 was corruption prevention as well as compliance with antitrust law and data protection. The goal is to raise awareness among employees regarding these issues and teach them how to act appropriately and make reliable decisions.

To this end, we executed various programs and defined global minimum standards for implementation. Besides practical training and advisory services, the following guidelines are core elements of our compliance programs:

- Our Antitrust Law Guideline sets out clear guidance on antitrust law-compliant activities. This includes guidelines on contact and the exchange of information with competitors as well as information on communicating with customers – such as in relation to selling prices.
- In the compliance field of corruption prevention, our personal gifts guideline provides instructions on how to act in relation to gifts, product samples or invitations received from or extended to representatives and employees of other companies or office holders. This guideline also provides practical

examples illustrating how our employees should act in such situations. It includes information on how to handle conflicts of interest.

- Our data protection guidelines describe how we ensure compliance with the principles of the European General Data Protection Regulation (GDPR) in processing data at our EU companies. They also provide our employees with guidance and instructions on handling of data.

We develop our compliance programs on an ongoing basis. In doing so, we take into consideration our corporate strategy as well as the prevailing legal conditions.

Through training, we raise awareness of compliance issues among our employees and let them know who the relevant contact person is in case of any questions. This reflects a risk-based approach, which is embodied in our training concept and our definition of target groups. These training sessions are held every two years as e-learning courses as well as in-person events. This training cycle began with comprehensive training in 2019 and continued with supplementary courses in 2020. In 2020, we achieved a participation rate of over 98 percent for our antitrust law training courses.

As well as training, we also make regular use of communication activities in order to establish our compliance principles within our company: For instance, our employees can find important information and guidance on the relevant compliance pages in our intranet; we also keep them regularly informed by email. We also maintain a process of dialogue with our local affiliates.

2nd Principle: Identification

The analysis of compliance risks serves as the basis of our CMS and our compliance programs. Here, we regularly identify current and future risk fields associated with our business models as well as the geographical locations of our sites. We analyze in terms of the concrete risk fields that are subject to a particularly high

probability of realization and a particularly high level of potential damage or for which further critical factors apply. We aim to ensure that appropriate measures exist or will be executed in order to minimize these risks. This analysis is implemented at a central level as well as at our affiliates. We use the results in order to make continuous adjustments and improvements to our global and local compliance programs.

We aim to practice compliance in a sustained manner. Our employees' personal commitment is necessary in order to preserve and promote an open and trusting compliance and communication culture: We therefore appeal to our employees to report potential compliance violations – including anonymously. We regularly let our employees know which office to contact in case of any compliance violations. Various channels are available to them for this purpose: For instance, there are external ombudsmen to whom confidential information regarding potential compliance violations can be forwarded. Our employees can also send an email to the relevant compliance address in order to report violations, or alternatively they can use other internal reporting options. We updated our whistleblowing guideline and rolled out the new version worldwide during the year under review.

98% Participation Rate

In 2020, we achieved a participation rate of 98% for our antitrust law training courses.

We have established a separate process for dealing with incoming reports and investigating incidents. In this way, we ensure that we take proportionate action. The relevant specialist functions and also, as a rule, the Corporate Auditing department participate in investigating incidents. The Corporate Auditing department serves as an independent monitoring body and is incorporated within Beiersdorf AG. This department performs regular audits at tesa, and compliance-related issues are an integral component of these audits. The Corporate Compliance department also monitors whether the centrally prescribed minimum standards are adhered to.

3rd Principle: Reaction and Improvement

We regularly review the effectiveness of our CMS – including by means of a Group-wide compliance reporting system. The Executive Board and the Supervisory Board are notified of our findings. We document incidents and review the status of implementation of our compliance programs centrally and at our affiliates worldwide. We determine the necessary activities on the basis of the results and implement appropriate measures. Our affiliates are also requested to notify the Central Compliance department without delay, even outside of reporting cycles, in case of material compliance incidents.

We are also making continuous changes to our CMS in line with internal developments as well as new legal and business requirements. In addition to our whistleblowing guideline and our CoC, we also updated our personal gifts guideline and introduced it globally in the year under review.

An Up-To-Date Code of Conduct

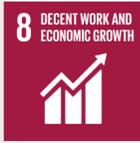
It is clear for us that we will only achieve long-term success if we are a trustworthy partner on the market and are seen as such. To achieve this status, we must comply with all legislation, rules and internal guidelines and act responsibly. To ensure that we do so to the maximum extent possible, we have developed our Code of Conduct (CoC), which is applicable throughout our company. This code was extensively revised in 2020 and a new version was introduced in November.

We have thus responded to new internal and external requirements. In this revised version, we have naturally also taken into consideration the values and guidelines of our parent company, Beiersdorf, whose CoC was updated in 2019. In order to establish our updated CoC in our company, we have introduced a new e-learning course, which is mandatory for all of our employees worldwide. This course is available in German, English, Spanish and Mandarin. Through our new CoC and our accompanying e-learning course, we aim to ensure that we continue to comply effectively and successfully with all compliance requirements in the future.



Sustainable Development Goals Index

We contribute to the following SDGs and their corresponding targets:

SDG	SDG Targets	Our Contribution	In This Report
	4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	Skills in the STEM subjects (science, technology, engineering, mathematics) are important for preserving livelihoods and for social progress. As a technology company, we aim to help young people in these subjects. We also incorporated this goal into our sustainability agenda in 2020.	Pages 37, 38
	5.5: Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life	tesa has been a member of the UN Global Compact since 2006. The ten principles in the areas of human rights, labor standards, environmental protection and anti-corruption represent the overarching guidelines for all actions at tesa. With our membership, we have also committed ourselves to Principle 6 “The elimination of discrimination in respect of employment and occupation” and reject any form of discrimination in the workplace or in the filling of positions.	Pages 36, 37
	7.2: By 2030, increase substantially the share of renewable energy in the global energy mix 7.3: By 2030, double the global rate of improvement in energy efficiency	Since the end of 2020, renewable energy sources provide 100 percent of the electricity purchased for all tesa sites world-wide. We are supporting the development of renewable energy by purchasing green electricity. We also pay attention to the internationally recognized EKOenergy quality label in our electricity purchasing activities. Two production facilities and our headquarters have an ISO 50001-certified energy management system. The introduction of the energy management systems paved the way for further increasing the energy efficiency of our facilities. Another strategic approach for tesa is the use of energy and resource-saving technologies. This includes the efficient generation of our own energy through cogeneration.	Pages 12, 13
	8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programs on sustainable consumption and production, with developed countries taking the lead 8.8: Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	Our products should be as harmless as possible to the environment over their entire lifecycle. During development and manufacturing we take care to ensure resource efficiency and to avoid production waste as much as possible. Measures to this end are an integral part of our environmental protection activities as a company. Wherever possible and sensible, we use renewable and recycled raw materials. The reduction and avoidance of packaging materials also help to minimize waste and thereby the negative impact on the environment. As a responsible employer, we see it as our duty to protect our employees from risks and hazards in the exercise of their activities. With a wide range of measures, we contribute to preventing accidents and occupational illnesses. In mid-2020, we also established a supplier program in order to increase the level of transparency in our supply chain. We ask direct suppliers to share their sustainability performance with us.	Pages 16, 17, 28, 30

SDG	SDG Targets	Our Contribution	In This Report
	<p>12.2: By 2030, achieve the sustainable management and efficient use of natural resources</p> <p>12.4: By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment</p>	<p>tesa develops ecofriendly, solvent-free production methods, and uses renewable and recycled raw materials wherever possible and sensible. We take care to ensure resource efficiency and avoid production waste from the early stages of developing our products and the methods used to produce them. Measures to this end are an integral part of our environmental protection activities as a company.</p> <p>There is no way to eliminate all waste when producing goods. Our waste and raw materials management activities are geared toward using materials efficiently and recycling wherever possible. Therefore, we constantly work on minimizing production-related losses in the raw materials we use. tesa recycles almost all non-hazardous waste and hazardous waste containing solvents.</p>	<p>Pages 16, 20</p>
	<p>13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>	<p>We have set ourselves the target of reducing our energy-related CO₂ emissions by 30 percent in absolute terms by 2025 compared to 2018. This goal is consistent with the scientific consensus (Science Based Targets Initiative) that global warming should not exceed 1.5°C. We are aiming to achieve a completely climate-neutral business model by 2050.</p>	<p>Pages 13, 14</p>
	<p>15.1: By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements</p>	<p>We aim to use water responsibly. Efficient use is a prime concern. Every year, we keep track at our production facilities of water data such as water consumption and effluent quantities and also perform a regular water risk assessment. We also report the results through CDP. We tightened up our environmental guidelines relating to water in the reporting year.</p>	<p>Page 18</p>
	<p>16.5: Substantially reduce corruption and bribery in all their forms</p>	<p>We reject any form of corruption, bribery or other forms of unlawful conduct. Corruption prevention is one of tesa's Core Compliance Fields and plays a central role in the Compliance Management System. The main goal is to avoid possible cases of corruption before they arise. In the compliance field of corruption prevention, our Group-wide anti-corruption guidelines instruct our employees on proper conduct and explain how employees should conduct themselves in corresponding situations.</p>	<p>Page 43</p>



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