

Sustainability Review

20
19

Beiersdorf

Beiersdorf Profile

Beiersdorf is a globally active company with over 20,000 employees and 179 affiliates. In 2019 the company, which consists of the Consumer and tesa Business Segments, generated sales of €7,653 million.

For over 135 years Beiersdorf has regularly set milestones in skin care and adhesive technology. The main focus of our activities is the Consumer Business Segment, which includes our brands NIVEA, EUCERIN, HANSAPLAST and LA PRAIRIE, as well as COPPERTONE, a U.S. brand that was added to the portfolio in 2019. These brands stand for innovative, high-quality skin and body care products. Our internationally successful brand portfolio is aligned with the wishes of our consumers and specific local requirements. Our closeness to consumers and markets, and the

consistent development of our strong skin care brands, convinces millions of people every day.

The tesa Business Segment is one of the pioneers of innovative self-adhesive products and system solutions for industry, commerce, and consumers. Thanks to its many years of experience in coating technology and adhesive development, tesa is a global market leader in many application segments.

Fulfilling our corporate responsibility towards society and the environment, as well as thinking and acting sustainably, are integral parts of our company culture at Beiersdorf and are firmly anchored in the business processes of both our business segments. Furthermore, in 2019 sustainability was also fully integrated into our new Group strategy C.A.R.E.+.

Our Brand Portfolio



A description of the business model is provided within the “Business and Strategy” chapter in the Group Management Report presented in the 2019 Annual Report.

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Beiersdorf Consumer // tesa

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Foreword



STEFAN DE LOECKER

Chairman of the Executive Board



ZHENG RONG LIU

Member of the Executive Board
Human Resources | Sustainability | Services

Dear Readers,

For Beiersdorf 2019 was not only a year of strategic gearshift with C.A.R.E.+, focusing on future investment and innovation. It was also a year of comprehensive stepping up on sustainability, from firm, public commitments to substantial results and breakthroughs.

The two Beiersdorf Group Business Segments, Consumer and tesa, are both members of the UN Global Compact (UNG). The Ten Principles of the UNG and the UN Sustainable Development Goals (SDGs) form the guide rails for our sustainability strategy as well as multiple initiatives related to environment and society.

In the following 2019 Sustainability Review we begin by summarizing the final results achieved by “Product, Planet and People”, our sustainability strategy between 2012 and 2019. We then provide a preview of the Sustainability Agenda within C.A.R.E.+, including some further highlights.

Consumer

In accordance with the strategic ambition of C.A.R.E.+ we developed a new sustainability agenda in the reporting year. Its official launch is planned for early 2020.

We did not, however, “suddenly” discover sustainability just recently. Since 2012 we have mobilized significant funding as well as employee engagement under the “We care.” umbrella, which had three main pillars: “Products”, “Planet”, “People”. It

was intended to last until 2020; However, in 2019 we were already able to achieve all our targets set within the “We care.” framework. So starting from 2020, we are not just pushing aside an “old” agenda for the sake of a new one, we are expanding and stepping up our ambitions for sustainability based on the solid foundation created by “We Care.”

Coming to the first “P”, “Products”: By the end of 2019, 55% of our global sales were generated through products with a reduced environmental impact versus the base year 2011. The “We Care.” target by 2020 was 50% of global sales. We reached our objective early through a wide range of improvements in how we source and handle our raw and packaging materials. We now purchase around 90% of our palm (kernel) oil-based ingredients from RSPO-certified sources. We have also co-founded the platform Action for Sustainable Derivatives to drive transparency and transformation in the palm supply chain.

The second “P”, “Planet”: By the end of 2019, we achieved an energy-related CO₂e emissions reduction per product by 65% versus the 2014 baseline. In addition, we switched 100% of our electricity consumption globally to renewable energy sources. Both results represent a major milestone for us and a vital step towards realizing our vision of becoming carbon positive.

The third “P”, “People”: By end of 2019 we reached a total of 1,068,958 families over a period of seven

years (since 2013), thus clearly exceeding our original 2020 target to reach and improve the lives of one million families around the world. We did so through our social initiatives in more than 50 of our international affiliates, with thousands of employees participating. We take this opportunity to express our personal thanks to all our colleagues who carried out locally relevant projects, delivering significant, lasting benefit to the communities.

Going forward, “We care.” will be replaced by a more holistic approach to sustainability, not only as an integral part of C.A.R.E.+ but also directly linked with the UN SDGs.

Within this effort we aim to expand our initiatives and further raise our ambitions, supported by dedicated extra resources from the C.A.R.E.+ funding pool.

Expand: We set ourselves further specific targets in the focus area of “Fully Circular Resources” for packaging and raw materials as well as in the product-related focus areas “Sustainable Land-Use” and “Regenerative Water Environments”. We also include “Consumer Health & Well-being” in our new agenda. Already in March 2019 we made two specific commitments, both to be achieved by 2025: To make 100% of our product packaging recyclable, compostable or re-usable, and to achieve a share of 25% recycled content in our plastic packaging in Europe.

Lift Up: We raised our ambitious climate target to bring it in line with the science-based emissions reduction pathway to help limit global warming to 1.5°C: We are now targeting a 30% absolute reduction of greenhouse gas emissions across all three emissions scopes by 2025, versus the 2018 base year. We are proud to take a leading position in this field through our full engagement in combating climate change.

2019 was a year with a dual-track operation: Exceeding our “We Care.” targets one year ahead of the original plan and in parallel building a more comprehensive and ambitious new sustainability agenda for the next five to ten years within C.A.R.E+. We succeeded in achieving both.

Going forward, there will be no laying back nor slowing down. Setting ambitious targets just marks the start of a new journey. We will increase our dedication, build our expertise and expand our financial means to complete it successfully – just as we did during the 2012–2019 period.

tesa

In 2019, tesa also started working on a new sustainability agenda as integral part of its new business strategy that will apply starting in 2020. The sustainability agenda will map tesa’s activities along the entire value chain even more systematically and holistically.

At the same time, tesa made again progress on its path to sustainable business operations in the reporting year: For example, tesa reduced its CO₂ emissions per ton of end product once again and is now at -9.8% compared to the 2015 reference year. With this, tesa is well within the target range of the 10% reduction tesa is pursuing for 2020.

With its solutions, tesa also continued to support its customers’ efforts towards sustainability: tesa applications help customers to manufacture their products in a more durable, resource-efficient and energy-saving manner. This results in lower CO₂ emissions and less waste.

And also in the area of social commitment, tesa has continued its activities: tesa employees positively impacted the communities where their sites are located in more than 40 projects worldwide.

We warmly invite you to read this new Beiersdorf Sustainability Review in detail and learn more about our company’s sustainability work and achievements in 2019.



STEFAN DE LOECKER



ZHENG RONG LIU

Statement to the Separate Combined Non-financial Report of the Beiersdorf Group and Beiersdorf AG

The application of the “CSR Directive Implementation Act” (CSR-RUG) formally requires us to complement our existing financial reporting with information on material non-financial aspects of our business activity. In particular these include aspects regarding the environment, employees and society, as well as human rights, and anti-corruption.

This Sustainability Review integrates the Separate Combined Non-financial Report (NFR) for the Beiersdorf Group (Consumer and tesa Business Segments) and Beiersdorf AG, as defined under § 315b and § 289b of the German Commercial Code (HGB), respectively. The Sustainability Review will be published on March 3, 2020, on the [Beiersdorf website](#).

Identification of Material Non-financial Topics

In 2017 the Business Segments Consumer and tesa conducted a materiality analysis to identify the material non-financial topics relevant to each of them (see Consumer Business Segment on page c-12, tesa Business Segment on page t-11). A new analysis is planned for the coming reporting year.

For the Consumer Business Segment, education and training, employment, occupational safety, climate and energy, human rights, product sustainability, product safety, social assessment of suppliers, and anti-competitive behavior were identified as material non-financial topics. No material NFR-relevant topics were identified for the aspect “social concerns”.

The tesa Business Segment identified prevention of anticompetitive practices, internal succession, occupational safety, climate protection and CO₂ emissions, human rights in the supply chain and product safety as material NFR topics.

You will find an overview of the material NFR topics for the Consumer and tesa Business Segments, as well as chapter and page indications, in our Non-financial Report Index on the following page.

Disclosures on the material NFR topics are provided separately for the respective business segments. The Sustainability Review for the Consumer Business Segment also includes the non-financial disclosure for the

parent company Beiersdorf AG. In principle, all disclosures are provided jointly for the Beiersdorf Group and Beiersdorf AG. The COPPERTONE business, acquired as of August 30, 2019, is, except for a few key figures, not included in this report. Indicators that include the COPPERTONE business are noted separately in the chapters “Planet” and “People”. Our participation NIVEA-KAO in Japan is not included in this report, as this is managed independently with regard to non-financial topics. Key figures reported separately for Beiersdorf AG are presented in tabular form at the end of the Consumer Sustainability Review (page c-65).

All legally required disclosures on material non-financial aspects pursuant to §§ 315c HGB in conjunction with 289c to 289e HGB are highlighted in this Sustainability Review on the respective pages or in the respective paragraphs:

Consumer Business Segment

tesa Business Segment

Application of International Reporting Frameworks

In compiling the Sustainability Review the Consumer Business Segment is oriented towards the “Global Reporting Initiative” (GRI) Standards, aligned with the “core” option.

The tesa Business Segment has been a member of the United Nations Global Compact (UNGC) for over a decade, which Beiersdorf AG also joined in 2019. The UNGC Communications on Progress report on achievements during the reporting period in the areas of corporate governance, employees, environmental protection, and social engagement, with regard to the ten defined UNGC Principles. The tesa Business Segment and Beiersdorf AG Communications on Progress are published as Sustainability Reviews and form part of the Beiersdorf Group and Beiersdorf AG Non-financial Report.

In view of the differing materiality requirements of the GRI standards, the UNGC, and the CSR-RUG, no international reporting frameworks as defined under § 315c s.3 HGB in conjunction with § 289d HGB were applied in compiling the Beiersdorf Group and Beiersdorf AG Non-financial Report.

Index on the Non-financial Report (NFR)

		Chapter in Sustainability Review	Page
Description of the business model		A description of the business model is provided within the "Business and Strategy" chapter in the Group Management Report presented in the 2019 Annual Report.	
Main risks	Consumer Business Segment	Risk Management	Page c-13
	tesa Business Segment	Risk Management	Page t-11

NFR aspect	Material Non-financial Topics	Chapter in Sustainability Review	Page
Environment	Consumer Business Segment		
	Product sustainability	Our Product Engagement	Page c-20
	Climate and energy	Our Planet Engagement and Our Climate Target Key Figures of Beiersdorf AG	Page c-34 Page c-65
	tesa Business Segment		
	Climate protection and CO ₂ emissions	Climate Protection and CO ₂ Emissions	Page t-34
Employees	Consumer Business Segment		
	Education and training	People at Beiersdorf Key Figures of Beiersdorf AG	Page c-49 Page c-65
	Employment		
	Occupational safety	Occupational Safety Key Figures of Beiersdorf AG	Page c-56 Page c-65
	tesa Business Segment		
	Internal succession	Internal Succession	Page t-19
	Occupational safety	Occupational Safety	Page t-22
Human rights	Consumer Business Segment		
	Human rights	Responsibility Along the Value Chain	Page c-16
	Social assessment of suppliers	Responsibility Along the Value Chain	Page c-16
	tesa Business Segment		
	Human rights in the supply chain	Responsibility in the Supply Chain	Page t-43
Anti-corruption (Compliance)	Consumer Business Segment		
	Anti-competitive behavior	Compliance Management Key Figures of Beiersdorf AG	Page c-13 Page c-65
	tesa Business Segment		
	Prevention of anticompetitive practices	Compliance Management System Prevention of Anticompetitive Practices	Page t-14 Page t-16
Further matters	Consumer Business Segment		
	Product safety	Safe and Compatible Products	Page c-29
	tesa Business Segment		
	Product safety	Product Safety	Page t-44

No material topics within the scope of the NFR were identified in the "society" topic area.

Consumer Business Segment

SUSTAINABILITY REVIEW 2019



We care.

Beiersdorf

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Overview of the Consumer Business Segment

For over 135 years the name Beiersdorf has stood for innovative skin care. Our unique brands and high-quality skin and body care products set us apart, winning over millions of people worldwide – day after day.

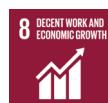
We continue to develop our internationally successful product portfolio for our consumers, in particular our core brands NIVEA, EUCERIN, LA PRAIRIE, and HANSAPLAST. We respond to our consumers' wishes and needs while keeping global trends and specific regional requirements clearly in focus. This outstanding closeness to our consumers and markets regularly enables us to set new industry milestones with our innovations.

In 2019 our Consumer Business Segment achieved sales of €6,274 million with 15,728 employees.

This makes us an internationally successful, strongly competitive company. With a clear focus in 2019 on our newly introduced Group strategy C.A.R.E.+ we will continue to invest in sustainable growth in the future. Care, Simplicity, Courage, and Trust are our Core Values and the constant compass for our actions. They have shaped our company from the very beginning and still provide us with clear orientation today.

As the inventors of modern skin care, for us Care is far more than "just" a part of our business and a key Core Value. It expresses our responsibility towards people and the environment. In developing our business further we therefore ensure we continuously strengthen and expand our sustainability engagement as well.

OUR CONTRIBUTION TO THE SDGS



OUR COMMITMENTS

We pursue the goal of being the No. 1 in Skin Care in our relevant markets and categories.

In realizing our ambition we see economic growth as inseparable from our corporate responsibility towards people and the environment, as set out in our “We care.” sustainability strategy.

Our Achievements

At least

> **55%**

of sales achieved from products with an improved environmental impact*

> **65%**

less energy-related CO₂e emissions per product manufactured**

> **100%**

of electricity from renewable energy sources

> **1.07 million**

families sustainably supported through our global social commitment***

* (Base year 2011) ** (Base year 2014) *** (Base year 2013)

Our Strategy

In a business environment characterized by economic uncertainty, social imbalances, and environmental challenges, we strive to grow in a responsible manner.

Sustainability has always been deeply rooted in our company culture and is firmly anchored in our business processes. Since 2012, our “We care.” sustainability strategy has guided us in consistently assuming our responsibility towards people and

the environment. It is founded on three pillars, “Products, Planet, People”, and thus comprises sustainability topics along the entire Beiersdorf value chain that range from raw material sourcing, to the health and safety of our employees, to our social engagement beyond the company boundaries. It also defines clear objectives for acting responsibly towards those people to whom we are committed – our own employees around the world as well as our company-external stakeholders.

Progress Towards Our Commitments

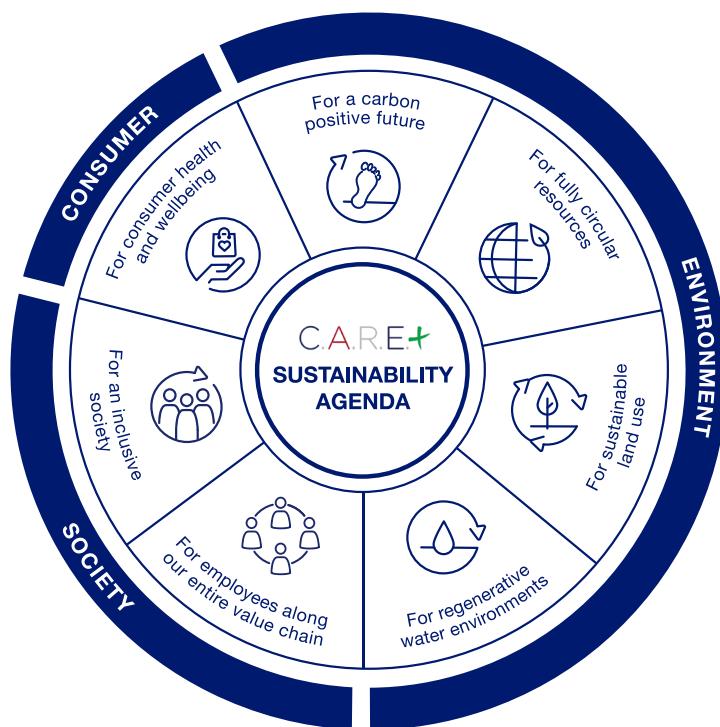
 PRODUCTS	 PLANET	 PEOPLE
OUR COMMITMENTS		
BY 2020 50% of our sales generated from products with an improved environmental impact. (Base year 2011)	BY 2020 100% Purchasing of electricity from renewable energy sources. BY 2025 70% Reducing our energy-related CO ₂ e emissions per product manufactured. (Base year 2014)	BY 2020 1 million Reaching and improving the lives of one million families. (Base year 2013)
PROGRESS TOWARDS OUR COMMITMENTS		
TARGET ACHIEVED  At least 55% of sales achieved from products with an improved environmental impact. (Base year 2011)	TARGET ACHIEVED  100% of electricity from renewable energy sources. 65% less energy-related CO ₂ e emissions per product manufactured. (Base year 2014)	TARGET ACHIEVED  1.07 million families sustainably supported through our global social commitment. (Base year 2013)

Outlook – New Sustainability Agenda

Since publishing our “We care.” sustainability strategy in 2012, the topic of sustainability has developed much further in society and is now deeply anchored in overall public awareness. The United Nations have established a framework for sustainable development through the “Sustainable Development Goals” (SDGs): These are aimed at national economies, companies, and civil societies around the world. Sustainability has thus become part of normality and is today more than ever an obligation for all social actors.

Our revised sustainability agenda is comprised of seven focus fields. We are currently in the process of setting ourselves ambitious objectives for each of these. This way, we are fulfilling our responsibility as a global company towards present and future generations, while reaffirming the trust our consumers have placed in us for over 100 years in the future as well. Our revised sustainability agenda will come into effect from 2020. This report continues to follow the “Products, Planet, People” structure and the “We care.” sustainability strategy, which applies until the end of 2019.

Our New Sustainability Agenda



In the area of “Environment”, climate change represents the greatest overall challenge society is facing today. We are committed to minimizing the negative impact of our business activity on the environment, and to continuously and significantly reducing our CO₂e emissions. In this regard we have defined four focus fields that cover our “Environment” activities and in which we will set ourselves ambitious goals:

➤ **Focus on “Carbon Positive Future”:** We will reduce our direct and indirect CO₂e emissions as part of our vision for a CO₂e-positive future. In addition to the direct emission-reduction programs at our sites, we will also take into account emissions in our value chain as part of this metric. Measures in other environmental focus fields will make further important contributions within this focus field.

› **Focus on “Fully Circular Resources”:** We are targeting a sustainable resource cycle, both in packaging and in our product formulations. To do so, we are working on renewable and degradable as well as reusable and recyclable materials. The first important objective in this field, published in early 2019, is our ambition to use 25% recycled material in our plastic packaging in Europe and to make 100% of our global packaging recyclable, reusable or compostable by 2025.

› **Focus on “Sustainable Land Use”:** We are already committed to the sustainable cultivation of palm (kernel) oil, a particularly important raw material for the cosmetics and body care sector. We are intensifying these activities and expanding them to include other raw materials. Furthermore, we will be working even harder in the future to promote sustainable land use and zero deforestation supply chains.

› **Focus on “Regenerative Water Environments”:** In addition to our activities to reduce water consumption and to treat wastewater at our sites, we want to bundle our water-related sustainability activities within a dedicated focus field in the future, and expand these initiatives to comprise water consumption during product use as well as the protection of marine habitats.

Social responsibility is an integral part of our holistic understanding of sustainability. We are aware of the complex environmental, social and economic challenges that are driven in particular by globalization, climate change, and the increasing pace of technological development, which cause divisions in society and social tensions. To meet this challenge we have defined specific initiatives both within and beyond our value chain and cluster them in two focus fields:

› **Focus on “Employees Along Our Entire Value Chain”:** We take responsibility for the wellbeing of everyone working in our value chain. In particular, we demand and promote adherence to human rights. This includes employees’ health

and safety just as much as fair working conditions and transparent, respectful cooperation that takes diversity into account and creates inclusive working environments.

› **Focus on “Inclusive Society”:** Beyond our own value chain we will support locally relevant initiatives that aim at encouraging and enabling the wellbeing, sense of belonging and voluntary social participation of all members of society. Thereby we will contribute to fostering an inclusive and thus more cohesive society. We will engage in two fields to begin with, and add further fields later:

- Children and youth development: We will carry out educational projects that promote the positive development and personal well-being of children and young people, as well as encourage them to take responsibility for themselves and their communities.
- Fighting the stigma of skin ailments: We will carry out intervention projects that address the physical and psychological effects of stigmatization due to skin diseases and support those affected in participating in society.

As a consumer goods company we have a particular perspective on consumers, so our **focus on “Consumer Health and Wellbeing”** completes our future sustainability agenda. Every day, our products for cosmetic and medical skin cleansing and care, as well as wound care, make a contribution to the health and wellbeing of our consumers. They expect from us not only effective and safe products, but also have a growing need to consume responsibly. We therefore provide our consumers with transparent information about the safety and environmental compatibility of our products, and actively involve and engage them in our sustainability actions and initiatives.

To maximize impact in these new focus fields we will intensify our collaboration and exchange with international experts in their respective specialist fields.

Focus Fields of Our New Sustainability Agenda

ENVIRONMENT



... for a Carbon Positive Future

- Reduction of CO₂e emissions
- Renewable energy
- Greenhouse gas uptake



... for Fully Circular Resources

- Renewable and bio-degradable ingredients
- Recyclable/reusable/compostable packaging
- Recycled content in packaging
- Waste reduction/Zero Waste to Landfill



... for Sustainable Land Use

- Responsible sourcing
- Sustainable landscape and smallholder support



... for Regenerative Water Environments

- Protected marine environments
- Water use in production and products
- Water use in product consumption
- Clean water provision

Our contribution to
SDGs 7 and 13

Our contribution to
SDGs 12 and 14

Our contribution to
SDGs 2 and 15

Our contribution to
SDGs 6 and 14

SOCIETY



... for Employees Along Our Entire Value Chain

- Health and safety
- Diversity
- Human rights



... for an Inclusive Society

- Children and youth development
- Fighting the stigma of skin ailments

Our contribution to
SDGs 3, 5 and 8

CONSUMER



... for Consumer Health and Wellbeing

- Trust and transparency
- Product safety
- Skin health

Our contribution to
SDG 12

Organizational Structure and Contacts

Organizational Structure

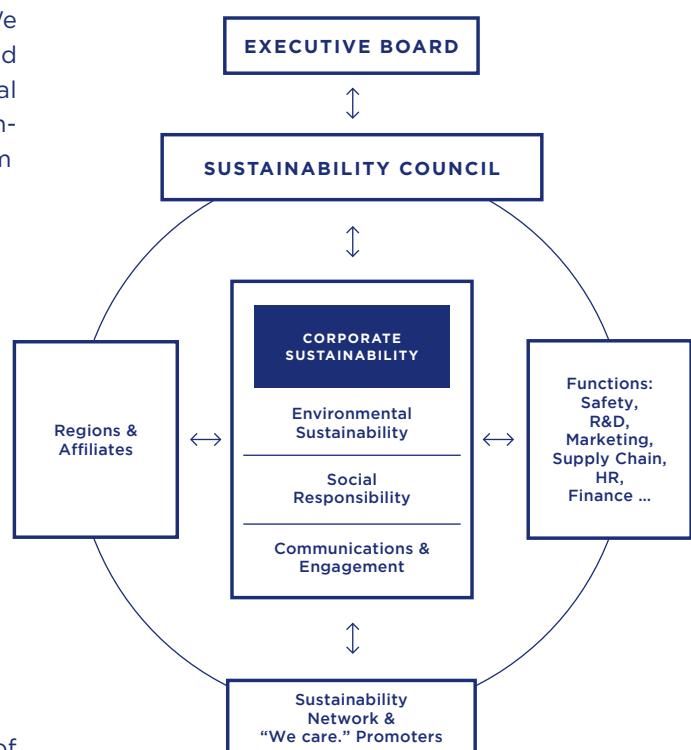
Sustainability is deeply anchored in our business processes and the relevant functional areas. Responsibility for the development and global implementation of our sustainability agenda lies with the Corporate Sustainability department, which reports directly to the Executive Board.

The Corporate Sustainability team works closely with all functional areas and is additionally integrated via various interfaces in the global company network, e.g., through the network of “We care.” promoters in the national companies and through the Safety, Health & Environmental (SHE) Managers at our production sites. In connection with the Corporate Sustainability team in Hamburg, these local contacts implement the global sustainability strategy in a way that meets local conditions and they are key multipliers for our employee engagement.

In 2019 we created the “Sustainability Council”, which is chaired by the Executive Committee members responsible for Sustainability as well as Research and Development. The Corporate Sustainability department coordinates the Council, and its members are Senior Managers from the Research and Development, Marketing, Supply Chain, Purchasing, and Communication departments, as well as Country Managers. The committee decides the focus of

our sustainability activities and ensures that the individual initiatives are prioritized across functions. This will help us to expand our sustainability profile further and make even greater use of synergies between different regions and business areas.

In the reporting year we designed the new sustainability agenda (page c-5) and began developing new objectives for the period following 2020.



Contacts



INKEN HOLLMANN-PETERS
Vice President Corporate
Communications & Sustainability



DORLE BAHR
Head of Environmental
Sustainability



CHRISTIANE HÖLSCHER
Global CSR Manager

Advancing Sustainability Together

Sustainability is a complex topic area that benefits from us working together. We therefore rely on strong and consistent partnerships and involve all stakeholder groups along our value chain. This includes our employees, consumers, business and trading partners, investors, scientists, politicians and government agencies, as well as neighboring communities and non-profit organizations (NPOs). They are important stakeholders, and by working together we will fulfill our environmental and social commitments.

Their knowledge and experience supports us in our exchange and joint projects. With their help we also have opportunities to exert long-term influence over factors that extend beyond the boundaries of our company. This applies especially when it comes to closing material cycles and reducing packaging waste, for example, where manufacturers and retailers need to work together to find solutions. Long-term, trust-based collaboration is how we as a company can drive forward sustainable management along our whole value chain.

Our Employees

Our employees play a central role in implementing the sustainability strategy in our daily operations. We therefore see it as important to inspire our employees and motivate them to engage personally when it comes to sustainability. Their daily actions and their ideas are what carry our sustainability strategy. By being transparent in informing them about current topics and projects, and promoting dialogue between employees and top management, we enable our employees to actively co-shape our sustainability activities. Our aim is that every Beiersdorf employee worldwide is fully informed and knows how they can bring their own sustainability ideas into the company or pursue them together with their colleagues. We have established differing communication formats and initiatives to support this.

We inform our employees about the core elements, projects and successes of our sustainability activities as part of the “Sustainability Forum”, an event format we launched in 2018. By involving management and the respective specialist functions, the Forums impart important technical knowledge and offer opportunities for inspiring exchanges with internal and external experts. The format started in

November 2018 with a focus on palm oil and now takes place twice a year at the headquarters in Hamburg. All other employees at our company facilities worldwide can follow the event via livestream.

In May 2019, the forum tackled the currently omnipresent topic of plastic under the heading of “The Plastic Challenge”. As well as fascinating internal presentations on the topic of microplastics and packaging, Heike Vesper, biologist and director of the marine program at World Wide Fund for Nature (WWF) Germany, spoke about her commitment to avoiding plastic waste. She provided new insights into the threat plastic poses to the environment, explained the causes and presented ideas for solutions. In addition, employees were able to visit several exhibition stands that presented current projects such as “Loop” (page c-21) and “Recyclist” (page c-27), and gave insights into various material reduction projects at Beiersdorf.

The “Sustainability Forum” in November 2019 presented an insight into the ongoing work on defining the new sustainability agenda for 2020+. More than 1,000 employees took part in the one-hour event in person or via Skype from subsidiaries around the world. In addition to a brief explanation of each new focus area, this event covered “Fully Circular Resources” in detail and presented goals, ongoing projects and planned initiatives to keep the global workforce well informed about this very dynamic and acutely relevant area. Afterwards, our CEO Stefan De Loecker held discussions with employees as part of his “CEO unplugged” dialogue format, which focused on “From Concept to Culture”.

We also encourage and support our employees to become personally involved beyond the bounds of our company. Among other things, there is the option of combining Beiersdorf “team days” with a social or environmental benefit, which has been very well received for many years and has led to numerous long-term partnerships with organizations and associations. For example, since 2017 we have worked with Trinkwasserwald e.V. to implement joint projects (page c-11).

Cooperation with Retailers

The “Rezyklat Forum” was initiated in 2018 by the German drugstore chain dm-drogerie markt along with eight other industry and retail partners

in order to promote the circular economy and expand the reuse of packaging. Under the banner of "Creating value together", this initiative brings together retailers, manufacturers and representatives of the waste and recycling industry. The partners work together on raising people's awareness of circular systems, from the manufacturers' product design, to utilization by customers, to recycling the packaging. This helps because promoting the separation of waste by type will increase recycling rates and the share of recycled resources in products in the long term. The second objective is to reduce the overall volume of packaging and ensure the recyclability of packaging materials right from the start of the development process. On October 8, Beiersdorf in Hamburg hosted the "Rezyklat Forum", with more than 100 people attending the event. As well as updates from participating retailers and manufacturers on current projects and topics, there was a presentation on new technologies and design principles for sustainable packaging.

Involvement of Our Consumers

Our consumers have a legitimate interest in knowing how we approach sustainability at the

corporate, brand and product levels. Therefore, we report transparently and honestly on our initiatives and projects, progress and goals. In addition, we know that it is a great challenge not only for companies, but also for each individual to adapt to a sustainable lifestyle and that there are many questions and uncertainties. That is why we were engaged, among other things, in the field of education in this reporting year: Since it is an important aspect for the establishment of a recycling economy to realize correct waste separation, the starting point was here. The better the materials are separated, the easier it is to recycle them. In the summer of 2019, some members of the "Rezyklat Forum" therefore carried out a series of measures to inform consumers about the ecological potential of the circular-flow economy. Beiersdorf also supported the campaigns with so-called "waste sorting workshops", which were held at various dm stores in Germany. This is just one example of how manufacturers and retailers can work together to increase consumer awareness of sustainability.



FIND OUT MORE ABOUT OUR STAKEHOLDER ENGAGEMENT

4 QUESTIONS

... for Iain Holding, General Manager, Management Unit Germany/Switzerland



Iain Holding (first row, third from the left)

What exactly is Trinkwasserwald e.V.?

Trinkwasserwald e.V. is committed to preserving drinking water resources in Germany. We call it "Planting drinking water together". The focus of our work is on transforming our monoculture of coniferous woods to biodiverse mixed forests. Beiersdorf has cooperated with this non-profit environmental organization since 2017 and also actively participates in the tree-planting campaigns.

How is Beiersdorf involved? And why in the area of reforestation and drinking water protection?

Sustainability is a core part of our C.A.R.E. + corporate strategy and also deeply anchored in our company values. We want to achieve sustainable behavior both at work and in our private lives. At our "Sustainability Day" in August we kicked off a challenge within the German business segment: For a month, all our colleagues reduced CO₂e emissions through sustainable actions at home and in the office, for which they collected points. These points were converted into trees in the end, because trees play a vital role in storing CO₂e. Alongside avoiding CO₂e emissions, reforestation is an important tool in getting a grip on the climate crisis. At the end of the challenge we planted the collected points in the form of real trees ourselves with Trinkwasserwald e.V.

What are the benefits of reforestation?

As part of the tree-planting campaign in the Lüneburger Heide nature reserve, our 170 colleagues planted no less than 8,000 oak seedlings. When mature, these trees will generate 1,600,000 liters of clean drinking water, year after year. This will secure the lifetime needs of 1,600 people, including future generations – on top of the CO₂e storage provided by the trees.

What did the team learn from the tree planting campaign?

It is important to me that we can experience sustainability, because change begins with each and every one of us. This worked out well with the tree planting campaign: We really enjoyed getting active ourselves and planting trees in the woods – everyone joined in enthusiastically. Afterwards, we had a guided tour through the "Forest Experience" and in the "Forest Teaching" that followed, the forester taught us a lot of interesting things about the forest ecosystem and its importance for human beings and animals. We not only planted trees, but also gathered valuable experiences – not only as a team, but also in the form of new knowledge.



FIND OUT MORE ABOUT
TRINKWASSERWALD E. V.

Materiality Analysis

As a business we see regular dialogue with our stakeholders as vital and we actively seek opportunities for mutual exchange. We focus on those sustainability topics that are especially relevant both in the opinion of our stakeholders and for Beiersdorf as a company.

Continuous Development of Our Sustainability Management

Within our stakeholder dialogue we have relied on materiality analyses since 2011 as a strategic instrument to identify key sustainability topics. This allows us to pinpoint where in our value chain our activities and products have the greatest impact on society and the environment. For this purpose, topics and issues are identified that reflect global challenges with an impact on the long-term success of our company.

In 2017 we updated our third materiality matrix with regard to our company's impacts on the economy, the environment and society to enable us to integrate their changing influences on our business activity as well as our stakeholders' requirements. Our materiality matrix comprises 17 topics that our stakeholders and we view as material. Previous years' matrices (2011, 2014 and 2017) are available from the [Downloads section](#) of our corporate website under the corresponding year.

In 2019 we also revised our sustainability agenda. Within this framework, the topics "Regenerative

Water Environments" and "Consumer Health and Wellbeing" were defined as new focus areas of our sustainability agenda. An update and adaptation of our materiality matrix is planned for next year. Further information on the new agenda can be found in the chapter entitled "Outlook - New Sustainability Agenda" (page c-5).

Materiality Matrix



Risk Management

Group-wide Risk Management Regarding Non-financial Aspects

Our Group-wide Integrated Risk and Opportunity Management is based on a structured system for capturing, assessing, and managing risks (see the Risk Report in the Group Management Report, “Integrated Risk and Opportunity Management System”). In this process we differentiate between operational, functional, and strategic risks and carry out a net risk assessment of risks. As a success-oriented company aware of its responsibilities we see it as vital to assess the potential financial consequences of such risks as early as possible, as well as any aspects that could potentially impact our reputation.

In the course of 2019 we also began to integrate the assessment of risks relating to non-financial aspects into the Group-wide risk reporting system.

This new functionality was implemented in the reporting year initially for functional and strategic

risks in the Consumer Business Segment. The same system applies for risks with exclusively non-financial potential impacts on the environment and society.

We assess the strategic risk to Beiersdorf arising from changing consumer behavior in connection with the current debate on the use of plastic in products and packaging as critical and very probable. Likewise, we estimate the impact of plastic packaging on the environment as very likely and quite high, and thus evaluate the related risk as material. We will meet this risk in the future through our commitment to use at least 25% recycled material in our plastic packaging in Europe by 2025, while making 100% of our global packaging recyclable, reusable or compostable by the same year.

For more information, please see the chapter on “Our Product Engagement”.

Compliance Management

Trust – Our Guiding Principle and Core Value

Our Core Values of Care, Simplicity, Courage, and Trust guide our actions and are embedded in our Code of Conduct (CoC), which is binding for all our employees. This overarching guidance for our behavior is aligned with our social responsibility as a company; furthermore, it provides all departments in our company with clear orientation for their actions.

Effective Group-wide Compliance Management

Through our Group-wide Compliance Management System we aim to ensure that all Beiersdorf employees and managers comply fully with applicable laws and internal guidelines in all countries where we operate. We take a threefold approach to achieve this goal:

Prevent: We anchor preventive measures to avoid wrongdoing.

Detect: Control instruments help to reveal illegal behavior.

React: We penalize any violations of statutory or internal regulations as appropriate in each individual case.

Our compliance programs still focus on corruption prevention, compliance with competition law, and compliance with data-protection law. At our affiliates, local Compliance Officers are responsible for ensuring that our employees know and adhere to all elements of these compliance programs. Our Corporate Compliance Management Department in Hamburg advises and supports affiliates’ Compliance Officers and local management at all times. Moreover, it ensures that all elements of our Compliance Management System are firmly anchored in our affiliates’ businesses, constantly monitored, and continually improved. Corporate Auditing carries out regular independent monitoring through its audit program.



Our compliance framework is brought to life by the example and actions of management and employees.

“

CHRISTIAN SCHWARZ
Head of Corporate Compliance Management

Recognize Risks – Avoid Damage

Our Compliance Management System and compliance programs are based on the analysis of compliance risks. Every other year we identify existing and future compliance risks in our business model and organization's geographic distribution in order to evaluate and prioritize these risks. In a second step, we analyze medium and high probability risk topics that also imply moderate to high potential damage to our company; these prioritized topics are analyzed in detail to ensure we have appropriate countermeasures in place, or can establish them. Our risk-analysis criteria in particular include risk indices, previous incidents, our business model, type of site, the regulatory framework, and the scale of revenues. We present the results to our Executive Board and use these results to continually update and improve both our global and local compliance programs, as well as further related activities.

We identified competition law as a material topic under the “CSR Directive Implementation Act” (CSR-RUG); the reason for this is Beiersdorf's business model, the complexity of the topic per se, as well as the global intensification in competition authorities' activities.

As a manufacturer of branded goods, Beiersdorf mainly depends on the sale of its products by wholesalers, retailers and other sales partners – a

model with inherent risks. Today, not only classic cartel agreements, such as illegal price-fixing agreements between competitors, but also increasingly competition-limiting behavior between suppliers and their corporate customers are pursued and sanctioned with very severe fines. Moreover, the possibility of a serious impact on companies has further increased: The legal action taken by competition authorities regularly leads to lawsuits by corporate customers who have suffered financial damages as a consequence of the competition law infringement.

Information – Cornerstone of Effective Compliance

A set of guidelines plus practice-oriented training courses and consulting offers form the core elements of our compliance programs.

The guidelines provide clear orientation on how to act correctly in competition law terms: They cover the contact and exchange of information with competitors, communication with customers (for instance, individual retailers) regarding sales prices, Category Management, as well as dos and don'ts (clear rules of behavior and action guidance) concerning competition law.

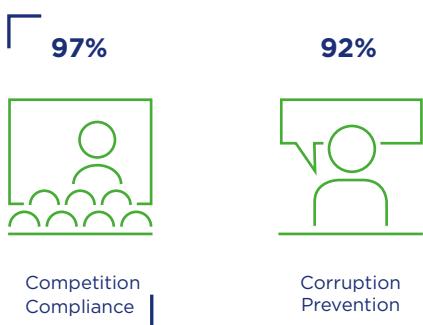
Our “Anti-Corruption Guideline” provides clear orientation regarding personal gifts, product samples, and business hospitality, as well as dealing with conflicts of interest.

Our “Data Protection Guideline” describes in particular how we safeguard the principles of the European General Data Protection Regulation (GDPR) for the lawful processing of data in our EU companies. In addition, the Data Protection team has established internal partnerships with key corporate functions especially relevant to data protection, such as Cyber Security and Purchasing.

All employees and managers with risk exposure receive focused training at regular intervals. This training is delivered face-to-face or as e-learning; it serves to raise our employees' awareness of the topic and to show them where to obtain further support. In addition, all members of the Executive and Supervisory Boards are regularly briefed on relevant compliance topics. Training participation rates in 2019 are provided in the following graphic.

Training Participation Figures

Participation Rate 2019 (Global)



Acting Attentively and Responsibly

The personal commitment of each employee is vitally important to living sustainably by our compliance principles. They therefore have a number of options and channels available to them to report potential compliance violations, anonymously if they wish. Our employees are regularly informed

about these. Selected channels like “Speak up. We care.” are also accessible to the general public to report potential misconduct. This helps us secure our entire workforce's adherence to our behavioral guidelines and therefore also contributes to an attentive and responsible collaboration.

Across the entire company we operate the “Speak up. We care.” incident reporting platform based on BKMS® technology, which is accessible worldwide on a 24/7 basis. In Germany we additionally rely on an external ombudsman who also accepts confidential information regarding potential compliance violations. Furthermore, we have set up an internal compliance hotline. The relevant specialist departments, and usually also Corporate Auditing, are involved in following up such cases. Indications of competition law and data protection law violations are investigated and followed up by a specialized expert function within our Legal Department.

Continuously Ensuring Effectiveness

We closely monitor the effectiveness of our Compliance Management System by means of regular Group-wide compliance reporting. This logs compliance incidents as well as the implementation status of our Compliance programs. It applies to our company headquarters and our affiliates globally. On the basis of these results we can derive further needs for action and then take appropriate measures. Naturally, we ensure we are informed immediately about material compliance incidents outside the regular reporting cycles, so we can react instantly.

We regard our Compliance Management System as an important contribution to acting in a sustainable and forward-looking manner, thus honoring Beiersdorf's long tradition as a reliable, trustworthy company.



FIND OUT MORE ABOUT OUR COMPLIANCE MANAGEMENT

Responsibility Along the Value Chain

As a company with around 20,000 employees that does business internationally, Beiersdorf has a responsibility to actively commit to compliance with laws, codes of conduct, and human rights. This applies to our own sites and employees and also to all employees along our entire value chain.

Upholding Human Rights Along the Value Chain

Respectful and cooperative collaboration within our company as well as with national and international business partners is very important to us – and we are aware of the risks, especially in our upstream supply chain. In our internal and external Codes of Conduct we have integrated corresponding binding policies for our worldwide business activities and relationships. We demand and promote our employees' and our suppliers' adherence to human rights, and make it clear that we tolerate no form of corruption, forced labor, child labor, or discrimination whatsoever. In the reporting year we also joined the United Nations Global Compact (page c-63): Through our membership we reemphasize our commitment to human rights and actively support the Ten Principles of the UN Global Compact.

Internal Code of Conduct as a Binding Guideline for Our Employees

A shared understanding of our values and standards as well as a high level of responsibility are indispensable for us as a company and for every employee. Our Core Values of Care, Simplicity, Courage, and Trust provide clear orientation here. Our fundamental binding guidelines and standards are set out in our Code of Conduct (CoC): This Code supports all employees and managers worldwide in putting the established values and rules into practice every day. It helps provide orientation and shows how we deal with difficult situations in different areas. This ethical guideline was most recently updated in 2019. Our Group-wide Compliance Management (page c-13) regularly checks compliance with the CoC.

Environmental and Occupational Safety Standards at Our Production Sites

The topics of environmental protection and occupational safety are given priority at all our sites. All Beiersdorf production sites are audited according to the "Environmental Protection and

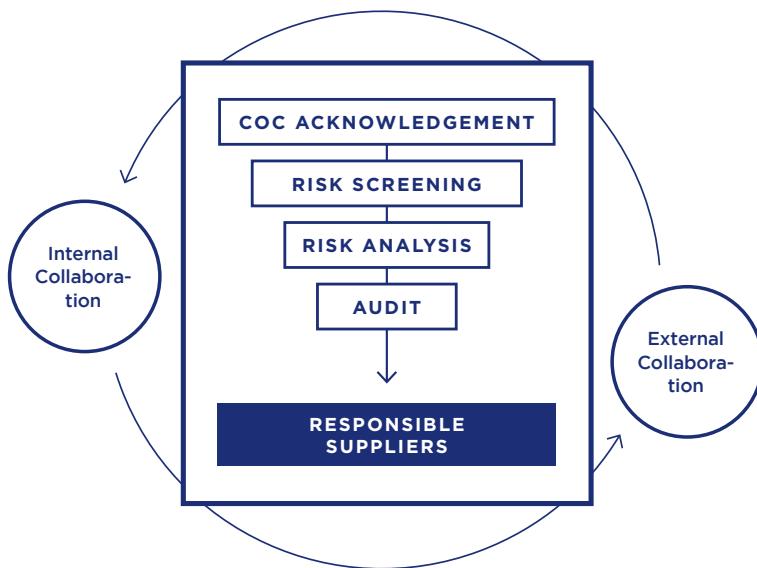
Safety Management Audit Scheme", ESMAS for short. The audit is carried out regularly on a three-year basis and ensures that appropriate measures are taken to operate in compliance with our globally valid environmental and occupational safety standards at all our sites. In 2019 the Beiersdorf facilities in Itatiba (Brazil), Bangkok (Thailand), Nairobi (Kenya) as well as Shanghai, Wuhan, and Xiantao (China) were audited and certified. In 2020 eight further audits are planned for our German facilities in Hamburg, Berlin, and Waldheim, as well as Poznan (Poland), Tres Cantos (Spain), Santiago de Chile (Chile), Silao (Mexico), and Sanand (India).

A global certification service provider has carried out these audits for us since 2013. The sites are assessed according to our ESMAS system, which is based on the internationally recognized norms ISO 14001 (environmental management systems) as well as ISO 45001 (occupational health and safety management systems) that came into effect as of March 2018. All results, along with planning the implementation of related measures, are recorded in a SharePoint database and can be accessed by our production sites. This transparent approach facilitates the preparation and execution of the audit inspections for the respective sites. It also simplifies the planning, implementation, and performance review of targeted optimization measures.

High Standards for Our Supplier Network

Beiersdorf operates 17 production sites in the four main global market regions – Europe, North and South America, Near East and Africa, as well as Asia Pacific. Our sites are supported by a global supplier network that consists of approximately 25,000 direct suppliers in almost 110 countries who deliver raw materials, packaging materials and other goods, or provide services. Their actions increase our social and environmental footprint. It is therefore important to transfer the Group-wide awareness of our responsibility towards people and nature to our supply chain partners as well, and to work together to minimize the business risks. We support our suppliers in establishing and expanding a sustainable supply chain and expect them to fulfill their social, environmental, and economic responsibilities while providing our consumers with high-quality products.

Supplier CoC Implementation Process



Our Supplier Code of Conduct

We seek and promote long-term business relationships with suppliers who are committed to our standards and principles of sustainable and responsible corporate governance. To this end we have developed a Supplier Code of Conduct (CoC) and a comprehensive management approach for our direct suppliers. These documents set out the guidelines for responsible corporate governance in our supply chain and also require adherence by upstream suppliers to the guidelines. The Supplier CoC is based on the principles of the “UN Universal Declaration of Human Rights”, the “Conventions of the International Labour Organization” (ILO), and the “Guidelines for Multinational Enterprises” of the “Organization for Economic Cooperation and Development” (OECD). Building on these organizations’ principles, our Supplier CoC addresses four critical impact areas: Business Integrity, Human Rights and Labor Standards, Occupational Health and Safety, and Environmental Protection. The Supplier CoC forms the basis for collaboration with all external partners,

as their explicit written commitment to our CoC forms part of the contract with all suppliers to the Beiersdorf network.

The Implementation Process for Our Supplier Code of Conduct

The Supplier CoC implementation process* is managed by our Procurement and contributes to minimizing risks of infringements of our guidelines. The process comprises four steps: Following the supplier’s signature of the Code of Conduct, an initial risk screening takes place, then a comprehensive supplier risk analysis, and finally an audit of suppliers at high risk of infringing the CoC.

Suppliers’ explicit written commitment to the CoC is an important first step in the CoC implementation process. With their signatures, all suppliers commit to complying with the same standards as our own business units – at all their production sites and in all their business processes. At present we transact around 90% of our procurement through partners who have committed to our Supplier CoC.

* The scope of the implementation process of our Supplier CoC exclusively covers our mass market and dermocosmetics businesses. LA PRAIRIE applies a Supplier CoC with identical content that also forms an essential part of a contractual relationship with suppliers.

Our Responsible Sourcing team risk-screens our approximately 25,000 direct suppliers based on the countries from which we source. The screening also covers those suppliers who have not yet signed the CoC, differentiates between low, high, and extremely high risk levels, and assesses suppliers accordingly. The process includes defining the country-related risk* derived from the four critical impact areas defined in the Supplier CoC, as well as the individual supplier's significance to Beiersdorf in terms of procurement volume and brand proximity.

Direct suppliers with a high or extremely high risk rating are required to provide a comprehensive self-assessment via the Sedex platform. Following a more thorough risk assessment, the Responsible Sourcing team then decides whether a subsequent audit is required. To ensure that the investigation is objective, it is carried out by independent and certified auditors according to the standardized "Sedex Members Ethical Trade Audit" (SMETA) 4-pillar audit protocol. Its four pillars match the

four core areas of our Supplier CoC, and the audit results provide the basis for collaboration with our suppliers. They highlight specific challenges as well as any areas where action is required, and serve as a basis for jointly developed corrective action plans. In extreme cases, the audit results may lead to us excluding suppliers from our supply chain network.

Cross-Sector Collaboration for a Sustainable Supply Chain

Cross-industry collaboration with other companies, our direct suppliers and various internal and external stakeholders is vital in order to improve sustainability right along our supply chain. In particular, our partnerships with the international collaboration platforms Sedex and AIM-PROGRESS help us tap into valuable synergies. SMETA Audits are recognized by the members of AIM-PROGRESS, and therefore also Beiersdorf. By using platforms such as Sedex and AIM-PROGRESS we can continuously raise the effectiveness of our engagement for sustainability along the entire value chain.

OUR CONTRIBUTION TO THE SDGS



* Determined by the country risk assessments by the following international organizations: Transparency International (TI), the Walk Free Foundation, the International Trade Union Confederation (ITUC), and the Yale Center for Environmental Law & Policy, Yale University.

PRODUCTS

For over 135 years we have been developing innovative, high-quality skin care products. Our many years of experience and competence in research and development, as well as our consistent alignment with the needs and wishes of our consumers, have made us one of the world's leading manufacturers in the skin care sector. Naturally, sustainability has a key role to play in our products and we work continuously across our brands and product ranges to become progressively more sustainable.

Our Achievements

Since

> **2019**

membership in the Global Shea Alliance and the "Action for Sustainable Derivatives" initiative

> **0%**

microplastics in rinse-off products and exclusive use of biodegradable opacifiers

> **25%**

recycled PET in the first product packaging

> Entry into certified natural cosmetics with FLORENA FERMENTED SKINCARE

> **91%**

transition to mass-balanced palm (kernel) oil-based raw materials by end of 2019

Our Product Engagement

Our brands and products are recognized around the world as standing for innovation, high quality, and outstanding care. This promise also includes the continuous improvement of our products' environmental footprint. In this context we have set ourselves the target of generating half of our global revenues by 2020 with products that have an improved environmental footprint compared to the 2011 base year.*

Target Reached

We reached our target early in the 2019 reporting year: 55% of our sales come from products that show an improved environmental impact compared to 2011.

- 8% improvement in packaging
- 35% improvement in product formulation
- 12% improvement in packaging and formulation

Our Criteria for Sustainable Formulations and Packaging

Throughout the entire product life cycle we identify optimization potential – from the raw material selection stage, to production, packaging, and transportation, to final disposal. The Life-Cycle Analyses (LCAs) carried out so far show that the environmental impact of our products beyond the usage phase is mainly influenced by the raw materials used, as well as the resource efficiency of our packaging. Accordingly, this is also the focus of our criteria for sustainability assessment.

As our impacts on biodiversity and deforestation are determined mainly by the input materials we use, our sustainability criteria also include corresponding certification systems.

In our packaging, besides the material reduction aspect we also assess the use of "Forest Stewardship Council" (FSC)-certified input materials. Added to this are the implementation of refill solutions and the share of recycled materials – for example, reusing materials, especially plastics. If

materials are changed we assess the new material for its environmental footprint by applying a simplified LCA tool that we developed in 2015 based on extensive LCA projects, and which we have since continued to develop. These changes are measured with the aid of a scorecard as part of the innovation process.

As in previous years, when assessing our product formulas our core focus is on using certified sustainable palm (kernel) oil-based raw materials and eliminating microplastic particles (as defined by UNEP – the "United Nations Environmental Program"). The use of renewable ingredients represents a further criterion.

Products are compared with their predecessors against these criteria, and if the new product has a better rating, the annual revenues from these products are factored into our Product Sustainability Target. Where no predecessor exists, new products are compared with a suitable reference product.

Cross-functional Management

The Beiersdorf Sustainability Council takes on a central role in coordinating innovations in the area of product sustainability. All of the functions involved come together here so that initiatives can be prioritized and new targets formulated.

New Objectives for 2025

Since we reached our 2020 target for a more sustainable product portfolio during the course of the reporting year, we are currently defining new ambitious objectives that are strongly aligned with our criteria for more sustainable packaging and product formulations. This more precise target-setting not only drives more transparent communication but also more effective integration of sustainability in the company. As of the reporting year, our first new objectives for sustainable packaging have already been published and further objectives will follow in 2020.

* The scope of our Product Target only includes our mass-market business and our dermocosmetic business. The premium business with LA PRAIRIE is not material for the Consumer Business Segment environmental footprint and is additionally conducted in a separate organization.



The bottle for the new NIVEA facial cleansing oil contains 25% recycled material. This saves over 12 tonnes of PET a year.

“

DR. CATJA PRYKOP
Global Marketing Director NIVEA Face Cleansing

Closed Cycles for Sustainable Packaging

The concept of the “circular economy” plays a core role for us at Beiersdorf and is a fundamental principle in our development of sustainable packaging. Recycling not only relieves the environmental burden but also saves valuable resources and raw materials through reutilizing materials. This way we reduce the risk identified in our risk management of adverse effects of our packaging on the environment.

The use of recyclate in our product packaging is therefore a key topic. In the reporting year we set ourselves the target of integrating at least 25% recycled materials in our plastic packaging in Europe by 2025.

Our teams work across departments and in close collaboration with our suppliers on developing optimal solutions for all our packaging materials to

ensure sustainable, safe, and attractive packaging. The recyclability of our packaging also plays an important role here. In 2019 we set ourselves the objective of making 100% of our packaging recyclable, reusable, or compostable by 2025.

We are also testing new ways of closing material cycles, for example, by participating in “Loop”, the Zero Waste shopping platform. This initiative, launched by TerraCycle in Paris in 2019, aims to reduce waste through reusable packaging. Beiersdorf is taking part in this pilot project in the Paris metropolitan area with two aftershave products from the NIVEA MEN range.

In addition, we are carrying out recyclability studies with external partners to ensure the recyclability of our packaging. As a result, we are gaining valuable insights into available disposal infrastructures and practices.

OUR CONTRIBUTION TO THE SDGS



Raw Materials and Packaging

Selecting high-quality raw materials forms the foundation of outstanding product quality and safety. To conserve scarce resources and minimize the environmental impacts of our products, we pursue high environmental and social standards right from the extraction and processing stages of our raw materials. There is much we can do for sustainability in the area of packaging as well: Avoid, reduce, reuse, and recycle are four core principles we follow in the continual development of our packaging.

OUR GOAL: SKIN CARE PRODUCTS WITHOUT MICROPLASTICS

The decision not to use microplastics has long been a high priority at Beiersdorf. It is our declared goal to consistently avoid microplastics in all product formulas and instead use more environmentally compatible alternatives.

As we take the relevant scientific assessments seriously and share these, we follow the “United Nations Environmental Program” (UNEP) definition of microplastics as solid plastic particles that are smaller than 5mm, not biodegradable, and water-insoluble. According to current research findings, these microplastic particles enter our oceans and rivers primarily via incorrectly disposed waste and wastewater. Other sources of microplastics include synthetic textile fibers, abrasion from car tires, street paint and footwear, as well as plastic particles from everyday products.

The use of alternative biodegradable ingredients is a central concern for Beiersdorf that we implement continuously and with great commitment in our research and product development. In 2015, for example, we replaced all polyethylene peeling particles, also known as “microbeads”, with biodegradable particles in our product formulations.

In 2019, one year earlier than originally planned, we reached another important milestone: All our “rinse-off” products – that consumers immediately

wash off after use, such as shampoos and shower gels – have been produced with only biodegradable opacifiers since this year. Hence, we have reached our ambitious targets for rinse-off products earlier than expected. We also successfully improved the environmental compatibility of our wash-off products without compromising on their effectiveness, safety or skin tolerance.

Our Journey Continues

In the coming years we will ensure that none of our product formulations worldwide contain substances that we define as microplastics. This includes “leave-on” products such as skin creams that are not washed off. By the end of 2020 at the latest, we will completely remove nylon as an ingredient. So far, the ingredient was used in some products to give a smooth skin feel when used.

We are also continuing to pursue the goal of improving all-round environmental compatibility of our portfolio through the increased use of biodegradable polymers in all product lines. Our global R&D teams are determined to consistently pursue and reach our ambitious objectives regarding microplastics efficiently going forward too.

PALM (KERNEL) OIL FROM SUSTAINABLE SOURCES

Palm (kernel) oil and other vegetable and mineral oils are used to produce ingredients that are essential for cosmetic production, such as emulsifiers and surfactants. Beiersdorf does not directly procure palm (kernel) oil but uses its derivatives, meaning processed materials based on palm (kernel) oil. Total demand in 2019 was around 33,000 tonnes. This represents 0.04%* of global palm (kernel) oil output. In recent years, we have made clear progress in switching over to certified sustainable palm (kernel) oil and our goal is for all Beiersdorf products to contain exclusively palm (kernel) oil from sustainable sources by 2020. To get there we are following

* United States Department of Agriculture 2019.



our “Palm Sustainability Roadmap”, which guides our actions worldwide towards achieving fully sustainable raw material procurement, and continually reassesses their effectiveness. In addition, we initiate projects to promote the development of a sustainable palm (kernel) oil industry.

We want to keep the long and complex supply chain as transparent as possible to be able to take responsibility for the origins of our raw materials. The extraction of the palm (kernel) oil we use should be sustainable and not contribute to deforestation. Most of the risks relating to sustainable management are in the upstream supply chain. As they are beyond our direct influence, we strive to find out as much as we can about working and living conditions, as well as the environmental protection measures in place for the sourcing and processing of these raw materials. This is the only way that we – together with suppliers and local communities – can identify opportunities

for improvement, implement enhancements in working and living conditions, and promote a sustainable palm (kernel) oil industry. To achieve these goals we focus on four strategically important points:

1. Sustainable Certification

Since the first delivery in 2015 we have continually increased the share of mass-balanced palm (kernel) oil, and by the end of 2019 it amounted to 91% of our total demand. Since 2011 we have oriented ourselves towards the “RSPO Supply Chain Certification Standard” (SCCS) defined by the “Roundtable on Sustainable Palm Oil” (RSPO). By 2020 we intend to transition all our palm (kernel) oil-based product ingredients to physical, sustainably certified, mass-balanced raw materials. Until then we will offset the remaining share by means of RSPO “Book and Claim” certificates. An important milestone was being awarded the RSPO Multi-Site SCCS certificate in 2016. The worldwide implementation of the SCCS

system supports us in managing our operations throughout the entire Beiersdorf network better. It also helps us to stay well on track towards achieving a sustainable palm (kernel) oil supply chain with certified sustainable sources worldwide.

2. Maximum Transparency

For years, we have been working closely with our suppliers to make our supply chain more transparent. Today, we already know the region of origin of around 92% of our total sourcing volume of palm (kernel) oil-based raw materials and are endeavoring to further increase transparency. This enables us to support a sustainable palm (kernel) oil industry and implement our sustainability criteria. A transparent supply chain helps us identify new challenges and react to these.

For this reason, Beiersdorf is a co-founder of the “Action for Sustainable Derivatives” (ASD) initiative, launched in 2019. The founding members are committed to achieving the greatest possible transparency and sustainability along the entire palm (kernel) oil derivatives supply chain in the areas of cosmetics, body care, detergents, and oleochemicals. Among other things, they have at their disposal methods and tools for risk monitoring and evaluation as well as grievance mech-



anisms. This new initiative is another important component of our “Palm Oil Sustainability Roadmap 2020”.

3. Transformation in the Cultivating Regions

In the cultivating regions we are working to convince smallholder farmers that sustainable cultivation without further deforestation can contribute to an improvement in their living conditions and income situation. Since 2018 we have been working with the “World Wide Fund for Nature” (WWF)

Our Sustainable Palm (Kernel) Oil Commitment

(%)



* Progress on the transition to RSPO-certified mass-balanced palm (kernel) oil and its derivatives.

in a cooperation project in West Kalimantan (Indonesia) to support 300 smallholder farmers in switching to sustainable palm oil cultivation. This benefits not only the smallholders themselves but also three villages with around 4,500 residents in the cultivating region.

By its first year, the project had already achieved initial success. Tailor-made community projects were set up for the various villages, including training in fruit and vegetable cultivation, and the improvement of rubber cultivation, the second source of income for smallholder farmers. In addition, the WWF team has succeeded in taking the first important steps on the road to sustainable palm oil cultivation. In order to acquire legal licenses for cultivation, groups have already been formed for cooperatives and the first training courses to improve quality have already started. In the next project year we will focus on completing the drinking water supply in the villages, expanding the training sessions, and securing legal palm oil and rubber cultivation. We will also advocate implementing a no deforestation policy for the district.

In the future we intend to implement projects with other partners to achieve improvements in the global palm (kernel) oil supply chain. These will enable us to create opportunities to make a positive impact on living conditions along our supply chain. The findings from our supply chain traceability project are supporting us in the selection and implementation of such projects. We keep local requirements and specific issues in the sourcing regions at the forefront throughout this process.

4. External Engagement

To support a sustainable palm (kernel) oil industry, we are engaged through the RSPO and within the Forum for Sustainable Palm Oil (FONAP). Participation in these initiatives is also important to develop our “Palm Sustainability Roadmap”. The RSPO principles define a responsible minimum standard, while the four additional FONAP certification criteria support greater respect for environmental considerations and the needs of local communities. Since 2018 we have also supported the FONAP smallholder project in Perak, Malaysia, in cooperation with Wild Asia and WWF Germany: The aim of this project is to test the practical feasibility of the additional FONAP criteria. Further information on our engagement is available on the [RSPO](#) and [FONAP](#) websites. In 2018, we also participated for the first time in the “Forest/Palm Oil Program” of the “Carbon Disclosure Project” (CDP); once again we were awarded the highest rating, “Score A”, this year.

SHEABUTTER – SUPPORTING WOMEN IN WEST AFRICA

Sheabutter is an extract of the karité or shea nut tree, a native African species. This self-regenerating natural raw material is mainly sourced from the West African countries of Burkina Faso, Ghana, Mali, Benin, Togo, Nigeria and Ivory Coast. The only region in the world where the tree grows forms an east-west strip across sub-Saharan Africa, often called the “Shea Belt”. Thanks to its outstanding natural properties, today sheabutter is an essential ingredient in quality body care and cosmetic products.

Sheabutter is traditionally produced by women, with an estimated 16 million women earning a living within the shea supply chain. Increasingly, women collectors are organizing into cooperatives and the growth in shea demand is enabling them to raise their standards of living. Due to its major economic significance, shea is also known as “women’s gold”.





The four Beiersdorf employees behind the shea product

Beiersdorf has been a member of the [Global Shea Alliance](#) (GSA) (page c-63) since 2019. GSA has 500 members from 35 countries, including women groups, suppliers, brands, retailers and non-profits. The GSA promotes sustainability in the shea supply chain, establishes quality standards, and continually works to improve the living conditions of women and communities in shea cultivation regions. To fulfill its objectives the GSA carries out projects that support the development of local communities and the protection of local ecosystems.

Together with the GSA and our shea supplier we support women groups in Burkina Faso and Ghana. The project's goal is to train 10,000 shea collectors over five years and support them above all in the areas of health and safety, productivity

optimization, and commercial expertise. With this approach we are supporting the development of rural communities by offering women the opportunity to produce and market their shea products independently.

The project also integrates a product idea developed by four Beiersdorf employees of the headquarters in Hamburg: 100% pure Sheabutter responsibly sourced from West Africa. The product is based on the principles of direct and ethical trade and ensures traceability back to the women's groups in West Africa. A NIVEA Limited Edition of this outstanding product is available online in Germany and at the NIVEA Haus stores in Hamburg and Berlin. What's more, Beiersdorf will donate one euro per sold product to social projects supported by our employees in Burkina Faso.

4 QUESTIONS

... for Adrian Przybill and Hannah Rasel, Senior Packaging Specialists

How was the idea for “Recyclist” born?

Hannah Rasel: We are of course always working to make our products and packaging more sustainable. And there was a vision to create a circular economy for our plastic packaging in the medium term – in other words, to make it reusable several times for the same purpose. It was obvious that the vision should first be put into practice on a small scale. We also wanted to raise awareness among our fellow employees that plastic is not “waste” but a valuable resource. And that was the birth of the “bottle from a bottle” idea.

How was the project implemented?

Adrian Przybill: We were very positively surprised by the strong engagement from our colleagues – the response was enormous. In less than two months more than 2,600 empty Beiersdorf polyethylene (PE) bottles were collected, from which just under 2,500 new bottles were produced after recycling. These bottles form our “Recyclist” edition and were made 100% from our own materials. This would not have been possible without the great support of our colleagues. We then filled the bottles with shower gel and gave them back to the employees as a thank you. It was very interesting to follow the process from start to finish – we both enjoyed that very much!

What has Beiersdorf learned from this project?

Hannah Rasel: This project allowed us to test the fundamental feasibility of a circular process, and we saw that we have significantly less material loss than we had assumed in theory. We were also able to find out what quality we can achieve with our own recyclate. The feedback from employees on the use of the newly



created product was very valuable to us, for example, on how important the color of the bottle was to them, and how they liked the shade of gray created by the random mixture of the collected bottles.

What's next for “Recyclist” – are further projects planned?

Adrian Przybill: One thing is certain: Holding the first 100% recycled Beiersdorf PE bottle in our hands marks the end of the campaign for now. At the same time, though, this laid the foundation for more projects. The experiences we gathered are valuable in realizing our vision of a closed circular economy and our goal of increasing the share of recyclate in our plastic packaging in Europe to 25% by 2025.

FLORENA FERMENTED SKINCARE



Beiersdorf's Entry into Certified Natural Cosmetics

Naturalness, authenticity and sustainability are becoming more important to our consumers than a classic ideal of beauty – we have been studying this growing trend in the skin care segment for some time now. Under the brand name FLORENA FERMENTED SKINCARE, we have launched for the first time a series of natural cosmetics products in the pilot markets of Italy and France. With the new skin care line, we are responding specifically to the consumer's demand for certified natural cosmetic products that combine high-quality ingredients of natural origin, efficacy and sustainable packaging. The innovative concept has fermentation at its heart. Fermentation is an ancient and natural process that can transform the properties of natural ingredients and is already used in many ways. We bring this powerful transformational process into today's cosmetic world. Our aim is to offer consumers added value with fermented natural cosmetics – with concepts and ideas that are not yet on the market.

All products are certified according to the international COSMOS NATURAL-standard. This label attests to our commitment to using only high-quality natural ingredients with minimal processing. COSMOS NATURAL meets strict requirements that cover all aspects from procurement to manufacturing, marketing, and monitoring of cosmetic products. For example, all COSMOS NATURAL-certified formulas that remain on the skin are

required to contain at least 99% natural ingredients and use only certified raw materials.

For the product line, we also focus on the minimized use of packaging that is as environmentally friendly as possible as well as on sustainability. By using only single-walled cream tins, their weight is reduced to 7 grams, making them six times lighter than standard tins. Additionally, they are made of 100% recycled plastic (rPET) and the paper used in the folding boxes is at least 70% recycled material.

OUR CONTRIBUTION TO THE SDGS



Safe and Compatible Products

Our highest priority is to provide safe products that cause absolutely no harm in use. By strictly complying with legal requirements, complemented by our own guidelines aligned with the latest scientific findings, we work constantly to ensure that our high standards for the quality of our products are guaranteed worldwide.

In this respect, our understanding of quality goes beyond the evaluation and approval of our products. We understand quality as a dynamic process of continuous improvement and express this understanding in the “Beiersdorf Quality Policy”. It guides our leadership, our management and all employees in their daily actions. This policy serves to maintain and expand consumer satisfaction as well as the high levels of consumer trust in our products for the long term, thus ensuring our future competitiveness.

Safety Evaluation of All Raw Materials and Formulas

To make sure we meet our own strict requirements regarding the quality of our products, we employ a team of experienced, highly qualified safety assessors. Only when raw materials and formulas have passed the legally required assessment and approval by this team can they be used in our products.

The safety assessors work closely with related specialist functions such as Research and Development for formulas and packaging. Together they evaluate every raw material and every formula with regard to their safety and compatibility for consumers. As well as experience and technical know-how, safety evaluations of cosmetic products rely strongly on scientific exchange about new findings regarding the compatibility and safety of raw materials, formulas, and packaging materials. Accordingly, our safety assessors attend international conferences, participate in working groups and expert teams, and also take part in specialist international training courses. The focus is always on professional exchange and ongoing training. This will help us continue to act appropriately and responsibly in the future.

It is also important to us that we hold our external service providers and suppliers, such as perfume

and raw material manufacturers, accountable. We require them to certify their compliance with statutory requirements as well as those that go beyond the legally required scope.

Globally Mandatory Beiersdorf Safety Requirements

We have established our high safety requirements in the “Beiersdorf Product Safety Policy”: This is a globally binding policy, as we do not differentiate between regions or sites in our safety evaluation of raw materials, formulas, and products, but apply the same uniform standards worldwide.

The requirements of “EU Cosmetics Regulation 1223/2009” are particularly important to us. On the one hand, the “EU Cosmetics Regulation” governs the qualification of safety assessors and product safety requirements; on the other, it also defines the specifications for correct product labeling and for providing information that ensures safe transport and product handling.

Viewed globally, the statutory requirements on product safety change continually. To mitigate the risk of infringing current regulations, our central Regulatory Affairs team collaborates with a global network of local Regulatory Affairs Officers. They follow all regulatory requirements and the latest changes to them in the markets in which our products are sold. This way, as early as the development phase we ensure our products meet all currently applicable requirements for their respective country markets.

From Raw Material to Finished Product – Safety Assessment in Detail

The comprehensive safety assessment during the development or relaunch of products applies equally to the specific raw materials, cosmetic formula, and packaging used.

Raw Materials

Whether and how a particular raw material can be used in product development is initially decided by chemicals legislation, which in Europe is laid down in the REACH regulation. Added to this, and specifically relating to cosmetic products, is the raw material approval process – for example, the “Cosmetics, Toiletries and Fragrance Association”

Safety Assessment – from Raw Materials to Products on the Market



(CTFA). In the next step, our in-house toxicologists and safety assessors then evaluate the source material in question based on comprehensive analysis results. For example, they test for purity and residues, and collect data on toxicology and skin tolerance. Here, too, we are oriented by internationally recognized standards and stipulations, for instance, the "Scientific Committee on Consumer Safety" (SCCS) "Notes of Guidance for the Testing of Cosmetic Ingredients and their Safety Evaluation".

All relevant information is collected in a central system at Beiersdorf, where our Product Developers can access it. This broad basis of information is used to determine how a raw material can be used within the framework of specifications and limits for the development of new product formulas. This means that the product type, such as care or washing products, the area of application, such as face or body, and the user group, such as

babies or adults, can be clearly defined. The same applies to the required input quantity of the raw material.

Cosmetic Formulas

A central aspect of the Safety Assessment is the microbiological stability of cosmetic formulas. Both in their manufacture and later during application, cosmetic products are repeatedly exposed to the influence of microorganisms, for example, bacteria and molds, which can spoil products and endanger consumers. Cosmetic formulas must therefore be capable of preventing the spread of microorganisms and completely suppressing any potential effects on the consumer. For this reason, we subject all formulas to a specific microbiological stability test at an early stage of development. In addition, we use the "bioburden" test to check our products for possible microorganism contamination during the manufacturing process, thus ensuring error-free production and hygiene.



Another vital step in our Safety Assessment is analyzing the interaction between raw materials within a cosmetic formula. Several different test processes ensure the compatibility of the overall formula. At the Beiersdorf Test Center we carry out various studies on human test subjects to determine the compatibility of new formulas. Only when our products have passed all tests to our complete satisfaction can they be released to the consumer with a guarantee of safe, well-tolerated application over the entire life cycle of the product.



[FIND OUT MORE ABOUT OUR PRODUCT AND CONSUMER RESEARCH](#)

Packaging

Alongside raw materials and cosmetic formulas, our packaging materials also undergo a thorough Safety Assessment. We expose formulas and packaging materials together to various tempera-

ture and storage conditions: This allows us to prevent potentially adverse components entering formulas from the packaging, as well as any other quality losses due to packaging, throughout the useful life of our products.



[FIND OUT MORE ABOUT OUR FORMULA AND PACKAGING DEVELOPMENT](#)

Continuous Product Assessment

We also take responsibility for the quality and safety of all our new products after their market launch. Our global network of Quality Managers and international Complaints Management organization continuously collect information on all claimed quality defects. Our safety assessors analyze these findings in order to initiate corrective measures as required. This allows us to react immediately, for example, in case of an adverse reaction. We then apply these observations and

exact product knowledge in new developments or formula changes so we can identify appropriate adjustments early on and take them into account for next-generation products right from the start. Our overall approach to continuous Product Assessment therefore helps us live up to our very high product compatibility and safety standards over the long term and at the highest level.



FIND OUT MORE ABOUT OUR RESEARCH AND DEVELOPMENT

Raw Materials Under Critical Discussion

We constantly observe and analyze new findings and information from scientific research, the

media, and stakeholder groups with a view to the safe use of raw materials in our products. We apply a multi-stage, cross-functional decision making process to do this. For scientific questions regarding the safety of ingredients, we contribute to generating and providing the data needed. For substances under controversial public discussion we decide on their use based on responsible, scientifically based individual consideration in each case. Correct, healthy and legally compliant utilization has the highest priority for us. If there are justified doubts as to the harmlessness of ingredients, we act according to the precautionary principle – even before considering the legal requirements.

Our Next Steps

- Achieve 100% use of sustainable palm (kernel) oil-based raw materials and paper-based packaging materials by 2020.
- Use 25% recycled material in plastic packaging in Europe by 2025.
- Various conversions to product packaging with rPET.
- Expand the use of bio-degradable polymers in all product lines.

PLANET

At a time characterized by severe environmental challenges, it is important to us as a company to take all possible steps to counteract climate change – through the responsible handling of water as a resource, significantly reducing energy consumption, and avoiding unnecessary waste. As a globally active company we are working on solutions at all levels to meet our responsibilities.

Our Achievements

>**100%**

electricity from renewable sources worldwide

>**-3.5%**

waste volume*

>**-65%**

CO₂e emissions*

* at our production sites per production unit
(Base year 2014)

Our Planet Engagement and Our Climate Target

We regularly exchange information with our internal and external stakeholders to identify optimization potential and successfully implement our activities. This also includes disclosing our management approaches and data on climate and water topics as part of the annual “Carbon Disclosure Project” (CDP) survey. In 2019 we achieved a “Score B” within the “Climate Change Program” and a “Score B–” within the “Water Disclosure Program”.

Climate Target – Our Achievements So Far*

In 2017 we developed a climate target to contribute to mitigating climate change, in support of the 2015 UN Climate Change Conference Paris Agreement (COP21).

We want to reduce our energy-related CO₂e emissions (scope 1 and 2) per product manufactured by 70% by 2025, in comparison with the 2014 base year. By 2019, the third year since the publication of our climate target, we had already achieved a reduction in CO₂e emissions per product manufactured of 65% compared with 2014.

A key measure for reaching our target is converting all our sites worldwide to an electricity supply from renewable energy sources by 2020. We achieved this goal ahead of schedule: In the 2019 reporting year we converted all our production sites and offices worldwide to electricity from renewable energy sources.

Calculating and Lowering Energy-related Emissions

We capture, consolidate, and analyze our energy consumption to determine our worldwide CO₂e emissions. In our calculations we take into account both direct emissions, for example, from the combustion of natural gas or fuel oil (scope 1 emissions), as well as indirect emissions from our purchase of electricity, heat or steam (scope 2 emissions). The continuous collection of these data helps us verify the effectiveness of our measures and identify

Beiersdorf CO₂e Emissions scope 1 and scope 2*

(tCO₂e)



* As part of the audit to achieve limited assurance only the data from 2019 were examined.

potential for energy and emission savings in the future. We gather energy consumption data from all our production sites as well as from three warehouses we operate. In addition, we capture the consumption of our offices with more than 50 employees (as full-time equivalents). Thanks to close collaboration with data collectors and a regular validation process, we have succeeded in continuously improving the quality of our scope 1 and scope 2 data in recent years.

Our energy-related direct and indirect CO₂e emissions are calculated to the requirements of the “Greenhouse Gas (GHG) Protocol”. The emission data from the “Intergovernmental Panel on Climate Change” (IPCC) along with the emissions factors of our energy suppliers and the “International Energy Agency” (IEA) provide the fundamental framework for calculating our energy-related direct and indirect CO₂e emissions. As a calculation basis we use directly gathered energy consumption data

* In our climate targets we include our mass-market business, dermocosmetics business, and the LA PRAIRIE premium business. The COPPERTONE brand business acquired in the reporting year is also included from the date of acquisition. All CO₂e emissions detailed in this section are based on the “market-based” method. You will find the “location-based” method in the separate [GRI Content Index \(305-2\)](#) attached to this report.

Our Climate Target (Base Year 2014)



and invoices from our energy suppliers, among other data sources. The consolidation approach we choose for calculating the emissions is operational control.

Alongside the “market-based” method, which we also use for our climate target, we additionally report our scope 2 emissions according to the “location-based” method ([GRI Content Index 305-2](#)). This approach makes the contribution of electricity from renewable energies to achieve our climate target both measurable and visible.

As we use very little steam or water from district heating or cold water systems, this share of our scope 2 emissions is very low. We calculate the amount of these emissions using the emission factors provided by the GaBi accounting tool and the British Department of the Environment (Defra).

Target Achieved: 100% Electricity from Renewable Sources

In 2019 we achieved our renewable electricity goal ahead of time. All Beiersdorf offices and production sites worldwide purchase 100% of their electricity from renewable energy sources.

Having switched over our sites in Mexico and Nigeria in the reporting year, this objective has now been achieved for all our production sites including the newly acquired COPPERTONE brand production site in Cleveland (USA). In Germany, Chile, Spain, and Poland, our production sites already purchase electricity directly from renewable sources. In countries where a direct purchase of green electricity is not yet possible or not fully available, “International Renewable Energy Certificates” (I-RECs) are purchased for the electricity the sites procure.

By switching the remaining office sites to electricity from renewable sources in the reporting year, now also all of our offices are on electricity from renewable sources. Depending on local availability, for our offices we also either purchase electricity from renewable sources directly and buy I-RECs or European “Guarantees of Origin”.

The photovoltaic systems installed at some of our production and office sites also cover a share of our own electricity needs. Our production sites in Shanghai and Thailand, as well as the office in Australia, put their photovoltaic systems into operation in the reporting year. In 2019



our photovoltaic systems worldwide produced 1,853 MWh of electricity. This is equivalent to the annual electricity consumption of approximately 382 three-person households in Germany (see [Statistisches Bundesamt](#)). We are currently reviewing the use of additional photovoltaic systems at further sites.

Systematic Improvements for More Energy-efficient Sites

At Beiersdorf we have followed a “Standard Operating Procedure” (SOP) since 2017 that establishes binding minimum requirements for our energy management: Amongst other objectives, these ensure that optimization potentials are systematically analyzed, documented, and implemented. The energy consumption at our sites depends on numerous individual conditions, for example, the temperature of hot water in production or the outdoor temperature. The identification and allocation of energy consumption enables us to individually identify efficiency potential and reduce consumption.

As part of our “Manufacturing Excellence” initiative all our production sites worldwide systematically and continually identify energy and emission-

saving potential, and plan site-specific energy-efficiency improvement measures based on this. In the reporting year, the initiative finalized projects

Percentage of Beiersdorf’s Electricity Consumption from Renewable Energy Sources*

(%)



* As part of the audit to achieve limited assurance only the data from 2019 were examined.

at almost all production sites or drew up further corrective action plans.

Our production site in Shanghai, for example, identified areas of particularly high consumption through systematic monitoring of its electricity consumption and then implemented improvement measures. By optimizing compressed air generation, air conditioning, and pumps, electricity consumption was reduced significantly versus the previous year.

LEED – Setting the Course for Sustainably Efficient Building Operation

In addition to how they are used, buildings' design also has a major influence on resource consumption. Energy-efficient modern buildings and production sites therefore significantly contribute to reaching our climate target. When we build a new building or redesign an existing one, we examine its full life cycle and implement targeted, sustainable energy concepts and solutions. In our new construction and expansion projects, we continually strive for certification under the "Leadership in Energy and Environmental Design" (LEED) standard. LEED is an internationally recognized sustainability certification for buildings and construction projects. LEED defines a series of standards to be observed for environmentally friendly, resource-saving and sustainable construction according to a specific evaluation system. The quality measured is certified into "Silver", "Gold" or "Platinum" quality levels, depending on the number of points scored. In 2019 our production site in Bangkok (Thailand) received the LEED Gold certification for its expansion projects.

Jointly Identifying and Lowering Scope 3 Emissions

The indirect emissions caused along our value chain, for instance, by the goods and services or transport activities we purchase, are categorized as scope 3 emissions. As a company aware of our responsibilities, in previous years we had already started to analyze our scope 3 emissions, which significantly exceed our scope 1 and scope 2 emissions.*

To be able to develop measures to lower these scope 3 emissions we began by identifying the most relevant categories for our business based on an input-output model. In this analysis, purchasing data are grouped into differing categories and by sourcing country to quantify the environmental impacts by category. The input-output model assesses resource consumption and environmental impacts throughout the entire supply chain, and uses internationally standardized statistics and databases. Based on these results we have decided to focus on the following four categories:

- Packaging materials
- Raw materials for product formulations
- Finished goods suppliers
- Transport

As the primary data entered into the input-output model are based on financial purchasing data, and the model applies general data, averaged values and statistics to identify the environmental impacts, for these four categories we have developed calculation methods that rely on more precise data as far as possible and are thus intended to make monitoring the progress of our emissions reduction methods possible:

Packaging Materials

Some of our scope 3 emissions originate in the manufacture of the packaging materials that we purchase. Here we link our own company's primary data on different packaging materials and volumes** with material-specific, cradle-to-gate emissions factors from our emissions-balance analysis tool GaBi. According to this procedure, the total emissions caused by our packaging materials in 2019 were 436,743 tCO₂e.

Raw Materials for Product Formulations

The production of raw materials that we require for our product formulations also causes emissions. For this purchasing category we can only rely on the monetary purchasing volume data and have therefore again applied an input-output model. This database does not include the contractually

* The following statements regarding our scope 3 emissions only include our mass-market business and our dermocosmetics business. The scope 3 emissions from product transport also include the COPPERTONE business from the moment of acquisition. The scope 3 emissions originating from the premium business with LA PRAIRIE are not in scope.

** In this calculation we take into account the consumer packaging and secondary packaging. The secondary packaging added during repack operations and transport preparation is not included.

agreed uptake of raw materials for our finished goods suppliers. To achieve better comparability with the previous year, the monetary purchasing volumes were price-adjusted, assessing the purchasing volume of each raw material based on the respective average price in the previous year across all regions and suppliers. The result of this calculation for 2019 resulted in an emissions figure of 271,278 tCO₂e.

For the packaging and raw materials categories, these approaches are also intended to enable us to quantify the effectiveness of our measures in the area of product sustainability in future (page c-19).

Finished Goods Suppliers

We source a proportion of our products from finished goods suppliers. To also integrate the emissions originating from this outsourced production in our calculations, we gathered the corresponding energy consumption data as well as the emission factors from our suppliers; these are based exclusively on the product volumes produced for our company. In 2019 the data we collected covered 72% of our outsourced finished goods production based on spend volume. The emissions figure for

our outsourced finished goods production in 2019 was 38,027 tCO₂e.

Transport

To calculate the global transport-related CO₂e emissions from finished goods transportation within Beiersdorf and from deliveries to our customers and distributors, we use the “EcoTransIT” tool in accordance with the European DIN EN 16258 standard. In 2019 this calculation resulted in an emissions figure of 104,136 tCO₂e for this category.

Our Next Steps

Our goal going forward is to reduce our environmental footprint step by step and to contribute to realizing the “UN Sustainable Development Goals” (SDGs) in the area of climate and environment. Going beyond the successes we achieved in previous years, through signing the “Business Ambition for 1.5°C” we have committed to raising our climate target ambition once again. The “Business Ambition for 1.5°C” is a UN Global Compact campaign that calls on companies to set themselves emissions reduction targets aligned with scientific research-based goals, in order to limit global warming to 1.5°C by 2100.

OUR CONTRIBUTION TO THE SDGS



Waste

Our waste management plays an important role in reducing CO₂e emissions by avoiding waste wherever possible, and also recycling unavoidable waste as effectively as possible. This enables a valuable contribution to climate protection. Disposal of waste via landfill represents a particular burden on our environment and we are therefore committed to the goal of “Zero Waste to Landfill” (ZWTL) – at all our production sites as well as the larger logistics centers.

Waste Volume (production sites)

(t)

26,560	27,333	25,646
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2017



2018



2019*

* production sites and headquarters

This year our colleagues from Peru, who are responsible for the disposal of our unsaleable goods from an external warehouse, achieved the ZWTL target. Due to limited possibilities to dispose this type of waste in an environmentally friendly way in Peru, this task posed a great challenge for all involved. With a lot of commitment and hard work over almost three years, agreements have now been made with suitable disposal facilities that can recycle a large part of the waste and dispose of the non-recyclable parts in a waste incineration plant.

“Avoid, Reduce, Reuse, Recycle”

It is our goal to avoid the generation of waste in the first place. In the overall production cycle, we follow the “Avoid, Reduce, Reuse, Recycle” strategy. Currently, unavoidable waste is often a valuable raw material that can be used again – if the materials can be effectively recycled, separated, and collected. We are working to increase the share of recycling in all our waste, because efficient recycling – especially of packaging – makes a significant contribution to climate protection. In this area of action we are on the right track, with a wide variety of activities across our business sites in the area of packaging development and the continuous optimization of waste management.



Our four colleagues from Peru

A Second Life for Overstocks

A particular challenge is the disposal of finished goods that have been stored for a long time and have become unusable. Despite accurate planning, overstocks cannot always be avoided. We are working on new solutions to reduce the destruction of finished goods in the future, including their transport and packaging.

The measures focus on the increased recycling and material recovery of goods. To achieve this we are working on improved material separation in the destruction of finished goods to enable the improved recycling of individual packaging components. In addition, we donate good quality, usable goods, that can no longer be sold through

our distribution channels, to good causes through our worldwide “We don’t waste, we donate” initiative. This allows us to provide social projects with urgently needed products and helps relieve the environment.

OUR CONTRIBUTION TO THE SDGS



Water

Water scarcity is a particular threat in regions with a high site-specific water risk. The global resources of clean drinking water are also becoming scarcer due to climate change and rising population numbers among other influencing factors. As a responsible company we see water as a precious vital resource, and take great care in all our business areas and processes to minimize water consumption and our wastewater volume.

Focus on Sustainable Water Management

In the expansion plans for some of our production sites, the topic of “sustainable water management” has gained considerably in importance. In this context, we want to minimize water consumption in

our production processes, company buildings, and all other business areas. This applies especially to high-consumption cleaning processes, where we rely on cutting-edge equipment and innovative technologies. We harness the latest technical processes to purify wastewater so we can use it in cooling, watering green spaces, and sanitation, for example. These measures are often implemented at our production sites as part of the “LEED” certification (page c-37). Even seemingly small improvements, such as the modernization of sanitary facilities or targeted consumption measurements in production areas, can contribute to the optimization of sustainable water management.

Water Consumption

(production sites)

(m³)

1,697,836

1,580,318

1,666,042



2017



2018



2019

Wastewater Volume

(production sites)

(m³)

771,450

845,228

856,054



2017



2018



2019

Regular Water Risk Assessment Worldwide

The “World Resources Institute” (WRI) provides the “Aqueduct Water Risk Atlas”, a data tool with which we assess the water risk at our sites annually. The latest water risk information helps us identify developments and challenges, and to take early preventative action through site-specific and appropriate measures. This allows us to secure the water supply for our production network without impacting the supply to the local population.

State-of-the-art Wastewater Treatment Plants

Plant expansions at our production sites worldwide are increasing the volume of production wastewater. However, we also use the construction measures to assess existing systems, adapt them technically, and test the use of innovative technologies. Our goals are to reduce water consumption and improve wastewater treatment so that we can meet the increasing demands placed on water treatment. For instance, at our Spanish plant in Tres Cantos near Madrid, we work to treat wastewater from our in-house wastewater treatment plant so thoroughly that it can be reused in water-intensive production processes such as rinsing and cleaning procedures. This lowers the consumption of drinking water.

New Buildings and New Technologies for Up-to-date Production

With the “Pailin” project, named after the blue sapphire, Beiersdorf is expanding its production of skin and skin care products at the Bangplee site

in Thailand. Pailin is part of our worldwide network masterplan to increase production capacity and modernize the production infrastructure. The refurbishment project here demonstrates our commitment to sustainability: For example, the new building uses recycled water for the irrigation systems and has a solar roof generating up to 500 kW of electricity. Moreover, low-emission building materials and highly efficient machines are used to minimize CO₂e emissions and environmentally friendly, CFC-free cooling systems are installed.

Wastewater Neutralization at the First Beiersdorf Modular Plant

The Gujarat plant in Sanand (India) is the first modular plant Beiersdorf has constructed. The whole building has been awarded LEED Gold status. No wastewater is lost here – all of it is purified in the onsite treatment plant and then used for garden irrigation. Rainwater harvesting and drip irrigation are among the many technical innovations used at this site, as are solar lights and solar tubes.

OUR CONTRIBUTION TO THE SDGS



Our Next Steps

- Develop measures to limit global warming to a maximum of 1.5°C by 2100.
- Plan and expand photovoltaic systems.
- Expand our measures to reduce water consumption and to treat wastewater as part of our new focus area “Regenerative Water Environments”.

PEOPLE

Our employees' welfare takes special priority within our sustainability strategy, since they play a central role in our company's success: A healthy and attractive working environment and extensive career development opportunities are therefore of fundamental importance to us.

We also support carefully considered, value-based action as this provides the basis for successful collaboration between individuals and teams. Beyond our company boundaries we support disadvantaged families through numerous local initiatives.

Our Achievements

- > Reduction of the "Accident Frequency Rate" from **1.9** to
1.2
at our production sites compared to the previous year
- > Best CSR Project 2019 Award for Beiersdorf China
- > Relaunch of the occupational health management system "GOOD FOR ME"

- > **50** countries implemented social initiatives
- > **22** job-sharing tandems employed in Germany as of the end of the fiscal year. **13** tandems even made it possible to occupy a leadership post in part-time employment

Social Responsibility

“By 2020 we intend to have reached and improved the lives of one million families.” This is the ambitious commitment we formulated in 2013 within our “People” focus area. For Beiersdorf as a globally active company, assuming responsibility for our immediate social environment and having a positive and sustainable influence on our fellow citizens is a matter of course. The guiding principle for this commitment is our Core Value “Care”. In close collaboration with local experts we implement long-term social projects worldwide through which we support disadvantaged people.

In this reporting period we reached our 2013 target. This success motivates us to pursue our guiding principle of “helping people to help themselves” and to continue to align the social sponsorship activities of our brands and the philanthropic commitment of our company with this principle in the future as well.

Support for Families – Sustainable and Locally Relevant

Socially disadvantaged families are the focus of our “People” commitment. Families are an important starting point when it comes to tackling social challenges and promoting change in society. We want to provide long-term, holistic support. This focus reflects Beiersdorf’s tradition of providing care, while bringing our brands’ values to life. The focus areas below provide the framework for the initiatives we support.

They are aligned with disadvantaged families’ specific requirements. At the same time, the quality of our projects is always more important than their quantitative contribution to target achievement.

Building Trust-based Partnerships

Local experts know the conditions and the difficulties people face better than anyone. This is why we work with local non-profit organizations (NPOs) that develop and implement social initiatives. Our local affiliates select the projects we sponsor and carefully monitor their implementation.

With clearly defined standards, we can make sure a potential partner is a good fit for us:

- The organization has well-founded local knowledge in the chosen focus area and has demonstrable expertise in effective and efficient project set-up.
- The organization has a good reputation and is considered credible by independent institutions, as indicated, for example, in rankings.
- The organization operates transparently and spends at least 75% of the contributions directly on projects.
- The organization is not run for profit, has no political affiliation, and does not pursue a primarily religious mission.

Our five focus areas:

- **Child-centered family support:** We want to improve the prospects of socially disadvantaged children.
- **Family competencies:** We help them develop skills to improve their quality of life.
- **Robust family infrastructure:** We support organizations that enable families to spend more quality time together.
- **Support and companionship for the elderly:** We are committed to social services and social inclusion for the elderly.
- **Families with special needs:** We support families burdened by members’ illnesses or disabilities.

In addition, we maintain open dialogue with these organizations during which we regularly align responsibilities and expectations. This builds robust, long-term and efficient partnerships and secures a solid foundation for sustainable social initiatives.

Besides providing financial support, our social responsibility also includes making needs-based product donations and personal involvement through employee volunteering.

Our Brands' Social Commitment

Our brands support families in a highly targeted way, focusing on those areas which are a good fit with their brand identity and brand competency area, as well as on local social needs and our consumers' concerns. We continually work towards making a positive impact on society and this also means involving our consumers: We constantly and transparently provide them with information on our social initiatives and invite them to participate actively in these themselves. In this way, key social issues gain more public attention.

In this context, "NIVEA cares for family" is committed to improving families' wellbeing through three key approaches:

1. Building competencies for children
2. Empowering mothers
3. Providing space and facilities for families to spend quality time together

An example of "Empowering mothers" is the "Sen-tuhan Ibu" project in Indonesia. Through this initiative NIVEA supports, among others, mothers of children with disabilities through targeted counseling programs.

HANSAPLAST partners with national Red Cross organizations to help children improve their first-aid skills and give them knowledge and skills that could help them save lives from an early age.

Corporate Philanthropy

Beiersdorf as a company is also committed to various philanthropic initiatives. Unlike our brands' activities, the focus here is more on donations of

money, products and time than on sponsorship activities. At our Hamburg headquarters alone we cooperate with more than fifteen charitable social organizations: Together with them we identify where and how Beiersdorf can best support their work locally. Time and again, we include them in our internal campaigns and initiatives and thus also promote the social commitment of our employees – for instance, at the annual Beiersdorf Christmas Market. One example of this is our cooperation with the KULTURISTENHOCH2 initiative: This Hamburg-based project is committed to strengthening intergenerational dialogue and receives support from Beiersdorf not only in the form of financial donations but also as employee volunteer time.

Goal Achieved – Global Evaluation of Our Engagement

We have achieved our ambitious goal in the "People" area, thanks to the social sponsorship activities of our brands and the commitment at company level. Since 2013 we have carried out annual assessments of all the social projects we support worldwide in order to continuously monitor our progress: The project managers at our affiliates first gather all locally relevant data, which are then consolidated centrally so that activities can be analyzed globally. The principles and standards underpinning this analysis also provide the basis for the year-round collaboration between our Global CSR team and our local promoters' network. The analysis results not only form a key information database for our internal sustainability management, they are also an integral part of our sustainability reporting.

Developing Our Social Commitment Further

Having reached our 2013 target, we will develop a new goal for the core "People" area during 2020. First we will review our engagement to date in detail with regard to success factors and improvement opportunities. Together with experts and on the basis of the United Nations Sustainable Development Goals (SDGs), we will then identify future social challenges and select areas in which our company and our brands can most effectively achieve a sustainable positive impact.

Transparent Reporting on Our Progress

Our internal and external stakeholders are fully justified in expecting us to assume our social responsibility beyond our own value chain as well, and to report transparently on our work. Through our global activities we work to fulfill these expectations, reporting on them in regular updates on our corporate website as well as in our annual Sustainability Review.

OUR CONTRIBUTION TO THE SDGS



NIVEA INDONESIA | SENTUHAN IBU

NIVEA Indonesia Expands Its Successful Initiative Sentuhan Ibu

Since 2016 NIVEA Indonesia has specifically supported mothers of children with disabilities through its “Sentuhan Ibu” (“a mother’s touch”) initiative. These women often suffer social exclusion as well as persistent and widespread prejudice towards people with disabilities in Indonesian society. At the same time they face the particular daily challenge of fulfilling their children’s individual special needs. To lend these mothers in socially and privately challenging circumstances a hand, NIVEA Indonesia launched the “Sentuhan Ibu” initiative.

Joining Forces Makes a Difference

An eight-month program was developed in collaboration with Indonesia’s Kemuning Kembar psychological institute; alongside differing workshops the program also organizes group discussions in which the mothers can exchange experiences and views on their situation with each other. The goal is



to raise their awareness of their children's personal special needs and to support them in responding to these in the best way possible. Boosting these mothers' self-confidence is a further program priority.

Holger Welters, General Manager Beiersdorf Indonesia, explains: "The program helps give strength to mothers facing particular challenges and offers them the support they need, because they play a decisive role in their children's development. With 'Sentuhan Ibu' we are realizing NIVEA's emotional values in a social context."

The program has so far taken place in Yogyakarta at a school for cognitively disadvantaged children, as well as at the Bandung Special School for visually impaired children.

Project Expansion: Trauma Aid on Lombok

In 2018 a powerful earthquake devastated Lombok, an island in the Indonesian province of West Nusa Tenggara. 564 people were killed and thousands more remain traumatized, many of them children. NIVEA Indonesia, therefore, saw the need to expand the "Sentuhan Ibu" initiative to include support for the people on Lombok. In cooperation with the Udayana One Health Collaborating Center at Udayana University on the neighboring island Bali and the coordinating Ministry for Human Development and Cultural Affairs, NIVEA Indonesia was able to create a three-month program focusing on trauma victims. It provides mothers and children suffering traumatic disorders with psychological support in coming to terms with their traumatic experience.

Participants have so far welcomed the program very warmly and the accompanying research by a psychologist from Udayana University has also given the program a positive initial assessment, especially regarding the improvement of the bond between the mothers and their children.

NIVEA Indonesia plans to continue its successful "Sentuhan Ibu" initiative for the long term and additionally to expand it to further regions of the country.

BEIERSDORF GERMANY | KULTURISTENHOCH2

Experiencing Cultural Events Together – Hamburg Initiative Promotes Intergenerational Exchange

As part of our "Support and Companionship for the Elderly" focus area, Beiersdorf is promoting the intergenerational project KULTURISTENHOCH2 that brings older citizens together with young people from the same city neighborhood through shared cultural activities. This initiative aims to counteract the social exclusion and isolation of the elderly and supports responsible intergenerational cooperation and more solidarity in urban districts.

Loneliness in Old Age – A Growing Challenge

In Germany, particularly elderly people in a difficult financial situation are increasingly affected by loneliness and social isolation. The KULTURISTENHOCH2 initiative was founded in 2016 to meet this challenge and enable this social group to enjoy greater participation in society once again.

This initiative brings senior citizens on low incomes together with Hamburg high school students and invites them to visit a cultural event together. KULTURISTENHOCH2 establishes the contact between the elderly people and the high school volunteers. These intergenerational "tandems" visit a museum, theater or concert together as equals: The senior brings free entry tickets with them and their young companion invites them to a drink in the performance interval. If desired, the students also accompany the elderly person safely to the event and then back home afterwards.

Cultivating Empathy and Understanding for the Elderly

To make this offer possible, KULTURISTENHOCH2 cooperates with Hamburg's schools and the non-profit association KulturLeben Hamburg e.V. that provides donated event tickets from over 100 different event marketers across the city. The young people prepare for their voluntary role in workshops at schools led by specialists that focus on instilling empathy and understanding for the



senior citizen's personal situation. The preparatory training includes an "old-age simulation suit" that lets the students experience the physical limitations of old age.

This way, KULTURISTENHOCH2 contributes to raising the social and cultural participation of elderly people and also promotes the voluntary engagement of young citizens. The initiative gives the youngsters an opportunity to enter into dialogue with an older generation and exchange life experiences and viewpoints.

Promoting Sustainable Social Cohesion

Beiersdorf has been involved with KULTURISTENHOCH2 since back in 2016, as the initiative is designed to achieve a long-term social impact and strengthens social cohesion in Hamburg's individual city neighborhoods. Not only has our company provided financial support during this time, our employees have also been personally involved as part of their social Team Days. For instance, in 2019 our Conference & Event Management team supported the Closing Ceremony at the end of the academic year for the second time.

3 QUESTIONS

... to Fabian Kutzner, Conference & Event Management Team Lead

KULTURISTENHOCH2 shows how easy it is to contribute, simply by offering a little of our time and attention.

”

FABIAN KUTZNER



What is special about the KULTURISTENHOCH2 initiative?

Through the topic of culture this initiative succeeds in highlighting the challenges of old-age poverty and social exclusion, and raising public awareness of these important issues. Furthermore, it is by no means a given that students of this age will reach out to senior citizens of their own accord and accompany them to artistic and cultural events. KULTURISTENHOCH2 shows how easy it can be to contribute, simply by offering a little of our time and attention.

How has the Conference & Event Management team specifically supported the initiative?

This year the Closing Ceremony at the end of the high school year was held in our Beiersdorf Auditorium. We played an active role in the overall organization leading up to the event and also put the schools in touch with service providers. The special aspect here was that not only did our team members contribute their time to

the event, but all our partners and service providers – conference audiovisual equipment specialists and event furnishers, for instance – also provided their services free of charge. We are deeply grateful to everyone who supported this event for their willingness to work side-by-side with us on a voluntary basis to make it such a success!

Why is your team getting involved with this initiative?

All our team members value this engagement as part of our Team Day very highly. It's a change from our regular working routine that creates social value at the same time. KULTURISTENHOCH2 has highlighted the importance of old-age poverty and social isolation to our team once again. So we are very pleased that we had the opportunity to contribute our event know-how to the initiative, beyond the financial support provided by Beiersdorf.

People at Beiersdorf

Our employees make us what we are as a company. Our strong business achievements reflect the high qualification and engagement level by our people. Systematic, long-term people investment is firmly embedded in our Core Values, our C.A.R.E.+ strategy and HR Roadmap.

As of December 31, 2019, we employed 20,654 people worldwide, an increase of 3.0% compared with the previous year (20,059). The acquisition of COPPERTONE effective August 30, 2019, was a key reason behind the increase in headcount. Germany continues to have the highest number of employees at 6,682 (previous year: 6,676), a share of 32%. A total of 15,728 people worked in the Consumer Business Segment (previous year: 15,142) and 4,926 at tesa (previous year: 4,917).



C.A.R.E.+ Strengthens People Investment

Inspirational HR work is the collective ambition of the Beiersdorf Executive Board. It has been one of its shared targets for years. Personnel discussion takes place in every Beiersdorf Executive Board meeting as a regular agenda point. The revision of the HR Roadmap in 2019 mirrored the development of the C.A.R.E.+ strategy, striking the right balance between change and continuity. While focus fields like employee engagement and management development continued, other big topics have been given additional attention and investment in 2019: learning organization, "New Work" and the further deepening and expansion of the Group's Diversity & Inclusion initiatives.

Progressive working conditions and diverse development opportunities are what Beiersdorf always strives for. Still, working with our people and for our people is not simply a year-round feel-good

program. Adapting structures and processes to changes in business and consumer needs in a timely manner is an equally important aspect of HR work, and part of Beiersdorf's ongoing HR Roadmap. Convincing people of the necessity of change, well before they feel the effects of a crisis, is one of the hardest management tasks. Because of Beiersdorf's continuous business success, it is crucial that we keep CHANGE high on our people agenda, with a string of sensible, value-adding and culture-shaping initiatives every year. While doing so, we do put significant efforts into internal communications and structured change management.

The revised version of the HR Roadmap is intended to promote the sustainable implementation of the C.A.R.E.+ strategy in five central, closely inter-linked subject areas:

- "Our Company Culture Engages Each and Everyone"
- "Accelerate 'Digital Beiersdorf' with a Human Touch"
- "Everyone Learns! Also from Mistakes"
- "The Right Organizations and Rewards Foster the Right Behaviors"
- "Leaders are Nurtured, Not Born"

Corporate Culture

They are the heart of our company: Beiersdorf's Core Values. Our values are authentically rooted in our history and firmly embedded in day-to-day operations across all our affiliates in the world.

Employee engagement is a decisive factor in the way we do business. From 2013 to 2018, we conducted an annual, Group-wide employee survey to identify where action was needed at team and organizational level. We decided not to hold a global survey in 2019 as major changes were required to comply with the new EU General Data Protection Regulation. We also used this break to conceptually overhaul the design of the survey so as to be able to respond more flexibly and faster to the pulse of the organization. We will conduct global employee surveys again in 2020.

At Beiersdorf, we strive for dialogue on an even footing with our employees. This is evident in the willingness of managers to engage in different forms of dialogue with the organization and in the

diversity of our internal communication channels and tools. They enable employees to talk directly to the Executive Board and top management. They include events at global and local level such as town hall meetings, round tables, and fireplace talks as well as diverse online forums and chats. “Closeness” is a key concept here: Employees are kept close to important events and decisions with timely information – for example, in town hall meetings with global live streams on the day the quarterly figures are published.

Participation in Decision-Making and Company Success

We involve our employees in key decision-making processes and in the success of our company. The large majority of employees worldwide share in our commercial success through variable remuneration. The close involvement of employee representatives is also part of our corporate culture. At the end of 2019, 55% (previous year: 56%) of our organizations had a works council, a union organization, or another form of employee representation, despite this being a legal requirement for only 44% (previous year: 45%) of our organizations.

Participation also means employees actively involving themselves in shaping their work place. New office projects anywhere in the world have always been accompanied by employee sounding boards and a change management process. The biggest project of this kind is in Hamburg, where we have been building a new campus since 2018. It is due to be completed in 2021/22 and hold up to 3,000 state-of-the-art workstations. Instead of top-down and one-size-fits-all, we have established a comprehensive change initiative with active participation by employees from all major functions and divisions. A completely new workplace strategy was developed together with cross-functional teams in 2019. It was also supported by our works councils. Employees also had the opportunity to express their opinions and proposals through various surveys with regard to future services.

New World of Work, New Ways of Working

Digitalization, technological change, and the volatility of global markets call for one thing above all else from our employees and our business as a whole: the constant willingness to learn and adapt. We have adjusted to this necessity. We are helping our employees develop the necessary awareness of

this change and encouraging them to integrate new working methods and learning techniques into their day-to-day work, and to take a more connected and digital approach than ever before. We are thereby creating the basis today for our success tomorrow.

Three years ago, Beiersdorf announced its “agile working” concept. This gave rise to numerous learning initiatives that are now a fixed part of our approach to knowledge and training. (More details in the section on the “Learning Culture”.)

Against this backdrop, Beiersdorf is making a big cultural shift towards innovative working arrangements. These involve fruitful cooperation between management and employees, with the latter passing on the new ideas to their colleagues. One employee initiative in the reporting year, for example, has introduced the “working out loud” (WOL) method globally throughout the company. Employees use WOL circles to make their own work and knowledge visible to others, so that everyone can benefit from it. This and other company and employee initiatives involving “New Work” (the new way of working in the digital age) were seized upon by a cross-functional project team that organized the first “NEW WORK FESTIVAL” at Beiersdorf’s Group headquarters in November 2019. The topics were collaboration, creativity and innovation, digital transformation, technology, leadership, learning, intra- and entrepreneurship, the purpose of work, diversity, and sustainability.

New Work is not only about workplace design and technology; Beiersdorf is committed to the health and physical and mental wellbeing of its employees. The company’s own health management is enhanced from year to year to better meet the needs of employees in a fast-changing world of work. Our “GOOD FOR ME” program seeks to maintain the health and performance of our employees on a long-term and sustainable basis as well as encourage them to take the initiative in staying healthy. Approximately 97% of our organizations worldwide offer health promotion measures (previous year: 92%). Since 2014, we have been offering skin screening at our Group headquarters as a special service for employees.

Diversity & Inclusion

As a globally operating company, we regard the diversity of our workforce as a particular field of opportunity. Diversity & Inclusion is therefore a

I match suitable job-sharing partners with personal support and advice.

“

CHRISTINA BRAASE
Diversity Expert



central element of our strategic orientation and helps to position Beiersdorf as an attractive employer. People from different nations, cultures, and generations work for us. We want to systematically promote this diversity and harness the benefits it provides. Different perspectives make us more innovative and competitive and allow us to better understand consumer needs.

Diversity & Inclusion is a global management process at Beiersdorf and a firmly established part of the Executive Board's agenda. Measures to promote equal opportunities and diversity at Beiersdorf are designed and implemented by a cross-functional diversity team, whose members all work as volunteers in addition to their regular work. Since its launch, this team has grown into a global network with many ambassadors in the affiliates. In addition, the Diversity Committee of the Supervisory Board also regularly reviews and support various key initiatives.

Alongside international and cultural diversity, gender – especially equal career opportunities for women and men – has been another focus area for years.

Since the introduction of the German law on the equal participation of women and men in leadership positions, Beiersdorf AG has been legally required to set targets for the proportion of women on the Executive Board and at the first two management levels, as well deadlines for achieving them. The law requires that the

Supervisory Board of Beiersdorf AG be comprised of at least 30% women and 30% men. With a current figure of 42% (5 of the 12 Supervisory Board members are women), this target has been well exceeded.

The current targets and deadlines for the proportion of women on the Executive Board and at the top two management levels are as follows:

- Executive Board: At least 10% women by June 30, 2022 (figure as of the end of December 2019: 13%, previous year: 14%)
- First management level: At least 35% women by June 30, 2022 (figure as of the end of December 2019: 31%, previous year: 24%)
- Second management level: At least 50% women by June 30, 2022 (figure as of the end of December 2019: 48%, previous year: 48%)

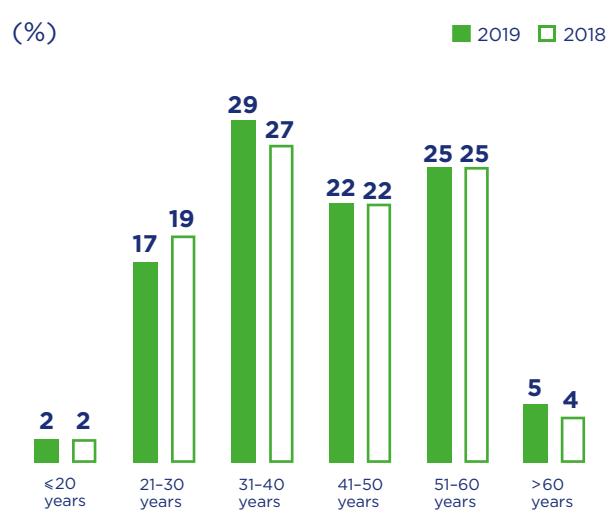
In 2018, Beiersdorf set a global target for the proportion of female leaders in the three top management groups (MG 1–3). This was in addition to the statutory targets applicable to Beiersdorf AG. By June 30, 2022, a target of 35% women is to be achieved in MG 1–3. As of year-end 2019, the proportion of women here was 30.2% (previous year: 30.4%).

LA PRAIRIE also promotes equal opportunities for women and men and places great value on gender diversity in recruitment for the top level of management. Here, the proportion of women on the LA PRAIRIE Board (without CEO) at the end of the

Part-time Employees by Region



Age Structure in the Consumer Business Segment Germany



year under review was 29% (previous year: 38%). The proportion of women in the entire top management of LA PRAIRIE in 2019 was 58% (previous year: 53%).

To make equal opportunities for women and men even more effective, we further expanded our “enCOURAGE” initiative in 2019 as the framework for all our gender diversity activities. Its measures take into account the different needs employees have at different stages of their professional life. Existing activities under this initiative include:

- “move forward!” – a mentoring program for talented women who want to begin or develop a management career.
- “Peer Coaching Circles” – an extra program of “move forward!” with the aim of learning and growing together.
- “Women in Leadership” – a network reaching all the way up the hierarchy, which organized the third “Women in Leadership Convention” in 2019. The Convention is more than just an annual networking event: Female role models and their real-life stories inspired a much larger target group to take on or further develop their leadership roles while at the same time supporting the careers of their female colleagues.

We offer progressive HR policies and a diverse range of flexible-working options to women and

men. 67% of our organizations (previous year: 58%) offer their employees flex time, 67% (previous year: 65%) offer remote working, 50% (previous year: 48%) part-time working, and 28% (previous year: 21%) the opportunity to take sabbaticals. With its 108 places and 29 teachers, our company kindergarten in Hamburg is one of the largest of its kind in Germany.

Alongside standard part-time working, job sharing (where two employees share a position in a “job tandem”) has long been part of our HR practice, also at management level. At the end of the fiscal year, there were 22 job-sharing tandems at Beiersdorf in Germany. 13 tandems performed management roles on a part-time basis. Since 2019, we have been pursuing a more personal approach to job-sharing tandems that puts people first. Following a personal interview directly with a job-sharing expert in the HR department, suitable candidates are actively brought together and supported on the way to a successful job-sharing tandem.

Equal pay for women and men for equal work or work of equal value was part of Beiersdorf's HR policy even before the German state legislation on pay transparency came into effect. Equal pay at Beiersdorf AG is ensured through collective agreements as well as internal processes to evaluate positions not subject to collective pay agreements. Outside collective agreements, allocation to the

relevant non-tariff salary bands is job based and thus gender neutral in line with the Transparency in Wage Structures Act (Entgelttransparenzgesetz). Gender-specific deviations in target annual salaries for employees not covered by collective agreements are close to zero.

As a globally operating company, we have a highly international workforce. Employees from 108 countries worked at Beiersdorf as of the end of the reporting year (previous year: 100). At the Hamburg headquarters, the proportion of international employees was 17.4% (previous year: 17.1%). Of our managers in the top three management groups, 40% had lived and worked outside of their home countries for at least three years (previous year: 39%).

Working with different generations is another important aspect of Diversity & Inclusion. In the Consumer Business Segment in Germany, the proportion of employees aged over 50 is 30%. At the same time, 16% of employees are younger than 30 (previous year: 17%). The average age among employees as of December 31, 2019, was 42 (previous year: 42). A good mix of ages helps us take advantage of the strengths of different generations and avoid spikes in retirement. To support our employees over 50, Beiersdorf AG offers

internal training courses customized to the needs of this target group.

In addition, the “New Generation 50+” network, launched as an employee initiative in 2019, is working to question the assumption that “age” is a career obstacle and to show how career ambition can be realized regardless of age.

Our employees set up an LGBTIQ+* initiative in 2019. “Be You @Beiersdorf” aims to create more visible community for the many LGBTIQ+ colleagues in the company. It involves building up a network through internal and external events, improving general understanding of LGBTIQ+ issues in the workplace, and challenging any subconscious prejudices and stereotypes. “Be You @ Beiersdorf” is also part of the external network “Prout at Work” and plans further integration with existing platforms and interest groups outside Beiersdorf.

Staff with disabilities: We are committed to equal treatment and equal opportunities – against every form of discrimination. Beiersdorf also places orders with sheltered workshops. Beiersdorf’s green spaces in Hamburg, for example, are looked after by Elbe-Werkstätten, Germany’s largest sheltered workshop of its kind.



Ralph Zimmerer (first row, middle)

We believe that everyone in this world should show their true self, their true identity.



RALPH ZIMMERER

Vice President Global NIVEA Brand & Design Management and founder of the “Be You @Beiersdorf” network

* LGBTIQ is an abbreviation for lesbian, gay, bisexual, transgender, intergender, and queer.

Notwithstanding our extensive activities in supporting Diversity & Inclusion, we keep a modest stance on what we do and have a realistic view about its limitations. We know many of the challenges we face are deeply rooted in the respective societies. Wherever possible, however, we are committed to providing the right environment and targeted support so that our employees can better overcome the many barriers still out there.

People and the Digital Transformation

The global introduction of Office 365 during the reporting year, which was accompanied by extensive training, was more than just a system upgrade. Office 365 enables our experts and teams worldwide to better collaborate and communicate, thus also helping all employees steadily improve their digital competencies.

An example of a grass-roots initiative supported by the new Office 365 environment is the “QualityOnShelf” app, which was developed in-house in three months using the newly available tools. An intuitive user interface allows not only the responsible quality managers but all Beiersdorf employees worldwide to photograph damaged goods and capture the bar code, GPS location, and store branch. We now receive up-to-the-minute relevant information and can respond in real time – a big win for quality management and just one of many examples of “making digital work for you”.

The worldwide roll-out of the COMPASS global HR management system also drove the digital transformation in the reporting year. The platform pools all personal data in order to reinforce dialogue and cooperation between employees, managers, and HR, and thereby creates the technological framework for innovative HR work. COMPASS supports self-initiative and lifelong learning. It focuses on each individual employee and their profile. Employees decide for themselves which data to provide and which development steps and career interests they want to highlight.

Learning Culture

We systematically invest in the professional development of our employees and support their talents in an individualized and lasting way. With our “Learning@Beiersdorf” concept that we presented in the reporting year, we laid the groundwork for the next level “learning organization”. The concept is based

on three components: building a global learning infrastructure steered by a learning management system and enriched by tools with which employees can create their own learning content; ensuring targeted learning, meaning high-quality learning content for specific groups; and finally, making learning a natural part of our everyday work.

The “COMPASS Learning” online platform created in 2019 is the global basis for learning content and is used in almost 90 affiliates. The platform offers quick and easy access to a wide range of learning formats, including e-learning and videos, as well as classic classroom training, and is constantly being expanded. A large amount of new content was added both on a global and regional level in the year under review. In addition, we offer numerous e-learning courses, mainly developed by the Finance, Procurement, R&D, HR, Quality and Planning academies. What is equally encouraging is that many of our employees have shown strong interest in learning content outside their own specialist areas and made cross-functional use of the course offerings.

In Germany, there is also a comprehensive free-of-charge training program for all employees outside their working time. The courses offered cover the subject areas of personal skills, methods & techniques, and professional competencies.]

Management Development

With “Leadership the Beiersdorf Way”, we established our understanding of a good management culture at Beiersdorf in 2017. It is based on our corporate values Care, Simplicity, Courage, and Trust. The aim of “Leadership the Beiersdorf Way” is to develop leadership personalities who are authentic and inspire and enable their team to achieve outstanding performance. This approach explains leadership in part from the perspective of those being led, thereby increasing the acceptance and involvement of all employees. In line with our corporate values, good leaders also transfer decision-making powers to employees (“empowerment”) and accept that they need to delegate their own decision-making authority in order to speed up processes (“depowerment”).

[We aim to fill the majority of management positions with talented people from within our own ranks. To make this possible, we systematically

prepare our employees for their new roles. In 2019, 100% of positions at the first management level (previous year: 75%, Roadmap 2020 target: 75%) and 83% at the second management level (previous year: 80%, Roadmap 2020 target: 90%) were awarded to internal candidates.

Beiersdorf uses a variety of different methods to identify new talent and promote their long-term development. For example, we conduct an annual talent review to ensure a strong management pipeline and transparency about the potential in the organization. Participation is voluntary. Participating employees subsequently receive additional personal feedback from their superiors.

Our further education program includes programs for young professionals, language courses, subject-specific training and special management programs – among others in cooperation with the renowned IMD Business School. In addition to management development programs tailored to our needs, the offering also includes open enrollment programs.

The quality of this long-term work was recognized by trendence, which awarded Beiersdorf AG the number one ranking of the most attractive employers for young professionals in the German FMCG sector.

Promotion of Young Talent

Beiersdorf's promotion of young talent also includes a comprehensive range of training opportunities: in Hamburg alone, we trained 110 young people in eight different professions in the year under review. The importance of approaching potential employees at an early stage is also demonstrated by a special recruiting initiative: the International Internship Challenge. For the sixth year in a row, we invited the 32 best students from around the world from around 1,700 applications to a two-day career event at our Group headquarters in Hamburg in fiscal year 2019. At the end of the challenge, four international internships were awarded in the areas of Brand Management & Digital Marketing, Sales & eCommerce, Supply Chain Management and Finance & Controlling.

OUR CONTRIBUTION TO THE SDGS





OCCUPATIONAL SAFETY

The health and safety of our employees is a top priority at Beiersdorf, as through their daily commitment our employees play a major role in the sustained success of the company. "Care" is one of our Core Values and has been an integral part of Beiersdorf since the very beginning of the company's history. It is therefore firmly anchored in our strategy. It is part of our self-understanding that we take responsibility for our employees and care for their wellbeing. This is why preventing accidents and health hazards is a central goal in all our activities, because our people's health and safety are not negotiable.

International Audits to Raise Safety

In order to implement globally applicable environmental and management standards in all our facilities and monitor their implementation, we carry out local audits in accordance with our internal "Environmental Protection and Safety Management Audit Scheme" (ESMAS) (page c-16). These audits take place every three years and

review the effectiveness and quality of the management systems in the individual facilities. This not only monitors their functional effectiveness but also their daily implementation in practice. ESMAS is aligned with the internationally recognized norms ISO 14001 (environmental management systems) as well as ISO 45001 (occupational health and safety management systems) that came into effect in March 2018. The audit results are at a high level and were improved further in 2019.

The "Zero Accidents" Program – nearly 40% Fewer Accidents at Work

In the area of occupational safety Beiersdorf pursues the goal of "Zero Accidents". This program focuses on reducing accident rates, eliminating unsafe working conditions, and ensuring safety-compliant behaviors in all areas of the company. In order to achieve this goal in the long term we have formulated corresponding targets and report regularly on these to the Executive Board.

Our “Accident Frequency Rate” (AFR) documents all accidents at work that have caused at least one working day's absence. In 2019 we reduced the AFR further at our production sites. Having reported 1.9 accidents per million hours worked in 2018, we successfully reduced the value to 1.2 in the reporting year, reducing accidents at work by nearly 40 %. This means that more than half of our production sites achieved the long-term objective of “Zero Accidents” in 2019. The COPPERTONE brand production site acquired in the reporting year is also included from the date of acquisition.

This successful reduction was due to the consistent elimination of the most frequent causes of accidents. Newly introduced standards and processes aim at identifying the causes of accidents before they occur, and eliminating them through establishing appropriate safety precautions.

In addition to technical improvements and process optimization, we launched a global program that focuses on the safe behavior of employees. Our managers learn to recognize safe and unsafe behaviors, and to conduct conversations with employees on the subject of occupational safety. This program is supported by initiatives at individual sites that also involve employees' families.

Our Next Steps

Although our accident indicators are developing in the right direction and our measures are having a clear impact, in 2019 we revised our strategy together with all plant Safety Managers and drew up an extended roadmap for the coming years.

We focus on three pillars here:

- Management processes
- Management of key risks
- Developing safety culture as one team

The initiatives associated with these three pillars were developed in 2019 and will be implemented from 2020 in order to progress towards our “Zero Accidents” goal.

We also support our office sites worldwide through a global safety program. Together with an external partner we will review our defined safety standards at all sites in 2020.

HEALTH MANAGEMENT

“GOOD FOR ME” – Health Management at Beiersdorf

Our employees' physical and psychological health is very close to our hearts, as their daily commitment makes a decisive contribution to our company's success. We therefore see it as our task to create the necessary conditions for a positive, health-promoting working environment, and to strengthen our people's capacity to perform. This makes genuinely effective health management a fundamental element of our human resources policy and is why our employee health brand “GOOD FOR ME” has supported the approximately 3,000 employees at our Hamburg sites since 2014. We want to actively promote the health and wellbeing of our workforce with this program and support employees whenever they need a helping hand throughout all phases of their life.



Holistic Health Services – Under One Umbrella

In 2019 we reorganized our employee health brand “GOOD FOR ME” and brought all our associated activities together under a new umbrella in three restructured teams: MEDICAL, SOCIAL, and WELLBEING.

Our objective is to be there for our employees as a contact partner who will support them comprehensively, professionally, unconditionally, and confidentially in all related areas. Our employees can define and promote their own “GOOD FOR ME” with our help. The program's extensive spectrum of services comprises three core fields:

- **Prevent** – preventative offers and health checks
- **Balance** – offers that promote all-round well-being and mindfulness in the everyday working routine
- **Cure** – providing help and support in acute cases

Aligned with the program's holistic approach, our health management also coordinates the cooperation with those company internal stakeholders who have a direct influence on our employees' health. These include our Company Sports Club Beiersdorf Sportgemeinschaft e.V., DAK Company Health Insurance, Catering, and Occupational Safety.

WELLBEING – Mindfulness and Balance as Key Topic Areas

The world of work is undergoing a transformation in every aspect, making topics such as life balance and a positive working atmosphere increasingly important for our employees. Alongside the traditional WELLBEING offers, our departments and employees are increasingly requesting guidance in mindfulness and balance. We support them with offers that go far beyond classic health promotion to support them in achieving the best-possible balance in their routine working lives.

For instance, our "Health Coaching" is very well received and enjoys a continuous increase in participant numbers. This enables employees to approach individual health topics actively, in a targeted way, and confidentially. Health experts from differing specialist areas guide our employees in setting personal goals such as alleviating back pain or lowering stress.

With "GOOD FOR US" we additionally offer a team-oriented format that enables us to approach the specific health-related needs of the different teams at Beiersdorf individually. We provide tailored courses and stimuli, in reduced formats but also in courses over several weeks, that promote a positive and healthy team culture.

Furthermore we provide our employees with information on differing health aspects and current topics through various campaigns. For instance, the "Simplify" campaign was launched in the fall of this year, focusing on Digital Detox, Mindfulness, and Healthy Sleep.



SOCIAL – Support and Advice in All Life Phases

The SOCIAL department supports our employees and managers in their different life and career phases. We inform them, help clarify their individual cases, and provide resource-oriented advice – naturally respecting statutory confidentiality throughout.

It is part of Beiersdorf's long-standing company culture to ensure that our employees are consistently able to maintain a healthy balance between family and professional life. For example, employees can contact the SOCIAL team whenever they have questions on maternity and parental leave, caring for relatives, or balancing their work with family life.

Since Beiersdorf's very beginnings we have offered support to working mothers and fathers. The company has supported employees with its own Child Daycare Center for over 80 years, and is continuing this tradition with the "Troplo Kids" kindergarten: This opened in 2013 and has capacity for over 100 "little Beiersdorfers" and other toddlers from the

surrounding Eimsbüttel neighborhood. Single parents are given priority when kindergarten places are assigned. The offer includes a Nursery area, an Elementary area, and a Pre-School area.

Additionally we want to support our employees in feeling unburdened and highly motivated in their attitude towards work. Difficult life situations, psychological burden, and conflicts in the workplace can seriously affect wellbeing and performance at work. For this reason we stand by our employees in times of bereavement or following diagnosis of a chronic illness, and also help them seek specialist external assistance when required.

MEDICAL – Health in the Workplace

The goal of the MEDICAL department is to maintain and improve the health of Beiersdorf employees. Alongside the core tasks of the Company Medical Service such as workplace safety, business travel health advice, and employee reintegration following long-term illness, MEDICAL also provides professional medical care in cases of acute illness and accidents. Providing support in alleviating psychological burden is also a MEDICAL responsibility.

We have provided skin screening for our employees since 2014. Besides a thorough skin cancer examination, in this program employees can also request a thorough professional skin check-up if they are suffering from dry skin, skin allergies, or early skin aging. The program participant numbers in this reporting year underline just how important such measures are in early diagnosis: From a total of 500 participants, 60 people with skin alterations requiring urgent treatment were referred to external specialists.

Besides this we also offer our workforce an annual flu vaccination. The demand for this offer increased steadily over the past years and was requested by 1,183 employees in 2019.

Outlook – Company-wide Health Offers

We want to continue to expand our health program collaboration further to integrate more Beiersdorf sites and subsidiaries in the future. One example is the Health & Happiness campaign launched in early 2019, with the core message “Being happy is part of our own health”. This campaign was well received not only by our Hamburg-based employees but also those at our other sites.

Our Next Steps

- Further development of social corporate and brand initiatives in the context of our new focus field “Inclusive Society”.
- Launch of a worldwide security program for our office locations.
- Expansion of individualized coaching, consultation, and counselling services.
- Further investments in our own personnel, especially in the areas of promoting young talent, continuing education with a focus on digital skills and leadership, as well as Diversity & Inclusion.

REPORTING

We inform our stakeholders actively and regularly about the goals, projects and successes of our sustainability activities. Our Sustainability Review is published annually and is oriented towards the Global Reporting Initiative (GRI) Guidelines; we also include the United Nations (UN) Sustainable Development Goals (SDGs). Furthermore, Beiersdorf has been a member of the UN Global Compact (UNG) since 2019 and supports its ten universal principles.

In
> 2003

we published our first Sustainability Report

Since
> 2011

we have been carrying out regular materiality analyses and incorporate the results in our reports

Since
> 2017

our Sustainability Report has been confirmed by the auditors (Limited Assurance)

Since
> 2018

we have included the Sustainable Development Goals in our Sustainability Report

About This Report

Since 2003 we have published our Sustainability Review annually. Our objective is to report to our stakeholders on our company's performance, successes and also challenges in the three aspects of our sustainability strategy, "Products, Planet, and People". We describe the strategic approaches, projects and measures through which we work to fulfill our responsibility along the entire value chain.

Our Sustainability Review is oriented towards the "Global Reporting Initiative" (GRI) Guidelines. We have applied the GRI Standards since 2018 and produce our Review in accordance with the "core" option.

We regularly check the topic areas of our activities and our reporting by means of a materiality analysis (page c-12) and integrate the results in this Review. Our engagement also comprises the United Nations (UN) Sustainable Development Goals (SDGs) and we have included these in our Sustainability Review since 2018. An overview of the particularly relevant goals for Beiersdorf is provided on page c-66; these goals are also indicated by SDG icons in the corresponding chapters.

Furthermore, Beiersdorf has been a member of the United Nations Global Compact (UNGC) since 2019. Signatories to the Global Compact commit to upholding Ten Principles based on the universally



recognized UN standards in the areas of human rights, labor standards, environmental protection and anti-corruption. We report on our progress in these topic areas in this Sustainability Review and an assignation of the statements in the Review relevant to the Ten Principles is provided in the GRI Index (page c-67).

Beyond this, we report continually on the developments and progress of individual projects worldwide in the sustainability section of our corporate website. We also make Sustainability Reviews and information from previous reporting years available for download in this section.

In the interests of optimal legibility, this Sustainability Review generally uses the masculine or a gender-independent form. The Review naturally addresses all genders equally throughout, and no gender bias whatsoever is intended.

Ratings and Memberships

Implementing our sustainability strategy requires joint action right along our entire value chain. Together with organizations that are appropriately aligned, we want to make a significant contribution to sustainable development at a global level and jointly drive progress. To measure and optimize our activities and business suc-

cess we continually evaluate our performance on the basis of relevant sustainability performance indicators along our full value chain. Rating agencies analyze this data regularly to provide the market and our stakeholders with the greatest possible objectivity, comparability, and transparency.

Ratings

CDP



The “Carbon Disclosure Project” (CDP) evaluates the environmental data a company publishes. Beiersdorf has been a participating member of the CDP since 2006. In 2019, we have achieved a “Score B” in the “Climate Change Program” and a “Score A-” in the “Forest” category, where we participated with our extensive “Palm Oil Program”. In the “Water Disclosure Program” we improved our score by one rating level compared to the previous year, achieving a “Score B-”.

FTSE4Good



FTSE4Good

“FTSE4Good” is a globally leading family of indices on sustainability and corporate governance. It lists companies that demonstrate outstanding corporate responsibility. Beiersdorf is one of these companies.

ISS ESG



As one of the world’s leading rating agencies, “ISS ESG” analyzes companies’ societal and environmental performance. Beiersdorf has been awarded “Prime” status every year since 2016. The rating indicates the extent to which an investment in publicly traded Beiersdorf shares is worthwhile from an environmental and societal perspective.

MSCI ESG Research



“MSCI ESG Research” analyzes companies’ sustainability based on detailed performance indicators of environmental, societal, and corporate governance aspects. Overall, MSCI evaluates over 6,000 companies worldwide. Beiersdorf has been awarded an ESG “AA” rating since 2017.

Memberships

AIM-Progress



The worldwide “AIM-PROGRESS” initiative brings together more than 40 leading manufacturers of Fast Moving Consumer Goods to improve cooperation in the supply chain. Beiersdorf uses the platform, which operates under the banner “Achieving more together”, to promote responsible purchasing practices and greater sustainability throughout the supply chain.

FONAP



The “Sustainable Palm Oil Forum” (FONAP) aims to significantly increase the proportion of sustainably produced palm oil in Germany, Austria, and Switzerland as quickly as possible while at the same time improving existing standards and certifications. As a founding member of FONAP, Beiersdorf is actively involved in the dialogue and the exchange of experience, and contributes to the timely conversion to sustainably certified palm and palm (kernel) oil.

GSA



The “Global Shea Alliance” (GSA) is a non-profit industry association with 500 members from 35 countries. The GSA promotes sustainability in the shea industry and defines quality practices and standards. Together with the non-governmental organization, Beiersdorf is committed to the sustainable use of shea in West Africa and supports local women groups.

RSPO



RSPO 4-0125-10-000-00

The “Roundtable on Sustainable Palm Oil” (RSPO) is committed to the sustainable cultivation of palm oil and sets global standards and criteria. As a member of the RSPO, Beiersdorf supports the promotion of sustainable cultivation methods and engages in dialogue with producers, governments, non-profit organizations (NPOs), and consumers worldwide.

Sedex



Suppliers can share sustainability data on their procurement practices via the “Sedex” cooperation platform. Using it gives Beiersdorf an insight into the responsible actions and sustainability efforts of suppliers, which creates greater transparency in the supply chain.

SPC



The “Sustainable Packaging Coalition” (SPC) is a member-based cooperation that aims to make packaging more sustainable. As part of the SPC, Beiersdorf is committed to the responsible use of sustainable packaging. This includes projects for recycling and the development of innovative, resource-saving materials.

UNGC



The “United Nations Global Compact” (UNGC) is the world’s largest and most important initiative for responsible corporate governance. Beiersdorf is a member of the UNGC and is committed to its Ten Principles in the areas of human rights, labor standards, the environment and climate, and corruption prevention.

Key Figures of the Consumer Business Segment

	UNIT	2017	2018	2019
ECONOMIC				
Consumer sales	in € million	5,799	5,890	6,274
Production sites	number	17	17	17
PRODUCTS				
Progress towards our Products Target	%	23	49	55
Compliance of raw material sourcing with Sustainable Palm (Kernel) Oil Policy according to the “RSPO Standard” *	%	100	100	100
* Supports the production of RSPO-certified, sustainable palm (kernel) oil.				
thereof				
Mass-balanced	%	54	63	91
Book & Claim (“RSPO Credits”)	%	46	37	9
PLANET				
Total energy	GJ	965,620	1,134,833	1,200,575
Direct energy	GJ	670,085	688,423	710,352
Indirect energy	GJ	443,811	446,410	490,223
CO ₂ e emissions (scope 1 and 2)	tCO ₂ e	78,315	49,526	43,670
Electricity from renewable energy sources	%	46	85	100
Waste volume (production sites and headquarters)	tonnes	26,560	27,333	25,646
Water consumption (production sites)	m ³	1,697,836	1,580,318	1,666,042
Wastewater volume (production sites)	m ³	771,450	845,228	856,054
PEOPLE				
Employees total	number	14,477	15,142	15,728
Occupational accidents (≥1 day absenteeism)	number	52	57	37
Social projects benefiting supported families	number	179,672	121,241	107,022

In 2019 we were able to further increase our data coverage as well as improve our data and extrapolation quality. We may therefore observe some shifts in data compared to the previous year. The energy consumption and emission figures include all production sites (except Nigeria), our office sites (since 2019 with more than 50 full-time equivalents), as well as three warehouses we operate.

Relevant Key Figures for the Non-financial Report of the Beiersdorf AG

	UNIT	2019
COMPLIANCE		
Participation rate competitor compliance training	%	90%
PLANET		
Electricity from renewable energy sources	%	100
CO ₂ e emissions (scope 1 and 2)	tCO ₂ e	6,537
PEOPLE		
Accident frequency rate (AFR)	accidents per million work hours	3.23
Share of internal recruitments management group 1	%	-*
Share of internal recruitments management group 2	%	83

* In 2019 Beiersdorf AG did not make any recruitments to this management group.

Our Contribution to the SDGs

SDG	Description	Our Contribution
 2 ZERO HUNGER	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Page c-16, Responsibility Along the Value Chain Page c-20, Our Product Engagement Page c-22, Raw Materials and Packaging Page c-43, Social Responsibility
 3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	Page c-16, Responsibility Along the Value Chain Page c-43, Social Responsibility Page c-49, People at Beiersdorf
 4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Page c-43, Social Responsibility
 5 GENDER EQUALITY	Achieve gender equality and empower all women and girls	Page c-49, People at Beiersdorf
 6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation for all	Page c-34, Our Planet Engagement and Our Climate Target Page c-40, Water
 7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable, and modern energy for all	Page c-34, Our Planet Engagement and Our Climate Target
 8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all	Page c-2, Overview of the Consumer Business Segment Page c-16, Responsibility Along the Value Chain Page c-20, Our Product Engagement Page c-22, Raw Materials and Packaging Page c-49, People at Beiersdorf
 10 REDUCED INEQUALITIES	Reduce inequality within and among countries	Page c-49, People at Beiersdorf
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	Page c-16, Responsibility Along the Value Chain Page c-20, Our Product Engagement Page c-22, Raw Materials and Packaging Page c-34, Our Planet Engagement and Our Climate Target Page c-39, Waste
 13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts	Page c-34, Our Planet Engagement and Our Climate Target
 14 LIFE BELOW WATER	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	Page c-20, Our Product Engagement Page c-22, Raw Materials and Packaging
 15 LIFE ON LAND	Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss	Page c-20, Our Product Engagement Page c-22, Raw Materials and Packaging

GRI Content Index 2019

(GRI Standards Version 2016)

Previous year's figures are reported in the GRI Content Index 2018.

¹⁺⁺ completely reported
⁺ partially reported

Disclosure	GRI Standard Information	Status ¹	Reference	UNGC																																			
GRI 101: FOUNDATION																																							
GRI 102: GENERAL DISCLOSURES 2016																																							
ORGANIZATIONAL PROFILE																																							
102-1	Name of the organization	++	Beiersdorf AG																																				
102-2	Activities, brands, products, and services	++	Beiersdorf complies with existing laws and regulatory requirements in all markets. The product formulations may therefore vary from each other and certain products may be subject to limitations for sale in other markets. Page c-29, Chapter Safe and Compatible Products Corporate Website: Beiersdorf_Our_Profile Beiersdorf_Brands Beiersdorf_FAQ																																				
102-3	Location of headquarters	++	Beiersdorf AG, Unnastraße 48, 20245 Hamburg, Germany																																				
102-4	Location of operations	++	Corporate Website: Beiersdorf_Global_Presence																																				
102-5	Ownership and legal form	++	Annual Report: Beiersdorf_AGs_Shareholdings_2019																																				
102-6	Markets served	++	Annual Report: Beiersdorf_Segment_Report_2019 Beiersdorf_Regional_Report_2019 Beiersdorf_Group_Sales_2019 Corporate Website: Beiersdorf_Global_Presence Beiersdorf_Business_Segments																																				
102-7	Scale and size of the organization	++	In 2019 we sold around 4 billion consumer units globally. Annual Report: Beiersdorf_People_at_Beiersdorf_2019 Beiersdorf_Ten_Year_Overview_2019 Beiersdorf_Results_of_Operations_Consumer_2019 Corporate Website: Beiersdorf_Global_Presence																																				
102-8	Information on employees and other workers	++	<table> <thead> <tr> <th></th> <th>Employees total</th> <th>Thereof temporary contracts*</th> <th>Employees total female share</th> <th>Employees total male share</th> </tr> </thead> <tbody> <tr> <td>Germany</td> <td>4,143</td> <td>510</td> <td>49%</td> <td>51%</td> </tr> <tr> <td>Europe (excl. Germany)</td> <td>4,098</td> <td>333</td> <td>61%</td> <td>39%</td> </tr> <tr> <td>North America</td> <td>818</td> <td>2</td> <td>58%</td> <td>42%</td> </tr> <tr> <td>Latin America</td> <td>2,182</td> <td>18</td> <td>55%</td> <td>45%</td> </tr> <tr> <td>Africa/Asia/Australia</td> <td>4,487</td> <td>592</td> <td>50%</td> <td>50%</td> </tr> <tr> <td>Total</td> <td>15,728</td> <td>1,455</td> <td>54%</td> <td>46%</td> </tr> </tbody> </table>		Employees total	Thereof temporary contracts*	Employees total female share	Employees total male share	Germany	4,143	510	49%	51%	Europe (excl. Germany)	4,098	333	61%	39%	North America	818	2	58%	42%	Latin America	2,182	18	55%	45%	Africa/Asia/Australia	4,487	592	50%	50%	Total	15,728	1,455	54%	46%	6
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			* Employees with a temporary contract (regardless of the duration)																																				
			Types of worker: The majority of our workers are Beiersdorf employees. Only a small percentage of the organization's work is performed by self-employed individuals or temporary workers. Seasonal variation: No significant variations in employment numbers exist.																																				
102-9	Supply chain	+	At Beiersdorf, we are committed to ensuring competitive and sustainable growth. We are strengthening our position globally by systematically investing in the expansion of our manufacturing capacities and capabilities. In 2019, the most prominent projects in this area included our factory expansions in India, Thailand, Brazil, and Spain. All of these efforts are being carried out with a clear commitment to sustainability in the individual regions. As part of our C.A.R.E.+ strategy, we are focusing even more on local consumer needs. Our 17 production sites (PCs) are located in the regions of Europe, the Americas, Near East (incl. Africa), and Asia Pacific. They produce mainly for their local and regional markets, focusing on processing and filling activities. The production network is complemented by selected third-party manufacturers (3PMs). Prime materials are sourced directly from our suppliers. To meet the needs of our consumers and run an increasingly agile supply chain, we perform ongoing supply network analyses and continuously update our supplier network. We are also constantly reviewing our network of finished goods manufacturers to ensure we meet the local demands in an effective and efficient manner. Our production sites and 3PMs deliver the goods through a network of warehouses and distribution centers to our customers. Last minute differentiation (co-packing) is mainly integrated into warehouse operations. Both warehouses and transport operations are purchased services. Page c-16, Chapter Responsibility Along the Value Chain																																				
102-10	Significant changes to the organization and its supply chain	++	Annual Report: Beiersdorf_Business_and_Strategy_2019 Beiersdorf_Capital_Structure_2019 Beiersdorf_AGs_Shareholdings_2019 Beiersdorf_Acquisitions_and_Divestments_2019																																				
102-11	Precautionary Principle or approach	++	Page c-13, Chapter Risk Management Annual Report: Beiersdorf_Risk_Report_2019 Beiersdorf_Risks_and_Risk_Management_Principles_2019																																				

Disclosure	GRI Standard Information	Status ¹	Reference	UNGC
102-12	External initiatives	++	<ul style="list-style-type: none"> • German Diversity Charter • German Corporate Governance Code (DCGK) • Hamburg initiative for better air quality "Partnerschaft für Luftgüter und schadstoffarme Mobilität" • "Responsible Care Initiative" of the German Association of Chemical Industries (VCI) • Ten Principles of the United Nations Global Compact (UNGC) • The Conventions of the International Labour Organization (ILO) • The Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises • The United Nations Universal Declaration of Human Rights • United Nations Sustainable Development Goals (SDGs) 	
102-13	Membership of associations	++	<p>Organizations with a focus on sustainability:</p> <ul style="list-style-type: none"> • AIM-PROGRESS • European Aerosol Federation (FEA) • Forum for Sustainable Palm Oil (FONAP) • Global Shea Alliance (GSA) • Green Chemistry and Commerce Council (GC3) • Roundtable on Sustainable Palm Oil (RSPO) • Supplier Ethical Data Exchange (Sedex) • Sustainable Packaging Coalition (SPC) • United Nations Global Compact (UNGC) • Wirtschaft. Initiative. Engagement. (WIE) <p>Industry associations in the cosmetics sector, including:</p> <ul style="list-style-type: none"> • Cosmetics Europe • Consumer Goods Forum (CGF) • European Brands Association (AIM) • European Partnership on Alternative Approaches to Animal Testing (EPAA) • German Association of Chemical Industries (VCI) • Industrie Gemeinschaft Aerosole e.V. (IGA) • Industrieverband Körperpflege und Waschmittel (IKW) 	
STRATEGY				
102-14	Statement from senior decision-maker	++	Foreword	
ETHICS AND INTEGRITY				
102-16	Values, principles, standards, and norms of behavior	++	Page c-13, Chapter Compliance Management and page c-16, Chapter Responsibility Along the Value Chain Corporate website: Beiersdorf_Our_Core_Values Beiersdorf_Compliance_Principles Beiersdorf_Code_of_Conduct	10
GOVERNANCE				
102-18	Governance structure	++	Annual Report: Beiersdorf_Corporate_Governance_Report_2019 Corporate website: Beiersdorf_Management_Structure Beiersdorf_Corporate_Governance_Statement	
STAKEHOLDER ENGAGEMENT				
102-40	List of stakeholder groups	++	Corporate website: Beiersdorf_Sustainability_Stakeholder_Engagement	
102-41	Collective bargaining agreements	++	At Beiersdorf AG, 49% (2018: 49%) of employees are employed under collective agreements and 42% (2018: 42%) of the workforce are non-tariff employees. The remaining 9% (2018: 9%) of the workforce are executive staff. At European level, the guidelines of the "European Dialogue" serve to promote cooperation on the basis of trust.	3
102-42	Identifying and selecting stakeholders	++	Corporate website: Beiersdorf_Sustainability_Stakeholder_Engagement	
102-43	Approach to stakeholder engagement	+	Page c-9, Chapter Advancing Sustainability Together Corporate website: Beiersdorf_Sustainability_Stakeholder_Engagement	
102-44	Key topics and concerns raised	+	Corporate website: Beiersdorf_FAQ	
REPORTING PRACTICE				
102-45	Entities included in the consolidated financial statements	++	Annual Report: Beiersdorf_AGs_Shareholdings_2019 Corporate website: Beiersdorf_Global_Presence	
102-46	Defining report content and topic Boundaries	++	Page c-12, Chapter Materiality Analysis	
102-47	List of material topics	++	Page c-12, Chapter Materiality Analysis	
102-48	Restatements of information	+	The COPPERTONE business that became part of the Beiersdorf Consumer segment as of September 1, 2019, has been part of the 2019 sustainability report since then. The production site Wuhan is under Beiersdorf's operation until October 31, 2019, and is therefore included in the 2019 sustainability report up to the end of October.	
102-49	Changes in reporting	++	There are no changes from previous reporting periods in terms of material topics. In 2019 the scope 3 emissions are reported and audited for the first time.	
102-50	Reporting period	++	The reporting period is the calendar year 2019.	
102-51	Date of most recent report	++	Our last Sustainability Review 2018 as well as the complementary GRI Content Index was published in March 2019.	
102-52	Reporting cycle	++	Beiersdorf AG has an annual reporting cycle.	
102-53	Contact point for questions regarding the report	++	Corporate website: Beiersdorf_Sustainability_Organizational_Structure_Contact	

Disclosure	GRI Standard Information	Status ¹	Reference	UNGC
102-54	Claims of reporting in accordance with the GRI Standards	++	This report has been prepared in accordance with the GRI Standards: Core Option.	
102-55	GRI content index	++	Page c-67, Chapter GRI Content Index 2019	
102-56	External assurance	++	Independent Auditor's Limited Assurance Report	

200 SERIES: ECONOMIC TOPICS

GRI 201: ECONOMIC PERFORMANCE

Management approach	++	Annual Report (Front page)	
Economic Performance			
201-1 Direct economic value generated and distributed	++	Annual Report: Beiersdorf Key Figures 2019 Beiersdorf Results of Operations 2019 Beiersdorf Regional Reporting 2019 Beiersdorf Notes Income Statement 2019 Beiersdorf Employee Expenses 2019	
201-2 Financial implications and other risks and opportunities due to climate change	+	The impact of climate change and the fight to combat climate change poses similar risks and opportunities to Beiersdorf as it does to the entire cosmetics industry. The risks include climate induced resource scarcity for renewable feed stocks caused by natural disaster affecting our supply chain as well as regulatory risks like carbon pricing that could impact our cost base. The opportunities are mainly related to new or increased consumer demands. We are addressing these opportunities and risks as part of our C.A.R.E.+ strategy within our roadmaps towards circular resources and carbon positivity as well as through our Group-wide risk management process.	7
201-3 Defined benefit plan obligations and other retirement plans	++	Annual Report: Beiersdorf Pension Provisions 2019	
201-4 Financial assistance received from government	++	No material governmental financial assistance was received in 2019.	

GRI 205: ANTI-CORRUPTION

Management approach	++	Page c-13, Chapter Compliance Management Corporate website: Beiersdorf Our Core Values Beiersdorf Compliance Principles Beiersdorf Code of Conduct	10
Anti-corruption			
205-1 Operations assessed for risks related to corruption	+	"Compliance Risk Assessments" (CRA) are carried out regularly as a key element of our Compliance Management System. The assessment of compliance risks is fundamental to developing an adequate compliance program. Corruption is one of the key compliance risks identified in our CRA process. Although the Beiersdorf business model is not very prone to corruption, corruption-related risks were identified, mainly relating to setting up new businesses, gifts and invitations to/ from business partners and contact with public officials. Page c-13, Chapter Compliance Management	10
205-2 Communication and training about anti-corruption policies and procedures	+	In individual potentially risk-prone cases, business partners are informed about our anti-corruption policies and procedures. A standardized procedure for communication to business partners has not yet been implemented; however, our Code of Conduct (CoC) for suppliers includes requirements on anti-corruption. Anti-corruption policies and procedures as part of the "Beiersdorf Corruption Prevention Program" have been communicated comprehensively to governance-body members worldwide. Our employees have been informed comprehensively about anti-corruption policies and procedures worldwide. Corruption prevention training courses as part of the "Beiersdorf Corruption Prevention Program" have been rolled out Group-wide. Page c-13, Chapter Compliance Management	10
205-3 Confirmed incidents of corruption and actions taken	+	Acting in compliance with applicable laws, regulations, and other requirements is inherent to our management principles as well as our company values Trust and Care. Due to confidentiality reasons we do not provide any information on potential corruption incidents, sanctions, or contract terminations. Annual Report: Beiersdorf Risk Report 2019 Beiersdorf Other Financial Obligations 2019 Beiersdorf Other Provisions 2019	10

GRI 206: ANTI-COMPETITIVE BEHAVIOR

Management approach	++	Page c-13, Chapter Compliance Management Corporate website: Beiersdorf Our Core Values Beiersdorf Compliance Principles Beiersdorf Code of Conduct	
Anti-competitive Behavior			

Disclosure	GRI Standard Information	Status ¹	Reference	UNGC
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	+	Acting in compliance with applicable laws, regulations, and other requirements is inherent to our management principles as well as our company values Trust and Care. Due to confidentiality reasons we do not provide any information on potential legal actions against anti-competitive behavior. Annual Report: Beiersdorf Risk Report 2019 Beiersdorf Other Financial Obligations 2019 Beiersdorf Other Provisions 2019	

300 SERIES: ENVIRONMENTAL TOPICS

GRI 301: MATERIALS

Management approach Materials	++	Page c-20, Chapter Our Product Engagement	7, 8, 9
301-1 Materials used by weight or volume	+	Materials used Packaging materials 177,698 t Non-renewable packaging materials 149,842 t Glass 53,117 t Tinplate 68 t Aluminum/other metals 20,247 t Plastics 69,692 t Carton composite for liquid or pasty product 6,718 t Renewable packaging materials 27,856 t Paper/cardboard/carton 27,856 t	7, 8, 9

GRI 302: ENERGY

Management approach Energy	++	Page c-34, Chapter Our Planet Engagement and Our Climate Target	7, 8, 9
302-1 Energy consumption within the organization	++	Page c-34, Chapter Our Planet Engagement and Our Climate Target	7, 8, 9
		Scope 1 Stationary direct energy PCs Offices* unit Natural gas 428,227.62 92,000.05 GJ Liquid petroleum gas, stationary use (LPG) 9,319.24 552.90 GJ Petrol/gasoline (for generators) 0.00 0.00 GJ Diesel (for generators) 4,690.88 2,193.76 GJ Fuel oil 0.00 220.94 GJ Renewable fuel 0.00 0.00 GJ Renewable energy produced on site 6,091.48 1,173.02 GJ Total 448,329.22 96,140.67 GJ	
		Scope 1 Mobile energy PCs Offices unit Nonrenewable fuel 8,371.05 147,172.84 GJ Renewable fuel 686.44 9,651.74 GJ Total 9,057.49 156,824.58 GJ	
		Scope 2 Stationary indirect energy PCs Offices unit Electricity purchased 405,313.96 59,582.50 GJ District heating purchased 0.00 1,897.04 GJ Steam purchased 22,633.70 0.00 GJ District cooling purchased 0.00 795.60 GJ Total 427,947.66 62,275.15 GJ	
302-2 Energy consumption outside of the organization	+	The table shows our scope 3 energy consumption for our outsourced finished product production volume and transport activities. Page c-34, Chapter Our Planet Engagement and Our Climate Target	7, 8, 9
		3PMs unit Total stationary energy consumption 421,907 GJ	
		Beiersdorf unit Transportation and Distribution (EcoTransIT) 1,410,366 GJ	

* The offices always include LA PRAIRIE.

Disclosure	GRI Standard Information	Status ¹	Reference	UNGC																												
302-3	Energy intensity	++	Results refer to scope 1 and 2 energy consumption as reported in 302-1 Energy consumption within the organization. References (ratio denominator) are shown in the tables.	7, 8, 9																												
GRI 303: WATER																																
Management approach Water		++	Page c-40, Chapter Water	7, 8, 9																												
303-1	Water withdrawal by source	+	Beiersdorf does not use wastewater from another organization; therefore, it is not listed below.	7, 8, 9																												
Water withdrawal (primary data) <table> <thead> <tr> <th></th> <th>PCs</th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Direct energy/1,000 products</td> <td>154.86</td> <td>MJ</td> </tr> <tr> <td>Indirect energy/1,000 products</td> <td>147.82</td> <td>MJ</td> </tr> <tr> <td>Energy/1,000 products</td> <td>302.67</td> <td>MJ</td> </tr> </tbody> </table>						PCs	unit	Direct energy/1,000 products	154.86	MJ	Indirect energy/1,000 products	147.82	MJ	Energy/1,000 products	302.67	MJ																
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303-2	Water sources significantly affected by withdrawal of water	+	Page c-40, Chapter Water	7, 8, 9																												
303-3	Water recycled and reused	+	The table shows recycled and reused water amounts for our production based on primary data.	7, 8, 9																												
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GRI 304: BIODIVERSITY																																
Management approach Biodiversity		++	Page c-20, Chapter Our Product Engagement, page c-22, Chapter Raw Materials and Packaging																													
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	++	None of our operations are in or adjacent to protected areas, or areas of high biodiversity value outside protected areas.																													
304-2	Significant impacts of activities, products, and services on biodiversity	+	Page c-4, Chapter Our Strategy Page c-19, Chapter Products Page c-22, Chapter Raw Materials and Packaging																													
304-3	Habitats protected or restored	+	Page c-22, Chapter Raw Materials and Packaging																													
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	++	There are no IUCN Red List species affected by Beiersdorf operations.																													
GRI 305: EMISSIONS																																
Management approach Emissions		++	Page c-34, Chapter Our Planet Engagement and Our Climate Target	7, 8, 9																												
305-1	Direct (scope 1) GHG emissions	+	Scope 1 GHG emissions (own production, leased/owned offices, owned warehouses) referring to the direct energy consumptions reported in 302-1. Company vehicle emissions are based on fuel consumptions (see 302-1). The amounts are reported in carbon equivalents. The figures are based on primary data without extrapolation. Page c-34, Chapter Our Planet Engagement and Our Climate Target	7, 8, 9																												
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305-2	Energy indirect (scope 2) GHG emissions	+	Scope 2 GHG emissions (own production, leased/owned offices, owned warehouses, leased/owned vehicles) referring to the indirect energy consumptions reported in 302-1. Amounts are reported in carbon equivalents. Figures are based on primary data without extrapolation. Page c-34, Chapter Our Planet Engagement and Our Climate Target	7, 8, 9																																																								
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305-3	Other indirect (scope 3) GHG emissions	+	Scope 3 GHG emissions in 2019 (packaging materials, raw materials, outsourced finished-product production, finished product transportation, and business travel). Amounts are reported in carbon equivalents. Figures are based on primary data without extrapolation. Page c-34, Chapter Our Planet Engagement and Our Climate Target	7, 8, 9																																																								
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305-4	GHG emissions intensity	+	All ratios are based on genuinely covered and measured data.																																																									
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305-5	Reduction of GHG emissions	+	Page c-34, Chapter Our Planet Engagement and Our Climate Target	7, 8, 9																																																								
GRI 306: EFFLUENTS AND WASTE																																																												
	Management approach Effluents and Waste	+	Page c-39, Chapter Waste and page c-40, Chapter Water	7, 8, 9																																																								
306-1	Water discharge by quality and destination	+	We do not differentiate between planned and unplanned water discharges. Therefore, the amounts indicated refer to measured and estimated discharges based on invoices of water suppliers for our PCs. The methods of our internal wastewater treatment plants fulfill local legal requirements concerning discharge parameters.	7, 8, 9																																																								
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Disclosure	GRI Standard Information	Status ¹	Reference	UNGC																														
306-2	Waste by type and disposal method	+	Our internal waste-disposal standards determine the waste-disposal methods, under consideration of local legal requirements. The amounts indicated are based on invoices and estimations for our PCs and offices.	7, 8, 9																														
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306-3	Significant spills	++	There were no significant spills in 2019.	7, 8, 9																														
306-4	Transport of hazardous waste	++	In Beiersdorf only part of finished goods waste is subject to transboundary disposal. In 2019, we transported 906t hazardous finished goods as defined under the Basel Convention (Annexes I, II, III, and VIII) across international borders.	7, 8, 9																														
GRI 307: ENVIRONMENTAL COMPLIANCE																																		
	Management approach Environmental Compliance	++	Page c-13, Chapter Compliance Management, page c-16, Chapter Responsibility Along the Value Chain	7, 8, 9																														
307-1	Non-compliance with environmental laws and regulations	++	We were not subject to any significant fines or non-monetary sanctions in 2019.	7, 8, 9																														
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT																																		
	Management approach Supplier Environmental Assessment	++	Page c-16, Chapter Responsibility Along the Value Chain	7, 8, 9																														
308-1	New suppliers that were screened using environmental criteria	++	100% of our suppliers are covered by our initial risk screening. Page c-16, Chapter Responsibility Along the Value Chain	7, 8, 9																														
308-2	Negative environmental impacts in the supply chain and actions taken	+	In 2019, we did not have any cases of supplier relationship termination due to a major breach of Supplier CoC. Page c-16, Chapter Responsibility Along the Value Chain	7, 8, 9																														
400 SERIES SOCIAL TOPICS																																		
GRI 401: EMPLOYMENT																																		
	Management approach Employment	++	Page c-49, Chapter People at Beiersdorf	6																														
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	+	Wherever we operate around the world, our responsibility to our employees extends far beyond legal requirements. We offer our employees extensive additional benefits, independent of their hierarchical level. These benefits vary from affiliate to affiliate, but are at a very high level overall. Employees on temporary contracts receive partial discretionary and social benefits.	6																														
401-3	Parental leave	++	The return to work rate after parental leave for both female and male employees is 100% (based on all employees of Hamburg affiliates who returned from parental leave in 2019). The retention rate after parental leave is 95% for women and 97% for men (retention rate is for minimum continuance of twelve months at Beiersdorf after parental leave; based on employees who returned from parental leave in 2018).	6																														
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Parental leave	Number of employees																																	
Employees entitled to parental leave	132																																	
thereof male employees	43																																	
thereof female employees	89																																	
Employees on parental leave	102																																	
thereof male employees	18																																	
thereof female employees	84																																	
Employees returned after parental leave	126																																	
thereof male employees	38																																	
thereof female employees	88																																	
Employees returned after parental leave and still employed after 12 months	141																																	
thereof male employees	58																																	
thereof female employees	83																																	

Disclosure	GRI Standard Information	Status ¹	Reference	UNGC																		
GRI 402: LABOR/MANAGEMENT RELATIONS																						
Management approach	++		Page c-49, Chapter People at Beiersdorf	3																		
Labor/Management Relations																						
402-1 Minimum notice periods regarding operational changes	+		<p>As an employer, Beiersdorf keeps employee representative bodies informed of significant operational changes in compliance with corporate and legal regulations. In Germany we provide timely information to employee representatives in the respective committees of the company's Works Council.</p> <p>For cross-border matters within Europe, the guidelines of the "European Dialogue" govern our working relationships with employees.</p>	3																		
GRI 403: OCCUPATIONAL HEALTH AND SAFETY																						
Management approach	++		Page c-56, Chapter Occupational Safety	3																		
Occupational Health and Safety																						
403-1 Workers representation in formal joint management-worker health and safety committees	+		<p>50%-75% of the total workforce is represented in formal joint Management worker health and safety committees.</p> <p>Page c-56, Chapter Occupational Safety</p>	3																		
403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	+		<p>Global Accident Reporting (Production sites and offices)</p> <table> <tr> <td>Accident Frequency Rate (AFR 1 mio)</td> <td>1.32</td> </tr> <tr> <td>GRI Accident Frequency Rate (AFR 200,000)</td> <td>0.26</td> </tr> <tr> <td>Lost Day Rate (LDR 200,000)</td> <td>5.35</td> </tr> <tr> <td>Absentee Rate (AR)</td> <td>0.02 %</td> </tr> <tr> <td>Commuting Accidents</td> <td>134</td> </tr> <tr> <td>Fatalities</td> <td>0</td> </tr> <tr> <td>Number of occupational accidents NOT resulting in absenteeism of more than one working day (Minor Accidents)</td> <td>447</td> </tr> <tr> <td>Number of occupational accidents resulting in absenteeism of more than one working day (Major Accidents)</td> <td>37.0</td> </tr> <tr> <td>Scheduled time of work</td> <td>601 h</td> </tr> </table>	Accident Frequency Rate (AFR 1 mio)	1.32	GRI Accident Frequency Rate (AFR 200,000)	0.26	Lost Day Rate (LDR 200,000)	5.35	Absentee Rate (AR)	0.02 %	Commuting Accidents	134	Fatalities	0	Number of occupational accidents NOT resulting in absenteeism of more than one working day (Minor Accidents)	447	Number of occupational accidents resulting in absenteeism of more than one working day (Major Accidents)	37.0	Scheduled time of work	601 h	
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Scheduled time of work	601 h																					
403-3 Workers with high incidence or high risk of diseases related to their occupation	++		In the reporting period, we did not have occupational positions exposed to a high risk of injury or disease.																			
403-4 Health and safety topics covered in formal agreements with trade unions	++		No.																			
GRI 404: TRAINING AND EDUCATION																						
Management approach	++		Page c-49, Chapter People at Beiersdorf	6																		
Training and Education																						
404-2 Programs for upgrading employee skills and transition assistance programs	+		<p>All employees, whether they work in projects or a functional or managerial role, can opt for ongoing training. Affiliates offer local training courses open to all employees. Additionally, Beiersdorf has a corporate training program with seminars offered to certain groups of employees (e.g., for senior leaders) on a global scale. Beiersdorf offers specific local training exclusively targeting staff aged 50 or above.</p> <p>In 2019 Beiersdorf implemented a global Learning Management System to give the employees a better opportunity and more transparency about the training we offer. In addition to local classroom training we have a various number of e-learnings developed and published by our functional academies, e.g., in Finance, R&D, Quality, Procurement, True Blue, Plan, and Compliance. Beiersdorf offers employees a long-term working-time account that provides the opportunity to leave work before retirement.</p> <p>Beiersdorf offers a portfolio of employee health services, ranging from movement and relaxation programs, stress management, to nutrition tips. These preventive measures have the purpose of maintaining good basic health and employability.</p>	6																		
404-3 Percentage of employees receiving regular performance and career development reviews	++		In an annual review, all our employees receive a performance appraisal and feedback about the scope for their development; this form of employee review has been conducted at Beiersdorf for over 40 years. Since 2006 the performance appraisal has been complemented worldwide with a uniform process to identify and promote potential. Beiersdorf continuously improves the respective processes to make sure its objectives remain in line with the overall Beiersdorf strategy.	6																		
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY																						
Management approach	++		Page c-49, Chapter People at Beiersdorf	6																		
Diversity and Equal Opportunity																						
405-1 Diversity of governance bodies and employees	+		<p>Currently, our Executive Board comprises 13% women and 87% men.</p> <p>Our Supervisory Board comprises 58% men and 42% women.</p> <p>Page c-49, Chapter People at Beiersdorf</p>	6																		

Disclosure	GRI Standard Information	Status ¹	Reference	UNGC
GRI 406: NON-DISCRIMINATION				
Management approach	++		Page c-13, Chapter Compliance Management, page c-16, Chapter Responsibility Along the Value Chain, and page c-49, Chapter People at Beiersdorf	6
Non-discrimination				
406-1 Incidents of discrimination and corrective actions taken	+		Under our strong commitment to diversity we do not tolerate any form of discrimination, whether due to gender, age, physical appearance or origin. This antidiscrimination principle is firmly established in our company-wide Human Resources policy and Employee Code of Conduct. Possible individual cases of discrimination are investigated with the utmost rigor and if substantiated, rapid countermeasures are taken. However, global figures are not available. In 2019 there were no incidents of discrimination at our Hamburg headquarters.	6
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
Management approach	++		Page c-16, Chapter Responsibility Along the Value Chain and page c-49, Chapter People at Beiersdorf	2, 3
Freedom of Association and Collective Bargaining				
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	++		Page c-16, Chapter Responsibility Along the Value Chain	2, 3
GRI 408: CHILD LABOR				
Management approach	++		Page c-16, Chapter Responsibility Along the Value Chain	5
Child Labor				
408-1 Operations and suppliers at significant risk for incidents of child labor	++		Page c-16, Chapter Responsibility Along the Value Chain	5
GRI 409: FORCED OR COMPULSORY LABOR				
Management approach	++		Page c-16, Chapter Responsibility Along the Value Chain	4
Forced and Compulsory Labor				
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	++		Page c-16, Chapter Responsibility Along the Value Chain	4
GRI 412: HUMAN RIGHTS ASSESSMENT				
Management approach	++		Page c-16, Chapter Responsibility Along the Value Chain	1
Human Rights Assessment				
412-1 Operations that have been subject to human rights reviews or impact assessments	++		In 2019 we conducted one human rights impact assessment at our production site in Mexiko.	1
412-2 Employee training on human rights policies or procedures	+		We do not have a specific human rights training course, but have included human rights topics in our CoC training. We also provide an orientation session for new Beiersdorf employees that covers the CoC for employees. In addition, our Procurement staff is refreshed annually on the Supplier CoC via the "Procurement Academy" course. Page c-16, Chapter Responsibility Along the Value Chain	1
GRI 413: LOCAL COMMUNITIES				
Management approach	+		Page c-43, Chapter Social Responsibility	
Local Communities				
413-1 Operations with local community engagement, impact assessments, and development programs	+		Page c-43, Chapter Social Responsibility, page c-22, Chapter Raw Materials and Packaging, and page c-22 Palm (Kernel) Oil From Sustainable Sources and page c-25 Sheabutter – Supporting Women in West Africa	
413-2 Operations with significant actual and potential negative impacts on local communities	++		None of our operations have a negative impact on local communities.	
GRI 414: SUPPLIER SOCIAL ASSESSMENT				
Management approach	++		Page c-16, Chapter Responsibility Along the Value Chain	2
Supplier Social Assessment				
414-1 New suppliers that were screened using social criteria	++		100 new suppliers that were screened using social criteria and 100% of our suppliers are covered by our initial risk screening.	2
414-2 Negative social impacts in the supply chain and actions taken	+		In the initial risk screening in 2018 and 2019, we identified 18 suppliers as extreme-risk suppliers. They have been audited by an external auditor based on the "Sedex Members Ethical Trade Audit" (SMETA) 4-Pillar Audit Protocol. In 2019 we did not have any cases of supplier relationship termination due to a major breach of Supplier CoC. Page c-16, Chapter Responsibility Along the Value Chain	2

Disclosure	GRI Standard Information	Status ¹	Reference	UNGC
GRI 416: CUSTOMER HEALTH AND SAFETY				
Management approach Customer Health and Safety		++	Page c-29, Chapter Safe and Compatible Products	
416-1 Assessment of the health and safety impacts of product and service categories		++	100% of our finished cosmetic products must obtain approval for release by experts on product safety. Page c-29, Chapter Safe and Compatible Products	
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		++	Due to a quality-non-compliance of a Bambino Product in Poland, a precautionary local Consumer recall was initiated. No undesirable or serious undesirable event was observed related to the case. Authorities were informed and confirmed the measures initiated by Beiersdorf Poland as fully sufficient.	
GRI 417: MARKETING AND LABELING				
Management approach Marketing and Labeling		++	Consumer and customer satisfaction is the basis of our business success. Consumers from all our markets around the world can reach us through various communication channels such as Internet-based social media, e-mail, and telephone hotlines. We use an active network of Consumer Interaction Managers to guarantee compliance with our uniform high quality Standards regarding consumer contact in their markets. In addition, we evaluate complaints worldwide centrally, analyze their causes, and implement optimization measures. Page c-29, Chapter Safe and Compatible Products	
417-1 Requirements for product and service information and labeling		+	The sourcing of components of the product or service, content, particularly with regard to substances that might produce an environmental or social impact, safe use of the product or service, disposal of the product and environmental or social impacts. We comply with all legal regulations regarding necessary product and service information. Page c-29, Chapter Safe and Compatible Products	
417-2 Incidents of non-compliance concerning product and service information and labeling		++	No.	
417-3 Incidents of non-compliance concerning marketing communications		++	No.	
GRI 418: CUSTOMER PRIVACY				
Management approach Customer Privacy		++	We have set up a comprehensive "Data Protection Management System" within the EU to ensure and demonstrate compliance with the "EU General Data Protection Regulation" (GDPR). Page c-13, Chapter Compliance Management	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		++	Due to confidentiality reasons we do not provide any information on potential data protection incidents.	
GRI 419: SOCIOECONOMIC COMPLIANCE				
Management approach Socioeconomic Compliance		++	For Beiersdorf, Care is not limited to the aspect of skin care alone but is one of our four Core Values and therefore inherent to our culture. It encompasses caring for our employees, but also for the communities in which we operate – in short, caring for people. These programs are bundled within our "People" field of activity under the umbrella of our "We care." sustainability strategy. Acting lawfully is an inherent part of Beiersdorf's corporate culture and one of our Core Values. The Beiersdorf CoC was established as a binding guideline for each individual employee as well as the Executive Board in order to integrate these company values into everyday working life. Corporate website: Beiersdorf Code of Conduct Beiersdorf Compliance Principles	
			Wherever we operate factories, we ensure that our environmental and safety measures meet or exceed standards through our Group-wide "Environmental Protection and Safety Management Audit Scheme" (ESMAS).	
			Comprehensive internal anti-corruption and competition compliance guidelines including respective training programs are implemented locally and subject to internal auditing. Page c-13, Chapter Compliance Management	
419-1 Non-compliance with laws and regulations in the social and economic area		+	Acting in compliance with applicable laws, regulations, and other requirements is inherent to our management principles as well as our Core Values Trust and Care. Annual Report: Beiersdorf Risk Report 2019	

OUR RESPONSIBILITY – OUR COMMITMENT

Sustainability Report 2019
of the tesa Group

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- p.t-54 tesa supports: Recruiting the Next Generation
of Employees
- p.t-55 tesa protects: Working to Protect the Environment

Title: The complex design of modern smartphones makes it difficult to disassemble them. tesa® Bond & Detach products contribute to extending the useful life of the devices on the one hand and to improving their recyclability on the other hand (see p. 47).

Dear readers,

For a long time now, tesa has seen success as more than just improving business results and growing in our focus markets – we have also measured the success of our company based on our ecological and social performance for many years. We seek to improve both metrics of success similarly and on a continuous basis. In order to achieve this, we have made sustainability into a supporting pillar of our new business strategy.

In the process, we keep an eye not only on ourselves but always also on our customers: By offering them innovative, holistic solutions that make their processes more efficient, their products better and their projects more successful, we are also able to actively support the sustainability goals of our customers in many ways. For example, with our applications we contribute to the development of sustainable technologies such as e-mobility, lightweight construction or wind power. We are proud of that.

At the same time, we are boosting our activities to protect the climate and environment. We can only actively contribute to fighting such global challenges as climate change, growing waste generation and resource scarcity by continuously reducing our own ecological footprint.

In 2019 we made renewed progress on our path to sustainable business operations: We were able to reduce our CO₂ emissions per ton of end product again by almost two percentage points according to the location-based method. We also continued to improve the safety of our employees: The frequency of accidents with more than three lost days was 1.6 per million working hours worldwide in 2019 – again below the previous year's figure. Both statistics are evidence that our management systems are effective. Part of our understanding of sustainability involves looking beyond our company boundaries. Therefore, I am very pleased that so many employees in the previous year committed themselves to work on social projects worldwide and were able to make a positive contribution in the areas surrounding their sites.

In 2019 our good sustainability performance received official recognition: We participated in the EcoVadis sus-



tainability ratings for the first time and won a silver medal for our sustainability efforts, which exceeded the average for the industry. It is our ambition in the coming years not only to maintain but also to improve on this result with targeted measures and transparent reporting.

Many decisions that we make as corporate management have a global impact. Therefore, it is important to us to align our actions with overarching guidelines. We feel particularly committed to the principles of the Global Compact, of which we have been a member since 2006, as well as to the 2030 Agenda for Sustainable Development of the United Nations. Beyond the legal requirements, we publish an annual sustainability report in order to transparently illustrate where we stand and how we intend to make progress.

This year as well, we owe our progress to the tremendous commitment and skill sets of our employees. On behalf of the entire Executive Board, I would like to take this opportunity to sincerely thank you for your efforts.

You can read what this progress looks like in our current sustainability report. I hope you enjoy reading it.

A handwritten signature in blue ink, appearing to read "Norman Goldberg".

Dr. Norman Goldberg
CEO of tesa SE

ABOUT THIS REPORT

With this sustainability report we provide our stakeholders and the public with insight into our worldwide commitment as well as the economic, ecological and social impact of our corporate operations in 2019. The focus here is on the responsibility that tesa assumes globally as an international company. On the following pages we summarize our management approaches, our significant measures, results and key figures, divided into the five fields of:

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

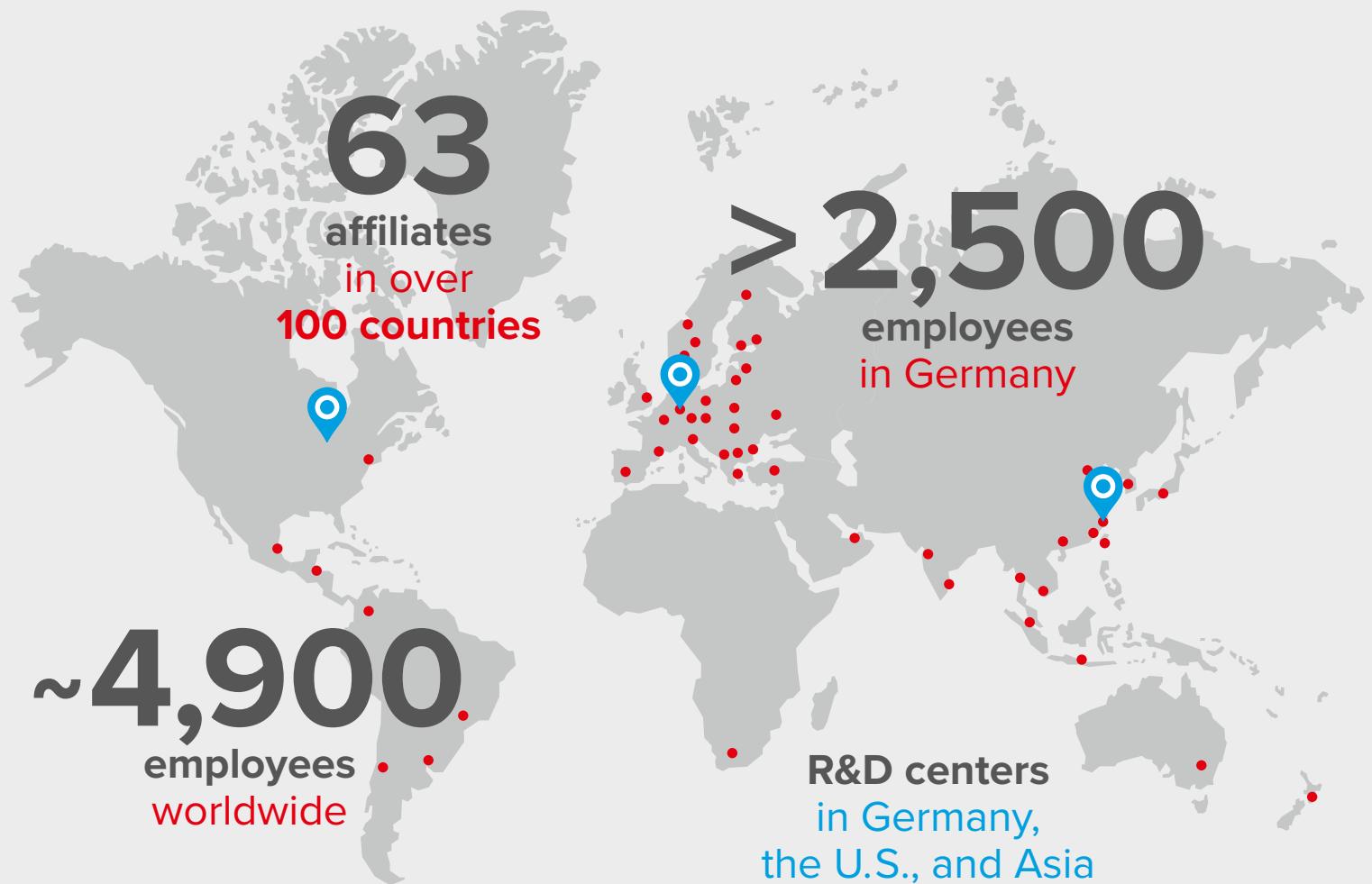
This report is limited to an exemplary, but representative selection of current initiatives that we are implementing at our affiliates worldwide. It focuses both on those topics and areas that are of material importance to our business and those that have a major impact on our business activities. In 2017 we determined the essential topics relevant for this in a “materiality analysis.” These topics remain valid in the 2019 reporting year and are: “prevention of anticompetitive practices,” “internal succession,” “occupational safety,” “climate protection and CO₂ emissions,” “human rights in the supply chain” as well as “product safety.” A new materiality analysis is planned for the 2020 reporting year.

UN Global Compact and CSR Directive Implementation Act

With this report we meet our annual obligation to inform the Global Compact of the United Nations about our progress. As a participant in the Global Compact, tesa commits itself to observe ten universal principles in the areas of human rights, labor standards, environmental protection and corruption prevention. In accordance with the German CSR Directive Implementation Act, our parent company, Beiersdorf, is obligated to supplement the existing financial reporting with information on key non-financial aspects of business activities. We have integrated the non-financial information on tesa, which is part of the non-financial group declaration of Beiersdorf, into this sustainability report. This data is shown in brackets indicating the page or paragraph.

Editorial Notes and Further Information

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 ↗ www.tesa.de/verantwortung or ↗ www.tesa.com/responsibility.



THE tesa BUSINESS MODEL

tesa is one of the world's leading manufacturers of technical adhesive tapes and adhesive system solutions for industrial and commercial customers as well as consumers. Our more than 7,000 products find applications in various industrial areas, such as the automotive industry, the electronics industry, the construction supply industry and the print and paper industry. In the consumer and craftsmen market, our products make life easier – both at home and at work. In addition, tesa works with the pharmaceutical industry to develop and produce medical patches and films.

The Group and Its Affiliates Worldwide

tesa SE has been a wholly owned subsidiary of Beiersdorf AG since 2001. tesa has 4,926 employees worldwide (December 31, 2019) and operates in more than 100 countries with 63 affiliates. Applications for various industry sectors account for about three-quarters of the tesa Group's sales (2019: 1,378.7 million euros).

tesa operates worldwide with a focus on Europe, followed by the regions of Africa, Asia, Australia and America. In addition to tesa SE, the affiliates in China, the United States, Italy and Singapore are among the largest single companies in the tesa Group. We have production facilities in Europe (Germany and Italy), the United States and Asia (China). The company headquarters, which include an integrated research and technology center, have been located in Norderstedt, near Hamburg, Germany, since 2015.

Strategic Alignment

Reliable quality, excellent service, a high degree of innovative capacity and the use of superior technologies are core elements of tesa's brand philosophy and success. Our actions are focused on the goal of increasing the value of the tesa Group in the interests of our employees, customers and shareholders through the profitable sale of useful products. Our highly qualified employees and continuously optimized business processes allow us to respond quickly and flexibly to changes in the markets and develop a broad range of high-quality, demand-driven products. In addition, our knowledge of production processes and the ongoing analysis of current trends and developments in the industry give our company a competitive edge and ensure its lasting success.

Assuming corporate responsibility is an important element of our business processes: Accordingly, taking social and ecological aspects along the entire value chain into account is an integral part of our corporate culture and our core business principles. With an eye to ensuring good, responsible corporate manage-

ment, we have developed internal standards, such as the tesa Code of Conduct (see p. 14) and our environmental guidelines, and we emphasize compliance with these rules across the entire Group. With the Code of Conduct for Suppliers (see p. 43), we also obligate our key business partners to comply with our sustainability standards.

Solutions and Products for Industry, Trade and Consumers

Our business is divided into two segments: In the Direct Industries division, tesa supplies specialized system solutions directly to industrial customers. In the process, we offer our customers effective solutions, high-quality products and excellent service for the automotive, electronics, construction, health, transportation and print and paper industries. Our products are also applied in the area of renewable energies and in the household appliances sector. We generate more than half of sales in this division.

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



The tesa headquarters, which include an integrated research and technology center, have been located in Norderstedt, near Hamburg, Germany, since 2015.

OUR RESPONSIBILITY

Growth and economic success at tesa are inseparably linked with corporate responsibility. In aligning our business activities with sustainability, we see a tremendous opportunity. Nevertheless, global challenges such as climate change, resource scarcity and profound social transformations such as demographic change demonstrate that it is necessary to harmonize social, ecological and economic concerns.

We have firmly anchored this understanding in our corporate values and business processes with tesa Corporate Values and the tesa Code of Conduct (see p. 14). Furthermore, in 2018 we made a clear commitment to the 17 Sustainable Development Goals (SDGs) of the United Nations.

Our Corporate Values

Particularly as a company that operates internationally, we are required to assume responsibility and to align our business processes with a sustainable economy. Accordingly, we assume responsibility at all stages of our value chain, from the procurement of raw materials to recycling, and we also require that our suppliers manage their businesses responsibly. In order to make this attitude clear and understandable for all employees across the Group, we have established the tesa Corporate Values. They are regularly checked for their relevance and were most recently revised in 2017. The corporate values are accessible to all employees on the intranet and create a common vision of how we understand sustainability. In addition, they may be accessed on our corporate website at www.tesa.com.

Guidelines for our Actions: Global Compact Principles and SDGs

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

In 2018 we also reaffirmed our goal to make our contribution to the 17 Sustainable Development Goals of the United Nations. The SDGs constitute the core of the 2030 Agenda, a global action plan for sustainable development. They represent an important orientation framework for our work on sustainability. Along with

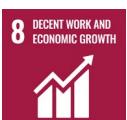
tesa Corporate Values

- Our actions are guided by our customers' satisfaction with the performance and quality of our products and with our service.
- We take a proactive stance toward shaping our future and see change as an opportunity. Innovations in technology, processes and products are the basis for future growth.
- Our employees' motivation, expertise and efficiency ensure our long-term success.
- Through a sustainable increase in the value of our company, we secure the satisfaction of shareholders so that they continue to invest in our company, thereby safeguarding jobs.
- We are committed to the implementation of the principles of the Global Compact, which encompasses the observance of human rights and labor rights, the protection of the environment and the battle against corruption.
- We assume social responsibility. Our main focus is on supporting young people in natural sciences and engineering, protecting the environment and running social projects near our sites.

politics and civil society, we as companies are urged to do our part to achieve the SDGs. 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 following index. We also include symbols at the start of every chapter to indicate to which SDGs we are contributing with the activities described in the respective chapter.

We contribute to the following SDGs and their corresponding targets:

SDG No.	SDG targets	Our contribution	Information in tesa sustainability report
	5.5: Ensure the full and effective participation of women and their equal opportunity to assume leadership roles at all levels of the decision-making process 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 also represent the overarching guidelines for all actions at tesa. With our membership, we have committed ourselves to Principle 6, "The elimination of discrimination in respect of employment and occupation", and reject any form of discrimination in the workplace or in the filling of positions.	Guidelines for our Actions: Global Compact Principles and SDGs, p. 8 Training, development and support, pp. 27–29
	7.3: To double the worldwide growth rate of energy efficiency by 2030	tesa's headquarters as well as seven of our production facilities have an ISO 14001-certified environmental management system. In addition, two production facilities and tesa's 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. Obtaining electricity from renewable sources also represents an important lever for the reduction of CO ₂ emissions.	Climate protection and CO ₂ emissions, pp. 34–37
	8.4: To improve worldwide resource efficiency in consumption and production step-by-step by 2030 and to pursue the decoupling of economic growth and environmental destruction in accordance with the ten-year framework of programs for sustainable consumption and production patterns, whereby the developed countries assume leadership 8.8: To protect labor rights and to promote safe working environments for all employees, including migrant workers, particularly female migrant workers, and people in precarious employment situations	Our products should be as harmless as possible to the environment over their entire life cycle. 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 helps 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 or minimizing accidents and occupational illnesses.	Efficient use of resources, pp. 38–40 Occupational safety, pp. 22–25, occupational health management, p. 31

SDG No.	SDG targets	Our contribution	Information in tesa sustainability report
	12.2: To achieve the sustainable management and efficient use of natural resources by 2030	<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>	Efficient use of resources, pp. 38–40 
	12.4: To achieve the environmentally sound use of chemicals and all waste during their entire life cycle by 2020 in accordance with the internationally agreed upon framework rules and to reduce their release into air, water and soil substantially in order to limit as much as possible their deleterious impact on human health and the environment	<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>	
	12.5: To reduce waste volume significantly by 2030 through prevention, mitigation, recycling and reuse	<p>We have set ourselves the goal of reducing specific waste volume per metric ton of end product by the year 2020 by another two percentage points from the 2015 reference year.</p>	
	16.5: To reduce corruption and bribery significantly in all their forms	<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. Our Group-wide anti-corruption guidelines instruct our employees on proper conduct and explain how employees should conduct themselves in corresponding situations.</p>	Compliance, pp. 13–17 

4

strategic action fields

help us focus
our sustainability
activities.

In order to live up to our corporate responsibility regarding the management of our company, we are working on four strategic action fields: employees, products, the environment and society. In each of them we establish priorities and check their relevance regularly. The topics that we have identified as material are currently the following: “prevention of anticompetitive practices,” “internal succession,” “occupational safety,” “climate protection and CO₂ emissions,” “human rights in the supply chain” as well as “product safety.” These topics were identified and evaluated in 2017 as part of a materiality analysis with representatives of relevant units at tesa (see right), the Group parent company, Beiersdorf, as well as other relevant stakeholders. The analysis is carried out every two to three years alongside the materiality process of the parent company, Beiersdorf, and is expected to be carried out again in 2020.

In addition, during the reporting year we began to work on a sustainability agenda as part of the new business strategy that will apply starting in 2020. It should map our activities along the entire value chain even more systematically: from raw materials and the supply chain through production and our employees all the way to the reduction of our environmental footprint as well as to worldwide support for social initiatives and projects. In addition, this will also be accompanied by new priorities and initiatives as well as updated objectives. In the next fiscal year, we will report on the new developments more extensively.

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

Representatives of these units meet on selected dates, coordinate the dialogue between the units and reporting on non-financial topics. In addition, we engage in regular dialogue with our parent company, Beiersdorf, and coordinate our activities with each other.

Risk Management

Success-oriented and responsible activities include the Group-wide, integrated management of risks and opportunities. Risks are identified and managed in a structured process. In the course of these activities, we assess operational, functional, and strategic risks with an eye to their possible financial impact and effects on our reputation as well as their probability of occurrence. Our compliance management team uses the same criteria in a separate process (compliance risk assessment) to identify and assess the relevant risks we may face as a result of non-compliance with external regulations and internal standards. In addition, there is a standardized process for risks that can arise in connection with our material non-financial topics. We considered all non-financial topics that are material for tesa and interviewed all relevant units about their risk assessment. The result was reviewed following the risk management process.

Organizational Structure

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

In the process, no risks were identified that need to be reported in accordance with the guidelines of the German CSR Directive Implementation Act.

Ratings and Awards

Since 2014 tesa has participated in CDP, which gathers and evaluates qualitative and quantitative information on the topics of climate change, water and forests. The continuous reduction of CO₂ emissions as well as the implementation of measures to protect the climate and environment at the ISO-14001 certified sites are having an impact: In 2019 tesa was awarded a B rating in the area of climate.

In 2019 tesa participated in the EcoVadis sustainability ratings for the first time. EcoVadis is a sustainability measurement platform for global procurement chains and evaluates corporate principles, measures and results in the topic areas of the environment, labor practices and human rights, ethics as well as responsible procurement. tesa was awarded a silver medal.



With a
CDP rating of B,
tesa is above
the industry average.



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

COMPLIANCE



Our contribution to the SDGs

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

Compliance violations can be not only expensive, but also damaging, particularly to the company's reputation. As a result, all employees, managers and corporate bodies are required to abide by clear specifications that have been set down in writing. Compliance with these specifications is monitored and verified regularly through audits and supported by activities such as advising, training sessions, supplementary measures and targeted programs. In this context, the goal is to raise awareness among relevant employees about related issues and to teach them how to act appropriately and make reliable decisions.

tesa Code of Conduct

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

New employees receive the CoC on their first day at work by email. In addition, it is available to employees and managers on the intranet at any time. Compliance with the tesa Code of Conduct as well as all governance and compliance guidelines is an essential prerequisite for being a member of the tesa Group.

The CoC is regularly checked for its relevance and appropriateness and is adjusted if necessary. In 2019 we began to revise the CoC. This process, including new training, is expected to be completed in 2020.

Compliance Management System

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

Also in 2019, we revised and updated the tesa CMS. In the process, we reviewed our mandatory governance and compliance guidelines with respect to their practicality and acceptance and adjusted them where necessary. We are taking dynamic changes in the legal and economic environment into account in this update.

In addition, during the reporting period we undertook a comprehensive description of our CMS, which documents its conceptual framework consistent with the Institute of Public Auditors in Germany (IDW) audit standard 980, its minimum provisions and scope. We also set new compliance goals (see infobox, p. 15) for ourselves. Furthermore, the tesa Executive Board passed a new Compliance Statement.

As in previous years, the focus and key tenets of our compliance program entail the compliance fields of anti-trust, anti-corruption and data protection.

The tesa Corporate Compliance Officer is responsible for ensuring legal conformity in the core compliance fields in the best possible way and enhancing the entire system, taking into account the corporate strategy as well as the constantly evolving legal environment in the international context.

In the local tesa affiliates, the general managers responsible for the respective departments are simultaneously compliance officers. They are supported in their activities by formally designated local compliance officers. The local and corporate compliance managers are responsible for the operational implementation and refinement of the tesa compliance standards throughout the Group.

3

e-Learning courses
for the core
compliance areas
were rolled
out worldwide
in 2019.

The tesa compliance goals are:

1. The alignment, integration and continuous adjustment of a Compliance Management System that is tailored to tesa's business models.
2. Compliance with legal and regulatory requirements relevant to tesa as well as the optimal fulfillment of mandatory requirements imposed by the parent company Beiersdorf AG.
3. Protection of tesa's assets, maintenance of the trust of stakeholders, customers and suppliers as well as the reduction of liability risks.
4. Promotion of sustainable business activities within the context of legal and documentary requirements, at maximum efficiency.
5. Creation of added value for business development by promoting reliable conduct and decision-making, taking into account constantly changing conditions.

Our reporting system is another important component of the tesa CMS. tesa has implemented both internal and external reporting options through ombudsmen to make it easier to report compliance violations. We use this system to pursue all hints, clarify the relevant issues and take appropriate measures after carefully weighing and considering the principle of proportionality.

Measures and Results

Communication and Training Activities

We anchor the compliance principles within the company through routine communication and training activities. For example, our employees find tips, guidelines, processes and competent points of contact for their day-to-day business dealings on our own intranet-based compliance platform. We also use this platform to provide information on relevant legal developments in relation to tesa's day-to-day activities. Our own glossary enables us to achieve a high degree of understandability in this general context.

In addition, we have developed a governance calendar, which is sent to all tesa affiliates along with the quarterly governance newsletter. It supports planning by the local organizations and provides information about material new developments in CMS and the compliance fields.

In 2019 we were also able to roll out the newly developed compliance e-learning program, which is comprised of individual e-learning courses for the three core compliance fields of antitrust, anti-corruption and data protection, to all colleagues with a PC workstation. These e-learning courses are available in tesa's main languages of English, German, Spanish and Chinese.

Audits

The Internal Audit department (Beiersdorf AG) conducts routine audits during which compliance-related topics are also reviewed. The audit questions in the area of compliance are checked annually for their relevance.

Prevention of Anticompetitive Practices

Also in 2019 we analyzed and evaluated the existing and future compliance risks of our business models. The resulting materiality analysis has confirmed our classification of the topic of antitrust law as the most important core compliance field.

Management Approach

Many years ago, we successfully introduced the tesa Antitrust Compliance Program throughout the Group. It is an important element of our overall program and has been refined continuously since then. It provides information and training on relevant content in antitrust law and advises on potential risks. It also encompasses the regular review of the program's implementation and evaluation of risks.

The international antitrust compliance guideline is an important component of the program. It establishes general conditions and minimum standards in the antitrust core compliance field and makes initial recommendations for action.

99
percent
of the target group
successfully participated
in the e-learning.

The target group of the antitrust compliance program includes employees with access to information sensitive to competition or contact with competitors and managers.

In case of questions regarding this compliance field, the antitrust compliance expert, the local compliance managers and the antitrust compliance network counsel are available. The antitrust compliance network is comprised of external network attorneys specialized in antitrust law who act as regular points of contact for local affiliates lacking their own legal function.

Measures and Results

Internal Guidelines

In 2019 we implemented our new overarching antitrust compliance guideline, which we initially introduced at the German sites in 2018, at the international affiliates as well.

Training Courses

At the beginning of 2019, the new e-learning module on the topic of antitrust was rolled out worldwide to all relevant employees and managers.

During the 2019 reporting year, we invited 3,166 employees in 42 countries and 54 affiliates to participate in this e-learning course. The rate of successful participation was 99 percent (global¹). In addition, we hold on-site training sessions in regions where there is particular risk and in selected business units. Furthermore, we offer individualized advice on issues of antitrust law during ongoing operations, and many take advantage of this option.

Antitrust Compliance Network Counsel

During the reporting period, we redesigned our international antitrust compliance network counsel. The antitrust compliance network was augmented by additional countries. In addition, a framework cooperation agreement was arranged with an international corporate law firm.

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

Corruption Prevention

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

Management Approach

Our focus is on ongoing efforts to inform and raise the awareness of employees for corruption-related risks as well as activities and situations involving particular risks in day-to-day business dealings.

The Group-wide anti-corruption guideline makes an important contribution to these efforts. It offers guidance to our employees on what to do in case of conflicts of interest, invitations and personal gifts from and to representatives, agents and employees of other companies or office holders and explain how employees should conduct themselves in corresponding situations.

During the reporting period, we revised the existing anti-corruption guideline and transferred it to a new personal gifts guideline, which should be newly implemented next year.

Measures and Results

The e-learning course, which was redesigned in 2018, covers the topic of anti-corruption as a core compliance field. It is mandatory for all relevant employees, managers and corporate bodies to complete the course every two years. The first training cycle began in 2019 (see p. 15). On-site training on the topic of corruption prevention is held as needed and is conducted by speakers or experts on the issue in question.

Data Protection

The confidential, honest, safe and appropriate handling of the personal information entrusted to us is a high priority for tesa. Given the heightened requirements set down in the EU General Data Protection Regulation (GDPR) and the risk analysis newly performed as a result, the topic of data protection represents a core compliance field again in the reporting period.

Management Approach

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

Measures and Results

Information and Training Courses

Along with events on the topic of data protection, we also use the intranet to keep our employees informed. We offered instruction on the most important contents of the GDPR, for example, by means of a data protection series. In order to explain the requirements of the regulation and its implementation as understandably and true to real-world practice as possible, we address issues that arise from the day-to-day activities of employees and provide information about proper and legally compliant conduct.

Since 2019, there is a new e-learning course on the topic of data protection, which all employees, managers and corporate bodies must complete every two years.



Creating a corporate culture that strengthens performance, teamwork, cross-functional collaboration and internationalization is an express goal of tesa's human resources strategy.

EMPLOYEES



Our contribution to the SDGs

tesa is an expert in adhesive technology and offers its customers innovative solutions as well as excellent service. The company's success depends to a very large extent on the skills of our employees and their willingness to continue to develop them.

Qualified employees, who actively contribute to enhancing our position as one of the world's leading adhesive technology companies, are the key to the successful implementation of our corporate strategy.

This is because customer needs are changing in ever shorter cycles, and the demands on our solutions are increasing due to new technologies and trends or global challenges such as climate change or resource scarcity. We can only meet the expectations of our customers – and exceed them again and again – with committed employees who promote innovations in the area of products and processes.

At the same time, the demands that employees place on us as a company are constantly evolving. Attractiveness as an employer has much more significance today than before. Additional services that the company offers beyond salary are increasing in significance. This includes, for example, such aspects as development opportunities in the company, the topics of occupational safety and health promotion, a thriving culture of feedback and dialogue, and models for reconciling professional and private life.

In Germany, collective bargaining agreements, which are supplemented by site and topic-specific plant agreements, serve as the basis for working time arrangements, but also compensation and bonuses. In other countries in which we operate, site-specific regulations that take into account the local circumstances and features of the respective country apply in addition to local laws.

Our human resources strategy is designed to attract well-qualified and committed employees to our company, retain them and continuously increase our attractiveness as an employer. In addition, our express goal is to promote a corporate culture that strengthens performance, teamwork, cross-functional collaboration and internationalization. Therefore, the focus during the reporting period was on the topics of executive development and career planning.

Internal Succession

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

Accordingly, we attach importance to filling key positions from within wherever possible in order to retain their valuable experience and market knowledge, further enhance their expertise and skills, and leverage these capabilities for our long-term success as a company. This approach is also very beneficial to our employees. Without changing companies, they can gain broad knowledge from different areas and obtain attractive promotion and development opportunities.

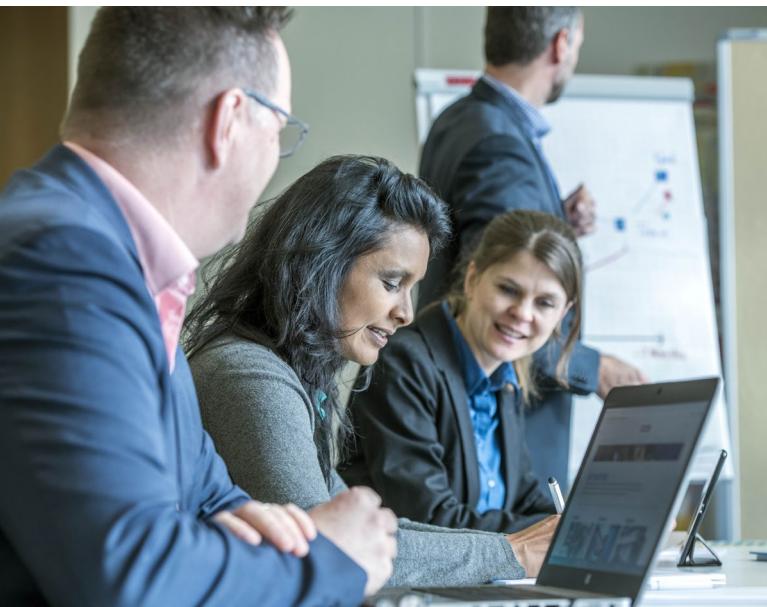
Consistent with this, we have begun to position our headquarters in Norderstedt more internationally. We are increasingly filling vacant positions there with colleagues who have previously worked for us at sites abroad. Currently the majority of these "impats" come from our growth markets in Asia.

However, in order to remain successful over the long term in the constantly evolving markets, we also need fresh stimuli from outside. Therefore, we also fill selected positions externally, thereby bringing new skill sets – for the topic of digitalization, for example – and expertise to the company.

Management Approach

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

The topic is centrally managed by the Human Resources (HR) department. The Succession Planning and Talent Management team, which was established specifically to handle internal succession, bases its work on the tesa Key Competencies. Among the various measures used by the team are development interviews and advisory sessions with employees as well as talent management



Today, attractiveness as an employer is an important competitive factor. Aspects such as development opportunities or a thriving culture of feedback and dialogue play an important role here.

workshops. Furthermore, HR ensures that employees receive regular feedback on their performance from their supervisors. The employees are also invited to provide feedback to their supervisors in this context. As a result, a conversation occurs between the employee and his or her direct supervisor at least once a year.

HR's tasks also include ensuring that information is shared between the regions and the company headquarters. For example, the international HR conference, which is usually held twice a year, promotes this goal. HR also makes suggestions for filling open positions across different units and regions. By doing so, the department plays a key role when it comes to making it easier for future executives to rise within the organization, in the process winning their lasting loyalty to the company. In the period under review, we filled 80 percent of top management positions with internal candidates in this way.

Measures and Results

Competencies Review

As part of a competencies review, talented workers are given the opportunity to participate in professionally relevant role playing and exercises – comparable to those of an assessment center. They then receive feedback on their strengths and areas for development with regard to the tesa Key Competencies.

The tesa Key Competencies describe nine core competencies that determine the actions of employees and are

intended to ensure the long-term success of the company. Intensive discussions with experienced managers and HR employees give these up-and-coming employees further impetus for their future careers at tesa. The competencies reviews enable us to develop talented workers' skills in a targeted manner, making them candidates for internal succession.

In 2019, a total of five competencies reviews were conducted – two in Germany and one in China, the United States and Thailand, respectively.

tesa Key Competencies

- “Set the pace” (initiative)
- “Focus on your customer”
(customer and market orientation)
- “Team up” (readiness and ability
to work in a team)
- “Achieve & improve” (goal orientation)
- “Challenge yourself”
(personal development)
- “Lead to success” (leadership skills)
- “Grow talent” (employee development)
- “See the bigger picture”
(conceptual thinking) and
- “Get buy-in” (influence).

The tesa Key Competencies create the basis for human resources work and are used in all HR tools worldwide. They are firmly established, for example, in performance management, in various feedback tools, development and training programs as well as in the recruitment process.



tesa “X-perience” Career Path Model

In 2019 we introduced our new career path model (X-perience) at all sites worldwide. The aim of the model is to create a uniform understanding of sensible development and career progression throughout the company. Furthermore, we would like to motivate employees to seek job rotation opportunities not only internationally or functionally, but to actively make cross-functional moves. The introduction of the new model was flanked by an employee campaign.

Management Development Program

In 2019 we began to devise a new Management Development Program (MDP). The program is comprised of two components – “Essential” and “Advanced” – and should help executives and managers expand their skill sets and expertise. The “Essential” MDP conveys fundamental knowledge regarding responsibilities, processes and tasks in all business units of the company. “Essential” MDP is implemented in the form of an e-learning course. During the reporting period, “Advanced” MDP was still in the conceptual phase and should be offered for the first time in the first half of 2020. “Advanced” MDP involves traditional classroom training. The previous MDP was held in 2019 for the last time.

Gaining new experience – across all boundaries

In the future, employees who think outside the box and take on new tasks in responsible positions will become increasingly important for a company like tesa.

For this reason, the HR department developed the X-perience career path model. It is aimed at all employees and should systematically and specifically promote cross-functional transfers within the company. For example, employees with a high level of product expertise should gain insight into interactions with customers. In order to call attention to the new model, we launched the “X-perience the tesa world” campaign and rolled it out worldwide in 2019. Positions that qualify for cross-functional transfers are advertised as such. X-change Days offer another opportunity for sharing information. The various divisions can introduce themselves and their respective job offerings to interested employees.

For more information please see:
insights.tesa.com

Occupational Safety

As a responsible employer, we regard it as our duty to protect our employees from risks and hazards in the exercise of their activities. A safe working environment is the prerequisite for motivated and engaged employees and makes a crucial contribution to productivity and quality – and thereby to customer satisfaction. As a result, we also view occupational safety as an important competitive factor.

We would like to prevent workplace accidents and eliminate work-related health risks and the occupational illnesses they cause before they can arise. Therefore, we prioritize prevention and raising awareness among staff about potential hazards – for their own protection and for the protection of their colleagues. In this connection, systematic occupational safety and effective occupational health and safety management systems (OHSMS) play an important role. We have therefore implemented a wide range of structured measures that serve to prevent and minimize accidents and illness. Our strategic aim is to reduce the number of accidents to zero.

Management Approach

Occupational safety is firmly anchored in tesa's organization – it is the focus of formal committees, such as the occupational safety committees that are legally required in Germany.

Besides the legal requirements, our Occupational Safety Guidelines, which apply throughout the group of companies, form the basis for our internal management system in the area of occupational safety. The guidelines are further specified through company-internal requirements and specific operating instructions. The guidelines also apply to sub-contractors, who take on tasks in our production sites.

As part of an annual management review, the company management works with the occupational safety unit to evaluate the accidents that occurred that year. Based on this information, it then takes new steps to further improve employees' safety and reduce work-related health risks.

Our occupational safety management activities focus on ISO 14001-certified production facilities – for that is where the risks of accidents and adverse health effects are greater than at our office headquarters. Therefore, we employ our own safety specialists at all 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. At the same time, we also take deliberate steps to promote international dialogue among these experts. The safety specialists meet annually 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. This approach contributes toward the continuous improvement of accident prevention measures at tesa.

ISO 14001-certified sites

tesa headquarters (Germany)
tesa plant Hamburg (Germany)
tesa plant Offenburg (Germany)
tesa Converting Center (Germany)
tesa scribos (Germany)
tesa plant Concagno (Italy)
tesa plant Suzhou (China)
tesa plant Sparta (USA)

At tesa, risk assessments establish the basis for selecting and managing work resources, work procedures, workplaces and work processes in such a way that technical and organizational flaws are avoided and employees can observe safe practices. But changes in machinery, systems, or working premises, new purchases and process adjustments can all have an impact on our employees' safety and health. Therefore, for example, safety-related testing and acceptance as well as systematic hazard identification and risk assessment – with the involvement of expert employees – are carried out



It is particularly important for employees in production, but also in the laboratories, to wear the proper protective equipment or suitable work clothing consistently.

at the time of the procurement and commissioning of equipment. If we recognize a safety risk in this connection, we take suitable avoidance and corrective measures. Furthermore, occupational safety committees, employee representatives as well as management discuss the material results of the evaluation and define satisfactory measures.

In addition, routine inspections and evaluations take place. We take into account the new findings, determine additional measures if necessary and update the relevant occupational safety and health documents.

The handling of hazardous substances is also regulated in detail. The occupational safety unit, together with the product safety unit and responsible figures from research and development and production, creates a corresponding structure for tesa-specific processes on the handling, labeling, storage and transport of hazardous substances. Employee groups who work with certain hazardous substances undergo routine, mandatory health examinations. In addition, equipment and jobs are routinely monitored for their safety and emission sources. The procedure in case of an accident is governed by emergency management.

However, the responsible and proactive actions of our employees play a major role in minimizing risk. Therefore, the occupational safety guidelines require that employees are informed about, and made aware of, safety risks and potential hazards through instructions and training programs at routine intervals. This should enable them to prevent accidents through proper, independent conduct.

In addition, the campaign “It’s in your hands! Always wear your safety gear” helps to raise the awareness of employees both in production and in the laboratories regarding the importance of consistently wearing the proper protective equipment or suitable work clothing (see p. 24).



However, should a work accident occur despite all the preventive measures, we will conduct an investigation. In the process, we determine the technical, organizational and personal causes for the accident. Ultimately, appropriate accident preventive measures will help us to avoid a similar incident from occurring in the future.

1.6

**per 1 million
hours worked –
the accident
frequency rate > 3 days
at tesa in 2019 was
therefore well below
the industry average
in Germany (BG RCI).**

Measures and Results

Double Prevention Program

In the Chinese plant, we implemented the “Double Prevention Program” in 2019. Step one involves the analysis of safety and health hazards in the workplace. In step two we determine hidden risks and take corresponding corrective measures. The program should primarily raise the awareness of our employees that hazards are not always obvious. The plant has a risk map that indicates the risk for each department. We also indicate the risks and the precautionary measures to be taken in the work areas.

Campaigns

In 2019 the “It's in your hands! Always wear your safety gear” campaign for wearing personal protective equipment was rolled out worldwide. As part of this campaign, events and meetings were held in the plants on various topics such as hearing protection and protective eye gear, in part with the participation of the personal protective equipment manufacturer. In addition, a “safety month” was observed in China with various activities designed to increase awareness for the topic of occupational safety.

Fire Safety

During the reporting year we implemented measures again within the framework of the 2020 fire protection

scheme. The focus here was also on prevention. For example, in the Offenburg tesa plant a fire protection day was held with practical extinguisher training.

Safety Tour App

Since 2019, a documentation app has made it easier for us to conduct our SOC (safety, order, cleanliness) walkabout inspections. With the involvement of safety experts, tesa developed the “safety tour app,” with which the user can enter relevant issues directly into a tablet. As a result, written notes no longer need to be transferred to Excel – this is less error-prone and saves time. Besides the simple entry of data and images,

Occupational safety key figures

	unit	2017	2018	2019
Work accidents ≥ 1 day	number	14	21	22
Accident frequency rate ≥ 1 day	number/million hours worked	2.9	4.1	4.3
Lost days ≥ 1 day	number	261	445 ¹	173
Lost day rate ≥ 1 day	number/million hours worked	54.6	86.3 ¹	33.6
Work accidents > 3 days	number	6	10	8
Accident frequency rate > 3 days	number/million hours worked	1.3	1.9	1.6

¹ Adjustment compared to previous year

topics can be prioritized, selected, and better archived using a traffic light system. An integrated checklist ensures that no issue is overlooked during the tour. Initially, we introduced the new digital solution in a test phase in the Norderstedt headquarters. The worldwide rollout will begin in the first quarter of 2020 at the production facilities in Offenburg, Hamburg, Italy, China and the USA.

Performance Indicator

Our aim is to continuously reduce the number of accidents with one or more days of absence. This particularly involves accidents resulting in longer incapacity to work, when the employee is absent for more than three days. The frequency of accidents >3 days at tesa in 2019 was 1.6 per million hours worked globally. This was below the previous year's figure (1.9 in 2018), and therefore well below the German industry average (BG RCI) of 11.7. We view this as proof of the quality of our management system in the area of occupational safety.

In addition, tesa monitors the lost day rate, measured in calendar days per million hours worked, at each site. The lost day rate in 2019 was at a very low level, demonstrating that we were able to significantly reduce the number of serious work accidents with the help of our management systems.



ISO 45001 Certification

The Concagno plant in Italy, one of the largest tesa production facilities, was certified successfully in 2018 for the first time in accordance with ISO 45001:2018.

The standard is one of the best-known and most important standards for management systems in the area of occupational safety. The certification was confirmed through a successful follow-up audit in 2019.

In 2019, we committed ourselves to having our occupational safety management system certified at one of our German production sites as well as in the research and technology center at the headquarters in Norderstedt.

The first step is the evaluation of the tesa research and technology center for the "Sicher mit System" seal of approval of the professional association of raw materials and chemical industry (BG RCI) in 2020. The second step will be the evaluation of the production site in 2021.

Good Leadership

For a technology company like tesa, it is important that the company and employees can constantly expand their capabilities and adapt to new circumstances. An essential prerequisite for this is that the corporate culture and the working environment are structured in such a way that they motivate employees to be creative and innovative and to support the implementation of new ideas.

Good leadership is decisive in this context: It helps to create a positive workplace environment and working conditions that encourage performance, an environment in which employees can realize their potential, gain recognition and be promoted. In addition, we are convinced that leadership makes a significant contribution to winning the loyalty of engaged and well-trained employees to the company and reducing turnover.

A common vision, clear-cut values and uniform management guidelines are essential to achieving this. They help executives manage and encourage their employees so that the company as a whole advances and the corporate goals are achieved. This ambition is reflected in the tesa Key Competencies (see p. 20). Four of the nine key competencies relate to the topics of leadership and management.

4 out of 9
tesa key competencies
relate to the topics
of leadership
and management.

Management Approach

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

A three-stage Leadership Development Program lies at the heart of executive development at tesa. The program is gradually being introduced in all tesa regions. In contrast to the Management Development Program, which specifically provides training in management skills, the focus here is on building and refining leadership qualities. The leadership training consists of the Matrix, Essential and Advanced Leadership modules. The Matrix Leadership module takes into account tesa’s matrix organizational structure and is open to all employees who do not have the authority to issue orders but have, for example, responsibility in the context of projects. The Essential Leadership module can be taken by executives who have assumed responsibility over personnel at tesa for the first time. Above all this module should sharpen the understanding of one’s role as a manager in this situation. Topics such as communication and feedback and approaches for situational leadership and team development play an important role in this. Employees in the plants have the opportunity to complete the Leadership Basics for Operations module. As part of this, plant-specific challenges are considered. The Advanced Leadership Program is designed for employees who have already held leadership responsibility for a while. It includes topics such as dealing with difficult management situations, employee development and coaching as a leadership tool.



The qualification programs are tailored to the requirements of individual business units. The Sales & Marketing qualification program, for example, combines technical training and sales skills.

Measures and Results

Matrix Leadership

After a pilot phase in 2018, the various training units of the module were offered a total of six times in 2019 at the company headquarters. In addition, each training program was held once in English in order to enable employees from other regions to participate. A total of 57 employees took part in one of the training units in 2019.

Essential Leadership

In 2019 a total of eleven training cycles with 110 participants were held for the Essential Leadership module. At company headquarters we also held short events on traditional executive duties, for example on conducting performance appraisals, the topic of salary development or labor law issues.

Advanced Leadership

With the Advanced Leadership module we would like to give experienced executives the opportunity to deal with challenging leadership situations under professional guidance. In 2019, 46 executives from the regions of Germany, Europe, Greater China, Asia/Pacific and North America participated in five training cycles of the module.

Training, Development and Support

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

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

Management Approach

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

In order to be successful over the long term, we must also offer our employees attractive development opportunities – both professionally and personally, at all levels and in all areas. In order to identify and fully realize the potential of our employees, we have established target group and expertise-oriented training programs.

989

participants
in total took part in
our training programs
in 2019.

In addition, we enable our employees to gain new experience in other units or regions. The tesa training portfolio includes function-specific training programs that are tailored, for example, to the areas of Sales & Marketing, Research & Development, or the tesa Supply Network.

A series of “open” course programs is also available. This includes, for example, methodological training courses, such as time and project management, or communication training courses, such as conflict management, language courses, moderation or presentation skills. In addition, leadership and management programs are available to managers and executives (see p. 26). The need for the development of tesa-specific training courses and programs is regularly determined in conversations with management and adjusted accordingly. This applies both to Germany and the regions.

Measures and Results

Training

In the technical area trainees can select from five different apprenticeships: chemical technicians, electronics technicians for operating technology, industrial mechanics, machine and system operators and mechatronics technicians.

As of the end of 2019, the Hamburg-Hausbruch tesa plant had 44 apprentices. Machine operators represent the largest group (16). The Offenburg tesa plant also had 44 apprentices, six of whom are completing a cooperative university education and vocational training program. Two additional courses of study (security, plas-

tic and elastomer technology) were introduced here. The retention rate demonstrates that we intend to employ the apprentices over the long term. In Hamburg, eleven of thirteen apprentices were retained in 2019, corresponding to a rate of 84.6 percent. In Offenburg, the retention rate in 2019 was 72.7 percent.

Qualification Programs

The qualification programs contain basic qualifications for new employees and special formats tailored to the requirements of individual business units. The Sales and Marketing Qualification Program, for example, encompasses a combination of technical training and sales skills for sales employees.

Here we use a “blended learning” approach, which combines in-person classroom presentations and e-learning. In 2019, a total of 376 participants have taken part in 125 training days for the Sales & Marketing qualification program.

The training and qualification program for tesa R&D employees includes topics such as patents and quality management. A total of 175 people participated in this program in 38 training days during the reporting period.

During the year under review, 551 employees participated in a total of 163 days of training as part of these two qualification programs.

E-learnings

Along with classroom training courses and programs, tesa offers its employees a broad range of e-learning courses, for example, from areas such as compliance, occupational safety, research and development or the tesa Supply Network.

In 2019 we further expanded our e-learning course offerings. For example, we rolled out three e-learning courses worldwide on the topic of compliance (see p. 15). In addition, the units are now getting more support during the creation of their own e-learning courses. In 2019 some 9,494 participants were registered in e-learning courses at tesa.

In 2020 it is planned to test the use of a “Learning Experience Platform.” This involves a digital learning platform

with content that is individually customizable to the specific user and can be retrieved on demand.

Open Course Program

These classes are open to all employees by arrangement with their managers and include subjects such as language classes and IT training sessions. The sessions comprised 35 days of training in 2019, with 225 employees participating in Hamburg. At the tesa affiliates, employees are offered specific training courses locally as part of open course programs.

Learning Management System (LMS)

The LMS ("learning hub") provides employees with information on all the continuing education options on offer at tesa and lets them register for courses. The platform helps the HR department document the complete range of training courses. In 2018 we began to expand the system. The goal was to automate and standardize training administration and organization in the area of classroom training courses, e-learning programs and blended learning across countries, while enabling each region to manage itself.

In 2019 LMS was successfully introduced in four regions. For this we have trained selected HR points of contact

Along with technical content, soft skills, which promote cooperation, are increasingly becoming an essential part of tesa-specific training programs.



to deal with the new system and developed a communication concept for employees and executives. The introduction should be completed in all tesa regions in 2020.

HR Marketplace

In February 2019, the third HR Marketplace was held at our headquarters in Norderstedt. We introduced current offerings in the areas of career planning and qualification there. A particular focus this year was on our new X-perience career path model and the opportunities for cross-function transfer within the company (see p. 21).

During the event employees and managers had the opportunity to speak to HR representatives, ask questions and provide feedback.

Feedback and Dialogue

Regular feedback and open dialogue between supervisors and employees are aspects of a modern corporate and management culture. Being able to discuss questions, ideas, expectations, goals and also problems creates a relationship based on trust between employees and managers and strengthens team spirit. In addition, it promotes mutual development. Given the challenging labor market situation, a strong feedback culture is a decisive factor in gaining the loyalty of employees to the company and increasing employer attractiveness.

Management Approach

We would like to further improve the feedback culture at tesa and encourage employees and executives to use our feedback tools and actively seek a dialogue with those who provide feedback. Among the key instruments in this area are competency-based employee performance appraisals, 180° and 360° feedback (see p. 30) and competencies reviews (see p. 20). All formats are based on tesa Key Competencies – nine key competencies that determine how employees work at tesa. There are guidelines for conducting performance appraisals that apply worldwide. In addition, managers are trained in conducting these reviews. These reviews are usually conducted once a year, twice in some regions. The participation rate is at least 90 percent.

Employee surveys are an important element of our feedback culture. We conduct them at regular intervals both at tesa's headquarters and in the regions. The employee surveys serve to measure the engagement of our employees, their motivation and their loyalty to the company as well as to identify any elements that significantly affect these aspects.

Measures and Results

Leadership Feedback (180° Feedback)

How do employees view their supervisors, and what are their perceptions of the supervisors' leadership? To answer these questions, we use a worldwide digital feedback tool, with which we survey employees on various aspects of leadership. And afterward, supervisors receive an anonymized analysis they can use as a basis to discuss the next steps with their employees. In addition, the managers have the opportunity to conduct a team workshop with their employees based on the results. The workshop should offer them a suitable space for discussing potential areas of development in the team. Since its introduction in 2018, 29 executives worldwide have used the feedback tool.

360° Feedback

In the first half of 2019, we revamped our 360° feedback tool and adapted its design and structure to the successfully introduced leadership feedback. This also involves a digital tool with an anonymized online questionnaire. It takes into account not only the perspective of employees and supervisors, but also that of colleagues and internal customers. In Germany the 360° or 180° feedback tool (depending on the target group) is a mandatory component of executive training. Each participant in executive training is automatically invited to participate in a feedback process. In consultation with HR and the respective supervisor, in principle every employee can participate in a 360° feedback process. In 2019 a total of 56 employees, including 33 executives, took advantage of the offer worldwide.

Competency-based Employee Performance Appraisals

We also conducted competency-based employee performance appraisals in the tesa regions in 2019. With this internationally uniform format we ensure dialogue between employees and managers. Besides facilitating feedback to employees, it also enables employees to provide voluntary feedback to supervisors.

Employee Survey

Due to the development of a new corporate strategy, no surveys were conducted in the reporting year. The next survey will be carried out following the global rollout of the new corporate strategy. Details are currently being worked out.

~ 90
percent
is the participation
rate in annual
performance appraisals
worldwide.

Occupational Health Management

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

Management Approach

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

The tesa sport club offers tesa employees in Norderstedt a wide range of fitness and relaxation options, including endurance and strength training equipment and a variety of courses like spinning, yoga and back strength building, along with individual fitness checks. Employees at the sites in Hamburg can use the options offered by our in-house occupational health management service and those offered by our parent company, Beiersdorf, which include autogenic training, progressive muscle relaxation, and workshops on back health and relaxation techniques.

Another key aspect of the company's efforts to promote health is its extensive array of preventive health checks. These include vein screenings, skin cancer prevention and colorectal cancer screening. Further measures in-

clude equipping all office workstations with height-adjustable desks to minimize back strain, in-house advising on ergonomics, which provides support on the proper height adjustment of desks and office chairs, and information on exercises people can do at their desks. This also includes the promotion of healthy eating by offering healthy choices at the company's restaurant. The range of occupational health management options is constantly reviewed for its acceptance and effectiveness.

Measures and Results

Psychological Risk Assessments

In 2019, we performed psychological risk assessments in three other areas (Direct, Trade, and IT) based on the German Occupational Safety and Health Act. The cycle of psychological risk assessments is now up to 95 percent complete, with surveys to be conducted every three to five years in all areas.

Diverse Health Offerings

With regular lectures, training courses, and action days, we encourage our employees to pursue a healthy life and work experience. As in previous years, workshops on relaxation techniques, preventive health checks and action days on occupational safety topics were also conducted in 2019. In addition, employees can take advantage of the social advising service and psychological consultation hours, if needed.

New Offerings at the tesa Plant Hamburg

With the expansion of occupational health management at the Hamburg tesa plant, new health offerings are available to employees there. For example, there is a course on the topic of healthy leadership, a smoke-free program and resilience training. In addition, we offer active breaks at the plant and have expanded the sports and massage offerings.

Energy and resource-saving technologies, such as the CHP systems, contribute to improving energy efficiency at tesa.



ENVIRONMENT



7 AFFORDABLE AND
CLEAN ENERGY



8 DECENT WORK AND
ECONOMIC GROWTH



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION

Our contribution to the SDGs

As a chemical company with production facilities in different countries, tesa bears tremendous responsibility for environmental issues. Treating the environment, natural resources and raw materials with great care is one of our corporate goals. This strengthens people's trust in our brand and safeguards the foundation of our success as a company. Therefore, we have been working for many years on reducing our environmental footprint – thereby also helping our customers achieve their sustainable development goals.

Environmental protection has been a key element of tesa's business strategy for years, and it is firmly established throughout the Group by environmental guidelines. The guidelines provide all employees with a standard for our actions: Our products and system solutions should be structured in such a way that they are as harmless as possible to the environment over their entire life cycle. The environmental guidelines are available to all employees on the intranet. They are also an integral component of environmental training for relevant employee groups at ISO 14001-certified sites.

tesa's primary environmental impact is the energy consumption at its production facilities. We therefore put particular emphasis on protecting the climate and reducing CO₂ emissions. Resource efficiency and the economical use of water are also top priorities for us. Applicable legislative provisions, which we implement at all our sites, form the basis of our work in the area of climate protection.

However, our commitment goes further: At all sites with a significant environmental impact, we use environmental management systems to control environmental performance effectively. Seven production facilities and tesa's

 headquarters (see p. 22) have an ISO 14001-certified environmental management system.

Environmental experts work at all ISO 14001-certified sites. They are familiar with tesa's global environmental guidelines as well as local legislation and the status of on-site technology. In order to achieve continuous improvement and to further reduce our environmental footprint, experts compile comparative figures and initiate corresponding projects. These projects are summarized in our environmental program, which applies across the company: The program enables us to specify our environmental commitment and set regular, ambitious Group-wide targets.

Another important element of our environmental management is dealing with risks proactively: As part of our environmental management activities, we identify and evaluate opportunities and risks in relation to environmental aspects both at the level of individual production facilities and across the board. This approach enables us to respond to changes early on, to avert costs and dam-



Four awards in half a year

In 2019 two tesa sites received awards recognizing their commitment to environmental protection, among other things.

In January 2019 our plant in Suzhou, China, received the "Excellent Personnel for Environmental Management" award. With the award, the management of Suzhou Industrial Park (SIP), which with approximately 25,000 resident enterprises is the second largest industrial park in China, recognizes local companies featuring advanced environmental management or individuals who stand out through special performance in this area.

In summer 2019, the plant received two more awards from SIP for its outstanding performance in energy conservation and emission reduction in 2018 as well as for its system to monitor what are known as volatile organic compounds (VOC). The regular maintenance work, which significantly exceeds the legal requirements, received special praise. They make it possible to operate the equipment in a manner that is particularly protective of the environment and efficient.

Also in summer 2019, tesa tape North America (Sparta) received the "Green Supplier Award" from Japanese automotive supplier Yazaki as the Supplier of the Year in terms of the environment, health promotion and safety. The annual award presentation is preceded by a multi-month audit, in which Yazaki evaluates its suppliers in detail regarding their commitment in the areas of energy reduction, promotion of environmental awareness, reduction of air, soil and water pollution, community service and healthy and safe working conditions.

8
sites
have an
ISO 14001-certified
environmental
management system.

age to our reputation as well as to take advantage of the opportunities that present themselves. At the same time, routine risk identification and evaluation make it easier for us to select suitable measures to protect the environment.

Climate Protection and CO₂ Emissions

Climate change is one of the key social challenges of our time. At tesa we contribute to climate protection by increasing our energy efficiency and reducing our CO₂ emissions. In this context, it is especially important for tesa as an industrial supplier to prepare for future developments in overall regulatory conditions: Policy measures enacted to protect the climate, efficiency targets and the further expansion of renewable energies may affect tesa's business activities. Threshold limits, technical standards, and approval processes for energy generation and production facilities are also in flux, which calls for a forward-looking approach

In order to live up to our own ambition to provide effective climate protection, we take advantage of our innovative capacity: It helps us to continuously improve our products and production processes also with respect to environmental impact. For example, we are manufacturing more and more products using energy-efficient, solvent-free production processes. By doing so, we also contribute to more sustainability for customers. That can, in turn, increase interest in our products and give us a competitive advantage.

Management Approach

We use ISO 14001 certified environmental management systems at eight sites for the continuous management of our internal environmental protection. The ISO 14001 standard is an internationally recognized approach to management of the direct and long-term environmental impacts of products, services and processes of a company. Certified sites include all production facilities with related coating and/or adhesive production (this does not include the production sites of the com-

panies acquired in 2017 and 2018). They have relatively high energy consumption, due, for example, to drying or waste air purification processes, causing them to have higher CO₂ emission levels. According to our calculations, 94 percent of our Scope 1 and Scope 2 emissions accrue to sites with certified environmental management systems.

In addition to the environmental management system, tesa's headquarters and the production facilities with the highest CO₂ emissions (Hamburg and Offenburg) have an energy management system certified in accordance with ISO 50001. They account for almost 70 percent of the CO₂ emissions of all ISO 14001-certified sites. This can be explained by the fact that tesa's headquarters has the most employees and the largest research and development unit, and Hamburg and Offenburg are the largest production facilities. The energy management systems set the stage for further increasing energy efficiency at the sites.

The targets that we set for ourselves in a given period are regularly reviewed and revised. Through our internal planning and reporting activities, we identify, assess and monitor risks and measures associated with reducing CO₂ emissions at the level of the sites certified according to ISO 14001. We review the effectiveness of our activities by keeping track of monthly site-specific energy consumption. We determine Scope 1 and Scope 2 CO₂ emissions based on the guidelines of the Greenhouse Gas Protocols.

The current target period runs from 2016 to 2020. We have set ourselves the goal of reducing specific CO₂ emissions per ton of end product (location based)



In addition to electricity, the CHP systems also produce heat, which is used during the production process or as heating. tesa will have at least four of these systems in operation by the end of 2020.

by 2020 by another ten percent compared to the 2015 reference year. As of the reporting date, we were at -9.8 percent.

Energy consumption is the most important control parameter for reducing our environmental impacts. Within the framework of a continuous improvement process and based on the environmental program as well as the environmental audit, the objective is to identify energy conservation opportunities, optimize energy-intensive processes and thereby to reduce our CO₂

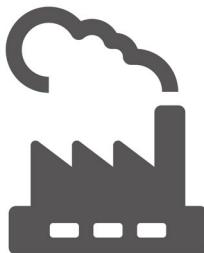
emissions and the related costs. tesa corporate management conducts a management review every year as part of this process. The environmental experts at the respective locations bear operational responsibility.

Another strategic approach for increasing energy efficiency is the use of energy and resource-saving technologies. This includes the efficient generation of our own energy through cogeneration: We began operating a combined cooling, heat and power (CCHP) system for in-house power generation at the Offenburg plant in 2014, and the Hamburg plant followed suit with a combined heat and power (CHP) plant in 2016. In these systems, we use not only the electricity generated, but also the heat that is produced, for production processes or for heating.

In order to reduce our CO₂ emissions, however, we rely not only on improving our energy efficiency – obtaining electricity from renewable sources also represents an important lever for this. In 2019 we purchased electricity from renewable sources at five German sites, covering about 34 percent of our demand for the ISO 14001 certified sites.

All emissions along the entire value chain that do not fall under Scope 1 and Scope 2 are assigned to Scope 3

3
sites
have an
ISO 50001-certified
energy management
system.



The specific CO₂ emissions per metric ton of end product were reduced by **9.8 percent** (location based) in 2019 compared with 2015.

emissions. In 2018, we collected data for material emissions throughout the value chain for the first time. In the process, we identified the areas of packaging, raw materials, finished good suppliers and product transport as material Scope 3 categories. A more detailed CO₂ monitoring system for outbound logistics will be established in 2020.

Measures and Results

Environmental and Energy Audits

External environmental audits are conducted annually as part of matrix certification of the ISO 14001 sites. Internal system audits are also conducted at selected ISO 14001 sites.

In the first quarter of 2019, the tesa plants in Hamburg and Offenburg underwent the annual external examination audit of the energy management system in accordance with ISO 50001:2011. At the headquarters, the first recertification audit was carried out according to the new ISO 50001:2018 standard in the fourth quarter of 2019.

Energy Efficiency Measures

During the reporting year, the implementation phase began for the CHP systems at the tesa plant in Concagno, Italy, and tesa SE in Norderstedt. The CHP system in Concagno was put into operation in the third quarter of 2019. The commissioning of the CHP system at headquarters is planned for the third quarter of 2020. In 2019, the two plants in Hamburg and Offenburg

together supplied about 37 percent of our worldwide electricity demand at ISO 14001 certified sites.

During the reporting period, the fluorescent lamps in the production and storage areas at the Hamburg production facility were replaced by light-emitting diodes (LED) and two additional buildings were connected to CHP heating. At the headquarters location, it was possible to conserve electricity consumption during the reporting period by optimizing the room air conditioning in the technology center and the centralized generation of compressed air. In 2020, additional conservation of electricity and gas consumption is planned by reducing the operation of ventilation systems at the technology center during non-operating times.

Performance Indicator

We were able to reduce the specific CO₂ emissions per metric ton of end product according to the market-based method, taking into account electricity from renewable sources, by 1.8 percentage points compared to the previous year during the reporting period. Compared to the 2015 reference year, overall we are at -9.8 percent according to the location-based method in 2019, and are within the target range of the 10 percent reduction we are pursuing for 2020.

Key Figures for Climate Protection and CO₂ Emissions

Energy use

	unit	2015 ¹	2018	2019
Natural gas	GWh	204	275	248
Crude oil	GWh	0	0	0
District heat	GWh	0	0	0
Electricity from renewable sources	GWh	0	26	28
Conventionally generated electricity	GWh	60	26	25
Total energy use	GWh	265	327	301

Greenhouse gas emissions, location-based²

	unit	2015 ¹	2018	2019	2020 target
CO ₂ direct (Scope 1)	1,000 t	41	56	50	
CO ₂ indirect (Scope 2)	1,000 t	28	24	23	
CO ₂ total	1,000 t	69	79	73	
Change 2019 vs. 2015 ⁴	%	–	–	-9.8	-10.0

Greenhouse gas emissions, market-based³

	unit	2015 ¹	2018	2019
CO ₂ direct (Scope 1)	1,000 t	41	56	50
CO ₂ indirect (Scope 2)	1,000 t	41	14	13
CO ₂ total	1,000 t	83	70	63
Change 2019 vs. 2015 ⁴	%	–	–	-34.5

1 Reference year;

2 Definitions according to the GHG Protocol Scope 2 Standard; source, CO₂e factors: GHG Protocol/IEA;

3 Definitions according to the GHG Protocol Scope 2 Standard; source, CO₂e factors: electricity providers and/or residual mix: RE-DIIS (07/2017); emission factor for electricity from renewable sources is set as equal to zero;

4 with reference to production volume

Efficient Use of Resources

In accordance with our environmental guidelines, we strive to produce, to use and to dispose of products in such a way as to minimize our harmful impact on the environment. The efficient use of resources is key. To be sure, waste cannot be fully avoided during the production of goods. However, we are committed to reducing it efficiently in order to preserve natural resources. We therefore constantly work on raising awareness among all stakeholders about avoiding unnecessary waste and engaging in professional recycling.

In addition to our consistent compliance with legal requirements, we also take further measures: We refine our environmental management systems on an ongoing basis, and to this end, engage in dialogue with external experts as well. We also provide our stakeholders with candid, transparent information on our goals and successes in this area. With these measures we have already significantly reduced our environmental impact in the area of resource efficiency.

Management Approach

In order to offer our customers products that are as harmless as possible to the environment over their entire life cycle, we take care to employ environmentally friendly, solvent-free manufacturing processes from the early stages of developing our products. Wherever possible and sensible we use renewable and recycled raw materials. Measures to this end are an integral part of our environmental protection activities as a company. We also regularly raise awareness among our employees regarding the subjects of reducing and sorting waste.

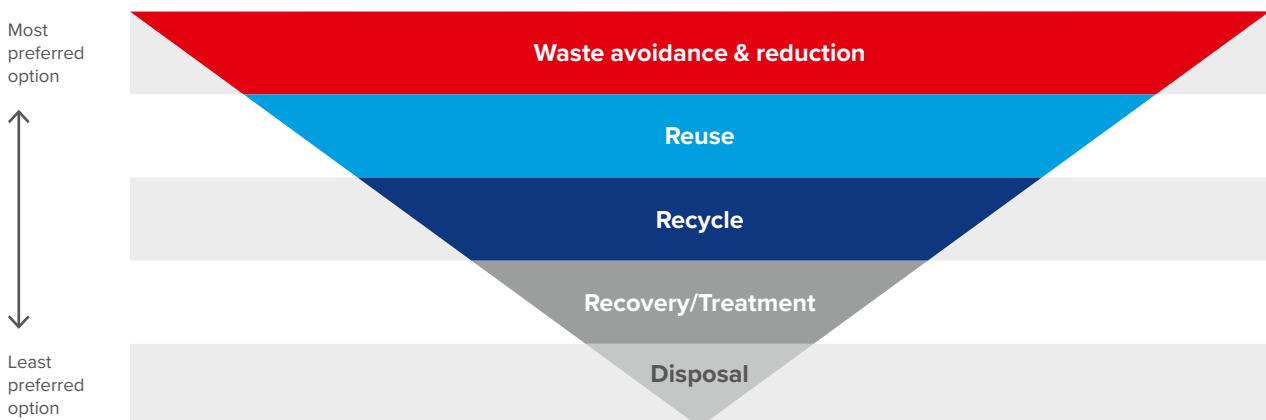
We base our waste and raw material management on the waste pyramid (see diagram): Avoiding and reducing waste has the highest priority, followed by various options for recycling. Waste is disposed only when it is unavoidable.

In order to use materials efficiently and recycle wherever possible, we constantly work on minimizing production-related losses of the raw materials we use

Employees from production, process development and technology are participating in the project "Big Ideas Instead of Waste" at the tesa plant Offenburg. The long-term oriented campaign is expected to contribute to the continuous reduction of energy and resource use.



Waste Pyramid – Priorization of Waste Categories



when producing adhesives, coating tapes and cutting rolls. The waste generated during the production process is collected separately on a site-specific basis according to various waste categories and recycled to the greatest extent possible. For reporting purposes, it is summarized in categories based on whether it is non-hazardous or hazardous and whether it is for disposal or recycling (see p. 40). tesa recycles almost all non-hazardous waste and hazardous waste containing solvents. Ongoing improvements in machinery and production processes – including some at our employees' instigation – have allowed us to reduce our waste volumes on a continuous basis.

For the current target period of 2016 to 2020, we have set ourselves the goal of reducing specific waste volume per metric ton of end product by another two percentage points from the 2015 reference year. Material losses during the production process are an important control parameter in order to achieve this goal.

The reduction and avoidance of packaging materials also help to minimize waste and thereby the negative impact on the environment. 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. When using packaging, we attach importance to the highest possible degree of recyclability of the packaging materials. For example, we give priority to cardboard packaging and reusable pallets and use single-source plastic as much as possible. In addition, we try to avoid the use of metal or aluminum or ensure that labels, adhesives and inks do not impair recyclability. Information on the packaging, for example regarding the class of materials used, makes it easier for the end customer to choose the proper form of disposal. In the consumer & craftsmen area, for example, we have lowered the weight of our packaging in order to reduce packaging waste. In addition, we take care to use primarily FSC-certified materials for our paper, cardboard and carton packaging. Our long-term goal is to avoid plastic packaging completely and instead to use bio-based films or films made from recyclables. In this regard, new forms of packaging are being considered, for example replacing shrink wrap with a paper sleeve or a folding carton. We have continued to optimize logistics and to standardize the shipping cartons we use as much as possible in order to reduce the large number of different sizes. We also aim for an optimal palette utilization in order to avoid unnecessary transport, thereby reducing CO₂ emissions.

Measures and Results

Employee Involvement

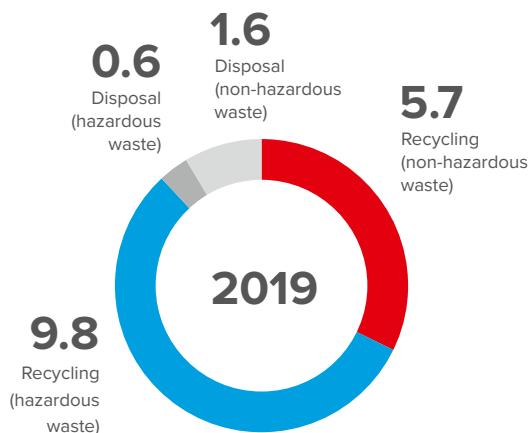
We would like to harness our employees' expertise in order to develop waste-reducing measures. Therefore, in 2019 we continued the successful campaign "Big Ideas Instead of Waste" in the tesa plant in Offenburg. Behind this campaign is a long-term project through which we intend to continuously reduce energy and resource use. Employees from production, process development and technology are participating in the project. The project involves regular intra-departmental and inter-departmental discussions, which assist in coordinating the implementation of potential improvements and in fostering an exchange regarding best practice solutions. The project includes communication measures that are designed to create awareness of the issue among employees. In 2019 some 27 projects involving waste reduction were implemented. A few of them also contribute indirectly to energy savings since the saved materials no longer need to undergo the manufacturing process.

Performance Indicators

Our reduction goal focuses on avoiding waste. If waste cannot be avoided, it should at least be recycled as much as possible. Therefore, we aim to keep waste volumes sent for disposal as low as possible.

Categorized by waste disposal method, our waste volumes in 2019 were as follows:

Waste volumes by type and disposal method 2019
in 1,000t



In sum, compared to the base year, the volume of waste per metric ton of end product was adjusted for mix effects that resulted from the weighting of the various sites and could be reduced by 4.4 percent (by deducting mix effects, we can represent the performance of our sites and our progress more transparently). We are thus on target Group-wide.

Responsible Use of Water

As a result of climate change and the growing global population, clean water is becoming scarcer worldwide. Even though we at our sites are not currently affected by water shortages or other high water-related risks, we nevertheless view water as a valuable resource for people and ecosystems that must be protected.

In our production processes, we strive for the 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.

Water Usage at tesa

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 – and the trend is upward. Water is added as a solvent to water-based adhesives. But water is also used in cutting and cooling processes or for the moistening of release papers. However, at least half of our total water consumption involves sanitary purposes.

In 2019, our water withdrawal amounted to approximately 656,000 m³. Of this, 396,000 m³ is well water, 260,000 m³ is derived from municipal sources. Our water consumption in 2019 was approximately 410,000 m³.

Two German production facilities and the headquarters account for approximately 77 percent of our total water withdrawal. At these three sites, we draw on technological solutions in order to ensure the most efficient use of water. Approximately 40 percent of the water is used in cooling systems and is done so repeatedly.

Managing Water Risks

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 ensure that no contaminated surface water is channeled into the sewage system. If a relevant quantity of water-endangering substances leaks, emergency plans that govern the precise procedure are enacted. All of these measures are regularly reviewed in our external ISO 14001 audits and are the prerequisite for a successful audit result.

~ 40
percent
of the water we use
is repeatedly utilized
in cooling systems.



tesa also offers numerous solutions for the solar industry, for example for frame mounting.

PRODUCT RESPONSIBILITY



Our contribution to the SDGs

We view it as part of our corporate responsibility to offer our customers safe, durable and harmless products. Product responsibility begins for us right from the procurement of raw materials. We purchase them regionally to the extent possible, and are working on further increasing transparency about the origin of the materials used. In addition, we take care to comply with environmental, social and labor standards in our supply chain.

Our product responsibility includes ensuring the safety of our products over their entire life cycle. In addition, we are continuously working on improving the product design in order to minimize the environmental impacts of our products. Applicable laws and regulations establish the foundation for our product responsibility. However, our commitment goes even deeper. Our environmental and product safety policies include strict internal guidelines that are designed to ensure the safety and environmental compatibility of our products. With these guidelines, we provide all employees with a clear framework for action for the development, production and market observation of our products.

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

Responsibility in the Supply Chain

Efficient supplier management is highly significant for the quality of our products – and thereby our business success. For our production we need raw materials and chemicals that we purchase from numerous suppliers worldwide and transport to our sites. The largest procurement markets are Europe and Asia with China as the main country of origin.

The tesa value chain is aligned globally and must be designed in such a way that it can anticipate future developments and respond to them. To meet this requirement, we qualify our suppliers on a systematic basis and work to streamline our supply chains through local purchasing teams. They know and observe the local market in detail and are able to make a realistic assessment of the possible risks arising from issues such as political instability and changes in local legislation. We also minimize potential risks by building a network of alternative suppliers.

In addition, due to the international nature of our value chain, we are exposed to a certain level of risk with regard to human rights violations. We aim to know the origin of the raw and intermediate products we purchase and provide traceability.

Management Approach

In order to accommodate general developments in procurement, such as rising raw material prices, changes in sales and distribution channels, and shifts in the competition situation, tesa has created a central function called the tesa Purchasing Network (tPN), which brings together cross-sector activities and resources, and manages all processes across the Group.

The Head of the tesa Supply Network, which is part of tesa management, bears responsibility for supply chain activities and is supported by the regional supply chain organizations. Our purchasing organization, which is also part of the tesa Supply Network organization, has offices in Germany, China, Korea, Malaysia and the USA. Our global purchasing processes are defined and described in the Purchasing Compliance Guideline (PCG), which is part of the Group-wide Compliance Handbook. This guideline includes binding rules of conduct for tesa as the purchaser. In March 2019, the revised Purchasing Compliance Guideline was introduced. The focus was on the adjustment of the release regulations for the purpose of organizing the approval processes more efficiently.

The Purchasing Compliance Guideline also stipulates that tesa employees who engage in purchasing activity must require the main suppliers that supply tesa directly to sign the Code of Conduct for Suppliers (CoCfS). The CoCfS establishes the foundation for the responsible management of our global procurement processes and describes fundamental rules and obligations in the area of human rights, labor standards, environmental protection and corruption prevention. The ten principles of the UN Global Compact also serve as a basis here. New suppliers must accept the contents of the CoCfS before the first order. Otherwise, no business relationship is established. If the supplier does not comply with this demand, we seek to terminate the business relationship.

Within the tesa Group, the Group internal audit department monitors the purchasing standards that apply worldwide and the associated processes at the affiliates by conducting regular “Purchase to Pay” audits, which review all processes from procurement through to invoicing. In the process, Group internal audit depart-

ment also checks whether the main suppliers are subject to any corresponding obligations under CoCfS. If necessary, the department calls for corrective measures.

Measures and Results

Fair, Environmentally Responsible and Reliable Supply Chains

Along with the commitment of our main suppliers to the tesa CoCfS, our clear goal is to gradually increase transparency and sustainability in the supply chain. By doing so, we intend to detect risks to sustainability in the supply chain and to avoid them through dialogue with the suppliers. In order to monitor the observance of human rights, working conditions and environmental aspects in the supply chain, we developed a Sustainability Assessment and Audit Program, which focuses on tesa's top suppliers, during the reporting year. EcoVadis assessments and SMETA audits, which we evaluated in a pilot phase in 2019, are key components of the program.

Training Courses

Since 2017 we have regularly trained all process owners in the application of the Purchasing Compliance Guideline. The online training developed specifically for this purpose also explains the role played by the CoCfS as an element of our procurement processes at tesa. Approximately 75 percent of the target group of the training have successfully completed the e-learning by the end of 2019.

An improved training concept was introduced along with the revised purchasing compliance guideline: Besides online training, the relevant employees can now reserve a trainer for on-site training. The focus here is on improving understanding for the contents of the PCG and to eliminate any ambiguities, thereby fostering better understanding and creating acceptance in the global organization.

Product Safety

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

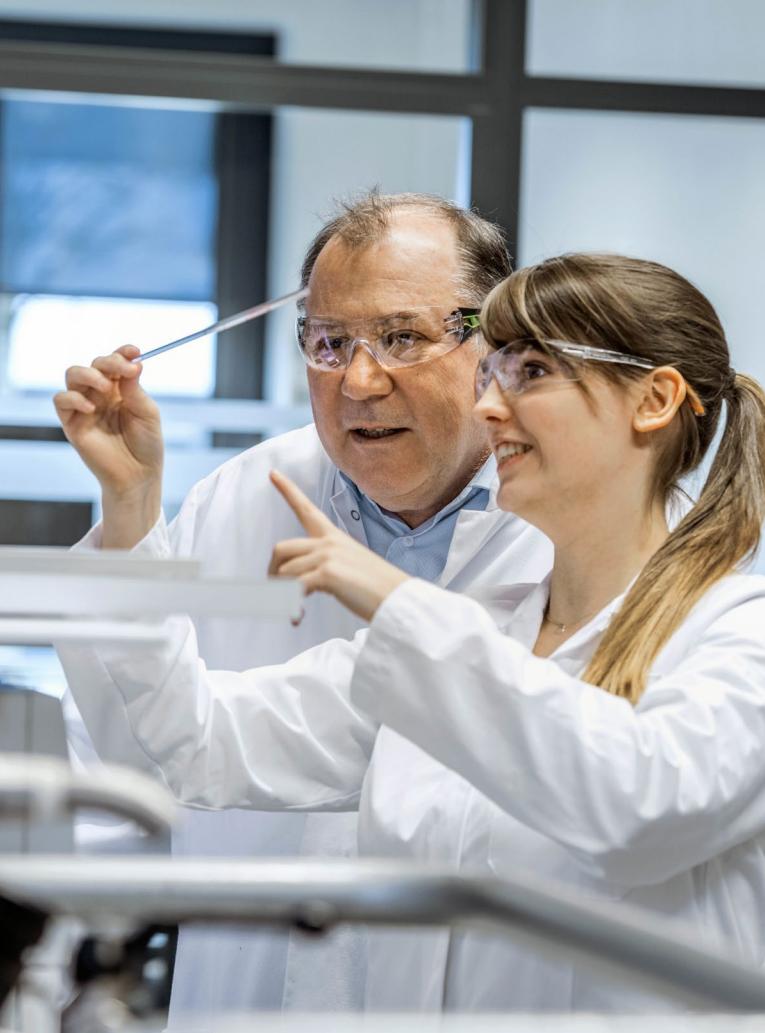
If products display safety defects, this can have a negative impact – on the people who deal with them as well as on the natural environment. At the same time, our company can also suffer serious harm from product incidents. Actions such as recalling products can result in financial losses or damage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



The tesa Code of Conduct for Suppliers is binding for all main suppliers that supply tesa directly.

Management Approach

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



Extensive tests, measurements and analyses throughout the product development process are designed to ensure that our solutions are reliable and safe to use.

In order to offer our customers safe and high-quality products, we comply with applicable laws and guidelines. Our internal product safety guidelines, which expand upon the strict legal provisions, play a key role here. They describe mandatory measures enabling us to further increase the safety of our products. In addition, they specify the roles and responsibilities of the product safety officers. The tesa Product Safety Guideline applies worldwide and can be accessed on our intranet.

Product safety management at tesa is an essential component of quality management, for which control is shared by the organizational structure and management. The Product Safety and Product Development departments are responsible for assessing materials and substances. For their assessments, they rely on various chemical databases, evaluate research findings and consider information on safety-related substance properties and the safe handling of substances and mixtures. In order to avoid product errors, the Product Development and Production departments conduct failure mode and effects analyses (FMEA), among other measures. This helps them to identify potential defects in design, pro-

duction or even directions, such as inaccurate instruction manuals, during the development process. As a rule, a safety data sheet, which includes safety-related information for example on materials and substances, proper storage or handling, as well as recommendations for disposal, is available for every product. The safety data sheets are available in almost 40 languages.

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

The product safety officers (PSO) are important for our work in this area. Every major plant worldwide has a local PSO who reports to the “Corporate PSO,” the centrally responsible PSO. All PSOs have completed a recognized, external training course. They are usually also the quality officers at the plants.

Measures and Results

Training Courses

For our worldwide training measures, we use e-learning courses developed in 2018 in addition to classroom training. During the reporting year, we have again trained employees in the topics of chemicals legislation, product liability and product issues management. They include employees from the areas of research & development, process development and marketing as well as the PSOs. In the event of legislative changes, the Corporate PSO revises the training courses. In 2019 we expanded the e-learning courses with content from the area of product safety management and assigned them to the relevant employees.

Audits

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

of research and development and production, marketing is also reviewed if necessary.

Safety First

We take the quality and safety of our products very seriously. Therefore, in 2019 we developed a concept for further improving our approach to identifying safety-relevant products. We also expanded our reporting system for the area of product safety during the reporting year.

The building-integrated photovoltaics attached with tesa® ACX^{plus} make it possible to supply the building with renewable energy and are not recognizable as solar units.



Enabling Sustainability for Customers

tesa products represent the highest level of quality, safety and the responsible use of resources. With our applications and solutions, we support our industrial partners in improving their processes or products. Our products help private users and professional craftsmen to perform their daily tasks and projects simply – whether at home or at work.

We want our products to be as harmless as possible to people and the environment over their entire life cycle. Therefore, in our corporate strategy we have set ourselves the goal of increasing energy efficiency, reducing the use of solvents in the production of adhesives and, wherever possible, using renewable or recyclable raw materials.

Management Approach

We analyze the ecological balance of selected products using life cycle assessments: With this holistic approach, we determine what environmental impacts these products have over their entire life cycle and how these impacts can be mitigated.

However, we do not make only our own products more and more environmentally friendly but also support our customers' efforts to contribute to climate protection or resource conservation with our solutions: Our applications help them to manufacture their products in a more durable, efficient and energy-saving manner. This results in lower CO₂ emissions and less waste.

Measures and Results

Solutions for Industrial Customers

In the electronics industry, adhesive tapes are one of the most important components in electronic equipment. They help make the devices more durable, avoid resource-intensive new purchases and make it easier to dispose of them later.



A good example is the use of our tesa® Bond & Detach products in smartphones: The complex design of modern smartphones makes it difficult to disassemble them. This is a particular challenge for repairs or for safe and efficient recycling. Our tesa® Bond & Detach products make it possible to fasten components such as batteries in such a way that they hold permanently. At the same time, they protect the device from shocks. If necessary, components can be easily removed without leaving any residue. In this way the electronic components can be replaced, disposed of properly or recycled. As a result, our products contribute to extending the useful life and improving the recyclability of the devices. Similarly, tesa® Bond & Detach can conserve resources during the production of consumer electronics: If in the past a battery was incorrectly glued to the case, it would no longer be possible to loosen it again and the manufacturer would have to dispose of the entire component. Thanks to tesa® Bond & Detach, manufacturers can now simply remove the components and put them in the right place.

tesa also continuously seeks environmentally friendly alternatives for the use of resources: For example, the electronics department plans to develop a new product series in 2020 that is based largely on acrylate monomers. This substance is produced from bioalcohols. In addition, resins from natural resources are added to the adhesive.

We enable manufacturers from the **automotive industry** to produce lighter vehicles. For example, we offer solutions for fastening and insulating the lithium-ion battery elements of climate-friendly hybrid and electric vehicles. Since the batteries take up a great deal of space, space-saving adhesive tapes for fastening are a better alternative to conventional screws and rivets. Furthermore, adhesive tapes are lighter by comparison – and a low overall weight is an important requirement when it comes to extending the range of e-autos or reducing the fuel consumption of gasoline engines. tesa's adhesive die cuts, which increasingly are replacing conventional plugs, also help cover holes with water, air and dust-tight seals. The adhesive points are many times lighter than the plugs. ↗ insights.tesa.com

With our Primerless product line, we also help our customers reduce the use of chemicals in production: For

Environmentally friendly and permanently bonded

During the production of double-sided acrylic adhesive tapes for highly durable adhesive bonds, our unique, patented ACX technology has been used for years now.

The ACX method removes the solvents used from the adhesive, eliminating the need for energy-intensive drying. Compared to conventional production processes, 50 percent less solvents and energy are used. This is made possible by a technology that was developed internally by tesa and is supported by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety.

The tesa® ACX^{plus} products for permanent adhesives are used in the automotive, electronics, wind and solar, construction and other industries. For example, as with a building project in Switzerland, building integrated photovoltaics (BIPV) can be attached particularly simply and safely to the facade with the help of tesa® ACX^{plus}. This makes it possible to efficiently provide the building with renewable energy.

the products of this line adhere to low-energy surfaces without pretreatment. As a result, bonding agents become superfluous and the ingredients they contain that are hazardous to health are avoided. In this way, not only is the environment protected, but the safety of employees in the production line is improved.

Our adhesive tapes can also help improve air quality in vehicles. Certain plasticizers and adhesives already release what are known as volatile organic compounds (VOC) at room temperature. They contribute, for example, to the “new car smell.” Since some VOCs have been linked in the past to health problems, the emission limits in vehicle interiors are strictly regulated worldwide. Accordingly, demand is increasing for solutions featuring the low emission of VOCs. Therefore, along with adhesive tapes with low VOC values we offer the Ultra Low VOC option, which emits only negligible amounts of VOC. Our adhesive tapes comply with the limits in every country and in every automotive market.

Our products also contribute to more sustainability in the **print and paper industry**. So that scrap paper can be recycled successfully, ink and other foreign objects, such as metal clips and adhesive tapes, must first be removed from the paper. The paper fibers that are recovered after this process – called “deinking” – can be used as raw material for paper production. tesa® EasySplice adhesive tapes for the print and paper industry have been certified for the deinking process by the International Association of the Deinking Industry (INGEDE) since they can be detached easily from the paper fibers. In the process, they support paper recycling and minimize waste.

With tesa® Twinlock we also offer a resource-conserving product for “flexographic printing.” This is a special printing process, which is used, for example, for printing on packaging. tesa® Twinlock is a reusable alternative for the assembly of plate mountings: The plate mounting is attached directly to the coated tesa® Twinlock sleeve, which makes the use of adhesive tapes obsolete. After the printing process, the plate mounting can be removed again without difficulty and the sleeve can be used for the next order. By eliminating plate mounting tapes for plate assembly, tesa® Twinlock improves the CO₂ footprint since waste and transport emissions can be avoided.



The plate mounting can be attached directly to the coated tesa® Twinlock-Sleeve and removed again without difficulty. By doing so, plate mounting tapes are avoided – along with waste and transport emissions.

Our solutions for the area of **renewable energy** support our customers' efforts to extend the useful life of their equipment in particular. For example, the production of solar panels employs various applications for frame and box mounting as well as for cell and cable fastening. Our solutions are guaranteed to be weather-resistant; this has been verified by TÜV Rheinland in accordance with the IEC 61215 international standard. ↗ insights. tesa.com

Our adhesive tape and film solutions for the rotor blades of wind turbines are also particularly weather-resistant. For example, they protect the edges from wear caused by rain or particle erosion. Our UV and salt water-resistant anti-slip coating on or in the nacelle increases safety for the maintenance personnel. With acrylate foams of the tesa® ACX^{plus} brand, tesa offers products for the permanent bonding of flow elements on the blade, increasing efficiency and reducing noise.

General Applications and Products:

Also with products that are used across industries, we take care that our applications are environmentally friendly and have a positive impact on the recyclability or useful lives of products. Our packing adhesive tape with fingerlift, for example, can be completely removed from cardboard packaging so that packaging can be recycled more easily. For some time now, we have been developing solvent-free adhesive tapes based on natural rubber. By doing so, we reduce possible environmental and health risks that stem from traditional solvents.



Solutions for Consumers

In the paper, office and stationery area, we are continuously expanding our product range for environmentally conscious consumers. Under the tesa® ecoLogo sub-brand, we offer adhesive rollers, adhesive films, packing tape, glue sticks and correction rollers, which are manufactured from primarily recycled or natural materials. The tesa® ecoLogo complies with the demanding ISO 14021 standard for ecological products since solvents are completely dispensed with in their production and primarily bio-based materials and recycled packages are used. tesamoll® products for sealing window and door gaps as well as the tesa® ISO SYSTEM for uncomplicated interior roof insulation help users to conserve energy and reduce the emission of CO₂. They also prevent the penetration of moisture and improve the indoor climate.

In May 2018, tesa acquired London-based FormForm-Form Ltd., and with it, the product Sugru®. With this malleable adhesive, everyday objects can be repaired and embellished quickly and easily. This extends the useful life of the objects and contributes to resource conservation.

Supporting Conscious Life-styles

Make it yourself instead of buying new. Repair and “upcycle” instead of throwing away. With tesa® products, everyday items can be upgraded and (seemingly) useless things can be given a new purpose.

Whether furniture, bicycles or decorative knickknacks – mending used items instead of throwing them away is what the “Right to Repair Movement” stands for. The upcycling movement’s goal, on the other hand, is to take materials and products that can no longer be used in their original form or are out of style and transform them into functional, decorative and, above all, unique objects to save them from landing in the trash.

tesa offers a wide variety of high-quality adhesive products for clever repairs, renovations, fastenings and decorations, and thus supports the rapidly growing trend among young people to embrace a sustainable lifestyle.

And to make sure there’s never a lack of inspiration, tesa regularly collects creative ideas and reference guides.

For more information please see:
insights.tesa.com



Through the "mintpink" project days, female students become familiar with the work of tesa scientists, for example in the physics laboratory.

SOCIAL COMMITMENT AND INVOLVEMENT



Our contribution
to the SDGs

Voluntarily assuming social responsibility is part of tesa's corporate philosophy and firmly anchored in our corporate values. With our commitment as a company, we would like to make a positive contribution to society beyond our core business. Therefore, we are active globally, giving donations and sponsoring memberships. Our employees are also actively committed to volunteering.

It is important to us to build a bridge to the tesa core competencies and the strengths of the company with our social commitment and involvement: imagination and an inventive spirit, solution orientation, practical support and team spirit. By doing so, we can ensure a win-win situation for all sides – the supported organizations and projects as well as tesa itself.

Management Approach

Much as with our products, we would also like to create sustainable connections with our social engagement. Therefore, we have launched the “tesa connects” initiative as part of our corporate citizenship strategy. This strategy is complemented by a corporate giving policy as well as guidelines for brand and product sponsorships. In order to implement the strategy, we have defined three core areas, to which all projects that we support can be assigned: social commitment, supporting education and environmental protection. At the project level, these are divided into the four pillars “tesa helps,” “tesa donates” (social), “tesa supports” (education) and “tesa protects” (environment).

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

The Executive Board explicitly supports and welcomes civic involvement – not only at the headquarters, but also in the individual regions. For example, the Executive Board encourages affiliates to donate a portion of local sales to social projects and to demonstrate social commitment through volunteer work and team building activities. In keeping with the “Global Strategy, Local Implementation” approach, the regional companies independently select the projects to which they would like to commit themselves. The Corporate Citizenship department provides advice as needed on suitable



In > 40 projects worldwide tesa employees were involved voluntarily.

support projects based on its strategy and the corporate giving policy. Our affiliates manage their volunteer work individually and differently based on the number of employees. For example, affiliates that have already been associated with an initiative for many years organize regular annual action days, such as summer festivals, renovation days or crafts afternoons during the Christmas season. They are most familiar with local conditions and so can ensure that the respective measures effectively address the social challenges. Once a year, the regional companies report to the Corporate Citizenship department on the projects in which they have participated.

tesa helps: Being There for Others as a Good Neighbor

The core idea of “tesa helps” is to offer neighborly assistance that is needed in the immediate vicinity of our sites. Many of our employees live near our sites and would like to become involved in social causes in their area. On all continents, on-site tesa teams take on projects and get involved in the local community.

Commitment and Involvement in Germany

Employees of tesa SE, the Converting Center in Hamburg and the tesa plant Hamburg can voluntarily participate in various projects in the region. The projects are offered by the Corporate Citizenship department in cooperation with the association “tatkräftig – Hände für Hamburg.” With “1 day, 1 team, 1 goal” as its motto, the organization connects volunteer helpers with over 150 institutions in the Hamburg area. As an alternative, employees can choose their own initiatives to sup-



Long-term Commitment

In collaboration with the “Osaka Child Welfare Association,” tesa tape Japan is supporting disadvantaged young adults.

In Japan approximately 45,000 children live in foster homes. When they turn 18, they have to leave these homes. They often find everyday life very challenging due to not having been raised by their parents. Here is where the Osaka Child Welfare Association comes into play. It helps young adults achieve independence through various programs and workshops. For example, they address table manners, personal appearance, or the topics of finance and law.

For seven years now, the colleagues from tesa tape Japan have brought additional joy to the young adults at Christmas by distributing gifts at the workshops. In February 2019, the team was honored by the mayor of Osaka for its commitment.

port in the neighborhood following consultation. For trainees from the tesa plant Hamburg, participation in a “tesa helps” project with “tatkräftig” has now become an integral part of the first apprenticeship year. In the year under review, 38 employees supported four projects in all, including play and craft activities or gardening, handicraft, and renovation work at social and charitable institutions, such as children’s and youth facilities, day care centers, and refugee centers.

Worldwide Commitment and Involvement

The affiliates worldwide also provided active assistance in the areas around their sites in 2019. This includes the charitable participation of employees in games and crafts afternoons or excursions with at times seriously ill children, but also renovation work in schools and kindergartens. For example, the colleagues from Belgium support the organization “D’Broej,” which operates youth facilities in Brussels. There, disadvantaged children and youth are offered help with homework, time and space for personal development, but also sports and other leisure activities. The colleagues accompanied the team from D’Broej to the carnival in Etterbeek (Brussels), in which the organization participates every year, and helped with decorating and dressing up the children in costumes and painting their faces. In addition, they donated 5,000 euros.

tesa donates: Uncomplicated Help for Social Projects

As part of “tesa donates,” we make targeted monetary and product donations to support people and the day-to-day work of selected institutions. We provide tesa products for various purposes and groups, from schools and childcare centers to campaigns to provide aid to victims of natural disasters and other emergencies, when items like fly screens and packing tape can be useful. The financial support primarily benefits organizations that care for disadvantaged or ill children.

Donation for “Die Kleinen Riesen Norderstedt e.V.”

In 2019 the annual leftover change donation benefited “Die Kleinen Riesen Norderstedt e.V.” which offers

support for children living in families with addiction issues. Its goal is to provide the affected with appropriate conflict and problem solution strategies and to help them in everyday crisis situations. The leftover change donation is based on a simple principle: On a monthly basis, employees at the Norderstedt, Hamburg and Langenfeld sites donate the cent amount from their net salary (0.01 to 0.99 euros), therefore a maximum of 11.88 euros per employee per year, to nonprofit organizations in their communities. In 2019 donations totaled 4,275.15 euros. The amount was matched by the executive management, for a total of 8,550.30 euros.

Christmas Gift Campaign

tesa organized a Christmas gift campaign again in the reporting year. tesa staff placed a total of 204 new gifts under the Christmas tree at the company headquarters for children who would otherwise not receive anything. Employees of ToysCompany, a nonprofit partner organization, then distributed them to socially disadvantaged families in time for the holiday. At various sites worldwide we also support organizations caring for disadvantaged children with financial and in-kind donations.

“Kultur im Betrieb tut Gut(es)”

Since September 2019, the series of events “Kultur im Betrieb,” which has existed at tesa in cooperation with the parent company Beiersdorf since 2015, has a new name: Kultur im Betrieb tut Gut(es). The name says it all: All the entrance fees are now donated to fixed, charitable social partners, which assist people in need in the Hanseatic city. In addition, the respective partner organization has the opportunity to introduce itself during the event and to collect donations during the break.



At the film technical center at headquarters, the students learn what is important for film production and can try out production themselves.

8,550.30
euros
was the total amount
of the leftover
change donation
in 2019.



For the last eleven years, the Suzhou tesa plant has been involved in improving the elementary school education of the children of migrant workers.

tesa supports: Recruiting the Next Generation of Employees

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

Initiative Naturwissenschaft & Technik

tesa SE in Germany has been partnering with Initiative Naturwissenschaft & Technik (Science & Technology Initiative – abbreviated NAT) already since 2014. In Hamburg and the surrounding metropolitan area, NAT connects schools with universities, colleges and technology-driven companies. The objective is to give young people a variety of insights into various occupational fields. We provide particular support for two

NAT initiatives: “mint:pink,” a support program to promote girls’ participation in STEM, and “90 Minutes of STEM.” Both are trial courses, in which the students can become familiar with the work of scientists. In 2019, two STEM days were held at tesa: tesa employees from engineering as well as research & development gave the schoolchildren insights into their career and scope of responsibilities at tesa, let the students perform small experiments and answered their questions. In addition, tesa has supported both programs again in the form of a major annual donation.

Educational Projects Worldwide

Support for education also plays an important role at international sites. For example, the tesa plant in Suzhou, China, has been involved in the “tesa Sunshine Education Assistance” program since 2008, which aims to improve the elementary school education of the children of migrant workers. More than 100 employees have volunteered for this initiative in recent years. A total of 710 children have already received an annual scholarship (“tesa Sunshine Scholarship”). In 2019 the plant expanded its commitment to a second school. In India, tesa supports the “Nanhi Kali” organization, which enables disadvantaged young girls to obtain an elementary school education.

tesa protects: Working to Protect the Environment

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

Cooperation with the Environmental Center

In 2019, we began to cooperate with the Hamburg environmental center Gut Karlshöhe. The center has been operated by the Hamburg Climate Foundation since 2008 and is a place for learning about and experiencing nature. People from the Hamburg metropolitan area can learn here in conferences, workshops, exhibitions or markets how life can succeed in terms of natural resources. The grounds are located near tesa's company headquarters in Norderstedt and offer various uncultivated areas that must be cared for and maintained. This opens the opportunity for charitable activities that can be combined with environmental education and food for thought for a more sustainable lifestyle. In 2019, an initial pilot project was conducted in order to determine whether the cooperation would capture the interest of tesa employees. Since the response was positive, we have decided to continue the cooperation: In fall 2019, another voluntary activity occurred at Gut Karlshöhe. A total of nearly 20 employees have participated in both projects.

The Million Tree Project

tesa staff in China have been working to protect the environment since 2015 by supporting the "Million Tree Project" – a tree-planting campaign in Inner Mongolia. In 2019, six tesa employees participated in the project. They trimmed older trees and planted new ones.

↗ [insights.tesa.com](#)



Education equals future

Since 2008 the production facility supports the nearby Suzhou Sunshine School, particularly with the granting of scholarships.

In 2019, the tesa plant in Suzhou decided to provide long-term support to several students at a local school and to provide financial assistance at least up to middle school. The children come from particularly challenging circumstances and could not continue their education without the scholarships since their families cannot afford the school fees. In addition, tesa employees would like to support the children on a personal level by planning excursions, for example to the robotics museum, that enable the children to experience and explore things they would otherwise be denied.

For more information please see: ↗ [insights.tesa.com](#)

Independent Auditor's Limited Assurance Report

The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German version of the non-financial report 2019 of Beiersdorf AG. The following text is a translation of the original German Independent Assurance Report.

To Beiersdorf AG, Hamburg

We have performed a limited assurance engagement on the non-financial report of Beiersdorf AG according to §289b HGB ("Handelsgesetzbuch": German Commercial Code), which is combined with the non-financial report of the group according to §315b HGB, consisting of the disclosures in the Sustainability Review 2019 highlighted by blue brackets and the chapter "Business and Strategy" in the group management report being incorporated by reference for the reporting period from 1 January 2019 to 31 December 2019 (hereafter non-financial report).

Management's responsibility

The legal representatives of the Company are responsible for the preparation of the non-financial report in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility includes the selection and application of appropriate methods to prepare the non-financial report as well as making assumptions and estimates related to individual disclosures, which are reasonable in the circumstances. Furthermore, the legal representatives are responsible for such internal controls that they have considered necessary to enable the preparation of a non-financial report that is free from material misstatement, whether due to fraud or error.

Auditor's declaration relating to independence and quality control

We are independent from the Company in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other professional responsibilities in accordance with these requirements.

Our audit firm applies the national statutory regulations and professional pronouncements for quality control, in particular the by-laws regulating the rights and duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their profession [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer] as well as the IDW Standard on

Quality Control 1: Requirements for Quality Control in audit firms [IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)].

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the non-financial report based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB). This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether the non-financial report of the Company has been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB. In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the auditor's professional judgment.

Within the scope of our assurance engagement, which has been conducted between November 2019 and February 2020, we performed amongst others the following assurance and other procedures:

- Inquiries of employees and inspection of documents regarding the selection of topics for the non-financial report, the risk assessment and the concepts of the parent company and the group for the topics that have been identified as material,
- Inquiries of employees responsible for data capture and consolidation as well as the preparation of the non-financial report, to evaluate the reporting processes, the data capture and

- compilation methods as well as internal controls to the extent relevant for the assurance of the non-financial report,
- Identification of likely risks of material misstatement in the non-financial report,
 - Inspection of relevant documentation of the systems and processes for compiling, aggregating and validating relevant data in the reporting period and testing such documentation on a sample basis,
 - Inquiries and inspection of documents on a sample basis relating to the collection and reporting of selected data,
 - Analytical procedures at the level of the business segments Consumer and tesa regarding the quality of the reported data,
 - Evaluation of the presentation of disclosures in the non-financial report.

Assurance conclusion

Based on our assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the non-financial report of Beiersdorf AG for the period from 1 January 2019 to 31 December 2019 has not been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

Intended use of the assurance report

We issue this report on the basis of the engagement agreed with Beiersdorf AG. The assurance engagement has been performed for the purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement and must not be used for purposes other than those intended. The report is not intended to provide third parties with support in making (financial) decisions.

Engagement terms and liability

The “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]” dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (www.de.ey.com/general-engagement-terms). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to

the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we do not update the assurance report to reflect events or circumstances arising after it was issued unless required to do so by law. It is the sole responsibility of anyone taking note of the result of our assurance engagement summarized in this assurance report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Munich, 20 February 2020
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Nicole Richter Annette Johne
Wirtschaftsprüferin Wirtschaftsprüferin
(German Public Auditor) (German Public Auditor)

Imprint

Published by

**Consumer Business Segment
(including Non-financial Disclosure):**

Beiersdorf Aktiengesellschaft
Unnastraße 48
20245 Hamburg
Germany

tesa Business Segment:

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EnglishBusiness AG, Hamburg

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Sustainability on the Internet:

Consumer Business Segment:

<https://www.beiersdorf.com/sustainability/overview>

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