

SUSTAINABILITY REVIEW

2018

Beiersdorf

Beiersdorf Profile

Beiersdorf is a globally leading manufacturer with about 20,000 employees and more than 160 affiliates. In 2018 the company, which consists of the Consumer and tesa Business Segments, generated sales of €7,233 million.

For over 135 years Beiersdorf has been setting milestones in skin care and adhesive technology. The main focus of our activities is the Consumer Business Segment: Our NIVEA, Eucerin, Hansaplast, and La Prairie 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 demands. Our unique 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 a pioneering manufacturer 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. They are firmly strategically incorporated in all business processes at both our Business Segments.

Our Brand Portfolio



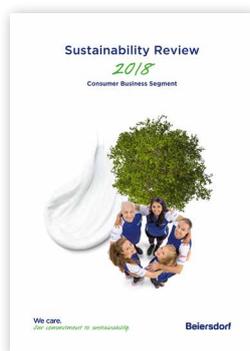
A description of the business model is provided within the “[Business and Strategy](#)” chapter in the Group Management Report presented in the 2018 Annual Report.

Contents

Beiersdorf Consumer // tesa

- Beiersdorf Profile
 - Foreword
 - Statement to the Combined Report
-

Beiersdorf Consumer



- p. c - **2** – Overview of the Consumer Business Segment
 - p. c - **3** – Our Commitments
 - p. c - **14** – Products
 - p. c - **29** – Planet
 - p. c - **39** – People
 - p. c - **59** – Stakeholder Engagement

 - p. c - **63** – Reporting
-

tesa



- p. t - **3** – Foreword
 - p. t - **4** – About this Report
 - p. t - **5** – The tesa Business Model

 - p. t - **7** – Our Responsibility
 - p. t - **12** – Compliance
 - p. t - **15** – Employees
 - p. t - **26** – Environment
 - p. t - **32** – Product Responsibility
 - p. t - **38** – Social Commitment and Involvement
-

Beiersdorf Consumer // tesa

- Auditor's Report
- Imprint

Foreword



STEFAN DE LOECKER
CHAIRMAN OF THE EXECUTIVE BOARD



ZHENG RONG LIU
MEMBER OF THE EXECUTIVE BOARD
HUMAN RESOURCES | SUSTAINABILITY | SERVICES

Dear readers,

2018 was a solid year for Beiersdorf. Both our Business Segments – Consumer and tesa – contributed to the growth. Despite the difficult business environment in all major markets, we have succeeded in expanding our business in line with our long-term commitment to sustainability.

Consumer

Our sustainability strategy **“We care.”** is based on three pillars: “Products, Planet, People”. It covers our activities along the entire value chain: from the sustainable sourcing of raw materials to the reduction of our environmental footprint, from the health and safety of our employees to the support of socially disadvantaged families around the world.

In the “Products” area we have come a big step closer to reaching our ambitious target for 2020 – among other initiatives through the continuous conversion of our palm oil-based raw materials to certified ingredients from sustainable sources. In addition, as part of our Responsible Sourcing Program, we have initiated a first smallholder project in West Kalimantan (Indonesia). In cooperation with the “World Wide Fund for Nature” (WWF), we are actively supporting sustainable palm oil production on the ground whilst improving living conditions of the communities in the project region.

Our work on the “Product Sustainability Roadmap”, which was established in 2017, is showing first en-

couraging results as well: They will be visible in the market in 2019, especially in the area of plastic packaging. At the same time, we have made great progress in the global elimination of microplastics from our formulas. Preparations were completed by end of last year to launch NIVEA products in 2019 in which opacifiers will have been fully replaced by readily biodegradable alternatives.

We also made significant progress in the area of “Planet” along our declared ambitions for 2025. In particular, we were able to reduce our CO₂ emissions per product by 59% in the reporting year and we increased our electricity supply from renewable energy sources worldwide to 81%. In 2018 besides all our 16 global production sites achieving “Zero Waste to Landfill”, we stopped waste disposal at landfills in 21 of our distribution centers.

In the “People” area, having a lasting positive impact on the life situation of our fellow citizens, in the neighborhood, in local communities, and beyond, continues to be the passion of many of our employees. In 2013 we had set ourselves the goal to improve the lives of one million families by 2020. By the end of 2018, we had reached 961,936 families with numerous local and global initiatives. Going forward, our focus will be on developing a new long-term social vision. The framework of the United Nations “2030 Agenda for Sustainable Development” will guide us in this renewed goal-setting process.

We would like to wholeheartedly thank all Beiersdorf employees throughout the world for their commitment and actions around sustainability. Also in 2018, they were the ones who passionately integrated sustainability into their work every day and in doing so continued to bring our global sustainability agenda to life.

tesa

Sustainability is also an integral part of tesa's business processes. The focus has been put on the four strategic action fields: environment, employees, products, and society. They are regularly reviewed.

Within its manufacturing processes tesa focuses for example on the reduction of CO₂ emissions, through increased energy efficiency, procurement of electricity from renewable sources as well as self-generation of electricity. tesa has set itself the target of reducing the specific CO₂ emissions per ton of end product (location-based) by an additional 10% by 2020 compared to the reference year of 2015. As of the reporting date, tesa stood at -8.3% and was on course to fulfill its promise.

In addition, tesa is continuously working to make its product ranges more environmentally friendly by using energy-efficient, solvent-free manufacturing processes. In 2018 tesa converted more product ranges to ACX technology, resulting in further energy, material, and solvent savings.

Wherever possible and reasonable, tesa also uses renewable and recycled raw materials. As part of the corporate citizenship program "tesa connects", tesa employees around the world once again volunteered for numerous initiatives in the reporting year.

2019: Sustainability as a Component of new Corporate Strategy

Sustainability needs a holistic approach: firmly anchored in the corporate culture and strategy, seamlessly integrated in decision-making and business processes. Following this belief, our efforts in pushing an impactful sustainability agenda will further intensify in 2019. Our new corporate strategy will support sustainability with new innovative initiatives as well as ambitious targets. We will share these developments with the public in due course.

Now we kindly invite you to have a closer look at our 2018 projects and activities. We certainly also appreciate your feedback.



STEFAN DE LOECKER



ZHENGRONG 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 also 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 February 27, 2019, on the [Beiersdorf website](#).

Identification of the 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 respectively (see Consumer Business Segment on page c-7, tesa Business Segment on page t-11).

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 anticompetitive 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 internal succession, occupational safety, climate protection and CO₂ emissions, human rights in the supply chain, product safety, and prevention of anticompetitive practices 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 Beiersdorf Group and Beiersdorf AG. Key figures that are reported separately for Beiersdorf AG are presented in tabular form at the end of the Consumer Sustainability Review (page c-73).

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. In its Communication on Progress tesa reports on its achievements in the areas of corporate governance, employees, environmental protection, and social engagement. The Communication on Progress is published as a Sustainability Review and forms part of the Beiersdorf Group and Beiersdorf AG Non-financial Report.

In view of the differing materiality requirements of the GRI Guidelines, 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)

Further matters	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 2018 Annual Report.		
Main risks	Consumer Business Segment	Risk Management	Page c-4
	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-15
	Climate and energy	Our Planet Engagement Energy Key Figures of Beiersdorf AG	Page c-30
			Page c-33
			Page c-73
	tesa Business Segment		
Climate protection and CO ₂ emissions	Climate Protection and CO ₂ Emissions	Page t-27	
Employees	Consumer Business Segment		
	Education and training	People at Beiersdorf Key Figures of Beiersdorf AG	Page c-47 Page c-73
	Employment		
	Occupational safety	Occupational Safety Key Figures of Beiersdorf AG	Page c-54 Page c-73
	tesa Business Segment		
	Internal succession	Internal Succession	Page t-16
	Occupational safety	Occupational Safety	Page t-17
Human rights	Consumer Business Segment		
	Human rights	Human Rights	Page c-10
	Social assessment of suppliers	Responsible Sourcing	Page c-11
	tesa Business Segment		
	Human rights in the supply chain	Responsibility in the Supply Chain	Page t-33
Anti-corruption (Compliance)	Consumer Business Segment		
	Anticompetitive behavior	Compliance Management Key Figures of Beiersdorf AG	Page c-8 Page c-73
	tesa Business Segment		
	Prevention of anticompetitive practices	Compliance Management System Prevention of Anticompetitive Practices	Page t-13 Page t-13
Further matters	Consumer Business Segment		
	Product safety	Safe and Compatible Products	Page c-25
	tesa Business Segment		
Product safety	Product Safety	Page t-34	

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

Sustainability Review

2018

Consumer Business Segment



We care.

Our commitment to sustainability.

Beiersdorf

Contents

p. c- 2 — **Overview of the Consumer Business Segment**

p. c- 3 — **Our Commitments**

- p. c- 4 — Strategy
- p. c- 4 — Risk Management
- p. c- 5 — Progress Towards Our Commitments
- p. c- 6 — Organizational Structure and Contacts
- p. c- 7 — Materiality Analysis
- p. c- 8 — Compliance Management
- p. c- 10 — Human Rights
- p. c- 11 — Responsible Sourcing
- p. c- 13 — Sustainability Management

p. c- 14 — **Products**

- p. c- 15 — Our Product Engagement
- p. c- 18 — Raw Materials
- p. c- 23 — Packaging
- p. c- 25 — Safe and Compatible Products

p. c- 29 — **Planet**

- p. c- 30 — Our Planet Engagement
- p. c- 33 — Energy
- p. c- 35 — Waste
- p. c- 36 — Water

p. c- 39 — **People**

- p. c- 40 — Social Responsibility
- p. c- 47 — People at Beiersdorf

p. c- 59 — **Stakeholder Engagement**

- p. c- 60 — Employee Engagement
- p. c- 61 — Involvement of our Suppliers
- p. c- 61 — Consumer Engagement

p. c- 63 — **Reporting**

- p. c- 64 — Report Profile
- p. c- 71 — Ratings
- p. c- 72 — Key Figures of the Consumer Business Segment
- p. c- 73 — Key Figures of Beiersdorf AG
- p. c- 74 — GRI Content Index 2018

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, convincing 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 flexibly to our consumers’ wishes and needs while keeping global trends and specific regional requirements clearly in focus. This outstanding closeness to consumers and markets regularly enables us to set new milestones in skin care with our innovations.

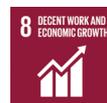
In 2018 our Consumer Business Segment achieved sales of €5,890 million with 15,142 employees.

Our success is founded on our “Blue & Beyond” strategy and has made us an internationally successful, strongly competitive company. From the very beginning, our **Core Values** Care, Simplicity, Courage, and Trust have shaped our company and provided clear orientation for our actions.

As the inventors of modern skin care, for us **Care** is far more than just a part of our core business. It expresses our responsibility towards people and the environment. It not only guides us in the consistent further development of our business but also drives us to continually expand our sustainability management in the three strategic focus areas “**Products, Planet, People**”. Through this approach we strengthen the relationships with our employees, suppliers, customers, and consumers.



OUR CONTRIBUTION TO THE SDGS



Our Commitments

Our goal is to be 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 to people and the environment – as set out in our “We care.” sustainability strategy.



FIND OUT MORE ABOUT OUR COMMITMENTS

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. Our global “We care.” sustainability strategy supports us in assuming our responsibility towards people and the environment. This strategy defines clear objectives for acting responsibly towards the people, both within and outside our company,

to whom we are particularly committed: Our own employees as well as our company-external stakeholders (page c-59).

Our sustainability strategy focuses on three pillars: “Products, Planet, People”. It thus comprises sustainability topics right along the entire value chain - ranging from raw material sourcing through the health and safety of our employees to our social engagement beyond our company.

Responsibility Along the Whole Value Chain



 FIND OUT MORE ABOUT OUR “WE CARE.” SUSTAINABILITY STRATEGY

Risk Management

Group-wide Risk and Opportunity Management Regarding Non-financial Aspects

Our Group-wide Integrated Risk and Opportunity Management is based on a structured risk-capture and risk-management system (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. As a success-oriented company aware of its responsibilities, we see it as vital to assess the potential financial and reputational impacts of such risks as early as possible. Moreover, as part of our Compliance Management we regularly carry out a “Compliance Risk Assessment”. This is an inventory and prioritization of those risks that might arise for us

as a result of possible non-compliance with external regulations and internal standards. In both processes we assess the risks identified according to their probability and potential impact on our company.

As in the previous year we examined the identified risks in a cross-departmental workshop and then evaluated them in terms of their impact on non-financial aspects. The result was that after consideration of the defined countermeasures no risk items with a high probability of occurrence and high severity of impact were identified. In 2019 we will take further steps to include the system-based assessment of negative impacts on non-financial aspects into our Group-wide Risk Assessment.

Progress Towards Our Commitments

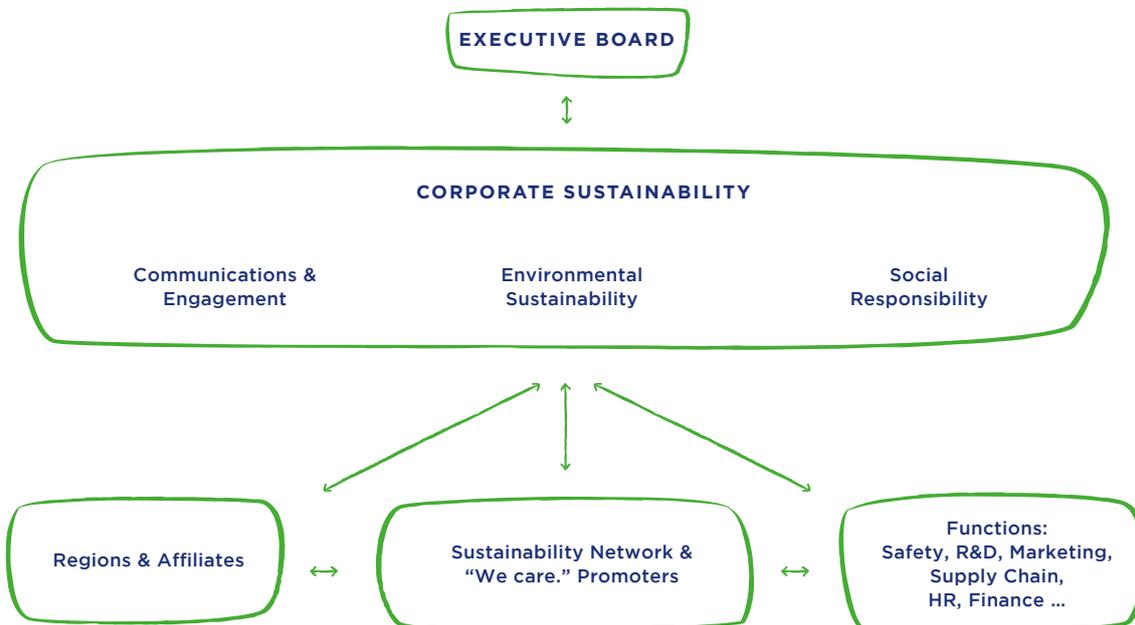
 PRODUCTS	 PLANET	 PEOPLE
OUR COMMITMENTS		
<p>Generating 50% of our sales from products with an improved environmental impact by 2020. (Base year 2011)</p>	<p>Reducing our energy-related CO₂ emissions by 70% per product manufactured by 2025. (Base year 2014)</p> <p>Purchasing 100% of electricity from renewable energy sources by 2020.</p>	<p>Reaching and improving the lives of one million families by 2020. (Base year 2013)</p>
PROGRESS TOWARDS OUR COMMITMENTS		
<p>At least 49% of sales achieved from products with an improved environmental impact. (Base year 2011)</p> <p>49% 50%</p>	<p>59% less energy-related CO₂ emissions per product manufactured. (Base year 2014)</p> <p>81% of electricity from renewable energy sources.</p> <p>59% 70%</p>	<p>961,936 families sustainably supported through our global social commitment. (Base year 2013)</p> <p>961,936 1 Million</p>
<div style="text-align: center;"></div> <p>Raw Materials: Achieved 63% transition to mass-balanced palm (kernel) oil-based raw materials and covered the remaining 37% via "RSPO Credits".</p> <div style="text-align: center;"></div> <p>Packaging: Change of 34,959t from virgin plastic material to recycled plastic material in our trays, supports our overarching goal of circular economy.</p> <p>"Sustainable Paper Packaging Guideline" (2018): commitment to procure and use 100% FSC-certified paper-based materials by 2020.</p>	<div style="text-align: center;"></div> <p>Stationary Energy: -8% energy consumption*</p> <div style="text-align: center;"></div> <p>Waste: +4% Waste*</p> <div style="text-align: center;"></div> <p>Water: -7% water consumption* -13% wastewater volume*</p> <p style="font-size: small;">* In our production sites per production unit. (Base year 2014)</p>	<div style="text-align: center;"></div> <p>Employee Health & Safety: Lost days due to accidents in our production plants were reduced by more than 25%.</p> <p>Reduction of the accident frequency rate from 2.2 to 1.9 in our production sites vs. previous year.</p> <div style="text-align: center;"></div> <p>Social Responsibility: 44 countries implemented social initiatives.</p>

Organizational Structure and Contacts

The development and global implementation of the sustainability strategy is the responsibility of the Corporate Sustainability department, which reports directly to the Executive Board. It integrates teams of experts and decision-makers with regional and/or functional areas of responsibility into the development and implementation processes. These then adjust the global sustainability strategy to meet specific local and functional needs. This approach ensures that a centrally managed yet local and

functionally specific network is able to implement the strategic objectives comprehensively, optimally, and in a tailored way.

Furthermore, we constantly encourage our employees to participate actively in our company-wide “We care.” engagement program. Our goal is to help all employees identify with the global Beiersdorf sustainability strategy and to motivate them to contribute to its successful implementation.



Contacts



INKEN HOLLMANN-PETERS
VICE PRESIDENT CORPORATE
COMMUNICATIONS &
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DORLE BAHR
HEAD OF ENVIRONMENTAL
SUSTAINABILITY & SECURITY



CHRISTIANE HÖLSCHER
GLOBAL
CSR MANAGER

Materiality Analysis

Regular dialog with our stakeholders is vital as it enables us to reassess our sustainability activities continually and drive these forward in step with developments in society. With the support of a materiality analysis we focus on those sustainability topics that are especially relevant for our stakeholders as well as for us at Beiersdorf.

Continuous Development of Our Sustainability Management

We carried out our first materiality analysis back in 2011 and integrated the results in our “We care.” sustainability strategy. This allowed us to pinpoint where in our value chain our activities and products have an impact on society and the environment. We took account of our internal and external stakeholders’ expectations and requirements to identify topics and issues that reflect global challenges relevant to the long-term success of our company. We measure our sustainability performance using pre-established key indicators.

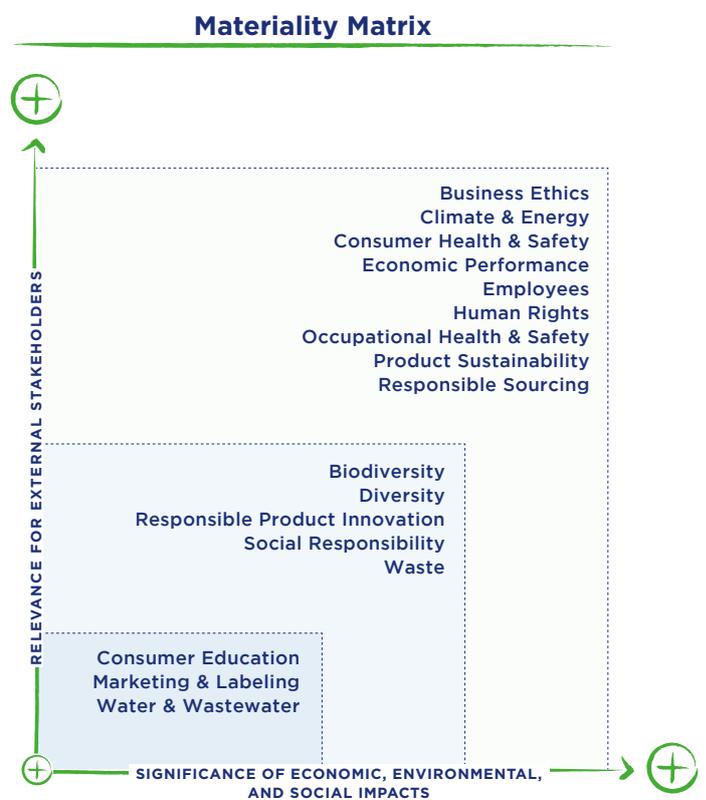
In 2014 we reassessed our sustainability activities by means of a second materiality analysis and aligned our reporting processes with the GRI G4 Standard. In a comprehensive online survey of internal and external stakeholders from different countries and specialist fields we comprehensively mapped out our stakeholders’ opinions. Through in-depth interviews with sustainability experts and internal workshops, we successfully identified the global challenges that our stakeholders and we ourselves see as especially important in terms of sustainability.

Regular Reassessment of Our Activities

In 2017 we updated our materiality matrix with regard to our company’s impacts on the economy, the environment, and society with the objective of integrating these dimensions’ changing influences on our business activity as well as our stakeholders’ requirements. Internal workshops enabled us

to gather the personal estimations of colleagues from core company areas on the material topics, and then to evaluate these for their relevance. We checked the insights from the workshops through an online survey of colleagues in other countries as well as external stakeholders. All the results were integrated into our current materiality matrix.

Our materiality matrix shows the 17 topics that our stakeholders and our company see as material.



We carry out materiality analyses at regular intervals to ensure they are up-to-date and to reassess our results.

 **FIND OUT MORE ABOUT OUR MATERIALITY ANALYSIS**

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 our company areas 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 make illegal behavior manifest.

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

Our compliance programs currently focus on corruption prevention, compliance with competition law, and compliance with data protection law. At our affiliates, locally responsible Compliance Officers ensure 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, constantly monitored, and continually improved. Corporate Auditing carries out further regular independent monitoring through its audit program.

Recognize Risks – Avoid Damage

Our Compliance Management System and compliance programs are based on the analysis of compliance risks. Every second year we identify existing and future compliance risks in our business model and geographic orientation in order to evaluate and prioritize them. In a second step,

we analyze medium- and high-probability risk topics that also imply moderate to high potential damage to our company; these critical topics are analyzed in detail to ensure that appropriate countermeasures are in place, or can be established. Our risk-analysis criteria in particular include risk indices, previous incidents, the business model, the specific site, the regulatory framework, and the scale of revenues. We present the results to our Executive Board and use them to continually update and improve 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 legal topic area, as well as the global intensification in competition authorities' monitoring and follow-up.

As a manufacturer of branded goods, Beiersdorf mainly depends on the sale of its products by



"We have implemented a strong compliance framework at Beiersdorf, which was expanded last year to include the topic of data protection. It is my personal wish that we embed and live continually by the principles of this framework worldwide, to prevent harm to our company, our employees, and our brands."

EBERHARD VON KLINGGRÄFF
VICE PRESIDENT CORPORATE LEGAL
AFFAIRS & COMPLIANCE MANAGEMENT

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

Alongside our various guidelines, the core elements of our compliance programs include practice-oriented training courses and consulting offers. 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 for action in cases of conflict of interest, business hospitality, and personal gifts. 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 as face-to-face or e-learning instruction; it serves to raise our employees' awareness of the topic and to show them where they can obtain further support. In addition, all Members of the Executive and Supervisory Boards are regularly briefed on relevant compliance topics. Training participation rates in 2018 are provided in the following graphic.

Training-participation Figures: Competition Compliance

Participation Rate 2018 (global)



94.9%

Training-participation Figures: Corruption Prevention

Participation Rate 2018 (global)



93.8%

Acting Attentively and Responsibly

The personal commitment of each employee is vitally important to living sustainably by our compliance principles. At Beiersdorf we have set up a number of options for employees to report compliance violations – anonymously, if they wish. This helps us secure our entire workforce's adherence to our behavioral guidelines and therefore also contributes to an attentive and responsible collaboration. Our employees are regularly briefed and trained using the existing channels.

Across the entire company we operate the “Speak up. We care.” incident reporting platform based on BKMS® technology, which is accessible worldwide around the clock. 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 company departments, and usually also Corporate Auditing, are involved in following up such cases. Indications of competition 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 the status of implementation of our Compliance Management programs as well as global compliance incidents – at our affiliates as well as at our company headquarters. 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 immediately.

We regard our Compliance Management System as an important contribution to acting in a sus-

tainable and forward-looking manner, thus honoring Beiersdorf's long tradition as a reliable, trustworthy company.



FIND OUT MORE ABOUT OUR COMPLIANCE MANAGEMENT

OUR CONTRIBUTION TO THE SDGS



Human Rights

Taking Responsibility for Human Rights Throughout the Value Chain

We see it as our responsibility to actively uphold human rights along our entire value chain. Within this area, we perceive the main risks to human rights as lying above all in the upstream supply chain. Therefore, in our internal and external Codes of Conduct (CoC) we have integrated corresponding binding policies that require both our employees and our suppliers to uphold and promote human rights. We tolerate no form of corruption whatsoever, no form of forced labor, no child labor, and no form of discrimination in any of our own companies or in our business partners' organizations.

Uniform Ethical Principles for all Employees Worldwide

Our CoC for Employees requires all managers and employees worldwide to adopt and uphold our company values and regulations. This ethical guideline was most recently updated in 2018. Our Group-wide Compliance Management (page c-8) regularly checks compliance with the CoC across the entire company.

Supplier Code of Conduct – A Shared Understanding of Ethical Standards

We also support responsible business in line with ethical and legal standards beyond our direct sphere of influence. In our Supplier CoC we promote both compliance with occupational health and safety standards as well as with fundamental employee rights regarding working hours, fair remuneration, freedom of association, and collective bargaining. The Supplier CoC forms the basis for all forms of collaboration with external partners, as their explicit written commitment to the Supplier CoC is compulsory for all suppliers within the Beiersdorf network. The implementation of the Supplier CoC is monitored in our Responsible Sourcing Program (page c-11) through risk-based supplier audits, amongst other measures.

OUR CONTRIBUTION TO THE SDGS



Responsible Sourcing

Our 17 production sites located in the four main global market regions – Europe, North and South America, Near East and Africa, as well as Asia Pacific – are supported by a global supplier network of approximately 24,000 direct suppliers in almost 110 countries. They supply us with raw and packaging materials, as well as other materials and services, and hence broaden our company’s 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 too.

Our Supplier Code of Conduct

We have developed a Supplier Code of Conduct (CoC) and a comprehensive management approach for our entire direct supply base. This CoC sets out the guidelines for responsible corporate governance in our supply chain and also requires suppliers to ensure their own upstream suppliers’ compliance. 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 “Organization for Economic Cooperation and Development” (OECD) “Guidelines for Multinational Enterprises”. 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.

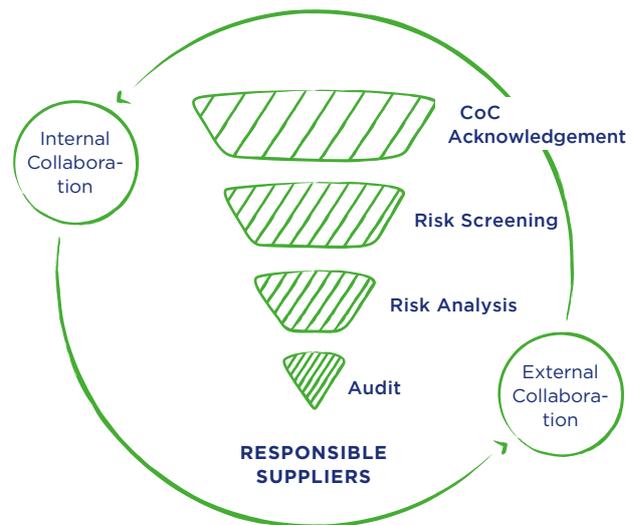
The Implementation Process in Detail*

The entire Supplier CoC implementation process is managed by our Procurement and contributes to minimizing risks of infringements of our guidelines. As in the previous year, in 2018 we were able to secure around 90% of our procurement volume with supply-chain partners who had signed our Supplier CoC.

This explicit written commitment forms an integral part of the contracts we conclude with our suppliers, and is the first of four key steps in the Supplier CoC implementation process. Following

the supplier’s signature of the written commitment, 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.

Supplier CoC Implementation Process



Our Responsible Sourcing team risk-screens our approximately 24,000 direct suppliers based on the countries from which we source. The screening also covers those suppliers who have not yet signed the CoC and differentiates between the risk levels low, high, and extremely high. 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, to enable an even more thorough risk assessment. The Responsible Sourcing team then decides whether a

* 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.
 ** Determined by the country-risk assessments by the 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.



subsequent audit is required. These audits are carried out by accredited external auditors commissioned by the supplier, and follow the standardized “Sedex Members Ethical Trade Audit” (SMETA) 4-Pillar Audit Protocol. The 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 and any areas where action is required, for which our suppliers then work out corrective action plans with our support. In extreme cases, the audit results may lead to us excluding suppliers from our supply-chain network.

Cross-sector Collaboration through Sedex and AIM-PROGRESS

Cross-sector collaboration with other major companies helps us tap into valuable synergies, and improve our sustainability performance throughout the value chain through close cooperation with

our direct suppliers and through the involvement of different internal and external stakeholders. By using collaborative platforms such as Sedex and AIM-PROGRESS we can continuously raise the effectiveness of our engagement for sustainability along the entire value chain.

Sedex

The Sedex collaborative platform enables suppliers to share core data on their own responsible sourcing practices with several corporate customers at the same time, thus making it easier for them to demonstrate their responsible business practices. Sedex enables suppliers and their customers to concentrate together on making tangible progress in the critical sustainability areas identified.

AIM-PROGRESS

“Achieving more together” is the slogan of the worldwide platform initiative AIM-PROGRESS, introduced by AIM in Europe and GMA in North America. This platform supports close collaboration between manufacturers and suppliers in achieving greater sustainability in the supply chain. As one of more than 40 globally leading “Fast Moving Consumer Goods” (FMCG) manufacturers, Beiersdorf uses this platform.

 **FIND OUT MORE ABOUT OUR RESPONSIBLE SOURCING**

OUR CONTRIBUTION TO THE SDGS



Sustainability Management

Systematic Sustainability Management

We continually optimize our sustainability management in order to better steer our activities and processes. To achieve this, we use a diverse range of standards and tools, for instance by auditing our internal management systems and using sustainability management software to assess the sustainability performance of our sites. Moreover, we carry out life-cycle analyses on a selective basis to produce a holistic assessment of the environmental impact of our products.

ESMAS – Audit of Environmental and Occupational Safety Standards at all Production Sites Worldwide

Environmental protection and occupational safety are of paramount importance 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 every three years and enables us to ensure that appropriate measures are implemented at all our sites, to uphold our globally valid environmental and occupational safety standards. In 2018 our production sites in Argenton (Spain) and Malang (Indonesia) were audited. For 2019 further audits are planned in Nairobi (Kenya), Itatiba (Brazil), Bangkok (Thailand), and our Chinese production sites in Shanghai, Wuhan, and Xiantao.

A global certification service provider has carried out these audits for us since 2013, assessing all

our sites according to our ESMAS system. This 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.

Our production sites can access the results and implementation planning of audit measures via a SharePoint-based database. This transparent approach facilitates the preparation and execution of the audit inspections for the respective sites. It also simplifies the implementation of targeted optimization measures, from the planning stage through to the performance review.

Ongoing Optimization of Global Data Collection – with “susy”

Since 2014 we have used “susy”, our global sustainability management software, to obtain relevant sustainability key indicators. This software enables us to gather, collate, and analyze relevant global data centrally, for instance on CO₂ emissions. We continually optimize our data-gathering in order to improve data quality as well as extrapolations and thereby provide the most precise picture possible of our sustainability performance.



FIND OUT MORE ABOUT OUR SUSTAINABILITY MANAGEMENT

Products

We develop innovative, high quality skin care products. Beiersdorf was established over 135 years ago and our many years of experience in research and development make us one of the world's leading skin care companies. We consistently design our products to satisfy our consumers' requirements and wishes. This also applies to the continuous improvement of our products to make them more sustainable and environmentally friendly.



FIND OUT MORE ABOUT OUR PRODUCT ENGAGEMENT

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 sustainability. We have therefore set ourselves the target of generating half our global revenues by 2020 with products that have an improved environmental footprint* compared to the 2011 base year.

Throughout the entire product life-cycle we identify optimization potentials – from the raw material selection stage, through production, packaging, and transportation, all the way to final disposal. Our life-cycle analyses (LCA) for selected products have shown that their environmental impact beyond the use phase is mainly influenced by the raw materials used, as well as the resource efficiency of our packaging. This is why they are also the focus of our criteria for sustainability assessment.

Raw Materials and Packaging

We assess our products' environmental sustainability regarding the raw and packaging materials used, and apply binding criteria in these areas. 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 reductions achieved, we also assess the use of "Forest Stewardship Council" (FSC)-certified input materials, the use of refill solutions, and the recycled content – i.e. the share of recycled materials used. If materials are changed, we assess the new material for its environmental sustainability by applying a simplified LCA tool that we developed in 2015 based on extensive LCA projects, and which we have continued to develop since then.
- When assessing our product formulas, we have focused on the use of certified sustainable palm (kernel) oil-based raw materials and

eliminating microplastic particles (as defined by UNEP – the "United Nations Environmental Program") as in previous years. The use of renewable ingredients represents a further criterion: In this area we achieved major product improvements in our lip care product assortment by eliminating petrochemical-based raw materials in the reporting year.

Relaunches and New Products

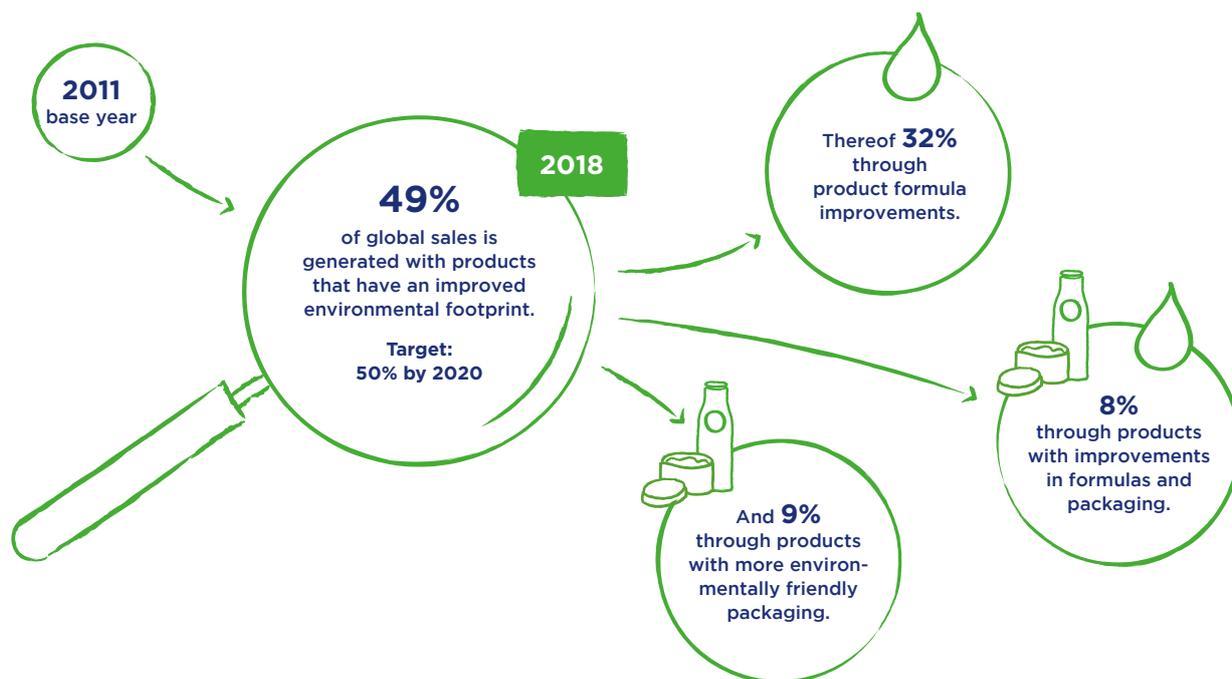
The sustainability of our products plays a key role right from the start of the innovation process. To support this, in 2014 we developed our "Product Sustainability Scorecard" that integrates the above-mentioned assessment criteria. Once we have performed a simplified or comprehensive LCA for a product, its results are also included in the Scorecard.

Products listed in the "Product Sustainability Scorecard" are then compared with their predecessors. If the Scorecard result indicates that the new product has a better rating than the one it replaces, the annual revenues from these products are factored into our Product Sustainability Target. For new products where no predecessor exists, they are compared with the most similar ones.

Also in the reporting period, we provided internal training for all key stakeholders and successfully anchored the Scorecard process and our sustainability criteria more firmly within the company.

In 2018 we generated at least 49% of our sales revenues through products with an improved environmental footprint in comparison with the 2011 base year. Of this 49%, around 9% was exclusively achieved through sustainability improvements in the area of packaging, such as material savings and the use of FSC-certified cardboard. Approximately 32% was achieved through product formula improvements: Here it is the switch from numerous palm (kernel) oil derivatives to mass-balanced raw materials under the "Round Table on Sustainable Palm Oil" (RSPO)

* The scope of our Product Target only includes our mass-market business and our dermocosmetics business. The premium business with La Prairie is not in scope, because its environmental footprint is not material for the Consumer Business Segment, and it is conducted in a separate organization.



standard that has moved us significantly closer to our target. The major share of this comes from our procurement of mass-balanced palm (kernel) oil-based glycerin – a raw material used in many creams and lotions. Some 8% was achieved both through improvements in the area of packaging as well as in product formulation.

Stakeholder Involvement – Project Teams and Regular Updates

Our Executive Board manages product sustainability at a brand and corporate level, largely based on regular specialist updates and participation in strategy workshops. In addition, senior management teams from our Marketing as well as our Research and Development (R&D) areas are regularly briefed on sustainability to strengthen awareness of and commitment to this topic within our company. Project teams from the Packaging, R&D, and Marketing areas work closely together on the development of new products and on relaunches of products with an improved environmental profile. The Corporate Sustainability department as well as strategic suppliers are also involved in these processes at an early stage.

Go-live for Our “Green Point” Product Formula Assessment System

In the reporting year we launched systematic data capture for our raw materials sustainability criteria as defined in 2016. In this context, we also successfully completed the integration

of the “Green Point” scoring tool into our R&D IT system in the fourth quarter. In future we will use this in the assessment of our product formulations. It comprises the renewability of input materials, their certification to sustainability standards, water toxicity, and the biodegradability of water-soluble ingredients, as well as the raw material supplier’s own sustainability performance. Going forward this will enable an environmental assessment of product formulas at the formulation development stage, based on clear environmental criteria. In the reporting year we still carried out this assessment based on the criteria previously described.

“Circular Economy” for Sustainable Packaging

For us at Beiersdorf the concept of the “circular economy” plays a core role and is a fundamental principle in our future development of sustainable packaging. Recycling not only relieves the environmental burden at the end of life, but also saves valuable resources and raw materials through the reutilization of materials.

The use of recycled materials in our product packaging is therefore a key topic. In close collaboration with our suppliers, cross-departmental teams work on developing optimal solutions for sustainable, safe, and attractive packaging.

Furthermore, we intend to raise the recyclability of our packaging and are carrying out recy-

clability studies with external local partners to achieve this. As a result, we are gaining valuable insights into available disposal infrastructures and practices.

The “Sustainability Roadmap” – Identifying Individual Opportunities

In working out our “Sustainability Roadmap”, we define the potentials and objectives for each product category individually, as the challenges vary greatly from category to category in some cases. For instance, the quantity of CO₂ emissions released in the product-usage phase is higher for

our shower products than in our lotions. At the same time, the predominant packaging material establishes how much recycled content can be used in packaging production. In May 2018 we held a cross-departmental workshop on the “Sustainability Roadmap”. The optimization potentials will now be progressively transferred to the innovation processes for the individual product categories, to enable us to derive corresponding measures.

 **FIND OUT MORE ABOUT OUR PRODUCTS COMMITMENT**

OUR CONTRIBUTION TO THE SDGS



Raw Materials

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 from the extraction and processing stages of our raw materials as part of our Responsible Sourcing Program.

SUSTAINABLE PALM (KERNEL) OIL

We do not directly procure palm (kernel) oil but use approximately 37,000t of its derivatives each year, which represents 0.05%* of global palm (kernel) oil output. Our ambitious goal is for all Beiersdorf products to contain exclusively palm (kernel) oil from sustainable sources by 2020. To get there we are following our “Palm Sustainability Roadmap”, which guides our actions 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.

Palm (kernel) oil supply chains are very complex. From the plantation to the final raw materials,



"This year we clearly intensified our engagement to sustainable palm oil through ensuring greater transparency in the supply chain and support for smallholder farmers."

JULIA BEIER
RESPONSIBLE SOURCING MANAGER

palm (kernel) oil needs to pass through several production stages. To be able to take responsibility for the origins of our raw materials we want to keep our entire supply chain as transparent as possible. We see it as vital that the extraction of the palm (kernel) oil we use does not contribute to deforestation in any way. It also needs to fulfill further sustainability requirements. As most of the critical sustainability issues are in the upstream supply chain and therefore beyond our direct influence, we strive to find out as much as we can about employees' 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 we can identify opportunities for improvement – and then implement the necessary enhancements together with the relevant supply-chain partners and local communities. To achieve this, we focus our efforts on a set of core strategic approaches:

1. Certification

Since back in 2011 Beiersdorf has oriented its palm (kernel) oil sourcing principles towards the “RSPO Supply Chain Certification Standard”, established by the “Roundtable on Sustainable Palm Oil” (RSPO). Since the first delivery of certified palm (kernel) oil in 2015 we have continually increased the share of mass-balanced palm (kernel) oil in our overall procurement. In 2018 we covered 63% of our palm-based raw material volumes through mass-balanced palm (kernel) oil. Our objective is to transition all our palm (kernel) oil-based product ingredients to physical, sustainably certified, mass-balanced raw materials by 2020. Until then we will offset the remaining share by means of RSPO Credits (“Book and Claim” certificates). In the reporting year our headquarters in Hamburg and our three South American production plants in Chile, Argentina, and Brazil successfully completed a surveillance audit according to the “RSPO Multisite Supply Chain Certification Standard” (SCCS). 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 our raw materials procurement goal of a sustainable palm (kernel) oil supply chain exclusively based on certified sustainable sources.

* United States Department of Agriculture 2018.

Our Sustainable Palm (Kernel) Oil Commitment



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

2. Transparency

Effective implementation of our sustainability criteria is only possible if we know our own supply chain inside out, and act quickly to counteract new challenges. Transparency is the key to effective engagement. This is why at Beiersdorf we want to ensure close collaboration with our suppliers to make the raw materials we use traceable to their production origins. In 2018 we launched a project to trace our palm (kernel) oil-based raw materials through our tier 1 suppliers back to the upstream refineries and mills. The objective of the project is to further increase transparency in our palm (kernel) oil supply chain, to identify hotspots, and support projects on the ground in a targeted way. We have integrated our largest (tier 1) raw material suppliers in the project, meaning we can already trace back 92% of our procurement volume of palm (kernel) oil-based raw materials today.

3. Transformation

Since mid-2018 we have been working together with the “World Wide Fund for Nature” (WWF) in a cooperation project in West Kalimantan (Indonesia) to improve the living conditions of palm (kernel) oil smallholder farmers. We are working to convince these farmers that the sustainable cultivation of oil-bearing palms without further deforestation contributes to an improvement in the living conditions and income situation of their local communities. To do this we are supporting 300 smallholder farmers over a three-year period by providing them with agricultural and business know-how, in order to achieve sustainable cultivation on their plantations. Furthermore, setting up cooperatives gives them access to key markets as well as state financing, thereby securing

their incomes and development perspectives. Alongside the smallholders the three villages’ roughly 4,500 residents also benefit from this initiative. We intend to implement further projects with partners to achieve similar improvements in the global palm (kernel) oil supply chain. These will enable us to create targeted opportunities to make a positive impact on the living conditions of workers right 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 firmly at the forefront throughout this process.



4. External Engagement

Furthermore, we engage through the RSPO and within the “Forum for Sustainable Palm Oil” (FONAP). Participation in these initiatives is important to advance our “Palm Sustainability Roadmap” agenda and contributes to the overall advancement of a sustainable palm (kernel) oil industry.

The RSPO principles define a responsible minimum standard, while the additional FONAP certification criteria support greater respect for environmental considerations and the needs of local communities.

Further information on our engagement is available on the [RSPO](#) website on our member page, as well as on the [FONAP](#) website.

In addition to the initiatives outlined above we are supporting the smallholder project “Impact of the FONAP Add-on Criteria on Small Producers in Malaysia” of FONAP. This project is being carried out by the non-governmental organization “Wild Asia” in Perak (Malaysia), in cooperation with WWF Germany. The project implementation takes place from September 2018 to July 2019. The aim of the project is to obtain feedback on the four additional criteria of FONAP:

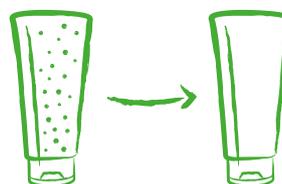
- Stopping cultivation on peatlands and other areas with a high carbon content.
- Ban on the use of highly hazardous pesticides (Rotterdam and Stockholm Conventions, WHO class 1a and 1b pesticides and paraquat).
- Application of strict greenhouse gas reduction targets.
- Use of fresh fruit bunches from legal sources only.

“Wild Asia” works together with 261 smallholders and provides training for a sustainable cultivation of palm oil. As part of the project, some of these smallholders (each with less than 40 hectares) are testing the applicability and feasibility of the additional FONAP criteria.

MICROPLASTICS

Our Goal: High Quality Care Products Without Microplastics

We continually research and work on possibilities to further improve our products’ environmental sustainability. At Beiersdorf, we have paid great attention right across our business to the discussion on microplastics in the world’s oceans from as early as 2013. We are working actively to consistently replace solid synthetic polymers in our product formulations and to completely eliminate these in future.



In 2018 we used 25% less microplastic-based raw materials worldwide (base year 2016; as polyethylene particles were already completely eliminated as product ingredients in 2015, these are not included in our progress monitoring).

We define all solid, non-biodegradable, synthetic polymers as microplastics. This is aligned with the “United Nations Environmental Program” (UNEP) definition of microplastics as solid plastic particles that are smaller than 5mm, not biodegradable, and water-insoluble.

Microplastics reach the world’s oceans and rivers by various means. However, they most frequently originate from the break-up of bigger pieces of plastic waste that are incorrectly disposed of on land or at sea, and which weather and erosion then fragment into small particles. Further sources of these tiny pieces of plastic particles are synthetic textile fibers, tire wear, road markings, and chunks of plastic from everyday consumer goods.

As a consumer goods company we recognized the need for action early on, and took company-wide steps to progressively exclude microplastic-based raw materials from our products.

To achieve this, we are investigating all synthetic polymers that we use in our products for their possible environmental impact on the oceans, and are testing more sustainable replacements. All potential alternative materials need to meet our high requirements regarding quality, safety, effectiveness, and skin friendliness.

Ambitious Goals for 2020

In 2015 we successfully achieved our first interim objective of eliminating all polyethylene particles from our skin care product formulations. We have since committed to further-reaching ambitious objectives:

→ By the end of 2020 at the latest, we will eliminate microplastics from all our “rinse-off” products – that is, all products that the consumer immediately washes off after use, such as shampoos and shower gels. This means we will remove the solid polymers used as opacifiers, which for instance give a product its characteristic color and appearance.

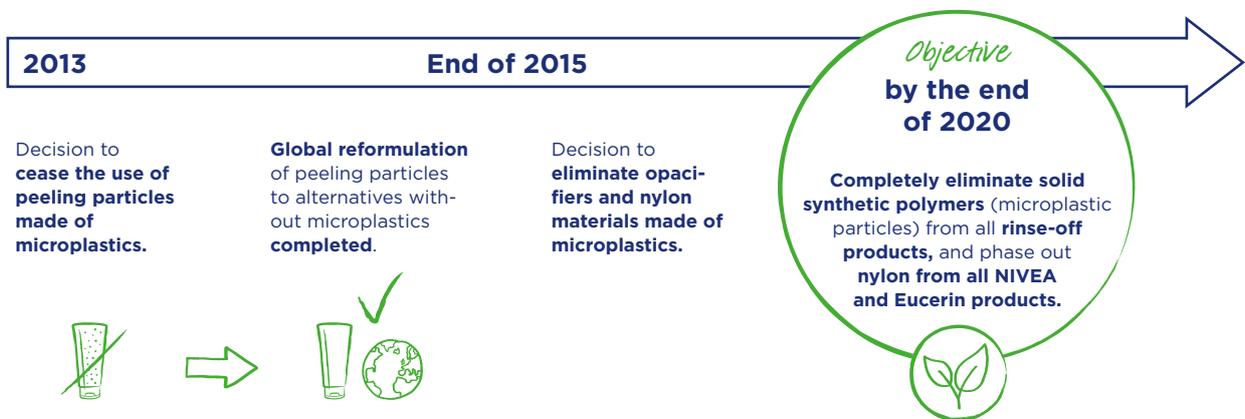
→ Besides “rinse-off” products we will also change the formulation of our “leave-on” products that stay on the skin and which contain nylon as an ingredient. By the end of 2020 we will completely remove nylon from our NIVEA and Eucerin product formulas.

Clear Progress Achieved Worldwide

Our projects to eliminate opacifiers and nylon are a high priority at Beiersdorf and we are dedicating significant resources to drive them forward globally and successfully. In 2018 we already effectively reduced the volume of raw materials based on solid synthetic polymers by around 25% compared to 2016. In other words, in the reporting year we purchased and used around a quarter less microplastic-based raw materials from our suppliers for our product formulas than two years ago – and will significantly reduce this volume further in 2019. As polyethylene particles were already completely eliminated as product ingredients in 2015, these are not included in our progress monitoring.

Our global R&D teams are determined to pursue and reach our ambitious objectives regarding microplastics efficiently going forward too.

Our Commitment – Progress Timeline



LABELLO

Our Lip Care Products – Better and More Sustainable

Our highly effective and successful formulations are the result of more than 100 years of experience that have made Labello the world’s leading lip care brand. Our consumers’ demands, wishes, and feedback flow directly into continuous product enhancement. In 2018 we managed the biggest formulation change in the brand’s history, fundamentally modifying the ingredients applied. In our lip care products we now use exclusively renewable ingredients from natural sources such as beeswax and sunflower wax, or rapeseed and castor oil. This way, we can replace substances such as mineral oil, which is subject to controversial public debate. At the same time, we have improved the product’s performance and skin compatibility and have reworked the packaging design of our Labello products to make the brand’s presence more modern and more emotionally appealing.



"Our objective and at the same time a particular challenge was to improve the performance and skin compatibility of our quality proven lip care products even further by using renewable ingredients from natural sources."

URTE KOOP
R&D MANAGER LIP

 **FIND OUT MORE ABOUT OUR RAW MATERIALS**

OUR CONTRIBUTION TO THE SDGS



Packaging

Avoid, reduce, reuse, and recycle – in the continual development of our packaging these four fundamental sustainability principles are our compass. We search constantly for environmental and resource friendly optimization potentials. We want to manage our use of resources and materials sustainably at all levels, in our constant effort to optimize our packaging materials consumption, energy consumption, and CO₂ emissions. Product packaging not only needs to be attractive and fulfill product-specific safety requirements: It also needs to meet our own environmental standards and the rising environmental demands of our consumers. We are taking a targeted way towards establishing a circular economy by using recycled materials, adapting sustainability-driven design, and promoting the collection and sorting of packaging waste.

Less Is More – Reducing Packaging Material

For us at Beiersdorf, the responsible use of material resources means continually exploring and realizing the savings potential of our packaging. As an example, in 2018 we minimized the wall thickness of the 250ml Hidrofugal shower gel bottle and achieved a packaging weight saving of no less than 4g per bottle. While this change may well have been unnoticeable to our consumers, since Q3 2018 alone this initiative has saved 20t of packaging material. In addition, we made our PET liner bottle labels 5.5cm² smaller, eliminating a further 2,750m² of packaging material.



While transparent trays currently contain 20% recycled materials, white trays are already manufactured from 100% recycled plastic.

Recyclability, a Design Element

A new project in the NIVEA Baby Micellar Cleansing product series builds on “Design for Recycling” – that is, integrating recyclability in our packaging design at the earliest possible stage. For instance, the bottles are completely transparent and manufactured without colored plastics additives (so-called “masterbatches”). This improves their recyclability and maximizes reusability.

Reusing Plastics as Recycled Materials

We increasingly use recycled materials in our product packaging. For example, the primary packaging of the NIVEA Razor replacement blades is already made of 100% recycled plastic – a decision in line with our fundamental principles of reuse and waste avoidance.

Every year some 9.28 million recycled plastic trays worldwide are made for products such as NIVEA Sun, NIVEA Face, NIVEA Men, Eucerin, Atrix, and Florena. Here the opportunities for saving resources are huge: While transparent trays currently contain 20% recycled materials, white trays are already manufactured from 100% recycled plastic. The availability of usable recycled materials is still limited; nevertheless, we have already successfully switched over 34,959t from conventional to recycled materials – that’s around 43% of the total annual material volume of these trays.

Avoiding Emissions Through Smart Logistics

Changing the layout of NIVEA Hand Trays has enabled us to optimize product palletizing for transportation and also reduce the impact on the environment. We now place six product items one after the other on one tray; previously, the single items were arranged with an alternate offset to each other. This means that 840 more items can be shipped on each Euro-pallet. The result is not only fewer pallets needed but also fewer trips required to ship the same number of products – another initiative that successfully reduces the environmental impact of our packaging and minimizes CO₂ emissions.

Our Commitment to Sustainable Packaging

Elements of our product packaging are made from paper and cardboard, and for these we already use mainly “Forest Stewardship Council” (FSC) certified materials. The FSC works to protect and conserve the world’s woodlands by promoting sustainable forestry. For new products in particular we already produce all paper-based packaging to FSC standards. Furthermore, in 2018 our “Sustainable Paper Packaging Guideline” was formally approved, which applies to all Beiersdorf paper-based products. With this guideline, we are pursuing a clear objective: From 2020 we will exclusively procure and use sustainable paper and cardboard materials. We will achieve this above all by



"In future we want to make an active contribution to the circular economy by continually increasing our use of recycled materials. We will drive and push this even further through new, innovative solutions and the sustainable design of our packaging."

SABRINA STIEGLER

GLOBAL SUSTAINABILITY PACKAGING
DEVELOPMENT

underpinning our purchasing processes with clear sustainability criteria, and therefore use recycled and certified sustainable materials. For all our paper-based packaging this means drawing raw materials from fully sustainable forestry.



FIND OUT MORE ABOUT OUR ACTIVITIES IN THE AREA OF PACKAGING

OUR CONTRIBUTION TO THE SDGS



Safe and Compatible Products

It is essential to us that our products are safe and can cause no harm in use. By complying with strict legal requirements and our own guidelines, we work constantly to ensure we meet the very high quality standards we have set ourselves.

For us, the concept of quality goes far beyond the material quality of our products. We see quality as a dynamic process of continuous improvement that extends to all aspects of our business performance. We express this understanding in the “Beiersdorf Quality Policy”, which guides our top management and our employees in their daily actions. It serves to raise consumer and customer satisfaction, and also underpins our competitiveness over the long term.

Safety Evaluation of all Raw Materials and Formulas

To make sure we meet our quality requirements we employ a team of experienced, highly qualified Safety Assessors. Only once raw materials and formulas have passed the legally required approval checks by one of our Safety Assessors can they be used in one of our products.

The Safety Assessors work closely with related specialist functions such as Research, Product Development, and Packaging Development. Together they evaluate every raw material we use and every formula we develop or purchase with regard to its safety and compatibility for consumers. As well as on experience and know-how, safety evaluations of cosmetic products rely strongly on scientific exchange, also on new findings. It is therefore important to us that our Safety Assessors seek international exchange and further training at international conferences, in working groups and expert teams, and where applicable also attend specialist training courses.

We also include our external service providers, such as perfume or other raw material manufacturers, in implementing our high quality standards. For example, we require them to certify their compliance with specific requirements beyond the legally required standard.

Globally Mandatory Beiersdorf Safety Requirements

We have laid down our high safety requirements in the “Beiersdorf Product Safety Policy”. It is a

globally binding policy, as we do not discriminate between regions or sites in our safety evaluation of raw materials, formulas, and products, but apply the same standards worldwide.

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



Statutory global 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 Regulatory Affairs Officers. Thus, during product development we ensure that they meet all currently applicable requirements for their respective country markets.

From Raw Material to Finished Product - Safety Assessments in Detail

The comprehensive safety assessments during the development or relaunch of products apply 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. Specifically relating to cosmetic products, this is governed by the respective raw material approval process, for example by the “Cosmetics, Toiletries and Fragrance Association” (CTFA). In the next step, our in-house scientists assess the source material in question based on analysis results, for example regarding purity and residues, as well as on toxicology and skin tolerance data. 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 collated 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 given specifications and limits for the development of new product formulas, which in the end clearly defines product use, that is, the product type and required input quantity of the raw material.

Product Safety - from Raw Materials to the Finished Product



The Cosmetic Formula

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 fungi: These can spoil products and endanger consumers. Therefore, cosmetic formulas must be capable of preventing the spread of microorganisms and also completely suppress any potential effects on the consumer. For this reason, we subject all formulas to specific microbiological stability stress-testing. In addition, we use the “bioburden” test to check our products for possible microorganism contamination during the manufacturing process.

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. In collaboration with the Beiersdorf AG Test Center, we carry out various studies on test persons to determine the compatibility of new formulas. If the tests and studies show that the formulas are very well tolerated, we are another

step closer towards launching manufacture. Only when our products have passed all tests to our complete satisfaction is the path to the consumer open.



Packaging

Alongside raw materials and cosmetic formulas, packaging materials also undergo a thorough Safety Assessment. We expose formulas and packaging materials together to various temperature and storage conditions to examine any reactions. This allows us to prevent damaging components entering formulas from the packaging, as well as any other quality losses due to packaging, over the useful life of our products.



Continuous Product Assessment

We naturally continue to take responsibility for the quality and safety of all our new products after their market launch too. Our global network of Quality Managers continuously collects information about possible complaints and undesirable (skin) reactions. Our Safety Assessors summarize all relevant findings, which allows us to react immediately, for example in case of an incompatibility. We then apply these observations and exact product knowledge in new developments or formula changes; this allows us to identify suitable 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.



PRODUCTS - FACT SHEET 2018



Our Achievements

- ✓ Achievement of 63% transition to mass-balanced palm (kernel) oil-based raw materials and the remaining 37% covered via “RSPO Credits”.
- ✓ Execution of RSPO surveillance audits to maintain the “RSPO Supply Chain Certification Standard” certification.
- ✓ 92% of our palm (kernel) oil-based raw materials are traceable to refineries and mills.
- ✓ Adoption of a policy for sustainable paper-based packaging.
- ✓ Implementation of a project to support palm oil smallholder farmers in West Kalimantan (Indonesia) in cooperation with the WWF.
- ✓ Implementation of the IT tool to evaluate the sustainability performance of our formulas and ingredients.

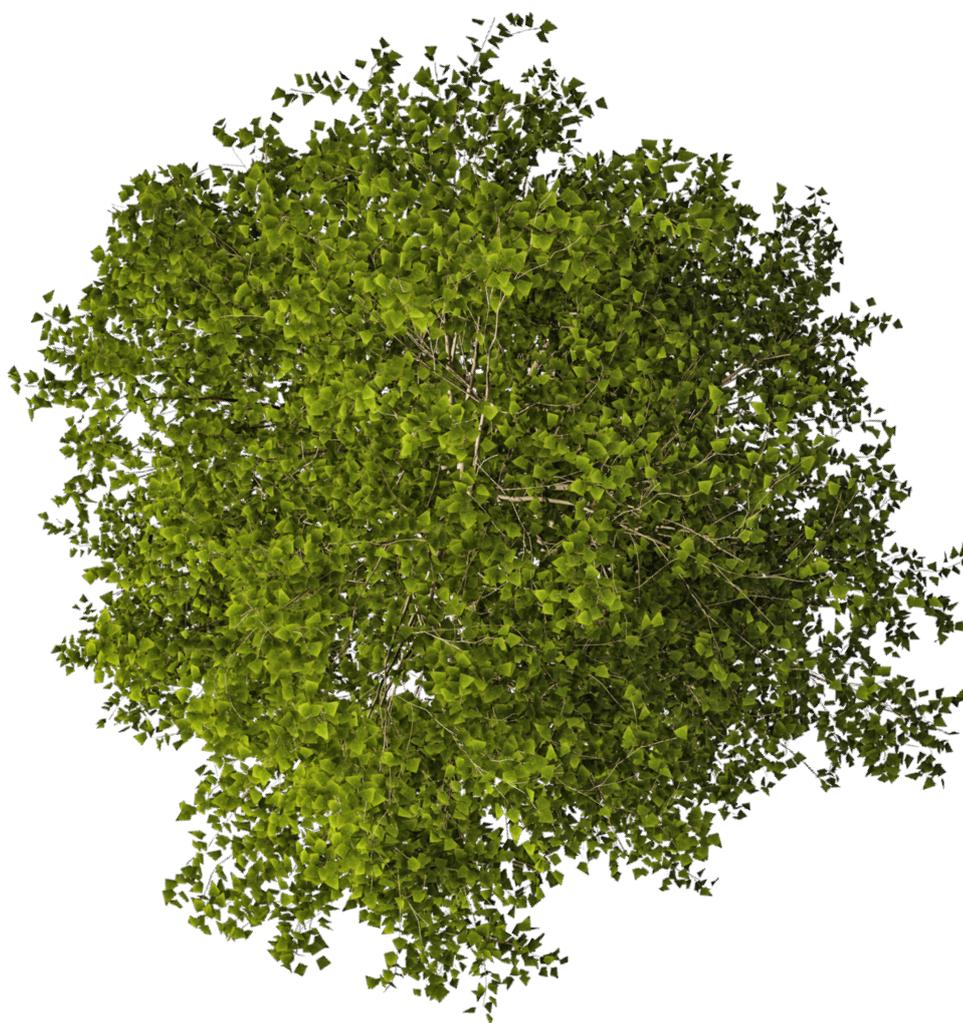


Our Next Steps

- ➔ Expansion of our commitment to support palm oil smallholder farmers.
- ➔ Launch of products, whose packaging contains recycled PET.
- ➔ Company-wide sustainability targets regarding plastic packaging.
- ➔ Development of additional targets in the area of product sustainability.

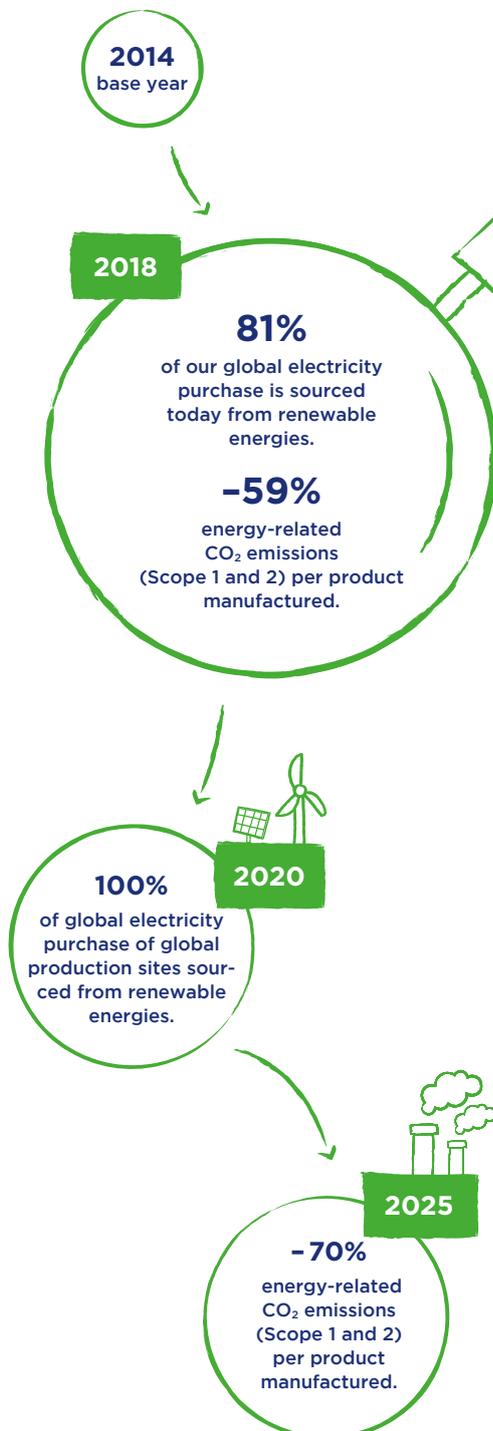
Planet

Given the many and varied environmental challenges of our today's world, Beiersdorf recognizes the importance of taking all measures necessary to counteract climate change - for instance through saving water, 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.



FIND OUT MORE ABOUT OUR PLANET ENGAGEMENT

Our Planet Engagement



As a globally operating company we actively assume our responsibility and strive to reduce our environmental footprint and conserve resources. In order to continuously identify potential for improvement and successfully implement measures, we stay in close contact with our internal and external stakeholders. This communication includes, for instance, our annual participation in the “Carbon Disclosure Project” (CDP) questionnaire through which we provide comprehensive environmental data as well as information on our management approaches in the area of climate protection. For the reporting year, we achieved a CDP climate change program assessment of “B”.

The global risks of climate change also relate to our supply chains and we assume responsibility for the greenhouse gas emissions associated with our business activities. To contribute to slowing global warming, in 2017 we developed a new Climate Target in line with the Accord reached at the “UN Climate Change Conference” in Paris 2015 (COP 21).

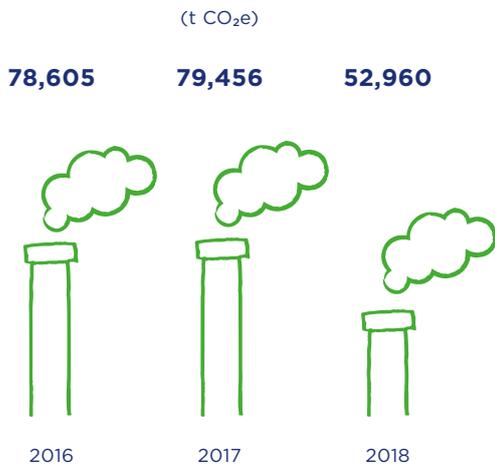
Our Climate Target*

In 2017 we set ourselves the target of reducing our energy-related CO₂ emissions (Scope 1 and 2) per product manufactured by 70% by 2025, in comparison with the 2014 base year. The progressive worldwide conversion of all our sites to electricity from renewable energy sources by 2020, as well as further energy efficiency measures at our production sites, are the key elements of our climate strategy. Through this we intend to ensure that we achieve our target by 2025.

In 2018 the second year since the publication of our ambitious Climate Target, we already achieved a reduction of CO₂ emissions per product manufactured of 59% compared with 2014. Additionally, a total of 81% of our global electricity purchase is sourced today from renewable energies.

* In our climate targets we only include our mass-market and dermocosmetics businesses. The premium business with La Prairie is conducted in a separate organization without its own production sites. The Scope 1 and Scope 2 emissions of La Prairie are not material for the overall emissions of the Consumer Business Segment. All CO₂ 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.

Beiersdorf CO₂ Emissions Scope 1 and Scope 2*



* As part of the audit to achieve limited assurance only the data from 2018 were examined.

Worldwide Data gathering to Calculate Our CO₂ Emissions

In order to verify the effectiveness of our measures and identify potential savings, we capture, consolidate, and analyze data on our global CO₂ emissions. In our calculations we include both direct emissions from the combustion of natural gas or fuel oil, and indirect emissions from our purchase of electricity, heat, or steam.

We collect energy consumption data from all production sites (except Nigeria), our office sites (since 2018 with more than 50 full-time equivalents), as well as three warehouses we operate. In recent years we have succeeded in continuously improving our data-gathering on global Scope 1 and Scope 2 emissions, and in improving the quality of our data.

The requirements of the “Greenhouse Gas (GHG) Protocol” – with emissions data from the “Intergovernmental Panel on Climate Change” (IPCC) and the “International Energy Agency” (IEA) – form the basis for calculating our energy-related direct and indirect CO₂ emissions. Within this, our energy consumption data and invoices from energy suppliers are used as the calculation basis. The consolidation approach we choose for calculating emissions is operational control.

In reporting on our CO₂ emissions we follow the “market-based” method, which also forms the basis for our Climate Target. In the reporting year we corrected our calculations regarding supplier-specific as well as “residual mix” emission factors*, and adjusted our base-year emissions figure accordingly. In parallel to this we report according to the “location-based” method ([GRI Content Index 305-2](#)). This enables us to demonstrate the contribution that electricity from renewable energies makes to achieving our climate targets.

A very small proportion of our Scope 2 emissions arises from the purchase of steam or water from district heating or cold water systems. The resulting emissions are calculated using the emission factors established in the GaBi accounting tool, as well as those of the “UK Department for Environment, Food & Rural Affairs” (Defra).

Capturing Scope 3 Emissions

Indirect emissions from purchased goods and services, that is Scope 3 emissions, significantly exceed our Scope 1 and Scope 2 emissions. We have therefore determined our supply chain emissions for 2014 on the basis of an input-output model and identified the most important categories of our Scope 3 emissions. We will carry out this analysis again in 2019 for the 2018 financial year.

Significant Scope 3 emissions arise primarily in the areas of packaging and raw materials. Here we use the results of the input-output analysis to determine the potential for reducing emissions within both of these important purchasing categories. We are already addressing these issues through product sustainability measures, such as packaging material savings, using sustainably produced raw materials, and increasing our use of recycled materials (page c-23). In 2019 we will develop and establish the method currently lacking to quantify these effects.

Scope 3 emissions from customer transportation, business trips, and third-party production are already captured via our data-gathering process. We use the “EcoTransIT” tool to calculate transport-related CO₂ emissions for deliveries to our

* The “residual mix” emission factors are adjusted grid emission factors which are used to avoid double counting of the same amount of electricity from a certain energy source. For more information please refer to [GHG Protocol Scope 2 Guidance](#).

customers in accordance with the requirements of the European standard DIN EN 16258 for the regions Europe, North and South America, Near East and Africa, as well as Asia Pacific.

When calculating indirect CO₂ emissions from business travel, we apply the requirements of the “GHG Protocol”. In 2018 data from the company’s own business travel logging system, and

for some countries the “AirPlus Green Reports” (a provider of business-travel calculation tools), provided the basis for our calculations. “AirPlus” calculates emissions using the emissions calculator established by “atmosfair”, a non-profit climate protection organization.

 **FIND OUT MORE ABOUT OUR PLANET COMMITMENT**

OUR CONTRIBUTION TO THE SDGS



Energy

Our energy management focuses on lowering our direct and indirect consumption of fossil fuels. To achieve this, we are switching our electricity supply to 100% renewable energies globally. Furthermore, we have defined energy-saving potentials and energy-efficiency measures at all our sites, and are implementing these progressively.

Switching to Electricity from 100% Renewable Sources

We have set ourselves the objective of transitioning all our production and office sites globally to electricity from renewable sources by 2020.

Since 2018 all Beiersdorf production sites worldwide, except Mexico and Nigeria, already purchase electricity from renewable sources. Joining our sites in Germany and Spain, which already switched over to renewables earlier, as of 2018 our production sites in Chile and Poland are directly supplied with electricity from renewables. In many other countries a direct electricity supply from renewable sources is not yet possible, or not fully available; the remaining production sites therefore purchase “International Renewable

Energy Certificates” (I-RECs) for the electricity they procure.

What is more, we have also made major progress in switching over our offices to renewables: Since 2018 26 further office sites worldwide have been using electricity from renewable sources. Here, too, the switchover takes place through direct supply, the purchase of I-RECs, or “European Guarantees of Origin”. Compared to the previous year these facilities caused 2,679 tCO₂e less emissions. Next year further office sites will follow.

At some of our production and office sites we also cover a share of our electricity needs through photovoltaic systems. Our production sites in Shanghai and Thailand have started to build their own photovoltaic power plants.

In 2018 our photovoltaic systems produced 838MWh of environmentally friendly energy worldwide – the approximate annual electricity consumption of 168 three-person households in Germany (see [Statistisches Bundesamt](#)).

Energy Management to Defined Standards

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. Furthermore, the SOP stipulates that energy-efficiency measures are integrated right from the planning stage in every new build or expansion project in our production network. Additionally, at our Hamburg production site we run an energy-management system certified to ISO 50001. Our production sites in Berlin and Waldheim carry out audits according to the “German Energy Services Act” instead.

“Blue Production Center” Energy-efficiency Initiative

Reducing energy consumption at our sites depends on numerous individual conditions, from lowering the temperature of hot water in production through improving the thermal insulation of buildings to reusing waste heat. As part

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



* As part of the audit to achieve limited assurance only the data from 2018 were examined.

of our “Blue Production Center” initiative all our production sites worldwide systematically and continually identify energy-saving potentials, and plan site-specific energy-efficiency improvement measures.



At our production site in Mexico a tri-generation plant already covers part of the site's energy requirement and thus reduces our overall CO₂ emissions.

Almost all our production sites successfully finalized corresponding plans and launched initial measures in 2018. For example, at our production site in Mexico a tri-generation plant came on stream that already covers part of the site's energy requirement. In the future it is intended to provide the site's full power supply. Even better, as this system

produces far less CO₂ per megawatt-hour than external power stations, it also lowers our overall CO₂ emissions.

In order to benefit globally from insights gained locally, experiences of best practice are regularly exchanged across our international network.

Green Logistics - Raising Efficiency and Lowering Emissions Through Collaboration

Beiersdorf relies on sustainable logistics solutions to reduce transport-rated emissions systematically. These solutions include the regular optimization of ship container loading, improving truck capacity utilization, and optimizing freight transport routes. Collaborative projects such as “NexTrust” also contribute to raising the efficiency and sustainability of our logistics processes. This EU-financed project supports collaboration between 31 partners in the European logistics sector. A six-week pilot phase in 2018 showed that close collaboration between logistics partners can achieve valuable synergies through better transport capacity utilization, for instance by avoiding empty runs and therefore CO₂ emissions. Further advantages of cooperation are the long-term reduction of the administrative effort required, and faster overall logistics handling.

 **FIND OUT MORE ABOUT OUR ACTIVITIES IN THE AREA OF ENERGY**

OUR CONTRIBUTION TO THE SDGS



Waste

We are driving our efforts forward to avoid and recycle waste. After all, this is the only way that waste management can play its part in reducing CO₂ and protecting the climate. At our production sites worldwide we are continuously optimizing our established waste management processes and introducing new ones. Disposal of waste as landfill represents a particular burden on our environment. In 2015 we therefore committed to an ambitious goal of “Zero Waste to Landfill”. We stopped landfilling of waste for our distribution centers in the USA and Canada in 2018: This means that 16 out of 17 production sites, as well as 21 distribution centers, have already achieved our goal “Zero Waste to Landfill”.

Separate, Recycle, Reduce

In most cases, waste is actually a valuable source of raw material: With professional separation and treatment it can often feed materials into new production processes. We are therefore looking closely at potential solutions for improving waste separation at our sites. We also examine overall efficiency improvements in general when planning these processes. For example, by optimizing the planning for our finished goods inventories worldwide we reduce the destruction of finished goods and therefore reduce waste volumes.

Soil Surveys for Site Expansions Worldwide

As part of the planned expansion of our site in Malang (Indonesia) we are currently carrying out soil surveys to help us identify any potential soil contamination and dispose of affected soil in an environmentally friendly way. As a general principle we carry out such investigations whenever we undertake work requiring excavation on sites we own.



 FIND OUT MORE ABOUT OUR ACTIVITIES IN THE AREA OF WASTE

Waste Volume (production sites)

(tonnes)

20,699

26,560

27,333



2016



2017



2018

OUR CONTRIBUTION TO THE SDGS



Water

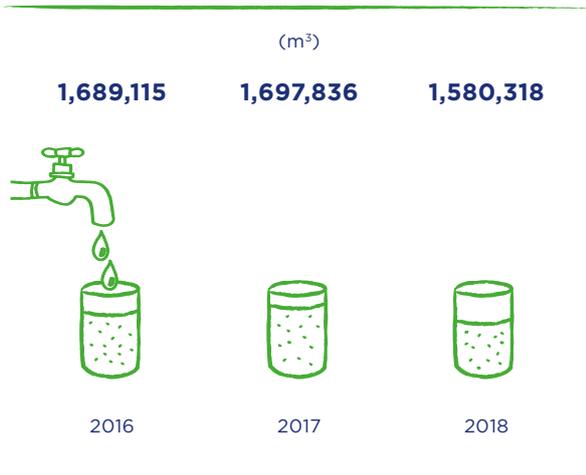
Today water scarcity is a threat, especially in regions with a high location-specific water risk. Worldwide, clean water is becoming scarcer due to climate change and the growing world population. As early as 2013 the “World Economic Forum” (WEF) identified the shortage of clean drinking water as one of the greatest global risks. At Beiersdorf we also see water as a precious and vital resource. Therefore, across all company areas and processes, our constant objective is to find opportunities and implement suitable measures to minimize water consumption and wastewater volumes.

today, and plan to operate a new wastewater neutralization plant.

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. This allows us to secure the water supply for our production network without impacting the supply to the local population. Up-to-date information helps us identify developments and challenges, and to take early preventative action through site-specific and appropriate measures.

Water Consumption (production sites)



Optimized Water Treatment in Mexico

At our site in Mexico we have further optimized the reverse osmosis system in operation there. This system pre-cleans our supply of well water, which is then used in production. Thanks to these optimization measures the water is now purified more thoroughly, more efficiently, and with less effort. This means we can achieve significant water savings and reduce water losses during the treatment process. In addition, the amount of energy required has decreased as a result of optimizing the processes.

Latest Technologies to Reduce Water Consumption

We want to minimize water consumption in our production processes, company buildings, and all other areas. Especially in high-consumption cleaning processes we rely on cutting-edge equipment and innovative technologies. Likewise, in other water-sensitive areas of the production process and as part of site expansions, we adapt existing technologies to reduce our water consumption and optimize it further. We harness the latest technical processes to purify wastewater so we can use it for example in cooling, watering green spaces, and sanitation. At our new, expanded site in Hamburg we are aiming to cover future requirements as far as possible

In Mexico we successfully reduced our water losses by optimizing water purification.



Wastewater Volume (production sites)



Improved Wastewater Purification Through Sharing Best Practices

Since this year we have been working on optimizing the wastewater treatment plants at all of our production sites globally. A parallel goal is to exchange best-practice approaches continuously across our sites, in order to establish comparable standards and maximize our wastewater processing efficiency. As part of this we also consider modernizing or exchanging technical facilities in order to constantly increase the share of process water we can reuse while reducing our costs and energy consumption.



**FIND OUT MORE ABOUT OUR ACTIVITIES IN
THE AREA OF WATER**

OUR CONTRIBUTION TO THE SDGS



PLANET - FACT SHEET 2018



Our Achievements

- ✓ Our production sites:
 - 8% stationary energy*
 - 57% CO₂ emissions*
 - 82% electricity from renewable sources
- ✓ Our offices:
 - 77% electricity from renewable sources
- ✓ Stop landfilling of waste for our distribution centers in the USA and Canada.
- ✓ Optimized water treatment in Mexico.
- ✓ Improved waste water purification through sharing best practices.

* At our production sites per produced unit. (Base year 2014)



Our Next Steps

- Electricity from renewable sources for Nigeria and Mexico and additional office sites.
- Detailed analysis of the most relevant categories of our Scope 3 emissions.
- Measures for further reduction of CO₂ emissions from fossil fuels at our production sites.
- Development of methods to quantify the emission reductions from already implemented measures in the area of ingredients and packaging.
- LEED certification for expansion of our production site in Malang (Indonesia).
- Stop landfilling for production site Nigeria and warehouse Peru.
- Commissioning of photovoltaic plants at our production sites in Shanghai and Bangkok.
- Further improvement of wastewater purification in production sites.

People

Our employees' welfare takes special priority within our sustainability strategy. A healthy, attractive working environment and extensive career development opportunities are fundamentally important to our success.

Carefully considered, value-based action provides the basis for successful collaboration and emotional engagement from our employees.

Beyond our company boundaries we support disadvantaged families through numerous local initiatives.



FIND OUT MORE ABOUT OUR PEOPLE ENGAGEMENT

Social Responsibility

Assuming our responsibility as a company for our immediate social environment and having a positive and sustainable influence on our fellow citizens is a matter of course for us at Beiersdorf. Our company's Core Value **Care** is a guiding principle for our numerous health and safety initiatives that support the wellbeing of our employees. In addition, we implement long-term social projects in collaboration with local experts. Through these we can help socially disadvantaged people around the world – also beyond the reach of our own value chain. Based on this approach, in 2013 we formulated our ambitious commitment in the focus area “People”: By 2020 we intend to have reached and improved the lives of one million families.

We pursue this goal through twin approaches: Our brands' social sponsoring activities on the one hand, and our corporate philanthropic engagement on the other. Both approaches are fully aligned with our guiding principle of “helping people to help themselves”, but follow differing implementation and communication strategies.

Supporting Families Sustainably, Adjusted Locally

Disadvantaged families are the focus of our “People” commitment. This reflects Beiersdorf's long tradition of providing care, while bringing our brands' values to life. The family is the smallest social unit and therefore plays a special role in tackling social issues and promoting change in society. We want to provide long-term, holistic support and our initiatives therefore work to engage with entire families, for example through involving the parents in child education projects.

We implement our family initiatives in five social 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.

Even though each project may focus directly on individual family members, they ultimately contribute to improving the wellbeing of the whole family. This framework also enables us to align our social commitment and the individual initiatives we support with disadvantaged families' specific local requirements. Although we work to reach as many families as we can, addressing their local needs effectively and sustainably is more important to us than reaching the largest possible number of families.

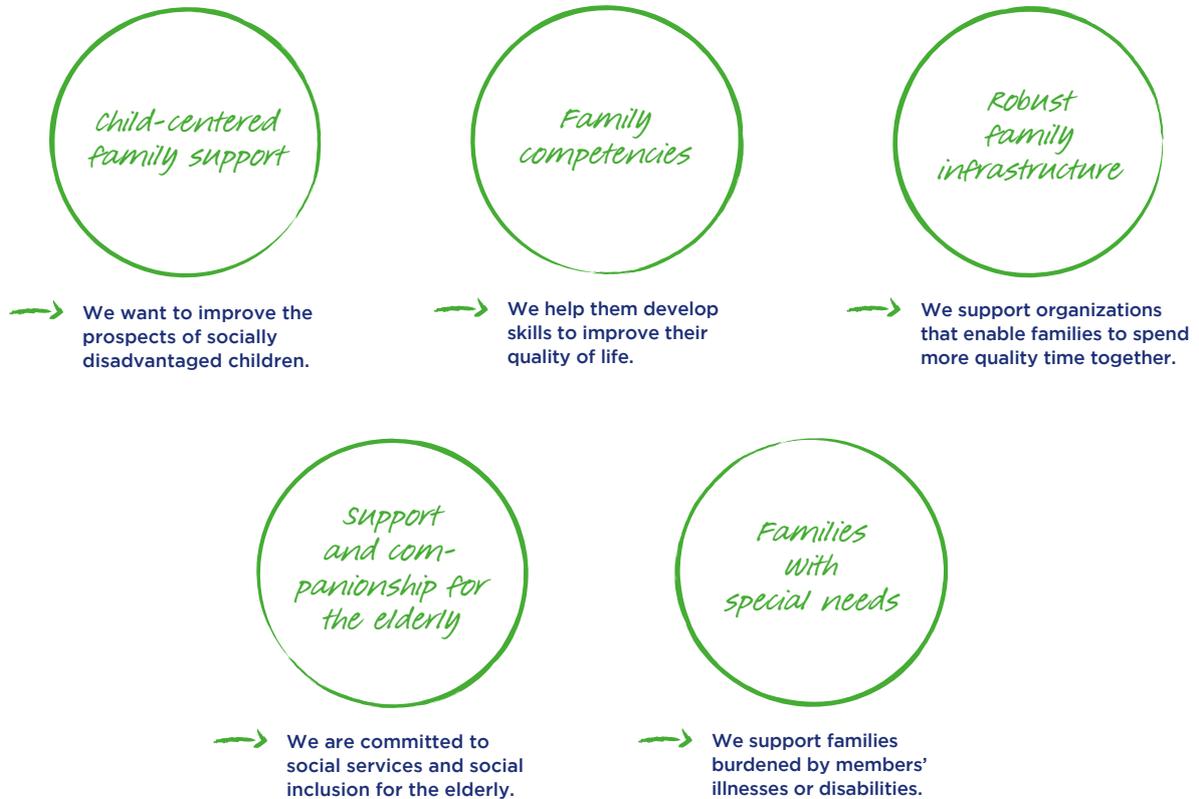
Building Trust-based Partnerships

We work together with local non-profit organizations that develop and implement social projects. Our local affiliates select the projects we sponsor and carefully monitor the implementation; in this way, we can make sure a potential partner meets our selection criteria:

- The potential partner organization possesses deep local know-how within the selected social focus areas and has demonstrable expertise in effective and efficient project set-up.
- The organization enjoys a good reputation and is considered trustworthy by independent institutions, as reflected by rankings for instance.
- The organization has a transparent working approach and dedicates at least 75% of donations directly to financing its projects.
- The organization is not run for profit, has no political affiliation, and does not pursue a primary religious objective.

Through fulfilling these criteria, maintaining open dialogue, and regular alignment of responsibilities and expectations, we build robust, long-term, and efficient partnerships, thereby securing the basis for sustainable social initiatives.

Beiersdorf Social Focus Areas



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

Our Brands’ Social Commitment

Our brands engage on families’ behalf 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 while enhancing our brands’ reputations.

We constantly and transparently provide consumers with information on our social initiatives and invite them to participate actively in these themselves.

With “NIVEA cares for family”, our core brand is committed to improving families’ wellbeing

through three key approaches: Building competencies for children, empowering mothers, and providing space and facilities for families to spend quality time together. 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 engages on behalf of philanthropic initiatives. In contrast to our brands’ commitments, the focus here is more on financial and product donations than sponsoring activities: For instance we support people affected by unforeseeable events such as natural catastrophes. As many of these measures are hard to quantify, they are not always included in our ambitious “People” commitment. Our guiding principle here is that providing effective and rapid aid is more important than meeting quantitative targets.

Global Assessment of Our Local Social Commitment

By 2020 we intend to reach and improve the lives of a million families. We pursue this ambitious goal in our “People” focus area mainly via social sponsoring activities, as well as through our philanthropic commitment on the corporate level. To monitor the progress of our activities we carry out an annual assessment of all the social projects we support worldwide in order to monitor our progress constantly and accurately. The project managers at our affiliates collate all locally relevant data and enter this in “susy”, our sustainability management software. Standardizing this data to enable us to analyze our activities globally is a challenge, as our projects around the world support families in very different ways. Nevertheless, the principles and standards that we apply in analyzing the data also provide the basis for the year-round collaboration between our Global CSR team and our local promoters’ network. The results of the global analysis not only form a key information database for our internal sustainability management, they are also in integral part of our sustainability reporting.

Although the quality of our projects always takes priority over their quantitative contribution to reaching the target, we keep a close eye on the numbers: In 2018 we supported 121,241 families through our social projects, meaning we have reached a total of 961,936 families since 2013 via our commitment. We are proud of this performance and can confirm that we will have reached our ambitious quantitative target by 2020.

Reporting Transparently on Our Progress

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



FIND OUT MORE ABOUT OUR PEOPLE COMMITMENT

OUR CONTRIBUTION TO THE SDGS



NIVEA | SISTER2SISTER AUSTRALIA

10 Years of Partnership Between NIVEA and “Sister2sister”

For ten years now NIVEA Australia has been involved in the mentoring program “Sister2sister” established by the “Life Changing Experiences Foundation”. This early intervention initiative is dedicated to assisting girls in particularly difficult life situations in their development towards becoming independent young women. They learn how to bring about change in their own lives, thereby helping to break cycles of suffering that often stretch over generations. More than 300 young girls aged from twelve to 18 have already taken part in this program that NIVEA supports. Beyond NIVEA Australia’s long-term involvement, the company’s employees also make a personal and proactive contribution to these teenagers’ futures.



"Our involvement with 'sister2sister' now covers more than ten years. I have seen firsthand how this charity makes a positive change in the life of vulnerable young girls through positive mentoring by a successful older female role model. It's a great brand fit and an uplifting experience being involved."

CLYNTON BARTHOLOMEUSZ
MANAGING DIRECTOR BEIERSDORF AUSTRALIA

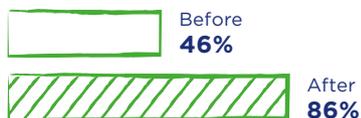
One-year Mentoring Program Builds Strong Self-confidence

The young participants in “Sister2sister” have often suffered traumatic experiences, are growing up in precarious family circumstances, or are threatened by poverty, homelessness, or abuse. Their problematic life situation makes it difficult for these teenage girls to forge their own futures in a positive way. “Sister2sister” provides these young women with a personal female

mentor – a “big sister” – who can highlight potential perspectives, be a positive role model and support them on several different levels. The trusting and stable relationship with their mentors, along with workshops that accompany the program, help the “little sisters” to face up

Little Sisters Before and After Participating in the “Sister2sister” Program*

Can identify relationships that are bad for them



See higher school certificate as important for their future



Feel confident in social situations



Are self-confident



* “Sister2sister” Annual Report 2016.

to risks and challenges. On completing the program 79% of the teenage participants say they have self-confidence, while at the start of the program this figure is just 36%. Further measurable changes are a decline in alcohol and narcotics consumption in this group, a rise in more secure employment relationships, and stabilization in their personal relationships.

Successful Thanks to Long-term Concept

Ingrained behavioral patterns can be changed permanently, especially when positive experiences are repeated over an extended period. This also holds true after the participants finish the program, as the mentoring relationship often grows into a lifelong bond - 95% of the mentors continue to support their “little sisters” after these have completed the program. The good results and the deep personal experiences that the employees involved gather inspire them to undertake further activities. Several female NIVEA employees have actively accompanied girls at risk throughout the program. Other employees engage on behalf of the project through collecting donations and organizing events, and surprise the “little sisters” at Christmastime with presents. Besides this, NIVEA Australia also provides infrastructural support, regularly makes equipment and marketing services for activities available, and offers office space for the training program.

Sustainable Engagement by NIVEA Australia

The program’s successes and the positive experiences gathered are an incentive for the future. These have led NIVEA Australia to launch a “Social Awareness” campaign in 2019 to raise the awareness of consumers of the work of “Sister2sister” and encourage them to contribute their active support. The role and achievements of the “big sisters” will be additionally highlighted within the campaign. Furthermore, NIVEA Australia has set itself the objective of making the participation of 100 more little and big sisters in “Sister2sister” possible by 2020. This is a contribution to giving as many teenage girls facing personal crises a possible positive stimuli for their future, thereby continuing the success story.



HANSAPLAST | GERMAN RED CROSS

Hansaplast Germany Continues Successful Initiative

Under the banner of “Bringing First Aid Home”, together with national Red Cross Societies, Hansaplast has supported first-aid initiatives worldwide for several years now. Its objective is to strengthen awareness of first aid and enable every individual to provide effective help in an emergency. In Germany Hansaplast has already cooperated with the “German Red Cross” (GRC) since 2014. The joint initiative “Noone is too Small to be a Helper” aims at sensitizing children to the importance of first-aid and introducing them to first-aid measures progressively.

Junior First-Aiders Prepare for an Emergency Through Play

In everyday life kids often have an accident just when there are no adults around. This is why the GRC developed targeted courses for grade school pupils that focus on accident prevention, first aid, and treating wounds. Key questions are presented and answered in a playful context, such as: “What do I need to look out for when treating a cut knee?” and “How does the recovery position work?” This approach already stimulates

children's willingness and ability to provide first aid at an early age, and represents a cornerstone in their progressive development of comprehensive first-aid skills.

Hansaplast and the GRC Take First-Aid to Schools

To reach children as early as grade school the "German Red Cross" is training teachers to deliver Junior First-Aider courses. These specially prepared teachers impart key first-aid skills to pupils right in their classroom. Complementing the core offer are additional courses that the Red Cross can also run directly on the school premises if required. Hansaplast provides financial support, undertakes associated marketing activities, and provides the young first-aiders with materials and products. This includes a starter set that helps the children anchor their knowledge more deeply. The initiative's goal is to train 50,000 children across Germany by the end of 2019 to become Junior First-Aiders.



Children are introduced to the topic of first aid at an early age. This enables them to give first aid safely and confidently in an emergency.

EUCERIN | GERMANY

Neurodermatitis Counseling for Higher Quality of Life

Between 10 and 20% of all children worldwide suffer from neurodermatitis*. There is so far no cure for this skin condition, which very significantly limits children and adolescents in their daily lives. Babies and infants suffer especially badly from the terrible itching. This particular

situation is a strain on the whole family and parents are often at a loss as to where to find help and well qualified advice on specific care. Together with the "Arbeitsgemeinschaft Neurodermitis-schulung e.V." (AGNES), Eucerin has offered individual counseling on neurodermatitis care since 2011. This recommends targeted measures to relieve the little patients' and their families' suffering, thereby measurably improving their quality of life.

Individual Counseling for Affected Families

The specially developed, interdisciplinary group and patient training sessions run by AGNES provide affected children and families with support beyond standard medical advice, which can often be limited. Eucerin complements this offer with individual counseling on neurodermatitis care for families that are for instance unable to take part in the group training sessions due to factors beyond their control. The specially trained neurodermatitis consultants with a professional background in nursing are highly experienced in working with young people and respond to their fears and worries with great sensitivity. Every year Eucerin finances up to 1,000 care consultancy sessions, as well as providing care products and materials.

Making Everyday Life Easier for Parents and Children

Since 2011 6,376 families have received support from this initiative by Eucerin and AGNES. Through regular surveys of sufferers' parents, AGNES measures the positive impact of the combination of specialist advice and effective products. The results document the initiative's success: The young patients' skin symptoms are relieved by up to 50%**.

This major improvement has a very significant effect on the neurodermatitis sufferers' daily lives, with the children's skin itching and insomnia declining by an average of 50%.

* Lyons JJ et al., 2014, Atopic dermatitis in children: Clinical features, pathophysiology, and treatment. *Immunol Allergy Clin North Am.* Darsow U et al., 2005, Position paper on diagnosis and treatment of atopic dermatitis. *J Eur Acad Dermatol Venereol.*

** Rolinck-Werninghaus C, Trentmann M, Reich A, Lehmann C, Staab D, 2015, Improved management of childhood atopic dermatitis after individually tailored nurse consultation: A pilot study - *Pediatric Allergy and Immunology*, DOI:10.1111/pai.12338.

SOCIAL RESPONSIBILITY AT OUR HAMBURG HEADQUARTERS

In Hamburg we cooperate with more than ten regional non-profit organizations within our social engagement. We value sustainable collaboration with them, which usually stretches over a three- to five-year period. Together with these organizations we identify where and how Beiersdorf can best support their work locally. Here it is important to us that our employees are also able to engage personally wherever this makes sense. We involve our cooperation partners in company-internal campaigns and initiatives, for instance as recipients of our “Lucky Cent”, in joint donation initiatives together with [“betterplace.org”](http://betterplace.org), or at our “Employees’ Christmas Market” that has taken place annually for the last six years where all proceeds are donated. The continuity and multi-faceted nature of such collaborations with our non-profit partners helps our employees develop a deeper understanding for these partners’ work; sometimes the activities we initiate lead to a longer-term private engagement.

Firm Partnerships in Refugee Aid

Through this approach to direct collaboration, at our Hamburg headquarters we have also gathered positive experience in refugee aid. Through product donations, team days at refugee shelters, and refugee integration internships at Beiersdorf, long-term, binding partnerships have developed with committed, Hamburg-based non-profit organizations. Via the “Chancen am Fluchtort Hamburg” (Refugee Opportunities Hamburg) network we have been able to build a close relationship above all with verikom - “Verbund für interkulturelle Kommunikation und Bildung e. V.”, within which we support refugees’ job application training as well as communication or computing courses. Together with verikom and [“W.I.R. - work and integration for refugees”](http://W.I.R.), by the end of 2018 Beiersdorf was able to provide 37 six-week and three-month internships for refugees. Completing such an internship is often the first opportunity that refugees have to work in a German company, thus demonstrating their qualifications and German language skills in professional life.



This way we are working to set an example for the social and vocational integration of refugees. We offer applicants functional areas that best match their qualifications, for instance in Real Estate, Legal, Research and Development (R&D), or Production Technology. We find them a “buddy”, a voluntary employee, as a trusted personal contact and networker for the integration intern throughout or even beyond their internship.

By 2020 we plan to offer a total of 100 integration internships for refugees at our Hamburg headquarters.



FIND OUT MORE ABOUT OUR SOCIAL RESPONSIBILITY

People at Beiersdorf

It is our employees who make us what we are as a company. At the same time, our business success reflects our good relationship with our employees. In fact, Beiersdorf’s achievements as a company are thanks not only to their individual professional qualifications but also their commitment, to which their wellbeing is a significant contributor. These central ideas are firmly embedded in our Core Values and in our “Roadmap 2020”.

We want to be the employer of first choice. This applies both to our employees and potential applicants. Particularly in a time of profound change in the working environment, we offer attractive and secure jobs, comprehensive training and development opportunities, and a broad portfolio of options for achieving a healthy work-life balance.

As of December 31, 2018, we employed 15,142 people in the Consumer Business Segment, an increase of 4.6% compared with the previous year (14,477). Of this total, 8,188 were employed in Europe (an increase of 6.3% compared with the previous year), 4,426 in the Africa/Asia/Australia region (an increase of 4.8%), and 2,528 in the Americas region (a decrease of 0.9%).



The Heart of Good Human Resources Work: Our “People Agenda”

Three years ago, as part of our “Roadmap 2020”, we established a program to put a spotlight on our employees and organization: the “People Agenda”. In the reporting year, we continued to work on the program’s areas of strategic focus, as described briefly in the following:

→ **Employee engagement:** Employee engagement is a decisive factor in the way we do business. Since 2013 an annual, Group-wide employee survey has been our tool to identify where action is needed at team and organizational level. In 2018 we enhanced the questionnaire and used a faster and more flexible survey tool in selected regions. This is set to be rolled out globally in 2019.

→ **Lean structures and improved processes:** At the end of the reporting year, we established a new global tool to steer human resources work. This was another important step toward the digitalized future and established a much better technological basis for innovative HR operations. The online tool brings together all the relevant information about an employee and allows all processes relating to talent reviews, employee development, and training selection and booking to be combined centrally. It also creates greater transparency and a better overview for all parties involved: employees, managers, and Human Resources.

→ **Talent and employee development:** A professional HR organization is the basis for the optimal development of our employees. We encourage the individual talent and potential of our staff and offer all employees the opportunity to actively mold their career to their own abilities and interests. Our professional development provision includes programs for new talents, language courses, specialized training, and dedicated programs for managers. We aim to fill management positions with talented people from within our own ranks. To make this possible, we systematically prepare our employees for their new roles. In 2018 75% of positions at the first management level (previous year: 75%, Roadmap 2020 target: 75%) and 80% at the second management level (previous year: 88%, Roadmap 2020 target: 90%) were awarded to internal candidates.*

To ensure a strong management pipeline and a high degree of transparency about the po-

* Unless stated otherwise, all figures in this chapter refer to the Consumer business excluding La Prairie and Japan.

tential within the organization, we overhauled the talent review process in the reporting year, standardizing it all around the world. All employees who are either outside collective agreements or in the top pay grade under a collective agreement can take part in this. They then receive additional personal feedback from their manager.

Beiersdorf uses various different methods for identifying new talents and helping their long-term development. In Hamburg alone, we trained 112 young people in nine occupations in the year under review. The value we place on approaching potential employees at an early stage is demonstrated by a special initiative that forms part of our recruitment work: the “International Internship Challenge”. In 2018 for the fifth year in a row, we invited the best 32 students from some 1,500 applicants living all around the world to a two-day career event at our Group headquarters in Hamburg. At the end of the challenge, four internships outside Germany were awarded in Brand Management & Digital Marketing, Sales & eCommerce, Supply Chain Management, and Finance & Controlling.]

- **Internationalization:** As a global company operating in many different cultural and economic contexts, we continuously invest in expanding the international and cross-functional experience of our employees. Employees from 100 countries worked at Beiersdorf as of the end of the reporting year (previous year: 98). 39% (previous year: 37%) of the managers from our top three management groups had lived and worked outside of their home countries for at least three years.
- **Leadership and learning:** We promote the talent and potential of our employees, which means that we are already addressing future needs today. Lifelong learning is more than just a catchphrase for us; it is instead essential to continuously keeping up with profound changes in the working world. We have therefore established a wide portfolio

of training (see also “Knowledge and learning”). In addition to the culture of learning, good leadership is also a central aspect of our “People Agenda”. Our goal under our leadership concept is to develop leaders who are authentic and inspiring and who empower their team to outstanding achievements (see also “Leadership and Employee Engagement”).

New World of Work – New Ways of Working*

The working world is undergoing profound transformation. 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. As a company operating in many different countries worldwide, we are equipped to meet this need. We are supporting our employees to 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.

“We Shape the Way We Work”

With the “We Shape the Way We Work” initiative, we implemented our global “Agile Working” strategy across the company in 2017. We forged ahead in the reporting year with this employee participation-based initiative, implementing and continuing measures that contribute toward the four areas of agile working:

- Work environment
- Knowledge and learning
- Leadership and employee engagement
- Participation in decision-making and company success

Work Environment

To recruit, develop, and retain qualified employees, we constantly work to increase our attractiveness as an employer. The main aim is to create

[* Unless stated otherwise, all figures in this chapter refer to the Consumer business excluding La Prairie and Japan.]

a working culture and working conditions that boost the performance, commitment, and satisfaction of all employees.

We remunerate our professionals and executives fairly and competitively all around the world. Moreover, wages and salaries in the lowest income tier always considerably exceed the local minimum wage, which differs from country to country. In the reporting year, the remuneration of the lowest-earning 10% of employees in the company exceeded the applicable statutory minimum wage by a factor of 2.5 (previous year: 2.4) on average. We also offered voluntary social benefits at all our organizations, going beyond the local statutory provisions. These benefits were tailored to local needs. The most widespread were supplementary health insurance (in 68% (previous year: 62%) of our organizations) and supplementary pension arrangements (in 65% (previous year: 54%) of our organizations) financed by Beiersdorf, as well as subsidies for food (in 76% (previous year: 79%*) of our organizations) and transport and mobility (in 55% (previous year: 59%*) of our organizations). Almost a third of our Beiersdorf organizations around the world also invested in childcare provision in the reporting year (previous year: 35%). “TroploKids” at Beiersdorf’s headquarters in Hamburg is one of the oldest in-company day care centers in

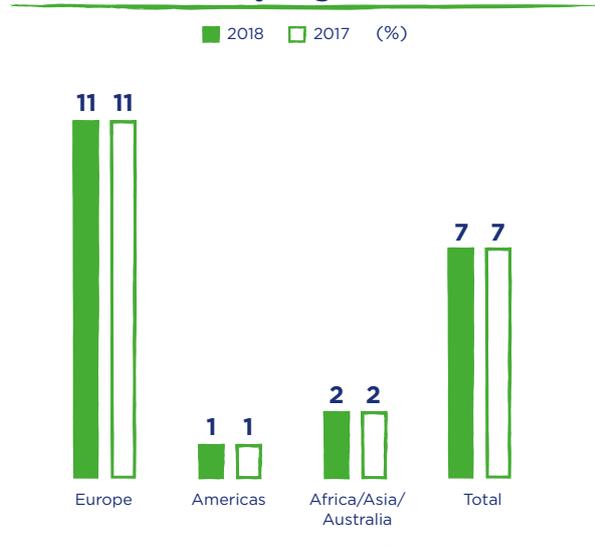


Germany. The center, which celebrated its 80th anniversary in the reporting year, employed 30 employees as of December 31, 2018, looking after a total of 100 children aged from nine months to six years.

We offer modern working conditions and a diverse range of flexible-working options that are built on trust. This helps our employees to work effectively and maintain a healthy work-life balance. 58% of our organizations (previous year: 56%) offer their employees flex time, 65% (previous year: 63%) mobile working or home office, 48% (previous year: 45%) part-time working, and 21% (previous year: 21%) offer the opportunity to take sabbaticals. The figure on the left shows the proportion of part-time employees by region. Alongside standard part-time working, job sharing (where two employees share the same position) has long been part of our culture, including at management level. Using the “two:share” in-house online platform, those interested in job sharing can set up a profile – anonymously if they prefer – and search for a suitable tandem partner. A special matching algorithm also actively suggests appropriate candidates (see also “Equal Opportunities and Diversity”).

We switched the first workstations to the new “Office 365” technology in the reporting year. This was a big step toward the digital working world of the future, which will help us in the coming months to work together in an even more connected way and communicate more effectively. The global roll-out of “Office 365” is due to be completed in 2019. Apps such as “Teams”

Part-time Employees by Region



* Prior-year figure adjusted due to changes in the internal reporting structure.

or “Yammer”, an internal Twitter-style service, will significantly change our ways of collaboration, making this more efficient.

The company’s own health management, which is enhanced from year to year, is another important aspect in shaping Beiersdorf’s reputation as an attractive employer. 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 initiative in staying healthy. Approximately 92% of Beiersdorf organizations worldwide offer health promotion measures (previous year: 82%).



Knowledge and Learning

In today’s fast-changing working world, the importance of lifelong learning is constantly increasing. We therefore systematically invest in the professional development of our employees and support their talents in an individualized and lasting way. This ensures that they can keep pace with the latest developments and are equipped with a skill set ready for the future. In 2018 our employees in all regions once again benefited from the training provided by the “Beiersdorf Academy”. Alongside learning on the job and learning from colleagues, this forms the foundation for our continuous learning within the organization. The range of training programs with a total of twelve functional and cross-functional academy segments, including development opportunities for managers, digital competencies, and agile working methods, has further

expanded. For example, sales, planning, and quality academies were added with completely new training concepts in 2018. The content of our training continues to mix theory with practical examples. Our constantly expanding range of online-based, virtual learning formats also gives our employees access to knowledge at any time and nurtures the habit of continuous learning.

Leadership and Employee Engagement

With “Leadership the Beiersdorf Way”, which we launched in 2017, we established our understanding of a good leadership culture at Beiersdorf. This is based on our Core Values of **Care, Simplicity, Courage, and Trust**. The aim of “Leadership the Beiersdorf Way” is to develop leaders who are authentic and inspiring, and who empower their team to outstanding achievements. This approach explains leadership partly from the perspective of those who are being led, thus increasing the acceptance and engagement of all employees.

Following the Beiersdorf philosophy, good managers set an example and drive the necessary processes of transformation within the company in a changing working world. Their approach encourages a combination of “empowerment” and “depowerment”. This means that managers transfer more decision-making powers to their employees (“empowerment”) and, for the sake of faster processes, step back from some areas where they previously made the decisions (“depowerment”). To develop these and other skills, Beiersdorf offers its managers diverse training options, including in collaboration with the renowned “IMD Business School”. Alongside tailor-made management development programs, the offering also includes open-enrollment programs.

Another area of emphasis for us is employee engagement. Since 2013 we have used an annual employee survey to promote open dialogue within teams. We encourage all employees to take the initiative in defining and implementing targeted measures based on the survey results. In 2018 we enhanced the survey and used a faster and more flexible survey tool in selected regions.

Therefore a global survey was not executed in the reporting year. The new survey platform, which is set to be rolled out globally in 2019 for the next Group-wide survey, enables real-time feedback and mobile access.

Participation in Decision-making and Company Success

Dialogue on an equal footing with employees is a reality at Beiersdorf. Our employees participate in key decision-making processes with a major influence on the success of our company. The close involvement of employee representatives is also part of our corporate culture. At the end of 2018, 56% (previous year: 51%) of our organizations worldwide had a works council, a union organization, or another form of employee representation, despite this being a legal requirement for only 45% (previous year: 37%) of our organizations.

Events at global and local level, such as town hall meetings, round tables, and online chats, offer our employees an opportunity to talk directly to the Executive Board and other senior managers at eye level. We also allow our employees to actively help shape the working world of tomorrow in a multitude of ways. One major project in the reporting year that put a particular emphasis on employee participation was the future Beiersdorf campus. The new Group headquarters at the company premises on Troplowitzstrasse, Hamburg, are due to be completed in 2021 and will contain approximately 3,000 state-of-the-art workstations. In addition to providing continual project updates and holding town hall meetings, the project team initiated various online surveys and an interactive platform, on which some 25% of the workforce in Hamburg contributed their own ideas and suggestions for the new campus. At the end of the initiative, all ideas were examined for feasibility and – depending on the result – integrated into further project planning. Alongside digitalization and sustainability, discussion centered particularly on desired employee services, the workplace of the future, and teamwork.

Equal Opportunities and Diversity*

As a globally operating company, we regard the diversity of our workforce as a particular field of

opportunity. Diversity is therefore a central element of our strategic orientation and helps to position Beiersdorf as an attractive employer. People from different nations, cultures, and generations, and of all genders work with us at Beiersdorf. 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.

As of December 31, 2018, we employed people from 100 countries around the world. At our Hamburg headquarters alone, the ratio of international employees increased to 17.1% (previous year: 16.5%). At the end of 2018, 39% of our managers in the top three levels of management had at least three years' experience of working abroad (previous year: 37%).

Alongside internationalization, gender diversity – equal professional development opportunities for men and women – has long been of the utmost importance to us.

We have adjusted the gender diversity targets for Beiersdorf AG to be in line with German legislation after it was introduced in March 2015. Accordingly, we have been determining the achievement of these KPIs at the management reporting levels. The proportion of women at the first management level of Beiersdorf AG at the end of 2018 was 24% (previous year: 26%). At the second level, the proportion was 48% (previous year: 46%). Dessi Temperley, who took over as CFO with effect from July 1, 2018, became the first woman to join the Beiersdorf Executive Board. This development took Beiersdorf a major step closer toward its five-year goal formulated in summer 2017, which aims, by 2022, to raise the proportion of women to 10% on the Executive Board, 35% at the first management level, and 50% at the second management level.

On a global level, we use the first three management groups as benchmarks. In the year under review, the proportion of women was 30% (previous year: 29%; target 2022: 35%).

* Unless stated otherwise, all figures in this chapter refer to the Consumer business excluding La Prairie and Japan.

La Prairie, too, promotes equal opportunities for men and women and placed great value on gender diversity in recruitment for the top level of management. The proportion of women at board level as of December 31, 2018, was 38%, thus exceeding the 30% target.

Beiersdorf has taken a wide range of measures in recent years to achieve a balanced gender mix at all management levels. Since mid-2018 we have brought all these activities together under the umbrella of our global “enCourage” initiative. These efforts encompass various dimensions – onboarding, networking, personal development, and job & private life – and are not aimed solely at women. While some networks and development opportunities have been specially developed for female employees, others – e.g. measures for achieving a healthy work-life balance – are clearly aimed at the entire work-force.

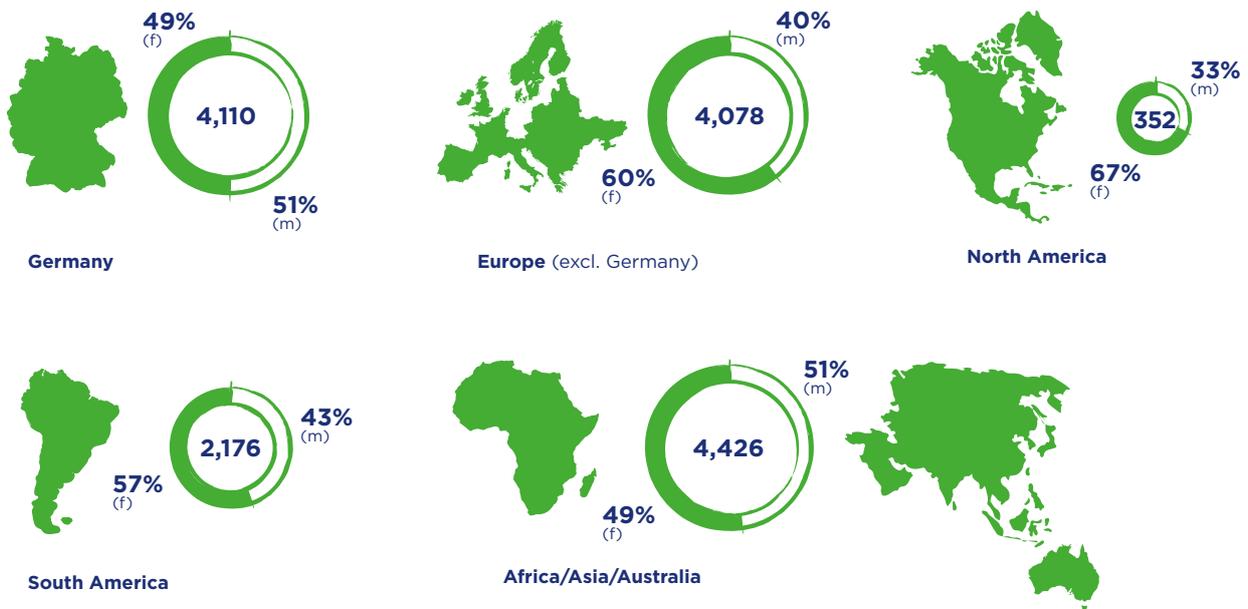


DESSI TEMPERLEY
MEMBER OF THE EXECUTIVE BOARD
FINANCE / QUALITY / IT

Promoting job sharing is also important in this context. We enable job sharing at all levels, helping employees balance work and private life. At the end of the fiscal year, there were 19 job

sharing tandems at Beiersdorf in Germany. Eleven tandems performed management roles on a part-time basis. Our online platform “two:share”,

Gender Distribution by Region

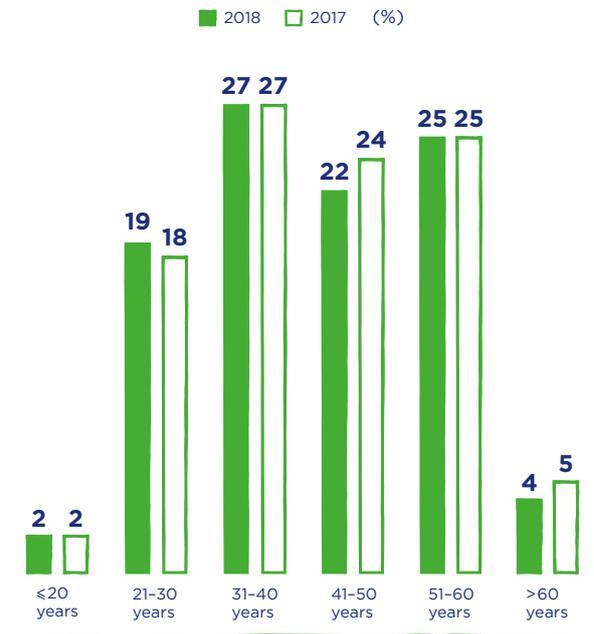


established in November 2016, not only helps our employees look for a matching tandem partner, but also provides all Beiersdorf staff with comprehensive information about job sharing and helps with active networking. Beiersdorf is thus a pioneer among the DAX 30 companies, where this model of agile working has become part of the corporate culture.

The figure on the left shows the gender distribution by region as of December 31, 2018.

We also continued to promote age diversity in the reporting year. In the Consumer Business Segment in Germany, the proportion of employees aged over 50 rose from 31% in 2017 to 32%. The average age among employees as of December 31, 2018, was 42 (previous year: 42). A good mix of ages helps us to take advantage of the strengths of different generations and avoid spikes in retirement.

Age Structure in the Consumer Business Segment Germany



OUR CONTRIBUTION TO THE SDGS



OCCUPATIONAL SAFETY

Almost One-third Fewer Days Lost Thanks to Effective Preventive Measures

In everything we do, safety comes first. Our focus here is above all on risk analysis and prevention, to support greater protection and health in the workplace. After all, within our sustainability strategy the wellbeing of our employees has a particularly high priority. At Beiersdorf we therefore pursue the goal of “Zero Accidents” at work. In order to achieve this goal in the long term we have formulated corresponding targets and report regularly on these to the Executive Board.

The most frequent causes of serious accidents have been identified, and appropriate protective measures implemented at all global sites. Thanks to the protective measures taken, it was possible to reduce the number of days lost, which largely resulted from serious accidents, by more than 25%.

Our accident frequency rate (AFR) includes all accidents that have caused at least one working day's absence. Our global production sites reduced the occupational accidents per million hours worked from 2.2 in 2017 to 1.9 in 2018.

Management Systems – Quality Assurance Through Regular Audits

The effectiveness and quality of the management systems that support us in reaching our strategic goals in the areas of safety and environmental protection require regular audits. This applies both to the functionality of the systems themselves and to their daily application in practice. In line with the internationally recognized management system audit standards ISO 14001, OHSAS 18001, and ISO 45001, we conduct audits in our global production network under the internal “Environmental and Safety Management Audit Scheme” (ESMAS). Our

audit results are compiled in a list of measures, which we monitor regularly (page c-13).

Investing in Safety

To support our worldwide growth we are constantly expanding our production capacities. Our aim is to further increase the occupational safety of our employees with every investment we make in buildings or machinery. For this reason, global safety standards are always incorporated into our initial planning of new acquisitions of equipment and machinery. The majority of our site expansions take place in important growth markets; as an example, in the summer of 2019 we plan to open an expanded production site near Bangkok (Thailand). Furthermore, we intend to complete the expansion of additional production and delivery capacities in Brazil by the end of 2019. In addition to the investments that serve the safety of our employees at the expanded sites, it is important to us to ensure that no employees are endangered during the construction work either.

International Collaboration and Global Standards

In 2018 our team of global and local safety managers continued working on our worldwide safety standards to increase safety within Beiersdorf's global production network. This includes evaluating best practice examples at individual sites, personal exchanges in regional workshops, and cooperation through inter-site telephone conferences. Networking between our sites helps to identify accident risks at an early stage, to share experiences, and to develop solutions together. All experiences and optimization measures are documented in an internal checklist.



Brazil – Accident-free Expansion of Production Capacity

Our facility in Brazil has every reason to celebrate. Since the end of 2017, 500,000 employee-hours have already been worked to expand production capacity – without a single accident. We owe this outstanding result to our local project team and our partner responsible for safety during construction activities. At a ceremony with all the workers involved in the construction, we honored this achievement and awarded four of them for exemplary behavior.

China – Safety Management Effective

Four years of accident-free work: This outstanding result at two of our Chinese production sites, Wuhan and Xiantao, shows that our occupational safety measures are highly effective. Our local Safety, Health, and Environment (SHE) team is responsible for this. It develops measures and contingency plans, and provides training with the support of site management and the global SHE team. In addition, we continuously invest in the safety of our machines and logistics processes, and motivate employees to report any safety concerns. We celebrated this extraordinary achievement with a small event for all our employees.

Our Next Steps

Over the years to come we will pursue our “Zero Accidents” strategic goal with vigor. To do so, we have introduced a safety program, which we will continue to develop. Its focus is on eliminating unsafe working conditions and risky behaviors. A key component of the program is strengthening the international network of production sites in order to share experiences even more quickly and comprehensively, and to provide local safety managers with standards for key processes. In

addition to clear guidelines for our main production processes, we will work harder to raise our employees’ awareness of occupational safety issues, and to positively influence their behavior in the workplace. We continuously monitor working conditions and processes at our sites, carrying out regular checks. We ensure that our facilities are equipped with the latest safety technology, and that our employees are regularly trained on occupational safety. In this context, a pilot project was launched in which we train all on-site managers on safety-related topics. In 2019 we will roll out this program to all our production sites. In addition, we want to improve occupational safety at all our office sites and have already developed a concept for this.



Our occupational safety measures are highly effective: In Wuhan and Xiantao (China) we celebrated four years of "zero Accidents" in October 2018.



FIND OUT MORE ABOUT OUR ACTIVITIES IN THE AREA OF EMPLOYEE SAFETY

HEALTH MANAGEMENT

“good for me” – Health Management at Beiersdorf

Under the umbrella of “good for me” since 2014, health management has been a cornerstone of human resources policy at our Hamburg locations. Beiersdorf provides an extensive offer of services to support employees’ health and wellbeing in a targeted way and to actively restore them to health should they fall ill. “good for me” therefore bundles a comprehensive set of health services for employees that ranges from the “Company Medical Service” through “Health Promotion” offers to a “Social Counseling” service. Furthermore, “good for me” actively works together with those company internal stakeholders who have a direct influence on our employees’ health-related wellbeing: These include Catering, Occupational Safety, the DAK Company Health Insurance, and our Company Sports Club. Our engagement is focused into five specific areas: Prevention/Early Recognition, Exercise, Nutrition, Balance, and Working Environment.



Prevention | Early Recognition



Exercise



Nutrition



Balance



Working Environment

Reaching New Target Groups Through Life-phase Oriented Health Management

The needs of our employees in their workplace or in healthcare provision differ according to their phase of life. For instance, pregnant employees have very different needs to those of apprentices or production technicians. This is why we are constantly expanding our offer to reach new target groups within the company, and constantly developing “good for me” further in line with their specific needs.



Constantly Developing the Service Offer

We were also able to expand the spectrum of health offers at our Hamburg location further in 2018. We complemented regular preventative services such as the health check and skin screening throughout the year with “Let’s talk about...”, a format in which we invited employees to informative talks over lunch time and explained the various health topics at Beiersdorf.

“Personal Health Coaching” is a new addition to the program. This enables employees to work on personal health topics in a targeted and confidential way. Health experts in different specialist fields accompany them over three months in implementing tailored measures to reach their personal goals; these can include alleviating back pain, losing weight, or lowering their stress levels. Personal

appointments, training plans, courses, and e-mail support all help promote their personal expertise and responsibility for managing their own health successfully.

Moreover, in collaboration with a Hamburg physiotherapy clinic in 2018 we set up an in-house physiotherapy service at our headquarters that our employees can access Monday through Thursday. The new osteopathy offer and kinesiotaping for athletes as well as employees suffering from injury complete the offer, and are already used regularly by more than 230 employees. The direct provision of these services on the company premises means our employees can book and attend appointments very conveniently and flexibly, integrating their treatment in the regular working routine.

“good for us” - Needs-based Offers for Teams

Managers contact the “good for me” team increasingly often with specific requirements for their department. In “good for us” we have developed a

format that enables us to respond even better to the individual health-related needs of different teams at Beiersdorf. Together with the respective managers we develop needs-focused activities for entire departments or areas. Common wellbeing, health-oriented activities with their colleagues and the atmosphere in the workplace are becoming increasingly important to our employees. For instance, within the Working Environment focus area we held a “Mindfulness” summer party for 200 employees. In the “How to be Mindful” challenge they were able to gain deep insights into the topic and test their own level of mindfulness.

Outlook - Company-wide Health Offers

Other locations and subsidiaries around the world are increasingly interested in our health program, and we therefore intend to expand our collaboration in this area.



**FIND OUT MORE ABOUT OUR ENGAGEMENT
FOR OUR EMPLOYEES' HEALTH**

PEOPLE - FACT SHEET 2018



Our Achievements

- ✓ Development of an internal checklist with 200 points in regards to safety.
- ✓ Realization of NIVEA's social commitment in 37 countries.
- ✓ Provision of 37 integration internships at our headquarters in Hamburg.
- ✓ Through our "good for me" health management program we began to support the first Group companies located in Europe.
- ✓ As part of our "good for me" Health Management, a total of 37 different courses were offered at our Hamburg site in 2018.
- ✓ Overall 1,348 Hamburg-based employees took part in the free preventive health checks.



Our Next Steps

- Worldwide leadership training for Behavior Based Safety.
- Develop the global social company and brand commitments further.
- Continual expansion of our health management to include further sites and affiliates.
- Expansion and strengthening of our employee health brand "good for me".

Stakeholder Engagement

Sustainability is a complex topic influenced by many factors that stretches well beyond the boundaries of our company. We are therefore convinced that strong, durable partnerships, and involving all stakeholder groups along our value chain, are the keys to reaching our environmental and societal goals efficiently. By collaborating together with our stakeholders will we be able to advance sustainability along our entire value chain.



FIND OUT MORE ABOUT OUR STAKEHOLDER ENGAGEMENT

EMPLOYEE ENGAGEMENT

Our employees' engagement on behalf of society and the environment is deeply anchored in the Beiersdorf culture. We encourage our employees to engage personally as part of our sustainability strategy and create the right conditions for them to do so. This not only boosts their motivation, it also strengthens the bond between our employees and the company, while making our Core Values tangible.

First Sustainability Forum - New Format for More Dialog and Discussion

The first Sustainability Forum took place at our headquarters on November 1, 2018. Through this new format we want to communicate the core elements of our sustainability activities, strengthen the dialog between our management and employees, and build know-how.

The first event centered on the topic of palm oil as a raw material, whose derivatives are used in our products. As a globally active non-profit organization (NPO) and a guest at our forum, "World Wide Fund for Nature" (WWF) Germany raised awareness of the numerous environmental issues resulting from the unsustainable cultivation of oil-bearing palm trees. They also highlighted the challenges and opportunities of collaboration between the WWF and its partners in industry and commerce. Building on this, our Sustainability Team presented Beiersdorfs' "Sustainable Palm Oil Roadmap" and the first smallholder farmer project launched in 2018 in West Kalimantan (Indonesia) (page c-19). In the panel discussion that followed, our Executive Board and managers from the areas of Sustainability, Supply Chain, and Research and Development (R&D) answered questions from employees. At the accompanying "Inspirational Fair" participants had the opportunity to gather more information on the complexity of the palm oil supply chain, our collaboration with the WWF, and the key palm oil-based raw materials we use in our product formulas.

The event was very well received both by the live audience and those international employees tuning in via live stream. We plan to hold further events of this kind in the coming year.

Running With Family and Colleagues for a Good Cause

Since the starter's pistol was first fired in 2002, Beiersdorf employees have participated in the



annual "HSH Nordbank Run", covering four kilometers in Hamburg's HafenCity for a good cause. From 78 runners in the first year, by 2018 the number had grown to around 1,000 and Beiersdorf is now the largest of the 715 company teams.

"This is a great event," says Felix Popp, Business Partner in our HR Department; along with his wife and children he participated in Northern Germany's biggest charity run for the first time in 2018. "Even though I hadn't really trained for it, doing good along with my family and colleagues is the best motivation!"

The donations from the charity run are channeled to children and adolescents from financially disadvantaged families. The work of the "Kinder



helfen Kindern e.V.” (Children Help Children) initiative as well as the “Kids in die Clubs” (Kids in the Clubs) project enables these youngsters to join in sports in Hamburg’s sports clubs.



INVOLVEMENT OF OUR SUPPLIERS

We integrate external knowledge and promote close cooperation with our suppliers through dialogs and joint projects to foster innovation and increase sustainability along our entire value chain. Our strategic supplier management ensures that our suppliers also meet our high standards in terms of quality, working conditions, and environmental protection, and identifies optimization potentials in these areas.

“Green Chemistry & Commerce Council” – Research on Green Preservatives

Preservatives in shampoos, body lotions, and hand creams maintain the effective properties of these products. Otherwise they might spoil within a very short time following contact with our skin, air, or water. In order to promote new, “greener” developments in this area, a total of 17 companies in this sector founded a unique joint initiative in April 2017 named the “Green

Chemistry & Commerce Council” (GC3). The Council’s objective is to promote innovators who develop preservative technologies with an improved environmental, health, and safety performance for use in cosmetics, body care, and household products.

In order to increase global awareness of the need for innovative solutions and to bundle different areas of expertise and experience, the initiative also founded a crowdsourcing competition. A panel of experts on safety, microbiology, and formulation selected seven finalists, who presented their ideas and discoveries at a closing event.

Beiersdorf and the initiative’s other founding companies are now working on partnerships with the innovators: The goal is to assess their preservative technologies for use in products as well as for co-development, licensing, and investment opportunities, with a view to commercializing and scaling these technologies.



CONSUMER ENGAGEMENT

Our consumers have a fully justified interest in finding out whether and how companies engage on behalf of the environment and society. They expect transparency and increasingly base their purchasing decisions on sustainability criteria. At Beiersdorf we welcome this positive development and actively integrate our consumers’ wishes and expectations – especially also those regarding sustainability – into the ongoing development and improvement of our products. At the same time, we want to talk about our initiatives, to inform and whenever possible to encourage consumers to make their own contribution too. We offer a range of options for consumers themselves to engage within the active social commitment of our brands.

Well Informed About Sustainability in “side by side”

In the “side by side” online portal of our Eucerin brand we have a direct communication channel to over 9,000 pharmacy employees across Germany. Via the portal we report on current topics concerning our brand, skin care, and cosmetics,

offering them tips for daily customer advice in their pharmacy. As pharmacy customers are also sustainability conscious and approach pharmacy staff on the topic, the accompanying “side by side” magazine published a comprehensive report on the topic. This included a personal interview with Dorle Bahr, Head of Environmental Sustainability at Beiersdorf, in which she provided information on current sustainability topics and projects. Through this channel we not only reached 9,000 pharmacy employees, but thanks to their multiplier effect also thousands of consumers. The “side by side” print magazine is distributed three times a year to offer readers a physical copy, flanking the digital information and communication platform. In 2018 we dispensed our mailshot bags and replaced the cover letter with a small mailing sticker and managed to save 200kg of polypropylene (PP) and 300kg of paper annually.



and also acted as interview-partners for media enquiries. Nationwide across Germany the campaign staged around 150 information and training events, in some cases even quite large events combining several participating kindergartens. Here dermatologists highlighted the risks of exposure to the sun’s rays and presented appropriate protective measures, helping the children learn in a playful way how to protect themselves adequately. The “Euromelanoma Kindergarten Campaign” will be continued in 2019.



 **FIND OUT MORE ABOUT OUR CONSUMER ENGAGEMENT**

Early Skin Cancer Prevention With Eucerin

For our Eucerin brand, providing clarity on skin cancer comes right from the heart. Every case of sunburn aggravates the risk of this form of cancer – and the rate of positive diagnosis is climbing alarmingly every year. This is why Eucerin and the “German Professional Association of Dermatologists” (BVDD) have launched a cooperation building on “Euromelanoma Week” that seeks to provide clarity on skin protection in the sun.

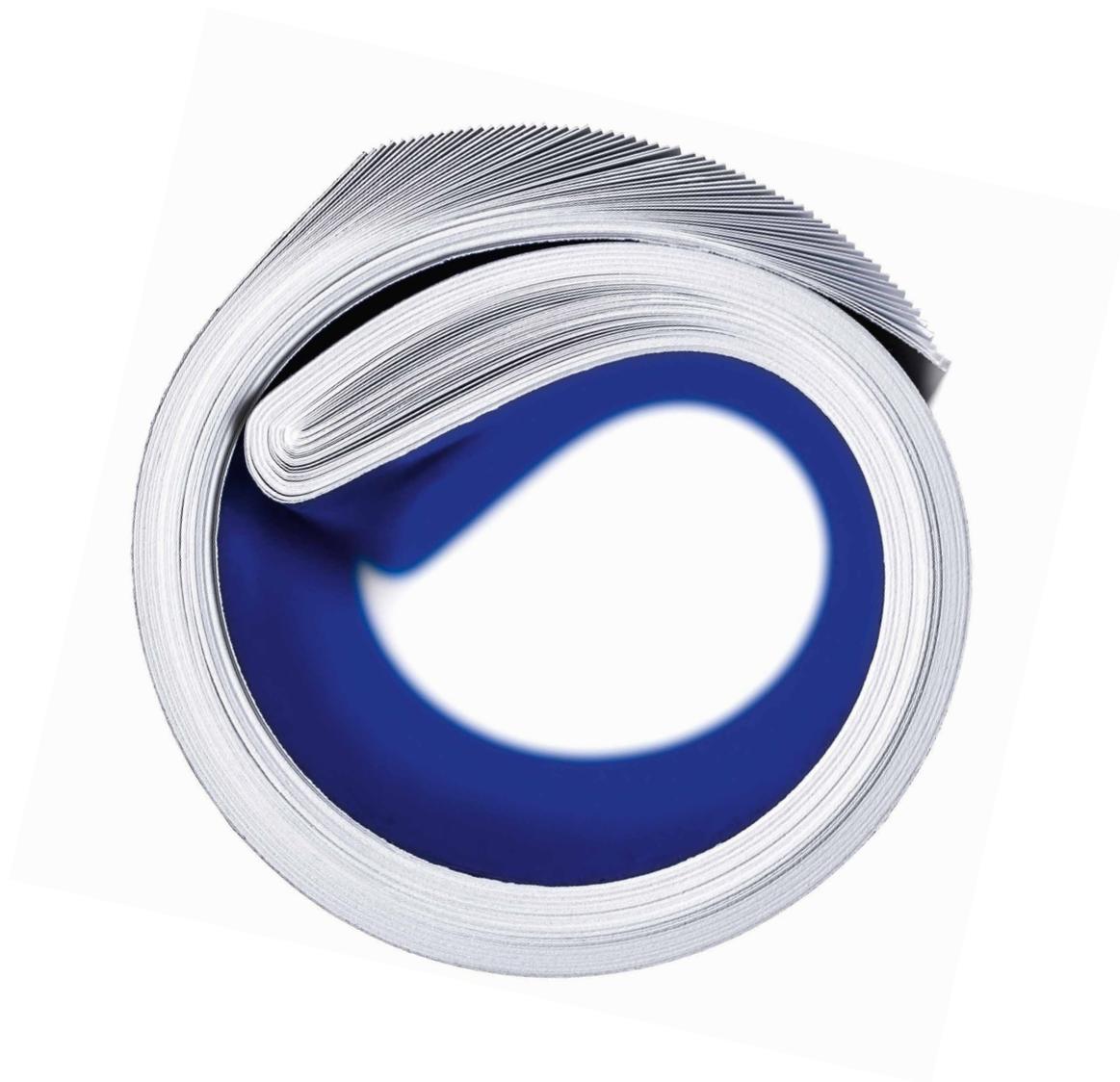
The goal of the action days was to train childcare and kindergarten teachers and parents on how to tackle the risks of exposure to the sun, in order to protect children from childhood skin damage. The campaign was a great success, reaching 219 kindergartens and almost 12,500 children. No less than 217 dermatologists participated as experts

OUR CONTRIBUTION TO THE SDGS



Reporting

We see informing our stakeholders regularly about the successes and developments of our sustainability activities as a matter of course. Our Sustainability Review is published annually and is oriented towards the GRI Guidelines. For the 2018 reporting year we are also including the UN Sustainable Development Goals (SDGs) for the first time.



FIND OUT MORE ABOUT OUR REPORT PROFILE

About This Report

Since 2003 we have published an annual Sustainability Review in which we report to our stakeholders on our company's performance, successes, and challenges in the three aspects of "Products, Planet, People" over the past reporting year. 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. In 2018 we applied the GRI Standards for the first time and produced our Review - as in previous years - in accordance with the "core" option.

We regularly check the orientation of our activities and our reporting by means of a materiality analysis (page c-7), and integrate the results in this Review.

Our engagement also comprises the United Nations [Sustainable Development Goals](#) (SDGs) and we are including these for the first time in 2018 in our Sustainability Review. The especially relevant SDGs for Beiersdorf are indicated by SDG icons in the corresponding chapters. You will find an overview of the SDGs and the subgoals relevant to us on the following page. References to report content or our corporate website illustrate Beiersdorf's contribution to the SDGs.

Furthermore, in the sustainability section of our [corporate website](#) we report continually on the developments and progress of individual projects worldwide. We also make Reviews and information from previous years available for [download](#) in this section. Besides this you can also browse our [glossary](#), which explains the key terms and abbreviations concerning sustainability at Beiersdorf.



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



FIND OUT MORE ABOUT OUR REPORT PROFILE

Our contribution to the SDGs

SDG	Description	Subgoals	Our Contribution
	End poverty in all its forms everywhere	<p>1.3. Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable</p>	<p>1.3. NIVEA supports national “SOS Children’s Villages” in several countries. These provide strong social support systems for children and families in need to develop, grow, and learn in a positive, supportive environment.</p> <p>Page c-40, Chapter Social Responsibility</p>
	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	<p>2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round</p> <p>2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment</p>	<p>2.1 NIVEA Czech Republic supports “Lunches for Children”. The initiative, run by the NGO “Women to Women”, provides disadvantaged children with regular, proper school meals.</p> <p>Page c-40, Chapter Social Responsibility</p> <p>2.3 We support palm oil smallholder farmers to improve the sustainable management of their oil palm plantations in West Kalimantan (Indonesia) in collaboration with the “World Wide Fund for Nature” (WWF).</p> <p>In addition we support a palm oil smallholder project of the “Forum for Sustainable Palm Oil” (FONAP) in Perak (Malaysia).</p> <p>Page c-11, Chapter Responsible Sourcing Page c-15, Chapter Our Product Engagement Page c-18, Chapter Raw Materials</p> <p>Corporate website: Sustainable Palm (Kernel) Oil</p>
	Ensure healthy lives and promote wellbeing for all at all ages	<p>3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p>	<p>3.8 Eucerin Germany and the partner organization AGNES offer individual counseling on neurodermatitis in children to relieve the patients’ and their families’ suffering thus measurably improving their quality of life.</p> <p>We offer special programs and services to our employees at global, regional, and national levels, tailored to their personal and professional needs, and specific local requirements.</p> <p>Aiming for the long-term health and wellbeing of our employees, and effective Occupational Health Management are important components of our employee management.</p> <p>With our strategic goal of “Zero Accidents” in the workplace we actively survey all our sites for risks and optimization potential, and we continually implement improvements in workplace safety through a broad range of measures.</p>

SDG	Description	Subgoals	Our Contribution
	Ensure healthy lives and promote wellbeing for all at all ages	<p>3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p>	<p>3.8 Page c-11, Chapter Responsible Sourcing Page c-47, Chapter People at Beiersdorf Page c-40, Chapter Social Responsibility</p> <p>Corporate website: Employee Code of Conduct Supplier Code of Conduct Implementation Process Supplier Code of Conduct</p>
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<p>4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes</p> <p>4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education</p> <p>4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p> <p>4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations</p>	<p>4.1 With “Mom’s Touch”, NIVEA India and its partner organization ASEEMA reward underprivileged mothers who enable their children to attend school. The initiative aims to provide children with better education through increased average school attendance levels.</p> <p>Page c-40, Chapter Social Responsibility</p> <p>4.2 NIVEA South Africa and the non-profit organization Thanda run an Early Childhood Development center in rural KwaZulu-Natal; the center cares for children under the age of four.</p> <p>Page c-40, Chapter Social Responsibility</p> <p>4.4 In Southern Europe NIVEA facilitates access to a business simulator provided by PRAXIS MMT which allows students to assume a management role in a simulated enterprise. The aim of the project “Young Business Talents” is to improve the participants’ future prospects by offering hands-on experience in a (simulated) business environment and giving orientation for their future careers.</p> <p>Page c-40, Chapter Social Responsibility</p> <p>4.5 NIVEA Ecuador and “Plan International” aim to empower girls to continue their studies through scholarships. The project “Por ser niña” is targeted at underprivileged girls living in rural Ecuadorian regions and small cities.</p> <p>Page c-40, Chapter Social Responsibility</p>
	Achieve gender equality and empower all women and girls	<p>5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p>	<p>5.5 Page c-47, Chapter People at Beiersdorf</p> <p>Corporate website: Company-wide Diversity program “One Team. Living Diversity.”</p>
	Ensure availability and sustainable management of water and sanitation for all	<p>6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally</p>	<p>6.3 Page c-30, Chapter Our Planet Engagement Page c-36, Chapter Water</p> <p>Corporate website: Reducing Water Consumption Wastewater Purification</p>

SDG	Description	Subgoals	Our Contribution
	Ensure availability and sustainable management of water and sanitation for all	<p>6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p>	<p>6.4 Page c-30, Chapter Our Planet Engagement Page c-36, Chapter Water</p> <p>Corporate website: Water Risk Approach</p>
	Ensure access to affordable, reliable, sustainable and modern energy for all	<p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p>7.3 By 2030, double the global rate of improvement in energy efficiency</p>	<p>7.2 and 7.3 Page c-30, Chapter Our Planet Engagement Page c-33, Chapter Energy</p> <p>Corporate website: Our 2025 Climate Target Our global “Blue Building” program Our “Blue Production Center” initiative Renewable Energies Green IT</p>
	Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all	<p>8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead</p> <p>8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms</p> <p>8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p>	<p>8.4 Page c-2, Chapter Overview of the Consumer Business Segment Page c-10, Chapter Human Rights Page c-11, Chapter Responsible Sourcing Page c-15, Chapter Our Product Engagement Page c-18, Chapter Raw Materials</p> <p>Corporate website: Responsible Sourcing Raw Materials Sustainable Palm (Kernel) Oil Packaging</p> <p>8.7 Page c-11, Chapter Responsible Sourcing Page c-18, Chapter Raw Materials Page c-47, Chapter People at Beiersdorf</p> <p>Corporate website: Employee Code of Conduct Supplier Code of Conduct Implementation Process Supplier Code of Conduct</p> <p>8.8 Page c-11, Chapter Responsible Sourcing Page c-18, Chapter Raw Materials Page c-47, Chapter People at Beiersdorf</p> <p>Corporate website: Employee Code of Conduct Supplier Code of Conduct Implementation Process Supplier Code of Conduct Employee Safety</p>
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	<p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p>	<p>9.4 Page c-30, Chapter Our Planet Engagement Page c-33, Chapter Energy Page c-35, Chapter Waste</p> <p>Corporate website: Our 2025 Climate Target Our global “Blue Building” program Our “Blue Production Center” initiative Renewable Energies Green IT Green Logistics “Zero Waste to Landfill”</p>

SDG	Description	Subgoals	Our Contribution
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending	9.5 Corporate website: Research & Development Open Innovation Research and Development Laboratories
	Reduce inequality within and among countries	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	10.2 Page c-47, Chapter People at Beiersdorf Corporate website: Employee Code of Conduct Supplier Code of Conduct Implementation Process Supplier Code of Conduct Company-wide Diversity program "One Team. Living Diversity."
	Make cities and human settlements inclusive, safe, resilient and sustainable	11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities	11.7 NIVEA Poland builds playgrounds across the country and thus creates opportunities for families to spend quality time together.
	Ensure sustainable consumption and production patterns	12.2 By 2030, achieve the sustainable management and efficient use of natural resources 12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	12.2 Page c-11, Chapter Responsible Sourcing Page c-15, Chapter Our Product Engagement Page c-18, Chapter Raw Materials Page c-23, Chapter Packaging Corporate website: Responsible Sourcing Raw Materials Raw Materials Policy Sustainable Palm (Kernel) Oil 12.4 Page c-30, Chapter Our Planet Engagement Page c-35, Chapter Waste Page c-79, GRI 306-2 Waste by type and disposal method Page c-79, GRI 306-4 Transport of hazardous waste Corporate website: "Zero Waste to Landfill" 12.5 We consistently pursue a waste strategy of "avoid, reduce, reuse, and recycle". Together with all our stakeholders we are always searching for optimization potentials to reduce our waste volume and identify alternative disposal methods. To avoid waste, we donate overstocked products which are still in perfect condition to local social organizations according to their specific needs.

SDG	Description	Subgoals	Our Contribution
	<p>Ensure sustainable consumption and production patterns</p>	<p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p>	<p>12.5 Page c-15, Chapter Our Product Engagement Page c-18, Chapter Raw Materials Page c-23, Chapter Packaging Page c-30, Chapter Our Planet Engagement Page c-35, Chapter Waste</p> <p>Corporate website: Packaging Our global “Zero Waste to Landfill” target Product Donations</p>
	<p>Take urgent action to combat climate change and its impacts</p>	<p>13.2 Integrate climate change measures into national policies, strategies and planning</p> <p>13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p>	<p>13.2 Page c-30, Chapter Our Planet Engagement Page c-33, Chapter Energy</p> <p>Corporate website: Our 2025 Climate Target Our global “Blue Building” program Our “Blue Production Center” initiative Renewable Energies Green IT Green Logistics</p> <p>13.3 Corporate website: Corporate Sustainability Department</p>
	<p>Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p>	<p>14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution</p>	<p>14.1 Page c-15, Chapter Our Product Engagement Page c-18, Chapter Raw Materials</p> <p>Corporate website: Care without Microplastics</p>
	<p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>	<p>15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally</p>	<p>15.2 Page c-15, Chapter Our Product Engagement Page c-23, Chapter Packaging</p> <p>Corporate website: Sustainable Palm (Kernel) Oil</p>
	<p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<p>16.5 Substantially reduce corruption and bribery in all their forms</p>	<p>16.5 Effective Group-wide Compliance Management</p> <p>Page c-8, Chapter Compliance Management</p> <p>Corporate website: Compliance Principles Employee Code of Conduct</p>

SDG	Description	Subgoals	Our Contribution
	<p>Strengthen the means of implementation and revitalize the global partnership for sustainable development</p>	<p>17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries</p>	<p>17.16 Page c-59, Chapter Stakeholder Engagement Page c-74, GRI 102-12 External initiatives Page c-75, GRI 102-13 Membership of associations</p> <p>Corporate website: Stakeholder Engagement Involvement of Suppliers Involvement of NPOs Our Multi-Stakeholder Dialog</p>

 **FIND OUT MORE ABOUT OUR REPORT PROFILE**

Ratings

We continually evaluate our sustainability performance and the effectiveness of our activities by key performance indicators (KPIs) right along our value chain. External rating agencies analyze this data regularly to provide the market and our stakeholders with the greatest possible objectivity, comparability, and transparency.



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 2018 we improved our score compared to the previous year and achieved a “Score B” in the “Climate Change Program”. In the CDP “Water Disclosure Program” we achieved a “Score C”. In the reporting year, we participated in the “Forest/Palm Oil Program” for the first time and have been awarded with a “Score A”.



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 them.



ISS-oekom

As one of the world’s leading rating agencies, “ISS-oekom” analyzes companies’ societal and environmental performance. Beiersdorf has been awarded “Prime” status every year since 2016. This rating means that publicly traded Beiersdorf securities are considered a worthwhile investment from an environmental and societal perspective.



MSCI

“MSCI ESG Research” analyzes a company’s sustainability based on detailed key environmental, societal, and corporate governance (ESG) figures. Overall MSCI evaluates over 6,000 companies worldwide. Beiersdorf was awarded an ESG “AA” rating in 2017 and 2018.

Key Figures of the Consumer Business Segment

	UNIT	2016	2017	2018
ECONOMIC				
Consumer sales	in € million	5,606	5,799	5,890
Production sites	number	16	17	17
PRODUCTS				
Progress towards our Products Target	%	25	23	49
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 oil.				
thereof				
Mass Balance	%	30	54	63
Book & Claim (“RSPO Credits”)	%	70	46	37
PLANET				
Total energy	GJ	943,414	970,219	1,124,855
Direct energy	GJ	500,751	522,585	678,708
Indirect energy	GJ	442,663	447,634	446,147
CO ₂ emissions (Scope 1 and 2)	t CO ₂ e	78,605	79,456	52,960
Electricity from renewable energy sources	%	43	45	81
Waste volume (production sites)	tonnes	20,699	26,560	27,333
Water consumption (production sites)	m ³	1,689,115	1,697,836	1,580,318
Wastewater volume (production sites)	m ³	814,360	771,450	845,228
PEOPLE				
Employees total	number	13,776	14,477	15,142
Occupational accidents (≥1 day absenteeism)	number	50	52	57
Social projects benefiting supported families	number	235,186	179,672	121,241

In 2018 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 2018 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	2018
COMPLIANCE		
Participation rate competition compliance training	%	93.4
PLANET		
Electricity from renewable energy sources	%	100
CO ₂ emissions (Scope 1 and 2)	t CO ₂ e	6,630
PEOPLE		
Accident frequency rate (AFR)	accidents per million work hours	4.36
Share of internal recruitments management group 1	%	67
Share of internal recruitments management group 2	%	88

GRI Content Index 2018

(GRI Standards Version 2016)

Previous year's figures are reported in the GRI Content Index 2017.

¹ ++ completely reported
 + partially reported

Disclosure	GRI Standard Information	Status ¹	Reference
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GRI 102: GENERAL DISCLOSURES

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-25, Chapter Safe and Compatible Products Corporate website: Beiersdorf_Our_Profile Beiersdorf_Brands Beiersdorf_FAQ Beiersdorf_Sustainability_Stakeholder_Engagement																																			
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_2018																																			
102-6	Markets served	++	Annual Report: Beiersdorf_Segment_Reporting_2018 Beiersdorf_Regional_Reporting_2018 Beiersdorf_Group_Sales_2018 Corporate website: Beiersdorf_Global_Presence Beiersdorf_Business_Segments																																			
102-7	Scale of the organization	++	In 2018 we sold around 4.0 billion consumer units globally. Annual Report: Beiersdorf_People_at_Beiersdorf_2018 Beiersdorf_Ten_Year_Overview_2018 Beiersdorf_Results_of_Operations_Consumer_2018 Corporate website: Beiersdorf_Global_Presence																																			
102-8	Information on employees and other workers	++	<table border="1"> <thead> <tr> <th></th> <th>Employees total</th> <th>Thereof temporary employees*</th> <th>Employees total female share</th> <th>Employees total male share</th> </tr> </thead> <tbody> <tr> <td>Germany</td> <td>4,110</td> <td>94</td> <td>49%</td> <td>51%</td> </tr> <tr> <td>Europe (excl. Germany)</td> <td>4,078</td> <td>123</td> <td>60%</td> <td>40%</td> </tr> <tr> <td>North America</td> <td>352</td> <td>0</td> <td>67%</td> <td>33%</td> </tr> <tr> <td>Latin America</td> <td>2,176</td> <td>14</td> <td>57%</td> <td>43%</td> </tr> <tr> <td>Africa/Asia/Australia</td> <td>4,426</td> <td>36</td> <td>49%</td> <td>51%</td> </tr> <tr> <td>Total</td> <td>15,142</td> <td>267</td> <td>54%</td> <td>46%</td> </tr> </tbody> </table> <p>* Temporary workers with a contract for 6 months or less</p> <p>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.</p>		Employees total	Thereof temporary employees*	Employees total female share	Employees total male share	Germany	4,110	94	49%	51%	Europe (excl. Germany)	4,078	123	60%	40%	North America	352	0	67%	33%	Latin America	2,176	14	57%	43%	Africa/Asia/Australia	4,426	36	49%	51%	Total	15,142	267	54%	46%
	Employees total	Thereof temporary employees*	Employees total female share	Employees total male share																																		
Germany	4,110	94	49%	51%																																		
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Africa/Asia/Australia	4,426	36	49%	51%																																		
Total	15,142	267	54%	46%																																		
102-9	Supply chain	+	The Beiersdorf supply chain is primarily regional. We perform ongoing supply network analyses and continuously update our supplier network to meet the needs of our consumers and run an increasingly agile supply chain. We are continuing to upgrade our supply network, mainly in the emerging markets, which also enables us to support the growth of our business. This includes the opening of new factories during the last years in Mexico (2014), India (2015), and Nigeria (2017) as well as significant factory expansion projects. In addition we are constantly reviewing our network of finished goods manufacturers to ensure we meet the local demands in an effective and efficient manner. Our 17 production sites (PCs) are located in the regions Europe, the Americas, Near East (incl. Africa), and Asia Pacific. They produce mainly for their local and regional markets. The principal activities at our production sites are processing and filling activities. The production network is complemented by selected third-party manufacturers (3PMs). Prime materials are sourced directly from our suppliers. Our production sites and 3PMs deliver the goods through a network of warehouses and distribution centers to our customers. Last minute differentiation (copacking) is mainly integrated into warehouse operations. Both warehouses and transport operations are purchased services. Page c-11, Chapter Responsible Sourcing Corporate website: Beiersdorf_Sustainability_Responsible_Sourcing																																			
102-10	Significant changes to the organization and its supply chain	++	Annual Report: Beiersdorf_Business_and_Strategy_2018 Beiersdorf_Capital_Structure_2018 Beiersdorf_AGs_Shareholdings_2018 Beiersdorf_Acquisitions_and_Divestments_2018																																			
102-11	Precautionary Principle or approach	++	Page c-4, Chapter Risk Management Annual Report: Beiersdorf_Risk_Report_2018 Beiersdorf_Risks_and_Risk_Management_Principles_2018																																			
102-12	External initiatives	++	<ul style="list-style-type: none"> • German Diversity Charter • German Corporate Governance Code (DCGK) • The conventions of the International Labour Organization (ILO) • The Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises • "Responsible Care Initiative" of the German Association of Chemical Industries (VCI) • The United Nations Universal Declaration of Human Rights • Hamburg Initiative for better air quality "Partnerschaft für Luftgüter und schadstoffarme Mobilität" 																																			

Disclosure	GRI Standard Information	Status ¹	Reference
102-13	Membership of associations	++	Organizations with a focus on sustainability: <ul style="list-style-type: none"> • AIM-PROGRESS • European Aerosol Federation (FEA) • Forum for Sustainable Palm Oil (FONAP) • Roundtable on Sustainable Palm Oil (RSPO) • Supplier Ethical Data Exchange (Sedex) • Wirtschaft. Initiative. Engagement. (WIE) Industry associations in the cosmetics sector, including: <ul style="list-style-type: none"> • Cosmetics Europe • European Brands Association (AIM) • Industrie Gemeinschaft Aerosole e.V. (IGA) • Industrieverband Körperpflege und Waschmittel (IKW) • German Association of Chemical Industries (VCI) • European Partnership on Alternative Approaches to Animal Testing (EPAA)

STRATEGY

102-14	Statement from senior decision-maker	++	Foreword Corporate website: Beiersdorf Sustainability Board Statement
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ETHICS AND INTEGRITY

102-16	Values, principles, standards, and norms of behavior	++	Page c-8, Chapter Compliance Management and page c-10, Chapter Human Rights Corporate website: Beiersdorf Our Core Values Beiersdorf Compliance Principles Beiersdorf Code of Conduct Beiersdorf Sustainability Responsible Sourcing
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GOVERNANCE

102-18	Governance structure	++	Annual Report: Beiersdorf Corporate Governance Report 2018 Corporate website: Beiersdorf Management Structure Beiersdorf Corporate Governance Statement
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STAKEHOLDER ENGAGEMENT

102-40	List of stakeholder groups	++	Corporate website: Beiersdorf Sustainability Stakeholder Engagement Beiersdorf Sustainability Stakeholder Dialog
102-41	Collective bargaining agreements	++	At Beiersdorf AG, 49% (2017: 48%) of employees are employed under collective agreements and 42% (2017: 43%) of the workforce are non-tariff employees. The remaining 9% (2017: 10%) of the workforce are executive staff. At European level, the guidelines of the "European Dialogue" serve to promote cooperation on the basis of trust.
102-42	Identifying and selecting stakeholders	++	Corporate website: Beiersdorf Sustainability Stakeholder Engagement Beiersdorf Sustainability Stakeholder Dialog
102-43	Approach to stakeholder engagement	+	Page c-59, Chapter Stakeholder Engagement Corporate website: Beiersdorf Sustainability Stakeholder Engagement Beiersdorf Sustainability Stakeholder Dialog
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 2018 Corporate website: Beiersdorf Global Presence
102-46	Defining report content and topic boundaries	++	Page c-7, Chapter Materiality Analysis Corporate website: Beiersdorf Materiality Analysis
102-47	List of material topics	++	Page c-7, Chapter Materiality Analysis Corporate website: Beiersdorf Materiality Analysis
102-48	Restatements of information	+	In 2018 we adjusted our environmental reporting to only include offices with more than 50 full-time equivalents and we stopped reporting on water and wastewater for office locations. Furthermore, we improved the accuracy of our emission calculations and distinguish between location- and market-based method.
102-49	Changes in reporting	++	There are no changes from previous reporting periods in terms of material topics and topic boundaries.
102-50	Reporting period	++	The reporting period is the calendar year 2018.
102-51	Date of most recent report	++	Our last Sustainability Review 2017 as well as the complementary GRI Content Index was published in April 2018.
102-52	Reporting cycle	++	Beiersdorf AG has an annual reporting cycle.
102-53	Contact point for questions regarding the report	++	Corporate website: Beiersdorf Contact Sustainability
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-74, Chapter GRI Content Index 2018
102-56	External assurance	++	Independent Auditor's Limited Assurance Report

200 SERIES: ECONOMIC TOPICS

GRI 201: ECONOMIC PERFORMANCE

Management approach Economic Performance	++	Annual Report (Front page)
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Disclosure	GRI Standard Information	Status ¹	Reference
201-1	Direct economic value generated and distributed	++	Annual Report: Beiersdorf Key Figures 2018 Beiersdorf Results of Operations Consumer 2018 Beiersdorf Regional Reporting 2018 Beiersdorf Notes Income Statement 2018 Beiersdorf Employee Expenses 2018
201-2	Financial implications and other risks and opportunities due to climate change	+	The implications of climate change poses similar risks and opportunities for Beiersdorf to those it poses for the entire cosmetics industries. These risks range from resource scarcity to opportunity-related risks when seeking to satisfy new upcoming consumer demands. To address these opportunities and risks, and to fulfill our corporate responsibility, we defined a new Climate Target for our energy-related emissions in 2016 and are now defining and implementing targets and measures towards these. Corporate website: Beiersdorf Sustainability Focus Planet Beiersdorf Sustainability Focus Products
201-3	Defined benefit plan obligations and other retirement plans	++	Annual Report: Beiersdorf Pension Provisions 2018
201-4	Financial assistance received from government	++	No material governmental financial assistance was received in 2018.

GRI 205: ANTI-CORRUPTION

Management approach Anti-corruption		++	Page c-8, Chapter Compliance Management Corporate website: Beiersdorf Our Core Values Beiersdorf Compliance Principles Beiersdorf Code of Conduct Beiersdorf Sustainability Responsible Sourcing
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-8, Chapter Compliance Management
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-8, Chapter Compliance Management
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 2018 Beiersdorf Other Financial Obligations 2018 Beiersdorf Liabilities 2018

GRI 206: ANTI-COMPETITIVE BEHAVIOR

Management approach Anti-competitive Behavior		++	Page c-8, Chapter Compliance Management Corporate website: Beiersdorf Our Core Values Beiersdorf Compliance Principles Beiersdorf Code of Conduct Beiersdorf Sustainability Responsible Sourcing
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 2018 Beiersdorf Other Financial Obligations 2018 Beiersdorf Liabilities 2018

300 SERIES: ENVIRONMENTAL TOPICS

GRI 301: MATERIALS

Management approach Materials		++	Page c-15, Chapter Our Product Engagement Corporate website: Beiersdorf Sustainability Focus Products Beiersdorf Sustainability Raw Materials Beiersdorf Sustainability Packaging																														
301-1	Materials used by weight or volume	+	<table border="1"> <thead> <tr> <th>Materials used</th> <th></th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Packaging materials</td> <td>190,428</td> <td>t</td> </tr> <tr> <td>Non-renewable packaging materials</td> <td>136,232</td> <td>t</td> </tr> <tr> <td>Glass</td> <td>47,402</td> <td>t</td> </tr> <tr> <td>Tinplate</td> <td>61</td> <td>t</td> </tr> <tr> <td>Aluminium/other metals</td> <td>21,256</td> <td>t</td> </tr> <tr> <td>Plastics</td> <td>60,885</td> <td>t</td> </tr> <tr> <td>Carton composite for liquid or pasty products</td> <td>6,628</td> <td>t</td> </tr> <tr> <td>Renewable packaging materials</td> <td>54,196</td> <td>t</td> </tr> <tr> <td>Paper/cardboard/carton</td> <td>54,196</td> <td>t</td> </tr> </tbody> </table>	Materials used		unit	Packaging materials	190,428	t	Non-renewable packaging materials	136,232	t	Glass	47,402	t	Tinplate	61	t	Aluminium/other metals	21,256	t	Plastics	60,885	t	Carton composite for liquid or pasty products	6,628	t	Renewable packaging materials	54,196	t	Paper/cardboard/carton	54,196	t
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Disclosure	GRI Standard Information	Status ¹	Reference
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GRI 302: ENERGY

Management approach Energy		++	Page c-29, Chapter Our Planet Engagement and page c-33, Chapter Energy Corporate website: Beiersdorf Sustainability Focus Planet Beiersdorf Sustainability Energy																																																																																								
302-1	Energy consumption within the organization	++	<p>Page c-29, Chapter Our Planet Engagement and page c-33, Chapter Energy</p> <table border="1"> <thead> <tr> <th colspan="4">Scope 1 – Stationary direct energy</th> </tr> <tr> <th></th> <th>PCs</th> <th>Offices</th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Natural gas</td> <td>422,358.61</td> <td>92,198.03</td> <td>GJ</td> </tr> <tr> <td>Liquid petroleum gas, stationary use (LPG)</td> <td>8,794.82</td> <td>614.49</td> <td>GJ</td> </tr> <tr> <td>Petrol/gasoline (for generators)</td> <td>0</td> <td>246.15</td> <td>GJ</td> </tr> <tr> <td>Diesel (for generators)</td> <td>2,959.44</td> <td>1,642.90</td> <td>GJ</td> </tr> <tr> <td>Fuel oil</td> <td>0</td> <td>360.27</td> <td>GJ</td> </tr> <tr> <td>Renewable fuel</td> <td>0</td> <td>0</td> <td>GJ</td> </tr> <tr> <td>Renewable energy produced on site</td> <td>2,673.00</td> <td>347.04</td> <td>GJ</td> </tr> <tr> <td>Total</td> <td>436,785.87</td> <td>95,408.88</td> <td>GJ</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="4">Scope 1 – Mobile energy</th> </tr> <tr> <th></th> <th>PCs</th> <th>Offices</th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Nonrenewable fuel</td> <td>9,987.27</td> <td>129,450.67</td> <td>GJ</td> </tr> <tr> <td>Renewable fuel</td> <td>590.67</td> <td>6,484.90</td> <td>GJ</td> </tr> <tr> <td>Total</td> <td>10,577.94</td> <td>135,935.58</td> <td>GJ</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="4">Scope 2 – Stationary indirect energy</th> </tr> <tr> <th></th> <th>PCs</th> <th>Offices</th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Electricity purchased</td> <td>365,686.74</td> <td>59,031.33</td> <td>GJ</td> </tr> <tr> <td>District heating purchased</td> <td>0</td> <td>2,259.90</td> <td>GJ</td> </tr> <tr> <td>Steam purchased</td> <td>18,294.27</td> <td>0</td> <td>GJ</td> </tr> <tr> <td>District cooling purchased</td> <td>0</td> <td>874.80</td> <td>GJ</td> </tr> <tr> <td>Total</td> <td>383,981.01</td> <td>62,166.03</td> <td>GJ</td> </tr> </tbody> </table>	Scope 1 – Stationary direct energy					PCs	Offices	unit	Natural gas	422,358.61	92,198.03	GJ	Liquid petroleum gas, stationary use (LPG)	8,794.82	614.49	GJ	Petrol/gasoline (for generators)	0	246.15	GJ	Diesel (for generators)	2,959.44	1,642.90	GJ	Fuel oil	0	360.27	GJ	Renewable fuel	0	0	GJ	Renewable energy produced on site	2,673.00	347.04	GJ	Total	436,785.87	95,408.88	GJ	Scope 1 – Mobile energy					PCs	Offices	unit	Nonrenewable fuel	9,987.27	129,450.67	GJ	Renewable fuel	590.67	6,484.90	GJ	Total	10,577.94	135,935.58	GJ	Scope 2 – Stationary indirect energy					PCs	Offices	unit	Electricity purchased	365,686.74	59,031.33	GJ	District heating purchased	0	2,259.90	GJ	Steam purchased	18,294.27	0	GJ	District cooling purchased	0	874.80	GJ	Total	383,981.01	62,166.03	GJ
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302-2	Energy consumption outside of the organization	+	<p>The table shows our Scope 3 energy consumption for our outsourced finished product production (data based on 66% of our 3PM spend volume), and our transport activities. Page c-29, Chapter Our Planet Engagement</p> <table border="1"> <thead> <tr> <th colspan="3">3PMs</th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Stationary energy consumption</td> <td></td> <td>537,140</td> <td>GJ</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="3">Beiersdorf</th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Energy consumption Transportation and Distribution (EcoTransIT)</td> <td></td> <td>1,057,271</td> <td>GJ</td> </tr> </tbody> </table>	3PMs			unit	Stationary energy consumption		537,140	GJ	Beiersdorf			unit	Energy consumption Transportation and Distribution (EcoTransIT)		1,057,271	GJ																																																																								
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302-3	Energy intensity	++	<p>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.</p> <table border="1"> <thead> <tr> <th colspan="3">PCs</th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Stationary direct energy/1,000 products</td> <td></td> <td>148.20</td> <td>MJ</td> </tr> <tr> <td>Stationary indirect energy/1,000 products</td> <td></td> <td>130.28</td> <td>MJ</td> </tr> <tr> <td>Energy/1,000 products</td> <td></td> <td>278.49</td> <td>MJ</td> </tr> </tbody> </table>	PCs			unit	Stationary direct energy/1,000 products		148.20	MJ	Stationary indirect energy/1,000 products		130.28	MJ	Energy/1,000 products		278.49	MJ																																																																								
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GRI 303: WATER

Management approach Water		++	Page c-36, Chapter Water Corporate website: Beiersdorf Sustainability Water Beiersdorf Sustainability Water Consumption Beiersdorf Sustainability Conserving Resources Together																												
303-1	Water withdrawal by source	+	<p>Beiersdorf does not use wastewater from another organization, therefore, it is not listed below.</p> <table border="1"> <thead> <tr> <th colspan="3">Water withdrawal (primary data)</th> <th>unit</th> </tr> <tr> <th></th> <th>PCs</th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>Municipal water supplies or other water utilities</td> <td></td> <td>1,519,315</td> <td>m³</td> </tr> <tr> <td>Ground water</td> <td></td> <td>61,003</td> <td>m³</td> </tr> <tr> <td>Rainwater</td> <td></td> <td>0</td> <td>m³</td> </tr> <tr> <td>Surface water</td> <td></td> <td>0</td> <td>m³</td> </tr> <tr> <td>Total</td> <td></td> <td>1,580,318</td> <td>m³</td> </tr> </tbody> </table>	Water withdrawal (primary data)			unit		PCs			Municipal water supplies or other water utilities		1,519,315	m ³	Ground water		61,003	m ³	Rainwater		0	m ³	Surface water		0	m ³	Total		1,580,318	m³
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303-2	Water sources significantly affected by withdrawal of water	+	Page c-36, Chapter Water Corporate website: Beiersdorf Sustainability Water Consumption																												
303-3	Water recycled and reused	+	<p>The table shows recycled and reused water amounts for our production based on primary data. The percentage is calculated on the basis of 303-1 Total Water withdrawal by source.</p> <table border="1"> <thead> <tr> <th colspan="3">PCs (primary data)</th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Total volume of recycled and reused water</td> <td></td> <td>61,366</td> <td>m³</td> </tr> <tr> <td>Water percent recycled and reused</td> <td></td> <td>3.88</td> <td>%</td> </tr> </tbody> </table>	PCs (primary data)			unit	Total volume of recycled and reused water		61,366	m ³	Water percent recycled and reused		3.88	%																
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GRI 304: BIODIVERSITY

Management approach Biodiversity		++	Page c-15, Chapter Our Product Engagement, page c-18, Chapter Raw Materials, and page c-23, Chapter Packaging
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Disclosure	GRI Standard Information	Status ¹	Reference
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-18, Chapter Raw Materials
304-3	Habitats protected or restored	+	Page c-18, Chapter Raw Materials
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-29, Chapter Our Planet Engagement and page c-33, Chapter Energy Corporate website: Beiersdorf Sustainability Energy Beiersdorf Sustainability Renewable Energies																																																																
305-1	Direct (Scope 1) GHG emissions	+	Scope 1 GHG emissions (own production, leased/owned offices including owned warehouses) referring to the direct energy consumptions reported in 302-1. Company vehicle emissions are based on fuel consumptions (refer to 302-1). The amounts are reported in carbon equivalents. The figures are based on primary data without extrapolation. Page c-29, Chapter Our Planet Engagement and page c-33, Chapter Energy <table border="1"> <thead> <tr> <th colspan="4">Scope 1 - GHG emissions stationary direct energy</th> </tr> <tr> <th></th> <th>PCs</th> <th>Offices</th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Natural gas</td> <td>23,759.70</td> <td>5,186.58</td> <td>t CO₂e</td> </tr> <tr> <td>Liquid petroleum gas, stationary use (LPG)</td> <td>556.31</td> <td>38.87</td> <td>t CO₂e</td> </tr> <tr> <td>Petrol/gasoline (for generators)</td> <td>0</td> <td>17.16</td> <td>t CO₂e</td> </tr> <tr> <td>Diesel (for generators)</td> <td>220.56</td> <td>122.44</td> <td>t CO₂e</td> </tr> <tr> <td>Fuel oil</td> <td>0</td> <td>26.85</td> <td>t CO₂e</td> </tr> <tr> <td>Total</td> <td>24,536.58</td> <td>5,391.91</td> <td>t CO₂e</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="4">Scope 1 - GHG emissions mobile energy</th> </tr> <tr> <th></th> <th>PCs</th> <th>Offices</th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Company vehicle emissions</td> <td>720.19</td> <td>9,937.22</td> <td>t CO₂e</td> </tr> </tbody> </table>	Scope 1 - GHG emissions stationary direct energy					PCs	Offices	unit	Natural gas	23,759.70	5,186.58	t CO ₂ e	Liquid petroleum gas, stationary use (LPG)	556.31	38.87	t CO ₂ e	Petrol/gasoline (for generators)	0	17.16	t CO ₂ e	Diesel (for generators)	220.56	122.44	t CO ₂ e	Fuel oil	0	26.85	t CO ₂ e	Total	24,536.58	5,391.91	t CO₂e	Scope 1 - GHG emissions mobile energy					PCs	Offices	unit	Company vehicle emissions	720.19	9,937.22	t CO ₂ e																				
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305-2	Energy indirect (Scope 2) GHG emissions	+	Scope 2 GHG emissions (own production, leased/owned offices including 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-29, Chapter Our Planet Engagement and page c-33, Chapter Energy <table border="1"> <thead> <tr> <th colspan="4">Scope 2 (market-based) - GHG emissions</th> </tr> <tr> <th></th> <th>PCs</th> <th>Offices</th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Electricity purchased</td> <td>9,783.68</td> <td>1,335.33</td> <td>t CO₂e</td> </tr> <tr> <td>District heating purchased</td> <td>0</td> <td>158.44</td> <td>t CO₂e</td> </tr> <tr> <td>Steam purchased</td> <td>1,090.29</td> <td>0</td> <td>t CO₂e</td> </tr> <tr> <td>District cooling purchased</td> <td>0</td> <td>5.99</td> <td>t CO₂e</td> </tr> <tr> <td>Electric company vehicle emissions</td> <td>0</td> <td>0</td> <td>t CO₂e</td> </tr> <tr> <td>Total</td> <td>10,873.97</td> <td>1,499.76</td> <td>t CO₂e</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="4">Scope 2 (location-based) - GHG emissions</th> </tr> <tr> <th></th> <th>PCs</th> <th>Offices</th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Electricity purchased</td> <td>49,804.95</td> <td>7,443.96</td> <td>t CO₂e</td> </tr> <tr> <td>District heating purchased</td> <td>0</td> <td>158.44</td> <td>t CO₂e</td> </tr> <tr> <td>Steam purchased</td> <td>1,090.29</td> <td>0</td> <td>t CO₂e</td> </tr> <tr> <td>District cooling purchased</td> <td>0</td> <td>5.99</td> <td>t CO₂e</td> </tr> <tr> <td>Electric company vehicle emissions</td> <td>135.82</td> <td>0.76</td> <td>t CO₂e</td> </tr> <tr> <td>Total</td> <td>51,031.06</td> <td>7,609.14</td> <td>t CO₂e</td> </tr> </tbody> </table>	Scope 2 (market-based) - GHG emissions					PCs	Offices	unit	Electricity purchased	9,783.68	1,335.33	t CO ₂ e	District heating purchased	0	158.44	t CO ₂ e	Steam purchased	1,090.29	0	t CO ₂ e	District cooling purchased	0	5.99	t CO ₂ e	Electric company vehicle emissions	0	0	t CO ₂ e	Total	10,873.97	1,499.76	t CO₂e	Scope 2 (location-based) - GHG emissions					PCs	Offices	unit	Electricity purchased	49,804.95	7,443.96	t CO ₂ e	District heating purchased	0	158.44	t CO ₂ e	Steam purchased	1,090.29	0	t CO ₂ e	District cooling purchased	0	5.99	t CO ₂ e	Electric company vehicle emissions	135.82	0.76	t CO ₂ e	Total	51,031.06	7,609.14	t CO₂e
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305-3	Other indirect (Scope 3) GHG emissions	+	Scope 3 GHG emissions referring to the energy consumption outside of the organization for outsourced finished product production (data based on 66% of our 3PM spend volume), and transport activities (reported in 302-2) as well as business travel emissions. Amounts are reported in carbon equivalents. Figures are based on primary data without extrapolation. Page c-29, Chapter Our Planet Engagement and page c-33, Chapter Energy <table border="1"> <thead> <tr> <th colspan="3">Scope 3 - GHG emissions Beiersdorf</th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Transportation and distribution</td> <td></td> <td>77,520</td> <td>t CO₂e</td> </tr> <tr> <td>Business travel</td> <td></td> <td>12,512</td> <td>t CO₂e</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="3">Scope 3 - GHG emissions 3PMs</th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Stationary energy consumption</td> <td></td> <td>37,317</td> <td>t CO₂e</td> </tr> </tbody> </table>	Scope 3 - GHG emissions Beiersdorf			unit	Transportation and distribution		77,520	t CO ₂ e	Business travel		12,512	t CO ₂ e	Scope 3 - GHG emissions 3PMs			unit	Stationary energy consumption		37,317	t CO ₂ e																																												
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305-4	GHG emissions intensity	+	All ratios are based on genuinely covered and measured data. <table border="1"> <thead> <tr> <th colspan="3">PCs</th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Direct energy/1,000 products</td> <td></td> <td>8.57</td> <td>kg CO₂e</td> </tr> <tr> <td>Indirect energy/1,000 products</td> <td></td> <td>3.69</td> <td>kg CO₂e</td> </tr> </tbody> </table>	PCs			unit	Direct energy/1,000 products		8.57	kg CO ₂ e	Indirect energy/1,000 products		3.69	kg CO ₂ e																																																				
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Disclosure	GRI Standard Information	Status ¹	Reference
305-5	Reduction of GHG emissions	+	Page c-29, Chapter Our Planet Engagement and page c-33, Chapter Energy

GRI 306: EFFLUENTS AND WASTE

Management approach Effluents and Waste	+	Page c-35, Chapter Waste and page c-36, Chapter Water Corporate website: Beiersdorf_Sustainability_Focus_Planet Beiersdorf_Sustainability_Waste Beiersdorf_Sustainability_Water
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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.
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Total water discharge by destination		PCs	unit
Municipal sewer		787,242	m ³
Surface water		33,570	m ³
Gardening and irrigation		24,253	m ³
Discharged by other means		164	m ³
Total		845,228	m³

Water discharge by treatment method		PCs	unit
Solid/liquid separation with internal oil or fat separators		79,343	m ³
Solid/liquid separation with internal wastewater treatment plant		194,721	m ³
Reverse osmosis/ultrafiltration or membrane filtration		266,992	m ³

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.
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PCs	Nonhazardous waste	Hazardous waste	unit
Recycling	12,164	821	t
Landfilling	0	0	t
Composting	1,247	0	t
Incineration	9,405	527	t
Others	2,802	367	t
Total	25,618	1,716	t

Beiersdorf		unit
Disposal of finished goods	3,968	t

306-3	Significant spills	++	There were no significant spills in 2018.
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306-4	Transport of hazardous waste	++	In 2018 we did not transport, import, export, or treat hazardous waste as defined under the Basel Convention (Annexes I, II, III, and VIII).
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GRI 307: ENVIRONMENTAL COMPLIANCE

Management approach Environmental Compliance	++	Page c-8, Chapter Compliance Management, page c-11, Chapter Responsible Sourcing, and page c-13, Chapter Sustainability Management Corporate website: Beiersdorf_Sustainability_Environmental_Protection_and_Safety_Standards Beiersdorf_Code_of_Conduct Beiersdorf_Sustainability_Responsible_Sourcing
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307-1	Non-compliance with environmental laws and regulations	++	We were not subject to any significant fines or non-monetary sanctions in 2018.
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GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT

Management approach Supplier Environmental Assessment	++	Page c-11, Chapter Responsible Sourcing Corporate website: Beiersdorf_Sustainability_Responsible_Sourcing
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308-1	New suppliers that were screened using environmental criteria	++	100% of our suppliers are covered by our initial risk screening. Page c-11, Chapter Responsible Sourcing Corporate website: Beiersdorf_Sustainability_Responsible_Sourcing
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308-2	Negative environmental impacts in the supply chain and actions taken	+	In 2018 we did not have any cases of supplier relationship termination due to a major breach of Supplier CoC. Page c-11, Chapter Responsible Sourcing Corporate website: Beiersdorf_Sustainability_Responsible_Sourcing
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400 SERIES: SOCIAL TOPICS

GRI 401: EMPLOYMENT

Management approach Employment	++	Page c-47, Chapter People at Beiersdorf
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401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	+	Page c-47, Chapter People at Beiersdorf
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Disclosure	GRI Standard Information	Status ¹	Reference																										
401-3	Parental leave	++	<p>The return to work rate after parental leave for women is 98% and for men 100% (based on all employees of Hamburg affiliates who returned from parental leave in 2018). The retention rate after parental leave is 97% for women and 95% 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 2017).</p> <table border="1"> <thead> <tr> <th>Parental leave</th> <th>Number of employees</th> </tr> </thead> <tbody> <tr> <td>Employees entitled to parental leave</td> <td>120</td> </tr> <tr> <td>thereof male employees</td> <td>41</td> </tr> <tr> <td>thereof female employees</td> <td>79</td> </tr> <tr> <td>Employees on parental leave</td> <td>102</td> </tr> <tr> <td>thereof male employees</td> <td>23</td> </tr> <tr> <td>thereof female employees</td> <td>79</td> </tr> <tr> <td>Employees returned after parental leave</td> <td>139</td> </tr> <tr> <td>thereof male employees</td> <td>58</td> </tr> <tr> <td>thereof female employees</td> <td>81</td> </tr> <tr> <td>Employees returned after parental leave and still employed after 12 months</td> <td>140</td> </tr> <tr> <td>thereof male employees</td> <td>42</td> </tr> <tr> <td>thereof female employees</td> <td>98</td> </tr> </tbody> </table>	Parental leave	Number of employees	Employees entitled to parental leave	120	thereof male employees	41	thereof female employees	79	Employees on parental leave	102	thereof male employees	23	thereof female employees	79	Employees returned after parental leave	139	thereof male employees	58	thereof female employees	81	Employees returned after parental leave and still employed after 12 months	140	thereof male employees	42	thereof female employees	98
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GRI 402: LABOR/MANAGEMENT RELATIONS

Management approach Labor/ Management Relations		++	Page c-47, Chapter People at Beiersdorf
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>

GRI 403: OCCUPATIONAL HEALTH AND SAFETY

Management approach Occupational Health and Safety		++	<p>Page c-54, Chapter Occupational Health and Safety</p> <p>Corporate website: Beiersdorf Sustainability Focus People Beiersdorf Sustainability Employee Safety Beiersdorf Sustainability Safety Management Beiersdorf Sustainability Workplace Health Beiersdorf Sustainability Dangerous Goods</p>																				
403-1	Workers representation in formal joint management-worker health and safety committees	+	<p>Over 75% of the total workforce is represented in formal joint management-worker health and safety committees.</p> <p>Page c-54, Chapter Occupational Health and Safety</p>																				
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	+	<table border="1"> <thead> <tr> <th>Global accident reporting</th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Accident frequency rate (AFR 1 million)</td> <td>2.04</td> </tr> <tr> <td>GRI accident frequency rate (AFR 200,000)</td> <td>0.41</td> </tr> <tr> <td>Lost day rate (LDR 200,000)</td> <td>7.50</td> </tr> <tr> <td>Absentee rate (AR)</td> <td>0.03 %</td> </tr> <tr> <td>Commuting accidents</td> <td>123</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>509</td> </tr> <tr> <td>Number of occupational accidents resulting in absenteeism of more than one working day (major accidents)</td> <td>57</td> </tr> <tr> <td>Scheduled time of work</td> <td>578 h</td> </tr> </tbody> </table>	Global accident reporting	unit	Accident frequency rate (AFR 1 million)	2.04	GRI accident frequency rate (AFR 200,000)	0.41	Lost day rate (LDR 200,000)	7.50	Absentee rate (AR)	0.03 %	Commuting accidents	123	Fatalities	0	Number of occupational accidents NOT resulting in absenteeism of more than one working day (minor accidents)	509	Number of occupational accidents resulting in absenteeism of more than one working day (major accidents)	57	Scheduled time of work	578 h
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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 Training and Education		++	Page c-47, Chapter People at Beiersdorf
404-1	Average hours of training per year per employee	+	<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 (for example senior leaders) on a global scale. Beiersdorf offers specific local training exclusively targeting staff aged 50 or above. 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 to stress management and nutrition tips. These preventive measures have the purpose of maintaining good basic health and employability.</p>
404-2	Programs for upgrading employee skills and transition assistance programs	+	Page c-47, Chapter People at Beiersdorf

Disclosure	GRI Standard Information	Status ¹	Reference
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.
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY			
Management approach Diversity and Equal Opportunity		++	Page c-47, Chapter People at Beiersdorf
405-1	Diversity of governance bodies and employees	+	Our Executive Board consists of one woman and six men. Our Supervisory Board comprises 75% men and 25% women. Page c-47, Chapter People at Beiersdorf Corporate website: Beiersdorf Sustainability Diversity
GRI 406: NON-DISCRIMINATION			
Management approach Non-discrimination		++	Page c-8, Chapter Compliance Management, page c-11, Chapter Responsible Sourcing, and page c-47, Chapter People at Beiersdorf
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 CoC. 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 2018 there were no incidents of discrimination at our Hamburg headquarters. An introduction to our CoC, and the CoC itself, can be found at: Beiersdorf Sustainability Responsible Sourcing An introduction to our “One Team. Living Diversity.” program can be found at: Beiersdorf Sustainability Diversity
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
Management approach Freedom of Association and Collective Bargaining		++	Page c-11, Chapter Responsible Sourcing and Page c-47, Chapter People at Beiersdorf Corporate website: Beiersdorf Sustainability Responsible Sourcing
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	++	Page c-11, Chapter Responsible Sourcing Corporate website: Beiersdorf Sustainability Responsible Sourcing
GRI 408: CHILD LABOR			
Management approach Child Labor		++	Page c-11, Chapter Responsible Sourcing Corporate website: Beiersdorf Sustainability Responsible Sourcing
408-1	Operations and suppliers at significant risk for incidents of child labor	++	Page c-11, Chapter Responsible Sourcing Corporate website: Beiersdorf Sustainability Responsible Sourcing
GRI 409: FORCED OR COMPULSORY LABOR			
Management approach Forced or Compulsory Labor		++	Page c-11, Chapter Responsible Sourcing Corporate website: Beiersdorf Sustainability Responsible Sourcing
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	++	Page c-11, Chapter Responsible Sourcing Corporate website: Beiersdorf Sustainability Responsible Sourcing
GRI 412: HUMAN RIGHTS ASSESSMENT			
Management approach Human Rights Assessment		++	Page c-10, Chapter Human Rights and page c-11, Chapter Responsible Sourcing Corporate website: Beiersdorf Sustainability Responsible Sourcing
412-1	Operations that have been subject to human rights reviews or impact assessments	++	In 2018 we didn't conduct any human rights impact assessment at our 17 production sites.
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-10, Chapter Human Rights
GRI 413: LOCAL COMMUNITIES			
Management approach Local Communities		+	Page c-40, Chapter Social Responsibility
413-1	Operations with local community engagement, impact assessments, and development programs	+	Page c-40, Chapter Social Responsibility, page c-18, Chapter Raw Materials, and page c-18 Sustainable Palm (Kernel) Oil
413-2	Operations with significant actual and potential negative impacts on local communities	++	None of our operations have a negative impact on local communities.

Disclosure	GRI Standard Information	Status ¹	Reference
GRI 414: SUPPLIER SOCIAL ASSESSMENT			
	Management approach Supplier Social Assessment	++	Page c-11, Chapter Responsible Sourcing Corporate website: Beiersdorf Sustainability Responsible Sourcing
414-1	New suppliers that were screened using social criteria	++	100% of our suppliers are covered by our initial risk screening. Page c-10, Chapter Human Rights and page c-11, Chapter Responsible Sourcing Corporate website: Beiersdorf Sustainability Responsible Sourcing
414-2	Negative social impacts in the supply chain and actions taken	+	In the initial risk screening in 2018, we identified 15 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. All non-compliances have been discussed with the suppliers and were dealt with by the end of 2018. In 2018 we did not have any cases of supplier relationship termination due to a major breach of Supplier CoC. Page c-11, Chapter Responsible Sourcing Corporate website: Beiersdorf Sustainability Responsible Sourcing
GRI 416: CUSTOMER HEALTH AND SAFETY			
	Management approach Customer Health and Safety	++	Page c-25, 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-25, Chapter Safe and Compatible Products
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-25, Chapter Safe and Compatible Products
417-1	Requirements for product and service information and labeling	+	We comply with all legal regulations regarding necessary product and service information. Page c-25, Chapter Safe and Compatible Products
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-8, 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. Corporate website: Beiersdorf Sustainability Focus People 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). Corporate website: Beiersdorf Sustainability Environmental Protection and Safety Standards
419-1	Non-compliance with laws and regulations in the social and economic area	+	Comprehensive internal anti-corruption and competition compliance guidelines including respective training programs are implemented locally and subject to internal auditing. Page c-8, Chapter Compliance Management 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 2018



OUR RESPONSIBILITY – OUR COMMITMENT

**Sustainability Report
of the tesa Group 2018**

CONTENTS

- p. t-3 FOREWORD**
- p. t-4 ABOUT THIS REPORT**
- p. t-5 THE tesa BUSINESS MODEL**
- p. t-7 OUR RESPONSIBILITY**
- p. t-12 COMPLIANCE**
 - p. t-12 tesa Code of Conduct
 - p. t-13 Compliance Management System
 - p. t-13 Prevention of Anticompetitive Practices
 - p. t-14 Corruption Prevention
 - p. t-14 Data Protection
- p. t-15 EMPLOYEES**
 - p. t-16 Internal Succession
 - p. t-17 Occupational Safety
 - p. t-20 Good Leadership
 - p. t-22 Training, Development and Support
 - p. t-24 Feedback and Dialogue
 - p. t-25 Occupational Health Management
- p. t-26 ENVIRONMENT**
 - p. t-27 Climate Protection and CO₂ Emissions
 - p. t-30 Efficient Use of Resources
- p. t-32 PRODUCT RESPONSIBILITY**
 - p. t-33 Responsibility in the Supply Chain
 - p. t-34 Product Safety
 - p. t-35 Sustainable Product Solutions
- p. t-38 SOCIAL COMMITMENT AND INVOLVEMENT**
 - p. t-39 tesa helps: Being there for Others as a Good Neighbor
 - p. t-40 tesa donates: Uncomplicated Help for Social Projects
 - p. t-40 tesa supports: Recruiting the Next Generation of Employees
 - p. t-41 tesa protects: Working to Protect the Environment

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



FOREWORD

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

Dear readers,

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

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

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

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

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

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

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

Dr. Robert Gereke
Chief Executive Officer of tesa SE

ABOUT THIS REPORT

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

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

This report is limited to an exemplary, but representative selection of current initiatives that we are implementing at our affiliates worldwide. It focuses both on the topics and areas that are of material importance to our business and those that have a major impact on our business activities. To identify these topics, we performed a materiality analysis in 2017.

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

UN Global Compact and CSR Directive Implementation Act

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

In accordance with the German CSR Directive Implementation Act, our parent company, Beiersdorf, is obligated to supplement the existing financial reporting with information on key non-financial aspects of business activities. We have integrated the non-financial information on tesa, which is part of the non-financial group declaration of Beiersdorf, into this sustainability report. This data is shown in this sustainability report in brackets indicating the page or paragraph.

Editorial Notes and Further Information

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

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

in over **100** countries



operating with **64** affiliates



over **2500**
employees
in Germany



~4900
employees
worldwide

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



THE tesa BUSINESS MODEL

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

The Group and Its Affiliates Worldwide

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

The geographic focus of our business activities is Europe, followed by the regions of Asia, America, Australia and Africa. In addition to tesa SE, the affiliates in China, the

United States, Italy, and Singapore are among the largest single companies in the tesa Group. We have production facilities in Germany, Italy, the United States, and in China.

Strategic Alignment

We are pursuing a long-term increase in the value of the tesa Group in the interests of our employees, customers and shareholders by offering useful products and selling them at a profit all over the world. Our highly qualified employees and continuously optimized business processes allow us to respond quickly and flexibly to changes in the market and develop a broad range of high-quality, demand-driven products. In addition, the knowledge of production processes and the ongoing analysis of current trends and developments in the industry give our company a competitive edge and ensure its lasting success.

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

Solutions and Products for Industry, Trade, and Consumers

Our brand philosophy and strategy center on dependably high quality, high capacity for innovation, and the use of state-of-the-art technology. We offer our customers effective solutions, high-quality products and excellent service – especially for the areas of application of automotive, electronics, construction, health, transportation and print and paper industries, as well as in the area of renewable energies and in the household appliances sector. In addition, we offer professional craftsmen and private consumers adhesive solutions that are tailored to their needs.

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

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

Procurement Markets and Overall External Conditions

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

The value chain must be designed in such a way that it can anticipate future developments and respond to them. To meet this requirement, we qualify our suppliers on a systematic basis and work to streamline our supply chains through regional procurement in the vicinity of our production sites and local purchasing teams. They know and observe the local market in detail and are able to make a realistic assessment of the possible risks arising from issues such as political instability and changes in local legislation. We also minimize risks by building a network of alternative suppliers. In order to accommodate general developments in procurement, such as rising raw material prices, changes in sales and distribution channels, and shifts in the competition situation, tesa has created a central function called the tesa Purchasing Network (tPN), which brings together cross-sector activities and resources, and manages all processes across the Group.

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



OUR RESPONSIBILITY

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

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

Our Corporate Values

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

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

Guidelines for our Actions: Global Compact Principles and SDGs

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

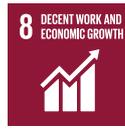
In the 2018 reporting year, we also reaffirmed our goal to make our contribution to the 17 Sustainable Development Goals of the United Nations. The SDGs constitute the core of the 2030 Agenda, a global action plan for sustainable development. For the first time they balance the three dimensions of sustainable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

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

tesa Corporate Values

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

We contribute to the following SDGs and their corresponding targets:

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

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

Strategic Action Fields

Our approach to corporate responsibility focuses on four strategic action fields: employees, products, the environment and society. We regularly review our areas of focus within these action fields. With an eye to the German CSR Directive Implementation Act, we reevaluated our material topics in 2017 with representatives of the units at tesa, the Group parent company, Beiersdorf, and other relevant stakeholders. During the materiality analysis, the subjects of “climate protection and CO₂ emissions,” “internal succession,” “occupational safety,” “prevention of anticompetitive practices,” “human rights in our supply chain” and “product safety” were identified as being material. We carry out a materiality analysis every two to three years alongside the materiality process of the parent company, Beiersdorf. The next analysis is planned for 2020.

Organizational Structure

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

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

A central corporate responsibility steering group that includes representatives of these units meets quarterly, under the leadership of the member of the Management Board responsible for human resources. The group coordinates the dialogue between the units and reporting on non-financial topics. In addition, we engage in regular dialogue with our parent company, Beiersdorf, and coordinate our activities with each other.

Risk Management

We believe success-oriented and responsible activities include the Group-wide, integrated management of risks and opportunities. Risks are identified and managed in a structured process. In the course of these activities, we assess operational, functional, and strategic risks with an eye to their possible financial impact and effects on our reputation as well as their probability of occurrence. Our compliance management team uses the same criteria in a separate process (compliance risk assessment) to identify and assess the relevant risks we may face as a result of non-compliance with external regulations and internal standards.

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

4

strategic action fields

> help us focus our sustainability activities.

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



COMPLIANCE



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

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

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

tesa Code of Conduct

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

Compliance Management System

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

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

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

Measures and Results

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

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

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

3

E-Learning

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

Prevention of Anticompetitive Practices

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

Management Approach

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

Measures and Results

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

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

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

Corruption Prevention

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

Our Management Approach

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

Measures and Results

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

Data Protection

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

Management Approach

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

Measures and Results

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

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

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

EMPLOYEES



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

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

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

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

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

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

Internal Succession

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

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

Management Approach

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

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

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

Measures and Results

Competencies review In Europe, North America, Greater China and Asia/Pacific, talented employees were given the opportunity to participate in professionally relevant role playing and exercises – comparable to those of an assessment center. They then received feedback on their strengths and areas for development with regard to the tesa Key Competencies. Intensive discussions with experienced managers and HR employees gave these up-and-coming employees further impetus for their future careers at tesa. The competencies reviews enable us to develop talented workers' skills in a targeted manner, making them candidates for internal succession.

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



X-perience

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

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

Occupational Safety

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

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

Management Approach

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

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

Our occupational safety management activities focus on production sites, where the risks of accidents and adverse health effects are greater than at our office headquarters.

We employ our own safety specialists at all ISO 14001 certified sites. They are familiar both with tesa's global health and occupational safety guidelines and with local conditions. We also take deliberate steps to promote international dialogue among these experts. The safety specialists meet annually to discuss key occupational health and safety risks. They also initiate joint projects, define standards, and share information on successes and experiences as part of these events. This approach contributes toward the continuous optimization of prevention measures at tesa.

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

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

Measures and Results

Training courses At the tesa SE site, we developed training videos in 2017 covering a wide range of topics in occupational safety and emergency prevention and made them accessible to all employees. The films show in compact form how employees at the company headquarters and the research and technology center should behave in order to best prevent risks to their own safety. In 2018, the videos were also integrated into an e-learning course that all employees at the company headquarters site had to complete. Both the e-learning course and the films are available in German and English. Alongside improved training schemes for employees and external companies, risk assessment for machines was also optimized in this reporting year.

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

Fire Safety As part of our fire prevention scheme for 2020, we implemented measures in the area of technical fire prevention and protection at the tesa plant in Ofenburg this reporting year. The focus here was also on prevention. We held a daylong event for all employees that highlighted the subject of fire prevention, for example. The introduction of the 2020 fire prevention scheme is already showing initial signs of success. For example, we have improved the early detection of fires through organizational and technical measures. At the tesa plant in Suzhou, China, this reporting year marked the seventh time that a “Safety Week” event was held. It encompassed a range of educational and training courses on topics such as proper conduct for safety and health, explosion and fire prevention, and fire extinguisher usage.

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

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



ISO certification

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



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

Performance Indicator

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

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

Occupational safety key figures

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

*Adjustment compared to previous year

Good Leadership

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

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

4 of 9

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

Management Approach

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

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

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

Measures and Results

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



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

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

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

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

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

Feedback tool How do employees view their supervisors, and what are their perceptions of the supervisors' leadership? To answer these questions, we developed a digital feedback tool based on the tesa Key Competencies in 2017. The tool has been in use since the beginning of 2018 and is available globally. Employees are surveyed on various aspects relating to leadership, and afterward, supervisors receive an anonymized analysis they can use as a basis to discuss the next steps with their employees. In addition, the managers have the opportunity to conduct a team workshop with their employees based on the results. The workshop should offer them a suitable space for discussing potential areas of development in the team. Since its introduction, 15 executives worldwide have used the feedback tool.

100 %

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

Training, Development and Support

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

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

Management Approach

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

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

leadership and management programs are available to selected employees.

Measures and Results

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

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

technical training and sales skills for sales employees. This reporting year, it was adjusted to account for the latest developments on the market and the changing needs of the sales team. For the sales training courses, this includes the introduction of a blended learning approach, which combines in-person classroom presentations and e-learning. This approach was applied successfully for the first time in 2018 and has significantly reduced the number of days requiring attendance. A total of 275 participants have taken part in 44 training days for the Sales & Marketing qualification program. The training and qualification program for tesa R&D employees includes topics such as patents and quality management. A total of 179 people participated in this program in 17 training days during the reporting period.

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

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

Open course program These classes are open to all employees by arrangement with their managers and include subjects such as language classes and IT training sessions. These sessions comprised 74 days of training in 2018, with 243 employees participating.

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

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



454 participants

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

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

Feedback and Dialogue

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

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

Management Approach

In recent years tesa has continuously improved its feedback culture, through employee surveys, for example. We conduct them at regular intervals both at tesa's headquarters and in the regions. Surveys are conducted annually worldwide. At the individual site level, employees in different regions are surveyed every two to three years. This helps us ensure that the implementation of corresponding measures is properly tracked. The employee surveys serve to measure the engagement of our employees, their motivation and their loyalty to the company as well as to identify any elements that significantly affect these aspects. The individual regions can also add questions to cover locally relevant topics. To foster dialogue between employees and supervisors, joint workshops are held following the anonymized surveys, with participants discussing the results and mapping out specific actions to take. We then conduct subsequent employee surveys to review how effective and how widely accepted these measures have been. In general, the results of these surveys have affirmed that our employees are highly committed and have strong ties to tesa.

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

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

Measures and Results

Competency-based employee performance appraisals We also conducted competency-based employee performance appraisals in the tesa regions in 2018. This standardized international format is modeled on the tesa Key Competencies, which determine the actions of people at tesa. This is another way we ensure dialogue between employees and managers. Besides facilitating feedback to employees, it also enables employees to provide voluntary feedback to supervisors.

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

> 90 %

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

Occupational Health Management

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

Management Approach

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

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

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

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

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

Measures and Results

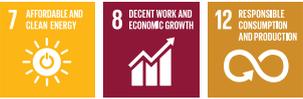
"tesa sport club" This reporting year, we once again extended the club's hours in order to meet the high demand for its services. After a successful start in 2017, we also expanded the range of in-house physiotherapeutic treatments.

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

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



ENVIRONMENT



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

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

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

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

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

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

Climate Protection and CO₂ Emissions

In order to live up to our responsibility toward the environment, we systematically analyze all developments and challenges that can arise for our business from climate change and calibrate our measures accordingly. In tesa's role as an industrial supplier, it is especially important in this context for the company to prepare for future developments in overall regulatory conditions. Policy measures enacted to protect

the climate, efficiency targets and the further expansion of renewable energies may affect tesa's business activities. Threshold limits, technical standards, and approval processes for energy generation and production facilities are also in flux, which calls for a forward-looking approach. Besides that, climate protection is garnering growing public attention.

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

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

Management Approach

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

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

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

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

The introduction of the energy management systems has set the stage for further increasing energy efficiency at the sites. Advanced monitoring processes are an element of the energy management systems. These processes are expanded and improved on an ongoing basis. Employees and external associates who have an influence over the company's energy performance have been sensitized to this topic and have received training on keeping energy management in mind in their actions. Another strategic approach for tesa is the use of energy and resource-saving technologies, such as efficient generation of our own energy through cogeneration (combined heat and power, CHP) and obtaining electricity from renewable sources.

8

sites

➤ have an ISO 14001-certified environmental management system.

3

sites

➤ have an ISO 50001-certified energy management system.

With our tesa environmental program, which was put in place in 2001, we are setting Group-wide targets for us to continuously reduce our environmental impact. The current program is running from 2016 to 2020. In this period, we aim to reduce specific CO₂ emissions per metric ton of end product (location based) by ten percent. Energy consumption is the most important control parameter here, and is constantly being reduced through our environmental program and our continuous improvement process. The targets that we set for ourselves in a given period are regularly reviewed and revised. Through our internal planning and reporting activities, we identify, assess and monitor risks and measures associated with reducing CO₂ emissions at the level of the headquarters and the individual sites certified according to ISO 14001. The Environmental Management Team prepares and updates the assessment for climate-related risks on a yearly basis. We review the effectiveness of our activities by keeping track of monthly site-specific energy consumption. We determine Scope 1 and Scope 2 CO₂ emissions based on the guidelines of the Greenhouse Gas Protocols.

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

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

Measures and Results

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

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

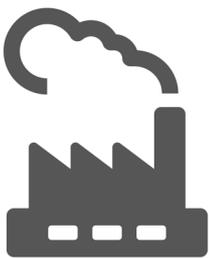
Environmental audits External environmental audits are conducted annually as part of matrix certification of the ISO 14001 sites. In addition, internal system audits are conducted at all ISO 14001 sites. Due to the revision of the environmental management standard, the focus was in part on performance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

Climate protection measures We began operating a CCHP (combined cooling, heat and power) system for climate-friendly in-house power generation at the Offenburg plant in 2014, and the Hamburg plant followed suit with a CHP (combined heat and power) plant in 2016. In these systems, we use not only the electricity generated, but also the heat that is produced, which is used for purposes such as heating and in production processes. These two plants together supplied about 41 percent of our worldwide electricity demand at ISO 14001 certified sites. At the Offenburg site, a new boiler has been used to supply steam to the production plant since 2018. It is more efficient and reduces the consumption of natural gas and the related CO₂ and NO_x emissions. During the reporting year, feasibility studies were completed for CHP systems at the Concagno tesa plant and the tesa SE plant in Norderstedt, resulting in the affirmative decision to go ahead with investments.

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

Performance Indicator

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



Specific CO₂ emissions per metric ton of end product

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

Key figures climate protection and CO₂ emissions

Energy use

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

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

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

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

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

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

Efficient Use of Resources

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

Our binding environmental guidelines offer guidance in this area. They state that we produce, use and dispose of products in such a way as to minimize harmful impact on the environment. In addition to our consistent compliance with legal requirements, we also proactively assume responsibility in this area. We refine our environmental

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

Management Approach

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

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

We take care to ensure resource efficiency from the early stages of developing our products and the methods used to produce them. Measures to this end are an integral part of our environmental protection activities as a company. We also regularly raise awareness among our employees regarding the subjects of reducing and sorting waste.

There is no way to eliminate all waste when producing goods. Our waste and raw materials management activities are geared toward using materials efficiently and recycling wherever possible. We are thus constantly at work on minimizing production-related losses of the raw materials we use when producing adhesives, coating tapes and cutting rolls. The waste generated during the production process is determined on a site-specific basis according to various waste fractions. For reporting purposes, it is summarized in categories based on whether it is non-hazardous or hazardous and whether it is for disposal or recycling. tesa recycles almost all non-hazardous waste and hazardous waste containing solvents. Ongoing improvements in machinery and production processes – including some at our employees’ instigation – have allowed us to reduce our waste volumes on a continuous basis.

We have used our unique, patented ACX technology to produce double-sided acrylic adhesive tapes for highly durable adhesive bonds for years now. The ACX method removes the solvents used from the adhesive, eliminating the need for energy-intensive drying. The same is true of NRE technology, which is used to manufacture and coat natural rubber adhesives. This method substitutes solvent-free extruded rubber systems for solvent-based adhesives.

Measures and Results

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

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

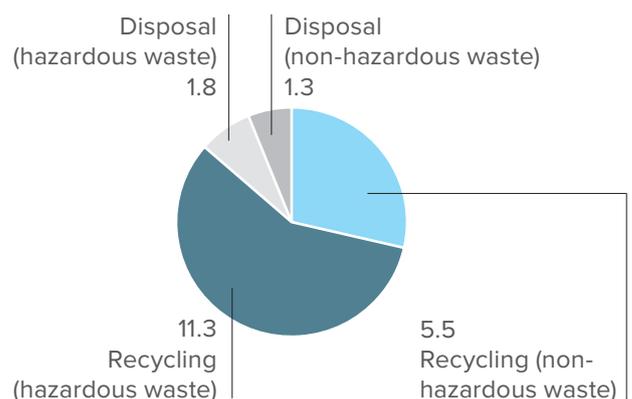
Expansion of ACX technology In 2018, we converted other products to this technology, which led to additional energy, material and solvent savings.

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

Performance Indicators

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

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



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



PRODUCT RESPONSIBILITY



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

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

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

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

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

Responsibility in the Supply Chain

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

Because of the international nature of our value chain, we are exposed to a certain level of risk with regard to human rights violations. We aim to know the origin of the raw and intermediate products we purchase and provide traceability. With this in mind, our procurement strategy focuses on physical proximity. We are ramping up our efforts to procure the raw materials needed at the plants in close geographic proximity to the sites.

Management Approach

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

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



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

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

Measures and Results

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

Within the tesa Group, the Group internal audit department monitors the purchasing standards that apply

worldwide and the associated processes at the affiliates by conducting regular “Purchase to Pay” audits, which review all processes from procurement through to invoicing. In the process, Group internal audit department also checks whether the main suppliers are subject to any corresponding obligations under CoCfS. If necessary, the department calls for corrective measures.

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



The tesa CoCfS

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

Product Safety

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

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

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

Management Approach

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

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

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

Product safety management at tesa is an essential component of quality management, for which control is shared by the organizational structure and management. The Product Safety and Product Development departments are responsible for assessing materials and substances. In the process, they evaluate the latest research findings and consider information on safety-related substance properties and safe handling of substances and mixtures. In order to avoid product errors, the Product Development and Production departments conduct failure mode and effects analyses (FMEA), among other measures. This helps them to identify potential errors in design, production or directions, such as inaccurate instruction manuals, during the development process.

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

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

Measures and Results

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

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

Sustainable Product Solutions

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

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

Management Approach

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

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

50 %

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



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

Measures and Results

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

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

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

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

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

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

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

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

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

ULTRA **LOW VOC** 

In 2018,

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

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



SOCIAL COMMITMENT AND INVOLVEMENT



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

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

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

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

Management Approach

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

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

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

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

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

tesa helps: Being there for Others as a Good Neighbor

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

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

Commitment and involvement in Germany Employees of tesa SE and the Hamburg tesa plant can voluntarily participate in various projects in the region. The projects are offered by the Corporate Citizenship department in cooperation with the association “tatkräftig – Hände für Hamburg.” With “1 day, 1 team, 1 goal” as its motto, the organization connects volunteer helpers with over 150 institutions in the Hamburg area. As an alternative, employees can choose their own initiatives to support in the neighborhood following consultation. For trainees from the Hamburg tesa plant, participation in a “tesa helps” project with “tatkräftig” has now become an integral part of the first apprenticeship year. In the year under review, 58 employees supported five projects in all, including play and craft activities or gardening, handicraft, and renovation work at social and charitable institutions, such as children’s and youth facilities, day care centers, and refugee centers.

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



In cooperation

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

tesa donates: Uncomplicated Help for Social Projects

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

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

7568.90

euros

➤ in leftover change
were donated in 2018.

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

tesa supports: Recruiting the Next Generation of Employees

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

Initiative Naturwissenschaft & Technik tesa SE in Germany has been partnering with Initiative Naturwissenschaft & Technik (Science & Technology Initiative – abbreviated NAT) since 2014. In Hamburg and the surrounding metropolitan area, NAT connects schools with universities, colleges and technology-driven companies. The objective is to give young people a variety of insights into various occupational fields. tesa is a supporting member, providing donations and encouraging volunteer efforts by employees. We provide particular support for two NAT initiatives: “mint:pink,” a support program to promote girls’ participation in STEM, and “90 Minutes of STEM,” a course that offers a view into scientists’ working lives. In 2018, three STEM days were held at tesa. In addition, tesa has supported both programs again in the form of a major annual donation.

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



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

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

tesa protects: Working to Protect the Environment

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

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

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

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

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 2018 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 2018 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 2018 to 31 December 2018 (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 2018 and February 2019, we performed amongst others the following assurance and other procedures:

- Inquiries of employees 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, analyzing and aggregating 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 2018 to 31 December 2018 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, 26 February 2019
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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Further information

Sustainability on the Internet:

Consumer Business Segment:
<https://www.beiersdorf.com/sustainability/overview>

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