

# SUSTAINABILITY REVIEW

2017

**Beiersdorf**

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

Following the application of the CSR directive implementation law (CSR-RUG), the Beiersdorf Group and Beiersdorf AG are subject to new reporting obligations: For the 2017 fiscal year we are obliged for the first time to complement our existing financial reporting with information on material non-financial aspects of our business activity in the areas of environment, employees and society, human rights, and anti-corruption.

This Sustainability Review also integrates the Separate Combined Non-financial Report for the Beiersdorf Group (Consumer and tesa Business Segments) and Beiersdorf AG, as defined under § 315b s 1, 3 of the German Commercial Code (HGB) in conjunction with § 289b s 1, 3 HGB (Non-financial Report).

This Sustainability Review was published on April 4, 2018 on the [Beiersdorf corporate website](#). For the [Consumer](#) and [tesa](#) Business Segments, separate extracts from the Sustainability Review will be made available for download on the company websites.

### Identification of the Material Non-financial Topics

In advance of the publication of this report, the Business Segments Consumer and tesa conducted a materiality analysis of the non-financial topics relevant to each respective company (see Consumer Business Segment on page c-9, Business Segment tesa on page t-9). Amongst other factors, this analysis assessed the impact of the respective segment's business activity on the non-financial aspects. The topics identified were then assessed in a workshop for their business relevance to Beiersdorf; amongst other topics this process examined regulatory and financial risks, reputational impacts, as well as potential pricing and revenue impacts.

For the Consumer Business Segment, education and training, employment, occupational safety, climate and energy, human rights, product sustainability, product safety, social assessment of suppliers, and anti-competitive behavior were

identified as material non-financial topics within the scope of the CSR-RUG. No material topics within the scope of the CSR-RUG were identified in the "society" topic area.

The materiality analysis in the tesa Business Segment identified company managers and internal filling of job vacancies, occupational safety, climate protection and CO<sub>2</sub> emissions, human rights in the supply chain, product safety, and anti-competitive behavior as material topics in scope of the CSR-RUG.

Disclosures on the material non-financial 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.

All legally required disclosures on material non-financial aspects pursuant to § 315c HGB in conjunction with § 289c HGB (Non-financial Report) are highlighted by a gray background.

### Application of International Frameworks

The 2017 Sustainability Review of the Consumer Business Segment is oriented towards the Global Reporting Initiative (GRI) G4 Guidelines, in line with the "core" option.

The tesa Business Segment, a member of the United Nations Global Compact (UNGC), publishes an annual Communication on Progress on its achievements in the areas of corporate governance, employees, products, environmental protection, and social engagement.

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.



## Foreword



**STEFAN F. HEIDENREICH**  
CHAIRMAN OF THE EXECUTIVE BOARD



**ZHENGRONG LIU**  
MEMBER OF THE EXECUTIVE BOARD  
HUMAN RESOURCES | SUSTAINABILITY | SERVICES

### Dear Readers,

2017 was another successful year for Beiersdorf, with both our Business Segments – Consumer and tesa – contributing to the strong performance. Despite a highly challenging business environment across all major markets, we were not only able to grow our business but did so responsibly in accordance with our long-term sustainability commitment.

### Consumer

Our “**We care.**” strategy is founded upon three pillars, “Products, Planet, People”, and comprises the full spectrum of sustainability along the entire value chain.

We continued to make good progress towards our Planet target, which we jointly developed with the WWF in line with the accords reached at the UN Climate Conference in Paris. We lowered our energy-related CO<sub>2</sub> emissions per product manufactured by 27% and increased the share of renewable energies in our power supply to 45%. We are proud of reaching our “Zero Waste to Landfill” target ahead of schedule at all established production centers worldwide. What’s more, we have started taking steps to do the same at all our warehouses globally by the end

of 2018, which will represent a major step in our progress up the waste pyramid.

To speed up our progress in the Products area, we launched the development of a “Product Sustainability Roadmap” last year. This will support us in systematically and continuously reducing the environmental footprint of our products, with a strong focus on our packaging and raw materials. After we already replaced polyethylene particles in all our skin care products worldwide with environmentally friendly alternatives back in 2015, we are determined to completely eliminate other solid synthetic polymers from all our rinse-off products by 2020.

We also reached a milestone in the People area, with the fifth anniversary of our NIVEA Family Days – the employee volunteering program of our largest brand’s social commitment: “NIVEA cares for family”. Delivering sustainable and locally relevant support to families in need has sparked our employees’ enthusiastic participation and moved thousands of them to lend a helping hand, both personally and as a team. In total we have supported 840,695 families through our global social engagement since 2013. This puts us well on track to reaching our goal of improving the lives of one million families by 2020.

## tesa

tesa's Corporate Responsibility is guided by the principles of the UN Global Compact and focuses on four strategic areas of action: Employees, Environment, Products, and Society.

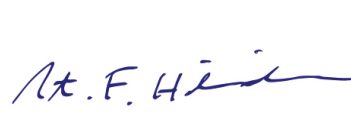
One important focus was on energy-saving measures and the environmentally efficient generation of the company's own energy. By 2020, tesa's target is to reduce its specific location based CO<sub>2</sub> emissions by 10% compared to the reference year 2015.

As part of the "tesa connects" corporate citizenship program, employees worldwide once again engaged voluntarily in over 50 initiatives for a good cause.

## Continuing our Sustainability Journey

Our consumers and end-users are increasingly interested in knowing more about the company behind the brands and products they buy and trust. At Beiersdorf we work constantly to ensure that our decisions and actions are worthy of that trust. We do so by investing in technology and innovations. More importantly, we do so with the commitment, creativity and passion of our employees – for a sustainable future.

Sincerely,



STEFAN F. HEIDENREICH



ZHENGRONG LIU



## Beiersdorf Profile

Beiersdorf is a globally leading manufacturer with over 18,000 employees in more than 160 countries around the world. In 2017, the company, which consists of the Consumer and tesa Business Segments, generated sales of €7,056 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 including brands like NIVEA, Eucerin, Hansaplast, and La Prairie. They stand for innovative, high-quality skin and body care products which are internationally successful and aligned with the wishes of our consumers and local demands. Our unequaled closeness to consumers and markets, and the consistent development of

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

With over 7,000 different products the tesa Business Segment is one of the pioneering manufacturers of innovative self-adhesive products and system solutions for industry, commerce, and consumers. tesa has many years of experience in coating technology and adhesive development, and is one of the global market leaders 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 incorporated in all business processes at both our business segments.

### Beiersdorf Brand Portfolio

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A description of the business model is provided within the **“Business and Strategy”** chapter in the Group Management Report presented in the 2017 Annual Report on page 15.

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# SUSTAINABILITY REVIEW 2017

Consumer Business Segment



**We care.**  
*Our commitment to sustainability.*

**Beiersdorf**

## Report Profile

In our annual Sustainability Review we describe how we fulfill our responsibilities along the entire value chain. We report to our stakeholders on our company’s performance in the aspects of Products, Planet, and People as well as on the successes and challenges of the reporting year.

Our Sustainability Review is oriented towards the Global Reporting Initiative (GRI) G4 Guidelines; as in the preceding years, this Review was compiled in line with the “core” option.

We have carefully checked and adjusted the structure and orientation of our activities and our reporting by means of a materiality analysis (page c-9), and have integrated the results in this review.

On our [corporate website](#) we report on new sustainability-related developments and the progress we have made in individual projects over the course of the year. Here, we also provide reports and information from previous reporting years.

In compliance with the CSR directive implementation law, the Beiersdorf Group (for Consumer and tesa) and Beiersdorf AG are for the first time publishing a Separate Combined Non-financial Report for the 2017 fiscal year that is integrated in the Sustainability Review. This is available for [download](#) from our corporate website.

 **FIND OUT MORE ABOUT OUR REPORT PROFILE**



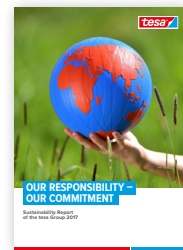
 **CONSUMER SUSTAINABILITY REVIEW**



 **SUSTAINABILITY ON OUR CORPORATE WEBSITE**



 **BEIERSDORF GROUP & BEIERSDORF AG SUSTAINABILITY REVIEW**



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## Overview of the Consumer Business Segment

For **over 135** years, Beiersdorf has been a leader in innovative skin care. With our unique brands and high-quality skin and body care products, we convince millions of consumers worldwide – day after day.

We continue to develop our internationally successful product portfolio for them, in particular our core brands **NIVEA**, **Eucerin**, **La Prairie**, and **Hansaplast**. We respond flexibly to our consumers' wishes and demands while bearing global trends and regional requirements firmly in mind. We stay close to our consumers and our markets, which enables us to continuously set milestones in skin care with innovative product concepts.

In 2017, our Consumer Business Segment achieved sales of **€5,799** million with **14,477** employees.

Our strategic compass, the **Blue Agenda**, defines the course by which we aim to achieve our ambitious targets. Care, Simplicity, Courage, and Trust are our **Core Values** and have shaped our company from the beginning. They give us orientation and determine the way we work.

As the inventors of modern skin care, **“Care”** is far more than just a part of our main business for us. It is a core value with which we express our responsibility towards people and the environment. It is also why we continually expand our sustainability management, which focuses on three pillars: **“Products, Planet, People”**. At the same time, this helps us strengthen our relationships with our employees, suppliers, customers, and consumers, and to grow our business consistently.



# OUR COMMITMENTS

We have a clear vision: To be No. 1 in Skin Care in our relevant markets and categories. Through our “We care.” sustainability strategy, we work to fulfill our responsibility to people and the environment – to secure responsible and sustainable growth.



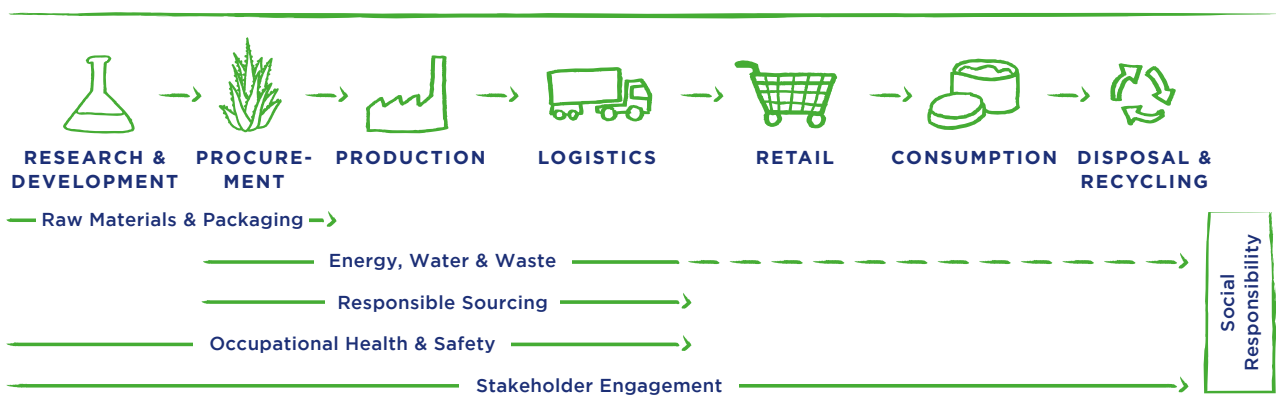
FIND OUT MORE ABOUT OUR COMMITMENTS

## Strategy

In a business environment characterized by economic uncertainty, social imbalances, and environmental challenges, we strive to grow in a responsible manner. 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 committed. Our sustainability strategy focuses on three pillars: “Products, Planet, People”. It thus comprises sustainability topics right along the entire value chain – ranging from raw materials procurement, 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 Integrated Risk and Opportunity Management














As a success-focused and responsible company, at Beiersdorf we employ a structured, Group-wide Integrated Risk and Opportunity Management process to record and manage risks (see the Risk Report in the Group Management Report, “Integrated Risk and Opportunity Management System”). In this process we differentiate between operational, functional and strategic risks, whereby we assess financial and reputational impacts as well as their probability. In addition, we maintain a prioritized inventory of relevant legal risks (Compliance Risk Assessment) as part of our Compliance Management activities. As part of this, we identify and assess risks according to their impacts and probability as a result of non-compliance with external regulations and internal standards.

In a cross-departmental workshop held at the end of 2017, we reviewed the coverage of non-financial aspects in our existing processes and identified additional potential risks on aspects that had not previously been covered.

We then assessed all identified risks in terms of their impact on non-financial aspects. Solely those risks relating to product safety and competition law were identified as risks with a high probability of occurrence and potentially serious impacts. These are already managed through our Group-wide Risk Management process, and they are explained in the chapters “Compliance Management” (page c-10) and “Safe and Compatible Products” (page c-27). In 2018, we will begin to integrate into our Group-wide Risk Management process the consideration of negative impacts on aspects relating to our non-financial disclosures.



# Progress Towards Our Commitments

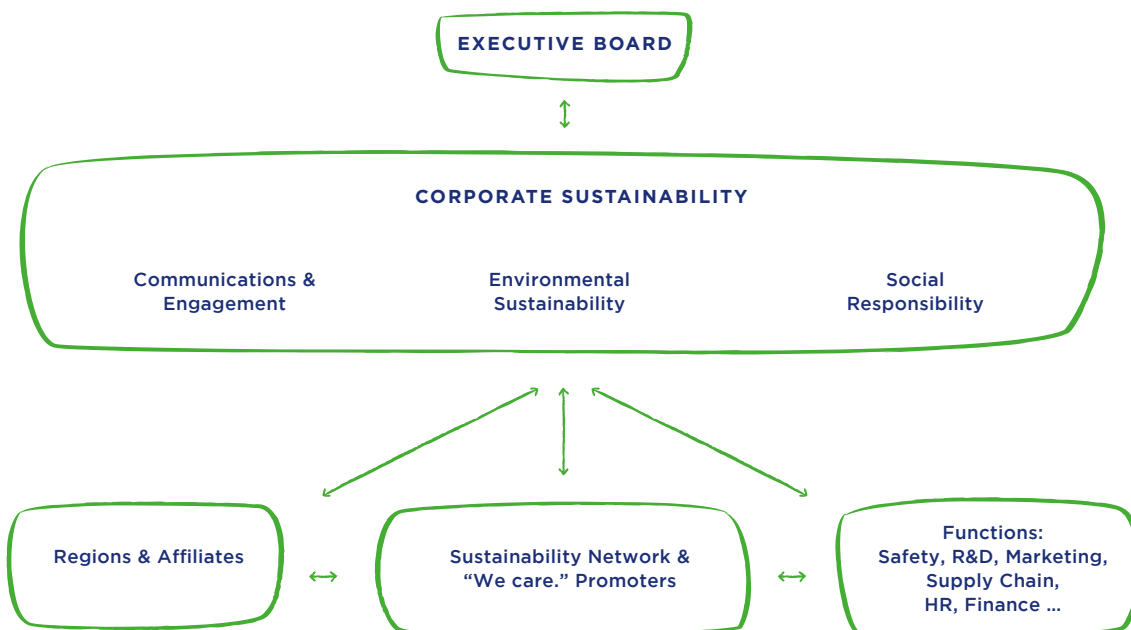
 <p><b>PRODUCTS</b></p>	 <p><b>PLANET</b></p>	 <p><b>PEOPLE</b></p>
<b>OUR COMMITMENTS</b>		
<p>Generating 50% of our sales from products with an improved environmental impact by 2020. (Base year 2011)</p>	<p>New climate commitments: Reducing our energy-related CO<sub>2</sub> emissions by 70% per product 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>
<b>PROGRESS TOWARDS OUR COMMITMENTS</b>		
<p>At least 23% of sales achieved from products with an improved environmental impact. (Base year 2011)</p> <p>23%  50%</p>	<p>27% less energy-related CO<sub>2</sub> emissions per product manufactured. (Base year 2014)</p> <p>45% of electricity from renewable energy sources.</p> <p>27%  70%</p>	<p>840,695 families sustainably supported through our global social commitment. (Base year 2013)</p> <p>840,695  1 million</p>
<p> <b>Raw Materials:</b> Achieved 54% transition to mass-balanced palm (kernel) oil-based raw materials and covered the remaining 46% via “RSPO Credits”.</p> <p>Commitment to completely remove solid synthetic polymer particles from our rinse-off products and to entirely exit nylon as ingredient.</p> <p> <b>Packaging:</b> Saved approximately 20t of packaging material by optimizing the NIVEA In-Shower packaging.</p>	<p> <b>Stationary Energy:</b> -15% energy consumption*</p> <p> <b>Waste:</b> -5% waste* All 16 established production sites achieved the “Zero Waste to Landfill” target.</p> <p> <b>Water:</b> -6% water consumption* -25% wastewater volume*</p> <p>* In our production sites per production unit. (Base year 2014)</p>	<p> <b>Employee Health &amp; Safety:</b> Group-wide +4% work-related accidents vs. previous year.</p> <p> <b>Social Responsibility:</b> 48 countries implemented social initiatives.</p>

## Organizational Structure and Contacts

The Corporate Sustainability department is responsible for the development and the global implementation of the sustainability strategy. It reports directly to the Executive Board. It works with a network of regional and functional teams of experts and decision-makers. These then transfer the strategic guidelines to their respective departments and adjust them to meet local needs. This approach ensures that the objectives are anchored in all

relevant processes and can best be implemented while taking into account local requirements.

As part of our company-wide “We care.” engagement program, we also give all employees the opportunity to participate actively. Our goal is to familiarize all employees with the global strategy and for them to realize what their own contribution to successful implementation can be.



### Contacts



**INKEN HOLLMANN-PETERS**  
VICE PRESIDENT CORPORATE  
COMMUNICATIONS &  
SUSTAINABILITY



**DORLE BAHR**  
HEAD OF ENVIRONMENTAL  
SUSTAINABILITY & SECURITY



**CHRISTIANE HÖLSCHER**  
GLOBAL  
CSR MANAGER

## Materiality Analysis

We check our sustainability activities in regular dialog with our stakeholders and integrate current societal developments in our considerations. In this, we use the materiality analysis as a strategic instrument to help us identify the sustainability topics that are especially relevant in the opinion of our stakeholders and us at Beiersdorf.

### Continuous Development of our Sustainability Management

As part of the development of our “We care.” sustainability strategy, we carried out a materiality analysis for the first time in 2011. We investigated exactly where in the value chain our activities and products have an impact on society and the environment and where they influence our core business. In this process we identified the topics and issues that reflect global challenges contributing to the long-term success of our company and that are important to our stakeholders. We then integrated the insights from this analysis in the definition of the strategic framework. Furthermore, we developed key indicators by which to measure ourselves and our performance.

In 2014, we aligned our reporting processes with the GRI G4 Standard and reviewed the orientation of our activities by means of a second materiality analysis. Through a comprehensive online survey of internal and external stakeholders – from different countries and specialist fields – combined with in-depth interviews with sustainability experts and internal workshops, in which we discussed the results intensively, we identified the global environmental and societal challenges that our company and our stakeholders see as especially important.

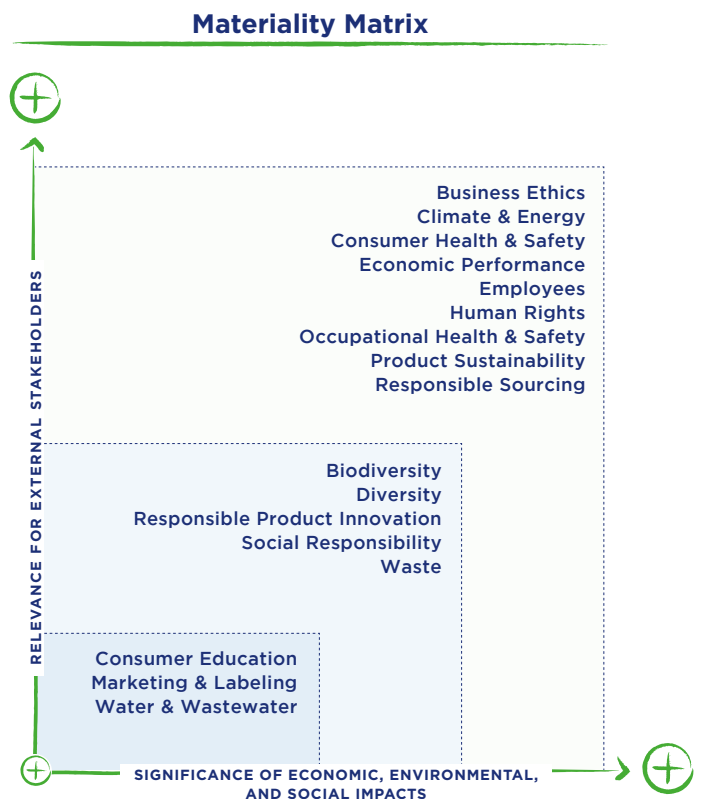
### Updating our Materiality Matrix, Responding to Chancing Influences and Demands

As the various influences on our business activity and our stakeholders’ demands change continually, we updated our materiality matrix with regard to our influence on business, the environment, and society this year. We began by gathering the viewpoints of colleagues from all company areas on the material topics and assessed these topics’ relevance. We then carried out an online survey of colleagues around the world as well as external stakeholders, and checked the results of the

workshops. All the results were integrated in the creation of our updated materiality matrix.

Our 2017 materiality matrix shows the 17 topics that we and our stakeholders see as material.

 **FIND OUT MORE ABOUT OUR MATERIALITY ANALYSIS**



## Compliance Management

### Trust – Our Guiding Principle and Core Value

Our Core Values of Trust, Care, Courage, and Simplicity guide our actions and are embedded in our Code of Conduct, which is binding for all our employees worldwide. This overarching guidance for our behavior is aligned with our social responsibility as a company and provides all our company areas with orientation for action.

### 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 in which we operate. We take a triple approach to make sure we achieve this goal.

**Prevent:** We anchor preventative measures to avoid wrongdoing.

**Detect:** Control instruments help to 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. The Corporate Compliance Management department in Hamburg advises and supports Compliance Officers and local management at all times. Furthermore, it ensures that all elements of our Compliance Management System are well 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 accurate analysis of compliance risks. To achieve this, 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 damage to our company: These critical topics are analyzed in detail to ensure that appropriate countermeasures are in place or can be taken rapidly. Our risk-analysis criteria in particular include risk indices, previous incidents, the business model, the specific site, regulatory framework, and 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



*"We have implemented a strong compliance framework at Beiersdorf, which we are currently expanding 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 damage to our company, our employees, and our brands."*

**EBERHARD VON KLINGGRÄFF**  
VICE PRESIDENT CORPORATE LEGAL AFFAIRS &  
COMPLIANCE MANAGEMENT

related activities. Risks arising from infringements of competition law, anti-corruption law and data-protection law were identified as material for Beiersdorf. Competition law was identified as a material topic under CSR directive implementation law. The reason for this is Beiersdorf’s business model, the complexity of the legal topic area, as well as the global raise of competition authorities’ monitoring and pursuance. As a manufacturer of branded goods, Beiersdorf mainly depends on the sale of its products by wholesalers, retailers and other sales partners, which bears 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 as the legal action taken by competition authorities regularly lead to lawsuits by corporate customers, who have suffered financial damages as a consequence of the competition law infringement.

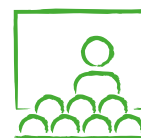
**Information - Cornerstone of Effective Compliance**

Alongside 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 regarding the contact and exchange of information with competitors, communication with customers (for instance individual retailers) regarding sales prices, Category Management as well as do’s and don’ts. A clear set of rules on fair competition also underpins our work. Our Anti-Corruption Guideline provides orientation on lawful behavior regarding conflicts of interest, personal invitations or gifts. Our Data-Protection Guideline governs the lawful and trustworthy handling of personal data. The Data-Protection team is currently focused on implementing the organizational requirements of the EU General Data Protection Regulation within a data-protection management system.

All employees and managers with significant risk exposure receive focused training at regular intervals. This training is delivered as face-to-face or e-learning instruction and 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 issues. Training participation rates in 2017 are given in the graphic below.

**Training-participation Figures: Competition Compliance and Corruption Prevention**

Participation Rate 2017 (global)



Competition Compliance  
**91%**



Corruption Prevention  
**86%**

**Acting Attentively and Responsibly**

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



*The personal commitment of each employee is vitally important to living by our compliance principles sustainably.*

Across the entire company we operate the “Speak up. We care.” whistleblower platform based on BKMS® technology, which is accessible worldwide around the clock. In Germany and China we additionally rely on external Ombudsmen in each country, who also accept 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 report on the effectiveness of our Compliance Management System by means of regular Group-wide compliance reporting. For this, we record 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 instantly.

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



**FIND OUT MORE ABOUT OUR  
COMPLIANCE MANAGEMENT**



## Human Rights

### Upholding and Promoting Human Rights

We recognize our duty to uphold and promote human rights along our entire value chain, within which we see the main risks to human rights in the upstream supply chain.

To require our employees and our suppliers to uphold human rights and to promote these, we have integrated corresponding binding policies in our internal and external Code of Conduct (CoC). We tolerate no form of corruption whatsoever, no form of forced labor, no child labor, and no form of discrimination in any of our business relationships. Further core elements of our Supplier CoC are compliance with health and safety standards as well as fundamental employee rights regarding working hours, remuneration, freedom of association, and collective bargaining.

### Code of Conduct – Binding Guideline for Employees

We have embedded our Core Values and behavioral rules in our CoC for Employees; an internal guideline that sets out our company values and ethical principles for all managerial staff and employees on all hierarchical levels, at all our

affiliates, and that is binding for all our employees worldwide. In 2017, we launched the update of our CoC for Employees. We regularly monitor the implementation of this Code through our Group-wide Compliance Management (page c-10). Additionally, in 2016, we assessed working conditions and employee rights at our production sites globally, identified individual opportunities for improvement with regards to overtime regulations and grievance mechanisms, and initiated corrective measures to address these.

### Supplier Code of Conduct – Basis for our Collaboration with External Partners

Through our Supplier CoC we also support the upholding of human rights beyond our direct sphere of influence. Explicit acceptance of the Supplier CoC is a prerequisite for collaboration with Beiersdorf: We require suppliers, who wish to become part of the Beiersdorf supplier network, to commit in writing to comply with our standards. We carry out supplier audits – an integral part of our Responsible Sourcing Program (page c-13) – to verify their compliance with the requirements set out in this code.

## Responsible Sourcing

Beiersdorf operates 17 production sites located in four main regions – Europe, the Americas, Near East (including Africa), and Asia Pacific. Our production sites are supported by a global supplier network that includes approximately 24,000 suppliers in almost 110 countries, supplying resources such as raw and packaging materials, as well as other materials and services essential to our business.

### Enforcing Responsible Practices in the Entire Supply Chain

We consider our suppliers as an extension of our own production network. Their activities broaden our social and environmental footprint – and we



see the responsible management of the associated impacts as our duty. We have developed

a Supplier Code of Conduct (CoC) and a comprehensive management approach for our entire direct supply base to support our suppliers in ensuring responsible corporate governance.

Our Supplier CoC sets out the guidelines for our supply chain and requires suppliers to implement corresponding guidelines for their own upstream suppliers. The Code's principles also reflect our commitment to the UN Universal Declaration of Human Rights, the Conventions of the International Labour Organization (ILO), and the OECD Guidelines for Multinational Enterprises.

Building on the above principles, our Supplier CoC addresses four critical impact areas as follows:

1. Business Integrity
2. Human Rights & Labor Standards
3. Occupational Health & Safety
4. Environmental Protection

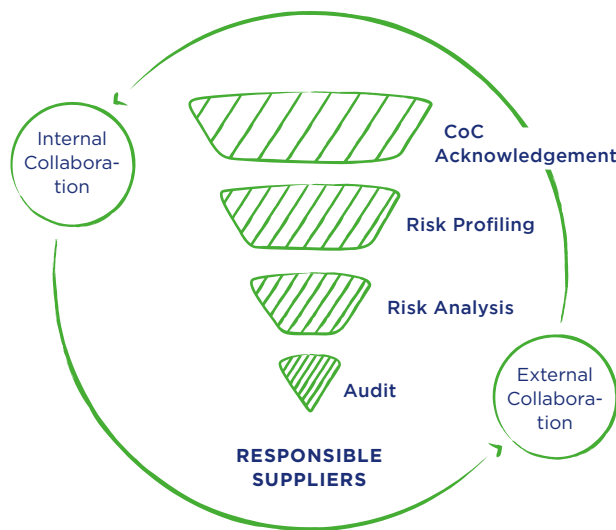
Through close collaboration with our direct suppliers and integrating different internal and external stakeholders via collaborative platforms such as Sedex and AIM-Progress, our objective is to raise our sustainability performance along the value chain.

### Supplier Code of Conduct\* Implementation Process

The objective of our Supplier CoC implementation process is to minimize risks of infringements of our guidelines. The process comprises four important steps, from CoC acknowledgement, through initial risk profiling of suppliers, followed by comprehensive risk analysis of suppliers, to audit for significant risk suppliers.

Written acceptance of the CoC is fundamental in drawing up contracts with our suppliers with us, and this is managed by Procurement. In 2017 we were already able to secure around 90% of our

### Supplier CoC Implementation Process



procurement volume with supply-chain partners who had committed in writing to the Supplier CoC.

In parallel to these partners' signature of the Supplier CoC, our Responsible Sourcing team risk-screens our approximately 24,000 direct suppliers. The screening evaluates suppliers by their location-related risk\*\* that is established by the four critical areas of influence embedded in our Supplier CoC, as well as by the suppliers' significance to Beiersdorf by procurement volume and brand proximity. In this we differentiate between three risk levels (low, high, and extreme risk). The risk screening also includes those suppliers who have not yet signed the CoC.

Furthermore, high-risk suppliers are required to undertake a comprehensive risk assessment via the Sedex platform, which will then determine the need for the Responsible Sourcing team to

\* 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 and which 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.



undertake a deeper risk audit following the SMETA (Sedex Members Ethical Trading Audit) 4-Pillar Audit Protocol. These audits are carried out by accredited external auditors commissioned by the supplier; the four pillars match the four core areas of our Supplier CoC (Business Integrity, Human Rights & Labor Standards, Occupational Health & Safety, and Environmental Protection).

We then collaborate closely with our suppliers on the basis of the audit results in order to mutually address and resolve any specific challenges and fields of action for which our suppliers need to work out corrective measures. In extreme cases, the process may lead to excluding suppliers from our supply-chain base.

### **Our Joint Commitment to Continual Improvement in Supply-Chain Sustainability**

Close, cross-sector collaboration with other major companies is essential in ensuring the effective implementation of our Supplier CoC. The Sedex and AIM-PROGRESS collaborative platforms in particular help us tap into valuable synergies.

 **FIND OUT MORE ABOUT OUR RESPONSIBLE SOURCING**

#### **Sedex**

provides a simple and transparent way for suppliers to share core data on their own responsible sourcing practices with their corporate customers. Moreover, the platform helps suppliers share this data with several customers at the same time. Both parties benefit: The supplier no longer has to provide differentiated key indicators for every single corporate customer and both customer and supplier can concentrate on making tangible progress in the critical sustainability areas identified.

#### **AIM-PROGRESS**

with its slogan “Achieving more together”, is a worldwide platform initiative, driven by AIM in Europe and GMA in North America which supports close collaboration in achieving greater sustainability. Beiersdorf uses this platform as one of more than 40 globally leading Fast Moving Consumer Goods (FMCG) manufacturers and their suppliers who are driving their responsible sourcing practices further together, thus continually increasing supply-chain sustainability.

## Sustainability Management

### Systematic Sustainability Management

At Beiersdorf we are continually on the lookout for ways to optimize the sustainability management of our activities and processes further. We apply a diverse range of standards and tools in the process, for instance the internal audit of the management system, our sustainability software, and life-cycle analyses on selective basis, to produce a holistic assessment of the environmental impact of our products.

### ESMAS – Auditing Environmental and Occupational Safety Standards at all Production Sites Worldwide

Environmental protection and occupational safety are priority focus areas at all our production sites worldwide. We carry out audits according to the

“Environmental Protection and Safety Management Audit Scheme”, ESMAS for short, to ensure that our globally valid environmental and occupational safety standards are upheld at all our sites. The audit is carried out every three years and all Beiersdorf production sites have been audited at least once. In 2017, the Beiersdorf sites at Tres Cantos (Spain), Santiago de Chile (Chile), and Sanand (India) were audited, along with our German production sites in Berlin, Hamburg, and Waldheim. Audits in Argentona (Spain), Bangkok (Thailand), and Malang (Indonesia) are planned for 2018.

Since 2013, the audits have been carried out by a global certification service provider who assesses our sites according to our ESMAS audit scheme which has been developed based on the



**GERMANY**  
Berlin



**GERMANY**  
Hamburg



**GERMANY**  
Waldheim

*In 2017, the Beiersdorf sites at Tres Cantos (Spain), Santiago de Chile (Chile), and Sanand (India) were audited, along with our German production sites in Berlin, Hamburg, and Waldheim.*



**CHILE**  
Santiago de Chile



**SPAIN**  
Tres Cantos



**INDIA**  
Sanand

internationally recognized norms ISO 14001 (International Organization for Standardization) and OHSAS 18001 (Occupational Health and Safety Assessment Series). In 2018, OHSAS 18001 will probably be replaced by the international standard ISO 45001. We already integrated the expanded requirements associated with this into our internal checklist for our ESMAS audit program in 2016, which means our ESMAS audits already fulfill the requirements of the updated ISO 45001 management system today.

The audit results and corrective action plans are logged in a database and made available to our production sites. This transparency facilitates preparation and execution of the local audit for the respective site and also simplifies the implementation of targeted optimization measures – from the planning stage right through to the performance review.

### **Gathering, Collating, and Evaluating Sustainability Key Indicators – with “susy”**

Since 2014, we have used “susy” to gather, collate and evaluate relevant sustainability key indicators centrally. For instance, this software helps us to collate and analyze data on our CO<sub>2</sub> emissions across all three scopes worldwide. This makes “susy” a key tool in providing ourselves and our stakeholders with the most accurate picture possible of our sustainability activities’ current status. To improve the data quality and precision of our extrapolated calculations, we optimized our data-gathering methodology further in 2017.



Based on life-cycle analyses results we created a simulation tool for packaging development in 2015, which is particularly applied in the environmental assessment of alternative packaging materials.



**FIND OUT MORE ABOUT OUR  
SUSTAINABILITY MANAGEMENT**

### **Life-Cycle Analysis – a Holistic Perspective on Products**

How and to what extent do our products impact the environment, starting from raw material extraction through to product disposal and/or recycling? To answer this question, we carry out detailed life-cycle analyses for selected products. Among other factors we integrate data on raw materials, manufacturing and transport processes as well recycling and disposal mechanisms. The generated results provide us with key leads in identifying areas of optimization potential throughout a product’s entire life-cycle and thus help us reduce the environmental footprint of our products consistently.

# PRODUCTS

More than 135 years of experience in research and development have made us one of the world's leading manufacturers of high-quality skin care products. Based on this expertise, we develop innovative, high quality products aimed at satisfying our consumers' requirements – and continuously work on making them more sustainable.



## Our Product Engagement

By 2020, we intend to generate half of our global sales with more environmentally friendly products\* compared to the 2011 base year. We will achieve this by looking specifically for savings and optimization potentials across the product life-cycle – from the selection of raw and packaging materials, through production and transportation, all the way to final disposal.

Based on our life-cycle analyses (LCA) for some selected products, we have found that compared with other processes, the production of our packaging and raw materials has a significant impact on product-related CO<sub>2</sub> emissions beyond their utilization phase.

Furthermore, our impact on biodiversity, and deforestation in particular, is shaped mainly by the input materials for our raw and packaging materials – especially palm (kernel) oil and paper.

Our products' environmental impact is therefore influenced predominantly by the environmental characteristics of the raw materials and the resource efficiency of our packaging.

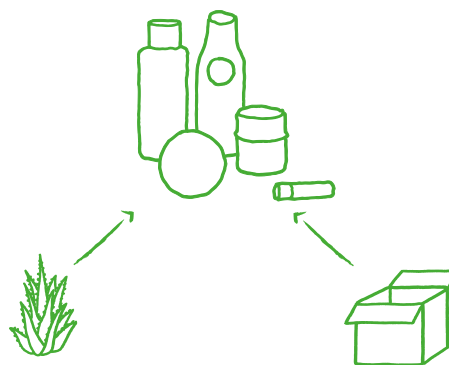
In determining the sustainability potential of our products, we therefore focus on the two areas of packaging and raw materials. We have defined product sustainability assessment criteria for the following key levers:

→ For packaging, besides the reduction in packaging material we have achieved and the use of FSC-certified materials, we also assess the share of recycled materials in our manufacturing and the use of refill solutions. We assess alternative packaging materials using our simplified LCA tool developed in 2015 for packaging development. It is based on extensive LCA projects and we further optimized it in the reporting year.

→ We assess formulas based on the use of certified sustainable palm (kernel) oil raw materials and the removal of polyethylene particles from our care products since 2015.

### Sustainability as a Key Criterion for New Products and Relaunches

We factor in the sustainability of our products right from the start of the innovation process. In 2014, we developed our “Product Sustainability Scorecard” as an objective means to assess our product packaging and formulas' environmental impact. Our experts use the Scorecard to record key influencing factors on resource efficiency and the environmental impact of our packaging and raw materials. Once we have performed a simplified or complex LCA for a product, its results are included in the Scorecard.



*In 2017, we generated at least 23% of our sales with products with an improved environmental impact.*

Products listed in the Scorecard are then compared with their predecessors, and if the Scorecard shows that the new product has a better rating than the old one, the annual sales of these products count towards our Product Sustainability Target. For new products where no predecessor exists, they are compared with the most similar ones.

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



In 2016 and 2017, to reach our product targets for 2020, we improved the way we integrate the topic of sustainability in all phases of our Integrated Innovation Management process. The Scorecard process mentioned above was rolled out in 2017 and we have been using it ever since. For previous innovation projects, product sustainability assessments were conducted separately based on the above-mentioned criteria.

In 2017, we generated at least 23% of our sales with products with an improved environmental impact in comparison with products from 2011. Of the 23%, around 17% is accounted for by the packaging criterion and around 6% by the formula criterion, which derives from the use of improved raw materials in the formula.

### **Systematic Sustainability Assessment of Our Raw Materials and Formulas in the Future**

To assess our product formulas going forward, in 2016 we defined new sustainability criteria for our raw materials: These will be rolled out in 2018 and will include the renewability of input materials, certification according to sustainability standards, aquatic toxicity and biodegradability for water-soluble substances, and the sustainability performance of the raw material supplier in the production process. In the reporting year we developed a “Green Point” score based on these criteria.

To operationalize our raw material sustainability criteria and the “Green Point” Rating System, we will launch an IT project in 2018 to integrate them into our Research and Development (R&D) Department’s IT system. Our aim is to ensure that in future our laboratories receive not only basic data on the prices and quality of raw materials, but also their “Green Point” score.

Besides the environmental assessment of raw materials, we employ a structured process to continuously assess our raw materials portfolio for new scientific findings, emerging regulations, or raw material topics that are under public discussion. This ensures that our high-quality products always meet our consumers’ growing demands.

### **Stakeholder Involvement - Close Collaboration with Key Players**

Regular reporting to the Marketing and R&D senior management teams strengthens the topic of sustainability within our company. When developing new products or relaunching ones with improved environmental characteristics, the Packaging, R&D and Marketing project teams work closely together, involving the Corporate Sustainability Team and strategic suppliers at an early stage.

### **Outlook - Roll-out of the Packaging and Raw Materials Sustainability Roadmap**

At a workshop in November 2017, together with managers holding key responsibility in the Packaging and R&D departments, we laid the foundation for a “Sustainability Roadmap” for our packaging and raw materials. In 2018, we will finalize this roadmap and progressively implement the jointly adopted measures. Furthermore, we will continue to monitor projects systematically that we have already launched, ramp up successful measures, and seek out new potentials for optimization.



**FIND OUT MORE ABOUT OUR PRODUCTS COMMITMENT**

## Raw Materials

High quality raw materials are the foundation of outstanding product quality and safety. Within our Responsible Sourcing Program we set high environmental and social standards already in the extraction and processing stages of the raw materials we use. Additionally, we continually search for ways to conserve scarce resources and minimize the environmental impacts of our products.

### PALM OIL

#### Sustainable Palm (Kernel) Oil

We want to ensure that sourcing palm (kernel) oil-based raw materials does not contribute to any deforestation – and additionally that our sustainability requirements are met throughout the associated supply chain.

Palm (kernel) oil supply chains are very complex: Several manufacturing stages are required from the plantation to the final raw materials and most of the critical sustainability issues are in the upstream supply chain – beyond our direct influence. Only if we know about the working and living conditions as well as the necessary environmental protection measures in sourcing and processing palm-based raw materials can we identify opportunities for improvement – and then implement the necessary improvements together with the relevant supply-chain partners and local communities. We want to keep the entire supply chain as transparent as possible to be able to take responsibility for the origins of our raw materials.

We do not directly purchase palm (kernel) oil but procure their derivatives. We use approximately 28,000t of these derivatives each year – representing 0.04%\* of global palm (kernel) oil output. Our ambitious goal by 2020 is for all Beiersdorf products to only contain palm (kernel) oil from sustainable sources. To get there we have reworked our “Palm Sustainability Roadmap”: Going forward we will focus our efforts on a set of core strategic approaches and will re-evaluate their effectiveness continually:



- 1. Supplier Commitment to Our Code of Conduct:** Under our Responsible Sourcing Program, all our suppliers are formally required to fulfill the social and environmental standards laid down in the Code. Meeting these standards is a prerequisite for becoming a Beiersdorf supply-chain partner.
- 2. Independent Recognized Verification:** Since 2011, Beiersdorf has based its palm (kernel) oil sourcing on the “RSPO Supply Chain Certification Standard”. Our objective is to switch all our palm (kernel) oil-based product ingredients to physically certified materials meeting the RSPO standard by 2020. We have already reached some milestones in this area, demonstrating the effectiveness of our constant commitment over the last few years.



RSPO 4-0125-10-000-00

Since the first shipments of certified palm (kernel) oil in 2015, we have continually expanded the percentage of mass-balanced palm (kernel) oil in our uptake: In 2017 this represented 54% of our total palm-based raw material procurement volume. Until we achieve our 2020 target, we will cover the remaining share with RSPO Credits (“Book and Claim” certificates).

\* United States Department of Agriculture 2017

In June 2017, Beiersdorf headquarters and our production sites in the Americas and Asia Pacific regions underwent the RSPO Multi-Site Supply Chain Certification Standard (SCCS) surveillance audit successfully. The global deployment of the SCCS system helps align our operations worldwide with our sustainable palm (kernel) oil supply-chain commitment and drive the transition to certified sustainable sources in our raw materials procurement.

**3. Supply Chain Transparency:** Ensuring transparency is the first step towards greater responsibility and effective engagement on the ground – the foundation of a sustainable palm oil supply chain. We launched our engagement with key suppliers in 2016 with the primary objective of investigating the implementation of additional FONAP (Forum for Sustainable Palm Oil) criteria. We realized, that effective implementation is only possible with improved transparency in our raw materials suppliers' supply chains. Achieving this transparency enables us to provide a timely response to emerging sustainability issues. For this reason, we at Beiersdorf continue to collaborate closely with our suppliers to make the raw materials we use traceable to their production origins and launched a project to trace our palm (kernel) oil-based raw materials.

**4. Transformation on the Ground:** We strongly believe that when cultivated sustainably, oil-bearing palms can contribute to the improved well-being of local communities. Based on findings from the traceability project, we work to identify opportunities to make a positive impact on the living conditions of communities right along our supply chain. Careful selection of initiatives and their implementations have to correspond to local needs and specific issues in the sourcing regions. Starting in 2018, we will support smallholder palm-oil cultivators to improve sustainability in their agricultural practice.



### **Different Methods of Procuring Certified Sustainable Palm (Kernel) Oil – from the Plantation to the End Product under the RSPO Supply Chain Certification Standard:**

#### **“Book and Claim”**

refers to online trade using volume certificates. A virtual certificate is purchased for each tonne of palm kernel oil. This system allows for the transfer of certified sustainable palm-oil products from the mill and its plantation to the end-user, independently of the physical supply chain.

#### **“Mass Balance” (MB)**

allows for the controlled mixing of certified sustainable and conventional palm (kernel) oil at any stage in the supply chain.

#### **“Segregated” (SG)**

involves the complete separation of certified sustainable palm (kernel) oil from conventional palm (kernel) oil: The end products therefore contain 100% certified sustainable palm (kernel) oil.

#### **“Identity Preserved” (IP)**

is the strictest physical separation of certified palm (kernel) oil from different plantations. The final product is therefore uniquely identifiable to a single certified palm-oil source.



**5. External Stakeholder Engagement:** Participation in the RSPO and FONAP initiatives is important to advance our “Palm Sustainability Roadmap” agenda. The RSPO principles define a responsible minimum standard, while the additional FONAP certification criteria ensure greater respect for environmental considerations and the local communities. As a FONAP member we are calling for a clear and complete ban on plantations on peat lands, on the use of severely hazardous pesticides, for strict reduction targets for greenhouse gas emissions, and for a guarantee that non-certified raw goods (fresh fruit bunches), which are processed by certified palm-oil mills, are sourced exclusively from legal cultivation. We are also committed to reporting transparently on the development and progress of our “Palm Sustainability Roadmap” with regard to our 2020 sustainability target.

For more information, please visit our member page on the RSPO website and the FONAP website.



[WWW.FORUMPALMOEL.ORG](http://WWW.FORUMPALMOEL.ORG)



[WWW.RSPO.ORG](http://WWW.RSPO.ORG)

### Our Sustainable Palm (Kernel) Oil Commitment



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

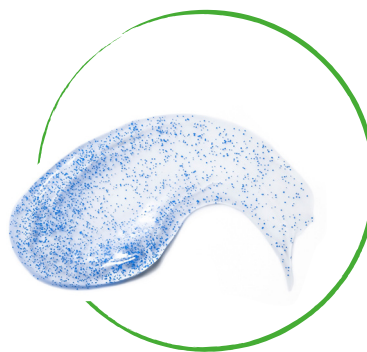
## MICROPLASTICS

### Skin Care Products without Microplastics

We continually research innovative product formulations that meet our high quality and sustainability requirements. This is why, back in 2015, we replaced the polyethylene particles in all our skin care products worldwide with environmentally friendly alternatives. Furthermore, we have expanded our commitment to cover further ingredients, and by 2020 plan, among others, to do completely without other solid synthetic polymers in our rinse-off products.

According to the definition by UNEP (the United Nations Environmental Program), “microplastic particles” are solid plastic particles that are smaller than 5mm, water-insoluble and not biodegradable. These particles are seen as potentially problematic with respect to their prevalence in the world’s oceans. Microplastics originate from a wide range of sources, although they most frequently stem from bigger pieces of plastic waste that have been broken down over time by weather erosion and natural abrasion. Synthetic fibers from clothing and smaller chunks of plastic from common consumer items are further sources of microplastics.

At Beiersdorf, we have always paid the utmost attention to providing products of outstanding quality that also meet our own, our consumers’, and our other stakeholders’ high environmental demands. For this reason, we already took a preventative decision back in 2013 to eliminate polyethylene particles from all our brands’ skin care products, and to replace them with environmentally friendly alternatives. We achieved this interim goal in 2015, replacing these particles in all respective product formulations with microcrystalline cellulose particles in the majority of cases, and mixtures of microcrystalline cellulose, silicon dioxide particles, and castor wax in others. Cellulose is one of the most common organic compounds and is a self-regenerating, biodegradable raw material present in plant fibers for instance. Silicon dioxide is present almost everywhere on the planet and is a naturally occurring compound that forms the basis of quartz sand, for example. Castor wax is a natural, biodegradable raw material: It has a hard, wax-like texture and is extracted from the oil-bearing seeds of the castor oil plant. These newly developed replacement particles



*For 2020, we have set ourselves two further ambitious objectives:*

*→ We plan to remove all solid synthetic polymers from our rinse-off product formulations.*

*→ Additionally, we will also completely cease the use of nylon as an ingredient.*

have the same peeling effect as their predecessors and are equally gentle and skin-friendly. What’s more, they are particularly environmentally friendly and thus contribute to relieving the burden on our oceans.

Beyond this, we have set ourselves two further ambitious objectives for 2020. As a preventive measure we plan to eliminate all other solid synthetic polymers from our rinse-off product formulations completely. These polymers have so far been used as opacifiers, amongst other functions, and are responsible for the color of our products for instance. Additionally, we also plan to do completely without nylon as an ingredient in all our products.

To achieve both these goals by 2020, we are currently working intensively on corresponding, environmentally friendly alternatives for our product formulations.



**FIND OUT MORE ABOUT OUR RAW MATERIALS**

## Packaging

Our packaging not only needs to look attractive and meet individual product-specific safety requirements – it also needs to perform on the environmental aspects. This is why we work continuously to optimize our packaging in accordance with the sustainability principles of “avoid, reduce, reuse, and recycle”. When developing our packaging, we take a systematic approach to finding optimization potentials at all levels. We specifically develop alternative packaging solutions that are environmentally and resource friendly, and which take into consideration ever more stringent environmental requirements.

### Around 20 Tonnes of Materials Saved – Optimized Packaging for NIVEA In-Shower Products

Every gram counts. To minimize material use in our packaging, we improved our NIVEA In-Shower product packaging and rolled out new, lighter package types at the start of 2017. For instance, by reducing packaging wall thickness we reduced the weight of the 400ml pack by 2g; while this is a

small change, it has a huge environmental impact as it resulted in saving around 20t of packaging materials in 2017.

### Less Waste, Less Effort – Pre-cut Aluminum Sheets for NIVEA Tins

We previously used rectangular aluminum sheets to punch out our circular 400ml NIVEA Creme tins. To minimize tin production waste, we have been ordering pre-cut sheets from our supplier since the end of 2017. Thanks to the more customized cut, less waste is produced during punching – meaning we save 54g of aluminum per sheet. This reduces the total amount of materials used for our NIVEA tins by around 14t of aluminum per year. And as the sheets already come pre-cut from the supplier, this also reduces the weight and transport-related costs associated with the delivery of the sheets and the disposal of leftovers. Our supplier can directly feed any cutting waste back into the production process and therefore recycle it in a better way.



## Environmentally Friendly Solution – Switch-over to Water-based Exterior Coatings

While there is no difference in quality, there is a decisive difference for the environment when it comes to our aerosol cans. In collaboration with one of our suppliers, we switched all of our NIVEA hairstyling product aerosol cans from a solvent-based to a water-based exterior coating in 2017, replacing the usual solvents used in conventional coating systems with water. Our new, eco-friendly exterior coating reduces the amount of solvent used in the production process by 40% to 45%. Since the switchover, between April and October 2017, we have produced around 21 million aerosol cans with the water-based exterior coating resulting in solvent savings of around 4t. At the same time, this significantly reduces the CO<sub>2</sub> impact, as both the drying temperature and time are reduced. We are currently looking at switching over other cans and tins to water-based coatings to further reduce our use of solvents.

## Guideline for Sustainable, Paper-based Packaging

Elements of our product packagings are made from paper and cardboard, so to improve the sustainability of our packaging we are always searching for optimization potentials when selecting materials or developing packaging. In 2017, we developed our “Sustainable Paper Packaging Guideline”, which applies to all paper-based products at Beiersdorf. Through this we plan to change to sustainable paper and cardboard around the world by 2020.



*"We aim to optimize our use of resources and materials at every level, regardless of whether this relates to packaging materials, energy consumption, or CO<sub>2</sub> emissions."*

**MICHAEL BECKER**  
HEAD OF GLOBAL PACKAGING R&D

## Sustainable Strategic Implementation and Focused Initiatives

The topic of sustainability is a high priority for us, and is deeply embedded in our packaging area. We aim to optimize our use of resources and materials at every level, regardless of whether this relates to packaging materials, energy consumption, or CO<sub>2</sub> emissions. To achieve this, we have defined long-term strategic measures, which we are implementing consistently through our “Sustainability Roadmap”. This includes new, improved processes, optimizing our existing packaging solutions, and searching for more environmentally friendly packaging alternatives.



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

## Safe and Compatible Products

It is crucial to us that our products are safe and can cause no harm in use. We guarantee this by complying with strict legal requirements, and through applying strict guidelines and specifications to ensure they meet our very high quality standards.

What we mean by “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. It serves to increase the satisfaction of consumers and customers and ensures our competitiveness over the long term. We express this understanding in the Beiersdorf Quality Policy, which guides our top management and our employees in their daily actions.

### Safety Evaluation of All Raw Materials and Formulas

To help us meet our quality standard, we employ a team of experienced and highly qualified safety assessors. The team works closely with adjacent specialist functions such as Research, Product Development and Packaging Development, and evaluates every raw material we use and every formula we develop or purchase with regard to its safety and compatibility for consumers. We also include external service providers, such as perfume or other raw material manufacturers in this process, for example by requiring them to certify their compliance with particular requirements beyond the legally required standard.

Once raw materials or formulas have been approved by one of our Safety Assessors, they meet legal requirements and can be used in one of our products in future. Since safety evaluations of cosmetic products rely strongly on experience, know-how, and scientific exchange about new findings, it is important to us that our safety assessors stay connected and up-to-date through international conferences, working groups and expert teams as well as specialist training courses where applicable.

### High Standards and Safety Requirements Worldwide

In evaluating the safety of raw materials, formulas, and products, we do not discriminate between regions or sites, but work in line with the principle of global safety assessment. We apply the same standards worldwide and only release products and raw materials that meet the high safety requirements laid down in the “Beiersdorf Product Safety Policy”.

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



*"It is crucial to us that our products are safe and can cause no harm in use. We guarantee this by complying with strict legal requirements and through applying strict guidelines and specifications to ensure they meet our very high quality standards."*

**DR. CHRISTOPHER MUMMERT**  
MANAGER QM INNOVATION

Due to the continuous changes in legal requirements for product safety worldwide, there is a relatively high risk of non-compliance with the latest rules. Whenever such non-conformance occurs, corrective measures with a public relations impact may be required, which adds a significant reputational risk. Our central Regulatory Affairs team works to minimize these risks through its global network of Regulatory Affairs Officers, who track regulatory requirements and changes in their respective countries.

We develop and manufacture safe products with high reliability by ensuring at the project stage that they meet these requirements for their respective country markets.

### Continuous Product Assessment

Even after new products arrive in their sales markets, our Safety Assessors continue to monitor them in detail. Our products can have different lifespans and applications depending on individual consumer profiles, potentially even over several years.

Our global network of Quality Managers continuously collects information about possible complaints and unwanted (skin) reactions, which allows us to react immediately in case of incompatibility. In addition, we can make targeted use of these findings in the context of new developments or formula changes, which allows us to make suitable adjustments to products and further optimize our standards of product compatibility and safety.



### Safety Evaluation of a Cosmetic Product in Detail

When we carry out a Safety Assessment we differentiate between the raw material, the cosmetic formula, and the packaging material.

#### The Raw Material

Our work starts with raw materials for cosmetics. Before we can use them, they must be permitted under chemicals legislation, such as the REACH regulation in Europe, and be approved for use in cosmetic products, for example by the CTFA (Cosmetics, Toiletries and Fragrance Association). Our scientists then assess them based on analysis results, for example regarding purity and residues, and compatibility data on toxicology and skin tolerance. Here, too, we take direction from internationally recognized standards and stipulations, for instance the SCCS (Scientific Committee on Consumer Safety) notes of guidance. Based on these evaluations, we then determine their suitability for use in products, for example product types and amounts of raw material required.

All of this information is available to our Product Developers in a central system and can be used to develop new product formulas within the established boundaries.

### Product Safety - from Raw Materials to the Finished Product





### The Cosmetic Formula

Our Safety Assessment checks the interaction between raw materials in formulas and ensures the compatibility of the overall formula. This requires different test processes.

In collaboration with the Beiersdorf AG Test Center, we carry out various studies on test subjects to determine the compatibility of new formulas. If the tests and studies show that the formulas are well tolerated, we have taken another essential step towards starting manufacture.

A further vital aspect of the Safety Assessment is the microbiological stability of cosmetic formulas. Both in their manufacture and application, cosmetic products are constantly exposed to the influence of microorganisms, for example bacteria and fungi. If these grow in a cosmetic product, they could spoil it and endanger consumers. For this reason, we check all formulas for their microbiological stability using microbiological stress testing: This allows us to demonstrate that a specific cosmetic formula is able to prevent impediment by microorganisms and/or completely suppress any germs introduced into them. In addition, we use the bioburden test to check our products for possible germ contamination during the manufacturing process.

Only when our products have passed all tests to our complete satisfaction is their path to the consumer open.



**FIND OUT MORE ABOUT OUR PRODUCT AND CONSUMER RESEARCH**



*We determine the compatibility of new formulas in various studies on test subjects in collaboration with the Beiersdorf AG Test Center.*

### Packaging Materials

Alongside the Safety Assessment of raw materials and cosmetic formulas, the development of new products also includes an assessment of the packaging materials. We prevent any risks to consumers originating from packaging materials by exposing packaging and formulas together to various temperature and storage conditions, after which we examine any reactions. This allows us to prevent unwanted packaging components contaminating the formulas as well as other quality losses to the formula or the packaging over the useful life of our products.



**FIND OUT MORE ABOUT OUR FORMULA AND PACKAGING DEVELOPMENT**

## PRODUCTS – FACT SHEET 2017



### Our Achievements

- ✓ Achieved 54% transition to mass-balanced palm (kernel) oil-based raw materials and covered the remaining 46% via “RSPO Credits”.
- ✓ Execution of RSPO surveillance audits to maintain the RSPO “Supply Chain Certification Standard” certification.
- ✓ Commitment to completely remove solid synthetic polymer particles from our rinse-off products and to entirely exit nylon as an ingredient.
- ✓ Saved approximately 20t of packaging material by optimizing the NIVEA In-Shower packaging.
- ✓ Conducted workshops with the Packaging department and the Research and Development (R&D) department to develop a sustainability roadmap for our packaging and raw materials.



### Our Next Steps

- Implementation of a project to trace back our palm (kernel) oil based raw materials and supporting smallholder farmers in the sustainable management of their palm oil plantations.
- Development of targets and a sustainability roadmap for our packaging and raw materials to reduce CO<sub>2</sub> emissions (Scope 3).
- Start of an IT project to integrate the sustainability criteria for raw materials and the “Green Point” Rating System into the IT system of the R&D department.



# PLANET

Reducing our energy and water consumption, avoiding waste, and mitigating global warming – as a globally operating company, we search for solutions in a targeted way on all levels to fulfill our responsibility to society and meet the environmental challenges of our time.



## Our Planet Engagement

As part of our corporate responsibility we are continuously seeking new opportunities to minimize our environmental footprint, conserve scarce resources, and slow global warming. For this purpose we adopted new climate targets aligned with the recommendations, goals and processes of the Science Based Targets initiative in 2017. This initiative supports companies and organizations in developing their own climate targets by providing scientifically well-founded data and calculations. It orients itself towards the recommendations of the 2015 UN Climate Conference in Paris as well as towards measures that scientists see as necessary for limiting global warming to a maximum of two degrees Celsius.

### New Ambitious Climate Targets\*

Our new climate targets: We aim to reduce our energy-related CO<sub>2</sub> emissions (Scope 1 and 2) per product manufactured by 70% by 2025, in comparison with the 2014 base year. Among the key levers in reducing energy-related emissions are energy-efficiency measures at our production

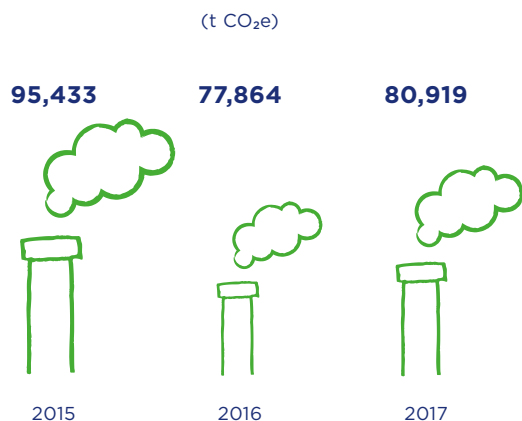
sites and switching over the electricity supply at all our sites worldwide to renewable energy sources by 2020. In the reporting year we already made good progress towards our goals: We lowered CO<sub>2</sub> emissions per product manufactured by 27% compared with 2014. Additionally, a total of 45% of our global electricity demand was sourced from renewable energies.

We already gather our own data for indirect CO<sub>2</sub> emissions from business travel, product transport and finished-goods suppliers. These categories represent about 13% of our Scope 3 emissions. Additionally we have identified the areas of packaging and raw materials as material Scope 3 categories. The CO<sub>2</sub> emissions from these areas are therefore integrated in our new Climate Target. Hence, we plan to develop measurable targets and measures to reduce our CO<sub>2</sub> emissions in packaging and raw materials in 2018 and to implement them progressively within a roadmap. We will also develop sets of measures for business travel, product transport, and finished-goods suppliers in 2018.



\* The scope of our Climate Target only includes our mass-market products business and our dermocosmetics business. The premium business with La Prairie is conducted in a separate organization without own production plants. The Scope 1 and Scope 2 emissions of La Prairie are not material for the overall emissions of the Consumer Business Segment.

### CO<sub>2</sub> Emissions Scope 1 and Scope 2



### Gathering, Consolidating, and Analyzing Data on CO<sub>2</sub> Emissions Worldwide

Having detailed data on CO<sub>2</sub> emissions across all three scopes is fundamental in establishing the status quo, monitoring the effectiveness of our measures, and identifying new areas of savings potential.

Our sustainability management software “susy” supports us in gathering, collating, and analyzing data on selected CO<sub>2</sub> emissions sources across all three scopes worldwide. Besides direct emissions from the combustion of natural gas or fuel oil, indirect emissions from our purchase of electricity, heat or steam are also included in the calculations.

Our production sites are fully covered by this data-gathering process. For office sites for which we currently have no data, we extrapolate Scope 1 and Scope 2 emissions based on office surface area (buildings) and employee headcount (company vehicles).

Supply-chain related greenhouse gas emissions, caused for instance by the production and transportation of finished goods as well as by business travel, are integrated in our calculations and extrapolated where necessary.

The energy-related direct and indirect CO<sub>2</sub> emissions were calculated according to the procedure established by the Greenhouse Gas (GHG) Protocol, on the basis of the emissions data provided by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA). Energy consumption data and invoices from energy suppliers form the basis for the data and the calculations. The consolidation approach we chose for calculating the emissions is operational control.

We use “dual reporting” to present our CO<sub>2</sub> emissions from purchased energy. In this we take into account national emissions factors as published by the IEA (“location-based method”) as well as supplier-specific emissions factors (“market-based method”) for selected sites. This way, the contribution of electricity from renewable sources to reaching our climate targets is made measurable and visible. The reduction of CO<sub>2</sub> emissions through CO<sub>2</sub> compensation is not part of our strategy.

We already evaluated our supply-chain emissions based on an input-output model for 2014 and identified the key categories of our Scope 3 emissions. This analysis was repeated for 2016.

CO<sub>2</sub> emissions originating from the transportation of our products to our customers were calculated for the regions Europe, the Americas, Near East (including Africa), and Asia Pacific with the aid of the EcoTransIT tool, in accordance with the stipulations of the European industry norm DIN EN 16258. The calculation of CO<sub>2</sub> emissions arising from business travel was carried out according to the procedure established by the UK Ministry of the Environment (Defra) and the GHG Protocol. Data from our own data-gathering system for business travel and the AirPlus Green Reports for some countries provide the basis for this. To calculate emissions, AirPlus uses the emissions calculator of the not-for-profit climate protection organization atmosfair, whose calculation methodologies are in line with international standards (VDR, Defra, VFU and ICAO).

### Structured Energy Management

An ISO 50001-certified energy-management system has been implemented at all our German production facilities. In addition, we have defined minimum requirements with regard to energy management in a Standard Operating Procedure (SOP), which we introduced as a binding measure in 2017 to govern the systematic analysis and implementation of optimization potentials. It also requires that in every new construction or expansion project in our production network, we take energy-efficiency measures into account and integrate them from the planning stage onward. Tracking of the implementation status of this SOP has been initiated and will continue as part of our ESMAS audits.

### Close Cooperation with Internal and External Stakeholders

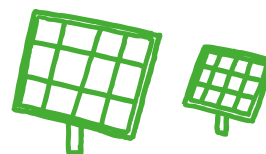
Numerous internal and external stakeholders take part in the various optimization measures at our production and office sites. Close collaboration between different departments is enhanced and improved through regular reporting and tailored workshops on these topics.

For example, in 2017 we carried out a SHE (Safety, Health & Environment) workshop in Thailand with all SHE managers from the production sites in the Asia Pacific region. We also enable the exchange

of experience and knowledge between the energy experts at our factories and the central functions via an IT platform.

We include external stakeholders in our activities as well; for instance, we developed our new climate target together with WWF Germany.

Furthermore, we made use of the expertise of external partners to evaluate our indirect emissions from goods and services (Scope 3).



*We aim to reduce our energy-related CO<sub>2</sub> emissions (Scope 1 and 2) per product manufactured\* by 70% by 2025, compared with the 2014 base year. Within this effort we are committed to switching over the electricity supply at all our sites worldwide to 100% renewable energy sources by 2020.*



**FIND OUT MORE ABOUT OUR PLANET COMMITMENT**

\* Does not include La Prairie, as its Scope 1 and 2 emissions are not material for the Consumer Business Segment.



## Energy

The use of fossil fuels is one of the main causes of greenhouse gases and contributes to the acceleration of climate change. Excellent energy management and switching over our entire electricity supply to renewable sources of energy by 2020 are therefore key factors in our sustainability strategy.

### Renewable Energies – Switching to Electricity from 100% Renewable Sources

By 2020, we plan to switch over the entire electricity supply at our production and office sites worldwide to 100% renewable sources. In 2017, we investigated the framework conditions at all our production sites that still purchase conventionally generated electrical power. All sites except Mexico and Nigeria will be switching over to renewable electricity in 2018. Our production sites in Germany and Spain already purchase electricity from renewable energy sources.

Our production sites in Chile and Poland will purchase renewable electricity directly from 2018. In 2018, the remaining production sites will purchase so-called International Renewable Energy Certificates (I-RECs) for the electricity they procure, as in these countries the direct electricity supply from renewable sources is not yet possible, or the prevailing conditions do not support direct supply. Our production site in Mexico plans to generate its own electricity through a combined heat, cooling,

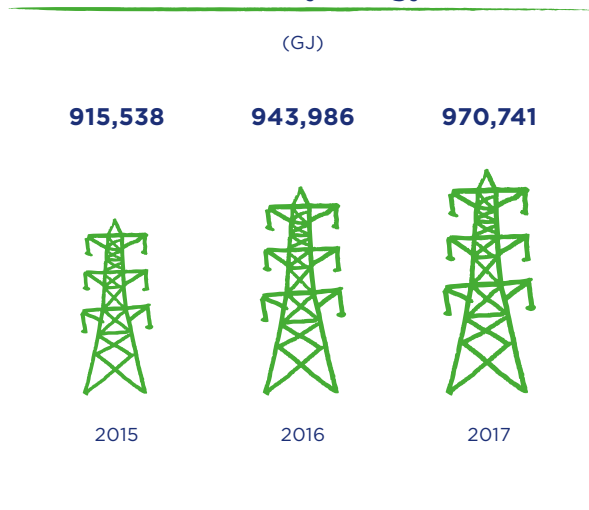
and power plant. Only when precise consumption data are available can a decision be taken on the purchase of offsetting certificates or other solutions.

In addition, at some of our sites we operate photovoltaic power generation systems and produce climate-friendly electricity that covers part of our requirements – for instance at our production sites in Mexico and Argenton (Spain) as well as at three European office sites, and at the Beiersdorf Kindergarten in Hamburg.



*In 2018, we will continue to drive the switchover to renewables particularly at our office sites.*

### Stationary Energy



In 2017, our photovoltaic systems produced 861 MWh of climate-neutral, environmentally friendly energy worldwide – this is approximately the annual electricity consumption of 215 four person households in Germany.

In 2018, we will continue to drive the switchover to renewables particularly at our office sites.

### Blue Production Site – Improving Energy Efficiency in Production

Energy consumption at our sites depends on numerous individual underlying factors. Within our “Blue Production Site” initiative all production sites worldwide examine potential energy-saving



opportunities systematically and continually. They then define site-specific measures to improve their energy efficiency – for instance by optimizing lighting, minimizing leaks in compressed air systems, and integrating energy-saving motors. To harness these insights on a global scale, we exchange best practices within our international network and the locally responsible managers assess their implementation feasibility.

As an example, in 2017, at our Waldheim production site in Germany we replaced a steam boiler with a more energy-efficient system. To achieve our new Climate Target, our production sites began working out local sets of planned measures in 2017.

### Green Logistics – Systematically Reducing Transport-related Emissions

To make sure our logistics processes are designed to be as sustainable as possible, we regularly optimize container loading, truck capacity utilization, and freight transport routes, amongst other processes. Beyond this, we rely on collaborative projects such as NexTrust: This EU-financed project seeks to promote collaboration between 31 partners in the logistics sector in order to improve efficiency and sustainability in European logistics.

### Sustainable Mobility Management

We are implementing a broad-based and diverse range of measures to reduce business-travel and mobility-related CO<sub>2</sub> emissions to a minimum. With our “Green Car Policy” we already established binding CO<sub>2</sub> emissions limits for our

company car fleet in Germany in 2013. Furthermore we promote the environmental awareness of our employees through car-free days, car-sharing and bicycle hire in front of our company headquarters in Hamburg – and continually expand these offers within the framework of our Mobility Management. We are additionally pushing the use of audio and videoconferencing as an alternative to business travel.

### Green IT – Continual Migration to Energy-saving Technologies

Computers, servers, and printers – to minimize the energy consumption of our IT environment we plan our IT infrastructure for the long term and sustainable, together with our IT subsidiary Beiersdorf Shared Services. With good results, as we have reduced the energy consumption of our main computing center in Hamburg by almost 40% since 2011, amongst other achievements.



*We continuously expand offers like car-sharing and bicycle hire within the framework of our Mobility Management and promote the environmental awareness of our employees.*

### Our “Blue-Building” Program – Sustainable Company Buildings Worldwide

With our “Blue Building” program, we work to ensure that our own company buildings meet the highest environmental standards. Furthermore, we have defined specific framework conditions for designing our sites sustainably, examining the full life-cycle of the respective production or office building.

Our approach includes saving energy, conserving resources, and above all providing an attractive, healthy working environment for all employees. Since 2012, achieving certification to internationally valid standards for sustainable buildings has been a major criterion in all our large building-construction projects.



In 2017, we presented construction plans for a new headquarters complex and a new research center in Hamburg. Beiersdorf is the first company in Germany to target double certification for the construction of its new headquarters to the Leadership in Energy and Environmental Design (LEED) standard and the WELL Building Standard, two internationally recognized seals that certify sustainability and health in building planning. Alongside building

efficiency, our employees’ well-being is especially in focus – right from the planning stage, through to the daily use of the new building and its new working environments. Construction is scheduled for completion in 2021.



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

**Our Sustainable Company Buildings Worldwide**



**1 Germany**  
Platinum certification awarded by the German Sustainable Building Council (DGNB) to the new construction of the company kindergarten in Hamburg

**2 Austria**  
Austrian Sustainable Building Council (ÖGNI) Gold standard certification for the Beiersdorf Ges mbH, Beiersdorf CEE Holding GmbH and La Prairie Group Austria GmbH office complex

**3 India**  
LEED Gold certification and Indian Green Building Council (IGBC) Gold status awarded to the new construction and renovation work at our production site in Sanand

**4 Mexico**  
LEED Gold certification awarded to the expansion of the office complex in Mexico City  
  
LEED Platinum certification awarded to the Production site in Silao

**5 Guatemala**  
LEED Silver certification awarded to the expansion of the office complex in Guatemala City

**6 Chile**  
LEED Gold certification awarded to our production site in Santiago

**7 Brazil**  
LEED Gold certification awarded to the expansion of the office complex in São Paulo

## Waste

With “Zero Waste to Landfill” we have set ourselves an ambitious goal: By the end of 2018 we intend to completely eliminate the disposal of waste in landfill.

We already achieved the waste target for most of our production sites in 2017: All 16 established



production sites now do without landfill disposal completely – and this includes non-hazardous waste (NHW) and hazardous waste (HW). In 2018, we will be working on a detailed concept to achieve this goal for our production site in Nigeria that came into operation in 2017 as well.



*We already reached the waste target for our production sites in 2017: All 16 established production sites now do without landfill disposal completely.*

We also made progress at our warehouses in 2017. Just as with our production sites, the clear goal here is to completely eliminate the disposal of waste to landfill by the end of 2018 at the latest.

### Alternative Disposal Methods

In some of the countries we are active in, there is currently no infrastructure for waste disposal that meets our environmental standards. For this reason, we already began to ship the waste from our distribution center in Dubai to Germany in 2015. There it can be recycled in an environmentally sustainable way, or incinerated with energy recovery. In 2017, we also searched for alternative waste disposal solutions for our warehouse in Peru, including transboundary disposal.

### Next Steps – Progressively Move Up the Waste Pyramid

Not only do we intend to eliminate waste to landfill completely, we also plan to move further up in the waste pyramid, a step at a time. To do this, we are specifically investigating ways of avoiding waste, for instance through improved planning processes that allow us to adjust our production capacities better to demand and therefore minimize warehousing requirements. We are also working intensively on solutions to optimize waste separation at our plants, which will help us integrate more valuable waste as raw materials in the recycling process.

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

### Waste Volume

(tonnes)

30,225

23,018

28,986



2015



2016



2017

## Water

Clean drinking water is a very valuable resource that is becoming ever scarcer as a result of climate change and global population growth. Regions with a high site-specific water risk are particularly affected by this development. We understand water as a precious and vital resource and consistently seek optimization potentials across all company processes and areas to reduce our water consumption and therefore our water requirement.

### Saving Water with Highly Modern Equipment and Innovative Technologies

We work constantly to minimize water consumption in our production processes, buildings, and all other areas. We rely on highly modern equipment and innovative technologies to lower our water requirement in production processes, especially in high-consumption cleaning processes. We apply the latest procedures to clean waste water and we reuse purified waste water for cooling processes, gardening, or for sanitation.

### Annual Risk Assessment with the “Aqueduct Water Risk Atlas”

We understand how important it is to secure the water supply for our production sites without negatively impacting the supply to the local population. This is why we undertake an annual assessment of water risks at our sites using the “Aqueduct Water Risk Atlas” published by the World Resource Institute (WRI). Based on this up-to-date information, we can identify developments and challenges – and take preventive action through appropriate measures for the respective sites.

### Optimization Measures in India, Thailand, and Germany

In 2017, we took advantage of expansion plans at plants in India and Thailand to take our existing water reduction measures a step further. At our plant in India, the waste-water treatment process is to be further optimized, which amongst other benefits will reduce the need for additional purification materials in future. Already in the past year we installed a new, improved reverse osmosis system at our plant in Mexico that significantly improved effluent water quality. Furthermore, we will be able to benefit from these experiences in all upcoming plant expansions.

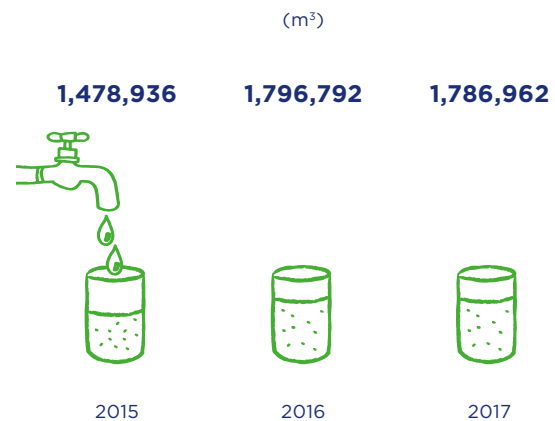


*To reduce water consumption in our production processes, buildings and all other areas we search systematically for areas of optimization potential on all levels.*

At the end of 2016 we equipped our research center in Hamburg with a new separator. This will clearly improve the separation of contaminants from waste water in our cosmetics product development.

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

### Water Consumption



## PLANET – FACT SHEET 2017



### Our Achievements

- ✓ Announcement of our new climate target and launching an engagement campaign to activate our employees.
- ✓ All 16 established production sites achieved the “Zero Waste to Landfill” target.
- ✓ Our production sites:
  - 15% stationary energy\*
  - 33% CO<sub>2</sub> emissions\*
  - 46% electricity from renewable energy sources
  - 5% waste\*
  - 6% water consumption\*
- ✓ Our offices:
  - 43% electricity from renewable energy sources

\* In our production sites per production unit.  
(Base year 2014)



### Our Next Steps

- Switch to electricity from renewable sources in all production sites, either physically or through certificates (I-RECs).
- Develop action plans to reduce CO<sub>2</sub> emissions from fossil fuels in our production sites.
- Develop a plan to switch our office locations to electricity from renewable energy sources.
- Develop and implement a “Zero Waste to Landfill” concept for the newly opened production site in Nigeria in 2017. Continue the “Zero Waste to Landfill” target for our waste from external finished goods warehouses.

# PEOPLE

Our employees' welfare, an attractive working environment, and a variety of career development opportunities are of fundamental importance for our success. Reflected and value-based action is thereby the basis for successful cooperation and emotional employee engagement. As part of Social Responsibility we also support disadvantaged families through social projects based on local requirements.





## Social Responsibility

As a global corporate citizen, we are committed to delivering sustainable positive impact on the world around us. Inspired by our company core value 'Care', we foster the well-being of our employees through our health and safety initiatives and we support people outside of our value chain with our social responsibility initiatives. These initiatives are the basis of our ambitious commitment in the focus area "People": By 2020 we aim to have reached and improved the lives of one million families.

We are achieving this goal through two main instruments: the social sponsoring activities of our brands and corporate philanthropy. While both differ in terms of how we implement and communicate them, they follow the same basic principle of 'helping people to help themselves'.

### Sustainable Family Support - Based on Local Requirements

Within the ambitious "People" commitment, we have identified disadvantaged families as the target group of our social commitment. This not only reflects Beiersdorf's heritage, but is also aligned with our brands' values. As the smallest unit of society, a family takes a special role in addressing social issues and fostering change at a grassroots level. In order to achieve a long-term, holistic impact, we strive to engage entire families with our projects, for example by involving parents when we are aiming to provide education for children.

We have developed a consistent framework for our family initiatives based on the following project criteria:

- Child-focused family support - improving future prospects for deprived children
- Competence training for families - fostering skills to ensure the well-being of families
- Infrastructure for families - supporting facilities for families to spend quality time together
- Social support for the elderly - Providing social services and inclusion for the elderly
- Families with special needs - supporting families in coping with disabilities

Projects in these categories have in common that whilst their immediate impact might focus on individual family members, they ultimately contribute to the improved well-being of the whole family. This framework also allows us to localize our social commitment and align the initiatives we support with the specific local needs of disadvantaged families. Although we are pursuing a quantitative target, addressing such local needs in an effective and sustainable way always takes precedence over reaching a large number of families for us.

### Establishing Trusted Partnerships

The social projects we sponsor are developed and managed by local non-profit organizations which have been selected carefully by our local affiliates. During this vetting process, we make sure that potential partners meet our selection criteria:

- The organization has profound local expertise within the selected project category and a track record of setting up effective projects.
- The organization has a good reputation and is considered credible by independent institutions, for example in rankings.
- The organization operates transparently and spends at least 75% of its contributions directly on projects.
- The organization is not for profit, has no political affiliation, and no primary religious mission.

By adhering to these standards, maintaining an open dialogue, and regularly aligning responsibilities and expectations, we build robust, long-term and efficient partnerships, which are essential for establishing sustainable social initiatives.

In addition to financial support, we provide partners with product donations and we personally get involved through employee volunteering.

### Our Brands' Social Commitments

Our brands are committed to supporting families in areas which are based on their brand identity and expertise, local social issues, and consumers' concerns. The objective is to deliver sustainable and



tangible social impact whilst raising the brand's reputation. To strengthen our consumers' emotional bond with our brands, our social initiatives are accompanied by campaigns, informing them of our initiatives and inviting them to participate.

- With “NIVEA cares for family”, our core brand is making a difference for families in three key areas: building competencies for children, empowering mothers, and creating opportunities for quality family time.
- Hansaplast is partnering with Red Cross National Societies in the field of First Aid in everyday life with a focus on increasing children's first aid skills. In so doing, we can equip them with potentially lifesaving knowledge and skills right from the start.

### Corporate Philanthropy

Further to the social sponsoring activities of our brands, Beiersdorf as a company is committed to philanthropic initiatives. As opposed to our brands' commitments, these do not take the form of social sponsoring activities but rather financial and product donations. Some of these initiatives are targeted at supporting people affected by unforeseen situations and events, such as the current refugee crisis in Europe. These initiatives are not always included within our ambitious “People” commitment, as they are often not quantifiable.

### Global Evaluation of Local Social Commitment

The social impact of our social sponsoring activities and our corporate philanthropy efforts contribute to the achievement of our ambitious commitment in the focus area “People”: By 2020, we aim to have reached and improved the lives of one million families. In order to track our progress, we conduct an annual evaluation of all social projects we support around the world. During this evaluation, local promoters in our affiliates collect all relevant data at project level and report it in our



sustainability management software “susy”. The standardization of this locally generated data is one of the key challenges of the global analysis, as our projects around the world support families in very different ways. The principles we apply during this process are also the basis of the year-round collaboration between the global department for social responsibility and the local network of promoters.

The results of the global analysis are not only an integral part of our sustainability reporting, but also an important basis for internal steering. In 2017, our social projects supported a total of 179,672 families, which brings our overall achievement since 2013 up to 840,695. While we are proud of this achievement and striving to reach our quantitative target until 2020 or sooner, we always favor high-quality projects over high-quantity projects.

### Transparently Reporting on our Progress

Our in- and external stakeholders rightfully expect from us to take social responsibility outside of our value chain and to disclose our efforts transparently. Beiersdorf fulfills these expectations through the information provided in our annual Sustainability Review and through regular updates of our corporate website.

 **FIND OUT MORE ABOUT OUR PEOPLE COMMITMENT**

## NIVEA | THANDA SOUTH AFRICA

### NIVEA South Africa – Sustainable Support for “Thanda” Community Center

Further developing its existing partnership with the non-profit organization Thanda, NIVEA South Africa expanded its social engagement in the KwaZulu-Natal region in 2017. Funding from NIVEA South Africa supports Thanda, whose community development focus is on Early Childhood Development (ECD), after-school educational programs for children and youth, as well as initiatives with community members which focus on food security.



### Sustainable Development of Local Families’ Living Conditions

At the heart of Thanda is their Community Center, which is the hub from where programs are run in partnership with community members, in order to sustainably uplift the lives of local families. Particularly for children, the center already plays a key role: Hot meals are prepared and children have the chance to play in a safe, protected environment. The center houses the only library and playground in the area and with NIVEA’s support, a newly expanded skate park provides a unique attraction.

This center is a reliable resource and a safe space for the community and NIVEA’s funding has

enabled it to stay open seven, instead of previously five, days a week. To secure the long-term success of Thanda, we are also funding the development of employees’ administrative, management, and fundraising skills.

### Building Foundations Through Early Childhood Development Programs

Through our engagement in 2017, we focused on expanding the center’s fledgling ECD programs by building new classrooms. Studies show that 90% of the brain’s development takes place before a child reaches five years of age, which makes ECD programs tremendously effective. The new classrooms now offer space for a total of 90 children under five years of age.

Supported by Thanda’s after-school program, there was a 186% improvement in literacy skills and the rate of teenage pregnancy has declined. Children also showed a 126% improvement in science capabilities and 39% improvement in self-esteem.



*Through our support of Thanda, there was a 186% improvement in literacy skills and the rate of teenage pregnancy has declined by a factor of 5.*

### “Trust in the Care of NIVEA”

“Care” is a core NIVEA brand value – and also plays a special role in the South African culture, where togetherness, the sense of belonging, and care go beyond one’s direct relatives. Responsibility and solidarity apply to the whole community.

This mind-set also guided the development of our partnership with Thanda as well as this year’s campaign entitled “Trust in the Care of NIVEA”, which informs consumers about NIVEA’s engagement.



## HANSAPLAST | AKSI SIAGA

### Award-winning First Aid Initiative Enters Third Year

Many Indonesians lack basic first-aid knowledge when it comes to treating both minor and major injuries, which means that in an emergency they often take no action at all due to uncertainty. To change this, Hansaplast Indonesia carried out its annual first aid campaign “Aksi Siaga Hansaplast” at numerous schools for the third year running in 2017. This year, 350 schools in the Indonesian capital Jakarta and near our production site in Malang took part, meaning that with “Aksi Siaga Hansaplast” we reached almost 60,000 schoolchildren and their parents, as well as around 2,000 teachers in 2017. Our target in future is to boost the competence and capacity of approximately 80,000 Indonesian children every year via our training courses in delivering emergency first aid.

### Care for Yourself, Care for Others – and Care for the Environment

Three core aspects are at the heart of the initiative, which is carried out in partnership with the Indonesian Ministry of Education and Health: “Care for yourself, care for others – and care for the environment”. At the center of the campaign is a five-month First Aid Training Program that will be rolled out to schools with the support of local health centers and school doctors. The campaign’s contents address a real need: According to a study,

the most common injuries are blisters and bruises (70.9%), sprains (27.5%), and cuts (23.2%).\* Taking an interactive, playful approach using specifically developed training materials and the First Aid Kit, schoolchildren learn the fundamentals of effective first aid and how to apply these in practice. The students receive training sessions as part of their regular curriculum, as well as various further extracurricular activities. Parents and teachers are given two-hour intensive first-aid training to be able to provide better first-aid help themselves and support the children’s first-aid instruction more effectively. A final competition between all participating schools, in which the winning school receives an award, maximizes the pupils’ attention, engagement, and participation during their first-aid training.



### Digital Awareness Campaign – Binding Consumers via Social Media Channels

In September 2017, this year’s “Aksi Siaga Hansaplast” training program in the participating schools came to an end – timed to coincide with World First Aid Day. Hansaplast Indonesia used this occasion for a nationwide digital awareness campaign under the #SiagaHansaplast via the Facebook and Instagram social media channels, giving consumers the opportunity to receive comprehensive information on first aid and the best-possible treatment of injuries.

\* Indonesia Basic Health Research 2013

## REFUGEE AID

### Humanitarian Refugee Aid in Germany – Our Corporate Responsibility

As part of our corporate responsibility we are committed to supporting people who have been forced to leave their homelands due to war, persecution, or human rights violations. To help give those affected a fresh start and to facilitate their integration in Germany, Beiersdorf Headquarters is providing a total of 100 internships for refugees in Hamburg by 2020.

### Job programs – a First Step Towards Vocational and Social Integration

Through the job programs we have offered at our Hamburg headquarters since 2015, we want to set an example for the vocational and social integration of refugees. Since 2016 we have been running our job programs in close cooperation with verikom – Verbund für interkulturelle Kommunikation und Bildung e.V. and W.I.R – work and integration for refugees. Within these programs, refugees are able to complete six-week to three-month integration internships. This is often the first time they work in a German company and have the chance to prove their qualifications and German language skills. We place applicants in specialist departments that best match their existing qualifications, for instance in Health Management, Research and Development (R&D), or Production. Furthermore, together with all our employees, we work to create a professional environment that supports long-term, sustainable integration. By the end of 2017 Beiersdorf Headquarters was able to provide 31 internships – and subsequently take on five of the interns as employees on fixed-term contracts. In September 2017, a refugee began training to qualify as an IT clerk.

Every refugee, who works with us for longer than six weeks, additionally has the chance to seek out a “buddy” as his or her personal contact in the company. Many colleagues are happy to accept this offer and in this way to provide the refugees with a network and friendship outside their respective department. Regular lunches together with all integration interns, buddies, and colleagues are highly popular and have already become a regular fixture in our company.



### Personal Engagement Onsite – Close Cooperation with the German Red Cross

Many refugee shelters in Hamburg are run by the German Red Cross (DRK). We have been supporting this work since the fall of 2015 through our close collaboration with the DRK in Hamburg’s Eimsbüttel neighborhood. Alongside product and monetary donations, our employees’ personal voluntary engagement forms an integral part of this support. In 2017, many of our colleagues joined in regularly to support various refugee aid projects, for instance sorting donated clothes and distributing them to refugees. Several teams also took refugee children, adolescents or whole families on trips in the locality, for example to the zoo, staged sports events, or just got together for a game and a barbecue. As language skills are a fundamental requirement for successful integration, several of our German employees participated in the open German language courses in 2017.



**FIND OUT MORE ABOUT OUR  
SOCIAL RESPONSIBILITY**



## People at Beiersdorf

### Strategic Principles

Beiersdorf is a global organization with its entrepreneurial roots in Germany. Over the decades, one core principle has united and guided generations of our managers: A harmonious balance between the company’s economic success and the well-being of its employees. At Beiersdorf, we are convinced that our employees’ needs can only be met successfully, if they are embedded in a larger, consistent HR policy framework.

Being a good employer everywhere in the world forms the essential foundation of our activities. A good employer provides “Good Work” – from employee benefits and development, through freedom of association, to an open and trustful culture. The section on “**Beiersdorf as an Employer**” contains more details on this.

In the world of today, our employees’ welfare means a great deal more: In particular, it includes the ongoing ability of our workforce to respond to changes and to actively participate in shaping them. We present our concept in supporting our people in these efforts in “**We Shape the Way We Work**”.

In the section “**Diversity as a Success Factor**” we present the measures for and the outcomes of promoting diversity in our company.

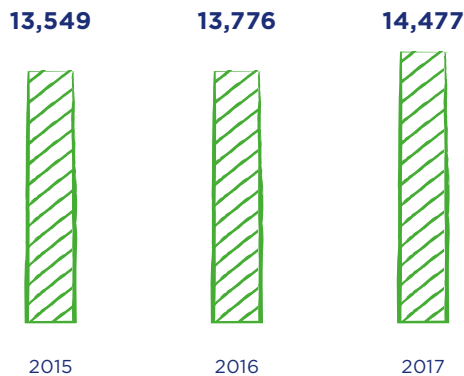
### Beiersdorf as an Employer: We Practice “Good Work” – Worldwide

In 2017, we created 701 new jobs worldwide (excluding tesa). The number of employees in the Consumer Business Segment increased to 14,477 people of December 31, 2017 (prior year: 13,776). Of these, 7,700 (+5%) were employed in Europe, 4,225 (+4%) in the Africa/Asia/Australia region, and 2,552 (+7%) in the Americas.

As at the end of 2017 Beiersdorf\* had a total of 63 affiliates with at least 50 employees in 40 countries. Besides fully meeting social insurance legal requirements in all host countries, we also offered our employees additional voluntary benefits in alignment with the needs of the local workforce at each location. More than 60% of our companies provided additional health insurance and more than 50% offered additional pension schemes. Meal subsidies (over 80%) and subsidies for transport and mobility (70%) were the company benefits most frequently provided.

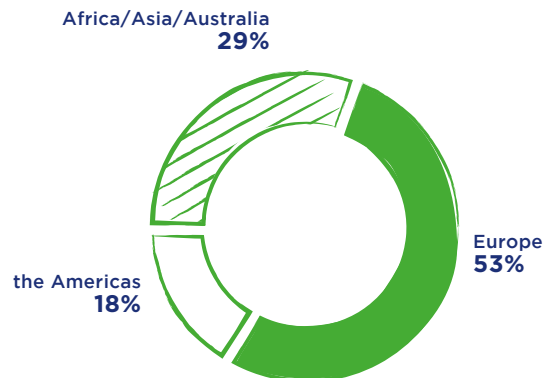
### Group Employees

(excluding tesa)



### Employees by Region

(excluding tesa)



\* Unless explicitly stated differently, all following information in this chapter refers to our Consumer business excluding La Prairie.

More than a third of our affiliates invested in support for childcare during 2017. The “TroploKids” child day-care center in Hamburg had 100 childcare places available; 24 female and three male teachers were employed at the daycare center as Beiersdorf employees.



Beiersdorf’s commitment to competitive remuneration not only applies to professionals, experts, and managers: In the lower income segment, the wages and salaries in our affiliates are always well above the respective legal minimum wages. On average, the bottom 10% of the income scale (wages and salaries of employees) in our local affiliates exceeded the respective legal minimum wage by a factor of 2.4 in the reporting year.

However, “Good Work” means much more to us than competitive salaries and extensive social benefits: Beiersdorf also proves to be a good employer when it comes to workplace organization. In 2017, 63% of all Beiersdorf companies offered location-independent working, with home-office working being the most frequently-used alternative. We aim to expand these options in their variety of forms.

“Good Work” also encompasses an open and trustful corporate culture. Regular feedback

meetings are an integral part of working together in all Beiersdorf companies. In addition, we foster the personal and professional development of our employees globally. In the reporting year, 100% of companies offered additional training options of various kinds, for example programs addressing functional, language, and management skills as well as further development programs.

As at the end of 2017 we had Works Council or trade union organization or other forms of employee representation in 51% of our affiliates – although this is a legal requirement for only 37% of the affiliates.

### “We Shape the Way We Work”: Agility as a New Focus alongside “Good Work”\*

During recent years markets, technologies and consumers have been going through deep transformation that in some cases brought disruptive changes for our industry. For a company to meet its economic and social responsibilities, it must enhance the willingness and ability to change of its workforce, in particular through targeted people and organizational development measures. In 2017, we took this as an occasion to re-think and review the work models that we had practiced for years. We added “Agile Working” into the focus of our Human Resources (HR) agenda. “We Shape the Way We Work” – the global motto of “Agile Working” – bundles all relevant activities and at the same time emphasizes the importance of employee participation in this process. In 2017, we set up various workshops and task forces to collect ideas for new working models through a virtual community, which were debated among employees. Based on this, the first change projects were launched in the reporting year, every one of which feeds into one of the four “Agile Working” topic areas:

- > Work Environment
- > Knowledge and Learning
- > Leadership and Employee Engagement
- > Participation

\* Unless explicitly stated differently, all following information in this chapter refers to our Consumer business excluding La Prairie.





### Work Environment

As a responsible employer, we provide an environment of flexibility in daily work. Our employees use more than 300 different work-time models in Germany alone, such as working from home and flexible part-time work. Other options include job sharing, which is also practiced by managers. On July 7, 2017 the first day of the G20 summit in Hamburg, we launched a large-scale practical trial: Around 2,500 employees from the company headquarters in Hamburg worked in their home offices for the day or at a place of their choice outside our company premises.

Increasing awareness and attention by our employees to their individual situation and needs demand new thinking by the employer: Rigid general rules and guidelines have been outdated for a long time, ill-suited to truly balancing professional work and personal life.

What is needed are timely solutions “on the ground” – solutions that can be agreed within teams and/or between employees and managers directly. By regularly reviewing and changing our HR policies as well as our Works Agreements with our social partners we have been constantly working on improving such an environment.

Flexibility goes both ways. It is important to us though that we as the employer act as first-mover by allowing more flexibility based on trust. For example, we have permitted reasonable personal

use of office telephones and the Internet since years. In the company headquarters in Hamburg, the expanded mail and parcel service on the company premises is also available to the workforce, so that they can manage daily errands efficiently while at work. In addition, we offer regular medical check-ups at our Hamburg offices, which 1,043 employees underwent during 2017.

Trust-based flexibility by company management nurtures mutuality, as an agreement with the Works Council of Beiersdorf AG from 2017 shows: A group of employees of Beiersdorf AG, previously under daily mandatory time-clocking, switched to a timesheet model that relies upon self-monitoring.

### Knowledge and Learning

The continuous enabling of our employees and the development of individuals through training courses and demand-oriented knowledge management are essential for securing the competitiveness of our company. This way we ensure that our employees are able to meet the changing requirements, for example resulting from digitalization and the transformation of business models. This allows us to recruit managers from the ranks of our own employees to a significant degree. In 2017, too, our workforce in all regions benefited from training and qualification programs at the Beiersdorf Academy, which together with “Learning on the Job” and “Learning from Colleagues” forms the foundation for a “Learning Organization”.

With a total of 12 functional and cross-functional academies – including developmental programs for managers and for digital competencies – the size of the program more than doubled last year. Events take place in different locations around the world, so that they can also meet regional needs. In terms of content, we rely on a mix of up-to-date specialized knowledge and a large number of examples from business context, most of which are prepared and then executed by our internal experts in an interactive manner. A rapidly growing range of online-based and virtual learning formats gives employees access to knowledge at any time and supports the continuous learning process. For example, we started the Digital IQ program in Marketing with 1,200 participants in 2017 - our largest cross-functional online learning initiative on digital topics globally.

**Leadership and Employee Retention**

In 2015, Beiersdorf presented a plan for the medium-term strategic development of the company: Roadmap 2020. The People Agenda is an integral part of this Roadmap. The implementation work is still ongoing. The priorities include employee and management development, as well

as employee engagement respective emotional bonding. Similar emphasis applies to our La Prairie organization.

Both, long-term successful collaboration and emotional bonding require self-reflection and value-based behavioral codex. Our Core Values of “Care”, “Trust”, “Courage” and “Simplicity” provide therefore the foundation for our understanding of “Leadership The Beiersdorf Way”.

Employees, who are passionate about their work and committed to their place of employment, are fundamental to achieving our goals as a company. To help strengthen employee engagement worldwide, Beiersdorf has commissioned an independent employee survey by a renowned service provider every year since 2013. At La Prairie this form of survey was carried out for the second time. In both cases, a participation rate of over 90% was achieved in 2017 and a clearly above-average level of employee engagement has been achieved in the respective companies since launching the employee surveys\*. We promote and support open dialog within our teams and encourage all employees to use the results of the survey to derive and implement measures on their own initiative.

**Leadership The Beiersdorf Way Concept**



Every Beiersdorf employee is given the opportunity for further development, whether in their current job or in preparation for a new one. We intend to fill management positions mostly with talents from our own ranks and enable this through the targeted internal development plans. In 2017, 75% of vacancies at the first management level (prior year: 71%, Roadmap 2020 target: 75%) and 88% vacancies at the second management level (prior year: 75%, Roadmap 2020 target: 90%) were filled by internal candidates.

In 2017, we also started the preparation to expand our People Agenda beyond 2020. This work will continue in 2018.

\* In comparison to similar surveys of other companies conducted by the contracted service provider.

**Participation**

Beiersdorf practices dialog at eye level with our employees and relies on the workforce’s active participation in both decision-making and the company’s success. An open and constructive social partnership is very important to us. Under co-determination rights, employee representatives are closely integrated in the development of our HR policies and instruments.

Events at global and local level, such as town hall meetings, round tables, and online chats, offer our employees opportunities for direct and unfiltered exchange with the Executive Board and the senior management. In addition, we are successfully testing the opportunities of internal online platforms on which our employees can actively co-design their working environment. For example, we developed our new leadership concept - “Leadership The Beiersdorf Way” - through worldwide online crowdstorming involving international employees at different management levels. In addition, the R&D management team worked with their teams

to develop a program for enhancing innovation culture.

**Diversity as a Success Factor\***

A diverse and internationally minded workforce is the foundation of competitiveness for Beiersdorf. It gives us access to a bigger talent pool and allows us to gain a better understanding of changing markets and consumers. Furthermore, we benefit from the stronger innovation and problem-solving capabilities arising from the diversity of nationalities, age groups and genders.

Globally, employees from 98 countries worked for us as of December 31, 2017. Among our top three management groups, more than 40% of our managers have had international working experiences for at least three years.

Besides fostering internationality, we also encourage employees to move into different functions. Gaining experience outside one’s own functional area expands the individual’s horizons and

**ONE TEAM** 🌐 ♿ 😊 ♀  
LIVING DIVERSITY



\* Unless explicitly stated differently, all following information in this chapter refers to our Consumer business excluding La Prairie.

enriches diversity within and across company departments

For many years, equal opportunities for women and men in their professional development has been a priority for us. We have implemented comprehensive measures in recent years to achieve our targets, among them flexible working hours, home offices, job sharing, mentoring programs, and the “Women in Leadership” network.

We adjusted the gender diversity targets for Beiersdorf AG to be line with the new German legislation after its introduction in March 2015.



**GÉRALDINE WEILANDT**

MARKETING DIRECTOR BUSINESS UNIT PHARMACY &  
CORPORATE DIVERSITY MANAGER

Accordingly we are referencing Management Reporting Levels of the Beiersdorf AG instead of Management Groups for the below-mentioned KPIs.

Among managers at the first management level of the Beiersdorf AG, the share of women was 26% at the end of 2017. Statistically, we were short of two first level female managers to reach our 30% goal. In reality, we have signed or promoted three more such managers already. These decisions were taken in 2017. The managers concerned will start their new roles only in 2018. At the second management level, the proportion of women here was at 46% at the end 2017, far exceeding our target of 38%.

La Prairie, too, promotes equal opportunities for women and men, and has paid great attention to gender distribution in the recruitment of its top management level. In 2017, the share of women at the first management level was 38% - significantly above the target of 30%.

In summer of 2017 the Beiersdorf AG Executive Board resolved new five-year targets: 35% women at the first management level, and 50% at the second by 2022. In the coming years, we will continue and expand our initiatives especially in the areas of strategic succession planning, work life balance, and targeted individual support.



## OCCUPATIONAL SAFETY

### Safety First

The safety of our employees and protecting their health are core elements of our sustainability strategy and naturally take very high priority. When an accident occurs, the Supply Chain Leadership Team carries out a root-cause analysis and takes rapid decisions on corrective measures, additional budget or other required resources. In addition, the Executive Board receives a monthly report about developments in the area of occupational safety.

We are pursuing the strategic goal of Zero Accidents worldwide for the long term and have developed a roadmap towards this with specific targets. Having achieved a reduction in occupational accidents per million work hours (Accident Frequency Rate, AFR) in our global production network by 50% in 2016 compared to 2015, our AFR rose again to 2.2 in 2017, however. This demonstrates that we need to work even harder on our systems and processes so that we can reach our long-term objectives.

### Management Systems Audit

Establishing the corresponding management systems forms a core strategic element that supports us in achieving our safety objectives as well as our environmental protection targets.

We review the effectiveness of systems in the organizations and their application in daily practice through regular audits under our internal Environmental and Safety Management Audit Scheme (ESMAS) in our worldwide production network. This integrates safety and environmental protection aspects within a management system. Our audits follow internationally recognized management-system audit standards such as ISO 14001, OHSAS 18001, and the draft version of the upcoming ISO 45001. Our audit results are compiled in a list of measures, which we monitor regularly (page c-16).

### Occupational Safety Right from the Start

In 2017, we also stepped up our strategic realignment of individual international production sites: In future, we will address safety issues in the very early stages, when planning extensions or conversions to sites. We will also increasingly leverage

standardized international methods for identifying and assessing risks.

### Improved Communication

Another important component of our strategy is to increase the exchange between Group functions responsible for occupational safety. Safety-relevant events are shared in regularly held regional teleconferences. An online communications platform was already set up in 2015, and significant documents are submitted there. In 2017, we continued with this work consistently and networked the regional safety managers into a strong global team that discusses accidents and best-practice solutions on a monthly basis. Regular workshops in regional groups on location further ensure a continuous exchange of information between the respective local safety managers.

### Global Occupational Safety Standards

In 2017, the global Occupational Safety team worked with local managers to further develop global safety standards. Using a global accident analysis, the team determined significant elements for further standardization, which will create the same advanced occupational safety conditions within our production network.

Compliance with these standards is monitored regularly by the local safety experts through “Major Risk Assessments”. In addition, the global Occupational Safety team returns to each plant on a regular basis.

### Chile - Fourth Award for Excellent Occupational Safety Management System

In 2017 our production site in Chile received its fourth award in a row from national accident insurer Mutual de Seguridad, for its excellent occupational safety management system. Assessment of the management system was carried out under the international management system standard OHSAS 18001. We are especially proud of the fact that in Chile, only 58 out of a total 98,525 member companies of the national accident insurance scheme have received this award.



### Thailand - Three Million Working Hours without Accident

All work was suspended for two days at our factory in Thailand in 2017. The reason: We carried out a two-day campaign on location around the topics of safety, health and environmental protection, as we had done in previous years. More than 600 employees took the opportunity to learn about topics such as healthy nutrition, waste and energy management, and occupational safety. As part of the campaign we also presented the 10 Golden Rules of Occupational Safety, which all future visitors to the factory will receive before they enter the factory premises.



Our efforts are paying off, as an impressive figure shows: By the end of June 2017, the factory reported three million working hours without an occupational accident involving more than one day's absence from work.

### Next steps - Stronger Cooperation and More Standards

Over the years to come, we will continue to pursue our Zero Accidents strategic goal with vigor. We will continuously improve collaboration between local occupational safety managers and the global safety team and develop and implement further

international standards. In addition, we intend to strengthen safety at work outside of our production network as well, for example by developing a global safety standard for our office sites. The topic of safety will also be given more weight in the selection of our logistics service providers and in our work with our suppliers. All in all, we will also be dealing more intensively with occupational safety culture.

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

### HEALTH MANAGEMENT

#### “good for me” - Our Health Management

Employee health is important to us, so an effective Health Management system is one of the main components of our human resources policy at our sites in Hamburg. Our goal is to sustain the long-term health and well-being of our employees through a broad range of services and to support their return to health systematically and actively in case of disease. Since 2014, our “good for me” Health Management program has bundled the activities of our Company Medical Service, Health Promotion, and Counseling Service with the areas of Occupational Safety, Catering, Company Health Insurance, and our Company Sports Club. At the center: The five focus areas of Prevention/Early Recognition, Exercise, Nutrition, Balance, and Working Environment.

-  Prevention | Early Recognition
-  Exercise
-  Nutrition
-  Balance
-  Working Environment



## Courses – Continuous Evaluation and Optimization

In 2017, we offered a total of 28 different courses at our Hamburg site. We intend to continuously expand this broad range of course options, adjusting it optimally to the health needs of our employees. We take into account not only overall developments in society, but also the results of our health checks as well as suggestions from doctors and colleagues. We continually evaluate the quality of the courses we offer by means of an online questionnaire that participants complete at the end of their course.

## Prevention | Early Detection – Knowing When to Act

Commonly, people postpone preventive medical examinations because of scheduling difficulties and because they take up a lot of time. Not so our employees in Hamburg: We offer them two free health examinations on-site, an individual health check-up and a skin screening. Both offers have established themselves as integral parts of our health management in recent years. In 2017, 365 employees took the opportunity for an extensive examination as part of their health check. 678 employees have taken part in the skin screening in 2017.

## Exercise, Nutrition, Balance – New Offers in All Focus Areas

We have expanded our range of exercise-related courses. For example, there is a new “Ready to move” course that pays particular attention to back health, with targeted fitness exercises. In the focus area of nutrition, the “BesserEsser@Beiersdorf” weight management course, which was introduced in 2016, has become very well established. It promotes a healthier lifestyle and nutrition, and was continued in 2017. Our portfolio was also expanded in the Balance focus area: In addition to existing courses focusing on relaxation techniques, we offer our employees “CARE” Resilience Training as another option for strengthening their physical and psychological resilience which gives them the right tools to prevent stress, overload and burn-out.

## Looking Ahead – Company-wide Health Offers

In the future, we want to transfer parts of our health program step by step to other offices and affiliates. For example, in 2018 we will train employees at the tesa factory in Hausbruch near Hamburg in the “Key Indicator Method” – a procedure for evaluating physical stress. In addition, we offer selected health courses at other office sites, for example in Switzerland.



**FIND OUT MORE ABOUT OUR ACTIVITIES  
IN THE AREA OF EMPLOYEE HEALTH**



## PEOPLE – FACT SHEET 2017



### Our Achievements

- ✓ Safety Compliance Check for Warehouses in Europe.
- ✓ Realization of NIVEA's social commitment in 38 countries.
- ✓ As part of the “good for me” Health Management program, a total of 28 different courses were offered at our Hamburg site.
- ✓ Provision of 31 integration internships for refugees at our headquarters in Hamburg.
- ✓ A total of 1,043 employees took part in the free check-ups - an individual health check and a skin screening - in Hamburg.



### Our Next Steps

- Develop safety standards with the global team of Safety Managers.
- Continuously develop and improve our “good for me” course offers.
- Implement safety standards for offices.
- Further develop the employee volunteering in the context of “NIVEA cares for family”.
- Gradually transfer our health program to other offices and affiliates.

# STAKEHOLDER ENGAGEMENT

Sustainability is a complex topic influenced by factors, the impacts of which stretch well beyond the boundaries of our company. This is why we rely on strong, durable partnerships and close dialog with our external stakeholders. By involving all stakeholder groups, we can further improve our sustainability performance right along our value chain – and achieve our environmental and societal goals together with our stakeholders more rapidly and more efficiently.



**EMPLOYEE ENGAGEMENT**

*"We've started to use 10 electrical shuttle buses for our 3 Chinese PCs."*

**HR-TEAM**  
CHINA



*"I programmed the artificial illumination to use more daylight. This saves 250,000 kWh per year."*

**LARS RATSCHOW**  
MEXICO



*"I go to work by bus and use car sharing with my colleagues for external meetings."*

**MICHELLE GUERSONI**  
BRAZIL

In addition, we have called on all employees world-wide to share ideas for a more climate-friendly everyday life with their colleagues and to inspire them. With great success: Many are already very committed to this topic and show great creativity. They are using public transport, buy regional foods, avoid paper cups, and suggest ideas such as optimizing the use of daylight at our production sites to lower electricity consumption. The campaign will continue next year with further activities.

**Employee Campaign on Our New Climate Target**

Our 2025 climate target is not only about improving energy efficiency at all of our sites, switching over our electricity supply to renewable sources, or reducing emissions from the goods and services we purchase. It also highlights how all our employees can make their own small contribution. Greenhouse gas emissions play a bigger role in our everyday lives than one might think initially: They are hidden in how we move around, what we eat, and how we shop. With our [climate film](#), we first of all raised our employees' awareness of the complex topic of climate change by highlighting its effects, and what we intend to achieve with our new climate target.

**Joint Planting Session for Charity: Employee Engagement for Socially Disadvantaged Children in India**

Planting trees and providing shade: A total of twenty Beiersdorf employees from our production site in Sanand, India, launched their first Volunteering Initiative in 2017 and planted saplings in the schoolyard of a nearby local primary school as part of a charitable planting session. The team worked with over a hundred excited primary school pupils to plant the young trees, which will provide shade in the new small school garden which is currently treeless.



*"This project is not only a good occasion to support the children in our neighborhood, but also offers a great opportunity for employees of different departments to come into contact with each other and share new experiences outside of their regular working day."*

**DR. NILS HOFFMANN**

DIRECTOR OF RESEARCH AND DEVELOPMENT  
NIVEA INDIA

The planting session marks the kick-off of a social initiative with long-term perspective, in which our employees in Sanand will support the children from a primary school near the production site. The project is run in close cooperation with the SMILE Foundation, a local organization working for disadvantaged children and their families. The goal of the cooperation is the ongoing improvement of schooling for local children. A plan with monthly team events was set up together with the SMILE Foundation, with activities extending from renovating the classrooms, through sports events, to educational campaigns to teach children about the importance of hand hygiene. In addition, NIVEA India supports the SMILE Foundation's educational programs with an annual donation.

This charitable commitment benefits not only the students, but also the employees, who have an opportunity to do voluntary work for a social project and can observe the impact of their engagement on their direct environment. Employees from Research and Development, Production and Human Resources took part in this event.



## Engagement for the Protection of Drinking Water

In Germany, too, handling drinking water resources carefully and consciously is a topic that affects everyone. For this reason, a team of 15 employees at our Hamburg headquarters dedicated a full day in November 2017 to engage for the protection of our drinking water resources. Guided by Trinkwasserwald® e.V., they planted the first 550 of 4,000 saplings to cover a hectare of new oak forest. The resulting natural woodland will generate an additional 800,000 liters of high-quality drinking water per year per hectare – the annual consumption of around 800 people.



Afterwards, a forester gave the team an expert tour of the "Experiential Forest", which further deepened the insights they had gained from the planting campaign and provided numerous further explanations to help them understand the woodland-drinking water ecosystem even better.

The planting campaign strengthened our colleagues' understanding of how important the engagement in their region is, and that sensitive ecosystems need to be protected here in Germany, too. The next planting days have already been planned for the coming year!



## INVOLVEMENT OF OUR SUPPLIERS

Working together for greater sustainability: Strategic supplier management ensures that our suppliers also meet our high standards in terms of quality, working conditions, and environmental protection. We use regular dialog formats and joint projects as a targeted way of finding new areas of optimization potential for increasing sustainability in our value chain. Another core goal in the close cooperation with our suppliers is strengthening our innovative power by integrating external knowledge.

### PEARLFINDERS – Formats for Suppliers and Strategic Partners

Since mid-2016, we have been bundling our innovation activities under the communications umbrella of “PEARLFINDERS – We Open Innovation”. Among the successful PEARLFINDERS formats are two well-established in-house events for our suppliers – the “Formulation Academy” and the “Supplier Fair”.

The “Formulation Academy” took place at our research center in Hamburg for the seventh time in 2017. The event is designed for selected long-term innovation partners to share their extensive knowledge and expertise with Beiersdorf scientists and developers. This year’s focus was on innovative and sustainable textures and formulations for face and body care as well as sun protection.

“Innovation Journey” is a new event, which we organized for the first time this year as an extension of the “Supplier Fair”. The series of events was organized by Research and Development and selected external partners were invited to present their innovative ideas and products, and discuss these with experts. The selection of topics was based on the main search fields we have defined for innovation, as well as on global megatrends. Sustainability will be one of the strongest drivers of product innovation in future. As an example, rising water scarcity worldwide is accelerating the development of skin and beauty care products that can be used without water. In addition, the external speakers presented numerous other product innovations and received detailed insights from Beiersdorf’s employees into how we apply research to promote greater sustainability in skin and beauty care.

### Inspiration and Innovation – Sustainable Presence at “In-Cosmetics”

With over 780 exhibitors and almost 9,000 visitors, “In-Cosmetics”, held in London in April 2017, is the world’s largest cosmetics fair – and therefore the most important source of inspiration and innovation for our sector in the area of raw materials. This year for the first time, the topic of sustainability was a focus area of its own in the “Sustainability Corner”. Large cosmetics companies such as Beiersdorf were able to give information on their commitment to sustainability during the fair. Dorle Bahr, Head of Environmental Sustainability at Beiersdorf, explained our sustainability strategy and targets, and demonstrated how particular challenges at product level can only be solved by working together with suppliers. This is an approach we are already pursuing through our strategic supplier management.

In 2018, we plan to strengthen our strategic supplier management further and continue with the successful PEARLFINDER formats.



**FIND OUT MORE ABOUT THE INVOLVEMENT OF OUR SUPPLIERS**

## Ratings

To identify the effectiveness of our efforts in driving sustainable business, we continually analyze and evaluate our sustainability key performance indicators (KPIs) right along our value chain. These KPIs enable us to accurately track our performance and to identify optimization potentials in a targeted way. Moreover, external rating agencies also analyze our performance regularly, providing 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. Following our score of “B-” in 2016, we achieved a score of “C” with our climate reporting in 2017. In the CDP “Water Disclosure Program” we achieved a score of “B” in 2016 and 2017.



FTSE4Good

### FTSE4Good

FTSE4Good is an internationally leading family of indices on sustainability and corporate governance. It includes companies that demonstrate outstanding corporate responsibility, including Beiersdorf.



### oekom research AG

As one of the world's leading rating agencies, oekom research AG analyzes companies' societal and environmental performance. Beiersdorf was already awarded “Prime” status in 2016. This means that publicly traded Beiersdorf shares are considered to be a worthwhile investment from an environmental and societal perspective.



### MSCI

MSCI ESG Research analyzes companies' sustainability based on environmental, societal, and corporate governance (ESG) aspects. MSCI analysts evaluate over 6,000 companies worldwide. Beiersdorf was awarded an ESG “A” rating in 2016 and 2017.

## Key Figures of the Consumer Business Segment

	UNIT	2015	2016	2017
<b>ECONOMIC</b>				
Consumer sales	in € million	5,546	5,606	<b>5,799</b>
Production sites	number	17	16	<b>17</b>
<b>PRODUCTS</b>				
Progress towards our Products target	%	18	25	<b>23</b>
Compliance of raw material sourcing with Sustainable Palm (Kernel) Oil Policy*	%	100	100	<b>100</b>
*supports the production of RSPO certified sustainable palm oil				
thereof				
Mass Balance	%		30	<b>54</b>
Book & Claim (“RSPO Credits”)	%	100	70	<b>46</b>
<b>PLANET</b>				
Stationary energy	GJ	915,538	943,986	<b>970,741</b>
Mobile energy	GJ	135,006	145,334	<b>157,025</b>
CO <sub>2</sub> emissions (Scope 1 + 2)	t CO <sub>2</sub> e	95,433	77,864	<b>80,919</b>
Electricity from renewable energy sources	%	9	42	<b>45</b>
Waste volume	tonnes	30,225	23,018	<b>28,986</b>
Water consumption	m <sup>3</sup>	1,478,936	1,796,792	<b>1,786,962</b>
Wastewater volume	m <sup>3</sup>	808,298	877,245	<b>860,355</b>
<b>PEOPLE</b>				
Employees total	number	13,549	13,776	<b>14,477</b>
Occupational Accidents (≥1 day absenteeism)	number	73	50	<b>52</b>
Social projects benefiting supported families	number	181,026	235,186	<b>179,672</b>

In 2017, 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.

## Relevant Key Figures for the Non-Financial Disclosure of the Beiersdorf AG

	UNIT	2017
<b>COMPLIANCE</b>		
Participation rate competition compliance training	%	84
<b>PLANET</b>		
Electricity from renewable energy sources	%	100
CO <sub>2</sub> emissions (Scope 1 + 2)	t CO <sub>2</sub> e	6,960
<b>PEOPLE</b>		
Accident Frequency Rate (AFR)	accidents per million work hours	3.47
Share of internal recruitments management group 1	%	67
Share of internal recruitments management group 2	%	82

## GRI Content Index 2017

### List of Abbreviations

<b>3PMs</b>	Third-Party Manufacturers	<b>IUCN</b>	Weltnaturschutzunion (International Union for Conservation of Nature)
<b>AIM</b>	European Brands Association	<b>IUCN</b>	International Union for Conservation of Nature
<b>CoC</b>	Code of Conduct	<b>LA</b>	Labor Practices and Decent Work
<b>DCGK</b>	German Corporate Governance Code	<b>OECD</b>	Organization for Economic Cooperation and Development
<b>DMA</b>	Disclosure Management Approach	<b>PCs</b>	Production centers/sites
<b>EC</b>	Economic	<b>PR</b>	Product Responsibility
<b>EN</b>	Environmental	<b>RSPO</b>	Roundtable on Sustainable Palm Oil
<b>EPAA</b>	European Partnership on Alternative Approaches to Animal Testing	<b>Sedex</b>	Supplier Ethical Data Exchange
<b>FEA</b>	European Aerosol Federation	<b>SMETA</b>	Sedex Members Ethical Trade Audit
<b>FONAP</b>	Forum for Sustainable Palm Oil	<b>SO</b>	Society
<b>GHG</b>	Greenhouse gas	<b>VCI</b>	German Association of Chemical Industries (Verband der Chemischen Industrie)
<b>HR</b>	Human Rights	<b>WIE</b>	Economic. Initiative. Engagement. (Wirtschaft. Initiative. Engagement.)
<b>IGA</b>	Industrie Gemeinschaft Aerosole e.V.	<b>WRI</b>	World Resources Institute
<b>IKW</b>	Industrieverband Körperpflege und Waschmittel		
<b>ILO</b>	International Labour Organization		



## General Standard Disclosures

<sup>1</sup> ++ completely reported  
 + partially reported

Indicator	GRI Standard Information	Status <sup>1</sup>	Reference																																			
<b>ASPECT: STRATEGY AND ANALYSIS</b>																																						
G4-1	Statement from the most senior decision-maker of the organization	++	<a href="#">Beiersdorf Sustainability Board Statement</a>																																			
<b>ASPECT: ORGANIZATIONAL PROFILE</b>																																						
G4-3	Name of the organization	++	Beiersdorf AG																																			
G4-4	Primary brands, products, and services	++	<a href="#">Beiersdorf Our Profile</a> <a href="#">Beiersdorf Brands</a>																																			
G4-5	Location of the organization's headquarters	++	Beiersdorf AG, Unnastraße 48, 20245 Hamburg, Germany																																			
G4-6	Number of countries where the organization operates	++	<a href="#">Beiersdorf Global Presence</a>																																			
G4-7	Nature of ownership and legal form	++	Annual Report: <a href="#">Beiersdorf AGs Shareholdings 2017</a>																																			
G4-8	Markets served	++	Corporate Website: <a href="#">Beiersdorf Business Segments</a> <a href="#">Beiersdorf Global Presence</a> Annual Report: <a href="#">Beiersdorf Segment Reporting 2017</a> <a href="#">Beiersdorf Regional Reporting 2017</a> <a href="#">Beiersdorf Group Sales 2017</a>																																			
G4-9	Scale of the organization	++	Corporate Website: <a href="#">Beiersdorf Global Presence</a> Annual Report: <a href="#">Beiersdorf People at Beiersdorf 2017</a> <a href="#">Beiersdorf Ten Year Overview 2017</a> <a href="#">Beiersdorf Results of Operations Consumer 2017</a> In 2017 we sold well above 3.8 billion consumer units globally.																																			
G4-10	Total number of employees	+	<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>3,863</td> <td>83</td> <td>50%</td> <td>50%</td> </tr> <tr> <td>Europe (excl. Germany)</td> <td>3,837</td> <td>98</td> <td>60%</td> <td>40%</td> </tr> <tr> <td>North America</td> <td>338</td> <td>0</td> <td>67%</td> <td>33%</td> </tr> <tr> <td>Latin America</td> <td>2,214</td> <td>49</td> <td>56%</td> <td>44%</td> </tr> <tr> <td>Africa/Asia/Australia</td> <td>4,225</td> <td>34</td> <td>49%</td> <td>51%</td> </tr> <tr> <td><b>Total</b></td> <td><b>14,477</b></td> <td><b>264</b></td> <td><b>54%</b></td> <td><b>46%</b></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.</p> <p>Seasonal variation: No significant variations in employment numbers exist.</p>		Employees total	Thereof temporary employees*	Employees total female share	Employees total male share	Germany	3,863	83	50%	50%	Europe (excl. Germany)	3,837	98	60%	40%	North America	338	0	67%	33%	Latin America	2,214	49	56%	44%	Africa/Asia/Australia	4,225	34	49%	51%	<b>Total</b>	<b>14,477</b>	<b>264</b>	<b>54%</b>	<b>46%</b>
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G4-11	Percentage of total employees covered by collective bargaining agreements	+	At Beiersdorf AG (headquarters), 47% of employees are employed under collective bargaining agreements and 42% of the workforce are non-tariff employees. The remaining 11% of the workforce are executive staff.																																			

Indicator	GRI Standard Information	Status <sup>1</sup>	Reference
G4-12	Organization's supply chain	++	<p>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 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 selective Third-Party Manufacturers (3PMs). Prime materials are sourced directly from our suppliers. We actively aim to source from regionally located suppliers to ensure a more integrated supply chain and better quality control. 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.</p> <p>Page c-13, Chapter Responsible Sourcing Corporate Website: <a href="#">Beiersdorf Sustainability Responsible Sourcing</a></p>
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	++	<p>Annual Report: <a href="#">Beiersdorf Business and Strategy 2017</a> <a href="#">Beiersdorf Capital Structure 2017</a> <a href="#">Beiersdorf AGs Shareholdings 2017</a> <a href="#">Beiersdorf Acquisitions and Divestments 2017</a></p>
G4-14	Precautionary approach or principle	++	<p>Page c-6, Chapter Risk Management Annual Report: <a href="#">Beiersdorf Risk Report 2017</a> <a href="#">Beiersdorf Risks and Risk Management Principles 2017</a></p>
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives	++	<ul style="list-style-type: none"> <li>• German Diversity Charter</li> <li>• German Corporate Governance Code (DCGK)</li> <li>• The conventions of the International Labour Organisation (ILO)</li> <li>• The Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises</li> <li>• Responsible Care Initiative of the "Verband der Chemischen Industrie" (VCI)</li> <li>• The United Nations Universal Declaration of Human Rights</li> <li>• Hamburg Initiative for better air quality "Partnerschaft für Luftgüter und schadstoffarme Mobilität"</li> </ul>
G4-16	Memberships of associations and national or international advocacy organizations	++	<p>Organizations with a focus on sustainability:</p> <ul style="list-style-type: none"> <li>• AIM-PROGRESS</li> <li>• European Aerosol Federation (FEA)</li> <li>• Forum for Sustainable Palm Oil (FONAP)</li> <li>• Roundtable on Sustainable Palm Oil (RSPO)</li> <li>• Sedex</li> <li>• Wirtschaft. Initiative. Engagement. (WIE)</li> </ul> <p>Industry associations in the cosmetics sector, including:</p> <ul style="list-style-type: none"> <li>• Cosmetics Europe</li> <li>• European Brands Association (AIM)</li> <li>• Industrie Gemeinschaft Aerosole e.V. (IGA)</li> <li>• Industrieverband Körperpflege und Waschmittel (IKW)</li> <li>• Verband der Chemischen Industrie (VCI)</li> <li>• European Partnership on Alternative Approaches to Animal Testing (EPAA)</li> </ul>
<b>ASPECT: IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>			
G4-17	Entities included in the organization's consolidated financial statements or equivalent documents	++	<p>Annual Report: <a href="#">Beiersdorf AGs Shareholdings 2017</a> Corporate Website: <a href="#">Beiersdorf Global Presence</a></p>

Indicator	GRI Standard Information	Status <sup>1</sup>	Reference																																																																																																												
G4-18	Process for defining the report content and the aspect boundaries	++	Page c-9, Chapter Materiality Analysis Corporate Website: <a href="#">Beiersdorf Materiality Analysis</a>																																																																																																												
G4-19	All material aspects identified in the process for defining report content	++	Page c-9, Chapter Materiality Analysis Corporate Website: <a href="#">Beiersdorf Materiality Analysis</a>																																																																																																												
G4-20/21	Aspect boundaries within and outside the organization	++	<p><b>Aspect boundaries within and outside the organization</b></p> <table border="1"> <tr><td>EC Economic Performance</td><td>x</td><td>○</td></tr> <tr><td>Materials</td><td>x</td><td>○</td></tr> <tr><td>Energy</td><td>x</td><td>○</td></tr> <tr><td>Water</td><td>x</td><td></td></tr> <tr><td>Biodiversity</td><td></td><td>○</td></tr> <tr><td>Emissions</td><td>x</td><td>○</td></tr> <tr><td>EN Effluents and Waste</td><td>x</td><td></td></tr> <tr><td>EN Products and Services</td><td>x</td><td>○</td></tr> <tr><td>Compliance</td><td>x</td><td></td></tr> <tr><td>Transport</td><td>x</td><td>○</td></tr> <tr><td>Overall</td><td>x</td><td></td></tr> <tr><td>Supplier Environmental Assessment</td><td></td><td>○</td></tr> <tr><td>Environmental Grievance Mechanisms</td><td>x</td><td>○</td></tr> <tr><td>Employment</td><td>x</td><td></td></tr> <tr><td>Labor/Management Relations</td><td>x</td><td></td></tr> <tr><td>Occupational Health and Safety</td><td>x</td><td></td></tr> <tr><td>LA Training and Education</td><td>x</td><td></td></tr> <tr><td>Diversity and Equal Opportunities</td><td>x</td><td></td></tr> <tr><td>Supplier Assessment for Labor Practices</td><td></td><td>○</td></tr> <tr><td>Labor Practices Grievance Mechanism</td><td>x</td><td></td></tr> <tr><td>Non-Discrimination</td><td>x</td><td>○</td></tr> <tr><td>Freedom of Association and Collective Bargaining</td><td>x</td><td>○</td></tr> <tr><td>Child Labor</td><td></td><td>○</td></tr> <tr><td>HR Forced or Compulsory Labor</td><td></td><td>○</td></tr> <tr><td>Assessment</td><td>x</td><td></td></tr> <tr><td>Supplier Human Rights Assessment</td><td></td><td>○</td></tr> <tr><td>Human Rights Grievance Mechanisms</td><td>x</td><td></td></tr> <tr><td>Anti-Corruption</td><td>x</td><td>○</td></tr> <tr><td>Anti-Competitive Behavior</td><td>x</td><td></td></tr> <tr><td>SO Compliance</td><td>x</td><td></td></tr> <tr><td>Supplier Assessment for Impacts on Society</td><td></td><td>○</td></tr> <tr><td>Grievance Mechanisms for Impacts on Society</td><td>x</td><td></td></tr> <tr><td>Customer Health and Safety</td><td>x</td><td></td></tr> <tr><td>PR Products and Service Labeling</td><td>x</td><td></td></tr> <tr><td>Marketing Communications</td><td>x</td><td></td></tr> <tr><td>Compliance</td><td>x</td><td></td></tr> </table> <p>X = aspect boundaries within the organization O = aspect boundaries outside the organization</p>	EC Economic Performance	x	○	Materials	x	○	Energy	x	○	Water	x		Biodiversity		○	Emissions	x	○	EN Effluents and Waste	x		EN Products and Services	x	○	Compliance	x		Transport	x	○	Overall	x		Supplier Environmental Assessment		○	Environmental Grievance Mechanisms	x	○	Employment	x		Labor/Management Relations	x		Occupational Health and Safety	x		LA Training and Education	x		Diversity and Equal Opportunities	x		Supplier Assessment for Labor Practices		○	Labor Practices Grievance Mechanism	x		Non-Discrimination	x	○	Freedom of Association and Collective Bargaining	x	○	Child Labor		○	HR Forced or Compulsory Labor		○	Assessment	x		Supplier Human Rights Assessment		○	Human Rights Grievance Mechanisms	x		Anti-Corruption	x	○	Anti-Competitive Behavior	x		SO Compliance	x		Supplier Assessment for Impacts on Society		○	Grievance Mechanisms for Impacts on Society	x		Customer Health and Safety	x		PR Products and Service Labeling	x		Marketing Communications	x		Compliance	x	
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G4-22	Effect of any restatements of information provided in previous reports and the reasons for such restatements	++	Page c-32, Chapter Our Planet Engagement																																																																																																												
G4-23	Significant changes from previous reporting periods in the Scope and aspect boundaries	++	Page c-9, Chapter Materiality Analysis Corporate Website: <a href="#">Beiersdorf Materiality Analysis</a>																																																																																																												

Indicator	GRI Standard Information	Status <sup>1</sup>	Reference
<b>ASPECT: STAKEHOLDER ENGAGEMENT</b>			
G4-24	List of stakeholder groups engaged by the organization	++	Corporate Website: <a href="#">Beiersdorf Sustainability Stakeholder Engagement</a> <a href="#">Beiersdorf Sustainability Stakeholder Dialog</a>
G4-25	Basis for identification and selection of stakeholders with whom to engage	++	Corporate Website: <a href="#">Beiersdorf Sustainability Stakeholder Engagement</a> <a href="#">Beiersdorf Sustainability Stakeholder Dialog</a>
G4-26	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	++	Page c-57, Chapter Stakeholder Engagement Corporate Website: <a href="#">Beiersdorf Sustainability Stakeholder Engagement</a> <a href="#">Beiersdorf Sustainability Stakeholder Dialog</a>
G4-27	Key topics and concerns that have been raised through stakeholder engagement	++	Corporate Website: <a href="#">Beiersdorf FAQ</a>
<b>ASPECT: REPORT PROFILE</b>			
G4-28	Reporting period	++	The reporting period is the calendar year 2017.
G4-29	Date of most recent previous report	++	Our last Sustainability Review 2016 as well as the complementary GRI Content Index was published in May 2017.
G4-30	Reporting cycle	++	Beiersdorf AG has an annual reporting cycle.
G4-31	Contact point for questions regarding the report or its contents	++	<a href="#">Beiersdorf Contact Sustainability</a>
G4-32	The 'in accordance' option the organization has chosen	++	Page c-2, Chapter Report Profile Corporate Website: <a href="#">Beiersdorf Sustainability Reporting</a>
G4-33	External assurance	++	<a href="#">Independent Auditor's Limited Assurance Report</a>
<b>ASPECT: GOVERNANCE</b>			
G4-34	Governance structure of the organization, including committees of the highest governance body	++	Corporate Website: <a href="#">Beiersdorf Management Structure</a> <a href="#">Beiersdorf Corporate Governance Statement</a> Annual Report: <a href="#">Beiersdorf Corporate Governance Report 2017</a>
<b>ASPECT: ETHICS AND INTEGRITY</b>			
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	++	Page c-10, Chapter Compliance Management and page c-13, Chapter Human Rights Corporate Website: <a href="#">Beiersdorf Our Core Values</a> <a href="#">Beiersdorf Compliance Principles</a> <a href="#">Beiersdorf Code of Conduct</a> <a href="#">Beiersdorf Sustainability Responsible Sourcing</a>

## Specific Standard Disclosures

<sup>1</sup> ++ completely reported

+ partially reported

Indicator	GRI Standard Information	Status <sup>1</sup>	Reference
<b>ECONOMIC</b>			
G4-DMA - Disclosures on Management Approach EC		++	Annual Report: <a href="#">Beiersdorf Shares and Investor Relations 2017</a> <a href="#">Beiersdorf Key Figures 2017</a> <a href="#">Beiersdorf Business and Strategy 2017</a>

Indicator	GRI Standard Information	Status <sup>1</sup>	Reference
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**ASPECT: ECONOMIC PERFORMANCE**

G4-EC1	Direct economic value generated and distributed	++	Annual Report: <a href="#">Beiersdorf Key Figures 2017</a> <a href="#">Beiersdorf Results of Operations Consumer 2017</a> <a href="#">Beiersdorf Regional Reporting 2017</a> <a href="#">Beiersdorf Notes Income Statement 2017</a> <a href="#">Beiersdorf Employee Expenses 2017</a>
G4-EC2	Financial implications and other risks and opportunities for the organization’s activities 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: <a href="#">Beiersdorf Sustainability Focus Planet</a> <a href="#">Beiersdorf Sustainability Focus Products</a>
G4-EC3	Coverage of the organization’s defined benefit plan obligations	++	Annual Report: <a href="#">Beiersdorf Pension Provisions 2017</a>
G4-EC4	Financial assistance received from government	++	No material governmental financial assistance was received in 2017.

**ENVIRONMENTAL**

G4-DMA - Disclosures on Management Approach EN		++	Corporate Website: <a href="#">Beiersdorf Sustainability Strategy</a> <a href="#">Beiersdorf Sustainability Focus Planet</a> <a href="#">Beiersdorf Sustainability Management</a>
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**ASPECT: MATERIALS**

Aspect-specific DMA guidance (Materials)		++	Page c-19, Chaper Our Product Engagement Corporate Website: <a href="#">Beiersdorf Sustainability Products</a> <a href="#">Beiersdorf Sustainability Raw Materials</a> <a href="#">Beiersdorf Sustainability Packaging</a>
G4-EN1	Materials used by weight or volume	+	Calculation is based on primary data for the externally sourced materials used to produce our Consumer business products at our own production sites. The only exception is packaging material, which refers to all packaging used for sold products. Each material category includes renewable and non-renewable materials.

Materials used		unit
Packaging materials	146,299	t
Formula raw materials	534,310	t
Production materials	832	t
Others	114	t

**ASPECT: ENERGY**

Aspect-specific DMA guidance (Energy)		++	Page c-32, Chapter Our Planet Engagements and page c-35, Chapter Energy Corporate Website: <a href="#">Beiersdorf Sustainability Focus Planet</a> <a href="#">Beiersdorf Sustainability Energy</a>
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Indicator	GRI Standard Information	Status <sup>1</sup>	Reference
G4-EN3	Energy consumption within the organization	++	Page c-31, Chapter Our Planet Engagement <b>Scope 1</b> <b>Stationary direct energy</b> unit
			Natural gas 506,036 GJ
			Liquid petroleum gas, stationary use (LPG) 8,459 GJ
			Petrol (for generators) 240 GJ
			Diesel (for generators) 4,822 GJ
			Fuel oil 369 GJ
			Renewable energy produced on site 3,098 GJ
			<b>Total 523,024 GJ</b>
			<b>Scope 1</b> <b>Mobile energy</b> unit
			Nonrenewable fuel 148,946 GJ
			Renewable fuel 8,079 GJ
			<b>Total 157,025 GJ</b>
			<b>Scope 2</b> <b>Stationary indirect energy</b> unit
			Electricity purchased 428,030 GJ
			District heating 2,540 GJ
			Steam purchased 16,242 GJ
			Direct cooling purchased 904 GJ
			<b>Total 447,716 GJ</b>
G4-EN5	Energy intensity	++	Results refer to Scope 1 and 2 energy consumption as reported in EN3. Calculation is based on data genuinely measured. References (ratio denominator) are shown in the tables. <b>PCs</b> unit
			Direct energy/1,000 production units 145 MJ
			Indirect energy/1,000 production units 128 MJ
			<b>Energy/1,000 production units 273 MJ</b>
<b>ASPECT: WATER</b>			
Aspect-specific DMA Guidance (Water)		++	Page c-39, Chapter Water Corporate Website: <a href="#">Beiersdorf Sustainability Water</a> <a href="#">Beiersdorf Sustainability Water Consumption</a> <a href="#">Beiersdorf Sustainability Conserving Resources Together</a>
G4-EN8	Total water withdrawal by source	+	<b>Water withdrawal (primary data)</b> PCs Offices unit
			Municipal water supplies or other water utilities 1,638,377 m <sup>3</sup>
			Groundwater 59,459 m <sup>3</sup>
			Rainwater m <sup>3</sup>
			Surface water m <sup>3</sup>
			Wastewater taken from other organizations m <sup>3</sup>
			<b>Total water consumption 1,697,836 89,126 m<sup>3</sup></b>
G4-EN9	Water sources significantly affected by withdrawal of water	+	Page c-39, Chapter Water Corporate Website: <a href="#">Beiersdorf Sustainability Water Consumption</a>
G4-EN10	Percentage and total volume of water recycled and reused	+	<b>PCs (primary data)</b> unit
			Recycled and reused water 54,479 m <sup>3</sup>
			Percentage of recycled and reused water 3.21 %

Indicator	GRI Standard Information	Status <sup>1</sup>	Reference
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**ASPECT: BIODIVERSITY**

Aspect-specific DMA Guidance (Biodiversity)		+	Page c-19, Chapter Our Product Engagement
G4-EN11	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.
G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	++	There are no IUCN Red List species affected by Beiersdorf operations.

**ASPECT: EMISSIONS**

Aspect-specific DMA Guidance (Emissions)		++	Page c-32, Chapter Our Planet Engagement and page c-35, Chapter Energy Corporate Website: <a href="#">Beiersdorf Sustainability Energy</a> <a href="#">Beiersdorf Sustainability Reducing CO2 Emissions</a>
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G4-EN15	Direct greenhouse gas emissions (Scope 1)	+	Scope 1 GHG emissions (own production, leased/owned offices) referring to the direct energy consumptions reported in EN3. Company vehicle emissions are based on fuel consumptions (refer to EN3) and calculations of driven distances (not included in EN3). The amounts are reported in carbon equivalents. The figures are based on primary data without extrapolation. Page c-32, Chapter Our Planet Engagement and page c-35, Chapter Energy
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<b>Scope 1</b>			
<b>GHG emissions</b>	PCs	Offices	unit
Natural gas	23,120	5,347	t CO <sub>2</sub> e
Liquid petroleum gas, stationary use (LPG)	491	44	t CO <sub>2</sub> e
Petrol (for generators)	0	17	t CO <sub>2</sub> e
Diesel (for generators)	243	117	t CO <sub>2</sub> e
Fuel oil	14	13	t CO <sub>2</sub> e
Company car emissions	711	13,063	t CO <sub>2</sub> e
<b>Total</b>	<b>24,579</b>	<b>18,601</b>	<b>t CO<sub>2</sub>e</b>

G4-EN16	Energy indirect greenhouse gas emissions (Scope 2)	+	Scope 2 GHG emissions (own production, leased/owned offices, leased/owned vehicles) referring to the indirect energy consumptions reported in EN3. Amounts are reported in carbon equivalents. Figures are based on primary data from energy bills and meters without extrapolation. Page c-32, Chapter Our Planet Engagement und page c-35, Chapter Energy
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<b>Scope 2 (market-based)</b>			
<b>GHG emissions</b>	PCs	Offices	unit
Electricity purchased	31,421	5,098	t CO <sub>2</sub> e
District heating	0	159	t CO <sub>2</sub> e
Steam purchased	1,013	0	t CO <sub>2</sub> e
Mobile energy	48	0	t CO <sub>2</sub> e
<b>Total</b>	<b>32,482</b>	<b>5,257</b>	<b>t CO<sub>2</sub>e</b>

<b>Scope 2 (location-based)</b>			
<b>GHG emissions</b>	PCs	Offices	unit
Electricity purchased	50,239	8,143	t CO <sub>2</sub> e

Indicator	GRI Standard Information	Status <sup>1</sup>	Reference																																										
G4-EN17	Other indirect greenhouse gas emissions (Scope 3)	++	<p>Scope 3 GHG emissions in 2016 (outsourced finished-product production, finished product transportation, and business travel). Amounts are reported in carbon equivalents. Figures are based on primary data without extrapolation. The chosen consolidation approach for emissions is operational control. Page c-32, Chapter Our Planet Engagement</p> <table border="1"> <thead> <tr> <th colspan="3">Scope 3</th> </tr> <tr> <th>GHG emissions Beiersdorf</th> <th></th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Business travel total</td> <td>12,560</td> <td>t CO<sub>2</sub>e</td> </tr> <tr> <td>Finished product transport emissions</td> <td>71,454</td> <td>t CO<sub>2</sub>e</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="3">Scope 3</th> </tr> <tr> <th>GHG emissions 3PMs</th> <th></th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Energy related GHG emissions</td> <td>49,545</td> <td>t CO<sub>2</sub>e</td> </tr> </tbody> </table>	Scope 3			GHG emissions Beiersdorf		unit	Business travel total	12,560	t CO <sub>2</sub> e	Finished product transport emissions	71,454	t CO <sub>2</sub> e	Scope 3			GHG emissions 3PMs		unit	Energy related GHG emissions	49,545	t CO <sub>2</sub> e																					
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G4-EN18	Greenhouse gas emissions intensity	++	<p>All ratios are based on genuinely covered and measured data.</p> <table border="1"> <thead> <tr> <th colspan="3">Beiersdorf</th> </tr> <tr> <th></th> <th></th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Scope 1</td> <td></td> <td></td> </tr> <tr> <td>GHG emissions/1,000 product units</td> <td>14.76</td> <td>kg CO<sub>2</sub>e</td> </tr> <tr> <td>Scope 2</td> <td></td> <td></td> </tr> <tr> <td>GHG emissions/1,000 product units</td> <td>12.90</td> <td>kg CO<sub>2</sub>e</td> </tr> <tr> <td><b>Total</b></td> <td><b>27.66</b></td> <td><b>kg CO<sub>2</sub>e</b></td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="3">Thereof PCs</th> </tr> <tr> <th></th> <th></th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Scope 1</td> <td></td> <td></td> </tr> <tr> <td>GHG emissions/1,000 product units</td> <td>8.40</td> <td>kg CO<sub>2</sub>e</td> </tr> <tr> <td>Scope 2</td> <td></td> <td></td> </tr> <tr> <td>GHG emissions/1,000 product units</td> <td>11.11</td> <td>kg CO<sub>2</sub>e</td> </tr> <tr> <td><b>Total</b></td> <td><b>19.51</b></td> <td><b>kg CO<sub>2</sub>e</b></td> </tr> </tbody> </table>	Beiersdorf					unit	Scope 1			GHG emissions/1,000 product units	14.76	kg CO <sub>2</sub> e	Scope 2			GHG emissions/1,000 product units	12.90	kg CO <sub>2</sub> e	<b>Total</b>	<b>27.66</b>	<b>kg CO<sub>2</sub>e</b>	Thereof PCs					unit	Scope 1			GHG emissions/1,000 product units	8.40	kg CO <sub>2</sub> e	Scope 2			GHG emissions/1,000 product units	11.11	kg CO <sub>2</sub> e	<b>Total</b>	<b>19.51</b>	<b>kg CO<sub>2</sub>e</b>
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G4-EN19	Reduction of Greenhouse Gas Emissions	+	Page c-32, Chapter Our Planet Engagement and page c-35, Chapter Energy																																										
G4-EN21	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions	+	<p>The reported amounts refer to finished goods transportation and are based on EcoTransIT. Transport modes covered: road, rail, maritime shipping, and inland shipping. Calculations are based on Well-to-Wheel data including load-factor specifications. All data refers to internally available information. Page c-32, Chapter Our Planet Engagement</p> <table border="1"> <thead> <tr> <th colspan="3">Scope 3</th> </tr> <tr> <th></th> <th></th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>EcoTransIT SO<sub>2</sub></td> <td>165,940</td> <td>kg SO<sub>2</sub>e</td> </tr> <tr> <td>EcoTransIT NO<sub>x</sub></td> <td>371,083</td> <td>kg NO<sub>2</sub></td> </tr> <tr> <td>EcoTransIT Particles PM10</td> <td>23,305</td> <td>kg PM10</td> </tr> </tbody> </table>	Scope 3					unit	EcoTransIT SO <sub>2</sub>	165,940	kg SO <sub>2</sub> e	EcoTransIT NO <sub>x</sub>	371,083	kg NO <sub>2</sub>	EcoTransIT Particles PM10	23,305	kg PM10																											
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**ASPECT: EFFLUENTS AND WASTE**

Aspect-specific DMA Guidance (Effluents and Waste)	++	<p>Page c-38, Chapter Waste and page c-39, Chapter Water                      Corporate Website:  <a href="#">Beiersdorf Sustainability Focus Planet</a>  <a href="#">Beiersdorf Sustainability Waste</a>  <a href="#">Beiersdorf Sustainability Water</a></p>
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Indicator	GRI Standard Information	Status <sup>1</sup>	Reference																																
G4-EN22	Total water discharge by quality and destination	++	<p>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 and offices (if that data is available). The methods of our internal wastewater treatment plants fulfill local legal requirements concerning discharge parameters.</p> <table border="1"> <thead> <tr> <th>Water discharge</th> <th>PCs</th> <th>Offices</th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Municipal sewer</td> <td>712,630</td> <td></td> <td>m<sup>3</sup></td> </tr> <tr> <td>Surface waters</td> <td>31,042</td> <td></td> <td>m<sup>3</sup></td> </tr> <tr> <td>Groundwater</td> <td>0</td> <td></td> <td>m<sup>3</sup></td> </tr> <tr> <td>Gardening</td> <td>27,107</td> <td></td> <td>m<sup>3</sup></td> </tr> <tr> <td>Other</td> <td>671</td> <td></td> <td>m<sup>3</sup></td> </tr> <tr> <td><b>Total</b></td> <td><b>771,450</b></td> <td><b>88,904</b></td> <td><b>m<sup>3</sup></b></td> </tr> </tbody> </table>	Water discharge	PCs	Offices	unit	Municipal sewer	712,630		m <sup>3</sup>	Surface waters	31,042		m <sup>3</sup>	Groundwater	0		m <sup>3</sup>	Gardening	27,107		m <sup>3</sup>	Other	671		m <sup>3</sup>	<b>Total</b>	<b>771,450</b>	<b>88,904</b>	<b>m<sup>3</sup></b>				
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G4-EN23	Total weight of waste by type and disposal method	+	<p>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.</p> <table border="1"> <thead> <tr> <th>PCs</th> <th>Nonhazardous waste</th> <th>Hazardous waste</th> <th>unit</th> </tr> </thead> <tbody> <tr> <td>Disposal of finished goods</td> <td>304</td> <td>307</td> <td>t</td> </tr> <tr> <td>Recycling</td> <td>11,068</td> <td>591</td> <td>t</td> </tr> <tr> <td>Landfilling</td> <td>922</td> <td>0</td> <td>t</td> </tr> <tr> <td>Composting</td> <td>588</td> <td></td> <td>t</td> </tr> <tr> <td>Incineration</td> <td>8,635</td> <td>22,812</td> <td>t</td> </tr> <tr> <td><b>Total</b></td> <td><b>21,517</b></td> <td><b>23,710</b></td> <td><b>t</b></td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Offices</th> <th>unit</th> </tr> </thead> <tbody> <tr> <td><b>Waste total</b></td> <td><b>2,426 t</b></td> </tr> </tbody> </table>	PCs	Nonhazardous waste	Hazardous waste	unit	Disposal of finished goods	304	307	t	Recycling	11,068	591	t	Landfilling	922	0	t	Composting	588		t	Incineration	8,635	22,812	t	<b>Total</b>	<b>21,517</b>	<b>23,710</b>	<b>t</b>	Offices	unit	<b>Waste total</b>	<b>2,426 t</b>
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G4-EN24	Total number and volume of significant spills	++	There were no significant spills in 2017 .																																
G4-EN25	Weight of transported, imported, exported, or treated waste	++	In 2017, we did not transport, import, export, or treat hazardous waste as defined under the Basel Convention (Annexes I, II, III, and VIII).																																

**ASPECT: PRODUCTS AND SERVICES**

Aspect-specific DMA Guidance (Products and Services)	++	<p>Page c-19, Chapter Our Product Engagement and page c-25, Chapter Packaging                      Corporate Website:  <a href="#">Beiersdorf Sustainability Focus Products</a>  <a href="#">Beiersdorf Sustainability Raw Materials</a>  <a href="#">Beiersdorf Sustainability Packaging</a></p>
G4-EN27 Extent of impact mitigation of environmental impacts of products and services	+	<p>Page c-19, Chapter Our Product Engagement and page c-25, Chapter Packaging                      Corporate Website:  <a href="#">Beiersdorf Sustainability Raw Materials</a>  <a href="#">Beiersdorf Sustainability Packaging</a></p>

**ASPECT: COMPLIANCE**

Aspect-specific DMA Guidance (Compliance)	++	<p>Page c-10, Chapter Compliance Management, page c-13, Chapter Responsible Sourcing und page c-16, Chapter Sustainability Management                      Corporate Website:  <a href="#">Beiersdorf Sustainability Environmental Protection and Safety Standards</a>  <a href="#">Beiersdorf Code of Conduct</a>  <a href="#">Beiersdorf Sustainability Responsible Sourcing</a></p>
G4-EN29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	++	We were not subject to any significant fines or non-monetary sanctions in 2017.

Indicator	GRI Standard Information	Status <sup>1</sup>	Reference
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**ASPECT: TRANSPORT**

Aspect-specific DMA Guidance (Transport)		++	Page c-32, Chapter Our Planet Engagement and page c-35, Chapter Energy Corporate Website: <a href="#">Beiersdorf Sustainability Green Logistics</a>
G4-EN30	Significant environmental impacts of transporting products and other goods and materials or employee transportation	+	Page c-32, Chapter Our Planet Engagement and page c-35, Chapter Energy Corporate Website: <a href="#">Beiersdorf Sustainability Green Logistics</a>
			<b>Scope 1</b> <span style="float: right;">unit</span>
			Company vehicle emissions <span style="float: right;">13,774 t CO<sub>2</sub>e</span>
			<b>Scope 3</b> <span style="float: right;">unit</span>
			Business travel <span style="float: right;">12,560 t CO<sub>2</sub>e</span>
			Finished product transport emissions <span style="float: right;">71,454 t CO<sub>2</sub>e</span>

**ASPECT: OVERALL**

Aspect-specific DMA Guidance (Overall)		++	Page c-6, Chapter Strategy Corporate Website: <a href="#">Beiersdorf Sustainability Strategy</a>
G4-EN31	Total environmental protection expenditures and investments by type	++	unit
			Total expenditures for waste disposal, emissions treatment, and remediation <span style="float: right;">4.04 EUR m</span>
			Total prevention and environmental management costs <span style="float: right;">7.70 EUR m</span>
			<b>Total</b> <span style="float: right;"><b>11.74 EUR m</b></span>

**ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT**

Aspect-specific DMA Guidance (Supplier Environmental Assessment)		++	Page c-13, Chapter Responsible Sourcing Corporate Website: <a href="#">Beiersdorf Sustainability Responsible Sourcing</a>
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	+	100% of our suppliers are covered by our initial risk screening. Page c-13, Chapter Responsible Sourcing Corporate Website: <a href="#">Beiersdorf Sustainability Responsible Sourcing</a>
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	++	In 2017, we did not have any cases of supplier relationship termination due to a major breach of Supplier CoC. Page c-13, Chapter Responsible Sourcing Corporate Website: <a href="#">Beiersdorf Sustainability Responsible Sourcing</a>

**ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS**

Aspect-specific DMA Guidance (Environmental Grievance Mechanisms)		++	A clear commitment to act in a responsible manner, coupled with a process for addressing weaknesses is an essential element of an effective environmental management system. An emergency and environmental management strategy is implemented at all sites. At every site, we maintain close relationships with our neighborhood and the local authorities. We also offer targeted contact information on our local and corporate websites. Any grievance reaching us via any of these channels is promptly addressed and followed up to resolution.
G4-EN34	Number of grievances about environmental impacts	++	In 2017, we did not register any grievances. Results refer to available regional data evaluated in our annual Sustainability Review.



Indicator	GRI Standard Information	Status <sup>1</sup>	Reference
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**SOCIAL: LABOR PRACTICES AND DECENT WORK**

G4-DMA – Disclosures on Management Approach LA		++	Page c-47, Chapter People at Beiersdorf
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**ASPECT: EMPLOYMENT**

Aspect-specific DMA Guidance (Employment)		++	Page c-47, Chapter People at Beiersdorf
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G4-LA2	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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G4-LA3	Return-to-work and retention rates after parental leave, by gender	+	The return-to-work rate after parental leave for both female and male employees is 100% (based on all employees of Hamburg affiliates, who returned from parental leave in 2017). The retention rate after parental leave is 96% for women and 92% 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 2016).
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	Number of employees
<b>Parental leave</b>	
<b>Employees entitled to parental leave</b>	<b>130</b>
thereof male employees	31
thereof female employees	99
<b>Employees on parental leave</b>	<b>113</b>
thereof male employees	16
thereof female employees	97
<b>Employees returned after parental leave</b>	<b>140</b>
thereof male employees	42
thereof female employees	98
<b>Employees returned after parental leave and still employed after 12 months</b>	<b>103</b>
thereof male employees	33
thereof female employees	70

**ASPECT: LABOR/MANAGEMENT RELATIONS**

Aspect-specific DMA Guidance (Labor/Management Relations)		++	Page c-47, Chapter People at Beiersdorf
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G4-LA4	Minimum notice periods regarding operational changes	+	Page c-47, Chapter People at Beiersdorf
			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. For cross-border matters within Europe, the guidelines of the European Dialogue govern our working relationships with employees.

Indicator	GRI Standard Information	Status <sup>1</sup>	Reference
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**ASPECT: OCCUPATIONAL HEALTH AND SAFETY**

	Aspect-specific DMA Guidance (Occupational Health and Safety)	++	Page c-53, Chapter Occupational Health and Safety and page c-54, Workplace Health Corporate Website: <a href="#">Beiersdorf Sustainability Focus People</a> <a href="#">Beiersdorf Sustainability Employee Safety</a> <a href="#">Beiersdorf Sustainability Safety Management</a> <a href="#">Beiersdorf Sustainability Workplace Health</a> <a href="#">Beiersdorf Sustainability Dangerous Goods</a>																								
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	++	Over 75% of the total workforce is represented in formal joint management-worker health and safety committees.  Page c-53, Chapter Occupational Health and Safety																								
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region, and by gender	+	Our global accident reporting follows GRI G4 guidance. We operate different reporting schemes in different countries, as defined by local law and the respective insurance schemes.  <b>Global Accident Reporting</b> <span style="float:right">unit</span> <table border="1" style="width:100%"> <tr> <td>Accident Frequency Rate (over 200,000 working hours)</td> <td style="text-align:right">0.39</td> <td></td> </tr> <tr> <td>Lost Day Rate (over 200,000 working hours)</td> <td style="text-align:right">6.74</td> <td></td> </tr> <tr> <td>Absentee Rate</td> <td style="text-align:right">0.03</td> <td style="text-align:right">%</td> </tr> <tr> <td>Commuting accidents</td> <td style="text-align:right">110</td> <td></td> </tr> <tr> <td>Number of occupational accidents resulting in absenteeism of more than one working day</td> <td style="text-align:right">52</td> <td></td> </tr> <tr> <td>Number of occupational accidents NOT resulting in absenteeism of more than one working day</td> <td style="text-align:right">496</td> <td></td> </tr> <tr> <td>Scheduled working hours</td> <td style="text-align:right">26,840,887</td> <td style="text-align:right">h</td> </tr> <tr> <td>Fatalities</td> <td style="text-align:right">0</td> <td></td> </tr> </table>	Accident Frequency Rate (over 200,000 working hours)	0.39		Lost Day Rate (over 200,000 working hours)	6.74		Absentee Rate	0.03	%	Commuting accidents	110		Number of occupational accidents resulting in absenteeism of more than one working day	52		Number of occupational accidents NOT resulting in absenteeism of more than one working day	496		Scheduled working hours	26,840,887	h	Fatalities	0	
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G4-LA7	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.																								
G4-LA8	Health and safety topics covered in formal agreements with trade unions	++	There are no formal agreements with trade unions (neither local nor global) covering health and safety.																								

**ASPECT: TRAINING AND EDUCATION**

G4-LA9	Average hours of training per year per employee by gender, and by employee category	+	Page c-47, Chapter People at Beiersdorf  <b>Trainings conducted in Hamburg</b> <span style="float:right">2017</span> <table border="1" style="width:100%"> <tr> <td>Communication skills and personal development</td> <td style="text-align:right">76</td> </tr> <tr> <td>Functional training</td> <td style="text-align:right">85</td> </tr> <tr> <td>Leadership development</td> <td style="text-align:right">195</td> </tr> <tr> <td>Recommendation for new employees/onboarding</td> <td style="text-align:right">17</td> </tr> <tr> <td>Afterwork/weekend training sessions</td> <td style="text-align:right">274</td> </tr> <tr> <td>IT training</td> <td style="text-align:right">76</td> </tr> <tr> <td>Language training</td> <td style="text-align:right">481</td> </tr> <tr> <td>Intercultural training</td> <td style="text-align:right">23</td> </tr> <tr> <td><b>Total number of participants</b></td> <td style="text-align:right"><b>1,227</b></td> </tr> </table>	Communication skills and personal development	76	Functional training	85	Leadership development	195	Recommendation for new employees/onboarding	17	Afterwork/weekend training sessions	274	IT training	76	Language training	481	Intercultural training	23	<b>Total number of participants</b>	<b>1,227</b>
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Indicator	GRI Standard Information	Status <sup>1</sup>	Reference
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	+	Page c-47, Chapter People at Beiersdorf
G4-LA11	Percentage of employees receiving regular performance and career development reviews	++	Page c-47, Chapter People at Beiersdorf

**ASPECT: DIVERSITY AND EQUAL OPPORTUNITY**

G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	+	Page c-47, Chapter People at Beiersdorf Corporate Website: <a href="#">Beiersdorf Sustainability Diversity</a>
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**ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES**

Aspect-specific DMA Guidance (Supplier Assessment for Labor Practices)		++	Page c-13, Chapter Responsible Sourcing Corporate Website: <a href="#">Beiersdorf Sustainability Responsible Sourcing</a>
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	+	100% of our suppliers are covered by our initial risk screening. Page c-13, Chapter Responsible Sourcing Corporate Website: <a href="#">Beiersdorf Sustainability Responsible Sourcing</a>
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	++	In 2017, we did not have any cases of supplier relationship termination due to a major breach of Supplier CoC.

**ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS**

Aspect-specific DMA Guidance (Labor Practices Grievance Mechanisms)		+	Page c-13, Chapter Responsible Sourcing Corporate Website: <a href="#">Beiersdorf Sustainability Responsible Sourcing</a>
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	++	In the reporting period, no material grievances were filed through formal grievance mechanisms.

**SOCIAL: HUMAN RIGHTS**

G4-DMA - Disclosures on Management Approach HR		++	Page c-13, Chapter Human Rights and page c-13, Chapter Responsible Sourcing Corporate Website: <a href="#">Beiersdorf Sustainability Responsible Sourcing</a>
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**ASPECT: INVESTMENT**

Aspect-specific DMA Guidance (Investment)		++	Page c-13, Chapter Human Rights and page c-13, Chapter Responsible Sourcing Corporate Website: <a href="#">Beiersdorf Sustainability Responsible Sourcing</a>
G4-HR2	Total hours of employee training on human rights policies or procedures	++	Page c-13, Chapter Human Rights We do not have a specific human rights training course, but have included human rights 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 are refreshed annually on the Supplier CoC via the Procurement Academy course.

Indicator	GRI Standard Information	Status <sup>1</sup>	Reference
<b>ASPECT: NON-DISCRIMINATION</b>			
G4-HR3	Total number of incidents of discrimination and corrective actions taken	++	No material incidents have been reported in the reporting period. Page c-10, Chapter Compliance Management
<b>ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>			
Aspect-specific DMA Guidance (Freedom of Association and Collective Bargaining)		++	Page c-47, Chapter People at Beiersdorf and page c-13, Chapter Responsible Sourcing Corporate Website: <a href="#">Beiersdorf Sustainability Responsible Sourcing</a>
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	++	Page c-13, Chapter Responsible Sourcing Corporate Website: <a href="#">Beiersdorf Sustainability Responsible Sourcing</a>
<b>ASPECT: CHILD LABOR</b>			
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	++	Page c-13, Chapter Responsible Sourcing Corporate Website: <a href="#">Beiersdorf Sustainability Responsible Sourcing</a>
<b>ASPECT: FORCED AND COMPULSORY LABOR</b>			
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	++	Page c-13, Chapter Responsible Sourcing Corporate Website: <a href="#">Beiersdorf Sustainability Responsible Sourcing</a>
<b>ASPECT: ASSESSMENT</b>			
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	+	Page c-13, Chapter Human Rights and page c-13, Chapter Responsible Sourcing Corporate Website: <a href="#">Beiersdorf Sustainability Responsible Sourcing</a>
<b>ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT</b>			
Aspect-specific DMA Guidance (Supplier Human Rights Assessment)		++	Page c-13, Chapter Human Rights and page c-13, Chapter Responsible Sourcing Corporate Website: <a href="#">Beiersdorf Sustainability Responsible Sourcing</a>
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	+	100% of our suppliers are covered by our initial risk screening Page c-13, Chapter Human Rights and page c-13, Chapter Responsible Sourcing Corporate Website: <a href="#">Beiersdorf Sustainability Responsible Sourcing</a>
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	+	In 2017, we did not have any cases of supplier relationship termination due to a major breach of Supplier CoC. Page c-13, Chapter Human Rights and page c-13, Chapter Responsible Sourcing Corporate Website: <a href="#">Beiersdorf Sustainability Responsible Sourcing</a>

Indicator	GRI Standard Information	Status <sup>1</sup>	Reference
<b>ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS</b>			
Aspect-specific DMA Guidance (Human Rights Grievance Mechanisms)		+	Page c-10, Chapter Human Rights, page c-13, Chapter Responsible Sourcing and page c-13 Chapter Compliance Management Corporate Website: <a href="#">Beiersdorf Sustainability Responsible Sourcing</a>
G4-HR12	Number of grievances about human rights impacts	++	No material grievances have been filed in the reporting period.
<b>SOCIAL: SOCIETY</b>			
G4-DMA – Disclosures on Management Approach SO		++	Page c-10, Chapter Compliance Management, page c-13, Chapter Human Rights, page c-13, Chapter Responsible Sourcing and page c-47, Chapter People at Beiersdorf Corporate Website: <a href="#">Beiersdorf Sustainability Focus People</a> <a href="#">Beiersdorf Compliance Principles</a> <a href="#">Beiersdorf Code of Conduct</a> <a href="#">Beiersdorf Sustainability Responsible Sourcing</a> <a href="#">Beiersdorf Sustainability Safety Management</a>
<b>ASPECT: ANTI-CORRUPTION</b>			
Aspect-specific DMA Guidance (Anti-corruption)		++	Page c-10, Chapter Compliance Management  We make appropriate monetary and non-cash donations solely for the promotion of family-strengthening projects. We do not make any financial donations to political parties, similar institutions nor to individuals. Before making donations, we naturally perform a thorough check of the respective institution. A more comprehensive guideline is currently in development. Beiersdorf AG does not yet participate in any collective action to combat corruption.
G4-SO4	Communication and training on 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. 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-10, Chapter Compliance Management
<b>ASPECT: ANTI-COMPETITIVE BEHAVIOR</b>			
Aspect-specific DMA Guidance (Anti-competitive Behavior)		++	Page c-10, Chapter Compliance Management
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	++	During the reporting period, Beiersdorf Group companies were not involved in material antitrust-related investigations.
<b>ASPECT: COMPLIANCE</b>			
Aspect-specific DMA Guidance (Compliance)		++	Page c-10, Chapter Compliance Management
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	++	Annual Report: <a href="#">Beiersdorf Risk Report 2017</a> <a href="#">Beiersdorf Other Financial Obligations 2017</a> <a href="#">Beiersdorf Liabilities 2017</a>



Indicator	GRI Standard Information	Status <sup>1</sup>	Reference
<b>ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY</b>			
Aspect-specific DMA Guidance (Supplier Assessment for Impacts on Society)		++	Page c-13, Chapter Responsible Sourcing Corporate Website: <a href="#">Beiersdorf Sustainability Responsible Sourcing</a>
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	++	100% of our suppliers are covered by our initial risk screening. Page c-13, Chapter Responsible Sourcing Corporate Website: <a href="#">Beiersdorf Sustainability Responsible Sourcing</a>
G4-SO10	Signification actual and potential negative impacts on society in the supply chain and actions taken	++	In 2017, we did not have any cases of supplier relationship termination due to a major breach of Supplier CoC. Page c-13, Chapter Responsible Sourcing Corporate Website: <a href="#">Beiersdorf Sustainability Responsible Sourcing</a>
<b>ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY</b>			
Aspect-specific DMA Guidance (Grievance Mechanisms for Impacts on Society)		++	Page c-10, Chapter Compliance Management
G4-SO11	Number of grievances about impacts on society	+	Due to confidentiality reasons, we do not provide any information on the number of reported suspicions of possible compliance infringements.
<b>SOCIAL: PRODUCT RESPONSIBILITY</b>			
G4-DMA – Disclosures on Management Approach PR		++	Page c-19, Chapter Our Product Engagement and page c-27, Chapter Safe and Compatible Products Corporate Website: <a href="#">Beiersdorf Research Center</a> <a href="#">Beiersdorf Skin Research</a> <a href="#">Beiersdorf Testcenter</a> <a href="#">Beiersdorf Product and Consumer Research</a> <a href="#">Beiersdorf Sustainability Focus Products</a>
<b>ASPECT: CUSTOMER HEALTH AND SAFETY</b>			
Aspect-specific DMA Guidance (Customer Health and Safety)		++	Page c-27, Chapter Safe and Compatible Products Corporate Website: <a href="#">Beiersdorf Research Center</a> <a href="#">Beiersdorf Skin Research</a> <a href="#">Beiersdorf Product and Consumer Research</a>
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	++	Page c-27, Chapter Safe and Compatible Products  100% of our finished cosmetic products must obtain approval for release by experts on product safety.
<b>ASPECT: PRODUCT AND SERVICE LABELING</b>			
Aspect-specific DMA Guidance (Product and Service Labeling)		++	Page c-27, Chapter Safe and Compatible Products  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.

Indicator	GRI Standard Information	Status <sup>1</sup>	Reference
G4-PR3	Type of product and service information required by the organization’s procedures for product and service information and labeling	++	We comply with all legal regulations regarding necessary product and service information. Page c-27, Chapter Safe and Compatible Products
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes	+	Only on very rare occasions are our products subject to legal inquiries regarding product information or labeling. If required by an authority or court to make any amendments to the product information or label, we would naturally comply with such a request.

**ASPECT: MARKETING COMMUNICATIONS**

G4-PR6	Sale of banned or disputed products	++	Beiersdorf complies with existing laws and regulatory requirements in all markets. The product formulations may therefore vary and certain products may be subject to limitations for sale in other markets. Page c-27, Chapter Safe and Compatible Products Corporate Website: <a href="#">Beiersdorf_FAQ</a> <a href="#">Beiersdorf_Sustainability_Stakeholder_Engagement</a>
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**ASPECT: COMPLIANCE**

G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	++	Annual Report: <a href="#">Beiersdorf_Risk_Report_2017</a>
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# OUR RESPONSIBILITY – OUR COMMITMENT

Sustainability Report  
of the tesa Group 2017

## About this report

This sustainability report offers our stakeholders and the general public insight into our worldwide commitment and involvement and the economic, ecological, and social impacts of our corporate activities in 2017. The report presents an overview of key measures, results, and indicators across five fields:

- Responsible corporate management
- Multifaceted approach to supporting employees
- Consistent environmental protection
- Product responsibility
- Social commitment and involvement

We implement a large number of projects at our 52 affiliates worldwide, year after year. This report is limited to a representative selection of current initiatives. 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 what is known as a materiality analysis. The subjects identified as being of material importance were climate protection and CO<sub>2</sub> emissions, internal succession and leadership, occupational safety, prevention of anticompetitive practices, human rights in the supply chain, and product safety.

## UN Global Compact and German CSR Directive Implementation Act

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

The 2017 fiscal year marks the first time that our parent company, Beiersdorf AG, is obligated, under the German CSR Directive Implementation Act, 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.

## 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](http://www.tesa.de) and [www.tesa.com](http://www.tesa.com)

For further information on the subjects of products, the environment, employees, and society, please also visit the “Responsibility” section of our website at [www.tesa.com/company/responsibility](http://www.tesa.com/company/responsibility)



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# FOREWORD

“Sustainable thinking is an integral element of our corporate strategy: It guides our actions and drives us to continuously improve.”

Dear Reader,

As one of the world’s leading adhesive technology companies, we know how sustainable bonds are created. In an extended sense, too, our goal at tesa is to connect things that belong together: social and ecological responsibility on the one hand and economic activity on the other. That is the foundation on which we offer innovative, high-quality products for our customers.

Sustainable thinking is a longstanding tradition at tesa, a fact that is also expressed in our membership in the United Nations Global Compact. We undertook this voluntary commitment in 2006, and ever since then we have pledged to achieve continuous improvement on key subjects relating to sustainability.

Our corporate responsibility activities focus on four strategic action fields: employees, the environment, products, and society. Against the background of the German CSR Directive Implementation Act, we reassessed which topics are of key importance to us in these fields in 2017 (see p. 9). On this basis, we can manage and guide our activities even better in the future.

We know that our responsibilities don’t start and end at the plant door. That’s why as early as during the process of sourcing our raw materials, we take care to ensure that natural resources are used sparingly and that social standards are observed. We also aim to make our own processes even more ecofriendly. We take various approaches to meet this goal, including focusing on energy conservation and efficient in-house power generation to lower our CO<sub>2</sub> emissions. We also make targeted investments in sustainable



Dr. Robert Gereke, CEO of tesa SE

products. In 2010, we launched the tesa ecoLogo® brand, which includes products such as adhesive tape dispensers, transparent adhesive tape, and packing tapes, all made primarily from recycled or natural materials.

To continue to grow and evolve as a company, we need committed, dedicated, and highly qualified employees. We place great emphasis on good management and internal succession. To this end, we have developed a standardized global leadership training program for management in recent years. We were able to further expend on these offerings in 2017.

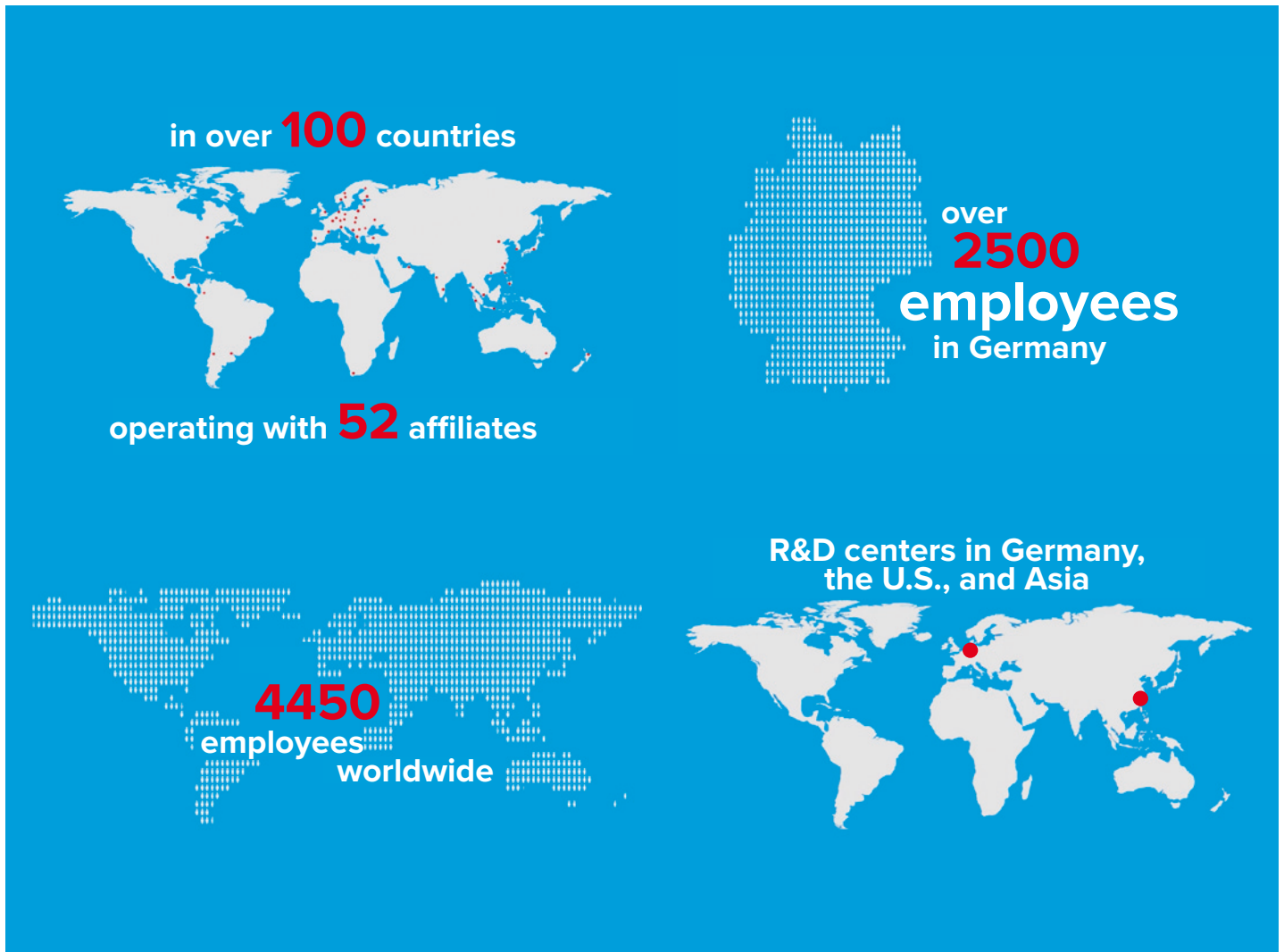
Our goal is to have a positive impact on the world around us. Through our “tesa connects” program, we assume responsibility for diverse social matters and the environment with this aim in mind. Alongside donations, the program focuses in particular on volunteer activities by our committed and dedicated employees. This year employees worldwide once again engaged voluntarily in more than 50 initiatives for a good cause.

We firmly believe that the economy, ecology and social matters form an inseparable whole. That’s why at tesa, we plan to continue to work toward stable bonds in the future – in our core business and beyond.

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

Dr. Robert Gereke  
CEO of tesa SE

# THE tesa BUSINESS MODEL



tesa SE, with its 52 affiliates, is one of the world’s leading manufacturers of self-adhesive products and system solutions for industrial customers and consumers. The Group is a wholly owned affiliate of the Beiersdorf Group. It employs approximately 4,450\* people and operates in more than 100 countries.

## The Group and its affiliates worldwide

The geographic focus of our business activities is Europe, followed by the regions of Africa, Asia and Australia, and the Americas. In addition to tesa SE, the affiliates in China, the United States, Italy, and Singapore are among the largest single companies in the tesa Group. We have production facilities in Germany, Italy, the United States, and China. tesa has been headquartered in Norderstedt, near Hamburg, since 2015.

\*31.12.2017

## Solutions and products for industry, craftsmen, and consumers

The tesa business is divided into two segments: In the **Direct Industries** division, which accounts for somewhat more than half of sales, tesa supplies specialized system solutions directly to industrial customers. The **Trade Markets** division deals with those markets where customers obtain their market-driven tesa products through retail partners or similar channels rather than directly. This includes not

only the product ranges for private consumers and craftsmen, but also adhesive tapes that are intended for industrial and commercial customers and are marketed primarily via technical retailers.

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 and high-quality products, especially for the following areas of application:

- tesa supports customers from the automotive, electrical and electronics, print and paper, and construction industries with system solutions first and foremost. For the electronics industry, for example, we supply adhesive systems for mobile devices such as smartphones, tablets, and wearables (including smart watches, fitness trackers, and smart glasses).
- Our affiliate tesa Labtec GmbH focuses on the development and production of medicated patches, termed “transdermal therapeutic systems,” for the pharmaceuticals industry. Its other areas of emphasis include films containing an active ingredient that dissolve in the mouth without needing added liquid.
- tesa carries a broad assortment of products for the technical trade and continually adds new products and adjusts its range to the changing needs of professional customers in fields such as the construction industry.
- Under the tesa umbrella brand, we offer consumers in Europe and Latin America an extensive range of innovative products for use in the home, office, and garden. They include classic tesafilm® along with tesamoll® solutions for heat insulation, Easy Cover® products for painting and masking applications, mounting tapes for repairs and mounting, packing tapes, and household insect control products.
- In the craftsmen business segment, tesa focuses on customized product ranges and target group-specific marketing concepts for professional craftsmen, such as painters and finishers.

## Strategic alignment

Our core mission is to enhance the value of the tesa Group on a sustained basis with the interests of our employees, customers, and shareholders in mind 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 demand-driven products. Knowledge of production processes and analyses of current industry trends combine with our broad spectrum of high-quality, market-driven products to give our company

a competitive edge and ensure its lasting success. Our great willingness to assume corporate responsibility toward society and the environment also contributes to this. Sustainable thinking and actions are integral parts of our corporate culture and are firmly anchored in all of our business processes. With an eye to ensuring good, sustainable corporate management, we have developed internal standards such as the tesa Code of Conduct for this, and we emphasize compliance with these rules across the entire Group. We have also established the tesa Code of Conduct for Suppliers, which obligates our business partners to conform to our sustainability standards.

## Procurement markets and overall external conditions

The range of goods we need to make our products is a diverse one. Sixty percent of them are what are known as direct goods, which go directly into our products. This category includes items like rubber, chemicals, and backing materials such as films and fabrics. The other forty percent are indirect goods, which are used indirectly to manufacture our products. These include machines, buildings, and services. The tesa value chain is aligned globally, with Europe and Asia as the largest procurement markets and China as the main country of origin.

One factor that is hugely important to the quality of our products – and thus to our ongoing success – is an efficient value chain geared toward not only fulfilling current needs, but also anticipating future developments. 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. We ensure this in various ways, including by relying on local purchasing teams. They know and observe the local market in detail and are able to make a realistic assessment of the risks arising from issues like political instability and changes in local legislation. We also minimize regional risks by developing alternative suppliers.

In addition to regional changes, broader trends also affect procurement. These include rising raw material prices, changes in sales and distribution channels, and shifts in the competition situation. To account for these influences, 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, supported by IT systems.

# RESPONSIBLE CORPORATE MANAGEMENT



tesa views responsibility as the key to sustainable value creation. Across the entire Group, we have established the following principles for this, based on our corporate values:

The basis for our lasting success is **our customers' trust** in tesa as a company and in the tesa brand. Our goal is to affirm that trust time and again through **dependable quality, superior service, robust innovation performance, state-of-the-art technologies, and sustainable products**.

In the process, we trust in our **employees**, who put their passion and experience to work for tesa. Through

**healthy, fair working conditions that offer a wealth of opportunities**, we aim to earn their long-term loyalty and be an **attractive, responsible employer**.

Our responsibility extends along the **entire value chain**. We strive to ensure **fair working conditions** within our suppliers' organizations, respect the **environment**, work on behalf of **society** as a whole, and create **lasting added value** through our products.



## Sustainability along the value chain

At tesa, we have viewed corporate responsibility as an important feature of our core business and our business processes for many years. From raw materials procurement to recycling, we assume responsibility at every stage of our value chain:

### FOUR ACTION FIELDS

#### Employees



**4450** employees worldwide  
in over **100** countries



Talent management



Occupational safety and health

#### Environment



environmental management system **ISO 14001**

Solvent-free production technologies



Generating our own energy through combined heat and power **CHP**

### VALUE CHAIN



Raw materials



Production



Distribution



Use



Disposal

#### Products



Resource-efficient industrial solutions



Ecofriendly tesa® ecoLogo product range



#### Society



Commitment to social causes, education, and the environment

**tesa connects**



We prioritize regional sources and renewable raw materials as early as during the procurement stage. At the same time, we also require our suppliers to do business responsibly by complying with our Code of Conduct for Suppliers. At our sites, we work to reduce our environmental impact on a continuous basis. We also ensure consistent occupational safety and health for our employees. We are socially involved and committed in a variety of ways around our sites, and we offer our customers an ever-growing range of ecofriendly products.

## 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 main 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 CO<sub>2</sub> emissions, internal succession and leadership, occupational safety, prevention of anticompetitive practices, human rights in our supply chain, and product safety were identified as being material.

## Risk management

We believe success-oriented and responsible activities include Group-wide, integrated management of risks and opportunities that follows a structured process to identify and manage risks. 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.

At the end of 2017 and start of 2018, we held an interdepartmental workshop to review how well our existing processes cover the non-financial aspects. The workshop also identified additional potential risks associated with aspects not previously covered.

We subsequently assessed all of the risks that were identified as part of this process with regard to their impact on the non-financial aspects. The only risks identified as having a high likelihood of occurrence and potentially serious negative effects were those associated with competition law; these are explained in the section on good governance.

These risks will be integrated into our Group-wide risk management policies and procedures in 2018, if this step has not already been taken.

## Organizational structure

Corporate responsibility is a firmly established principle at the tesa Group, and the Executive Board has articulated an express commitment to it. 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 that there is a 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
- Environmental, Quality, Health & Safety Management
- Corporate Citizenship
- Corporate Communication

A central corporate responsibility steering group that includes representatives of these units meets quarterly, under the leadership of the member of the tesa Management Board responsible for human resources, to discuss issues of content. The group also 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. Our cooperation takes place both at a subject-specific level and within the framework of our joint reporting.

## UN Global Compact

tesa joined the UN Global Compact in 2006. Our membership underscores our commitment to upholding internationally recognized social and environmental standards. Companies from 163 countries, international employees' associations, civil society groups, governments, and UN organizations have now joined the Global Compact. Its ten principles in the areas of human rights, labor standards, environmental protection, and anti-corruption form the overarching guidelines for the company's actions at tesa, as elsewhere.

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

At tesa, the ten principles of the Global Compact are the starting point for the internal Code of Conduct and guidelines. Chief among them are the Code of Conduct for Suppliers and the environmental guidelines, which are described in further detail in this report. Each year, we present the advances we have made in these areas to the UN Global Compact in the form of this report.

## Good governance

tesa assumes responsibility for economic actions that are legally compliant and aligned with ethical principles, both within its own organization and in its supply chain. Employees and suppliers of the Group are required to abide by clear specifications that have been set down in writing. Compliance with these specifications is monitored and verified regularly through internal and external audits and supported through activities such as advising, training sessions, and action programs.

## Governance & compliance

Legal violations not only lead to penalties and fines, but also damage our reputation and run counter to our understanding of good governance. To secure the longstanding trust and confidence that consumers, customers, investors, and employees place in the tesa Group, we set high standards with regard to good governance and corporate responsibility, both for the company as a whole and for each and every one of us as individuals.

## Code of Conduct



The tesa Code of Conduct (CoC) sets out our high standards regarding good governance on a binding basis for the entire organization. With its fundamental rules and criteria derived from the ten principles of the UN Global Compact, the tesa CoC offers clear guidance for the entire staff and is applicable worldwide. It helps employees and managers to observe and uphold our company's key principles and values in their day-to-day work, to share these with others, and to gear all of their business conduct toward them.

## Compliance management system

Based on the same key principles and values enshrined in the tesa CoC, tesa has long been committed to free markets and fair competition. We reject any and all forms of corruption, bribery, and other unlawful conduct. Our internal guidelines are aligned with the applicable laws and the tesa CoC. They are an essential basis of our activities and a key factor contributing to our long-term, sustainable business success. A new conceptual and organizational approach was chosen for the tesa Compliance Management System (CMS) in 2017, representing a logical next step for the existing system. The Executive Board's goal in doing this was to align tesa toward the growing challenges in new and highly competitive markets in the medium to long term while also taking the context of rapidly changing overall legal and economic conditions into account.

Our goal in adjusting and strengthening our CMS is to ensure that all relevant applicable legal provisions are observed. At the same time, we believe it is especially important to make sure that compliance is viewed as being associated with good governance and thus as an integral part of our business activities, and it should be embraced as a matter of course. To achieve this, we follow a specified process with four steps: **prevent, identify, respond, improve.**

Our compliance program currently focuses on conduct that is compliant with antitrust law, preventing corruption, and data protection and privacy. Other risk areas have also

been identified as compliance fields, and organizational measures and processes have been established to accommodate these areas. Clear assignment of duties ensures that all compliance officers are aware when organizing their tasks and conscious of their responsibilities and work on and further develop the respective thematic areas on an ongoing basis.

## Systematic approach

Our parent company, Beiersdorf AG, performs regular audits of its own and, on behalf of the Executive Board of tesa SE, also conducts further audits in specific risk fields. We also perform spot checks in the individual compliance fields that are not prompted by specific events or occasions. The results of the various audits and spot checks allow us to identify possible undesirable developments and needed improvements in the overall system early on and take appropriate corrective measures.

## Compliance initiatives and measures

Based on standardized risk analyses, we have identified and defined relevant compliance fields for the tesa Group. Our designated experts review these fields regularly, ensuring that they are up to date and adding new areas and making adjustments as necessary.

We continued to spread and solidify the principles of the CoC through regular communication and training activities and intensive advising within the company.

To provide our employees with information, we also operate a compliance theme platform on our intranet. Employees all over the world can use the platform to learn about legally compliant behavior in their day-to-day business dealings and to find guidelines and processes and capable points of contact to obtain further advice. Our staff also receives regular multilingual intranet news items on relevant developments and decisions by courts and other government agencies and tips on how to behave in the context of governance and compliance.

## Reporting system

One important element of the compliance management system is our internal reporting structure, which we use to take reports of potential compliance violations, evaluate their importance, and then determine what sanctions to impose in strict compliance with the principle of proportionality. tesa has expanded this reporting system over several stages. In recent years, for example, tesa has given its central CoC Manager from the field of HR further backing and sup-



port by creating a new network of regional CoC managers in HR. In addition, tesa adopted a Group-wide whistleblowing policy in 2017 and appointed an external ombudsman as part of a pilot project in the Greater China and Asia Pacific regions.

## Prevention of anticompetitive practices

Attention and sensitivity to the subject of antitrust law have increased worldwide, a fact that has also been affirmed by an internal risk assessment performed with an eye to gauging materiality with regard to the topics covered by the CSR Directive Implementation Act. Prevention of anticompetitive practices (antitrust) lies at the heart of our CMS and has been identified as a key subject for the purposes of the CSR Directive Implementation Act. This development has been driven by the increasingly complex overall legal conditions that apply, changes in the prosecution practices of antitrust authorities, and the various business models in place within the tesa Group.

Alongside our own sales activities and sales and distribution through wholesalers, retailers, and online retailers, tesa is also active in research and development. Elevated risks apply in all of these areas. These days, prosecutors are cracking down on – and imposing hefty fines for – not just traditional cartel agreements, like price fixing between competitors, but increasingly also anticompetitive restraints between suppliers and their customers and sharing of sensitive information. The vast potential for sanctions is further exacerbated by the fact that following the antitrust proceedings pursued by the competition authorities, legal actions are generally to be expected from customers seeking damages as a result of financial harm sustained through the antitrust breach. Independently of this development, we successfully introduced the tesa Antitrust Compliance Program across the board several years ago and have been further developing it since then. The program’s primary objective is to raise awareness of topics in antitrust law throughout the Group. It provides information on relevant content in antitrust law and clarifies potential risks. Internal communication structures and a global network of expert attorneys were also put in place.

The key elements of our antitrust compliance program include various guidelines, a training concept that is geared toward real-world practice, encompassing Web-based training modules and on-site training sessions as well as workshops, and extensive advising options. Our guidelines set out clear specifications on topics relevant to competition. This includes proper interaction with competitors, participation in meetings of industry associations, and information on retail prices. The guidelines also provide information on general and simple requirements and prohibitions. They are accessible to all employees 24 hours a day on the compliance intranet platform, and we also provide versions in the local language to employees of our international affiliates after review and adaptation to accommodate local laws. Training options also offer support.

All employees and managers worldwide who come into contact with topics related to antitrust law receive training at regular intervals. Our training concept encompasses online training that communicates key concepts in antitrust law in six languages. We also hold on-site training sessions in the local language in regions where there is particular risk, paying special attention to country-specific regulations and circumstances. Selected business units also receive intensive in-house training on specific topics that are particularly relevant to our business.

Individualized advice on issues of antitrust law during ongoing business operations is provided by the legal and compliance department of tesa SE as another key element of the antitrust compliance program. At the international level,

these activities are supplemented by specialized attorneys at many of our affiliates’ sites, so there is a wealth of advice available from highly qualified sources worldwide.

## Anti-corruption

The tesa anti-corruption guidelines offer guidance on what to do in case of conflicts of interest, invitations, and personal gifts or perquisites. Through supplementary advice and training, we explain in detail how these rules are to be applied in order to give employees guidance and a sense of certainty.

## Data protection

Based on the heightened requirements set down in the EU General Data Protection Regulation (GDPR), we identified data protection as a key compliance field this reporting year, following a revision of our former risk analysis. We have been working with an external advisor and service provider since then to implement the organizational and technical requirements of the GDPR on time by May 25, 2018.

## Key figures

Participation in all training activities worldwide is tracked, analyzed, and reported on centrally through our Learning Management Platform. In 2017, we invited 1621 employees in 41 countries and at 48 affiliates to an online training in the key compliance field of antitrust. Training in this field is scheduled to take place at least every two years, so we will be using 2018 for follow-up training and to revise all of the training materials for online and on-site training activities. The goal in doing this is to provide information on governance and compliance with as much of a focus on real-world practice as possible. At the same time, we need to ensure that the entire staff takes these topics very seriously and understands that they are an integral element of business activities.

Antitrust	
Rate of successful participation (global1*)	96.42 %

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



## Responsibility in the supply chain

Our production activities require raw materials and chemicals that we purchase from numerous suppliers all over the world and transport to our sites. Our cooperation with these suppliers also calls our attention to ecological and social challenges within the supply chain. On the process side, all matters concerning the supply chain fall within the area of responsibility of the member of the executive management responsible for the Supply Network.

### Procurement strategy

Our employees, customers, and suppliers are at the heart of what we do. But we are also responsible for people who have an indirect connection with our processes. Complying with human rights worldwide is among our principles.

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 make the origin of the raw and intermediate products we purchase traceable. 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 – including in Asia, for example – in close geographic proximity to the sites.

### Code of Conduct for Suppliers



The Code of Conduct for Suppliers (CoCfS) forms the basis for the responsible design of our global procurement processes. It describes fundamental rules and obligations for all key suppliers that supply tesa directly in the areas of human rights, labor standards, environmental protection, and prevention of corruption, all based on the ten principles outlined in the UN Global Compact. We only embark on business relationships with these relevant suppliers if they expressly agree to follow the CoCfS.

The CoCfS replaced the tesa Purchasing Charter, which had the same content, on March 31, 2017. The renaming took place at the same time as the international launch of a new purchasing standard. Worldwide, we began training all process owners in the application of the standard during this reporting period. The online training developed specifically for this purpose also highlights and goes into further detail on the key role played by the CoCfS as an element of all procurement processes at tesa.

### Supplier audits

In addition to supplier visits, tesa performs regular supplier audits. In new business relationships and existing relation-



ships alike, tesa conducts these kinds of audits of key suppliers. The suppliers who are subject to audits are selected according to various criteria, which can include the supplier's strategic importance, a search for new suppliers, or quality issues. 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 and document whether environmental standards and occupational health and safety measures are being complied with; these are also elements of the CoCfS. 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. To help make the subject of human rights a generally observed standard through regular supplier visits and supplier audits, plans call for including the aspects of the CoCfS in the standard list of questions for supplier audits as well starting in 2018.

# MULTIFACETED APPROACH TO SUPPORTING EMPLOYEES



Our goal is to boost our employees' engagement and motivation and enhance their loyalty to the company. That's why we make ongoing investments in measures to ensure that working at tesa remains highly attractive. Important components of our personnel policy include primarily internal staffing of management positions and leadership, training and continuing education, a thriving culture of feedback and dialogue, and occupational safety and health.

## Personnel policy and personnel strategy

As a leading technology company in our industry, we need to **recruit** highly qualified, committed and dedicated employees, **further develop** them on an individualized basis and **earn their loyalty**. With an eye to our managers, our goal is to safeguard and expand valuable experience

and market expertise and harness these factors to ensure our long-term success as a company. One crucial factor is for tesa to be perceived as an attractive employer by employees and applicants alike. Employee health and safety is the basis for a motivated, satisfied, high-performing workforce, which is why these aspects are top priorities at tesa.



Two factors are especially crucial when it comes to our appeal as an employer: recruiting talented next-generation workers and securing their lasting loyalty to the company, and promoting and cultivating outstanding leadership qualities among our managerial staff. We have developed extensive measures in both areas to help strengthen our staff in their individual development. We are also committed to a diverse corporate culture where all employees can live up to their full potential.

## Internal succession

One core element of our personnel strategy is to fill key management positions from within wherever possible in order to retain their valuable experience and market knowledge and be able to optimally leverage these capabilities for our long-term success as a company. Several times a year, the Executive Board holds meetings where the members discuss succession planning and talent management. The Human Resources (HR) unit is instrumental in making it easier for future managers to rise within the organization and earning their lasting loyalty. Among other things, the unit conducts development meetings and advisory sessions with employees, organizes talent management workshops, and ensures that employees receive regular feedback from their supervisors. HR's tasks also include ensuring that information is shared between the regions and the corporate headquarters and making suggestions for filling open positions across different units and regions. In the period under review, we filled most top management positions with internal candidates in this way. The following specific measures contributed to this in 2017:

### Measures:

- In the Europe and Asia regions, talented workers were given the opportunity to undergo a **“Competencies Review.”** The review provided feedback on participants' strengths and development areas 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.
- During the several-week **tesa Management Development Program**, international managers took an in-depth look at the subject of strategy development. Professors from several business schools assisted participants by supplying recent academic and scientific insights and competitive analyses on the specific topics covered.
- In 2017, as in years past, **talent workshops** were held at the management level both within the regions and at

headquarters. During these events, managers come together worldwide to discuss ways to support junior talent on an individualized basis.

- We held a major **HR marketplace** event at our headquarters in Norderstedt in 2017, which focused on employee development, along with other topics. During the event, we met with managers and employees and talked about who bears which responsibilities when it comes to ensuring that our staff's personal and professional development is a success. Many participants attended, affirming that there is great demand for information and opportunities for dialogue on these subjects.

## Training and measures aimed at good management

Good leadership is crucial to employees' engagement and to the focus on performance and achieving goals that applies throughout the company. We firmly believe that leadership is absolutely essential in earning employees' long-term loyalty to tesa. With this in mind, we regularly invest in further developing our managers, and have developed a standardized worldwide leadership training program in recent years. This includes the new Essential Leadership Training program. We introduced this program in the Latin America region in 2017, following the launches in Asia and Europe. We plan to shift the regions of North America and Germany to the new concept in 2018 as well. The goal is to have a standardized concept of leadership throughout the entire group of companies in the future. This same concept is also reflected in the tesa Key Competencies – four of the nine key competencies relate to the topics of management and leadership.

### Measures:

- tesa managers in the Europe, Asia, and Latin America regions underwent a six-day modular training program on managing employees as part of the standardized worldwide leadership training program. The Essential Leadership Program will be offered in Germany as well starting in 2018. The “Intensive Leadership at tesa” training session was held for the last time in Germany in 2017.
- We aim to give experienced managers the opportunity to tackle tough leadership situations with professional guidance. Toward that end, we developed a program called **Advanced Leadership Training** and tested it in a pilot project in Germany in 2017. The program is slated to launch internationally in the spring of 2018.
- In addition to their subject-specific duties, managers also have to be able to answer questions from their employ-

ees on a wide range of topics and about rules at the company and to provide explanations on these subjects. These include issues like recruiting new employees, supervision of interns and student employees, compensation management, matters of labor and employment law, and talks regarding parental leave. On top of that, laws and collective agreements impose an ever-increasing number of requirements, which managers are required to know and apply. To assist them in this, the HR unit has created a **shared digital information room** on the intranet where managers can find all of the information they need quickly and in a clearly structured, easy-to-use format.

- 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. 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.

## Development, support, training

To be successful in the long term, we need to offer our employees attractive development opportunities – at all levels, in all areas. We noticed years ago that development opportunities are increasingly crucial in determining how close employees feel to their company. We firmly believe that all people enjoy growing and developing and are willing to

learn new things. With that in mind, we give our employees opportunities to participate in continuing education programs and gain new experience in other units or regions.

We are also constantly enlarging the range of formal vocational training programs offered at the tesa plants in Germany. This reporting year, for example, the first apprentices joined the company in the electronics technician for operating technology program. Prior years had already seen the creation of new programs for apprentice machine and system operators, industrial mechanics, chemical technicians, and mechatronics technicians.

## Measures and programs:

- **Formal vocational training programs:** machine and system operator, industrial mechanic, chemical technician, electronics technician and mechatronics technician apprenticeship tracks. There were 81 apprentices and trainees in 2017. Two of them decided to complete a cooperative university education and vocational training program.
- **Qualification programs:** basic training 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. The training and qualification program for tesa R&D employees includes topics such as patents and quality management. During the year under



review, 664 employees participated in a total of 220 days of training as part of our training and qualification programs.

- **tesa Supply Network e-learning program:** This initiative helps employees develop an understanding of processes and contexts within the areas of logistics, production, and materials management.
- **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 51 days of training, with two hundred employees participating.
- **“Treffpunkt Weiterbildung” (Training Venue):** All tesa employees have the option to participate in the continuing education program run by parent company Beiersdorf.

## Feedback and dialogue

**Formats geared toward feedback and dialogue** also play a key role in our employees’ personal development. Sharing with colleagues and supervisors gives employees a chance to learn more about their personal strengths and areas where they have potential for development and to give each other valuable feedback.

We have continued to cultivate and improve our corporate culture of feedback in recent years, using tools such as **employee surveys**, which we conduct on a rotating basis in several regions or the Hamburg headquarters every year. The first step is to measure our employees’ engagement, motivation, and loyalty to the company. 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 motivated and committed and have strong ties to tesa.

After conducting employee surveys at the Norderstedt headquarters and other locations in Europe in 2016, Latin America was the focus for 2017. Employees of five affiliates in all were surveyed, with a response rate of 98 percent. The individual companies will begin implementing the measures derived from the survey results in 2018.

We also conducted competency-based employee performance appraisals in the tesa regions in 2017. 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.



## Occupational health and safety

The safety and health of employees are the prerequisites for a motivated, satisfied, high-performing staff. We take various measures to help prevent or minimize accidents and illnesses.

### Foundations for safe, healthy work

Protecting the health and safety of our employees is one of our responsibilities as a company. We take a proactive approach in order to prevent workplace accidents and eliminate work-related health risks and the occupational illnesses they cause before they can arise. Our approach includes measures in the areas of safety and occupational medicine along with actions geared toward protecting employees’ health.

With regard to occupational safety, we follow the **tesa Occupational Safety Guidelines**, which apply throughout the group of companies. They form the basis of our internal management system in this area. As part of an annual management review, the company management works together with the occupational safety unit to evaluate the accidents that have occurred that year and takes new steps to further improve our employees’ safety and reduce work-related health risks.

We employ internal safety specialists who are familiar with tesa’s global health and occupational safety guidelines and with the local circumstances at all our production sites. 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.



Changes in machinery, systems, or working premises, new purchases, and process adjustments can all affect our employees' safety and health. When we identify a risk in this area, we perform a risk assessment, focusing on two key aspects: systematic identification and assessment of risks, and personal responsibility on the part of employees. We also strive to implement a continuous improvement process that integrates all of the parties involved. The person responsible for the risk assessments is the supervisor in charge of the specific area in question.

We aim to ensure that our stringent requirements for occupational health and safety are implemented consistently. With that in mind, we are careful to factor in this aspect right from the start when planning new plant and equipment projects. This allows us to identify and eliminate risks to employee safety early on. Before equipment and systems are commissioned, they are required to undergo multistage safety tests.



To proactively promote employees' health, tesa also has a broad-based occupational health management program at headquarters. Under the "It's for you" umbrella brand, an interdisciplinary team consisting of representatives from HR, the works council, the health promotion team, the tesa sport

club, the social advising service, the body representing disabled employees, the occupational health service, and the occupational safety team works to develop a wide range of measures (see measures and areas of focus in occupational health management).

### Reducing absences, preventing accidents

Our strategic goal "Zero Accidents" is derived from the prevention strategy adopted by Berufsgenossenschaft Rohstoffe und Chemische Industrie (BG RCI), the statutory accident insurance and prevention institution for the raw materials and chemicals industries. In this way, we put the safety and health of our employees front and center in everything we do. At all of our sites, we are constantly on the lookout for risks and possible ways to improve and take appropriate action to ensure greater safety in the workplace.

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. Group-wide, all of our sites with attached coating and/or adhesive production operations are certified under ISO 14001, a standard that covers both environmental aspects and occupational safety.

Our goal is to continuously reduce the number of accidents with ≥ 1 day of absence and, in particular, the number of reportable accidents with > 3 days of absence. tesa also monitors the lost day rate for specific locations.

The frequency of reportable accidents (> 3 days) at tesa stood at 1.3 per million hours worked in 2017 (2016: 3.1), significantly below the German industry average (BG RCI), of 11.7. We view this as proof of the quality of our management system in the area of occupational safety.

Occupational Safety*	unit	Full Year 2015	Full Year 2016	Full Year 2017
Work Accidents ≥ 1 day	number	16	22	14
Accidents Frequency Rate	number / million hours worked	3.6	4.9	2.9
Lost Days ≥ 1 day	number	148	539	191
Lost Day Rate	number / million hours worked	33.2	118.9	39.9
(Reportable) Work Accidents > 3 days	number	6	14	6
(Reportabel) Accidents Frequency Rate	number / million hours worked	1.3	3.1	1.3

\*Scope: tesa SE and affiliates which are ISO 14001 certified



We are currently reviewing whether further key sales offices will be included in the Group reporting alongside tesa SE in the future.

### Occupational safety measures and areas of focus in 2017:

- 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. Each film shows in compact form, in just a few minutes, how employees at the company headquarters or the research or technology center behave in order to best prevent risks to their own safety. These videos are especially well suited to training new employees.
- As in years past, employee awareness **campaigns** were held in 2017. Major areas of focus included preventing accidents in traffic within the plant and training on how to use respiratory protection equipment. The tesa plant in Hamburg put a device to test the seal on respirators into use for the first time as part of these activities. In this “fit test,” the respirator’s fit and seal are tested on the wearer under realistic conditions. After all, optimum protection can only be achieved if the mask and user truly fit each other. As part of our fire prevention concept for 2020, we implemented measures in the area of technical fire prevention and protection at the tesa plant in Offenbourg this reporting year. The focus was on prevention. We held a daylong event for all employees that highlighted the subject of fire prevention, for example. At the tesa plant in Suzhou, China, this reporting year marked the sixth 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.
- At tesa Plant Concagno, in Italy – one of tesa’s major production sites – a new monitoring audit in 2017 confirmed the validity of the existing **OHSAS 18001** certification. This is one of the best-known and most important standards for management systems in the area of occupational safety. Alongside improved training concepts for employees and external companies, risk assessment for machines was also optimized in this reporting year.
- As part of the project planning for a new production line for water-based adhesive tapes for the tesa plant in Sparta, Michigan (USA), two extensive **safety tests** were conducted in 2017, one on site at the manufacturer’s location and one at tesa before commissioning. The defined safety concept was reviewed in the process.



### Measures and areas of focus in occupational health management:

- 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. This reporting year, we extended the club’s hours in order to meet the high demand for its services. We also began offering our employees physical therapy in 2017.
- 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 smoking cessation programs.
- We conducted **psychological risk assessments** in six other areas in 2017, prompted by the German Occupational Safety and Health Act. One aspect of this program is that employees are asked individually what stressful situations or stress factors they personally experience on the job and what the effects are. On this basis, we strive to reduce stressful aspects wherever possible.
- **Further measures** include equipping all office workstations with height-adjustable desks to minimize back strain, in-house advising on ergonomics, and promotion of healthy eating by offering healthy choices at the company’s restaurant and in cooking classes.

# CONSISTENT ENVIRONMENTAL PROTECTION



Careful use of natural resources and raw materials is our stated goal as a company. Our aim in making these efforts is to leave an intact environment for subsequent generations while at the same time safeguarding the basis of our business success.

## Focus on major environmental impacts

Environmental impacts predominantly arise at our production sites. We consider our **energy use**, and the associated **CO<sub>2</sub> emissions**, to represent major impacts. The subject of **resource efficiency** is also relevant, but it is not a major topic. We have already significantly reduced our environmental impact in this area.

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 further develop our environmental management systems on an ongoing basis, and to this end, en-

gage in dialogue with external experts as well. We also provide our stakeholders with candid, transparent information on our goals and successes in this area. The full guidelines are available on our website at [www.tesa.com/about-tesa/responsibility/environment](http://www.tesa.com/about-tesa/responsibility/environment).

## A proven concept in environmental protection

Environmental protection has been a key element of our corporate responsibility activities for years, and our environmental guidelines firmly establish it throughout the Group. **Environmental management systems** are the key point of departure. We use these systems at all sites that have significant impacts on the environment. Seven production sites



and the Group headquarters now have environmental management systems certified under **ISO 14001**.

The **tesa environmental program** was put in place in 2001. It sets Group-wide targets for us to continuously reduce our environmental impact. The previous environmental program ran through the end of 2015. We succeeded in reducing many of our environmental impacts during this period: energy use (-24 percent), CO<sub>2</sub> emissions (-19 percent), solvent use (-41 percent), waste (-77 percent), and emissions of volatile organic compounds (-91 percent).

The goals we set for ourselves as part of the environmental program are regularly reviewed and adjusted. The current program applies to the period from 2016 until 2020. It defines **targets** and **control parameters** for reducing CO<sub>2</sub> and waste. Further information appears in the specific sections.

To achieve continuous improvement in our environmental performance, we take into account the results generated by our environmental management systems and environmental audits. The tesa executive management is involved in this process each year, through management audits. In the process, the results of the environmental audits, which are conducted on a regular basis, are considered in order to identify possible ways to conserve, further optimize energy-intensive processes, and reduce both costs and CO<sub>2</sub> emissions.

In addition, we conduct annual processes to identify and assess major **environmental risks** both at the individual production site level and across the board. The goal here is to prevent possible environmental incidents and the costs they generate.

As a company driven by innovation, we also develop energy-saving, resource-conserving technologies that we use in our production operations. Environmental experts who are familiar with tesa's global environmental guidelines and with local conditions and who network across locations work at all sites. They establish comparison values, initiate projects, and work to improve our environmental performance on an ongoing basis.

Environmental impacts also arise in our supply chain and within our business partners' operations. The tesa Code of Conduct for Suppliers obligates our suppliers to uphold the principles of the UN Global Compact, and thus also fundamental standards in environmental protection.

## Energy efficiency and CO<sub>2</sub> reduction

Climate change brings both challenges and opportunities in terms of our business development. 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.

### Our concept: boost efficiency – reduce emissions

Climate protection is an element of environmental management and energy management at tesa. The Group headquarters and the sites with the highest CO<sub>2</sub> emissions (Hamburg and Offenburg) have not only an environmental management system, but also a certified energy management system pursuant to **ISO 50001**. These sites together are responsible for approximately 60 percent of the CO<sub>2</sub> emissions generated by all tesa sites with environmental management systems. Introducing the energy management systems paved the way for further increases in the energy efficiency of the systems and equipment in use there. We strive to offset possible increases in CO<sub>2</sub> emissions as a result of production activities with these kinds of efficiency gains. Further strategic approaches include efficient generation of our own energy through cogeneration (combined heat and power, CHP) and obtaining electricity from renewable sources.

Through our internal planning and reporting activities, we identify, assess, and monitor risks and measures associated with reducing CO<sub>2</sub> emissions at the level of the headquarters and the individual sites certified according to ISO 14001.

### A clear CO<sub>2</sub> target – measurable advances

As part of the **tesa environmental program**, we have already managed to reduce our energy use by 24 percent from 2001 to 2015. During the same period, the specific CO<sub>2</sub> emissions (Scope 1 and 2) per ton of final products decreased by 19 percent. By 2020, we aim to reduce specific CO<sub>2</sub> emissions (location based) by another ten percentage points compared to the reference year, 2015.

### Development of energy and CO<sub>2</sub> emissions

Our environmental protection management activities focus on sites with production operations, as they have greater environmental impact than office locations. With this in mind, all of our sites with attached coating and/or adhesive pro-

duction operations are certified under ISO 14001, a globally recognized standard that sets out requirements for environmental management systems.

In the reporting period we once again significantly reduced the specific CO<sub>2</sub> emissions per tonne of end product according to the location-based method. In comparison with the reference year of 2015, we are down by 9.5% overall in 2017; according to the market-based method, taking into account the electricity from renewable sources, actually by 32.6%.

Energy use		2001	2015 <sup>2</sup>	2016	2017	
Natural gas	GWh	225	205	233	262	
Electricity from renewable sources	GWh	0	0	16	24	
Conventionally generated electricity	GWh	72	61	38	26	
Total energy use	GWh	297	266	286	311	
Greenhouse gas emissions, location-based <sup>3</sup>		2001 <sup>1</sup>	2015 <sup>2,6</sup>	2016	2017	Target, 2020
CO <sub>2</sub> direct (Scope 1)	1000 t	44	41	47	53	
CO <sub>2</sub> indirect (Scope 2)	1000 t	34	29	25	23	
CO <sub>2</sub> total	1000 t	78	70	72	76	
Change, 2017 vs. 2015 <sup>5</sup>	%	-	-	-	-9.5	-10.0
Greenhouse gas emissions, market-based <sup>4</sup>		2001 <sup>1</sup>	2015 <sup>2</sup>	2016	2017	
CO <sub>2</sub> direct (Scope 1)	1000 t	44	41	47	53	
CO <sub>2</sub> indirect (Scope 2)	1000 t	34	42	23	14	
CO <sub>2</sub> total	1000 t	78	83	70	67	
Change, 2017 vs. 2015 <sup>5</sup>	%	-	-	-	-32.6	

<sup>1</sup> CO<sub>2</sub> conversion factors before 2015: 0.47 t CO<sub>2</sub>/MWh electricity and 0.18 t CO<sub>2</sub>/MWh gas

<sup>2</sup> Reference year

<sup>3</sup> Definitions according to GHG Protocol Scope 2 Standard; source, CO<sub>2</sub> factors: GHG Protocol / IEA

<sup>4</sup> Definitions according to GHG Protocol Scope 2 Standard; source, CO<sub>2</sub> factors: electricity providers and/or residual mix: RE-DISS (07/2017); emission factor for electricity from renewable sources is set as equal to zero.

<sup>5</sup> With reference to production volume

<sup>6</sup> Recalculation starting in the base year due to change of methods (shift in CO<sub>2</sub> factors: see footnotes <sup>1</sup> and <sup>3</sup>)

We are currently reviewing whether it will also be possible to identify and report on Scope 3 emissions, such as those generated from the production of raw materials or transportation logistics, in the future.

## Measures for 2017

### Energy management systems pursuant to ISO 50001

The two largest emitters of CO<sub>2</sub> across the Group, the Hamburg and Offenburg production sites, further developed their energy management systems during this reporting year and received certification under the international ISO 50001 standard for the third time in 2017. The new tesa headquarters in Norderstedt successfully underwent ISO 50001 certification for the second time in 2017. 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.

### Generating our own energy through cogeneration

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 enough electricity to meet about 47 percent of our worldwide demand in 2017.

### Electricity from renewable sources

In 2017, we purchased outside electricity from renewable sources at five European sites, covering about 25 percent of our global demand for the ISO 14001 certified sites.

### Supporting industry in terms of climate protection

Climate protection is also important to many of tesa's industrial customers. Our products can help to reduce CO<sub>2</sub>. For example, we offer the automotive industry solutions to affix and insulate the lithium-ion battery elements used in climate-friendly hybrid and electric vehicles. We also make it possible for manufacturers to reduce the weight of their vehicles, which also improves their fuel economy, by replacing items such as rivets and screws with lightweight, durable adhesive bonding solutions from tesa.

We also offer a wide range of solutions for operators of wind and solar energy facilities, covering everything from fast, secure assembly and installation to protecting sensitive surfaces and marking hazardous areas. Some of these adhesive tapes are used temporarily, to preserve value, while others are installed permanently.

## Transparent reporting

We review the effectiveness of our measures by determining the amounts of electricity and gas used by the specific sites each year. We ascertain the Scope 1 and 2 CO<sub>2</sub> emissions associated with this based on the specifications of the Greenhouse Gas Protocol.

We voluntarily provide the public with information regarding the measures we take to protect the climate and our CO<sub>2</sub> emissions. To this end, we regularly participate in the supply chain program run by the nonprofit organization CDP (formerly the Carbon Disclosure Project). This program evaluates various factors, including the environmental footprint of production companies. The result for this reporting period was positive: tesa's CDP 2017 Climate Score was well above the average for all program participants.

## Efficient use of resources

We aim to offer our customers products that have as little environmental impact as possible over their entire lifecycle. To accomplish this, we develop ecofriendly, solvent-free production methods, use renewable and recycled raw materials where possible, conserve resources, and prevent production waste. 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.

## Comprehensive management of waste and raw materials

Our waste and raw materials management activities are geared toward using materials efficiently and recycling wherever possible. There is no way to eliminate all waste when producing goods, but we are constantly at work on minimizing production-related losses of the raw materials we use when producing adhesives, coating tapes, and cutting rolls.

We have already made significant improvements in many areas. Within the scope of the tesa environmental program,





for example, we were able to reduce emissions of volatile organic compounds (VOCs) by 91 percent between 2001 and 2015, and solvent use was down 41 percent in the same period. The volume of non-recyclable waste has also decreased by 77 percent, and the recycling rate was over 90 percent in 2017.

## New waste target

Our goal is to reduce the specific volume of waste per ton of end products by a further two percentage points by 2020 compared with the reference year, 2015.

As a result of one-off effects and period adjustments in the reporting year, the amount of waste generated overall was not reduced in comparison with the reference year.

Waste		2001	2015*	2016	2017	Target, 2020
Non-hazardous waste for disposal	1000 t	2.7	0.3	0.8	1.1	
Non-hazardous waste for recycling	1000 t	3.9	9.6	9.2	10.4	
Hazardous waste for disposal	1000 t	1.0	0.6	0.6	0.6	
Hazardous waste for recycling	1000 t	4.7	4.5	4.5	5.8	
Total waste	1000 t	12.3	14.9	15.2	17.9	
Change, 2017 vs. 2015	%	-	-	-	+0.1	-2.0

\*Reference year

The waste generated at tesa is determined on a site-specific basis according to various waste fractions and is then separated for reporting purposes into 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. In 2017, for example, we improved the drives and controls on existing converting systems for greater accuracy of control. The result is even, straight feeding, generating less production-related waste. To harness our employees' expertise for waste-reducing measures like these, we continued a successful campaign at the tesa plant in Offenburg that highlighted the need for creative solutions.

We have used our unique, patented ACX® technology to produce double-sided acrylic adhesive tapes for highly durable adhesive bonds for years now. In 2017, as in years past, this technology helped to further reduce solvent use,

among other things. The ACX® method removes the solvents used from the adhesive, eliminating the need for energy-intensive drying. The use of this technology was expanded in 2017. 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.

We also commissioned a whole new production unit for ecofriendly manufacturing of adhesive tapes in Sparta, Michigan, in 2017. The new unit allows us to replace solvent-based adhesives with water-based ones, thereby improving our overall use of solvents.

## Resource-efficient solutions for consumers

Resource efficiency is important not just to tesa itself, but also to our customers. As a result, we are continuously expanding our range of paper, office, and stationery products aimed at environmentally conscious consumers. Under the tesa ecoLogo® sub-brand, we offer various products, including adhesive tapes and dispensers, packing tapes, glue sticks, and corrective tape dispensers, all made primarily from recycled or natural materials. We added a new product, the ecoLogo® glue stamp, to the range in 2017 as a fast way to glue photos, notes, or decorations. The housing is made of 100 percent recycled plastic, and like in all ecoLogo® products, the adhesive used is free of solvents. The tesa Easy Cut® Smart desktop dispenser was revamped with a new housing made from recycled plastic in a material-saving design. The glue stick range was streamlined and shifted over entirely to ecoLogo® in 2017.

tesamoll® products for sealing gaps around windows and doors and the tesa® ISO SYSTEM for easy interior roof insulation help users to save energy.

## Resource-efficient solutions for industry

These days, our industrial customers use adhesive tapes as key components in electronic devices. Tapes help to make the devices more durable and prevent the need for resource-intensive new purchases. At the customer's request, recyclability can also be taken into account when designing the adhesive bonds.

# PRODUCT RESPONSIBILITY



Offering safe, long-lasting products to our customers is part of our approach to corporate responsibility. With this in mind, we strive to protect people and the environment across the entire product lifecycle, from manufacturing and use through to disposal.

Our goal? Products that meet the very highest standards of quality and safety. Our work in this area is supported by product safety officers and founded on our product safety guidelines, which provide a framework for appropriate actions and approaches. They supplement the already stringent legal regulations that apply.

## Product safety

When it comes to ensuring that our customers are satisfied, and thus that we are successful in economic terms, it is crucial for our products to be safe. Any safety issues could have negative effects on both the people who use our products and the natural world. Harm to our image is also possible. With all this in mind, we strive to ensure that there are no risks associated with our products, and we provide reliable protection for the safety and health of customers and employees. Standards and processes are used to minimize relevant risks for tesa. We train selected employees on the laws that apply to chemicals, product liability legislation, and product issues management. These activities were also part of our efforts during this reporting year. Product safety management is a key element of our quality management system and is within the organizational structure is steered by the Management Board.

## Measures for safe products

Our goal is to design products and processes in a way that ensures they meet the various expectations of our stakeholders and no one is harmed by them. Alongside our own standards, we also have to meet the requirements set by

law and by our customers. We look to applicable laws and regulations for guidance.

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.

The Product Development department and the production team use various tools to prevent product defects. These tools include failure mode and effects analysis (FMEA), which is used to identify and eliminate faults in the system, the design of products, or how production and assembly processes are arranged at an early stage of product creation.

## Responsibility for the entire product lifecycle

Once products are already on the market, our business units continue to monitor them. If the units determine that a new risk analysis and assessment and relevant measures are necessary, they initiate the necessary steps to ensure the health and safety of our customers and employees. In 2017 there have been no product recalls of safety relevance for customers.



# SOCIAL COMMITMENT AND INVOLVEMENT



Beyond our core activities, we as a company aim to make a positive contribution to society. Voluntarily assuming social responsibility is part of tesa's corporate philosophy. This aspect is also an integral element of our company values and corporate citizenship strategy.

## Corporate citizenship strategy

We have a clear vision for our corporate citizenship (CC) activities as a company: We want to effect positive change in the world around us and, beyond our core business, should

der responsibility for matters affecting society at large and for ensuring sustainable development. This self-image has a long history at tesa. The Beiersdorf group of companies, to which we belong, has been actively involved in promoting the welfare of its own employees and the wider society

throughout its 130-year history. We are still carrying on this tradition as an independent affiliate. Our social commitment and involvement creates a bridge to the core tesa competencies and the company's strengths – its inventiveness and spirit of ingenuity, solution-oriented approach, focus on practical assistance and team spirit.

## Global strategy, local implementation

We firmly believe that all sides win through our commitment and involvement: the organizations and projects that receive support, and tesa itself. We give back at several levels worldwide – in the form of donations, supporting memberships and sponsorships as well as through employee volunteering. This helps us form lasting bonds – just like our products do.

The Executive Board explicitly supports and welcomes civic involvement. It sets guidelines for our affiliates to donate part of their local sales for social projects. The board also urges employees to get involved with social causes through volunteering and team building activities.

Overarching responsibility for the subject of social responsibility rests with the Corporate Citizenship unit, which is part of Corporate Communications. This unit decides on and coordinates all support activities by tesa headquarters and coordinates them. Based on our donation guidelines and the CC strategy, the unit also makes recommendations regarding suitable topics of support in the regions. In keeping with the “global strategy, local implementation” approach, the regional companies perform the planned activities independently. They are the ones who are most familiar with local circumstances, so they can help ensure that activities represent effective solutions to social challenges. The CC unit provides personal advice as needed. Once a year, the regional companies report to CC on the advances they have made in their local projects.

## Our “tesa connects” program



Our activities in support of social causes follow an integral approach, bringing things and people together. With this in mind, the guiding principle behind our CC strategy is “tesa connects.” Across a wide range of projects, colleagues apply their knowledge and expertise in specific areas, act as mentors, or roll up their sleeves and pitch in where help

is needed. This forges ties between employees and the community and enhances team cohesion. We also support charitable causes by providing funding and donations in kind.

Our corporate citizenship strategy emphasizes specific areas where involvement is most urgently needed and where we can have the biggest impact. All of the projects we support fall thematically into at least one of our three core fields: **social commitment and involvement, support for education, and environmental protection**. At the project level, these fields are reflected in the four pillars of our activities to give back: “tesa helps” and “tesa donates” (social), “tesa supports” (education), and “tesa protects” (environment). All projects also fit the identity of the brand and the company as a whole and our regions. Taking these principles into account, all tesa affiliates are free to determine their own areas of emphasis.

Fundamental information on social commitment and involvement is set out in our strategy, the tesa Corporate Giving Policy, a set of guidelines on brand and product sponsoring activities along with internal informational materials regarding the various ways to get involved. These documents can be downloaded from the company intranet.

We work together with selected partners in cooperative initiatives and projects for these activities. This represents a win-win-win situation, benefiting all concerned in different ways:

- **Benefit to nonprofit organizations (NPOs):** Our contributions support the activities of selected organizations, helping them to achieve their short-term and long-term goals.
- **Benefit to society:** By supporting the work of selected NPOs, we have a positive impact on their topics of focus.
- **Benefit to tesa:** Our involvement enhances the perception of tesa and tesa's credibility with regard to social responsibility while also boosting employees' motivation and helping them to grow and cultivate their skills.

We keep several strategic criteria in mind in our work with partners:

- **Relevance:** We make certain the topics selected focus on areas and organizations where contributions are used in a way that generates maximum benefit to all concerned.
- **Long-term commitments:** We strive to establish lasting cooperative initiatives. This also includes helping those responsible for projects and their target groups achieve independence and autonomy beyond the aid they receive from us. We focus on helping others to help themselves.
- **Equal partnerships:** To strengthen local responsibility, tesa works with partners in the local community in a spirit of equal partnership.



Once a year, employees can take a day off from work to work together with colleagues for a social cause. The CC unit and cooperation partners such as tatkräftig e.V., a non-profit initiative for volunteer activities, help employees to select the projects. Our individual affiliates handle these activities differently depending on their size. Several affiliates have longstanding ties with particular initiatives, organize annual activities such as summer festivals, renovation days, or afternoon craft projects during the Christmas season. In many countries, the social commitment and involvement of tesa employees is a longstanding tradition.

As part of our employee communications, we report on our social commitment and involvement in various tesa Group media. We post information on all of the volunteering projects we have implemented and on donations and events on the intranet, for example. We also emphasize personal feedback toward the employees involved and appreciative communications in publications such as the employee magazine and the annual overview of all CC measures.

As touched on above, all of the projects within the “tesa connects” program fall within four areas: **help, donate, support, and protect**. While our focus in the first two of these areas is on social projects, “support” encompasses the subject of education and “protect” covers the environment. The sections that follow describe our approaches and activities in each of these areas.



## Being there for others as a good neighbor

Neighbors helping neighbors in the immediate vicinity of our sites – that’s the principle behind “tesa helps.” Many of our employees live near our sites and want to give back to social causes in their local areas. All over the world, local tesa teams pitch in to help with projects and support their communities.

At the tesa headquarters (Norderstedt), for example, employees can choose from a pool of projects compiled by the Corporate Citizenship unit. Alternatively, they can also arrange to support self-chosen initiatives in the local area. During this reporting period, our employees continued various existing activities and started new ones.

## Commitment and involvement in Germany

- The tesa headquarters continued its partnership with the nonprofit organization “tatkräftig – Hände für Hamburg” in 2017. With “1 day, 1 team, 1 goal” as its motto, the organ-

ization connects volunteer helpers with over 150 institutions in the Hamburg area. In the year under review, 83 employees supported eight 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. A “tesa helps” project with “tatkräftig” has now become an integral part of the first year of apprenticeship at the tesa plant in Hamburg.

tesa affiliates also provided active assistance in their local areas in 2017:

## Worldwide commitment and involvement

- tesa UK has supported the Walnuts School, a school for autistic children in Milton Keynes, since 2009. tesa contributed funding to the project in 2017, as in past years, making it possible for young people with autism to gain initial experience in the working world.
- tesa employees in the Czech Republic spent an afternoon of games and contests with children suffering from leukemia at the Motol University Hospital Transplant Center in Prague this year, as in the past. Colleagues from Slovakia teamed up with the foundation Deti slovenska (Children of Slovakia) in 2017 to organize a similar activity for children who have hemophilia.
- In the Netherlands, tesa supports Stichting het Raakt U, a foundation that helps and advocates for children with physical limitations. tesa organized a field trip with the children and made monetary donations and donations in kind in 2017.
- In Switzerland, tesa has been committed to helping Theodora, an initiative that brings clowns to hospitals to entertain and distract pediatric patients, through donations at Christmastime for the past six years. tesa also ran a fundraising campaign for Theodora in 2016 and 2017.
- The Austrian tesa team supports Stiftung Kindertraum, a foundation that grants wishes for children and teens with disabilities or serious illnesses. tesa helped to make big dreams come true once again in 2017.
- In Hungary, tesa has been supporting a children’s facility in Budapest for two years. Among other things, employees designed a special room for infants and toddlers and organized a Christmas gift donation campaign.
- An orphanage for disadvantaged children in India has received financial support from tesa since 2008. tesa employees also help with IT matters to meet the site’s needs.
- tesa maintains a longstanding partnership in Italy with the nonprofit organization Fondazioni Piatti. The initiative provides care for children with neuropsychiatric condi-



tions at one of its sites in northern Italy. tesa provided necessary accessories for the swimming pool there during this reporting period.

- The colleagues in Russia supported the Mercy aid center for children and families, near Moscow, with a donation and hands-on help with renovations in 2017. tesa also participated in a Christmas bazaar for children at a German school in Russia this year.

## 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 company also provides financial support, runs “leftover change donation” programs, and gives away old computers. In 2017, as in the past, we were able to support various initiatives through numerous donation activities. Examples:

#### Donation campaigns

- The tesa companies in Norderstedt, Hamburg, and Langenfeld continued their “leftover change donation” programs in 2017, in line with the slogan “small gesture, big impact.” The concept is simple: Employees donate the cents amount of their net monthly pay (0.01 to 0.99 euros) to nonprofit organizations in their communities. The money collected, amounting to a maximum of 11.88 euros per employee per year, is credited to a separate tesa donation account. Donations totaling 3251.04 euros were collected in 2017. The amount was matched by the executive management, for a total of 6502.08 euros, which was then donated to the project Knack den Krebs, a cancer-fighting initiative run by nonprofit organization Fördergemeinschaft Kinderkrebs-Zentrum Hamburg e.V.
- Because not every child is fortunate enough to receive gifts at Christmas, tesa organized a Christmas gift campaign again in 2017. New gifts were collected during the holiday season from tesa colleagues, who were encouraged to place them under the Christmas tree at tesa headquarters. Employees of ToysCompany, a nonprofit partner organization, then distributed the presents to so-

cially disadvantaged families in time for the holiday. In all, 131 packages were handed out in 2017.

- Instead of giving Christmas gifts to customers, we supported the Hamburg-based nonprofit Chancen für Kinder e.V. with a donation of 20,000 euros again in 2017. Some of the money was used to make it possible for children who are forced to work in quarries in Yeleswaram, India, to attend school. The other part supported Klinik-Clowns Hamburg e.V., an initiative that brings clowns to hospitals to entertain severely ill children with the aim of strengthening their will to live.

## tesa supports



### Recruiting the next generation of employees

Education in STEM (science, technology, engineering, and mathematics) fields is important when it comes to sustaining human life and securing social progress. From digitization to climate change and energy issues, STEM skills help to solve present-day challenges. For tesa as a technology company, strengthening this knowledge is essential in order to recruit the next generation of employees. That’s why we work with various initiatives to support educational projects that unlock prospective futures for kids and teens in these areas. Specific projects and cooperative activities are associated with these efforts in Germany and at many international tesa affiliates.

#### Partner to Initiative Naturwissenschaft & Technik (NAT)

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. tesa provided conceptual and financial support to both programs again in 2017.

- In the “90 Minutes of STEM” program, tesa employees spend two hours in a classroom, giving groups of about

20 school students real-life insights into their working lives. In 2017, a class from a specialized higher grade level at an academic secondary school in Hamburg visited various labs where basic research is performed.

- In February 2017, tesa organized this year's kickoff event for the mint:pink program, which encourages girls to explore STEM fields, in Norderstedt. About 170 ninth graders from 13 schools attended, along with teachers, parents, and representatives of the political sphere. Over the course of the year, the students visited five companies in all, where they were given insight into exciting technologies and working worlds.
- tesa also participated in mint:pink with various practical units in 2017. During these activities, R&D employees shared their own enthusiasm for science with the girls and gave them a wide range of insights into the basic principles behind adhesive technology. In 2017, students visited the production facility at tesa's plant in the Hausbruch district of Hamburg and the tesa physics lab, for example.
- NAT is further expanding its activities starting in 2018, thanks in part to encouragement from tesa. Future plans call for opening up the mint:pink program to 50 female students from the city of Norderstedt, Schleswig-Holstein, as well.
- NAT celebrated its tenth anniversary with a major event at Hamburg's arguably most spectacular building, the Elbphilharmonie orchestra hall. Over 1300 students and supporters of the initiative were there for the celebration. tesa made a donation that allowed two classes to attend.

## International support for education

- 2017 marked the fifth time the tesa affiliate in Japan participated in the Tsukuba Science Festival. Held in Tsukuba, the famous "City of Science," the event is aimed at introducing children and teens to the world of science through fun experiments and games. The potential scientists of tomorrow learned about interesting aspects of adhesive technology at the tesa stand.
- The tesa plant in Suzhou, China, initiated its tesa Sunshine Education Assistance program ten years ago to help children from families of migrant laborers get a better elementary school education. The program has provided tesa Sunshine Scholarships to about 630 children so far.
- Other tesa affiliates have an established practice of contributing funding to educational initiatives:
- In Turkey, tesa supports the organization Educational Vol-

unteers Foundation of Turkey, which offers extracurricular educational and enrichment programs for children.

- In Mexico, the regional office provides funding to the Fundación para la Protección de la Niñez (Foundation for the Protection of Children), which awards scholarships for learning English as a second language.
- The Guatemalan tesa affiliate finances a partial scholarship for a student otherwise unable to afford higher education.
- tesa India donates to the Nanhi Kali organization, which offers primary school education opportunities to disadvantaged young girls.
- In 2015, tesa tape North America began sponsoring a four-year study program concentrating on automotive technology. The EcoCAR program is devoted to the development of an extremely energy-efficient high-performance vehicle.



## Working to protect the environment

We view environmental protection as part of our social responsibilities. After all, an unspoiled natural environment is part of good quality of life. This is why environmental protection and nature conservation are a part of tesa's corporate strategy. Our engagement on the production and product level is complemented by specific projects for preserving nature and improving quality of life in the regions where we operate.

From 2011 to 2017, we worked to preserve the sensitive ecosystem of the "Niedersächsische Elbtalaue" UNESCO Biosphere Reserve near Hamburg.

## Environmental protection projects

- These activities focused on measures that serve to conserve or restore the original landscapes of this area and thus preserve species and biodiversity. We supported activities on site through the active efforts of employees and financial support alike. Our one-time donation of 100,000 euros in 2011 made possible various activities between then and 2017, including planting trees typical of the region, which now offer new habitats for native species of birds and insects.
- tesa is planning a new cooperative relationship with an environmental initiative in the area of the Norderstedt headquarters starting in 2018.

- Colleagues from tesa China have been working to protect the environment since 2015 as part of the “Million Tree Project.” In 2017, tesa Greater China donated funding for 2500 trees to the program, and five volunteers participated in a tree planting campaign in Inner Mongolia.

tesa’s efforts make significant contributions to all three of the company’s core areas: social commitment and involvement, support for education, and environmental protection.







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## Independent Auditor's Limited Assurance Report

The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German PDF version of the combined non-financial statement 2017 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 group non-financial statement of Beiersdorf AG according to § 315b HGB ("Handelsgesetzbuch": German Commercial Code), which is combined with the non-financial statement of the parent company according to § 289b HGB, consisting of the disclosures in the Sustainability Review 2017 highlighted by a gray background and the chapter "Business and Strategy" in the group management report being incorporated by reference (hereafter combined non-financial statement), for the reporting period from January 1, 2017 to December 31, 2017.

### Management's responsibility

The legal representatives of the Company are responsible for the preparation of the combined non-financial statement in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility includes the selection and application of appropriate methods to prepare the combined non-financial statement 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 combined non-financial statement 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 entity 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 combined non-financial statement 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 combined non-financial statement 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 December 2017 and February 2018, we performed amongst others the following assurance and other procedures:

- Inquiries of employees regarding the selection of topics for the combined non-financial statement, the risk assessment and the concepts of Beiersdorf 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 combined non-financial statement, 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 combined non-financial statement,
- Inspection of relevant documentation of the systems and processes for compiling, analyzing and aggregating data in the relevant areas, e.g. environment and employees 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 combined non-financial statement.

### 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 combined non-financial statement of Beiersdorf AG for the period from January 1, 2017 to December 31, 2017 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 Beiersdorf AG and the report is solely intended to inform Beiersdorf AG 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 January 1, 2017 are applicable to this engagement and also govern our relations with

third parties in the context of this engagement (see attachment). 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, February 7, 2018

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

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#### **Beiersdorf Sustainability on our Corporate Websites:**

Business Segment Consumer:  
[www.beiersdorf.com/sustainability/overview](http://www.beiersdorf.com/sustainability/overview)

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[www.tesa.com/about-tesa/responsibility](http://www.tesa.com/about-tesa/responsibility)

