2021 Annual Report

Beiersdorf

Beiersdorf 2021

KEY FIGURES – OVERVIEW

		2020	2021
Group sales	**(in € million)**	**7,025**	**7,627**
Change (organic)	(in %)	–5.7	9.7
Change (nominal)	(in %)	–8.2	8.6
Consumer sales	**(in € million)**	**5,700**	**6,129**
Change (organic)	(in %)	–6.6	8.8
Change (nominal)	(in %)	–9.1	7.5
tesa sales	**(in € million)**	**1,325**	**1,498**
Change (organic)	(in %)	–1.5	13.6
Change (nominal)	(in %)	–3.9	13.1
Operating result (EBIT, excluding special factors)	**(in € million)**	**906**	**993**
EBIT margin (excluding special factors)	**(in %)**	**12.9**	**13.0**
Operating result (EBIT)	(in € million)	828	933
EBIT margin	(in %)	11.8	12.2
Profit after tax	(in € million)	577	655
Return on sales after tax	(in %)	8.2	8.6
Earnings per share	(in €)	2.47	2.81
Total dividend	(in € million)	159	159
Dividend per share	(in €)	0.70	0.70
Gross cash flow	**(in € million)**	**802**	**897**
Capital expenditure*	**(in € million)**	**280**	**413**
Research and development expenses	**(in € million)**	**246**	**268**
Employees	**(as of Dec. 31)**	**20,306**	**20,567**

* Figures comprise investments in intangible assets and property, plant, and equipment including acquisitions.

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OUR EMPLOYEES

We make people feel good in their skin and we care beyond skin. We believe in a culture of belonging together while embracing individuality. We foster entrepreneurial spirit to lever our rich history. We truly connect in a digital world and aim high when it comes to sustainability. We strive to make a difference in an ever-changing reality.

WE ARE **BEIERSDORF.**

“RESPONSIBILITY DOESN’T END WITH OUR OWN PRODUCTS”

The skin care industry is in transition. Sustainability and digitalization are having a major impact on the business. In this interview, Beiersdorf CEO Vincent Warnery and CFO Astrid Hermann talk about changing consumer needs, the strategic focus topics for successful growth, and why corporate responsibility at Beiersdorf goes beyond skin care.

Let's start with a personal question: When was the first time you came across a Beiersdorf product? And what memories are tied to it?

Vincent: That is easy: it was with NIVEA SUN when I was a boy on the beach in Marseille! I grew up in Marseille and my mother always loved NIVEA. The scent reminds me of my childhood to this day.

Astrid: For me, it was the classic blue NIVEA tin – as it probably was for many people. As a young girl, I took it with me just about everywhere. Even though I mainly use our Eucerin products now, the NIVEA scent is still my favorite.

The first NIVEA cream was a revolution in skin care at the time. What has changed since then? How have the needs of society changed?

Astrid: There is a much greater awareness of skin care and skin health today. We want to feel good in our skin – both on the outside and the inside. Because feeling good in your own skin usually means you are happier with yourself.

Vincent: Moreover, we are dealing with completely different parameters today. Sustainability and digitalization are increasingly defining our business and creating new and intriguing requirements for our products.

How is Beiersdorf as a company dealing with this change? And what are the challenges?

Vincent: The starting point is our C.A.R.E.+ strategy, which puts a clear focus on innovation, digitalization, sustainability, and growth. We want to set new standards and actively shape the future of skin care. To that end, for example, we have established an "Early Innovation" team to centralize the development of major innovations, so we can bring them to market even faster and more efficiently. In addition, digital transformation is a key factor for success. We have adopted the "Digital Fast Forward" program with the aim of further expanding our business in the digital space – from e-commerce to co-innovation platforms and digital service offerings for our consumers. This strategic area is especially challenging because of its fast pace – but it's also incredibly interesting and multifaceted.

> **"It is more important than ever that we invest in a sustainable, inclusive world."**
>
> **Vincent Warnery**
> CEO

And what about the focus areas of growth and sustainability?

Astrid: Another part of C.A.R.E.+ is tapping into new growth potential. Both in the form of new markets and through new categories and business areas. One example of this is our most recent acquisition, the purchase of the U.S. brand Chantecaille. This will help us expand our portfolio in the premium skin care segment around La Prairie and at the same time strengthen our position in important markets, particularly in the USA, China and Korea. And because a sustainable way of working is already a key element in the brand DNA at Chantecaille, it is also a perfect match for our global sustainability commitment. In addition to our social responsibility, we have a strong focus on developing sustainable product innovations and packaging formats. This topic is very complex and presents some challenges due to different local conditions. For example, standards for recycling processes vary from place to place. However, every single project teaches us about how we can make our entire value chain more sustainable.

Beiersdorf is committed to sustainable development not only in terms of products. Which measures are particularly important to you – and why?
Vincent: Our understanding of care has always gone beyond pure skin care. In particular, we believe that our responsibility does not end with our own products. Rather, as a global skin care company, we want to make an active contribution to the environment and to society. This is reflected in our purpose Care Beyond Skin. It is more important than ever that we invest in a sustainable, inclusive world. For example, we are empowering girls who have been particularly affected by the coronavirus pandemic. Since 2019, together with the NGOs Plan International and CARE we have already reached around 58,000 people in Africa and Latin America through our "Empowering Girls" projects. In doing so, we can bring about real changes that target systematic transformation.

"Today, there is a much greater awareness of skin care and skin health in our society."

Astrid Hermann
CFO

Let's look from the pandemic to the future: What do you take away from this extraordinary time? What has changed for Beiersdorf as a company?
Astrid: The coronavirus pandemic has fundamentally changed how people around the world live and work. It showed us what the working world of the future could look like and has accelerated cultural change, especially hybrid working models. It wasn't always easy, but it has helped propel us forward.
Vincent: I can only agree with that. Virtual collaboration has had a major impact on us in the past few months. And despite the physical distance, we have come closer together as a team, even on a global level – and we have successfully driven our business forward in spite of all the challenges. The coronavirus pandemic has shown us that we can overcome difficult times – and emerge even stronger.

CARE BEYOND SKIN
OUR PURPOSE

Our understanding of care has always gone beyond pure skin care. When we work together and unite our strengths, we do not only provide innovative skin care, but also nurture what is important to people's lives – within our company and in society.

C.A.R.E.+
OUR STRATEGY

The goal of our strategy is to ensure competitive, sustainable growth and respond to a fast-changing environment. C.A.R.E.+ stands for **C**ourage, **A**spiration, **R**esponsibility, and **E**mpathy.

INNOVATIONS THAT TOUCH

LIVES

The power to innovate is a fundamental part of Beiersdorf's DNA. For around 140 years, the company's scientists have been researching the complex processes in our skin. Again and again, they have developed new active ingredients and care products that have the potential to make a positive difference in people's lives. For instance, in ten years of pioneering work, the company's researchers succeeded in finding an effective solution for irregular skin pigmentation, patenting it, and launching it on the market.

> **"The immense demand confirms that we are creating real added value for our consumers with our products."**

Grita Loebsack
Member of the Executive Board

Beyond skin care

People of all ages and all over the world are prone to hyperpigmentation, which is a result of melanin, a natural pigment that determines our skin color. Dark spots appear when our bodies produce too much melanin. There are different causes of this, and one of the most common is exposure to the sun without skin protection. However, pigmentation spots can also occur as part of aging, hormonal fluctuations during pregnancy, or as a result of acne. While these spots are harmless from a medical point of view, they often impact the self-esteem of those affected. Beiersdorf places great importance not only to the external, but also to the internal well-being of its consumers and has defined a clear research focus for pigmentation irregularities. Dr. Ludger Kolbe plays a key role in this: As Chief Scientist for Photobiology, he analyzes the effect of light on our skin.

€202 million

invested in research and development in 2021

1,630 studies

with 42,000 participants worldwide

7 international research & development sites

with 1,530 employees

Ten years of pioneering work

To find a lasting solution for undesirable dark spots, researchers at Beiersdorf have tested more than 50,000 molecules that could be considered as potential ingredients. "Over the course of ten years, we constantly changed and retested. In the process, we kept having moments when we felt that nothing would work. But we did not give up," recalls Dr. Ludger Kolbe. Innovative methods and a strong dose of self-confidence were essential: Experts thought it impossible to reproduce the human enzyme needed for pigmentation in the laboratory in order to test potential ingredients on it. But after years of research, Beiersdorf succeeded in doing what had previously been thought impossible. The results were promising and paved the way for tests on human skin. In the process, the international applicability of the potential active ingredient was critical. "We wanted the substances to work not only on lighter European skin, but also on darker skin types," explains Dr. Kolbe, "so we worked closely with specialists from around the world, such as chemists at Oxford and consultants in the U.S. and Japan." The molecule numbered 630 finally proved effective and was patented.

An active ingredient takes the market by storm

The original active ingredient, W630, thus became the basis of many products for different applications that quickly gained acceptance in various markets. In 2018, La Prairie, Beiersdorf's luxury skin care brand, took the first step: its skin care products are additionally enriched with high-quality ingredients such as caviar extract. They target age-related discoloration and promote long-lasting skin rejuvenation. Less than six months later, the Eucerin brand launched the first dermocosmetic anti-dark spot products. Launched in 2020, the NIVEA LUMINOUS630® anti-dark spot facial care range is also a global success story: The products are currently available in 38 countries on all continents and will soon be launched in a total of 45 countries. "The immense demand confirms that we are creating real added value for our consumers with our products and, in doing so, opening up a new market segment for Beiersdorf," emphasizes Grita Loebsack, member of the Executive Board. The brand further expanded its LUMINOUS630® facial care range in 2021, adding products from the sun care and hand care categories.

In the same year, Eucerin additionally took aim at pimple marks and thus entered an entirely new market segment. Many people around the world suffer from this skin problem, which can have a major impact on their emotional well-being. "Feedback from our consumers has made it very clear to us that our products can have a life-changing impact – far beyond the actual skin problems. We are very proud of this," says Patrick Rasquinet, member of the Executive Board. That's why like almost no other product, the active ingredient W630, in its various compositions, represents the success of international and cross-brand teamwork.

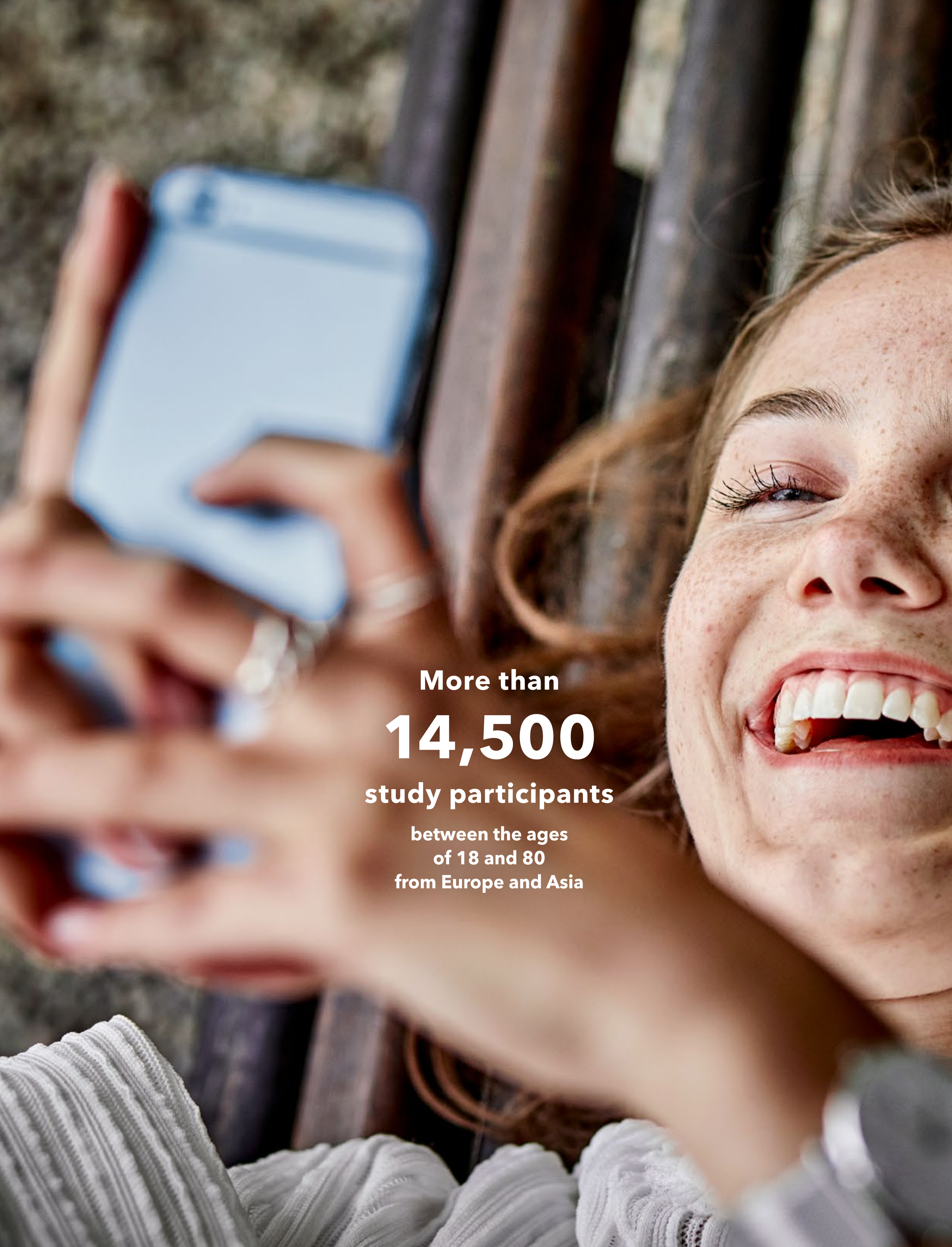
The active ingredient W630 is the result of

10

years of research

“We are very proud that our products can have a life-changing impact.”

Patrick Rasquinet
Member of the Executive Board


More than
14,500
study participants
between the ages
of 18 and 80
from Europe and Asia

DIGITAL

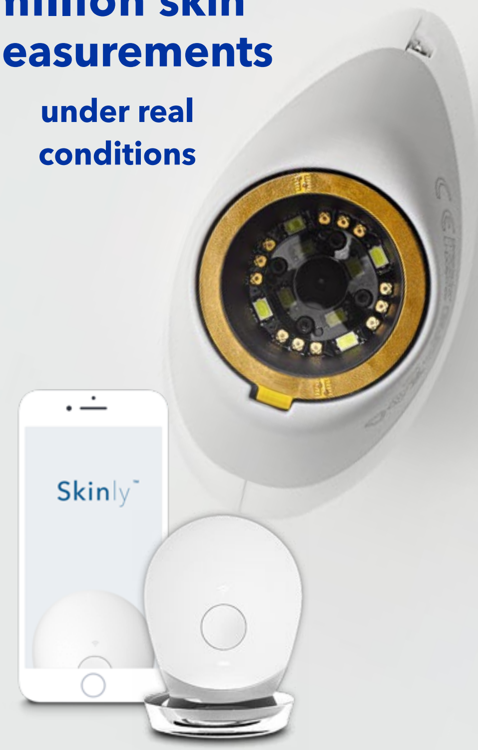
SKIN CARE INTELLIGENCE

Artificial intelligence (AI) has become an integral part of our lives: voice assistance, smart home solutions, the right choice of songs and meal recipes. The algorithms behind these solutions aim to make our everyday lives easier and are now used in almost every area of life. Beiersdorf also uses algorithms to analyze the skin of its consumers: With SKINLY, a global skin care study that relies on digital tools, the company is entering a new dimension of skin science.

5

million skin measurements

under real conditions



Digitalized skin research from home

The SKINLY skin study begins right in your own home. All consumers need is a smartphone and the SKINLY measuring device specially developed by Beiersdorf Research. For a given period of time, consumers measure their skin condition up to twice a day and the device sends the data to the associated app. The AI requires a large amount of qualitative data for the skin analysis to work. That's why Beiersdorf has sent the measuring devices to more than 14,500 consumers between the ages of 18 and 80 from Europe and Asia since the end of 2019, thus launching one of the world's largest consumer skin care studies. How does it all work? Before their morning skin care routine and before applying night cream in the evening, consumers hold the SKINLY measuring device, which is equipped with a camera and a moisture sensor, to their cheek, eyelid, forehead and forearm. Over the past two years, users have taken more than five million skin measurements this way. This do-it-yourself data collection from home adds real value: with measurements under real conditions, the study generates valid data that also takes into account the external influences of everyday life, such as humid or dry air.

Artificial intelligence meets comprehensive research knowledge

The AI recognizes the characteristic properties of the collected skin images and Beiersdorf's skin care experts teach the algorithm the appropriate conclusions. After all, AI is only as intelligent as the people behind it. To this end, the experts draw on a wealth of knowledge accumulated over 140 years: "Our long-standing research expertise plays a major role here and gives us a distinct advantage. It helps us extract the right information from the data," says Dr. Gitta Neufang, member of the Executive Committee. What matters here is that the more qualitative data the system receives, the better the experts can understand external influences on the skin, such as environment and nutrition, and develop suitable products. "It was important to us from the outset that the SKINLY study takes a holistic approach and that the findings are applied to both products and brands," Neufang explains.

“Our long-standing research expertise plays a major role here and gives us a distinct advantage. It helps us extract the right information from the data.”

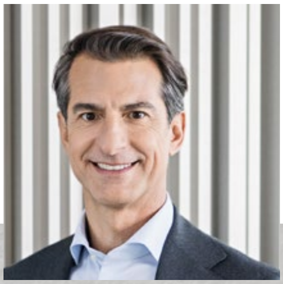
Dr. Gitta Neufang
Member of the Executive Committee

Personalized skin care products

Beiersdorf's experts use the findings from the SKINLY study analysis in combination with their skin care expertise to develop new products. These products are therefore not only developed for consumers, but also with them. The NIVEA SKiN GUiDE web app is one of the results of this pioneering digital project. It is based on twelve million skin images that Beiersdorf has also analyzed with the help of AI. Users take selfies and, based on the analysis results, receive personal product recommendations, skin care tips tailored to their needs, and a digital skin diary in which they can continuously document changes in their skin. Beiersdorf's first direct-to-consumer brand, O.W.N (Only What's Needed), goes one step further: the algorithm can make an individual product selection from more than 380,000 formula combinations. Consumers use a research-based questionnaire to determine which care formula is best suited for their skin. With each time the product is reordered, it is automatically adapted to the user's circumstances and the associated changes in the skin. Advice and product sales take place entirely digitally on the O.W.N website. In addition, the brand focuses on sustainability through skin care in refillable jars and bottles, and outer packaging made of organic materials that are 100% recyclable.

Skin care of tomorrow

With the NIVEA SKiN GUiDE app and O.W.N, Beiersdorf creates personalized brand experiences along the entire consumer journey. "Digitalization enables us to respond even better to consumers' wishes and develop products that meet their specific needs – from daily skin care routines to new innovative products," says Oswald Barckhahn, member of the Executive Board. The "Digital Fast Forward" program initiated in 2021 is designed to further accelerate the company's digital transformation. Beiersdorf is investing in new technologies and data-driven capabilities to further expand its leading skin care expertise in the digital market.



"Digitalization enables us to respond even better to consumers' wishes and develop products that meet their specific needs – from daily skin care routines to new innovative products."

Oswald Barckhahn
Member of the Executive Board

More than
380,000
unique
formula combinations

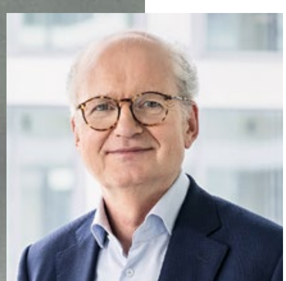
LOOKING BEYOND THE PACKAGING HORIZON

Sustainability has made its way into the bathrooms and skin care routines of consumers. Refill concepts and recycled packaging materials are replacing conventional disposable packaging. Solid shampoos and soaps are even making disposable packaging obsolete. That being said, cosmetics often cannot reach consumers without some form of packaging. In these cases, it's essential to make it as environmentally-friendly as possible. Beiersdorf is working with long-standing partners to put innovative packaging solutions into practice.

98%
of natural origin ingredients

Ambitious sustainability goals

Beiersdorf takes responsibility – in its own value chain and beyond. To that end, the company has set ambitious targets as part of its Sustainability Agenda "Care Beyond Skin". It has already achieved one of them: All NIVEA products are 100 percent free of microplastics since the end of 2021. Additional targets are set to be achieved by 2025: As part of the "Plastic Pledge" all packaging has to be refillable, reusable or recyclable. Additionally, Beiersdorf aims to use 30 percent recycled material in its plastic packaging. At the same time, the share of petroleum-based virgin plastic in packaging is to be reduced by 50 percent. Waste will thus be reduced and materials will be reused for as long as possible, thereby supporting the concept of a circular economy.



> **"Long-standing and trusting partnerships are essential for turning our ambitious sustainability goals into reality."**

Thomas Ingelfinger
Member of the Executive Board

Industry pioneer for sustainable packaging

Beiersdorf has joined forces with strong strategic partners to move forward on this challenging path. "Long-standing and trusting partnerships are essential for turning our ambitious sustainability goals into reality," says Thomas Ingelfinger, member of the Executive Board. One example of a successful partnership is the packaging for the NIVEA Naturally Good face care range. Instead of petroleum-based plastic, the products are made with certified, renewable polypropylene. Beiersdorf worked with the company SABIC to develop the raw material base for


30 %
absolute reduction
of greenhouse gas emissions in scopes 1, 2 and 3 by 2025 (vs. base year 2018)
50 %
reduction
of fossil-based virgin plastic by 2025 (vs. base year 2018)
Climate-neutral
production sites by
2030
30 %
recycled material
in plastic packaging by 2025 (vs. base year 2018)
100 %
of packaging
refillable, reusable or recyclable by 2025

the alternative plastic. It is made from tall oil, which is a by-product from the forestry segment. Its look and feel are basically indistinguishable from conventional plastic, but it conserves fossil resources. Beiersdorf also looked to its broad supplier network to find the right partner for another packaging innovation in the aerosol segment. Together with Salford Valve Company Ltd. (Salvalco), the company developed its first deodorant with a more sustainable spray valve: NIVEA ECODEO. The Eco-Valve technology allows the use of air-derived nitrogen as a propellant instead of butane propellants made from natural gas and oil. This makes it much more climate-friendly to begin with. In addition, the deodorant offers twice the yield thanks to the environmentally-friendly propellant, which further reduces the product's CO_2 footprint.

100% recycled aluminium

Environmentally-friendly without compromising on quality

The company is also setting new packaging standards in recycling while maintaining product quality: The starting point was a collaboration between Beiersdorf and Nussbaum Matzingen AG. The idea involved using aerosol cans for deodorants and shaving gels made from 100 percent recycled aluminum. This is because processing the recycled metal consumes up to 95 percent less energy than producing new aluminum. "The idea was promising, but the technology for producing aerosol cans from recycled consumer goods material didn't exist yet," explains packaging expert Alban Bourcier, "so we developed it as we went along." The result of the cooperation can already be seen: The first aerosol cans made from 100 percent recycled beverage aluminum cans have recently become available in Germany and other European countries will soon follow. Beiersdorf is an industry pioneer in this area. Both the NIVEA MEN deodorant sprays and the NIVEA MEN shaving gels feature the new recycled packaging. "What makes the cans so special is that they use less material than before, because the recycled aluminum is more robust," adds Alban Bourcier. Compared to the previous NIVEA MEN deodorant sprays, the more sustainable successors ensure 28 percent lower CO_2 emissions – without sacrificing quality or safety. The new aluminum cans for shaving gel are even better, causing 35 percent fewer CO_2 emissions than the previous version.

> **"Our production sites are a key lever in reducing our energy-related emissions."**

Harald Emberger
Member of the Executive Committee

Reducing emissions on all levels

Beiersdorf is also taking a holistic approach when it comes to emissions. For example, it aims to reduce greenhouse gas emissions in absolute terms along the entire value chain (scopes 1–3) by 30 percent by 2025. "Our production sites are a key lever in reducing our energy-related emissions," explains Harald Emberger, member of the Executive Committee. Since 2019, all production and office sites worldwide have sourced 100 percent of their electricity from renewable energy sources. The Berlin plant switched to biogas at the beginning of 2022. This means that the heating and process heat generated on-site for operations is now produced from renewable resources in a climate-neutral manner. The goal is to have climate-neutral operation at all production sites worldwide by 2030.

WE ARE
BEIERSDORF

Today's working world is diverse and subject to constant change. Against this background, the team spirit and sense of belonging felt by a company's employees are an important sign of its strength. More than 20,000 people work for Beiersdorf worldwide, and they have always placed a high value on their sense of community. The foundation for this is respectful interaction with one another and the ability to approach different issues with an open mind. The fact that this mindset flourishes in practice is evident both in the daily work of employees as well as in the company's innovative projects for the future.

Beiersdorf employs people from more than 100 countries worldwide. In Global Procurement Marketing alone, 18 nationalities work together. The team is involved in all strategic marketing decisions globally with a wide range of tasks. In a brief interview Nelli Louloudi, Director Global Procurement Marketing & Media, and Federico Caro Valero, Team Lead Procurement Creative, describe the benefits and challenges of an **intercultural working environment**.

What are the benefits of having an international team?

Nelli: Overall, I am convinced that a diverse and inclusive team is the key to success for visionary and innovative ideas. We operate globally, so a diverse cultural background is of course an advantage. However, our team not only represents different cultures, but also different age groups, lifestyles or work models. When these different perspectives come together, it is not only inspiring, but also leads to higher engagement and better quality.

How do you meet the challenges of an intercultural work environment?

Nelli: Openness and mutual respect are important prerequisites. You have to create a safe environment where everyone can present their ideas openly and feel accepted and appreciated.

Federico: I am always open-minded and non-judgmental toward others. That's a good way to avoid misunderstandings. I also like to socialize outside of work, because that's how you really get to know a person.

What have you been able to learn from colleagues of different cultures?

Federico: A wide range of useful qualities: from my German colleagues I learned about organization. My U.S. colleagues taught me a certain directness, and my Asian colleagues how important it is to really listen to others. I have adopted a lot of that and continue to work on myself without losing my authenticity.

“Diverse teams, including international diversity, consistently demonstrate great benefit for the individuals and our organization.”

Ramon A. Mirt
Member of the Executive Board

"New Work" describes the transformation of our working world – from digitalization to leadership to the need for meaningful work. With its dynamic workplace concept, which is already being implemented at some locations, Beiersdorf has laid the foundation for its future working world. In a brief interview, Marie Boden, Manager Campus & Projects at Beiersdorf, explains what this means in detail.

What exactly is dynamic working?
Marie: Dynamic working focuses on the individual needs of employees. If you need to perform many different tasks, you need space in varied forms. In addition, employees have different preferences when it comes to structuring their workday. Our concept is geared toward this: a varied and variable office design – from retreat rooms to creative hubs – smart technologies for individual and team work, and flexible work arrangements.

How can dynamic working be implemented successfully?
Marie: An important prerequisite is that employees also engage mentally with the new ways of working. To this end, we have developed initiatives on various topics such as digital working methods and team dynamics in order to provide all employees, and especially managers, the best possible support early on the transformation process.

The Beiersdorf Campus is currently being built in Hamburg, where dynamic working will become a reality beginning in 2023. What was particularly important in the planning process?
Marie: We took a collaborative approach right from the start and actively involved our employees in the design through workshops, surveys, and events. This investment is paying off. We will create a place that largely combines work and quality of life – from innovative interior design to a wide range of sports options and various services that improve and simplify employees' everyday lives.

"Beiersdorf practices and embraces a culture that emphasizes community, and that's what our new office worlds reflect. They are inviting, inspiring places for meeting and interdisciplinary collaboration."

Zhengrong Liu
Member of the Executive Board

AT **BEIERSDORF** WE HAVE BEEN **CARING ABOUT SKIN SINCE 1882.**

Beiersdorf's success is based on its strong portfolio of internationally leading brands. It is thanks to them that millions of people around the world choose Beiersdorf day after day. Our brands boast innovative strength, outstanding quality, and exceptional closeness to our consumers. By responding quickly and flexibly to regional requirements, we are winning the hearts of consumers in nearly all countries worldwide. Our skin and body care brands form the focus of our successful brand portfolio and each brand serves very different areas: NIVEA is aimed at the mass market, Eucerin at the dermo-cosmetics market, and La Prairie at the selective cosmetics market.

With its Hansaplast and Elastoplast brands, Beiersdorf also has a global presence in the field of plasters and wound care. Renowned brands such as Aquaphor, Coppertone, Chantecaille, Labello, 8x4, atrix, Hidrofugal, Maestro, and Florena round off our extensive portfolio in the Consumer Business Segment. Through the tesa brand, which has been managed since 2001 by Beiersdorf's independent tesa subgroup, we also offer highly innovative self-adhesive system and product solutions for industry, craft businesses, and consumers.

To Our Shareholders

Pages 25–34

Dear Shareholders, dear Readers,

The past fiscal year was again exceptional and challenging for us in many respects – but, above all, it was ultimately successful. In 2021, Beiersdorf delivered very good results and showed strong growth despite the ongoing turbulences related to COVID-19. The past year was also special for me personally. In my first year as Chairman of the Executive Board, the global Beiersdorf family confirmed my faith in its ability to achieve great success, to go above and beyond the ordinary, and to stand together. This extraordinary commitment makes me proud and underscores what a reliable partner we are for all our stakeholders, even in times of crisis.

Future-oriented investments during the pandemic

During the second year of the COVID-19 pandemic, we strengthened our company profile and continued to implement our business strategy C.A.R.E.+. Our investments and our strategic focus on sustainability, innovation, digitalization, and growth are already paying off: We're impressing our customers with sustainable skin care innovations and thus standing our ground in a challenging market environment. We're further expanding our ecommerce business, and we're ensuring that we reach consumers digitally wherever they are. We're tapping growth potential, for example, through the acquisition of the US-based prestige cosmetics brand Chantecaille. And we're investing in a state-of-the-art global production and logistics network that is both efficient and sustainable. The most notable example for this is our new site in Leipzig-Seehausen.

Strong business performance surpasses pre-crisis levels

With these investments in our strategic program, we took advantage of the demanding momentum in this past fiscal year, and at the same time made significant progress in our strategic focus areas. In this way, we continued to develop and meet our forecast for the 2021 fiscal year. Our business figures reflect this: In 2021, Beiersdorf generated Group sales of €7,627 million (previous year: €7,025 million), an increase of 8.6% in nominal terms and 9.7% in organic terms. We thus exceeded our pre-crisis level and managed to gain market shares worldwide. The operating result (EBIT) excluding special factors increased from €906 million in 2020 to €993 million in the reporting year, resulting in an EBIT margin improvement to 13.0% (previous year: 12.9%). Despite increasing material and transportation costs, we were able to keep our gross margin stable, which supported profit development in a challenging environment.

The Consumer Business Segment achieved an organic rise in sales of 8.8%. Nominal sales were up 7.5% from €5,700 million in the previous year to €6,129 million. The EBIT margin excluding special factors was 12.1% for the Consumer Business Segment (previous year: 12.3%).

Out tesa business had a tremendously successful year 2021. Organic sales at tesa grew by 13.6%. In nominal terms, sales therefore increased by 13.1%, from €1,325 million in the previous year to €1,498 million in the year under review. The EBIT margin excluding special factors was 16.9% for tesa (previous year: 15.4%). Tesa's Direct Industries division registered a double-digit increase in sales in 2021, driven by successful project business in the consumer electronics business (smartphones and tablets), but also supported by a strong recovery in the automotive industry where tesa could offer innovative applications in the e-mobility area. On top of that, the Trade Markets division showed another strong year. Especially the business with Consumer & Craftsmen grew again, pushed by continued strong growth in digital sales channels.

Care Beyond Skin as a guiding principle

Care Beyond Skin is our purpose and our responsibility: We care for people, society, and the environment. I'm very proud of the many Care Beyond Skin initiatives we realized in 2021; these included our global vaccination initiative for employees and their families, our joint efforts with the NGOs Plan International CARE and Ashoka to empower girls worldwide, and the launch of the first climate-neutralized NIVEA products. In addition, we are prioritizing, ambitious climate target and a reduction in our CO_2 emissions. Our aim is to cut our Scope 1, 2, and 3 emissions by 30% in absolute terms by 2025 (base year: 2018). We are also making important progress at our production sites: Our Berlin plant, Beiersdorf Manufacturing Berlin (BMB), started nearly climate-neutral production (in terms of Scope 1 and 2 emissions) in January 2022. It is the first plant in Beiersdorf's production network to do so. We are aiming to achieve climate neutrality at all production sites by 2030.

The market demands innovations and digital solutions

Beiersdorf intends to lead the skin care of the future. That is why we are investing an additional €300 million in the areas of digitalization, sustainability, and growth markets over the next few years as part of our C.A.R.E.+ strategy. With the recent acquisition of Chantecaille, we will expand our premium skin care portfolio around La Prairie and further strengthen our presence, particularly in the United States, China, and South Korea. Digitalization will also progress in the coming months. Simply having a good product is no longer enough; consumers now expect individual offers and innovative digital solutions that provide them with a unique

Vincent Warnery
Chairman of the Executive Board

experience. Above all, they want to see real added value in their natural habitat: the digital space. We are therefore investing specifically in the development of personalized, high-quality skin care innovations – whether with in-house brands or through investments in start-ups like dermanostic. This young company operates in the strategically important field of digital health, offering consumers dermatological diagnoses and consultations via an app.

Strengthening NIVEA as a global brand
Our Eucerin, Hansaplast, and La Prairie brands are very successful worldwide. In recent years, we have designed a new operating model with a much stronger global footprint and, at the same time, developed and introduced highly successful product innovations such as Thiamidol. We have also positioned our brands both online and offline. As a result, and despite the global economic challenges in recent years, we are seeing double-digit growth across all three brands. Now I want to leverage this successful approach to position our flagship brand NIVEA. Our focus in the coming months and years will be on delivering fewer, but better and bigger product launches, innovations, and campaigns. Our brands must awaken consumer desires, satisfy their expectations, and develop better innovations more quickly. We are starting this new year with a revised business model for our iconic NIVEA brand, one that will unleash the power of NIVEA more effectively and turn it into an even more global, digital, and sustainable brand.

Looking ahead to 2022, my fellow board members and I are convinced that we have the right employees, the right strategy, the right brands, and the right motivation to make this another successful year for Beiersdorf.

I would like to say a special thank-you on behalf of the Executive Committee Board to our more than 20,000 employees. Their exceptional commitment and expertise are why our consumers place such great trust in us. I also want to thank our consumers, our business partners, and you, our shareholders: Your trust in our work is an important foundation for our success. I am grateful for this support and delighted that you are with us on our journey.

Sincerely,

Vincent Warnery
Chairman of the Executive Board

Our **Management Team**

from left to right
Thomas Ingelfinger // Europe (until December 31, 2021)
Zhengrong Liu // Human Resources
Oswald Barckhahn // Europe, USA & Canada
Grita Loebsack // NIVEA
Patrick Rasquinet // Pharmacy & Selective
Vincent Warnery // CEO
Astrid Hermann // Finance, tesa SE
Ramon A. Mirt // Emerging Markets
Dr. Gitta Neufang // VP Research & Development
Harald Emberger // VP Supply Chain, Quality Management

Beiersdorf's Shares and Investor Relations

The performance of the capital markets in 2021 was shaped by the fight against the coronavirus pandemic and its global economic impacts. While the first half of the year was dominated by advancing vaccination campaigns and, with them, the hope for a normalization of everyday life, the focus in the second half of the year turned to bottlenecks in global supply chains and sharp rises in commodity prices. Toward the end of the year, there were also increasing concerns about the spread of new variants of COVID-19.

After a significant drop in global economic growth in 2020, the reporting year saw a marked recovery. In China, as in many industrialized nations, catch-up effects in consumer spending, which were accompanied by sharp growth in order books, drove strong economic expansion at the beginning of the year. As in the previous year, China successfully contained the pandemic with targeted and far-reaching measures and saw strong growth particularly in online retail. Growth both here and in other large industrialized nations slowed as the year progressed, however. The strong rise in demand also temporarily overloaded supply chains and generated demand shocks on commodity markets. The shortage of semiconductors, an essential input in many industries, became a critical bottleneck in this context. Overall, this development led to high material and transport costs, including in the cosmetics industry.

A similar trend was also seen in other large industrialized countries such as the United States. Following President Biden's inauguration, the key indexes such as the S&P 500 and Dow Jones soon reached new highs at the beginning of 2021, driven by optimism in the fight against the pandemic. The capital markets increasingly cooled off in the second half of the year, with inflation worries joining rising commodity prices and supply chain problems as the focus of investors' attention. The Federal Reserve announced in the second half that it would progressively reduce its corporate bond purchases and presented a multi-year plan for interest rate hikes, considerably dampening the capital market euphoria.

The same economic issues and debates also dominated in Europe, combined in Germany with reporting on the federal elections in the fall. Like the US indexes, the DAX rallied at the beginning of the year to hit new record highs. However, the momentum ran out as the second half of the year began amid debates about new waves of infection caused by mutations of the coronavirus. Nevertheless, the DAX ended the year at 15,885 points, well up on the closing level for 2020.

Beiersdorf's shares experienced a volatile 2021. With the presentation of the annual results on February 17, 2021, the Executive Board announced additional investments in sustainability, digitalization, and emerging markets as part of the C.A.R.E.+ strategy. The impact of these plans on profitability in the coming years initially met with a guarded response on the capital market. Free-float market capitalization – one of the main criteria for DAX membership – fell during the first quarter, with the result that our shares were removed from the index of Germany's 30 largest stock market-listed companies, in which they had been included for more than twelve years. By mid-year, however, the good progress of vaccination programs and the prospect that everyday life would return to normal led to a recovery in our business. On the back of strong half year results, our share price recovered and rose well above the 100-euro mark again. As the second half of the year began, however, the focus shifted to global supply chain problems and rising commodity prices. Uncertainty about the impact on margins put the HPC (home and personal care) sector as a whole under pressure. Despite these developments, Beiersdorf was readmitted to the DAX at the end of October in an unscheduled reshuffle, replacing a company leaving the index. In September, the index had been expanded from 30 to 40 companies.

As well as focusing on the pandemic and its impact on Beiersdorf's business, capital market communication concentrated in particular on introducing Vincent Warnery as the new CEO and Astrid Hermann as the new CFO. At virtual roadshows and conferences, the Executive Board explained how Beiersdorf is refining its business model and enabling itself to take advantage of market opportunities with the C.A.R.E.+ investment program.

This year's Annual General Meeting took place in a virtual format again at the Group's headquarters in Hamburg. Around 270 shareholders participated online in the Annual General Meeting on April 1, 2021. As well as being able to vote online, shareholders were also able for the first time to ask live questions via the digital platform.

Twenty-five financial analysts published regular research notes on Beiersdorf in the reporting year. The number of buy recommendations rose constantly over the course of 2021. In a market environment dominated in the fourth quarter by concerns about a further wave of the coronavirus, the development of our share price was subdued, with an annual performance of –4.3%. Our shares closed the year at €90.38.

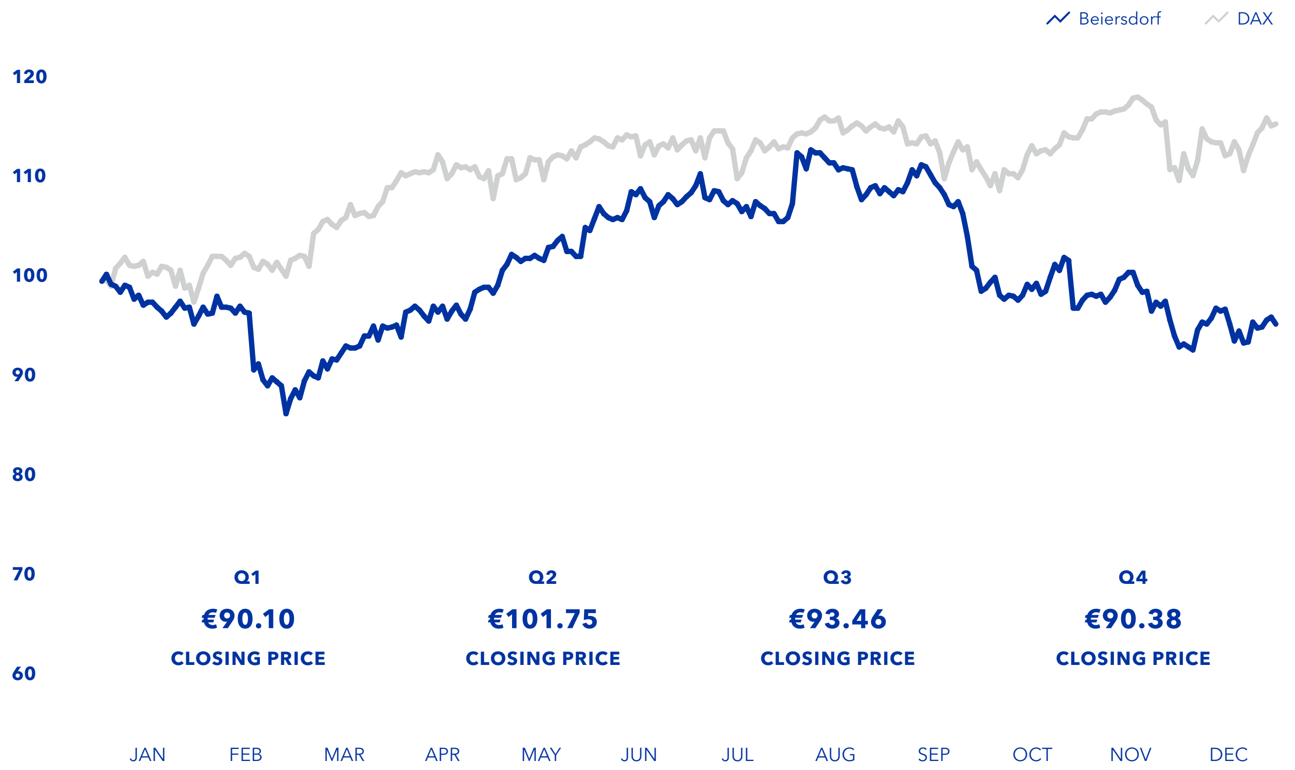
For more information on Beiersdorf's shares please visit **www.beiersdorf.com/shares**.
For more information on Investor Relations please visit **www.beiersdorf.com/investors**.

KEY FIGURES – SHARES

		2020	2021
Earnings per share as of Dec. 31	(in €)	2,47	2,81
Market capitalization as of Dec. 31	(in € million)	23,799	22,776
Closing price as of Dec. 31	(in €)	94.44	90.38
Closing high for the year	(in €)	107.70	106.95
Closing low for the year	(in €)	82.82	81.90

BEIERSDORF'S SHARE PRICE PERFORMANCE 2021

Jan. 1 – Dec. 31 / relative change in %

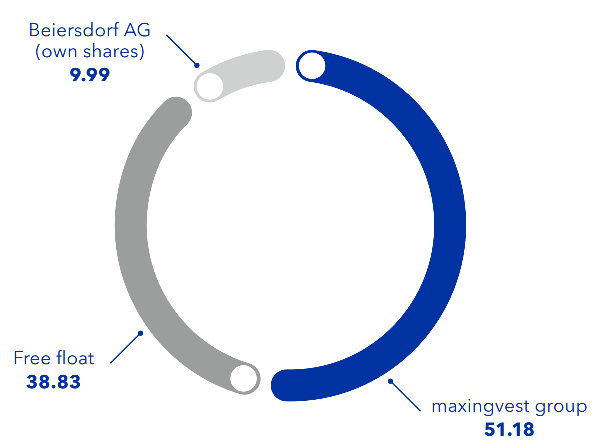


BASIC SHARE DATA

Company name	Beiersdorf Aktiengesellschaft
Admission year	1928
WKN	520000
ISIN	DE0005200000
Stock trading venues	**Official Market:** Frankfurt/Main and Hamburg **Open Market:** Berlin, Dusseldorf, Hanover, Munich and Stuttgart
Number of shares	252,000,000
Share capital in €	252,000,000
Class	No-par-value bearer shares
Market segment/index	Prime Standard/DAX
Stock exchange symbol	BEI
Reuters	BEIG.DE
Bloomberg	BEI GR

SHAREHOLDER STRUCTURE (IN %)

As of Dec. 31, 2021



Report by the Supervisory Board

Dear Shareholders,

In fiscal year 2021, the Supervisory Board performed its duties in accordance with the law, the German Corporate Governance Code, the Articles of Association, and the bylaws. It supervised and advised the Executive Board, focusing particularly on the C.A.R.E.+ strategy and on corporate planning, accounting, the course of business, the company's position and outlook, risk management, the internal control system, and compliance. The Executive Board reported regularly during and between the Supervisory Board meetings, both in writing and orally, particularly on significant events and developments in the business and market. The Supervisory Board also considered and discussed external views and developments concerning good corporate governance in Germany and other countries. Due to the ongoing effects of the global COVID-19 pandemic, the Supervisory Board continued to hold some meetings in a virtual format.

Training on new legislation covered supply chain law, CSR reporting, and the impact of the *Finanzmarktintegritätsstärkungsgesetz* (Financial Market Integrity Strengthening Act, FISG).

The Supervisory Board members' participation rate in meetings was 92.5% for the full Board, 95% for the Presiding Committee, 100% for the Audit and Finance Committee, and and about 83.33% for the Personnel Committee. The participation rates for the individual members who did not participate in every meeting were as follows: 9/10 full Board meetings for Wolfgang Herz, Jan Koltze, Prof. Manuela Rousseau, and Kirstin Weiland; 8/10 full Board meetings for Dr. Dr. Christine Martel; 7/10 full Board meetings for Hong Chow; 4/5 Presiding Committee meetings for Prof. Manuela Rousseau; 2/3 Personnel Committee meetings for Kirstin Weiland; and 1/3 Personnel Committee meetings for Prof. Dr. Reinhard Pöllath. There were no indications of any conflicts of interest relating to Executive Board or Supervisory Board members. Regina Schillings stepped down from her post effective from the end of the Annual General Meeting on April 1, 2021. Andreas Köhn joined the Supervisory Board to replace her.

The Executive Board and Supervisory Board worked together on detailed preparation and follow-up of meetings of the full Board and committees. Discussions took place with and among Supervisory Board members prior to and after the meetings. A secure digital platform for Supervisory Board members and assistants is available for drafts, documents, and comments.

The Supervisory Board's main objective remains to support the C.A.R.E.+ Executive Board strategy in order to achieve lasting growth in the company's business and value by delivering tangible consumer benefit, especially with the help of the remuneration system and investments in research, global product launches, market proximity, digitalization, sustainability, and diversity – actions taken today to secure the company's success and future.

Full Supervisory Board

The Supervisory Board met ten times. The meetings regularly addressed the company's strategic orientation, business developments, interim financial statements, compliance, Executive Board matters, and significant individual transactions. Proposals for decision were carefully examined and discussed. All members of the Executive Board generally took part in the Supervisory Board meetings. Part of each meeting took place in the presence of the Supervisory Board members alone. The meetings early in the year focused on the prior year's annual financial statements. At the mid-year meetings (some of which were not regular meetings), the Supervisory Board discussed the membership of the Executive Board and the company's strategic direction. The meetings at the end of the year concentrated on planning for the following year and on investment projects. An important topic throughout the year was, once again, the global COVID-19 pandemic with its effects on customers and the company.

On **January 29, 2021,** the Supervisory Board discussed the achievement of the Executive Board targets for fiscal year 2020 and set the total remuneration for Executive Board members. It also looked in depth at the figures for the 2020 fiscal year.

On **February 12, 2021,** the Supervisory Board addressed business performance in 2021 and looked extensively at the development of market share in 2020. Among other things, the meeting discussed the still noticeable impacts of the COVID-19 pandemic on the overall market and looked at performance in the online and Derma business. The Executive Board reported on its strategic priorities (including sustainability, diversity, and digitalization) and alternative scenarios for the annual planning in 2021. The Supervisory Board looked in depth at the largely finalized financial statements. The auditor reported on the focal areas of the preliminary audit. The Supervisory Board decided to present the previously agreed remuneration system for Supervisory Board members to the Annual General Meeting on April 1, 2021. It had an in-depth discussion of the agenda and proposals for decision for the Annual General Meeting on April 1, 2021, which would be held virtually once again.

At an extraordinary meeting on **February 16, 2021,** the Supervisory Board approved the remuneration system for the members of the Executive Board and the finalized annual planning for 2021 after detailed discussion. After a report by the auditor on the completed audit and a further discussion, the Supervisory Board approved the annual and consolidated financial statements and the combined management report for Beiersdorf AG and the Group, including the combined Non-financial Statement for Beiersdorf AG and the Group thus adopted the annual financial statements for the 2020 fiscal year. It discussed the Executive Board reports on dealings among Group companies and on the disclosures required under takeover law as well as the corporate governance statement. It approved the Supervisory Board's report to the Annual General Meeting and the remuneration report for the 2020 fiscal year. The Supervisory Board approved the agenda and proposals for decision for the online Annual General Meeting on April 1, 2021.

On **April 1, 2021,** the Supervisory Board discussed a report by the Executive Board on sales and market share by product category and region in the ongoing fiscal year as well as new product launches in the first quarter. The Supervisory Board also discussed the agenda and proceedings for the upcoming online Annual General Meeting, especially the extended participation options for shareholders.

Supplementary elections to the Supervisory Board committees took place after the Annual General Meeting on April 1, 2021, and the Supervisory Board approved the investment in a new warehouse for Central Europe. It decided on the audit engagements to be issued for the audit of the 2021 financial statements and the review of the half-year financial statements for 2021. It terminated the appointments of Dessi Temperley and Asim Naseer as Executive Board members, with their consent, effective from the end of April 5, 2021.

At an extraordinary meeting on **April 27, 2021,** the Supervisory Board terminated the appointment of Stefan De Loecker as Chairman of the Executive Board, with his agreement, effective from the end of April 30, 2021. His membership of the Executive Board was amicably terminated effective from the end of June 30, 2021. The Supervisory Board appointed Vincent Warnery as Chairman of the Executive Board effective May 1, 2021, and extended his term of office as an Executive Board member by five years. It also agreed an amendment to the schedule of responsibilities for the Executive Board.

At an extraordinary meeting on **June 28, 2021,** the Supervisory Board appointed Patrick Rasquinet as Executive Board member for Pharmacy & Selective effective July 1, 2021. Oswald Barckhahn was appointed as an Executive Board member effective October 15, 2021.

On **August 31, 2021,** the Supervisory Board approved the multi-year planning presented by the Executive Board. On this basis, it set the targets for the Executive Board's long-term remuneration in the planning period under the remuneration system approved by the Annual General Meeting. It discussed the recent performance of the business as presented by the Executive Board and the outlook for the full year 2021. This focused on the financial figures for the whole Group and its business areas as well as developments in market share, sustainability, digitalization, and the China business. The Supervisory Board also discussed a thorough presentation by the Executive Board on strategic initiatives for the future of the company. It decided on changes to the membership of the committees and appointed the external auditor for the 2021 Non-financial Statement.

At an extraordinary meeting on **October 25, 2021,** the Supervisory Board appointed Grita Loebsack as Executive Board member for NIVEA effective January 1, 2022.

On **November 30, 2021,** the Supervisory Board discussed the Group's business performance up to the end of October 2021. The members looked ahead to the end of 2021 and the company's expected key financial figures. The Executive Board reported to the meeting on various strategic initiatives. The Supervisory Board approved the annual planning for the Consumer Business Segment and the provisional annual planning for the whole Group presented by the Executive Board for fiscal year 2022. The Supervisory Board also gave its approval to a series of investment projects. The Supervisory Board set the targets and the target total remuneration for the members of the Executive Board for fiscal year 2022 and confirmed its appropriateness. It adopted an amendment to the schedule of responsibilities from 2022, the Declaration of Compliance with the German Corporate Governance Code for fiscal year 2021, the renewal of the objectives for its composition and profile of skills and expertise, and amendments to the bylaws for the Executive and Supervisory Boards. It also approved the acquisition of Chantecaille.

In **February 2022,** the Supervisory Board discussed the achievement of the targets set for the Executive Board for the 2021 fiscal year and, determined the total remuneration. It approved the annual and consolidated financial statements, along with the associated reports, and approved the proposals for decision for the Annual General Meeting on April 14, 2022.

Committees

The Supervisory Board prepares its work in six **committees**. These can make decisions in place of the Supervisory Board in individual cases. The chairpersons of the committees provided the Supervisory Board with regular detailed reports on the committees' work. The **Mediation Committee and Nomination Committee** did not meet in fiscal year 2021.

The **Presiding Committee** (five meetings) discussed business performance, Executive Board remuneration, and other Executive Board matters along with individual important transactions and investment plans. It prepared and followed up on the meetings of the full Supervisory Board.

The **Audit Committee** (eight meetings) primarily performed the preliminary examination of the annual and interim financial statements and combined management report, discussed the Executive Board's proposal for the appropriation of net retained profits, verified the independence and discussed the appointment of the auditor, specified the areas of emphasis for the audit, and discussed the legislative changes affecting the audit process. The committee made a proposal to the Supervisory Board for the election of the auditor by the Annual General Meeting. The auditor reported to the Audit Committee on the key findings of the audit, the results of the audit review of the half-year report for 2021, and other auditing matters. The committee also discussed the content and auditing of the combined Non-financial Statement. The auditor also participated in meetings related to audit matters. The committee regularly discussed the business performance, especially that of Coppertone, and the impact of the global COVID-19 pandemic. Other matters regularly discussed comprised risk management and the internal control system (including relevant audit matters), the Scope of non-audit services provided by the auditor, and sustainability topics.

The **Finance Committee** (four meetings) addressed, in particular, investments and the investment strategy for cash holdings on a regular and detailed basis with Compliance Management including Product Compliance at Consumer, tesa, and La Prairie.

The **Personnel Committee** (three meetings) discussed the long-term planning of appointments to positions in and beneath the Executive Board. It welcomed the steps taken in the company on diversity and inclusion and the prospect of more such measures to come and received thorough reports on the progress achieved based on performance indicators.

Annual Financial Statements and Audit

The annual financial statements are prepared in accordance with the requirements of the *Handelsgesetzbuch* (German Commercial Code, HGB), and the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs), as adopted by the EU, and taking into account the applicable interpretations of the IFRS Interpretations Committee. The supplementary requirements of German law are also applied. The **auditor** audited the **2021 annual financial statements and consolidated financial statements,** the **combined management report** for Beiersdorf AG and the Group, and the combined **Non-financial Statement** for Beiersdorf AG and the Group, and issued unqualified audit opinions for them. With regard to the Executive Board's report on dealings among Group companies (§ 312 *Aktiengesetz* (German Stock Corporation Act, *AktG*)) required due to the majority interest held by maxingvest ag, Hamburg, the auditor, following the completion of his audit in accordance with professional standards, confirmed that the information contained therein is correct; that the compensation paid by the company with respect to the transactions listed in the report was not inappropriately high; and that there are no circumstances which would justify, in relation to the measures specified in the report, a materially different opinion than that held by the Executive Board.

The Supervisory Board received the 2021 annual financial statements and consolidated financial statements, combined management report for Beiersdorf AG and the Group, including the combined Non-financial Statement for Beiersdorf AG and the Group, the report on dealings among Group companies, and the auditor's reports immediately after their **preparation**. Prior to this, the Supervisory Board received and discussed drafts of the provisional financial statements. The auditor participated in the deliberations of the Supervisory Board on the annual financial statements of Beiersdorf AG and the Group and reported on the key findings of its audit to the Audit Committee and to the full Supervisory Board. The Supervisory Board's examination of the annual financial statements and consolidated financial statements, combined management report, and combined Non-financial Statement for Beiersdorf AG and the Group, the report on dealings among Group companies, including the concluding declaration by the Executive Board, and the auditor's reports did not raise any objections. At an ordinary meeting on February 22, 2022, the Supervisory Board concurred with the auditor's findings and approved the annual financial statements of Beiersdorf AG and the consolidated financial statements for the year ending December 31, 2021; the annual financial statements of Beiersdorf AG are thus **adopted**. The Supervisory Board endorsed the Executive Board's proposal on the appropriation of net profit.

The Supervisory Board supports the C.A.R.E.+ strategy of investing in the future and doing business responsibly. These principles have always been the foundation for Beiersdorf and the work of its employees for the benefit of consumers and society. The Supervisory Board would like to thank all employees and business partners. Thanks to their efforts, Beiersdorf has largely overcome the impacts of the global crises in 2020/21 and laid the foundations to successfully meet the challenges of 2022 and beyond. Especially in this difficult environment, C.A.R.E.+ is helping the company use resources responsibly to the benefit of all, both today and in the future. The Supervisory Board would also like to thank all consumers and stakeholders for their trust, support, and constructive criticism as together we make Beiersdorf even better and continuously more successful.

Hamburg, February 22, 2022
For the Supervisory Board

Reinhard Pöllath
Chairman

Combined Management Report

Pages 35–118

C.A.R.E.+

COMPETITIVE + SUSTAINABLE + GROWTH

NIVEA Eucerin® Hansaplast LA PRAIRIE SWITZERLAND

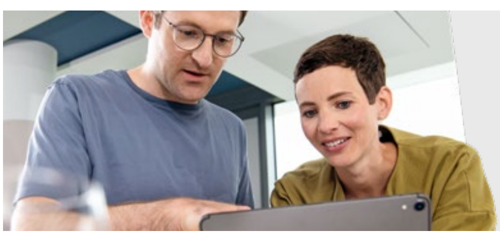
Strengthen our brands by enriching their purpose

Growth Drivers


FAST FORWARD DIGITAL TRANSFORMATION


WIN WITH SKIN CARE


UNLOCK WHITE SPOT POTENTIAL


FUEL THE GROWTH
THROUGH INCREASED PRODUCTIVITY

BUILD ON STRONG FOUNDATIONS:
CULTURE – CORE VALUES – CAPABILITIES – CARE BEYOND SKIN

Foundation of the Group

Business and Strategy

Founded in 1882, Beiersdorf is today one of the world's leading companies in the consumer goods industry. A strong, global brand portfolio and more than 20,000 employees in over 170 subsidiaries worldwide contribute to the Group's success. Beiersdorf's business is divided into two separate, independently operating business segments. In both segments, we hold market-leading positions and are confident that we can further increase our market share by anticipating the wishes of our consumers and offering them real added value with innovative, high-quality products.

- In the Consumer Business Segment, our focus is on skin and body care. Our strong portfolio comprises brands such as NIVEA, Eucerin, La Prairie, and Hansaplast, which are trusted by people around the world.
- In the tesa Business Segment, we concentrate on developing innovative adhesive tapes and self-adhesive solutions for industry, craft businesses, and end consumers. Since 2001, tesa has been managed as an independent subgroup.

Consumer

Our strategy

For around 140 years, our focus has been on skin care – our core competency. We want to deliver added value for our consumers with new innovations and ensure that people all around the world feel good in their skin.

In 2019, we formulated our C.A.R.E.+ business strategy. This is designed to ensure competitive, sustainable growth and respond to a fast-changing environment defined by megatrends such as digitalization and sustainability. Already identified by us as key issues before the pandemic, these are topics whose importance has only increased as a result of COVID-19. Since the launch of C.A.R.E.+, we have systematically implemented and refined this business strategy further, focusing on innovation, digitalization, sustainability, and growth. These focus areas are reflected in our strategic priorities:

- Strengthen our brands by enriching their purpose
- Fast forward digital transformation
- Win with skin care
- Unlock white spot potential
- Fuel the growth through increased productivity
- Build on strong foundations: Culture – Core Values – Capabilities – Care Beyond Skin

We made important progress in all these areas in the reporting year – despite the uncertainties of COVID-19. The following initiatives and examples illustrate how we are following through on our strategy.

Strengthen our brands by enriching their purpose

These days, consumers are not just interested in product performance. They want to know what a brand stands for and what it is committed to. It is therefore essential to have a clear and unmistakable brand purpose.

Our iconic brands NIVEA, Eucerin, and Hansaplast also have a distinctive essence – and have clearly formulated it in a purpose. With "WE BELIEVE IN THE LIFE-CHANGING POWER OF DERMATOLOGICAL SKINCARE," the Eucerin brand brought its purpose to life already in 2020. After all, skin problems often affect not only our skin but also our self-confidence, mood, and quality of life. With dermocosmetics solutions for individual skin problems, our Eucerin brand's purpose is to provide a lasting improvement in wellbeing for those affected.

Following Eucerin's example, NIVEA and Hansaplast formulated their own brand purposes in 2021 and began communicating them to the public. Since January 2021, NIVEA's communications have centered on the purpose of "Care for Human Touch to Inspire Togetherness." By 2025, the brand plans to invest €20 million in local projects around the world to improve the health and wellbeing of over 150,000 people, including premature babies, people with visual impairments, elderly people with dementia, and girls experiencing gender discrimination. The aim is to boost human connection and resilience in order to reduce feelings of loneliness.

With a major relaunch of the Healthcare brands Hansaplast, Elastoplast, and CURITAS, Beiersdorf repositioned its brand portfolio at the beginning of the reporting year. This included new product innovations in more sustainable packaging. The relaunch also communicated the new Healthcare brand purpose for the first time: "We've got you covered. For a life uninterrupted" encapsulates our determination that everyday injuries should not affect everyday life.

Fast forward digital transformation

The digital transformation is a key factor for Beiersdorf's business success – both now and in the future. We observe that the coronavirus pandemic has further accelerated the changes in the consumer goods industry. E-commerce and digital dialogue with consumers are ever more vital. With our digital strategy we aim to engage more strategically with consumers in the digital spaces they are already using every day. We intend to take our products directly to consumers and increase the number of individual digital touchpoints.

Sections marked with contain information that is part of our Non-financial Statement (see page 39 onwards).

In the digital world, too, we are focusing on individual skin care needs. We are investing systematically in new technologies and digital solutions. These prioritize digital consumer interaction and the emotional appeal of our brands, for example through personalized brand experiences. At the same time, we are also improving our employees' digital skills so that they can keep pace with the rapid changes in technology.

Beiersdorf implemented a range of initiatives to further accelerate the digital transformation in 2021. These formed part of our "Digital Fast Forward" strategic program – our vision to digitalize our business and improve our consumers' lives, based on six targets for 2025. Investment in the e-commerce business is a fundamental component of the "Digital Fast Forward" program and was already paying off in the reporting year, driven by the global boom in online business.

One example of a major digital initiative in 2021 was the special dynamic messaging we developed for NIVEA SUN. Based on weather data and individual user behavior, we not only inform our consumers about the right type of sun protection but also link this information to a matching product offering. We reached more than 16 million consumers in the United Kingdom and Germany with over 200 precision marketing advertisements over the summer months of 2021.

Further example of our digital ambitions is our work on digital skin care and our use of artificial intelligence, for example in the development of new formulas, the NIVEA SKiN GUiDE, and our skin research study SKINLY. These topics are explored in more detail in the "Research and Development" section and under "Win with skin care" below.

With our OSCAR & PAUL Beiersdorf Venture Capital Fund, we took a step toward digital health and teledermatology at the end of the reporting year and invested in the Dusseldorf based company dermanostic. This start-up offers personalized diagnoses of skin conditions and recommends possible therapies, all through a mobile app. For mild conditions, dermanostic can even replace a visit to a dermatologist altogether, offering rapid solutions for individual skin problems. For us, the investment is an important example of the digitalization of our dermocosmetic skin care segment.

Win with skin care

Skin care innovations are an essential component of our C.A.R.E.+ strategy. We want to win with skin care by rapidly anticipating consumer needs, developing key innovations, and bringing them to markets all around the world – innovations that offer genuine added value for our consumers and are both high-quality and dependable. This also involves building and maintaining a powerful brand portfolio that can meet the varied needs and wishes of consumers worldwide. In addition, Beiersdorf is investing through selected partnerships in innovative business models and future growth areas for skin care.

The NIVEA brand's high-quality LUMINOUS630® face care range – for all consumers who care about facial pigment spots – performed well. With the NIVEA Naturally Good face care range, we brought our first climate-neutralized deodorants[1] to market in some 30 countries during 2021. In addition, we transitioned to a fully climate-neutralized[1] NIVEA shower gel range on the German market and launched the sustainable NIVEA MagicBARs – our first certified natural cosmetics products from NIVEA. With these steps, we aim to reduce our environmental footprint and enhance our transformation toward greater sustainability under our "Care Beyond Skin" sustainability agenda.

In 2021, the patented active ingredient Thiamidol from our dermocosmetics brand Eucerin was used in the DERMOPURE range – Beiersdorf's first set of products for post-acne marks. In addition, Eucerin has launched its first medical device with sun protection factor 100. Eucerin ACTINIC CONTROL MD offers protection from UV rays for people with already sun-damaged skin. The product prevents actinic keratosis (the most common precursor to non-melanoma skin cancer) and non-melanoma skin cancer and can also serve as an adjunctive treatment for actinic keratosis[2].

Another area in which we intend to strengthen our presenceis the personalized skin care segment. With the new O.W.N (Only What's Needed) brand, we established Beiersdorf's first personalized face care routine in February 2021. O.W.N uses artificial intelligence and is based on an algorithm that aggregates our expertise and selects the best product solution for every individual from 380,000 possible formula combinations. This is where the findings from the major Beiersdorf study SKINLY come in – an important milestone in our activities in the field of artificial intelligence. In May of the reporting year, we focused on yet another area of the personalization trend segment with a venture capital investment in the new, personalized skin care brand Routinely. This is a modular skin care routine that takes account of the skin's dynamic nature.

More information about these and other new products from Beiersdorf can be found in the "Research and Development" section.

Unlock white spot potential

Another element of Beiersdorf's C.A.R.E.+ strategy is tapping into growth markets and new business areas. In doing so, we want to unlock "white spots" and offer relevant added value for people all around the world.

The opening of a large innovation center in 2020 marked an important milestone in tapping the growth potential in China. This is now the second-largest site in our global research and development network. By bringing together all our activities in China in a central location, we are convinced that we can more effectively promote our growth in the Chinese market, which is crucial to us – for example by developing local products or by taking advantage of market proximity with specially targeted activities.

[1] Remaining CO_2 emissions are balanced through certified climate projects. More on NIVEA.com/Climate
[2] cf. S3 Guideline ‚Aktinische Keratose und Plattenepithelkarzinom der Haut'; an own study with ACTINIC CONTROL MD does not exist.

The latest new member of our research network is an ultra-modern innovation center in New Jersey, United States, which is designed to enable new growth opportunities for us in the important North American market. We are convinced that it provides the ideal environment in which to swiftly develop local product innovations for the NIVEA, Eucerin, Aquaphor, and Coppertone brands. New Jersey will also be our first global center of excellence for over-the-counter (OTC) products – a promising move given that the United States is the world's largest market for skin and sun care markets.

Our activities in personalization, digitalization, and artificial intelligence (AI) are also unlocking growth potential, with each of these areas becoming increasingly important to the skin care business. The new face care brand O.W.N introduced in February 2021 and the investment in our new personalized skin care brand Routinely are therefore not only examples of how we "win with skin care", but also how we are turning opportunities into growth. All these topics are explored in more detail in the "Research and Development" section.

Fuel the growth through increased productivity

We firmly believe that investment is a prerequisite for growth and innovation. At the same time, strict cost discipline and a fast-moving, lean, and focused organization are essential to further improving the efficiency of our organization. Various measures taken in the reporting year helped us further increase the efficiency, agility, and resilience of our supply chain, allowing us to respond even better to the changing circumstances.

The new production site we are building in Leipzig, with a total investment of €220 million, is leading the way to sustainable growth and an expanded, future-proof supply chain infrastructure in Central Europe. Up to 450 million cosmetics products will roll off the production line at the 32,000 m^2 plant every year, including deodorants, hair sprays, and shaving foams for the entire European market and for export further afield. There will be scope to expand capacity further in future depending on market and business development. We laid the cornerstone for the new plant at a ceremony in September 2021, and production is due to begin at the end of 2022. In keeping with our sustainability agenda, we are aiming for the new plant to achieve gold certification under the widely recognized rating system for sustainable buildings, LEED (Leadership in Energy and Environmental Design).

In close proximity to the new plant, Beiersdorf is investing €170 million in the construction of a state-of-the-art hub. Together with the €220 million for the new production center, this represents Beiersdorf's largest investment in a single site anywhere in the world. Combining the production center and hub should provide us with long-term options to expand and configure the site as a basis for offering the best possible service to our trading partners and pharmaceutical wholesalers. The new hub also puts the important issue of sustainability center stage: for the new logistics center, we are aiming for CO_2-neutral operation and corresponding sustainability certification.

Our Berlin plant – Beiersdorf Manufacturing Berlin (BMB) – will also play an important role in our climate protection efforts. From January 2022, this will be the first plant in Beiersdorf's production network to become virtually climate neutral in terms of Scope 1 and 2 emissions. To achieve this, it is switching from natural gas, a fossil fuel, to biomethane. Only parts of the vehicle fleet and the emergency power supply (1%) will continue to run on fossil fuels after the switch. These residual emissions will be offset using high-quality CO_2 certificates.

Further investments have been made at our plants in Poland and Mexico. At our site in Poznan (Poland), we are expanding while operations continue. After completion of the work, annual production capacity will grow by more than 100% from 190 million units to 400 million units per year. The number of different packaging formats will grow by 150% and storage capacity will expand from 5,500 to 15,000 pallet spaces. In Silao, Mexico, Beiersdorf is investing approximately €130 million in expanding the production center and achieving high flexibility with extensive use of modern automation technology for future growth and efficiency gains. After completion of the expansion in 2024, Beiersdorf Manufacturing Mexico (BMM) will be one of Beiersdorf's three largest production sites.

Building on our strong foundations: Culture – Core Values – Capabilities – Care Beyond Skin

Our employees are our most important capital. They are also an intrinsic part of our unique corporate culture, which is shaped by values such as openness, trust, and honesty and is built on diversity and inclusion. This culture is underpinned by our Core Values of Care, Simplicity, Courage, and Trust. Even amid the difficulties of the pandemic, these values ensure that we act as a team and support each other – always with the aim of fulfilling our consumers' needs and wishes to the best of our ability and meeting our responsibility toward society and the environment.

The coronavirus pandemic has shown once again what Beiersdorf stands for and what defines us as a company – because our care and concern go far beyond our core competence, skin. Our clearly formulated purpose Care Beyond Skin expresses our motivation to enhance people's welfare and to do everything we can for society and the planet. By acting in a way that recognizes our social responsibility, for example in the international aid program we launched at the beginning of the pandemic or in the various initiatives of our sustainability agenda, we aim to bring this purpose to life. Detailed information about our sustainability agenda can be found in the Non-financial Statement.

Beiersdorf has been driving the transformation to the new world of work for several years now. This is part of a comprehensive cultural shift designed to make both the company and its employees fit for the challenges of the future. From enabling flexible working from home to creating modern workplaces – Beiersdorf is committed to actively shaping the future world of work.

And we are bringing our employees with us on this journey. We invest continuously in training our workforce in the firm belief that the skills and expertise of our employees are essential to our sustainable growth and long-term success. We are becoming a learning organization with our global learning strategy, which encourages self-directed, lifelong learning by all, preparing everyone for the working world of the future. Further information can be found in the "People at Beiersdorf" chapter.

tesa

tesa SE (referred to in the following as "tesa") is one of the world's leading manufacturers of self-adhesive products and system solutions for industrial customers and consumers. tesa SE, a wholly owned subsidiary of Beiersdorf Aktiengesellschaft, is managed as an independent subgroup that is the direct or indirect parent company of 61 tesa affiliates (previous year: 61), employs 4,827 people and operates in more than 100 countries.

In fiscal year 2021, tesa sold tesa scribos GmbH, Germany. Moreover, the tesa Site Haiphong, Vietnam, was established in Southeast Asia. The number of affiliates thus remains unchanged.

tesa operates worldwide, with its main focus on Europe, followed by the business regions of Africa/Asia/Australia and the Americas. In addition to the German locations, the affiliates in China, the United States, Italy, and Singapore are among tesa's largest and strategically most important single companies. tesa has production facilities in Europe (Germany and Italy), North America (United States), and Asia (China). The company headquarters, which include the research and technology center, are located in Norderstedt, near Hamburg (Germany).

Direct Industries

In the Direct Industries division, tesa supplies specialized system solutions directly to industrial customers, especially in the automotive, electronics, printing and paper, and building and construction industries. The strategic focus is primarily on developing and expanding profitable business lines in technologically advanced fields of application. tesa's system solutions are used to optimize and enhance the efficiency of production processes, as fastening solutions in construction-related applications – often offering features beyond just bonding – and as customized protection and packaging systems.

Another promising business area that tesa is developing for the future is being handled by tesa Labtec GmbH. This tesa affiliate develops and manufactures transdermal therapeutic systems (medicated patches) as well as oral and buccal films (medicated films that release drugs inside the mouth and allow direct uptake through the oral mucosa) for the pharmaceutical industry.

Trade Markets

The Trade Markets division encompasses those markets in which tesa supplies end customers with market-driven products via retail partners or retail-like channels rather than directly (except for online retail). This segment includes the product ranges aimed at private consumers and craftsmen as well as adhesive tapes that are intended for commercial customers and marketed primarily via the technical trade and increasingly also online.

In the General Industrial Markets segment, tesa offers a wide range of products for diverse applications in various industrial sectors, including product ranges for assembly and repair, tapes to secure items during transportation, and adhesive solutions for the packaging industry.

In the Consumer & Craftsmen segment, whose business is focused on Europe and Latin America, tesa markets innovative product solutions intended for various applications, including for daily use in offices, the home, and in crafts. Under the tesa umbrella brand, DIY stores and superstores as well as paper goods and stationery shops offer end consumers a broad assortment of more than 300 innovative products in the consumer segment. The Craftsmen business area focuses on tailor-made product ranges for professional tradesmen as well as on the development and implementation of marketing concepts tailored to target groups.

Management and Control

The Executive Board manages the company and is dedicated to sustainably increasing its value. In addition to the functional areas of responsibility within the Executive Board, there are regional areas of responsibility. The Executive Board is closely involved in the company's operational business in particular through the allocation of responsibilities for the regions and markets. A breakdown of the Executive Board's areas of responsibility can be found in the chapter "Beiersdorf AG Boards" of the Notes to the Consolidated Financial Statements. The tesa Business Segment is managed as an independent subgroup.

Information on the remuneration of the Executive and Supervisory Boards as well as on incentive and bonus systems is provided in the Remuneration Report, which can be obtained in the section "Further information". The Combined Management Report includes the Corporate Governance Statement of Beiersdorf AG and the Group in accordance with §§ 289f and 315d *Handelsgesetzbuch* (German Commercial Code, HGB), which is also made publicly available on the company's website at **www.beiersdorf.com/corporate_governance_statement.**

Value Management and Performance Management System

The goal of Beiersdorf's business activities is to sustainably increase the company's market share by achieving qualitative growth and, at the same time, to expand its earnings base. The long-term key performance indicators – organic sales growth[1] in conjunction with market share development, EBIT, and the EBIT margin before special factors (the ratio of EBIT to sales) – are derived from this goal. The aim is to generate internationally competitive returns through continuous investment in growth opportunities, systematic cost management, and the highly efficient use of resources.

The company has created an efficient management system in order to meet these strategic goals. Corporate management derives business performance targets for the individual units in the Group for the coming year from the Group's strategic business goals. This planning covers all segments and affiliates. Formal adoption by the Executive Board and Supervisory Board of the Group's planning for the following year is generally toward the end of the year. In specific cases the planning is not finalized until the beginning of the fiscal year in view of current developments.

Actual key performance indicators are compared with target values and with the current forecast for the year as a whole at regular intervals during the fiscal year. These comparisons are used to manage the business in line with the objectives.

The tesa Business Segment forms a separate, independent unit within the Group. It is also managed on the basis of sales growth, the operating result (EBIT), and the EBIT margin.

Research and Development

Beiersdorf's business success has always been based on its research and development. For us, it is part of our entrepreneurial DNA and a continuous driver for new innovations and solutions that allows us to offer added value to our consumers throughout the world.

To bring promising ideas to market as quickly as possible, we regularly evaluate our research program and define clear focus areas. Our teams continuously promote trend-setting technologies, sustainable concepts, and digitalization of the workplace. Our research activities have different focuses in our individual business segments:

- In the Consumer Business Segment, Beiersdorf researches and develops innovative, high-quality skin care products. When developing new products, we always focus on the wishes of our consumers, important topics, such as sustainability, and regional characteristics.
- In the tesa Business Segment, we develop innovative adhesive tapes and self-adhesive system solutions for industry, commercial customers, and end consumers. Sustainability and energy-conserving production processes are always at the forefront of our work, in addition to being able to respond flexibly to current demands and market trends – always with the aim of making the workflows of our customers around the globe even better and more environmentally friendly.

As of December 31, 2021, 1,530 people were employed in research and development at Beiersdorf worldwide (previous year: 1,433). Of this total, 978 (previous year: 910) worked in the Consumer Business Segment and 552 (previous year: 523) in the tesa Business Segment.

As in past years, we increased our spending on research and development once again in the reporting year. At the end of the fiscal year, expenditure in this area amounted to €268 million, up 9.0% on the previous year (€246 million). In the Consumer Business Segment, Beiersdorf invested €202 million (+8.1%) and in the tesa Business Segment €66 million (+11.7 %) in research and development over the past year.

Consumer

Excellence in Skin Care Research

Since Beiersdorf was established, our company has always excelled in skin care. It is a driver of our innovative energy and strengthens our competitiveness. By deciphering the complex processes of the skin, developing effective active ingredients, and making use of the latest technologies – such as in the area of artificial intelligence – we aim to create a pipeline of new, compelling innovations and products.

[1] For the definition of organic sales growth refer to Significant Accounting Policies ("Notes to the Segment Reporting").

Intensive research not only helps us continuously acquire more understanding of the human skin – it opens up many opportunities in the highly dynamic field of skin biology and, consequently, is an important focus of our work. In the reporting year, for example, we focused on the following areas of research:

- A significant part of our research work for many years has been developing modern, non-animal-based **methods to assess safety**. With the results of these methods, we can provide evidence of the safety of our ingredients and, hence, of our products. As in the past years, in fiscal year 2021, we continued our intensive collaboration with the worldwide community of safety scientists – especially the Long Range Science Strategy (LRSS) Consortium of Cosmetics Europe. Since the modern Next Generation Risk Assessment (NGRA) primarily considers the level of exposure to a substance, a focus of our research was assessing the risks of ingredients with very little exposure – an area that is increasingly finding its way into general regulations, such as the European SCCS Notes of Guidance. As a result of the collaboration with various stakeholders, considerable progress has been made with regard to the Internal Threshold of Toxicological Concern (iTTC). Another focus was the read across approach. With this approach, the safety data of an existing substance is used to assess the safety of a new, chemically related ingredient. We also carried out research in the fields of digital toxicology and physiologically-based pharmacokinetic (PBPK) models. PBPK modeling is increasingly used in ingredient-specific risk assessments, especially in the field of UV filters. Basically, this is a virtual human being based on artificial intelligence (AI) in which the exposure and metabolism of an ingredient are simulated.

- Since the next generation of risk assessments will require more advanced in-vitro test systems, in the reporting year we also continued our research in the area of microphysiological systems (MPS), also known as **"organ-on-a-chip"** (OoC) technology. In close collaboration with our cooperation partner, TissUse, a biotechnology company based in Berlin, Germany, we trialled this technology for cosmetic purposes and introduced it to the LRSS program of Cosmetics Europe. Based on case studies, it was proved that the new system can make an important contribution to the risk assessment of cosmetics. In collaboration with the University of Hamburg, Germany, we also worked with the computer-supported **"Skin Doctor"** model during the reporting year. With this model, the skin-sensitizing potential of ingredients can be predicted with a high degree of accuracy and reliability. The application is based on the latest technologies of machine learning and was published by us in several publications.

- **Protecting the skin against sun exposure** is an important topic for Beiersdorf. For years, our experts have been researching the sun's impact on the skin in order to develop pioneering solutions for sun-related skin problems.

  It is well documented in scientific literature that long-wave UVA-1 and visible light can trigger temporary erythema and aggravate changes in pigmentation of the skin. In collaboration with the Henry Ford Hospital in Detroit, Michigan, our experts in the United States showed that a correct mixture of antioxidants can weaken the effect of long-wave UVA-1 and high energy visible (HEVIS) light by considerably reducing the erythema and pigmentation that is triggered by this part of the solar spectrum. As one of the leading companies in the sunscreen industry, in the reporting year, we also took an active part in the discussions about the Food and Drug Administration (FDA) regulations for UV filters via our trade association, the Personal Care Products Council (PCPC) and PASS (Public Access to Sunscreens). Here, we advocated that sound scientific findings should be the basis to further shape the laws in the US federal states.

  Beiersdorf is also involved in two new, non-invasive and alternative methods to assess the UVA protection factor and the sun protection factor, SPF. The methods will be part of a large validation study within the framework of the ALT-SPF Consortium; the sunscreen experts at Beiersdorf have contributed to the study design. The design is based on the Bland-Altman analysis and ISO 5725 (Accuracy of Measurement Methods).

- In the field of skin research, we are continuing to work on our active ingredient against hyperpigmentation, **Thiamidol**. In collaboration with the Nelson R. Mandela School of Medicine in Durban, South Africa, we achieved impressive results in two separate studies. Both exhibited benefits of Thiamidol for people of color. In one study, the human epidermal suction blister model was used to trigger hyperpigmentation under controlled conditions and treat it directly. The second study proved the positive effect of Thiamidol treatment for existing post-inflammatory hyperpigmentation (PIH). Thiamidol could therefore become a preferred method of treatment for one of the most important skin problems of people with dark pigmented skin, thus helping them improve their skin condition. Many consumers with dark pigmented skin report that their skin reacts to all types of inflammation, such as acne, with oftentimes long-lasting hyperpigmentation.

- Our scientists also continued their research in the area of the coenzyme **Q10** and acquired new knowledge about the endogenous coenzyme and, as a result, the associated skin aging processes. In cooperation with leading scientists at Marche Polytechnic University in Ancona, Italy, we were able, for the first time, to show in a study that age-related reduction of Q10 in skin cells leads to the biological aging of human skin cells. This can be compensated by the addition of Q10, which strongly underlines its key function for anti-aging research and the importance of our products with the coenzyme Q10 for radiant skin – especially for improving skin elasticity and firmness. Also, within the framework of the research work, it was shown that the coenzyme Q10 has a positive effect on the production of important components of connective tissue, such as collagen and elastin. When these decline, the skin loses firmness and elasticity. This process already begins when we are about 20 years old. The latest scientific findings, which were published in March 2021 in a Q10 special edition of the trade journal "Free Radical Biology & Medicine," showed just how valuable continued research into key topics is.

- Worldwide, we reached an important milestone in anti-aging research in the reporting year with the development of **Age Clocks** – a key technology that now allows us to accurately predict the biological age of tissue. The special feature is that the model not only predicts biological age but also simulates how certain genes and/or signaling pathways contribute to skin aging. The technology enables us to switch individual genes on and off on the computer to see what effect this has on the biological age of the skin without having to carry out a single experiment in the laboratory. This type of "simulated biology" allows us to gain a better understanding of the complex skin aging process so that we can derive systematic approaches for a new intervention strategy. To develop the new Age Clock, Beiersdorf scientists worked closely together with bioinformaticians and medical practitioners at Greifswald University Hospital in Germany. The research work benefited significantly from the possibilities offered by artificial intelligence and innovative technologies – new approaches for innovation are created at their interfaces.

- In 2021, we also intensified our activities in the area of **microbiome research**, a subject that is currently taking on much greater significance. Microbiome research involves the investigation of complex communities of different microorganisms that colonize almost every ecosystem in a variety of combinations, including the skin. In addition to finding that certain microbiota promote skin disorders or even trigger and worsen them, it would appear that other microbiota are responsible for ensuring that the skin stays healthy. Beiersdorf has taken over a leading role in this field of research. Our researchers are aiming to get to know and understand the microbiome in detail – as this is vital for analyzing different skin conditions, skin disorders, and also various phenotypes of healthy skin. In the reporting year, Beiersdorf scientists, in close collaboration with Professor Brüggemann from Aarhus University in Denmark, were able to specifically record two significant species of the skin-dominant microbiome genus of staphylococci: Staphylococcus epidermidis and Staphylococcus warneri. Genome segments were identified for both, which enabled a distinction to be made with regard to subspecies and strains for the first time. The research team not only developed a method that was superior to any existing method at that time, it also shed light on the role of a previously largely underestimated skin bacterium, Staphylococcus saccharolyticus.

We systematically protect our intellectual property and our worldwide innovations with **global patents**. In 2021, we also established a stricter patent portfolio management system to more efficiently protect the active ingredients, technologies, and products that we develop. At the end of the reporting year, our global patent portfolio included about 1,760 active patents (previous year: 2,663). Worldwide, we filed 64 new patents applications during the reporting year (previous year: 77). As of December 31, 2021, around 900 patents were in the ongoing grant procedure (previous year: 1,200).

Collaboration promotes innovative strength

For Beiersdorf, external partnerships are an integral element of our research and development work. We are convinced that by bundling our complementary expertise and our strengths, we can increase our joint innovative strength and speed up development of skin care for the future. In the reporting year, Beiersdorf's global collaboration network included a large number of research institutes, universities, start-ups, independent scientists, and suppliers. In addition to our specific cooperation agreements, we advocate the principle of open innovation and involve external partners in many of our development projects. Under the "Pearlfinders – We Open Innovation" umbrella, we offer them access to our confidential scientific research topics via the "Trusted Network" online platform (**https://trusted-pearlfinders.beiersdorf.com).** The network, which is based on mutual trust, fairness, and partnership, also gives them the opportunity to contribute their own ideas and problem-solving approaches.

With the aim of intensifying communication with strategic partners and advancing innovations, staff from R&D and Procurement initiated the "Supplier Innovation Day" during the reporting year. The virtual event brought together Beiersdorf and its partners in the areas of raw materials, fragrance, packaging, and original design manufacturers (ODM). We especially see interesting perspectives in the fields of sustainability/recycling/packaging. Cooperation agreements in the area of biotechnology also offer us new opportunities to create specific raw materials with new functionalities. We consider these alliances to be an important key to expedite innovations within and outside our core business and create real added value for our consumers through strategic collaboration.

Strong research network

We are convinced that the global presence of our research and development contributes to our success. The largest site in our global research and development network is our skin research center in Hamburg, Germany, where we employed 741 (previous year: 705) researchers and developers as of December 31, 2021. Here, we essentially carry out important application-oriented research. By acquiring a better understanding of the skin's own (metabolic) processes, we obtain, in our view, the ideal basis to develop new, needs-based products – for example, with new active ingredients or with the aid of new technologies, such as artificial intelligence. To also accelerate our innovative strength and promote the external perception of Beiersdorf as a leading innovator in the field of skin care, in the 2021 fiscal year, we established the new department "Early Innovation," a 16-person team that pools strengths from various specialist units. The objective of the new unit is to develop a long-term cross-brand, cross-category innovation road map with strong innovation stories. The team acts as a link between all the specialist disciplines that are involved in the innovation process.

Since product quality, safety, and compatibility have top priority for Beiersdorf, newly developed products are tested thoroughly by external experts and in Beiersdorf's own test center within the skin research center before being launched on the market. In the reporting period, in Hamburg alone, we carried out 330 studies with 8,500 participants (previous year: 360 studies with 10,000 participants). Externally, in 2021, we conducted another 1,300 studies with 33,500 participants (previous year: 1150 studies with 35,000 participants).

In addition to the large skin research center in Hamburg, our global research and development network also includes two large innovation centers in China (Shanghai) and the United States (New Jersey) as well as four development centers in Mexico, Brazil, India, and Japan. They enable us to address cultural, aesthetic, and climatic conditions and develop products that correspond to individual local needs and preferences. Through this network we participate in global innovation and have access to local experts and talent, which provides valuable ideas and insights for our global research and development work.

Our **innovation center in Shanghai**, which opened in 2020, with 7,500 m^2 the second largest site in our research network, entered two important strategic partnerships in the last fiscal year. The cooperation with TMIC (TMall Innovation Center) was one of them. TMIC is a data analysis and independent research platform based on Alibaba's consumer data. It enables brands to identify segments with promising opportunities, develop innovations based on Chinese consumer's need, find the right target groups, and optimize product launch strategies. 2020 and 2021, in close partnership with TMIC, we developed and launched a series of products tapping into Chinese consumer's needs, such as the first NIVEA MEN Eye Gel and Tone-up Cream in 2020 and the first NIVEA Body Neck Cream in 2021. In the future, new product concepts and innovations will also be tested via TMIC within the defined target group.

Another strategic partnership is the collaboration with Beauty Evolution (BEVOL), a leading Chinese platform for cosmetic and skin care products with 30 million online users. BEVOL provides support to consumers with information about 27,000 cosmetic ingredients and over 2,800,000 skin care products. Now with its newly established product evaluation capabilities in Shanghai, the platform increasingly focuses on interaction with consumers. Through the cooperation, we expect to come closer to Chinese consumers and gain insights in terms of new product ideas and new ways of communications. We will also leverage this partnership to promote personalization and examine new product developments in an even more targeted manner.

In November of the reporting year, a team from the innovation center in Shanghai attended the CIIE (China International Import Expo) for the first time. Same as our other research locations, our innovation center in Shanghai also focused on sustainability topics in the reporting year. These include integration of recycling, reuse, and reduction designs in all product developments, use of PCR materials for our product packaging, and a commitment to reduce the carbon footprint of our products in order to meet the growing demand for sustainability from our Chinese consumers.

The latest addition to our research network is our ultra-modern **innovation center** at our new site in Florham Park **in New Jersey** in the United States. It replaces the previous Coppertone research center in New Jersey as well as the Beiersdorf development laboratory in Wilton, Connecticut. We believe, that the approximately 3,000 m^2 of laboratory and office space provide us with ideal conditions for intensive clinical research and rapid development of local product innovations for the NIVEA, Eucerin, Aquaphor, and Coppertone brands for the North American market. Among other features, the site has a special sensor technology laboratory for increased interaction with consumers and works closely together with the development laboratory in Hamburg, Germany in the area of sunscreen innovations. Since the United States are the largest market for over-the-counter (OTC, i.e. non-prescription drugs according to the US definition) products, we also want to create the first global center of excellence for OTC products with this new site.

Personalization and Artificial Intelligence

Topics such as artificial intelligence (AI), digitalization, and personalization are becoming increasingly important in the field of skin care. Beiersdorf also focused on these topics in all areas and carried out various research activities during the reporting year. We established the Personalization Accelerator back in 2019. Anchored in Research & Development, it bundles synergies from various personalization initiatives, much like an incubator. The function is supported by a cross-function team with staff from Supply Chain, IT, Marketing, and R&D. One of the results of the Personalization Accelerator is the O.W.N brand, launched in February 2021. It is the first personalized facial skin care routine from Beiersdorf (more on page 47 in "Product Highlights"). O.W.N uses artificial intelligence and is based on an algorithm that aggregates our sound knowledge and selects the best product solution for every individual from 380,000 possible formula combinations. This is where the findings from the major Beiersdorf study SKINLY come in – an important milestone in our activities in the field of artificial intelligence. Beiersdorf began SKINLY, one of the world's largest skin care studies with consumers, at the end of 2019. The special feature of this study is that consumers are actively involved by means of digital tools – a special measurement device (including moisture sensor and three different light sources) and a complementary app – and send details about their individual skin properties, in other words, skin age, wrinkle depth, skin tone, complexion, and impurities, as well as information about sleep, nutrition, special skin features, menstrual cycle, and climatic conditions, twice per day. With machine learning based on artificial intelligence, this unique ecosystem learns something new with every measurement. Since the end of 2019, more than 14,500 consumers, aged between 18 and 80, from Europe and Asia have taken part, and well in excess of 5 million skin measurements have been carried out. A large volume of high-quality data provides a better understanding of the effects of external influences on the skin and allows conclusions to be drawn in terms of developing new skin care solutions.

During the reporting year, we also used artificial intelligence to develop and optimize formulas. In collaboration with our new cooperation partner Uncountable, we re-launched the NIVEA Essentials day care products. The Uncountable platform enables us to process complex data volumes faster and, as a consequence, to identify new formulas faster and more efficiently, which, with the same feel as previous products, contain only ingredients that comply with our sustainability pledge. We see enormous potential in artificial intelligence and will therefore continue to utilize the benefits for us in the future and, hence, promote digitalization in research.

In May of the reporting year, we focused on yet another area of the personalization trend segment: Our OSCAR & PAUL Beiersdorf Venture Capital Unit, together with Belgian venture capital fund 9.5 Ventures, invested in the new, personalized skin care brand Routinely. Routinely is based on a modular skin care routine that takes account of the skin's dynamic nature. An initial online questionnaire and an app help consumers put together a combination from 13 unisex serums that is ideally suited to their own skin. Using the consumer's self-appraisal and an advanced algorithm, the app adapts the recommendations for daily care in real time based on the latest measurement results. In addition to the consumer's current care requirements, Routinely also takes into account external factors, such as humidity, temperature, air quality, and sun exposure. With Routinely, which was first launched in Belgium and the Netherlands, we aim to offer consumers precisely the active ingredients that we believe they need for better skin health.

These activities underline the many different levels on which Beiersdorf is personalizing skin care.

R&d sustainability pledge[1]

Continuous development of innovative, high-quality skin care products since 1882 has made us a world leader in skin care. Our claim has always been to continuously improve our products in order to best fulfill the wishes and needs of our consumers. A criterion that has become increasingly important over the years is the environmental compatibility of our products. This applies equally to the formula and the packaging, which we optimize in terms of the sustainability principles of "avoid, reduce, reuse, recycle."

In the reporting year, we formulated our own claim in our R&D sustainability pledge. Accordingly, we want to achieve maximum product effect with as few ingredients as possible and, wherever feasible, use sustainable, biodegradable and/or renewable raw materials and packaging. In this context, we announced our Plastic Pledge 2025 already in 2019, for example. With this pledge we plan to increase the share of recycled material in our European plastic packaging to 25% by 2025. The circular economy is also top priority for us and is specifically supported.

Product highlights[1]

Innovation is our core competency and a basis of our long-term business success. Our strong culture of innovation, which has always been a part of research and development at Beiersdorf, is essentially what drives our well-stocked innovation pipeline. By continuously introducing innovative skin care products, we aim to address the needs and wishes of our consumers and offer them added value. We do not limit our search for innovations to cosmetic formulas – a significant part of our work also involves developing innovative, sustainable product packaging and taking into account the increasing digitalization in the industry.

The following overview shows a selection of our innovations during the reporting year:

- After the successful launch of the **NIVEA CELLULAR LUMINOUS630® Anti-Dark Spot** range in 2020, in the reporting year, Beiersdorf launched four new care products from the range on the market. They all contain the patented active ingredient LUMINOUS630®, which visibly reduces existing dark (pigment) spots on the skin and helps prevent the formation of new ones. It is the result of ten years of meticulous research at Beiersdorf. The new products, which also contain hyaluronic acid, include the **NIVEA CELLULAR LUMINOUS630® Anti-Dark Spot Night Cream, NIVEA CELLULAR LUMINOUS630® Anti-Dark Circles Eye Treatment, NIVEA CELLULAR LUMINOUS630® ANTISPOT Tinted Fluid SPF20 Double Corrector**, and **NIVEA CELLULAR LUMINOUS630® Anti-Dark Spot Hand Cream**.

- The new **NIVEA Hydra Skin Effect range** not only provides the skin with intensive moisture, it contains pure hyaluron. Two different types of hyaluronic acid are used: Long-chain hyaluronic acid binds water in the upper layer of the skin, while short-chain hyaluronic acid penetrates deeper into the skin. The range includes a day and a night cream, an ampules treatment, and a mask.

- With the **NIVEA Q10 Power Anti-Wrinkle + Firming Day Cream**, we launched our new generation of 100% skin identical Q10 on the market. Produced in a natural fermentation process, the skin-identical, double-action Q10 effectively fights lines and wrinkles and helps to prevent the formation of new wrinkles. The formula protects the skin against free radicals and provides it with the moisture and energy it needs to regenerate better. The vegan cream does not contain animal or animal derived ingredients and contains no microplastics, alcohol (ethyl alcohol), or mineral oils.

[1] This section of the Combined Management Report is not subjet to audit requirements.

The jar and lid are made from 50% recycled material and are fully recyclable. Another new product in the range is **NIVEA Q10 Anti-Wrinkle ULTRA RECOVERY NIGHT SERUM**. It contains a powerful combination of anti-aging active ingredients, including the pro vitamin B5 and pure Q10. This formula helps to optimize the skin's natural nightly regeneration process.

- With the new **NIVEA SUN Kids Mineral UV Protection** products containing organic aloe vera, we have added a sustainable product variant to our product portfolio in 2021 – containing absolutely no chemical UV filters or microplastics in the mass market segment. This new vegan (without animal-derived ingredients), waterproof technology formula provides reliable UVA and UVB protection (SPF 50+) and protects the skin effectively against sunburn and long-term skin damage. In addition, the formula contributes to the continuous improvement of the environmental compatibility of our sunscreen product portfolio.

- The **NIVEA Coffee to Care range**, containing natural coffee oil from recycled coffee grounds, was introduced in 2021 after just five months project work. It includes a facial day cream, a shower gel, and a body lotion and was one of Beiersdorf's most sustainable care ranges at the end of the fiscal year. The vegan formulas do not contain animal or animal-derived ingredients, consist of 98% ingredients of natural origin and are up to 99% biodegradable. They are rich in linoleic acid and flavonoids, strengthen the skin's natural barrier and develop an antioxidant effect – for radiant, beautiful skin. All products in the NIVEA Coffee to Care range are obtainable exclusively online at NIVEA.de. By upcycling ingredients, Beiersdorf is taking a further step towards the circular economy.

- The new **NIVEA ECODEO Naturally Good** features a climate-friendlier spray application that uses nitrogen instead of conventional propellant gases. The new application format lasts twice as long as our standard 150 ml cans and thus saves a complete aluminum can. The can was also optimized with regard to its ecological footprint. The special NIVEA ECODEO Naturally Good formula contains 95% naturally-derived ingredients.

- "Promoting the circular economy" was the basic idea behind the development of the new **NIVEA EcoRefill Hand Soap range**. The products combine a system of refill tabs that dissolve when adding water, dissolve and turn into a liquid hand-soap formula, accompanied by a refillable and re-usable bottle. These bottles are made from 100% recycled material (excluding pump and label); the tabs are packaged in certified, minimalist paper packaging. As a result, the products offer a mild, pleasant, foaming hand-washing experience that considerably reduces CO_2 emissions with each application compared to conventional liquid wash.

- Our new **NIVEA MEN SENSITIVE-PRO ULTRA-CALMING** facial skin care range combines plant-based hemp seed oil and vitamin E. The light formula soothes and hydrates stressed skin and protect against skin irritation. The range includes a vegan moisturizer (formulas do not contain animal derived ingredients), a facial and beard balm, and a shaving foam as well as a new liquid shaving cream that is free of propellant gases. Both shaving products provide a smooth and gentle shave.

- The new **Labello Naturally Vegan range**, which was certified as a natural cosmetic by Ecocert® Cosmos Natural, includes the varieties "Acai Berry & Shea Butter" and "Hemp Oil & Shea Butter." Both care formulas are vegan (without animal-derived ingredients), based on 100% naturally-derived ingredients, and provide the lips with plenty of moisture and enriched care. The outer packaging of the new Labello range contains no plastic and the box is FSC-certified.

- With the new **Eucerin DERMOPURE Triple Effect Serum**, in the reporting year, we launched a new product to the market for all consumers affected by acne. The serum, with the patented active ingredient Thiamidol, lessens stubborn post-inflammatory hyperpigmentation and effectively reduces skin impurities. Used twice per day and in combination with DERMOPURE Protective Fluid SPF 30 for skin that is prone to acne, the DERMOPURE Triple Effect Serum considerably reduces the Acne blemishes (blemishes and pimple marks) in 95 out of 100 consumers after eight weeks of regular use.

- With the new innovation **Eucerin ACTINIC CONTROLᴹᴰ**, Beiersdorf launched its first certified medical product with SPF 100 in the reporting year. The effective sunscreen prevents actinic keratosis (the most frequent early form of skin cancer) and non-melanocytic skin cancer (i.e., white skin cancer) and can be used as additional protection in combination with medical treatment for actinic keratosis[1]. The light fluid is suitable for everyday use and, with its highly effective combination of high UVA/UVB protection and broadband filters, offers very high protection against sun-related skin damage for skin that is sensitive to the sun. For people with a high degree of sun exposure, such as particular occupational groups and athletes, we also recommend Eucerin ACTINIC CONTROLᴹᴰ.

- We carried out an extensive relaunch of the anti-aging range **Eucerin Hyaluron Filler + 3x** Effect in 2021. The new formulas with long- and short-chain hyaluronic acid, saponin, and enoxolone plump, stimulate, and protect the skin and thus counteract signs of skin aging – for visibly younger looking, smoother, radiant skin. The long- and short-chain hyaluronic acid visibly plumps even the deepest wrinkles. The antioxidant saponin activates the skin's own production of hyaluronic acid and protects the skin against free radicals. Enoxolone reduces the body's natural depletion of hyaluronic acid.

[1] Cf. S3 guideline ‚Aktinische Keratose und Plattenepithelkarzinom der Haut'; an own study with ACTINIC CONTROLᴹᴰ does not exist.

- During the past fiscal year, the **entire Hansaplast range** was relaunched and now features the additional **Bacteria Shield logo**. The Hansaplast compresses stop bacteria passing through the carrier material and, as a result, are an outstanding wound dressing that keeps out 99% of bacteria, protects the wound, and keeps it clean. In this way, **Hansaplast Bacteria Shield plasters** create good conditions for the body's own healing mechanism to work unimpeded.

- Under our luxury brand **La Prairie**, we introduced the new anti-aging product **Platinum Rare Haute-Rejuvenation Protocol** to the market in 2021. The product acts upon the skin's most important rejuvenation processes to help minimize signs of skin aging. The one-month intensive treatment consists of three vials – each vial for ten days – which are used day and night. They help restore the skin's volume, promote a feeling of firmness and elasticity, and create a more youthful appearance. In the past fiscal year, the Skin Caviar Collection was also supplemented with an innovation: **La Prairie Skin Caviar Nighttime Oil** is based on a unique blend of caviar lipids and caviar-derived retinol to smooth the appearance of fine lines and wrinkles, improve the skin's feeling of elasticity and firmness, and strengthen the skin's barrier. The moisturizing facial oil is especially effective at night, but is also effective at other times.

- With **Coppertone Sport Mineral**, our US sunscreen brand introduced a sport sunscreen line with 100% mineral sun protection based on a zinc oxide active ingredient in 2021. The durable formulas resist sweat, heat, and water. Coppertone Sport Mineral, with naturally sourced zinc oxide, rubs on easily and is water resistant (80 minutes). The **Coppertone Pure & Simple Sunscreen Sprays** provide 100% mineral sun protection based on a zinc oxide active ingredient and are great for the whole family (adults, children, and babies). The formulas are water resistant (80 minutes), provide broad spectrum UVA/UVB protection and contain botanical extracts. Coppertone Pure & Simple Sunscreen Spray, with naturally sourced zinc oxide, is hypoallergenic and gentle, therefore suitable for sensitive skin.

- In the past fiscal year, Beiersdorf addressed the trend of personalized facial skin care with the introduction of the new, innovative skin care brand **O.W.N** (Only What's Needed). Based on the idea that every person's skin is unique, O.W.N provides a care routine tailored to the individual skin needs of consumers in key European markets. This personalization is based on a scientifically evaluated questionnaire and the O.W.N personalization algorithm based on the findings and data from a study involving more than 4,000 consumers. Over time, the products also adapt to take account of various changes, such as changes in the environment, skin needs, and seasonal changes to the skin. The products – including a day cream, a night cream, micellar water, and a gel cleanser – are available only via the **www.ownskincare.eu** website. The formulas are biodegradable and the jars and bottles can be refilled to reduce plastic waste.

tesa

Product and technology development[1]

Tapes replace screws and welding

In 2021, product and technology development at tesa continued to focus on structural bonding. This included technologies for adhesive solutions with particularly high bonding strength and long-term resistance, which have so far only been possible with mechanical joining techniques such as screws, rivets, and welding. For the automotive industry, tesa has developed high-performance adhesive solutions with long-term stability that seal the seams of body parts and are used in customers' painting lines. After drying, the seam boasts perfect visual aesthetics, permanent flexibility and resistance to cracking at temperatures as low as –30 °C. Highly promising prototypes provided to global innovation leaders in the automotive industry were met with a positive response. Such adhesive solutions can also be used to fill gaps in the body.

Another area of focus is structural bonding in the assembly of electronic devices such as mobile phones. tesa has developed adhesive systems that create a very strong bond even at room temperature, allowing even very heat-sensitive materials to be firmly bonded. In 2021, a range of prototypes for very differing applications was successfully tested at innovation leaders and can now go into series production. Modern designs for mobile devices and their components with very tiny adhesion surfaces are thus possible. tesa was able to build on its previous successes by developing new prototypes for tapping additional application areas where bonding at room temperature is necessary. The results are used in battery production or bonding of textiles, for example.

Sustainable product and technology concepts

In the reporting year, the focus on the development of sustainable technologies and product concepts gained particular momentum and attention. Product concepts for adhesive tapes used in packaging and based on renewable raw materials, as well as principles for their compostability, were successfully tested and some of them are now ready for series production to commence. tesa also worked on products from recycled raw materials, such as foils made from post-consumer recycled PET or release liners from recycled fibers. The focus in the area of high-performance adhesive tapes was also on replacing fossil-based raw materials with renewable raw materials. Relevant prototypes for bonding components of mobile devices were developed and presented to key customers.

Moreover, the ability to revise products in the manufacturing process, repair them during their lifecycle and recycle them at their end of life is growing in importance. Such adhesive tape solutions based on various technologies and product concepts were developed in 2021 and tested in customers' processes. They enable mobile devices, for example, to be revised or repaired. This approach means high-value bonded products can be recovered and reused, thus reducing waste.

[1] This section of the Combined Management Report is not subject to audit requirements.

Further development of solvent-free technologies

The development of particularly sustainable solvent-free technologies for manufacturing adhesive tapes was again pursued vigorously and expanded in the reporting year. Apart from better material and energy efficiency, these technologies also permit new product designs in general. Further processing concepts for the extrusion of adhesive tapes were developed and optimized in order to enhance the efficiency and performance of the products. Building on its experience from the past years, tesa was able to expand its extrusion-based product range to include assembly solutions for emblems, signs, and design elements. In addition, prototypes for challenging applications, such as bonding of components in mobile phones, were created by means of extruded layers consisting of new raw materials. They have better shock resistance than existing products. As a result, mobile devices are better protected against damage from being dropped, for example. A further example is the development and production of thermally conductive adhesive tape prototypes to protect batteries against overheating.

Water-based adhesive offer a further means of making adhesive tapes without solvents. tesa intensified its activities in this field in 2021 by cooperating with research institutions and industrial partners. As a result, tesa was able to produce improved prototypes for wire harnessing.

Technologies for displays and glazing

In 2021, tesa further expanded its pilot manufacturing and production capacities for optically highly transparent adhesive tapes produced under clean-room conditions for displays in cars or mobile phones. The process technology was optimized to enable manufacture of high-quality products that have excellent bonding strength and are completely invisible to end consumers. Alongside that, numerous development activities were launched and prototypes produced, such as for use in cars' interactive displays.

A further new development aims to control the thermal transmittance of glazing so as to reduce buildings' energy requirements. Industrial partners are currently assessing the potential for reducing power consumption by air-conditioning systems using smart, highly transparent prototypes.

Product solutions for electric mobility

The electric mobility market keeps on growing steadily, and that was reflected in tesa's development activities in 2021. One main aspect is ensuring passenger safety by protecting against the risk of fire from traction batteries. Various prototypes that permit secure bonding and adequately delay spread of a fire beyond its local site were successfully tested to determine whether they met customers' high requirements. The adhesive tapes were able to withstand flame temperatures of up to 1,200 °C for several minutes and thus might enable passengers to escape in the event of an accident.

Apart from fire safety, reliable electrical insulation of the components is necessary in order to produce such a safe battery. Microhole-free prototypes of an adhesive insulation tape for battery cells were presented to a leading battery manufacturer in the reporting year. The existing network for developing technologies, products, and application processes was strengthened further in 2021 in order to ensure close cooperation with all global development partners.

Looking ahead to the future: the hydrogen fuel cell

Once again in 2021, tesa geared its development capacities toward technologies of the future and focused on sustainability aspects. Examples are the projects in the field of hydrogen technology, which permits generation of 100% renewable energy. As part of that, an in-depth technology assessment was conducted, and concepts for relevant adhesive tape solutions were developed in cooperation with leading innovation partners and research institutions. The aim is to enable efficient storage and conversion of energy in state-of-the-art fuel cells with the aid of suitable adhesive and sealing tapes.

Further information on product and technology development at tesa can be found at **www.tesa.com/EN-US/ABOUT-TESA/product-and-technology-development**

People at Beiersdorf[1]

Our employees are the key to our success. Their hard work, personal engagement, and knowledge add to the global appeal of our brands and products and form the basis for our sustainable business success.

As of December 31, 2021, Beiersdorf employed 20,567 people worldwide, an increase of 1.3% compared with the previous year (20,306). Of this total, 6,593 (previous year: 6,449) were employed in Germany, a share of 32% (previous year: 32%). A total of 15,740 people worked in the Consumer Business Segment (previous year: 15,590) and 4,827 at tesa (previous year: 4,716).

Consumer

Working in the new reality – Human Resources in 2021

The coronavirus pandemic has had a considerable influence on HR work and has called on all our flexibility in recent months. It was already clear in 2020 that we were well prepared for the new challenges. Modern HR work, defined by a culture of mutual trust, openness to agile forms of collaboration, digitalization, and a willingness not to stand still, has laid a foundation that helps us deal more easily with crises of this nature. Investing for the future in HR, as we are doing systematically with our C.A.R.E.+ strategy, helps us orient our HR work on the requirements of the future and become an even better employer. Our focus here is on areas such as the learning organization, New Work, and ideas for promoting diversity and inclusion.

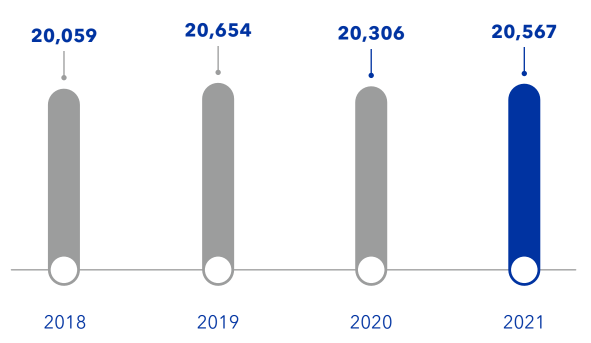
Corporate culture

Our employees value the unique corporate culture at Beiersdorf. We believe in values such as openness, trust, internationalism, and a corporate culture built on honesty. Our role is to promote a working environment in which teamwork and mutual respect are highly valued. Our aims have also remained a constant: strengthening the emotional connection between people and Beiersdorf, enabling employees to participate in the company's decision-making and success, and supporting managers so that they are always ready for the ever more complex challenges presenting themselves. This approach has paid off during the pandemic. Even in a time of social distancing, we have stuck together and supported each other as a close team. This was confirmed by our "teampulse" employee survey, in which our employees took part, providing feedback on our corporate culture. The highest approval ratings went to our unique corporate culture, the strong identification with our purpose Care Beyond Skin, and the belief in our four core values: Care, Simplicity, Courage, and Trust.

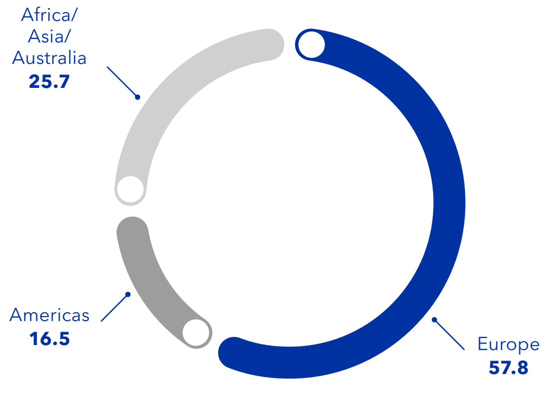
Attractive employer and engagement

At Beiersdorf, the emotional engagement of our employees is an issue particularly close to our heart. We therefore regularly review this engagement as part of our global employee surveys. The aim of this is to encourage continuous dialogue between managers and their teams and give employees the opportunity to help actively shape their own workplace. In 2020, we gradually implemented our new "teampulse" employee engagement survey at the majority of our affiliates in Europe and beyond. This provides data that can be more quickly analyzed and thus allows us to directly "take the pulse." The introduction of "teampulse" in some European countries, including Germany, was delayed while data protection issues under EU law were clarified. In the reporting year, "teampulse" was implemented globally and consistently across all Beiersdorf's national companies for the first time. The response rate was on a par with the previous year at 89%. As in 2020, the picture was very similar across all regions. The Beiersdorf culture, the Purpose Care Beyond Skin, and the belief in our four Core Values (Care, Simplicity, Courage, and Trust) received strong support in the respective affiliates. In addition to the answers in the standardized questionnaire, the Beiersdorf

GROUP EMPLOYEES
as of Dec. 31, 2021



GROUP EMPLOYEES BY REGION (IN %)



[1] This section of the Combined Management Report is not subject to audit requirements.

management team also received more than 21,500 comments with detailed feedback. These responses should serve as a basis for discussing ideas at team level and developing measures to make Beiersdorf an even better employer. In this way, we are together creating a working environment in which all employees can give their best.

In order to better understand the specific business needs of particular regions, various "local pulses" were taken in addition to the global teampulse survey during the reporting year. These were local employee surveys on specific issues, each combined with the aim of gaining a deeper understanding of employees' needs. The local "pulse measurements" helped us to develop local measures and strengthen dialogue between management and employees at local level.

Participation in decision-making and company success

Participation – built on transparent communication between management and employees and a dialogue of equals among the whole workforce – is crucial to a positive corporate culture and the attractiveness of the employer. With face-to-face meetings still impossible for many months of the year in most countries, digital solutions kept communication flowing within the company. With many employees working from home, digital and later hybrid "town hall meetings" and works assemblies, along with numerous online events with opportunities for dialogue, were among the measures used to stay connected. The close relationships built between managers and employees at every level of the company should support that we can continue to work well together as a team during the pandemic.

The close involvement of employee representatives is also part of our corporate culture. Working with them in a constructive atmosphere of trust enables us to take and implement important and sometimes difficult decisions together. This was true once again in fiscal year 2021. In Germany, for example, all important codetermination meetings took place largely online, sometimes also in a hybrid format, due to the COVID situation. The "European Dialog," which brings together Beiersdorf's employee representatives from across Europe, continued its work in 2021.

We restructured performance management in May of the reporting year with the aim of reinforcing the close and trusting relationship between employees and managers. The new "development & potential" approach focuses on ongoing performance review meetings without school-style grading or points and decouples the feedback from the annual variable bonus used in the past. This enables more open mutual feedback meetings and a stronger willingness to listen and accept criticism. Instead of the annual variable bonus, a collective, trust-based profit participation was introduced as part of the new system. In addition, managers are provided with a budget that they can distribute throughout the year to employees or whole teams who have performed exceptionally. Overall, the new system calls for greater honesty, support, and consistent action in the event of underperformance.

Another aspect of participation relates to the issue of flexible working locations, which, since December 1, 2020, has been governed by a collective agreement for Beiersdorf AG, Beiersdorf Customer Supply GmbH, and Beiersdorf Shared Services. More on this topic, which is also relevant to the management of employees, can be found in the next section "Leadership."

Employee participation in the Campus project (the new building for the Group headquarters in Hamburg) also continued in 2021. Virtual tours and on-site visits enabled staff to see the progress for themselves in small groups. Over 100 team representatives also took part in the numerous workspace planning workshops. The project team enabled everyone to experience the future workplace environment in the Campus Pilot Space. All employees were called on to help with the choice of new campus furniture through "chair checks" in small groups. To create a feeling of togetherness, the campus project team also initiated the Campus Naming Challenge in the reporting year, in which all staff were called on to help design the building, submit their suggestions for the name and other ideas, and rate existing proposals.

Participation is also the aim of numerous diversity and inclusion activities, which are described at the end of this chapter. These include the new gender parity ambition and the new diversity and inclusion (D&I) strategy for more diversity in management positions.

Leadership

Leadership is also one of our key criteria for an attractive working environment. With "Leadership the Beiersdorf Way," which we launched in 2017, we formulated our understanding of a good leadership culture. This is based on our Core Values of Care, Simplicity, Courage, and Trust. It aims to develop leaders who are authentic and inspiring and empower their team to outstanding achievements. The idea behind the scheme: Giving employees more decision-making power improves emotional engagement and ownership among all. This leads to better team performances and higher intrinsic motivation.

We aim to fill the majority of management positions with talented people from within our own ranks. Various measures prepare future managers for their new roles. In fiscal year 2021, 100% of positions at the first management level (previous year: 60%) and 88% at the second management level (previous year: 79%) were awarded to internal candidates.

Beiersdorf uses various methods to identify and promote new managerial talent. A key instrument is the Development & Potential Process newly introduced in May 2021 under the slogan "Develop your way." This focuses on the individual development of all employees worldwide and aims to promote greater dialogue between employees and managers. Focused self-reflection, development reviews, and personalized development plans discussed in face-to-face meetings should give everyone the support in their development in a way that is personally tailored to them. This approach should quickly identify young talents with leadership potential and should give them the opportunity to gather relevant experience from an early stage to help their professional development. To better identify employees' potential, we use the "learning agility model," which consists of four dimensions: mental agility, people agility, change agility, and results agility. The core aim is to identify potential managers who are able to adapt to new circumstances, learn quickly, including from experience, and continue their personal growth. This model thus looks beyond performance by focusing on what employees can bring to future challenges.

In addition, in the second year of the coronavirus pandemic, the usual training and management development programs took place largely in a digital format. We also expanded our online learning platform COMPASS Learning with special content for managers. This included special learning paths on "leading virtual teams" and "resilience," for example.

New working world

The modern world of work is defined by permanent change. A new understanding of work is creating both new challenges and new opportunities. This also includes the way in which we work together.

For some time now, we have supported our employees in actively helping to develop agile working. After all, it is already clear that tomorrow's world of work will be more open and less predictable. It will be a place in which people all around the world are encouraged to constantly redefine themselves. We are convinced that the world of work today and tomorrow offers more opportunities for the individual than ever before.

Beiersdorf has established a clear position over the last two years. On the one hand, we want to adapt the office environment to this new era so that people can continue to meet and work together in person in different formations; on the other, we actively support the model of flexible working, especially from home. The coronavirus pandemic has substantially accelerated this new way of working together. Our more than 170 locations worldwide are continuously developing contemporary, tailor-made solutions for modern teamwork.

Since December 1, 2020, the topic of flexible working locations, has been governed by a collective agreement for Beiersdorf AG, Beiersdorf Customer Supply GmbH, and Beiersdorf Shared Services. Under the new agreement, employees are entitled to perform up to 20% of their individual planned working hours remotely (i.e., off Beiersdorf premises), provided their job is suited to remote working. Each team decides for itself whether this remote working should be coordinated within the team. However, the central place of work will remain at the company and on Beiersdorf premises. This applies in particular to the future Beiersdorf Campus in Hamburg. Notwithstanding this new agreement with its focus on the new working world, the proportion of remote working was substantially higher than the agreed 20% for many months of 2021, as we offered our workforce a responsible and flexible solution to the special situation of the coronavirus pandemic. Face-to-face encounters will, however, always remain an important part of Beiersdorf's working culture in future, as they promote creativity and cross-functional collaboration.

In the reporting year, we also created modern new working environments in Vienna, Basel, Athens, Zagreb, Santiago de Chile, Shanghai, Stamford, Montreal, and Jakarta to facilitate new ways of working together and provide our employees with a pleasant, modern atmosphere. Preparations to establish new working environments began for our sites in Paris, Amsterdam, and Brussels in 2021.

Digital transformation

To accelerate the company's digital transformation, we created 100 jobs with a digital focus in Hamburg alone during the reporting year. These are spread across all relevant business areas and are giving a substantial push to our future-oriented "Digital Fast Forward" program. With this program, Beiersdorf aims to automate 20% of all business processes worldwide by 2025 and bring them better in line with changes in consumer behavior driven by digital media.

Human resources work also continuously supports the digital transformation at various levels – as was the case again in 2021. The introduction of Office 365 has noticeably improved collaboration across teams and functions all around the world in the last two years, and business and working processes ran smoothly even in the face of the coronavirus pandemic. A large number of meetings – on average 5,000 per day – took place on Microsoft Teams in the reporting year. This figure shows the extent to which digital communication between employees worldwide is almost taken for granted as part of the "new normal."

Our HR management system COMPASS also helped us drive the digital transformation in the reporting year. Various services and modules formed the basis for modern, innovative, and efficient HR work, and collaboration between employees, managers, and HR was further improved. The COMPASS system also hit a major milestone with the introduction of Employee Central, a standardized global master data system. This enables secure, global data access across the various COMPASS modules and is thus an important innovation in our successfully established COMPASS system. Employees in Germany also benefited from the My Future Plan portal introduced in 2020, which gives them digital access 24/7 to their long-term working hour account and pension scheme.

Many of our talent promotion activities also took place in a digital format in 2021. These included:

- The OSCAR&PAUL Battleweeks 2021 – a virtual hackathon event from the OSCAR&PAUL Unit, in which 121 talented people with 38 nationalities based in nine different time zones developed solutions in four different topic areas as they battled to win a trip to the NX Accelerator in Seoul.

- The Virtual Open House Day, to which Beiersdorf, Tchibo, and tesa invited young talented people, offering them an insight into their business and various entry programs.

- An online event from Young Entrepreneurs in Science (YES). This gave an insight into the corporate world to students from a wealth of different academic disciplines and discussed the importance of entrepreneurial thinking.

Support for our employees

"Care" has a special place in Beiersdorf's corporate culture. We therefore took a range of diverse measures to protect our employees when the pandemic began in 2020 and provided the equipment they needed to flexibly work from home. We also provided them with a wealth of other support offerings, which were largely continued over the past year.

The Together at Home intranet platform once again helped staff to stay in touch and build close relationships in the reporting year. As well as a diverse offering for body, mind, and soul along with themes such as parenting, socializing, and New Work, the platform offers all employees the opportunity to chat and share tips. A special Coronavirus Information Hub and Home Office Information Page also provided key information to all employees. Beiersdorf's health management put out an extensive digital offering again in the reporting year, including online consultations on ergonomics, back training exercises, sports activities, and regular wellbeing podcasts. The health management team also used a special campaign to shine a spotlight on mental health. The coronavirus pandemic, "new normal," and hybrid working have asked a lot from our employees in recent months. From a keynote session titled "Are you okay?" to workshops on resilience and relaxation, and open sessions on protecting and improving mental health – Beiersdorf put a major effort into raising awareness of mental health and creating a more health-conscious culture within the company.

On June 8, the company's medical team opened Beiersdorf's own COVID vaccination center in Hamburg. Many employees and their families, local residents, and local schools gratefully took up the offer of a vaccination. By the end of October, almost 6,800 vaccine doses had been administered, including 4,500 to our workforce. All employees in Hamburg were also offered a free flu vaccination from the beginning of October.

Training and further education

Our philosophy also involves supporting young people's education and training. Alongside our selection of vocational training places and degree-integrated vocational training, we offer the BEYOND BORDERS global trainee program and a large number of internships for students all around the world. In Hamburg alone, Beiersdorf offers training in nine different occupations. At the end of 2021, we employed 104 vocational trainees (previous year: 110) in the city. The retention rate for those completing their training was 97% (previous year: 81%). We recruited a total of 32 vocational trainees (previous year: 39) in the reporting year, four of whom started their training under the new degree-integrated vocational training model. Here, the trainees complete a three-year vocational course as an industrial business administrator along with a four-year Bachelor's degree in business administration with a focus on industry. The number of young employees in the global trainee program at the end of the reporting year was 16 (previous year: 19). Ten of these trainees joined the program in 2021.

Knowledge and learning

The skills and expertise of our employees are essential to our sustainable growth and long-term success. We are therefore continuously investing in training our workforce and becoming a learning organization with our global learning strategy, which encourages self-directed, lifelong learning by all. In doing so, our concept is based on three components:

- building and maintaining a global learning infrastructure, i.e., a flexible learning management system in which we can create our own learning content;

- promoting targeted learning, including guidance and providing group-specific learning content;

- and finally, anchoring learning in our everyday work.

In the reporting year, we added additional internal learning content to our COMPASS Learning online platform, launched in 2019. The Beiersdorf-specific training content was largely developed by our Sales, Finance, Procurement, R&D, HR, Quality, and Planning professional academies. As in the previous year, existing content was extensively updated and expanded. As COVID meant that many face-to-face training sessions were unable to proceed as planned, we made increased use of a virtual classroom again, as in 2020. This online tool enabled us to implement numerous interactive workshops and training courses for all employees worldwide.

We also took advantage again of the virtual training content on LinkedIn Learning in 2021, with employees able to choose from over 15,000 online training courses and more than 500,000 videos in different languages. With almost 166,500 videos watched, more than 6,300 courses completed, and more than 4,800 active users, employees' enthusiasm for this offering was clear. Courses on time management, the digital transformation, communication, Excel and PowerPoint, and strategic thinking were especially popular. To help staff find suitable content, we used curated learning paths to suggest selected topics such as working in virtual teams, digitalization, diversity and inclusion, and resilience. The online-based Beiersdorf Learning Hub we developed in the reporting year brings together the full range of training and information in a single place with easy access to the learning paths.

With individualized, skill-based learning becoming ever more important, we began preparations to implement a learner experience platform tailored to these needs in the reporting year. The pilot project is scheduled to start in 2022.

For all employees in Germany, we have for many years offered an advanced training program free of charge, which allows them to learn voluntarily in their spare time. The courses cover personal skills, methods and techniques, and professional competencies. Given the coronavirus pandemic, all training sessions in the reporting year were implemented in a virtual format.

Diversity & Inclusion

People from different countries, cultures, and generations, people of all gender identities, and people with and without a disability work in the Consumer Business Segment. Employees from 107 countries worked at Beiersdorf as of the end of the reporting year (previous year: 108). At the Group headquarters in Hamburg, the proportion of international employees increased to 19.7% (previous year: 17.7%). Of our managers in the top three levels of management, 41% had lived and worked outside of their home countries for at least three years (previous year: 41%).

As a globally operating company, we regard the diversity of our workforce as an opportunity and key to our success. Different perspectives not only strengthen our power to innovate but also boost our competitiveness, make us more creative, and help us to better understand the needs of our consumers. Diversity and inclusion are thus a central part of our business strategy.

In 2020, to further strengthen diversity and inclusion at Beiersdorf, we created the position of "Global Director Diversity & Inclusion (D&I)," immediately below the Executive Board. Together with a small team, this position leads and coordinates Group-wide D&I initiatives. A cross-functional D&I core team – of which every member belongs to senior management – and a global network of over 100 diversity and inclusion champions in our business regions will also help to drive this issue. In addition, the Diversity Committee of the Supervisory Board regularly reviews and supports various initiatives.

The reporting year saw us formulate a new D&I Strategy Roadmap for Beiersdorf. This aims to help us create a culture together based on diversity and inclusion, in which everyone feels they belong and has the same opportunities to succeed and give their best performance. The roadmap is based on three strategic priorities:

- driving leadership diversity,
- fostering an inclusive culture, and
- championing consumer representation – and thus fostering the understanding of diversity in relation to products and their marketing.

We achieved initial milestones in each of these areas during the reporting year. For International Women's Day on March 8, for example, we publicly announced our Beiersdorf Gender Parity Ambition. This aims to achieve equal representation of women and men at management positions below Executive Board level by 2025 at the latest. Further details on this ambitious commitment – can be found in the "Focus dimension: Gender balance" section below.

To build people's understanding of diversity and inclusion, we launched the first pilot for D&I-inclusive language training in the reporting year. This showed how a sensitive, nuanced use of language can avoid subtle discrimination and be mindful of the perspectives and feelings of others. In addition, we held workshops for managers to promote an inclusive culture free of stereotypes and unconscious bias, and organized a pilot training course for our recruiters, enabling them to review the text of job advertisements for gender-sensitive language and word them more inclusively in future. To promote a more inclusive culture, we also held events such as the annual Global Diversity & Inclusion Week, Pride Day Germany, and the Beiersdorf Pride Festival, which we describe in more detail later in this chapter. We also produced German and English guidelines for gender-sensitive and inclusive language. The NIVEA team additionally developed a special D&I Compass in the reporting year, which expands on the brand's communication guidelines and defines how we want the world to perceive us. It should help our employees and partners to address local communication challenges with care and consideration and avoid the use of stereotypes.

In addition to the D&I Strategy Roadmap, we developed a D&I KPI dashboard in the reporting year to help provide full data transparency and make it possible to measure and evaluate progress in the future. The dashboard encompasses all management levels, departments, and countries, looking at criteria such as gender diversity, internationalism (measured based on citizenship), and age, and will serve as a valuable tool for our D&I work in future.

Focus dimension: Gender balance

Alongside international and cultural diversity, gender – especially equal career opportunities for all genders – is a particular focus area for us. Our "enCOURAGE" gender diversity initiative should continue to increase awareness of the gender balance among all employees and support female employees and managers in numerous ways. Its work includes:

- The “move forward!” mentoring program aimed at talented women who want to begin or develop a management career. This program was temporarily suspended during the reporting year due to the coronavirus situation.

- The “Peer Coaching Circles” – an extra program of “move forward!” with the aim of learning and growing together. The coaching circles continued in 2021.

- The annual Women in Leadership Convention, a networking event where successful role models report on their experiences and inspire participants. Due to the pandemic, the fifth Women in Leadership Convention in November 2021 was held in a hybrid format. Since 2020, this event has been livestreamed to make it accessible to all employees around the world.

In addition, we offer a diverse range of options for flexible working arrangements and a better work-life balance. 69% of our organizations (previous year: 74%) offer flex time, 98% (previous year: 100%) remote work or home office, 54% (previous year: 55%) part-time work, and 34% (previous year: 32%) sabbaticals. Alongside standard part-time working, we also encourage job sharing. This is an arrangement in which two employees share a position in a “job tandem.” At Beiersdorf, the job-sharing model has long been part of our corporate practice – including the “joint leadership” model at management level and the “senior meets junior” model, where job sharing enables part-time study, knowledge transfer between generations, and/or a transition to partial retirement. At the end of the reporting year, there were 34 job-sharing tandems at Beiersdorf in Germany (previous year: 27). 19 tandems (previous year: 17) enabled the participants to perform a management role on a part-time basis. In addition to these options for flexible working arrangements, we offer childcare for our employees in Hamburg through our company kindergarten TroploKids. With its 100 places and 30 teachers (as of December 31, 2021), this is one of the largest such kindergartens in Germany. We also offer an online portal with information for all new parents and regular lunchtime events for Beiersdorf employees on parental leave to help mothers and fathers stay connected to the company and facilitate their return to work. We also began working with the VÄTERNETZWERK (fathers’ network) initiative in the reporting year. We discussed areas for fathers to work on with two core groups of participants and also encouraged dialogue between interested male parents.

PART-TIME EMPLOYEES BY REGION (IN %)

	2020	2021
Europe	12	12
Americas	0	1
Africa/Asia/Australia	1	1
	7	**8**

GENDER DISTRIBUTION BY REGION

	Male (in %)	Female (in %)	Employees (total)
Germany	50	50	4,188
Europe (excl. Germany)	40	60	4,429
North America	38	62	651
Latin America	46	54	2,228
Africa/Asia/Australia	49	51	4,243
Worldwide	**46**	**54**	**15,740**

Since the introduction of the German law on the equal participation of women and men in leadership positions (*FüPoG*), Beiersdorf AG has been legally required to set targets for the proportion of women in management roles. The law also requires that the Supervisory Board of Beiersdorf AG be comprised of at least 30% women and 30% men. As of the end of the reporting year, 33% (four out of twelve) of Supervisory Board members were women (previous year: 33%). This target has therefore been met. Following the latest changes to the law on equal participation (*FüPoG* II), the Beiersdorf AG Executive Board must in future consist of at least one woman and one man. This requirement was also already fulfilled in the reporting year with the appointment of Astrid Hermann as CFO.

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

- **Executive Board:** at least 10% women by June 30, 2022
(figure as of December 31, 2021: 14%; previous year: 14%)

- **First management level:** at least 35% women by June 30, 2022
(figure as of December 31, 2021: 31%; previous year: 30%)

- **Second management level:** at least 50% women by June 30, 2022
(figure as of December 31, 2021: 52%; previous year: 47%)

The requirements of FüPoG II will be reflected in Beiersdorf’s future targets from July 1, 2022.

Beiersdorf formulated a global target for the proportion of female leaders in the top three management groups (MG 1–3) back in 2018. This was in addition to the statutory targets applicable to Beiersdorf AG. By June 30, 2022, a target of 35% women is to be achieved in management groups 1–3. At the end of the reporting year, the proportion of women was 34% (previous year: 33%). The proportion of female board members at La Prairie (excluding the CEO) at the end of the reporting year was 43% (previous year: 38%). The proportion of women in the top management level in 2021 was 59% (previous year: 57%).

We updated these existing targets again in the reporting year as part of our new D&I Strategy Roadmap and publicly announced our Beiersdorf Gender Parity Ambition on International Women's Day. The ambition is to achieve equal (50:50) representation of women and men at management positions below Executive Board level (management levels 1–4) by 2025 at the latest. With this ambition, we aim to not only create equal opportunities for our employees in terms of recruitment, appointment, development, succession management, promotion, and employee retention, but also to be more attractive for consumers by better reflecting their diversity. The ambition shall also make us more attractive to the talented people of tomorrow and thus ensure the competitiveness and future of our company. With this commitment, we are also underlining our goal of being one of Germany's leading companies for gender equality.

Diverse initiatives, activities, and partnerships

Beiersdorf conducted a wide variety of activities in the reporting year to further boost diversity and inclusion. To mark International Women's Day, and in the context of the Impact of Diversity Awards (IoD21), Beiersdorf announced a new gender parity ambition. We also held our first Global Diversity & Inclusion Week from May 17 to 21. Under the motto "We care for your uniqueness – You will be heard. You will be seen. You will be inspired," the participants enjoyed a diverse digital program of exciting keynote talks, panel discussions, presentations by our international subsidiaries and employee communities, and workshops on different aspects of diversity. The aim of the week was to expand knowledge of diversity and inclusion among staff all around the world, provide inspiration and food for thought, and promote dialogue. Beiersdorf also flew the flag for tolerance at the first Pride Day Germany on July 22, 2021. An interview with two trans women from our team discussed everyday challenges and prejudices both inside and outside the company and thus shone a light on the issues affecting transgender people in the workplace. On August 4 and 5, we celebrated the first Beiersdorf Pride Festival with our LGBTIQ+[1] employee community "Be You@Beiersdorf", Chairman of the Executive Board Vincent Warnery, drag queen Olivia Jones, and partners Google, OTTO, Tchibo, DHL, and Accenture. The program included various keynotes, panel discussions, and sessions and aimed to promote acceptance and respect between people of all gender identities. The high number of participants (around 3,000 viewers on day one and over 1,500 on day two) shows that it was important to employees to support the event. The Be You@Beiersdorf community, which aims to create a more inclusive environment for everyone, whatever their identity or sexual orientation, also began an international roll-out in seven countries. It additionally published a playbook to help staff at affiliates establish "Be You" at local level. Together with the NIVEA brand, the community also sent a visible message for more togetherness with the Pride special edition of NIVEA Creme. The launch took place in seven countries and enjoyed remarkable success, especially in Germany.

As well as the "Be You@Beiersdorf" employee network, other employee communities were also very active in the reporting year. The grassroots employee community #SisterhoodisPower, launched in 2020 to help women empower each other in their careers, put together a series of digital #PowerTalk events, in which inspiring women shared their stories, thoughts about management, and personal tips. The initiative also recruited various mentors and coaches for its #Grow2gether Mentoring Program, which was launched in the reporting year to support female employees. The Generation 50+ network initiated learning sessions on the topic of digitalization, and the GBU (Global Brands Unit) business area founded the new employee community "wenited" to promote dialogue and cohesion between international colleagues.

Alongside the many internal activities, Beiersdorf also supports dialogue with external partners. In 2021 for example, we took part in the Beyond Gender Agenda, an initiative to make diversity, equity, and inclusion (DE&I) part of the DNA of listed companies and SMEs, thereby ensuring the long-term competitiveness of the German economy. We also partnered with the LEAD Network (Leading Executives Advancing Diversity), a non-profit organization whose mission is to attract, retain, and advance women in the consumer goods and retail sector in Europe, and with the Impact of Diversity initiative (IoD21) from the FKi ("Women Career Index"). This brings together various advocates for diversity in business and society at large and encourages them to share their experience and ideas in think tanks. To mark the first IoD Awards, the Chief Human Resources Officer Zhengrong Liu also announced the Beiersdorf Gender Parity Ambition.

Generational diversity and inclusion of people with disabilities

Alongside internationalism and gender balance, we also want to continue promoting strong teamwork between different generations at Beiersdorf. This means appreciating the skills and needs of every employee, including older members of staff. In the Consumer Business Segment in Germany, the proportion of employees aged over 50 was 32% at the end of the reporting year (previous year: 33%). At the same time, 15% of employees were younger than 30 (previous year: 15%). The average age among employees in Germany as of December 31, 2021, was 42 (previous year: 42). To support our employees over 50, Beiersdorf AG offers internal training courses customized to the needs of this target group. In addition, the employee network "New Generation 50+" is working to ensure that age is not perceived or treated as a career obstacle. The community has close relationships with OTTO and the Demographie Netzwerk and initiates joint events to promote work on this issue across different companies. The network received a special prize for its collaborative approach at the IOD Awards in the reporting year.

[1] LGBTIQ+ is an abbreviation for lesbian, gay, bisexual, transgender, intergender, queer, and further spectrums of sexuality and gender.

AGE STRUCTURE IN THE CONSUMER BUSINESS SEGMENT GERMANY (IN %)

	2020	2021
≥ 60 years	7	8
50–59 years	26	24
40–49 years	23	22
30–39 years	30	30
20–29 years	14	15
≤ 19 years	1	1

We are also highly committed to supporting people with disabilities. This involves not only employment opportunities but also, since 2021, our support for the Germany-wide "Innoklusio" initiative. Innoklusio's aim is to change attitudes in companies so that their staff are more open to welcoming talented individuals with a disability. This involves breaking down the preconceptions that can lead to exclusion of people with disabilities and, in the long term, successfully integrating more people with a disability into the world of work. In addition, we continued to place orders with sheltered workshops in 2021. Beiersdorf's green spaces in Hamburg, for example, are looked after by Elbe-Werkstätten, the largest sheltered workshop of its kind in Germany. We also worked with the Sozialhelden e.V. initiative, who helped us with the design for the new, accessible Beiersdorf Campus, due to be completed in 2022, and are now reviewing the accessibility of selected Beiersdorf products. Based on the findings, we will be making some changes to our product packaging over the next few months to better meet the needs of people with disabilities.

tesa

As one of the world's technology leaders in the field of technical adhesive tapes and adhesive system solutions, tesa aims to position itself as an attractive and sustainable employer. It is highly important for the company to recruit highly qualified staff and retain them long-term, since that is vital to maintaining the company's positive performance.

Personnel development

In 2021, tesa once again invested in qualifying its staff and creating further attractive development opportunities for them. The global COVID-19 pandemic continued to leave its mark on many of the company's activities in this area. The "x-perience the tesa world" concept was continued in the reporting year, particularly with internal job postings that explicitly called on people from other countries and functions to apply.

Leadership culture

Managers' ability to offer employees a motivating work environment and encourage them to express their talents is key to tesa's business success and its attractiveness as an employer. Back in 2019, tesa therefore began to design a new Management Development Program (MDP) consisting of two modules: "Essential" and "Advanced." Its aim is to help leaders and managers to further develop their skills and competencies. The "Essential" program is intended to impart basic internal and interdisciplinary knowledge about management responsibilities, processes, and tasks in every division of the company. The "Advanced" program builds on it and covers various areas of management: from strategy development, finance and controlling, to supply chain and HR management.

A further focal aspect of HR work is to encourage tesa's talents. In the Competencies Review, talented people are given the opportunity to take part in exercises related to their occupation in a format similar to an assessment center. Participants then receive feedback on their strengths and areas for development based on the tesa Key Competencies. The Competencies Review was overhauled for 2021 and conducted in a virtual environment. New components include continuous peer feedback, a presentation by participants, and a learning path covering the ten months beyond the Competencies Review. During this time, participants receive a high level of support from their line managers and from HR.

Workshops also took place in 2021 on internal succession planning for positions on all management tiers. The discussions looked at all the key positions in the relevant department and considered possible successor candidates.

As part of the formulation of the "newhorizon" business strategy, the tesa Key Competencies were replaced by the tesa People Values. They are intended to define the framework for how employees are to act and conduct themselves. The aim of that is to support tesa's further growth. The six corporate values are: Team up, Set the pace, Challenge yourself, Focus on your customers, Act responsibly, and Achieve & Improve. Integration of the values in management workshops and training is a further step to entrench the People Values in the organization more deeply.

Knowledge transfer

The pandemic continued to present some challenges for the training and professional development of managers and employees during the reporting year. The global training programs could also not be offered face to face in 2021 and were instead held in digital, virtual formats.

Apart from replacement of face-to-face formats by digital learning opportunities, we expanded use of the external digital platform LinkedIn Learning and developed company-specific learning paths tailored to needs.

tesa is continuing to make use of e-learning formats for knowledge transfer. Current offerings include e-learning on topics such as compliance, occupational safety, sustainability, product and technology development, sales, and the Supply Network. Since 2020, employees have been able to access all tesa's professional development offerings at any time via a digital Learning Hub digital Learning Hub.

A new management training series was also launched in 2021. It is divided into a "basics" and an "advanced" training program. Participants in international groups are taught fundamental management skills and how to handle management tasks in the "basics" part. In the "advanced" part, experienced managers acquire competencies in areas such as team development, change management, or coaching. The content of the management training series is focused toward the challenges of tesa's newhorizon strategy and the Leadership Model@tesa.

A new global employee appraisal, called the tesa Performance Management Appraisal (tPM), was rolled out throughout the tesa organization at the end of 2021. As a result, the annual appraisal process and related questionnaire have been considerably simplified, streamlined, and digitized. Moreover, there is greater emphasis on discussion between the employee and manager and on feedback on works results and work behavior. Under the new process, not only managers, but also all employees are urged to prepare for the appraisal using the questionnaire. Backed by this new process, tesa is strengthening employees' personal responsibility and initiative, as well as awareness of their performance and accomplishments. A further aim is to enable employees and managers to benefit from a stronger culture of feedback and dialogue at tesa.

Attractive working environment

In the reporting year, tesa pursued further initiatives aimed at fostering an attractive working environment:

STEM initiative

The first part of the STEM (Science, Technology, Engineering, and Mathematics) initiative, with offerings for children and youngsters, was launched in China in 2021. The aim of the multi-day events, which were organized in cooperation with local schools, is to inspire girls in particular for professions in the fields of science and engineering. The initiative gives participants the opportunity to gather initial practical experience and remove their inhibitions. Following a successful nationwide start in China, the program is to be extended to other countries.

Occupational health management

For years now, employees at tesa's headquarters have been offered an extensive health management scheme under the umbrella brand "It's for you!", with the focus on the issues of "working environment" (e.g. ergonomics advice), "balance" (e.g. massages), "exercise" (e.g. in-house gym), "diet," and "prevention" (e.g. colorectal cancer screening).

During the coronavirus crisis, health management has successfully gone online: Just about all existing offerings are available in an adapted digital form (such as virtual active breaks, or online training in "healthy management at a distance").

tesa Women's Network

In 2021, tesa cooperated with Beiersdorf's new women's network #SisterhoodiesPower. Regular online events were held during the year as part of it. Internal and external speakers held various keynotes on the subjects of career, family, resilience, and self-empowerment.

Back2Office

Thanks to the successful progress made in vaccination, employees were able to return successively to tesa's headquarters in the third quarter of the reporting year. To enable that, the COVID-19 task force was supplemented by a Back2Office working group which initiated various measures to make a return to the office as attractive as possible for employees. By enabling a greater presence at headquarters, tesa aims to foster more personal encounters and therefore greater creativity and innovativeness. However, due to rising COVID-19 cases from the end of November on, many employees worked remotely again at the end of the year.

Sustainability[1]

Sustainability is firmly anchored in our corporate culture and is a core element of our decision-making and business processes. Sustainable action means avoiding pollution or damage to the environment, respecting human rights all along the value chain, and making a relevant social contribution. In 2021, another particularly challenging year, we were passionate and determined about transforming ourselves as a company and contributing to positive global change.

Since 2020, our "Care Beyond Skin" sustainability agenda has been an integral part of our C.A.R.E.+ business strategy. We are driving our transformation all along the value chain – from innovative, sustainable product design to sustainable ingredients, efficient production in our factories, and the end of our products' life cycle. We are aware of our major responsibility as a global skin care company and want to make an active contribution to protecting the climate. That is why we have set ourselves one of the most ambitious reduction targets in the industry. Across the Group, we want to cut absolute Scope 1 and 2 CO_2 emissions by 30% by 2025 (base year: 2018) and absolute Scope 3 emissions by 10%. These targets have been approved by the Science Based Targets Initiative (SBTi) and are in line with scientists' calls to limit global warming to 1.5 degrees Celsius. In addition, with the "Business Ambition for 1.5° C," we have signed a voluntary long-term commitment to achieving net-zero emissions by 2050.

Detailed information on our commitment to sustainability can be found below in our Non-financial Statement (NFS) and at **www.beiersdorf.com/sustainability/reporting/downloads** Additional information on sustainability is also available at **www.beiersdorf.com/sustainability** and **www.tesa.com/en/about-tesa/sustainability:**

[1] This section of the Combined Management Report is not subject to audit requirements.

Non-financial Statement 2021

Combined Non-financial Statement of the Beiersdorf Group and Beiersdorf AG

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

The following chapters constitute the Combined Non-financial Statement (NFS) for the Beiersdorf Group (Consumer and tesa Business Segments) and Beiersdorf AG, as defined respectively under § 315b and § 289b of the German Commercial Code (HGB). For the second time, its contents will be published in the Annual Report this year.

Furthermore, both the Consumer and tesa Business Segments publish separate sustainability reports which provide further information on their respective sustainability activities and projects.

Application of international reporting frameworks

No international reporting frameworks as defined under § 315c s.3 *HGB* in conjunction with § 289d *HGB* were applied in compiling the Beiersdorf Group and Beiersdorf AG Non-financial Statement. However, the Consumer business segment follows the Global Reporting Initiative (GRI) standards in its broader sustainability reporting and publishes a separate GRI-Index.

Both Business Segments are United Nations Global Compact (UNGC) members and report on their achievements and measures taken in the reporting period in order to implement the ten defined UNGC Principles in the areas of human rights, working conditions, environmental protection, and anti-corruption. This Non-financial Statement is submitted as a communication on progress by the Beiersdorf Group.

Material non-financial topics for the business segments

The Consumer Business Segment conducted a materiality analysis in 2021 to review and update the previous material non-financial topics. The following material topics were identified during this process: Climate protection, circular economy, sustainable land use and biodiversity, sustainable use of water, diversity and inclusion, education and training, employer attractiveness, occupational health and safety, safeguarding human rights, community engagement, compliance and business ethics and product safety.

The tesa Business Segment last updated its materiality matrix in 2020 and validated it internally. The material non-financial topics identified are climate and energy, product sustainability, resource efficiency, water, employee development, diversity and equal opportunities, occupational health and safety, human rights, prevention of anticompetitive behavior, and product safety.

You will find an overview of the material NFS topics for the Consumer and tesa Business Segments, as well as chapter and page indications, in our NFS-Index on page 59.

Statement scope

Disclosures on the material NFS topics are mainly provided separately for the tesa and Consumer Business Segments. In principle, all information is reported jointly for the Beiersdorf Group and Beiersdorf AG. Key indicators produced separately for Beiersdorf AG are provided in a table on page 62.

Under Art. 8 EU Taxonomy Regulation, we are reporting for the first time in this Non-financial Statement on “environmentally sustainable” revenues, capital expenditures, and operating expenditures for the environmental goals “Climate change mitigation” and “Climate change adaptation.” The Consumer and tesa Business Segments report jointly in this area.

The STOP THE WATER WHILE USING ME! business acquired in 2020 is managed as a separate business unit and is not included in the reported indicators due to its comparatively low sales volume. Neither is our joint venture NIVEA-KAO in Japan, as this is managed independently with regard to non-financial topics.

The Non-financial Statement has been subjected to a limited assurance engagement by the auditing company Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft based on the International Standard on Assurance Engagements 3000 (Revised).

In order to avoid redundancies, reference is made to passages in the Combined Management Report that contain non-financial disclosures. This relates to the areas “Business and Strategy” and “People at Beiersdorf.” Some of the information in these chapters also forms part of the Non-financial Statement. The corresponding sections are marked with in the Combined Management Report.

NFE Index

STATEMENT TO THE COMBINED NON-FINANCIAL STATEMENT

Strategy

Sustainability is a core component of Beiersdorf corporate culture and of fundamental importance in our decision-making and business processes. We strive to reconcile environmental protection, social responsibility, and economic success, and we have further expanded our commitment and engagement in all these areas since 2020. Since then, for example, we have had our climate targets verified by the Science Based Targets initiative, made new commitments in the area of circular economy, and introduced sustainability targets for the Board of Management.

The Beiersdorf Group has two cross-functional management committees to oversee our approach to climate issues and other relevant sustainability topics: In addition to the group-wide sustainability function, the Consumer Business Segment has established a Sustainability Council and tesa a Sustainability Committee. The directors of all relevant business units are represented on these committees, each of which is chaired by an Executive Board Member. Both committees meet at least every quarter.

We also maintain a regular dialog with our external stakeholders. This exchange ensures that we continuously review our sustainability activities and include current social and environmental developments in our planning.

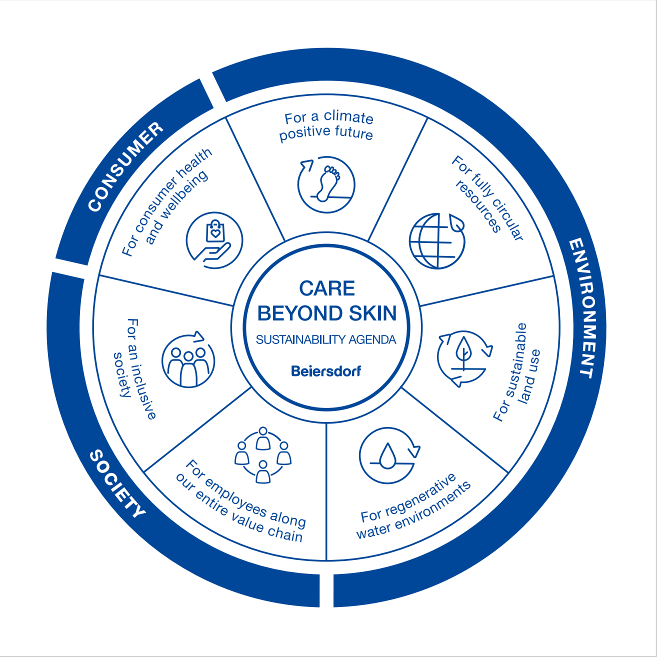
Consumer

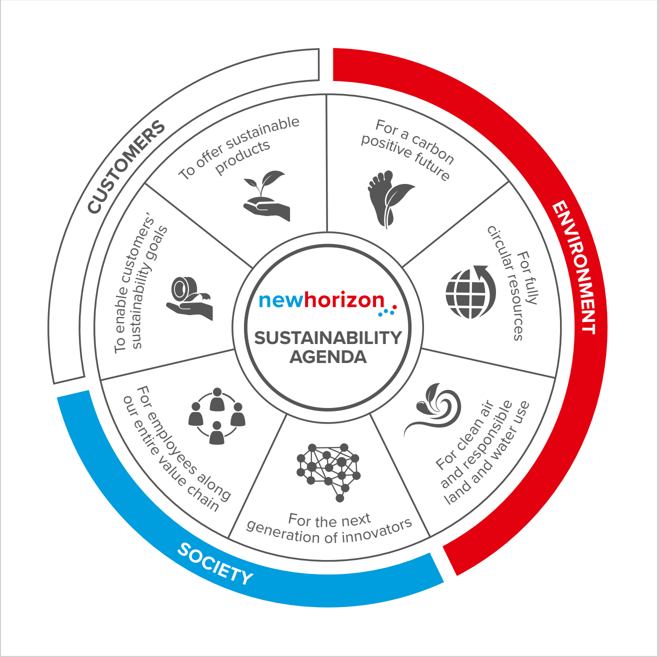
To reaffirm how central the topic of sustainability is to our Corporate Purpose, we have defined sustainability as a cornerstone of our company in our C.A.R.E.+ business strategy, which we have pursued since 2019.

Our “Care Beyond Skin” Sustainability Agenda has been an integral part of C.A.R.E.+ since 2020. It sets out our Corporate Purpose and comprises seven focus fields that concentrate on the impact of our activities throughout the entire value chain – from the climate impact of our products and processes, the circularity of the resources we use and their influence on land and water use, through to the health and safety of our employees and consumers, and our commitment to an inclusive society.

In all these areas we have set ourselves ambitious targets that we want to achieve by 2025 and 2030 respectively. The Ten Principles of the United Nations Global Compact (UNGC) and the UN Sustainable Development Goals (SDGs) form the basis of our engagement and our Sustainability Agenda pays into 13 of the overall 17 SDGs.

2021 was characterized by the consistent implementation of our Sustainability Agenda “Care Beyond Skin”. We were able to both expand our social commitment and make significant progress on our environmental targets. Among other achievements, we reached the important milestone of launching the first climate-neutralized products for our global skin care brand NIVEA.





tesa

tesa defined a Sustainability Agenda as part of its "newhorizon" business strategy in 2020. It affects the Business Segment's entire value chain, from raw materials and suppliers, through to production and employees, and customers, and tesa's worldwide support for social initiatives and projects. The Agenda is based on the Ten Principles of the United Nations Global Compact (UNGC) as well as on the United Nations Sustainable Development Goals (SDGs).

The Sustainability Agenda consists of the three areas of Environment, Customers, and Society, which in turn is broken down into seven fields of focus. Each of these sets out tesa's mid- to long-term goals. Existing initiatives will also be continued within these fields. For each of the three Sustainability Agenda areas, objectives have already been or will be defined, and we continue to develop our sustainability strategy further.

We are continuously developing our sustainability strategy. In the coming years, we will regularly report on current developments and measures within the framework of the Sustainability Agenda.

Description of the Business Model

Beiersdorf is one of the world's leading companies in the consumer goods industry. Since its foundation in 1882, the company has become well-established thanks to its strong brands and it now employs over 20,000 people. The Beiersdorf business is divided into two segments: The Consumer Business Segment which focuses on skin care, and the tesa Business Segment which concentrates on developing high quality self-adhesive systems and product solutions. A detailed description of the business model is provided in the "Business and Strategy" chapter in the Group Management Report from page 37.

Material Risks

Due to its size and reputation, a company like Beiersdorf has to set an example and is of interest to the general public. Our actions regarding the environment, labor, and society, how we combat corruption and bribery, and our respect for human rights therefore play an important role in the public's perception. If we do not act sustainably in these areas, this can give rise to non-financial risks to our company.

As part of our Group-wide integrated management system, we therefore regularly evaluate which non-financial risks are relevant to Beiersdorf and where we need to actively manage these. In 2021 for instance, we again identified inadequately disposed plastic packaging as a material risk. The use of plastic packaging can lead to environmental pollution if it is not disposed of properly or if the disposal infrastructure in the country of sale is inadequate. It is therefore classified as a significant risk according to the CSR Directive. This risk is reflected in changing consumer behaviour regarding the use of certain materials. We counter these risks through our circular economy strategy, which includes the reduction of fossil-based plastics and the increased use of recycled materials.

Environment

As a consumer goods manufacturer, we are highly aware of the impact of our business activities on the environment. We therefore work continuously to minimize the environmental consequences of our processes and products. We focus our efforts especially on the areas of climate protection, circular economy, sustainable land use, and water.

Climate protection

We view climate change as one of the biggest challenges of our time. Risks and opportunities arising from climate change therefore influence our business strategy and entrepreneurial actions.

Risks associated with climate change, for example, effects on raw material prices and material availability or the introduction of new fiscal instruments, are managed in the integrated risk management system as are the corresponding risk minimization measures.

In addition, in the year under review, the Consumer Business Segment carried out an analysis of climate-related physical and transitory risks as well as opportunities in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), and produced a qualitative description of potential risks. For 2022, we plan to analyze these in greater depth and carry out a financial risk evaluation to integrate these risks into our existing risk management system in the next reporting cycle. A summary of TCFD relevant information is available in a separate document on our website.

A detailed description of our risk management structure can be found in the “Risk Report” chapter of the Combined Management Report from page 99.

Climate protection is a core field of action in the sustainability strategies of both; the Consumer and tesa Business Segments. Therefore, the actions required to achieve our climate goals are integrated in our financial and investment planning. The Sustainability Council in the Consumer Business Segment and the Sustainability Committee at tesa are responsible for overseeing their respective climate-related decisions: The objective here is to continuously develop these strategies, review progress towards our climate targets, and ensure the implementation of our climate protection measures.

In the reporting year, the Sustainability Council began to break down the climate targets by individual corporate functions and product categories for the Consumer Business Segment, which will enable us to set internal boundaries at the function level and to foster climate action.

Our climate targets

Beiersdorf has committed to ambitious climate targets in 2020 that apply to both the Consumer and tesa Business Segments. By 2025 we plan to achieve an absolute reduction of 30% in energy-related Scope 1 and Scope 2 emissions[1] compared to the 2018 baseline figure. We have also committed to reduce our indirect GHG emissions along our value chain (Scope 3 emissions) by an absolute 10% by 2025 as compared to a 2018 baseline. These climate targets have been recognized by the Science Based Targets Initiative (SBTi) and correspond to the 1.5-degree scenario set out in the Paris Climate Accord. The Consumer Business Segment has set additional targets to reduce Scope 3 emissions by 30% in absolute terms by 2025 versus a 2018 baseline and achieve climate-neutrality in all its production centers by 2030.

Furthermore, both the Consumer and tesa Business Segments have signed a long-term voluntary commitment to achieve net zero emissions by 2050 at the latest.

We made considerable progress in the reporting year with regards to our climate targets: Absolute Scope 1 and Scope 2 emissions were reduced by 26% versus the 2018 baseline in the Consumer Business Segment, and by 16.5% in the tesa Business Segment. This led to an overall reduction of absolute Scope 1 and Scope 2 emissions of 21%. The absolute Scope 3 emissions[2] of the Consumer Business Segment were reduced by 12% over the same period, bringing the total reduction across Scope 1 to 3 to 12.7%.

We were also able to achieve our goal of obtaining electricity exclusively from renewable energy by 2020. As a result, all of our office and production sites worldwide, in the tesa and Consumer Business Segments, now purchase 100% of their electricity from renewable energy sources.[3]

Climate metrics: Energy, Scope 1, and Scope 2 emissions

We capture, consolidate, and analyze our energy consumption data to determine our global GHG emissions. Progressively gathering this data continuously helps us to verify the effectiveness of the measures we carry out and identify further potential for energy and emission savings. Through close cooperation with data providers, a standardized working procedure has been introduced that covers processes from data collection to regular validation, thus further improving the quality of our Scope 1 and Scope 2 reporting.

We calculate our GHG emissions according to the requirements of the Greenhouse Gas Protocol (GHG Protocol). The GHG Protocol specifies different consolidation approaches for calculating Scope 1 and Scope 2 data. Scope 3 emissions include the categories purchased goods and services, upstream transport and logistics, and business travel. The consolidation approach we choose for calculating our emissions is operational control.

These calculations are mainly based on emission factors from the Intergovernmental Panel on Climate Change (IPCC), along with emission factors of our energy suppliers and the International Energy Agency (IEA). Further emissions such as steam from district heating are calculated using the emission factors provided by the GaBi database, and the British Department for Environment, Food & Rural Affairs (Defra).

[1] Scope 1 includes all emissions that we create ourselves through the combustion of energy sources at our production sites, for example during power generation. Scope 2 emissions are caused by energy generation, e.g. electricity which we procure externally.
[2] For Scope 3 emissions we have defined target boundary for purchased goods and services, upstream transport and logistics, and business travel.
[3] Beiersdorf purchases green electricity directly from energy suppliers or acquires “International Renewable Energy Certificates” (I-RECs), European Guarantees of Origin, or country-specific certificates when purchasing electricity.

The Consumer Business Segment gathers energy consumption data at all its production sites, the warehouses we operate, as well as, offices with more than 50 full-time equivalent employees. tesa collects energy consumption data for all its ISO 14001-certified sites. That accounts for six production sites and the main headquarters.

KEY FIGURES

	Business Area	2018	2019	2020	2021
Scope 1 emissions (t CO_2e)	Beiersdorf Group	98,980	94,175	93,057	100,458
	Consumer	43,341	43,854	38,929	42,085
	tesa	55,639	50,321	54,128	58,373
Scope 2 emissions[1] (t CO_2e)	Beiersdorf Group	30,060	19,749	1,240	1,569
	Consumer	15,809	6,628	1,228	1,569
	tesa	14,251	13,121	12	0
Scope 1 and Scope 2 emissions (t CO_2e)	Beiersdorf Group	129,040	113,924	94,297	102,027
	Consumer	59,151	50,482	40,157	43,654
	tesa	69,890	63,442	54,140	58,373
Total energy consumption (GWh)	Beiersdorf Group	668	650	631	687
	Consumer	341	349	321	343
	tesa	327	301	310	344

[1] The Scope 2 emissions reported in this section are based on the market-based method.

Identifying Scope 3 emissions

Emissions also occur along our value chain, for example by purchasing goods and services, or transport activities. These are referred to as Scope 3 emissions.

Since 2018, the tesa Business Segment has gathered data on material emissions throughout the value chain. Through this, we identified raw materials, finished good suppliers, and product transport as material Scope 3 categories. In the future, we intend to expand our CO_2 monitoring for Scope 3 emissions.

Based on an input-output model, the Consumer Business Segment began by identifying the most relevant categories of Scope 3 emissions[2]. This model assesses the resource consumption and environmental impact throughout the entire supply chain, using internationally standardized statistics and databases. The analysis identified the following material areas for the Consumer Business Segment: Packaging materials, raw materials for product formulations, finished goods suppliers, externally purchased transportation and warehousing services, business travel, covers more than two-thirds of our total Scope 3 emissions, which meets the requirements of SBTi. The key figures regarding Scope 3 emissions can be found in the "Consumer" subchapter.

Consumer

Improved Scope 3 calculations

For all defined categories included in our target boundary, we have developed methods of calculation that rely on precise data as far as possible. This enables us to better monitor the progress of our reduction measures. The majority of our Scope 3 emissions are generated by the manufacturing processes of the packaging[3] and raw materials we need for our products. The calculations of these GHG emissions are based primary data for material consumption, and secondary emission factors derived from life cycle databases.

We work together with service providers to consistently improve data on emissions factors for life cycle analyses (LCAs). We are also developing internal IT solutions to automate data analysis and reporting.

To calculate emissions originating from our outsourced production and storage, we survey our suppliers of finished goods and storage[4] providers for their energy consumption data and emission factors for purchased electricity[4]. These data are based on the quantities of goods produced for us or on goods turnover. The calculation methodology is congruent with the Scope 1 and Scope 2 calculations for our own sites. In 2021, the data we gathered in the survey covered 95% of our outsourced finished goods production and 94% of our warehousing activities. The values in the following table are extrapolated emission values to cover all our finished goods suppliers and warehousing.

[2] In all the following remarks on our Scope 3 emissions, only the mass market and the dermocosmetics business of the Consumer Business Segment are included. The Scope 3 emissions of the premium segment with LA PRAIRIE are not in scope, as LA PRAIRIE's sales volume represents a minor share of Beiersdorf's total business.
[3] We include consumer packaging and secondary packaging in our calculation. Packaging materials that are added as part of packaging processes or during preparation for transport are not included.
[4] For outsourced production and storage, the data collection period (December 2020 to November 2021) differs from the reporting period.

To calculate global upstream and downstream GHG emissions from transport activities, we use the EcoTransIT tool in accordance with the European DIN EN 16258 standard. Data on distances, loads, and the various modes of transport are obtained from our internal logistics network.

To quantify our emissions from business travel, information on distance and modes of transport is either exported from our travel management system or reported directly by our affiliates. For the data collected via our travel management system, we calculate emissions according to the methodology established by German Association of Business Travel Agents (Verband Deutscher Geschäftsreiseveranstalter, VDR), taking into account a "radiative forcing index" (RFI) factor of 2 for business flights. In the case of business travel data, which is reported directly to us, we calculate emissions based on IEA data. The 2020 flight emissions of our German companies were offset in the reporting year 2021 retroactively, and we will do the same for our flight emissions in the upcoming reporting year. Compared to our 2018 baseline, our business travel emissions declined by 84%. This development can be attributed, among other things, to the continuing impact of the COVID 19 pandemic.

In addition to the Non-financial Statement, we disclose our management approaches and data on climate topics as part of the annual CDP survey. We received an "A-" rating in 2021 for the "Climate Change program".

SCOPE 3 GHG EMISSIONS CONSUMER (UNIT: T CO_2E)[1]

	Areas	2018	2019	2020	2021
Category 1: Purchased goods and services[2]	Packaging	443,082	429,849	385,261	388,305
	Raw materials	556,601	533,541	507,479	530,213
	Finished goods manufacturing	36,706	22,052	25,700	10,316
Category 4: Upstream transportation and distribution[3]	Finished goods transport	118,594	120,863	115,979	107,909
	Warehousing	11,705	11,879	9,729	2,283
Category 6: Business travel	Business travel	17,046	18,750	3,693	2,677
Total Scope 3 GHG emissions		1,183,734	1,136,934	1,047,841	1,041,703

[1] The categories are defined by the GHG Protocol.
[2] The emission data for packaging and raw materials 2018, 2019 and 2020 have been adjusted due to updated emission factors. COPPERTONE is not included in this category.
[3] Transport emissions for 2018, 2019 and 2020 have been recalculated due to methodological changes. Warehousing data is extrapolated based on stored pallets.

Transition towards climate neutralization

We have created a climate neutralization plan which will drive forward our transition to net-zero. Our "Climate Neutralization Framework" transparently describes the entire neutralization process for our brands and products. It was developed based on the principles and requirements of the internationally recognized PAS 2060 standard.

Our climate neutralization process consists of three steps. The first step is "Measure". All GHG emissions are quantified in accordance with the GHG Protocol. The second step is "Reduce". This is reflected in our ambitious climate targets, which are based on scientific findings to limit global warming to 1.5 degrees Celsius. We focus our activities and resources mainly on achieving these reduction targets. The third step is "Neutralize". In order to leverage additional CO_2 storage potentials in the transition phase to our "net-zero" target, we invest in certified climate projects to neutralize remaining GHG emissions.

As our GHG emissions and the accounting methods have been detailed in the previous sections, we will elaborate on the second and third steps below.

Reducing operating emissions

At our production sites especially, energy-related emissions can be reduced to increase their energy efficiency. Our goal is to ensure all of our production facilities are climate neutral by 2030. To achieve this, we rely on various measures:

In addition to purchasing 100% green electricity, we have installed photovoltaic systems at twelve of our production sites and offices, through which we cover part of our own electricity needs. In the reporting year, these systems produced 3,117 MWh of electricity worldwide. In 2020, we also launched the "Sustainability in Manufacturing" initiative. The initiative involves all 15 production sites worldwide and supports target achievement in the areas of climate, waste, and water by 2025. The responsible project breaks down the overarching company's goals by production site, analyzes energy consumption, waste and water usage, and derives necessary reduction measures from them. Locally gained knowledge is exchanged in the form of best practice examples within our international network and, where it makes sense, also applied to other locations.

Modern energy-efficient buildings and production facilities also make a major contribution to reaching our climate targets. When we construct a new building or redesign an existing one, we examine its full life cycle and implement sustainable energy concepts. In our new construction and expansion projects, we continually strive to achieve certification to the Leadership in Energy and Environmental Design (LEED) standard. This includes our new Group headquarters and Research Center in Hamburg's Eimsbüttel neighborhood, scheduled for completion in 2023. In addition to the LEED standard, we aim to achieve the "WELL Building Standard" for this project, which will extend to over 100,000 square meters.

We are also aiming for CO_2-neutral operations in our upcoming hub in Leipzig, along with relevant sustainability certification. In addition to energy-efficient processes, there will be green facades and roofs and photovoltaic modules will be installed.

Moreover, we are retrofitting our existing plants: Our site in Berlin will be the first Beiersdorf plant to purchase 100% biomethane in 2022, cutting the plant's GHG emissions by 99%. The biogas is produced in Denmark from organic waste and fed into the European gas grid[1].

Reducing emissions along the value chain

Cutting our Scope 3 emissions is a greater challenge than Scope 1 and Scope 2, as their origin is beyond our direct operational control. For this reason, we work cross-functionally, as well as with our suppliers to identify innovative measures to reduce our carbon footprint. In the reporting year we also developed a roadmap to reduce emissions within our most important Scope 3 categories, which are listed below:

Packaging

Most of the emissions from packaging are caused by using plastics and aluminum. We are therefore working on innovative solutions to prevent, reduce, reuse and recycle our product packaging by 2025. Furthermore, we strive to increase the proportion of recycled aluminum in our aluminum packaging, and to source aluminum with a lower carbon footprint (see chapter "Circular Economy", p. 65).

Product formulations

We also plan to make our product formulations more environmentally friendly. To achieve this, we developed an action plan in the reporting year that comprises of the following measures:

- Increasing plant-based ingredients with a lower carbon footprint,
- Increasing the use of materials from renewable carbon sources, e.g. bio-based materials, materials made from chemical recycling, and materials derived from carbon capture and utilization,
- Cooperating closely with our main suppliers to introduce renewable energy at their production sites, thus reducing the carbon footprint of our raw materials,
- Sourcing further renewable raw materials from sustainable and deforestation-free cultivation. To ensure this we have entered various partnerships, such as the Roundtable on Sustainable Palm Oil (RSPO) (see chapter "Sustainable Land Use", p. 68).

Finished goods manufacturing and third-party warehousing

A key driving force for the reduction of GHG emissions from our products and packaging is to switch over to renewable electricity at our suppliers too. To achieve this goal, we are leading intensive discussions with suppliers and third-party manufacturers to find mutual solutions for switching to renewable energy. In the reporting year we formulated a step-by-step plan for the gradual implementation of such measures. In 2021, all third-party manufacturers and third-party warehouse operators included in our data query purchased electricity from renewable energies or their electricity purchases were covered by corresponding energy certificates.

Transport

Along with our packaging and formulation emission, we are exploring ways to reduce and prevent emissions in transport. Wherever possible, we plan to shift the transportation of our goods to rail. This applies in Europe and North America especially, where our largest markets are located. For our global sea freight transports, we have largely been purchasing mass-balanced biofuels from waste and residues via certificates. Since April 2021, our truck transport service providers started to use biofuels for our products outbound transportation from Hub Nordics to Scandinavian countries. In addition, we are investigating possibilities for the use of other alternative fuels, such as the use of trucks powered by electricity. We are working closely with our logistics providers to achieve this goal.

In our drive to understand and implement new transport technologies, we are in close dialogue with external consultants and scientific experts. One example is our cooperation with EcoTransIT to calculate our transport emissions. We share this knowledge with our logistics providers worldwide.

Neutralizing remaining emissions

In addition to its efforts to reduce GHG emissions in the value chain, Beiersdorf invests specifically in climate protection projects. We only select high-quality projects that are in line with the Paris Agreement and are certified by internationally recognized organizations such as Verra or the Gold Standard. We focus on projects that store carbon from the atmosphere – for example through reforestation, afforestation, and soil management – and at the same time provide additional benefits for biodiversity or local communities. With these projects, we offset the remaining GHG emissions of selected products.

[1] The consumer business segment acquires biogas certificates. The certificates prove that a corresponding amount of biogas has been produced and fed into the natural gas grid.
[2] tesa SE sold its subsidiary tesa scribos in 2021.

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Company management systems for environmental protection

The tesa Business Segment uses ISO 14001 certified environmental management systems at seven sites[2] for the continuous management and planning of our corporate environmental protection. The ISO 14001 standard is an internationally recognized approach to managing the direct and long-term environmental impacts of products, services, and processes within a company.

As part of the matrix certification of ISO 14001 sites, external environmental audits are also carried out annually. In addition, the environmental management systems at selected ISO 14001 sites are reviewed during internal audits by specialists at the headquarters.

In addition to the environmental management system, the two largest production facilities with the highest GHG emissions (Hamburg and Offenburg) are certified to ISO 50001:2018 standard. These two factories account for almost 70% of GHG emissions of all ISO 14001 certified sites. tesa's headquarters are also certified to ISO 50001, as it is the site with the largest workforce and has the largest research and development division. The energy management systems set the stage for increasing energy efficiency at each of plants.

Through our internal planning and reporting activities we identify, assess, and monitor risks and measures that target a reduction in GHG emissions. We review the effectiveness of our activities for reducing these emissions by recording monthly energy consumption at each site. We lowered our Scope 1 and Scope 2 emissions in absolute terms by 16% between 2018 and 2021. We achieved a reduction in specific emissions of 15.5% per metric ton of end product over the same period.

Identify energy-saving opportunities and increase efficiency

Energy consumption is an important management driver for reducing our environmental impact. Within the framework of a continuous improvement process, and based on the environmental program and the environmental audits, we identify energy-saving opportunities and optimize energy-intensive processes, while simultaneously reducing our CO_2 emissions and related costs. tesa corporate management conducts a management review every year as part of this process. The environmental and energy experts at each site bear operational responsibility.

A further strategic approach for increasing energy efficiency is the use of energy- and resource-saving technologies. This includes generating our own energy efficiently. At several production sites, we utilize combined cooling, heat and power (CCHP) or combined heat and power (CHP) systems for climate-friendly cogeneration. We not only use the electricity generated but also harness the heat produced in these systems for our production processes and heating. In the reporting year, we purchased biogas certificates for our CHP plant at Group headquarters for the first time. The biogas is produced in England and fed into the European gas grid.[1] This means we continue to benefit from the high generation efficiencies of the CHP plant. By using biomethane instead of natural gas we can also rely on renewable, climate-friendly sources of energy. Overall, in 2021 we were able to produce over 50% of our electricity needs ourselves via energy-efficient CHP systems.

In addition, we increasingly rely on electricity production through photovoltaics. During the reporting period, a photovoltaic generator with a total capacity of 964 MWh annually brought onstream at our production site in Suzhou. In contrast to conventional electricity, we save around 900 metric tons of CO_2 per year with this system. At our site in Italy, we have launched a study on the installation of a photovoltaic system.

Circular Economy

Consumer

The products of the Consumer Business Segment stand for high quality and effective skin care worldwide. We aspire to meet our own high quality standards, our stakeholders' increased sustainability demands, and to maintain the trust of consumers in our products. This trust also includes being responsible for continually optimizing the environmental compatibility of our products, consciously using resources to mitigate impact on the environment, and protecting nature.

The Executive Board is responsible for integrating product sustainability into our C.A.R.E.+ corporate strategy and at brand level. Our Sustainability Council (see chapter “Strategy”, p. 59) is in regular contact with senior management in Marketing and Research & Development and reports on ongoing projects and the status of targets, for example in the area of emissions reduction. We also leverage the expertise of various departments and external stakeholders such as suppliers and institutes to implement cross-functional and cross value-chain projects.

Holistic perspective on products

It is important to us that we evaluate our products holistically according to their environmental and social impact. By means of life cycle assessments (LCAs), all the impacts from our procurement of raw materials through the disposal of the final product are listed and summarized. A life cycle assessment is a comprehensive analysis that shows the impact of a product on the environment – and where there is still room for improvement. Beyond the use phase, the environmental impact of our products depends above all on the raw materials and the resource efficiency of our packaging. This is why we focus our sustainability efforts on these areas.

In the year under review, we successfully developed our own system that enables us to calculate the CO_2 footprint of a product as early as the product development phase. This transparency enables us to subsequently make formula changes that result in a lower carbon footprint.

[1] tesa acquires biogas certificates. The certificates prove that a corresponding amount of biogas has been produced and fed into the natural gas grid.

Sustainable packaging

The consumption of natural resources has increased continuously worldwide over the past decades. Negative environmental impacts as well as waste production are steadily increasing and causing lasting damage to the environment. To counteract this, Beiersdorf is committed to strengthening the circular economy: The recyclability of our packaging and ingredients is significant to us.

Our packaging consists of plastics to a large extent, as this material has many positive characteristics such as low weight and high stability combined with flexibility. Unfortunately, the volume of these crude oil-based materials continues to increase worldwide, and plastic packaging is often not recycled. So, we work intensively to optimize our plastic packaging in accordance with the four sustainability principles of "avoid, reduce, reuse, and recycle" to contribute toward a fully functional circular economy.

To make our initiatives in this area measurable, we have set ourselves the following global packaging targets by 2025:

- We aim to use 50% less petroleum-based virgin plastic in our packaging in comparison to 2019
- and integrate at least 30% recyclate (i.e. recycled material) in our plastic packaging.
- 100% of our packaging should be refillable, reusable or recyclable.

For the reporting year we can report the following progress towards our circular economy targets:

- 9% reduction in petroleum-based virgin plastics in our packaging
- 7% recycled material in our plastic packaging.

Our third objective in the area of plastic packaging focuses on the end of the life cycle. In the year under review, we developed and introduced a methodology measure the recyclability of our plastic packaging. At first, we analyze plastic bottles, which are the most widely used packaging format at Beiersdorf. The analysis includes the total weight of all plastic bottles for which data is available. The brand Coppertone and bottles bought in outsourced production are excluded.

Taking the definition of the Ellen MacArthur Foundation, packaging or packaging components are recyclable if their successful post-consumer collection, sorting, and recycling is proven to work in practice and on a large scale. We assess the recyclability of each type of packaging using a standardized digital application published by an independent certifier. Based on these individual analyses, we then make projections for the overall portfolio.

Using a standardized digital application published by an independent certification body, we assess the recyclability of individual packaging. Based on these individual analyses, projections are then made for the entire portfolio.

In the year under review, 81% (by weight) of all our plastic bottles was recyclable. Compared to the total weight of all our plastics, this equates to a recyclability percentage of 41%.

In the coming year we want to include other packaging formats in our analysis and a further parameter in our reporting: Design for Recycling. This way we will be able to report holistically on all the relevant parameters: The use of materials, design to enable future recycling, and ultimately the actual recyclability percentage.

In addition to plastic, we use other materials such as paper, aluminum, and glass in our packaging. For the use of these materials, we also continuously evaluate more sustainable solutions and review how we can implement the principles of "avoid, reduce, reuse and recycle" here as well. In the reporting year, for example, we launched our first aerosol cans made from 100% recycled aluminum. Through these measures, we aim to reduce the risk of negative impacts of our packaging on the environment. In close collaboration with our suppliers, our teams work across different departments to develop optimal solutions for sustainable, safe and appealing packaging for our packaging materials.

Environmentally friendly product formulations

We also optimize the circularity of our product formulations by setting ourselves ambitious goals, both for eliminating microplastics as defined by the United Nations Environment Programme (UNEP)[1], and for the use of bio-degradable polymers.

At the end of the reporting year 2021, the production of all NIVEA products was switched to microplastic-free formulas (according to UNEP). This means that the set target was achieved. For Eucerin, we aim to achieve this target for all cosmetic formulas by the end of 2023. Between 2016 and 2021, we have already reduced the use of microplastics at Eucerin by 45% in terms of raw material volume. At the end of the reporting year, 19 Eucerin products still contained microplastics. These are currently being revised and should also be microplastic-free by the end of 2023.

We also aim to use exclusively biodegradable polymers in our European product formulas by the end of 2025. A polymer is a molecule consisting of many repeating subunits and is widely used in cosmetics. Biodegradability refers to the degradability of molecules through the action of microorganisms such as bacteria or fungi, thereby avoiding environmental pollution. By implementing environmentally friendly and alternative bio-degradable raw materials, we are striving to improve the environmental compatibility of our overall product portfolio.

[1] The United Nations Environmental Program (UNEP) defines microplastics as solid plastic particles that are smaller than 5mm, not biodegradable, and waterinsoluble.

By gradually eliminating non-biodegradable polymers, we pursue the goal of reducing harmful effects on the environment. We evaluate all raw materials with regard to their biodegradability. For this assessment, we apply Annex XIII of the REACH regulation and the corresponding guidelines on information requirements (Chapter R. 11), which also contain the criteria for persistence. These criteria describe the non-biodegradable properties of a molecule over a specific period. The Annex and the guidelines on information requirements are used to identify polymers that are not biodegradable and are therefore to be avoided in our European product formulations by the end of 2025. To achieve this goal, we not only replace these ingredients directly, we also develop completely new polymer technologies.

We already achieved a 52% reduction in the use of non-biodegradable polymers in our European product formulations compared to the 2016 baseline.

In addition, we are increasingly using non-fossil renewable materials. Our goal is to increase the use of natural and renewable raw materials while assuring sustainable sourcing to prevent environmental impact from an increased demand for certain raw materials (see chapter "Sustainable Land Use", p. 68).

Partnerships to achieve our product goals

Alongside decarbonization, the transition to new carbon sources is also important. Beiersdorf co-founded the Renewable Carbon Initiative (RCI) to prevent and replace the use of fossil carbon as a material basis for raw materials and packaging. The aim of this initiative is to support and accelerate the transition to renewable carbon for all organic chemicals and materials. Renewable carbon is all carbon sources that prevent or replace additional fossil carbon.

A specific example of this is our collaboration with Sabic in the development of recyclable plastic tubs for NIVEA Naturally Good face care products. The raw material used for ISCC PLUS certified, renewable polypropylene (PP) is tall oil – a forestry by-product that replaces crude oil in Sabic's plastic production. This renewable carbon source is seamlessly integrated into the manufacturing process and aligned with the principle of mass balance. This measure contributes to our goal of reducing the use of oil-based plastics.

To reduce its carbon footprint in the aluminum sector, Beiersdorf has teamed up with Swiss packaging specialist Nussbaum to develop an aluminum can that is made of 100% recycled aluminum. This innovative aerosol packaging is made entirely from old beverage cans, demonstrating new opportunities in the circular economy.

Beiersdorf joined the Eco Beauty Score Consortium to meet its stakeholders' demand for greater transparency on the environmental impact of cosmetic products – in terms of formulas, packaging, and application. The objective of this initiative is to develop an assessment scheme that makes the environmental impact of a cosmetic product transparent. In this way, we want to make our consumers aware of our commitment not only at company level, but also at brand and product level.

Product Sustainability

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Innovative solutions for greater sustainability

With our innovative product solutions, we strive to offer our customers technological progress combined with an active contribution to sustainability. We want to increasingly use recycled and renewable raw materials in our products and packaging. Our understanding of product sustainability includes not only product development, but also the use phase by our customers.

With our "Project Sustainability Assessment", we have established an instrument in 2020 for evaluating projects in the area of product and technology development at an early stage regarding their contribution to sustainability. Development and larger investment projects have to undergo the assessment. Quantitative and qualitative statements on specific sustainability aspects must be made for the assessment. The structure of the assessment is based on our sustainability agenda and the Sustainable Development Goals of the United Nations.

Since as early as 2010 we have provided adhesive rollers, adhesive films, packing tape, glue sticks and correction rollers, among other products, under the "tesa ecoLogo" sub-brand. We manufacture these articles primarily from recycled or natural materials. The tesa ecoLogo product range dispenses completely with solvents in production and uses primarily bio-based materials and recycled packaging.

It is our goal to increase the share of sustainable products in our overall portfolio by 2025. For us this means we want to use more renewable or recycled raw materials for our products and pay even more attention to the end-phase of product life in future. The development of appropriate metrics will help us to be transparent about progress in this area in the coming years.

The entire life cycle in focus

The fundamental concept of the circular economy includes reduced consumption of materials, increased reuse of the same, and recycling at the end of a product's useful life. If the product or individual components can be recycled or reused, resources can in turn be saved elsewhere. To achieve this, we consider the end of the product life cycle at an early development stage and are investing in further research on this topic. One focus here is on removable adhesive bonds.

At the moment, our main focus is on understanding the CO_2 footprint of each of our products. To this end, during the reporting period we assigned emission factors to many of our most used raw materials and determined the estimated carbon footprint of roughly 25 products. We also regularly discuss this topic with our suppliers to improve the accuracy of our calculations through primary data.

We use the results of our analyses to identify relevant emission sources throughout the value chain and to be able to reduce our emissions in a targeted manner through suitable measures. Alongside this, we are working to further standardize our methodology and produce more advanced life cycle analyses (LCAs) that integrate additional environmental impacts such as acidification or eutrophication. We also plan to further reduce our use of solvents in production

Our understanding of product sustainability goes further, however. Across the manufacturing industry, the electronics sector, and wind and solar energy, selected products can help our customers to operate efficiently and drive sustainable technologies. For example, our adhesive solutions help save resources and energy while enabling the repair or recycling of products. This allows our customers to potentially reduce waste and cut GHG emissions.

Sustainable paper products

Since we use large quantities of paper for our products and packaging, we also pay great attention to sustainable paper and increasingly source "Forest Stewardship Council" (FSC)-certified paper. Since 2019 FSC® certification of tesa SE has given us a significant boost. In this context, we also launched the first two FSC-certified products on the market in the reporting year. Our production plants in Offenburg, Suzhou, Concagno and Hamburg are also FSC-certified. For the future, we are striving for further certifications of our plants as well as increasing the development of FSC-certified products.

Sustainable packaging

We intend to make our packaging sustainable beyond the Scope of regular optimizations. To achieve this goal, in 2021 we set up a project team to determine the current status of our packaging and analyze potential improvement. We see paper and plastics as the greatest opportunities for optimization. Our goals are thus: For fiber-based raw materials such as paper and cardboard, we will rely primarily on FSC quality and aim to achieve a share of 80% by 2025. Regarding plastic, our objective is to use at least 30% recycled materials by 2025.

Sustainable Land Use

Consumer

Sustainable cultivation of raw materials

Natural raw materials are a key element in the development of our product formulas. We work hard to avoid environmental pollution or damage caused either by our sourcing or the use of these raw materials. Our objective is therefore to procure our key renewable raw materials only from sustainable sources by 2025. Furthermore, we plan to source our main raw materials such as palm (kernel) oil derivatives, soy, tallow and paper completely deforestation-free by 2025. To support this objective, "Sustainable Land Use" is firmly anchored in our Sustainability Agenda as a focus field. We have been implementing robust sustainability programs for palm-based raw materials and paper-based packaging for many years now. Similar programs for soy and tallow are currently in the design phase.

Within Beiersdorf we cooperate with colleagues from various specialist departments including Procurement, Research & Development (R&D), and Supply Chain to implement our programs for sustainably certified raw materials and packaging worldwide. In addition, the Sustainability Council is regularly updated on progress and involved in strategy workshops. Its input is important in continuously developing our programs and reviewing the achievement of our goals.

Palm (kernel) oil derivates

Palm (kernel) oil derivatives are fundamental raw materials in our cosmetic and body care products. Essential ingredients such as emulsifiers and surfactants are obtained from both mineral and vegetable oils such as palm (kernel) oil and its suitable derivatives. Beiersdorf does not source the oil directly, but uses its derivatives – that is, processed substances based on palm (kernel) oil. Our total procurement volume in 2021 was around 30,000 tons.

Palm (kernel) oil is a renewable raw material with high cultivation efficiency: The oil palm delivers almost five times the yield[1] per cultivated land area compared to other crops such as coconut, rapeseed or sunflower. This is what makes oil palm cultivation so attractive – and leads to the progressive destruction of rainforests. Our goal is to avoid the deforestation of rainforests worldwide.

By pushing for certification, transparency and transformation, we work to identify and minimize the environmental and social risks throughout the supply chains of palm (kernel) oil-based raw materials. Our "Palm Sustainability Roadmap" and "Sustainable Palm Policy" guide our worldwide commitment toward achieving sustainable raw materials procurement while also improving the working conditions of local smallholder farmers, for instance. To achieve our goals, we pursue various approaches:

Sustainable certification

We have achieved our goal of using 100% sustainably certified palm (kernel) oil and its derivatives by the end of 2020[2]. This means that in our products we only use raw materials from sustainable sources according to the mass-balance model established by the Roundtable on Sustainable Palm Oil (RSPO).

According to the mass-balance model, products containing RSPO-certified and non-certified palm oil can be certified. Here, it must be ensured that the processed quantity of RSPO-certified palm oil corresponds to the purchased quantity of certified palm oil. This option is particularly relevant to the use of palm (kernel) oil-based derivatives, as derivatives production is extremely intricate and complex, and there is no infrastructure for an RSPO segregated supply chain.

Our goal is to procure our palm (kernel) oil derivatives completely deforestation-free by 2025.

Supply chain transparency

Unlike the crude palm (kernel) oil supply chain, the derivatives supply chain is highly complex and involves a great number of different actors. We source palm (kernel) oil-based raw materials from external suppliers and can therefore only have a limited impact on this upstream supply chain.

[1] FONAP: https://www.forumpalmoel.org/home
[2] Including LA PRAIRIE and STOP THE WATER WHILE USING ME!

To trace the origin of our raw materials back to the level of the refinery, mill and plantation, we are founding members of the cross-industry initiative "Action for Sustainable Derivatives" since 2019. The ASD's aim is to increase the transparency and sustainability of derivative supply chains. To do this, the initiative contacts our direct suppliers and requests information on their own upstream supply chains and palm oil volumes, among other data. This way, the ASD works steadily upwards through the entire palm oil supply chain. The objective of the annual tracing of our raw materials sourcing is to maximize transparency in our palm (kernel) oil supply chain, to identify "hot spots", and provide targeted support for projects locally.

Sustainable transformation in cultivation regions

We engage for sustainability directly in palm oil cultivating regions to help improve the fundamental local working and living conditions of smallholder farmers in the long term, and to protect the environment. Our goal is to convince the smallholders and their cooperatives that transitioning to sustainable oil palm cultivation without further deforestation will improve both their income and their living conditions.

Since 2018 we have cooperated with the World Wide Fund for Nature (WWF) in a smallholder farmer project in West Kalimantan, Indonesia. We support a total of three villages with a combined population of around 4,500 inhabitants, including 240 smallholder farmers. In the 2021 reporting year, we succeeded in bringing the smallholder farmers together to form a cooperative and in legalizing their plantations' land-use rights. In addition, the WWF carried out numerous training courses on sustainable palm oil and rubber cultivation and gave smallholder farms access to oil palm seedlings. This has helped the smallholders to diversify their sources of income, which also benefits the inhabitants of the three project villages.

In 2020, together with the WWF and our supplier Evonik, a specialty chemicals company, we also initiated a landscape project in Sabah, Malaysia. The goal of the project is to make the production of palm oil more sustainable and to halt deforestation. By 2025, small and medium-sized palm oil farms with a total area of 20,000 hectares are to be certified to the RSPO standard.

Besides this we also supported a project initiated by the Forum for Sustainable Palm Oil (FONAP) in Perak, Malaysia. These projects form an important building block in the continued development of our "Palm Sustainability Roadmap".

Shea

Sheabutter is another key ingredient in many of our products; therefore, Beiersdorf has been a member of the Global Shea Alliance (GSA) since 2019. In cooperation with the GSA and our shea suppliers, Beiersdorf is supporting women shea collectors in some of the poorest rural regions of the "Shea Belt", the main cultivation region in Africa. For instance, we support shea collectors in Ghana und Burkina Faso and train them over five years in the areas of health, occupational safety, product quality, and fundamental economic know-how. In addition, as part of the "Clean Cookstoves" project, female shea collectors learn how to make cookstoves from local materials such as termite sand. Furthermore, we intend on planting 10,000 shea trees locally by 2024, thus contributing to fighting climate change, as the trees bind CO_2 and can counteract desertification.

Paper

We use paper and cardboard in many of our product packages. We also want to procure this natural resource sustainably, and for this purpose we have implemented a "Sustainable Paper and Cardboard Policy" with the goal of using exclusively paper and cardboard materials worldwide that are recycled, or certified sustainable according to the "Forest Stewardship Council" (FSC) standard.) by the end of 2020.

100% of our folding boxes, used in the outer packaging of our face creams for instance, are already sourced from FSC-certified material. However, we did not reach our target by the end of 2020 in all regions for other paper-based packaging such as shipping boxes and other retailing materials; we are therefore currently working intensively on swapping further paper-based materials to FSC-certified or recycled paper.

Resource Efficiency

tesa

Using resources efficiently is fundamental for tesa. We want to promote the circular economy and utilize materials that can remain in the cycle at the end of their useful lives or can be used in other ways. At present, waste cannot be completely avoided in our goods production. However, we are committed to reducing it effectively in order to preserve precious natural resources. We therefore work continually to raise all stakeholders' awareness of the need to avoid unnecessary waste and ensure professional recycling.

Measures to protect resources are an integral part of our corporate environmental protection. In addition to statutory regulations, we continuously develop our environmental management systems and also exchange information with external experts for this purpose.

Avoidance and recycling

We base our waste and raw material management on the "waste pyramid": Avoiding and reducing waste takes highest priority, followed by various options for recycling. Waste is sent for disposal only when it is unavoidable. Our production plants pursue the objective of "zero waste to landfill" by 2025, i.e., eliminating the disposal of waste via landfill sites. We have already achieved this status for over 70% of our production plants.

In order to use materials efficiently and recycle wherever possible, our production plants constantly work on minimizing production-related losses of the raw materials we use. This applies equally to adhesives production as well as to coating tapes and cutting rolls.

We are also reducing our waste volumes through ongoing improvements to our machinery and production processes. In the reporting period, for example, we were able to optimize the delivery of raw materials in mass production and thus save 12 tons of material per year.

Production waste is collected separately on a site-specific basis according to various waste categories and then the materials are recycled to the greatest extent possible. Waste is summarized by categories, based on whether it is non-hazardous or hazardous, and whether it is for disposal or recycling and published in our annual sustainability report. tesa recycles almost all non-hazardous waste as well as hazardous waste containing solvents.

High recycling rate for packaging

The reduction of packaging materials also helps minimize waste and therefore its negative impact on the environment. In our production, our constant goal is to reduce the amount of packaging materials as far as possible and avoid all packaging that is not absolutely necessary – without impacting the quality, performance, or protection of our products in any way.

For packaging, we seek to maximize the recyclability of the materials used. For example, we prioritize cardboard packaging and reusable pallets, and use single-source plastic as far as possible.

In the area of sustainable packaging we worked on new goals in 2021 as part of our Sustainability Agenda. Going forward we plan to use even fewer raw materials for our packaging and increasingly use alternative and/or recycled raw materials. The development of specific key indicators will help us make our progress in this area transparent in the following year.

Active involvement of employees

At tesa we leverage our employees' expertise in further developing waste-reduction measures. In 2021 we therefore continued the successful "Great Ideas – Not Waste" campaign at our plant in Offenburg. Driving this campaign is a long-term project through which we intend to continuously reduce energy and resource consumption, with the participation of employees from the production, process development, and technology areas.

Regular intra- and interdepartmental discussions form a cornerstone of this project. The purpose of these discussions is to agree specific steps for the implementation of potential improvement measures and to exchange best-practice solutions. Moreover, the project includes communication measures designed to raise awareness of the issue among employees. In 2021 we implemented 28 projects targeting resource efficiency. To date these have resulted in savings of € 277,000.

Water

Water is the basis for all life forms. However, our planet's water resources are unequally distributed and threatened by a range of factors such as climate change, population increase, pollution, and overuse. Many regions are particularly affected by drought and in parallel, clean drinking water resources are becoming scarcer worldwide. In light of this situation, we consider it vital to use water responsibly. We strive to keep water consumption as low as possible and to minimize our wastewater generation in all business divisions and processes throughout our supply chain.

Managing water risks

The "Aqueduct Water Risk Atlas" is a data tool provided by the World Resources Institute (WRI). We use this to assess the water risk annually for all our Consumer Business Segment production sites as well as for all tesa Business Segment production sites and its headquarters. This tool takes a range of factors into account, including the type of water withdrawal, water quality and how water consumption is managed. In addition, we identify locations with an elevated risk of water scarcity or water stress.

Going forward, our objective is to handle water as a precious resource even more carefully and to drive our comprehensive water management forward. To support us in achieving this we are in dialogue with the WWF to expand our risk analyses with their "Water Risk Filter."

Our Consumer and tesa Business Segments submit water management data annually as part of the CDP "Water Security Program." With regard to their statements on "Water Security," the Consumer Business Segment received a "B" assessment in the reporting period, and the tesa Business Segment a "C. We strive to work more intensively on further improving this rating in the coming year.

Consumer

The Consumer Business Segment uses water in a broad variety of ways. It is needed to manufacture our products and it is a core ingredient in our product formulas. Naturally, it is also used by our consumers when they apply our products. We are therefore fully committed to handling this vital resource responsibly and to consistently promote the sustainable use of water.

We work continually on minimizing water consumption in our production processes, for instance. By 2025 we want to reduce our water consumption per manufactured product by 25% (vs. base year 2018). In 2021, water consumption per manufactured product increased by 9% compared to the base year. Compared to the previous year, this represents a reduction of 3%.

Focus on sustainable water management

The importance of sustainable water management is also a key factor in planning expansions to our production sites: Under our global initiative "Sustainability in Manufacturing," we are working intensively to integrate innovative ideas into our production processes. Here we are focused on developing increasingly effective solutions to reduce water loss, determine water consumption at relevant production plants, and implement innovative approaches to treating wastewater for reuse in production processes.

We rely on state-of-the-art equipment and leading technologies, especially for high-consumption cleaning processes. We harness efficient technical processes to purify wastewater for reuse in cooling, irrigation and sanitation, for example. These measures are frequently implemented at our production sites as part of their "LEED" certification (see chapter "Climate protection", p. 61). Even apparently minor improvements such as modernizing sanitary facilities, or targeted consumption measurements in production areas, all contribute to sustainable water management.

In order to continuously improve our water management, we are also in dialogue with water suppliers, local authorities and neighboring companies. Additionally, we regularly review our production sites for opportunities for optimization to reduce water consumption and facilitate wastewater cleaning processes.

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Guidelines and preventive measures

In the reporting year we strengthened our environmental guidelines with regard to water. We are committed to efficient water use, water resource conservation, and appropriate wastewater treatment. We collect water-related data at our production sites annually, such as on water consumption and wastewater volumes. We withdraw water mainly from the public drinking-water supply and from groundwater. Water is reused several times in our cooling cycles. Most of the water used is discharged as wastewater into the sewage system or as surface water.

We plan to continue to reduce water-source risks that result from our production requirements as far as possible. We therefore take preventive measures against all conceivable accidents. For example, liquids that pose a threat to water are emptied, refilled, and stored only in areas that are equipped with appropriate retention tanks. Equipment to measure turbidity and solvent concentration should ensure that no contaminated surface water is channeled into the drain system. If there is a leak or spill of a relevant quantity of water-endangering substances, emergency plans governing the precise procedure are immediately executed. All these measures are regularly reviewed in our external ISO 14001 audits and are the prerequisite for a successful audit result.

Employees

Our employees make a major contribution to the sustainable development of our company. Their expertise, skills, and commitment ensure our competitiveness and power to innovate. Our goal is to create an attractive working environment that recognizes individual performance and actively promotes the potential of a diverse workforce.

Consumer

Training and education

The changes in our working world require an agile, dynamic working approach and therefore high willingness to learn. This makes it even more important to promote our employees' personal strengths and to invest in their long-term development. To secure this, we provide comprehensive training and development opportunities that also support lifelong learning.

Further information on the topic of training and education as well as on knowledge and learning can be found in the "People at Beiersdorf" section in the Combined Management Report, starting on page 49.

Employer attractiveness

We want to be the first-choice employer for our staff and to offer them a secure, attractive, and inclusive working environment where everyone feels they belong and has the same opportunities to succeed and give their best performance. For us, this includes open dialogue across all hierarchical levels in the sense of participation and involvement, achieving the goals we set ourselves together and a responsible leadership culture. Our employees' emotional engagement is an issue particularly close to our heart and is regularly reviewed using global employee surveys.

Further information on the results of these surveys can be found in the "People at Beiersdorf" section of the Combined Management Report, starting on page 49.

Diversity and inclusion

We are convinced that a diverse workforce enriches our teamwork enormously. Different perspectives not only strengthen our ability to innovate but also boost our competitiveness, make us more creative, and help us to better understand the needs of our consumers. Diversity and inclusion are thus not only actively promoted but form a core component of our business strategy.

The new D&I Strategy Roadmap is helping us create a culture built on diversity and inclusion. It consists of three strategic priorities, which are introduced in more detail in the "People at Beiersdorf" section of the Combined Management Report, starting on page 49. You will also find the corresponding key figures in this chapter, such as the proportion of women in management positions and the internal filling of management vacancies.

tesa

Employee development

Competition for employees with scientific and technical backgrounds is constantly on the rise within our industry. The advance of digitization and internationalization is also changing work requirements and methods. We are meeting these challenges with comprehensive education and further training programs, as highly qualified, committed, and performance-oriented employees represent a decisive competitive advantage for tesa. In addition, a diverse range of training and further education opportunities enhance our attractiveness as an employer and contribute to employee satisfaction and motivation to work for us long term.

To meet the challenges of the labor market and a competitive environment, we have developed a tesa-specific training course that helps young people gain access to working life. It also gives us the opportunity to train employees in those areas that are relevant to our business. For example, we teach our trainees our understanding of quality and service from the outset, as well as the key competencies that are important at tesa.

To secure our long-term success we also need to offer our employees attractive development opportunities – both professionally and personally, at all levels and in all areas. To identify and fully leverage the potential of our employees we have established target group and competency-oriented training programs. These include basic qualifications for new employees as well as special formats tailored to the requirements of individual business areas. In addition to face-to-face courses and training, tesa also offers its employees a wide range of online further training courses. These topics areas such as compliance, occupational safety, sales, and management and leadership. We significantly expanded these in recent years to be able to offer our employees a wide range of further training opportunities – despite the requirement to increasingly work from home due to the COVID-19 pandemic.

Training

In the tesa Group, independent training is offered at the production sites in Hamburg-Hausbruch and Offenburg. Trainees can choose from five different technical apprenticeships: chemicals technician, electronics technician for industrial engineering, industrial mechanic, machine and plant operator, and mechatronics technician. We also offer dual degree programs in safety engineering and plastics and elastomer technology.

By the end of 2021, the tesa plant in Hausbruch, Hamburg, employed 36 trainees and one dual student. Machine and plant operators formed the largest group with 13 trainees. The tesa plant in Offenburg employed 35 trainees, eight of whom are completing a dual degree program.

The trainee retention rates show that we want to keep our trainees for the long term: In Hamburg-Hausbruch, 66% of the trainees who completed their training in 2021 were retained, while in Offenburg the retention rate was 75%, 25 percentage points higher than in the previous year.

Given the existing demographic developments and the resulting increase in competition for young talent, especially in the technical and scientific fields, the recruitment of new trainees and dual students is increasingly a challenge. For this reason, among other initiatives the tesa Offenburg plant has sponsored the South Baden regional competition “Jugend forscht” (Youth Does Research).

Further training programs and open course program

In view of the COVID-19 pandemic, we digitized our continuing education program to the greatest extent possible and across all divisions in 2021. This means the courses can be taken anywhere in the world. In-person training only took place rarely and under special hygiene regulations in certain regions, e.g., China. A total of 284 training and qualification measures (virtual classroom training, and face-to-face training) were carried out with a total number of 4,015 participants. Training opportunities were used by employees on all continents.

For the first time, the qualification program for new managers was also offered in an online format in the reporting year. In total, three international courses with 14 participants on average place in 2021. In addition, a digital qualification program for middle management executives was developed and the first module was piloted in November 2021.

From the start of Q3, there was a higher demand for in-person training courses, which took place to a limited extent while adhering to distancing rules and hygiene measures. By the end of the year, two in-person training courses with a total number of twelve participants had taken place.

Online training opportunities

Our qualification programs are enhanced by the integrated digital LinkedIn Learning platform. With 1,562 active licenses worldwide and an average learning duration of 30 to 60 minutes per week per tesa employee (in the period from January to December 2021), the platform and its Learning Journeys are now well established and in regular use.

We also expanded our existing E-Learning courses in 2021, for example, by adding a new Sustainability E-Learning module. tesa registered a total of 3,858 people taking part in e-learning worldwide in 2021.

Since introducing the Learning Hub Learning Management System (LMS) in 2018, the tool has been used as an information and registration platform for all training courses at tesa. At the same time, the platform serves to automate and harmonize the administration and organization of face-to-face training, e-learning programs, and blended learning internationally. At present we are looking into deeply integrating LinkedIn Learning into the Learning Hub in order to further simplify access to LinkedIn Learning options for our users.

Diversity and equal opportunity

A diverse workforce is not only a constant goal for us but also a key competitive factor: Different perspectives help us to understand the needs of our customers better and enrich our ideas for innovations. We are therefore actively committed to achieving greater diversity in our workforce and ensuring equal opportunities for all our employees. We strive continually to create a working environment in which all employees are valued and individual performance is recognized. In this we focus on two main areas: Designing an international working environment and promoting women in management positions. We also raise awareness among our HR departments and managers worldwide to prevent discrimination of any kind in the recruitment process.

International workforce

When filling new positions, we attach great importance to hiring new employees with different cultural backgrounds. We want to promote an international workforce, particularly at our Norderstedt headquarters. This increases our ability to better understand and serve the diverse requirements and market conditions of our international customer base. We are pleased to report our initial successes: The ratio of non-German employees increased by 1.8 percentage points to 7.2% within nine months (December 2020 to December 2021). We want to consolidate and grow this trend further, e. g. by advertising all vacancies above a certain level exclusively in English.

With our worldwide X-perience career path model we promote international and cross-functional exchanges, as well as the career mobility of our employees. In 2021 we also continued to pursue our "x-perience the tesa world" concept, in particular through internal employment vacancy advertisements that allow both international and cross-functional applications.

Women in management

We want to fill more management positions with women in the future. Our goal is to create a culture in which equal opportunity is actively lived out. At the beginning of 2020, Angela Cackovich became the first woman in tesa history to be elected to the Executive Board, and we see this as a sign of positive change. Over the next few years, we wwant to step up our efforts to promote gender equality within the workforce and in leadership roles. To do so, we set up a corresponding reporting system in 2021 that will be completed and evaluated on a quarterly basis. The proportion of women among our international executives has now risen to over 15%.

Occupational Health and Safety

Safety at work and the health of our employees are top priorities for Beiersdorf. We view occupational health and safety as a comprehensive, holistic, and preventive management task. Our strategic objective is therefore to reduce the number of accidents at work to zero, avoid work-related illnesses, and undue physical and psychological stress factors. To achieve this goal, we regularly check to see how we can make our workplaces even safer and healthier.

Our "Accident Frequency Rate" (AFR) documents all accidents at work that result in at least one day's absence from work. In the Consumer Business Segment our AFR sank in 2021 to 1.0 accidents per million hours worked (38% lower than in 2020). We are particularly pleased to report that 73% of our production centers operated completely accident-free throughout the whole of 2021. At tesa, the AFR of documented accidents resulting in at least one day of absence was was 4.1 per million working hours worldwide in the reporting year (2020: 3.5).

COVID-19 pandemic

The global COVID-19 pandemic remains a threat from which we need to protect all our employees' health worldwide. At the beginning of 2020 we set up crisis teams at all our sites and plants that work to avoid infections and health risks. Specific measures were developed under top management leadership to combat COVID-19 and these continue to require further effort from our teams.

Consumer

Driven by our Care Beyond Skin Purpose and guided by our Core Values, we are committed to the continuous reduction of potential health and safety risks and incidents. Our global Occupational Safety department is responsible for managing workplace safety, but here we also count on the involvement of all employees at our sites.

Our occupational health and safety strategy applies worldwide. It comprises our most important current measures and programs and serves as a basis for our sites to develop their own local implementation plans and measures. We monitor the progress of these measures using indicators at a global level.

Within our continuous improvement efforts we focus on minimizing the core risks in terms of slips, stumbles, falls, as well as the safe operation of forklifts and further machinery.

We also carry out behavior-based safety training at our sites, in which our managers learn to recognize safe and unsafe behavior. In addition, they are trained to conduct positive dialogues with employees on the topic of safety.

Management systems

In 2021 we introduced our new "Corporate Health & Safety Policy," which defines the basis for health and safety management at Consumer. This demonstrates our leadership's commitment to integrating health and safety into our corporate strategy and day-to-day work.

To ensure a robust occupational health and safety management system that enables continuous improvement, we conduct external audits every three years at all our sites in accordance with our Internal Environmental and Safety Management Audit System (ESMAS) (see chapter "Upholding Human Rights", p. 76). ESMAS is based on the two internationally recognized standards ISO 14001 (environmental management systems) and ISO 45001 (occupational health and safety management systems).

What's next?

We are pursuing the implementation of our strategy and continue to expand the programs that strengthen our health and safety management system. In 2022 we will continue to focus on reducing the number of accidents related to the main risks in our operations, while introducing new best practices and programs that should lead to improvements in work permit procedures, machine safety and movement of materials.

tesa

Occupational health and safety management are firmly anchored in the tesa organization. In addition to statutory requirements, our Group-wide Occupational Safety Guidelines form the basis of our internal occupational safety management system.

The guidelines are complemented by company regulations and specific directives at each site. These stipulate that employees are regularly informed and made aware of security risks and potential hazards via specific training. The objective is to enable employees to prevent accidents and avoid health hazards through correct, responsible behavior.

The guidelines also apply to subcontractors carrying out work at our sites. In the respective occupational health and safety committees and annual Management Review, the Executive Board evaluates incidents each year together with the Occupational Safety department. On this basis, management initiates new measures to improve employee safety and reduce work-related health risks.

Systematic approach to occupational safety

Our occupational safety management focuses on our ISO 14001 certified production sites, as these represent a greater risk for accidents and increased health impairments compared to our administrative offices. In our Sustainability Agenda we set out an ambitious roadmap: By 2025, all tesa sites that already have an environmental management system in accordance with ISO 14001 should also achieve ISO 45001 certification in occupational safety.

By achieving ISO 45001 certification in 2021 at our plant in Suzhou, China, we reached a further important milestone in occupational safety at tesa. This certification demonstrates that occupational health and safety has been systematically integrated into the Business Segment’s management and organization.

We employ our own occupational safety specialists at all ISO 14001 certified sites. At the same time, we specifically promote international dialogue between these specialists. They discuss material occupational safety and health risks at annual in-person meetings as well as regular virtual conferences. In addition, they initiate joint projects, set standards, and share their experiences. This approach contributes to the continuous improvement of accident prevention at tesa.

Ad hoc risk assessments are carried out at tesa. These form the basis for selecting or designing work equipment, work materials, work methods, workplaces, and work processes in such a way that technical and organizational deficiencies are avoided and employees can behave in a safe and healthy way. But changes in machinery, systems, or working premises, new purchases and process adjustments can all have an impact on our employees’ health and safety. Through the involvement of expert employees, safety testing and acceptance as well as systematic hazard identification and risk assessment, are carried out at the time of procurement and commissioning of equipment.

If we identify a security risk in this context, we take appropriate preventive or corrective action. On occupational safety committees, safety experts, employee representatives as well as management discuss the material results of risk assessments and define satisfactory measures. Furthermore, regular inspections and evaluations take place, and we carefully incorporate the insights gained from these. Further preventive measures are rapidly implemented as required, while our relevant health and safety documentation is regularly updated.

The handling of hazardous materials is also regulated in detail. Together with the Corporate Regulatory Affairs department as well as Research & Development and Production managers, the Occupational Safety department designs tesa-specific processes for the handling, labeling, storage, and transportation of hazardous materials. Employees who work with certain hazardous substances undergo routine health examinations. In addition, equipment and tasks are checked at regular intervals for their safety and emissions. Action to be taken in the event of an accident with hazardous materials is governed by our emergency management procedures.

Preventive measures

The “SafetyTour-App” developed by the IT department was introduced at all tesa production sites worldwide in 2021. CIP (Continuous Improvement Process) safety insights and the required measures identified during governmental safety inspections can also be integrated in the backend of the app, in addition to the findings and measures during routine tesa-internal safety inspections. The easy data and image logging system enables these measures to be prioritized, selected, tracked and better archived using a traffic-light system. An integrated checklist ensures that no aspect is overlooked during the tour.

The “Safe Travels – avoid commuting accidents” campaign carried out at the headquarter in 2021 aimed to raise awareness among employees by providing tips and advice on how to get to and from their workplace safely.

Fire protection was once again a focus in the 2021 reporting year. Fire extinguishing training, for example, was held for fire safety assistants at our production plants, observing COVID-19 safety measures. At the tesa Technology Center, the firefighting concept was adapted to increase employees’ safety when extinguishing with CO_2 and to prevent accidents.

As part of ongoing training during the COVID-19 pandemic, a joint digital refresher course was set up for safety officers at the German facilities.

In the reporting year, safety dialogues were offered at headquarters for every manager, with more than 97 managers participating.

Society

Consumer

Community engagement

As a global company, we consider it our duty to take responsibility for our social environment and to have a lasting positive impact on the situation of our fellow citizens. Through our Corporate Purpose Care Beyond Skin, we express our passion and ambitions to reach beyond our core business and contribute to greater social cohesion.

To achieve this goal, as the Global CSR Department we work closely together with colleagues from the individual local affiliates around the world. These implement the global strategic framework in alignment with local conditions. In addition, at Beiersdorf headquarters we collaborate with colleagues from various specialist departments such as Marketing, Legal, Controlling, Research & Development (R&D), Corporate Communications, and Medical Management. Since 2013 we have carried out annual assessments of the social projects we support worldwide. The project managers at our local affiliates collect all locally relevant data, which we standardize to enable a global analysis of our activities. The analysis results not only flow into a key database for our internal sustainability management, but they also form an integral part of our sustainability reporting.

As we pursue a vision of an "Inclusive Society," our engagement focuses especially on those people affected by social inequality, marginalization, and isolation. We support local initiatives that aim to strengthen and support physical and mental health, a sense of social belonging, and the voluntary social participation of all members of society. This is how we want to make an important contribution towards a cohesive society.

Our commitment in the Consumer Business Segment takes place both at the corporate level and at individual brand level, going far beyond our own value chain. Worldwide, the focus of our corporate commitment is on "Empowering Girls" and disaster relief. Each brand also provides targeted support in fields that match its brand identity and competence, while aligning with the social needs and concerns of the local communities.

As we are focused on achieving social improvement, we also involve our consumers in our brand engagement. We constantly and transparently provide them with information on our social initiatives, raising public awareness of key social issues.

Engagement at corporate level

In 2021 we continued the COVID-19 aid program for which Beiersdorf Consumer had already initiated global partnerships in 2020. Through the program, we aim to provide people in particular in the epicenters of the pandemic and in regions and countries with weak public health systems and infrastructures with support appropriate to their situation.

Beyond emergency aid, within these partnerships Beiersdorf is committed to providing medium to long-term support for local people. Many countries are facing long-lasting socio-economic impacts and challenges in the wake of the COVID-19 pandemic. Above all, girls and young women are affected by the pandemic and its consequences, due to their age and gender. In crises they are exposed to an increased risk of gender-based violence, for example, being married off against their will, and having to leave school permanently. Similarly, girls and young women are more likely to engage in activities that expose them to a higher risk of contracting COVID-19, for example in (home) care and healthcare. "Empowering Girls" is therefore a special focus of our COVID-19 relief program.

To provide the most effective support possible, we work with two international non-profit organizations, Plan International and CARE: Both bring highly relevant expertise in their respective fields, can rely on well-established, stable local networks, and have years of experience in measuring the aid impact.

In 2021 Beiersdorf set itself the target of directly reaching more than 300,000 people by 2023 with projects to empower girls. "Direct beneficiaries" are people who benefit directly from one or more project activities.

In the sense of a holistic, systemic approach that seeks to stimulate change across all of society, people of all genders and ages in a project's locality can be counted as direct beneficiaries. Only by involving diverse members of a community can a lasting positive impact on individuals – in this case girls and young women – be achieved.

In partnership with Plan International, Beiersdorf works to strengthen girls' rights to access education and contributes to preventing gender-based violence during the COVID-19 pandemic and beyond. As part of the project in Kenya, for example, scholarships are awarded to girls as direct beneficiaries, enabling them to go to school. This indirectly benefits each girl's family members, as the household income can now be used for purposes other than the daughter's school fees and it is assumed that the knowledge acquired by the girls will be shared or applied at home. In total, the projects reached 13,088 people in Brazil, Ecuador, and Colombia during the reporting period and 3,026 people in Kenya, Ghana and Nigeria. The projects are designed to run for a total of two years each, starting from October 2020 (Latin America) and February 2021 (Africa).

Since January 1, 2021, in partnership with CARE, Beiersdorf has worked to ensure that particularly vulnerable groups in Africa, such as girls and young women, receive information about COVID-19 and access to appropriate healthcare. In addition, the objective of this two-year project is to mitigate the socio-economic consequences for these target groups and strengthen their livelihoods. Its geographical focus is Ethiopia, Kenya, Somalia, and Sudan. In Somalia, for example, 30 girls and young women (up to 25 years old) participated in so-called Village Savings and Loan Associations (VSLAs). In these groups, they acquire knowledge of financial processes such as loans and savings rates. However, the groups also achieve much more: Girls and young women gain greater self-confidence, pass on what they have learned to their family and their community, participate more actively in society, openly express their opinions, and can take concrete steps towards economic independence. In the reporting period, 41,475 people were reached directly through the project, which is planned to run for two years.

In 2021 Beiersdorf already reached 57,962 of the more than 300,000 people targeted by the projects to empower girls.

In addition, Beiersdorf works closely with Ashoka, the world's largest network of social entrepreneurs in "Empowering Girls." October 2021 marked the launch of a one-year social innovation initiative. Together with Ashoka, Beiersdorf will award grants to five leading female social entrepreneurs from the United Kingdom, Poland, Italy, Belgium, and Switzerland, whose projects are explicitly dedicated to empowering and enabling girls and women. In addition to this, Ashoka and Beiersdorf want to promote the networking of European female social entrepreneurs from January 2022. The number of beneficiaries will not be recorded in this case due to the conceptual design of the project.

A three-year psychological study with the University of Cardiff was launched in the reporting period to investigate the impact of the coronavirus pandemic and similar crises on the well-being of people with skin diseases. The study also includes an investigation into how these impacts can be mitigated with online support tools. In the first phase of the study, a detailed literature review and initial patient surveys are conducted to ensure the most patient-centered development possible.

The research project will not only give scientists key insights into the effects of the coronavirus crisis: They will also provide fundamental guidance for Beiersdorf's future social responsibilities at brand and corporate level.

Beiersdorf also followed the news and images of destruction following heavy rainfall in Germany, Austria, Belgium, and the Netherlands in summer 2021. As a sign of solidarity and to provide rapid support for those affected, our company donated one million euros to the German and Belgian Red Cross as well as to the German Life Saving Society (DLRG). Both are long-standing partners of Beiersdorf's Hansaplast and NIVEA brands.

Engagement at brand level

We continue to develop our social commitment at brand level. At the start of 2021, the NIVEA and Eucerin brands announced their own global social missions. Our colleagues in the country organisations take over the local coordination of the projects, while our global strategies and quality standards serve as a guideline.

- NIVEA's social mission, "The Power of Human Touch," supports Human Touch projects to promote the quality of life of people affected by loneliness, including premature babies, visually impaired people, and elderly people with dementia.

  By 2025, "Human Touch" projects are intended to positively impact the individual health and well-being of more than 150,000 people. In this effort, the people who are the focus of the respective project intervention and whose quality of life is to be improved are counted, i.e. premature babies, visually impaired people and older people with dementia. The projects are to be implemented by 2025 with a total financial commitment of 20 million euros. In 2021, the subsidiaries began to implement the global strategy locally. They concentrated mainly on identifying partners and projects. Thus, a large part of the project activities will only begin in 2022. We will report on the progress of the projects in the following years.

- Eucerin is committed to promoting the social inclusion of people affected by skin disease. Its projects center on reducing social exclusion and stigmatization, as well as on improving participation in society.

  In the USA, Eucerin cooperates with FIRST (Foundation for Ichthyosis & Related Skin Types). This joint project works to support teenagers and young adults suffering from the physical, emotional, and social challenges of ichthyosis; the project's workshops strengthen their skills, knowledge, and self-confidence. The objective is to promote their social inclusion and reduce the psychological burden of the disease.

  By 2023 Eucerin plans to implement local social projects in at least 15 countries to improve the quality of life of skin-disease sufferers and promote their social inclusion. In 2021 the project was already implemented in four countries, with one project this year initially focusing on Corona pandemic containment measures within the target group due to the situation on the ground.

At brand level, Beiersdorf's Healthcare brands Hansaplast, Elastoplast, and CURITAS want to initiate a global social mission in 2022 with a focus on first-aid education for children. These brands will set up projects in cooperation with local Red Cross organizations, among others. Their common goal is to provide children with the knowledge they need to treat their own wounds and the wounds of others, and to be able to give themselves and others first-aid treatment.

Human Rights

Beiersdorf is actively promotes compliance with laws, codes of conduct, and human rights. This responsibility is deeply anchored in how we see ourselves, as well as in our Core Values. It applies not only to our own company branches and employees worldwide but to all business partners and their employees throughout our value chain. We do not tolerate any form of corruption, forced labor, child labor, or discrimination – neither at our own sites nor at any point in our supply chain.

Upholding human rights throughout the value chain

We have identified risks relating to upholding human rights above all in general procurement and purchasing, and therefore in the upstream supply chain. Our goal is to minimize all risks with regard to human rights violations as far as possible.

As mentioned in our "Declaration of Principles on Respect for Human Rights", we are not only a signatory to the United Nations Global Compact (UNGC) but also steer our own business activities and our cooperation with business partners based on fundamental principles and guidelines. These include the UN Universal Declaration of Human Rights, the International Labour Organization (ILO) Conventions, and the OECD Guidelines for Multinational Enterprises. In addition, we ensure that country-specific regulations and official governmental requirements are fully implemented.

We focus on long-term relationships with business partners who commit to and align with our principles of sustainable, responsible corporate governance and explicitly promote these. We have also developed internal and external Codes of Conduct for our employees and our suppliers that contain binding requirements on upholding human rights.

We require our business partners to follow and comply with our standards and communicate them to their upstream supply chain as well. This applies both in terms of required product quality as well as transparent, fair, and responsible business practices. This way we want to ensure that our business partners meet their social, environmental, and economic responsibilities – and that high-quality products are the end result.

Consumer

Consumer Business Segment creates binding standards

With our Code of Conduct for Business Partners (CoC), the Consumer Business Segment has committed all our business partners along the supply chain with an annual purchasing volume of more than € 50,000 to comply fully with our standards. The CoC is aligned with our Core Values and establishes uniform, binding criteria for responsible action, including critical aspects such as prohibiting corruption, child labor, forced labor, and discrimination, as well as promoting occupational health and safety, the right to freedom of association and collective bargaining, and environmental protection. We currently process over 90% of our procurement volume through business partners who have explicitly committed to our CoC. Going forward we intend to increase this percentage, particularly in view of the German Supply Chain Act which comes into force on January 1, 2023.

Risk screenings and audits

In addition, environmental protection and occupational safety audits have been carried out at all Beiersdorf Consumer facilities since 2013. These audits are aligned with the requirements of the "Environmental Protection and Safety Management Audit Scheme" (ESMAS), which are based on the internationally recognized ISO 14001 (environmental management systems) and DIN ISO 45001 (occupational health and safety management systems) standards.

ESMAS audits take place every three years and verifies whether appropriate measures are implemented to guarantee compliance with our globally applicable environmental as well as occupational health and safety standards atour sites. In the fourth quarter of 2021 we plan to audit our facility in Argentona (Spain). In addition to the ESMAS audits, our plant in Thailand was audited in the reporting year to the standardized "Sedex Members Ethical Trade Audit" (SMETA) 4-pillar audit protocol. As part of the new supply chain law, we plan to conduct further SMETA audits at our facilities worldwide by the end of 2022.

The Vice Presidents of the functions Sustainability and Procurement are responsible for sustainability in our overall sourcing operations and throughout the supply chain. The Responsible Sourcing team analyses our more than 21,000 direct suppliers to determine whether or not deeper risk screening is needed, tailored to the specific countries from which we source our goods and services.

As well as country-specific risks, other factors also play a role in risc classification: These include the purchasing volume and the proximity of the respective goods or service providers to Beiersdorf's brand locations. Direct suppliers with a resulting medium or high risk are required to provide comprehensive self-assessment via the Sedex platform. On this basis, the Responsible Sourcing team carries out a detailed risk assessment and decides whether a subsequent audit is required.

To ensure objectivity, the audit is carried out by independent certified auditors according to the standardized SMETA 4-pillar audit protocol. The results of the audit highlight concrete challenges and fields for action and serve as a basis for the joint development of action plans with our suppliers. In extreme cases, audit results may lead to us terminating business relationships. By leveraging international collaboration platforms such as Sedex and AIM-PROGRESS, we can continuously improve our sustainability engagement right along the supply chain.

tesa

Responsibly designing purchasing processes

We require direct suppliers to the tesa Business Segment to sign our Code of Conduct for Suppliers (CoCfS). This underpins the responsible management of our global procurement processes and sets out fundamental rules and obligations in the areas of human rights, labor standards, environmental protection, and corruption prevention. The Ten Principles of the UN Global Compact serve as the basis of the CoCfS. We expect our supplier companies to share our standards. If suppliers violate our rules, we ask them to remedy their shortcomings

We purchase our raw materials all over the world which makes our supply chains complex. That is why we cooperate closely with our suppliers. By working closely together, we want to ensure high product quality and security of supply.

The rules for our global purchasing processes are defined and described in the Purchasing Compliance Guideline (PCG), which also forms part of our Group-wide Compliance Manual. This guideline includes binding rules of conduct for our procurement activities. We have provided a "How to source in the right way" training for all tPN employees since 2017 to raise awareness of human rights compliance among our purchasing process managers. This specially developed online training course explains the role of the CoCfS and the PCG in our purchasing processes.

Sustainability program for suppliers

In addition to securing the explicit commitment of our key suppliers to the tesa CoCfS, our stated objective is to increase supply chain transparency and sustainability constantly and progressively. In 2020 we launched a supplier sustainability program to check our suppliers' compliance with human rights, working conditions and environmental standards in our supply chain. Since then, we ask our suppliers to share their sustainability performance with tesa via the EcoVadis information system. The assessment is the first step to achieve supply chain transparency. Thus, it subsequently enhances sustainable development. At the end of 2021, EcoVadis self-assessments were available for 43% of our direct purchasing volume. Over the next few years, we intend to gradually increase this share: By 2025, sustainability assessments are to be available for a total of 80% of our direct purchasing volume. In the course of 2021 we expanded the sustainability program to include indirect purchasing.

Compliance

The following statement for the topic Compliance covers both Beiersdorf Consumer and tesa. Both Business Segments have established their own independent compliance management systems (CMS), which follow uniform standards and are implemented in close alignment between the two respective Corporate Compliance Management teams. Differences in the precise design of the CMS of the two Business Segments are described below, insofar as they exist.

Our Core Values for responsible conduct

For us, compliance means that statutory laws as well as commercial rules and regulations are observed without compromise. Both the Consumer and tesa Business Segments have established a respective Code of Conduct (CoC) to ensure compliance with these standards and to fulfill our social responsibility as a company in the best possible way. As an overarching value framework, the CoC is intended to provide orientation for action in all our business activities. Furthermore, it supports all our employees, managers, and company organs in complying with and living by the core principles and values of the Business Segments. As a directive for our actions, the CoC contributes to affirming our company's status now and in the future as a trusted partner to our customers, business partners, shareholders, and further stakeholders.

Group-wide compliance management

Our Group-wide CMS is based on established standards such as the IDW AsS 980.

We follow these guiding principles:

- Prevent: Preventive measures are anchored into our management system to avoid wrongdoing.
- Detect: We use risk analyses to detect and manage material compliance risks Group-wide. Additional control instruments help reveal noncompliant behavior.
- React and Improve: We penalize any violations of statutory or internal regulations as appropriate in each individual case. In addition, we continuously derive improvement measures for the entire CMS.

We see our compliance management system as making an important contribution to sustainable and future-oriented action, in line with our tradition as a reliable and trustworthy group of companies.

Prevent

Antitrust law continues to be an important compliance issue for both parts of the Group. The reasons for this are our business models, legal complexity, the continually increasing prosecution activity worldwide, as well as the potential for sanctions by antitrust authorities. In addition to antitrust law, as in previous years, our compliance programs also focus on corruption prevention as well as data protection-compliant behavior. The programs serve to sensitize our relevant employee groups to these topics in particular, and to give them a secure basis for both action and decision-making.

Our Corporate Compliance departments are responsible for defining, developing and monitoring the minimum standards for these programs, as well as an appropriate CMS in their respective organization. These systems are under continual development, always considering the companies' strategies and a constantly evolving international legal framework. Furthermore, the Corporate Compliance departments continually monitor the CMS, advising and supporting local compliance officers as well as local management accordingly.

Both Corporate Compliance departments also support company management in identifying risks that go beyond their own organizational responsibility and periodically carry out a holistic Compliance Risk Assessment for this purpose.

In our regions and affiliates, we have established locally responsible compliance officers who are to communicate all the elements of the compliance programs to our employees and work towards their local application. This is to ensurethat all the components of our compliance system are anchored in the regions and affiliates and are also constantly monitored and improved. A special network of external lawyers specialized in antitrust issues is available to local companies.

Besides practice-oriented training and consulting services, a set of guidelines also forms a core element of our compliance programs.

- These antitrust guidelines provide clear directives on antitrust-compliant behavior, requirements for contact and the exchange of information with competitors, guidance for communication with customers, for example, with regard to sale prices, as well as fundamental dos and dont's.

- The anti-corruption guidelines govern the handling of gifts, product samples, and invitations from and to representatives and employees of other companies or public officials. They also contain information on how to deal with conflicts of interest.

- The data protection guidelines describe in particular how the principles of the European General Data Protection Regulation (GDPR) are implemented for the lawful processing of data in our EU companies. These guidelines direct and instruct our employees on the compliant handling of data. In addition, the data protection teams have established internal partnerships with key data protection functions such as Cyber Security and Procurement.

We have implemented a comprehensive, target group-specific training concept. Taking a risk-oriented approach, we train an average of several thousand employees worldwide annually on corruption prevention as well as antitrust and data protection-compliant behavior. This training is delivered face-to-face or in an e-learning format and it serves to raise our employees' awareness of the topic and to show them where to obtain further support. In addition, Members of the Executive Board and Supervisory Board are regularly informed about relevant compliance matters. In 2021 the Beiersdorf Consumer Segment achieved an employee training participation rate of 95% and the tesa Segment a training rate of 98% for antitrust law training worldwide.[1]

Our employees can find key guidance and information on the relevant compliance intranet pages. In addition, we use various communication channels such as the intranet and e-mail to inform our workforce regularly about compliance topics and related new developments. In addition, we regularly exchange information with our local affiliates, on generally relevant updates, emerging questions, or best-practice approaches for example.

We anchor the compliance principles in our companies through these regular communication and training measures. As part of a worldwide Compliance Week, in 2021 Beiersdorf once again presented the various compliance programs clearly to all its employees and explained the content of the programs to our workforce.

Detect

The analysis of compliance risks forms the basis of our compliance management system and our compliance programs. To this end, we regularly identify existing and future compliance risk areas in our business models and our geographical presence as part of a holistic compliance risk assessment. In addition, both corporate compliance departments support their management in identifying risks that go beyond their own organizational responsibility.

In a second step, these are evaluated and prioritized. High-priority issues are analyzed for their specific risks in order to ensure that appropriate countermeasures exist or are taken. This is done both centrally and in the subsidiaries. The results are presented to the Executive Board and leveraged to continually adapt and improve our global and local compliance programs.

In order to work and live compliantly and sustainably, as well as to maintain and further promote an open and trusting culture of compliance and communication, the personal commitment of our individual employees is essential. For this reason, we have established and communicated various reporting systems to report possible compliance violations – anonymously if desired.

For example, the Beiersdorf Consumer Business Segment has implemented the whistleblowing platform "Speak up. We care." that can be accessed worldwide around the clock. Additionally, both Business Segments have established external ombudspersons who are available to receive notifications of potential compliance violations in confidence. Both they and the whistleblower platform are available not only to the company's own employees but also to the general public to allow it to report possible misconduct. Besides the above, we also provide internal options for reporting such as Corporate Compliance e-mail addresses.

We have established processes to investigate and clarify any information received and ensure that appropriate measures are taken, following careful consideration. Relevant specialist functions and the Corporate Auditing department are usually involved in the investigation.

Corporate Auditing is another independent monitoring function within Beiersdorf AG. The department conducts regular audits of both Business Segments, of which compliance-relevant topics form an integral part. In addition, each Corporate Compliance department regularly monitors compliance with centrally defined minimum standards, through on-site visits or queries about the implementation of measures, for instance.

React and improve

We closely monitor the effectiveness of our compliance management system by means of our regular Group-wide compliance reporting. The results are reported to the Executive Board and Supervisory Board. These reports record compliance incidents as well as the status of our compliance programs centrally and at affiliates worldwide. We derive further action based on this information and implement appropriate measures. The affiliates are naturally required to inform the Corporate Compliance department immediately about any material compliance incidents, also outside the regular reporting cycles, in order to be able to react immediately.

We view the continual and thorough development of our compliance management systems as an integral part of our activities. Through these we take internal adaptation requirements into account, as well as the dynamic changes in legal frameworks and economic conditions. In the reporting year we rolled out updated antitrust guidelines and the corresponding training concepts to all affiliates in the Consumer Business Segment, and also made the necessary adjustments to existing processes in accordance with the EU Whistleblowing Directive. At tesa, existing antitrust guidelines and processes were revised, and key additional compliance training material was created and rolled out to all affiliates for local use.

[1] The participation rate refers to the target and risk group that was defined in advance for the antitrust compliance field. This includes all employees and managers who may come into contact with antitrust issues and requirements. From 2022 onwards, we intend to report further key figures on training in other compliance fields as part of the Non-financial statement.

Further matters

Product Safety

Our highest priority is to provide safe products that are fully compatible with our consumers' health and the environment. All our products therefore need to comply with numerous statutory requirements before they can receive official market approval. Both Business Segments apply high standards in this regard.

Consumer

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

Safety evaluation of all raw materials and cosmetic product formulas

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

The safety assessors work closely with related specialist functions such as Research & Development for formulas and packaging. Together they evaluate every raw material we use and every formula with regard to their safety and compatibility for consumers. This is done primarily in accordance with the internationally recognized rules laid down in EU Cosmetics Regulation 1223/2009 for safety assessment, as well as the requirements of the SCCS Notes of Guidance in the 11th revision from 2021. These European specifications for the safety assessment of raw materials and products are recognized internationally. They are therefore frequently adopted in other countries and regions of the world, where they serve as legal guidelines for marketing.

As well as experience and technical know-how, safety evaluations of cosmetic products rely strongly on scientific exchange about new findings regarding the compatibility and safety of raw materials, formulas, and packaging materials. Accordingly, our safety assessors attend international conferences, participate in working groups and expert teams, and also take part in specialist international training courses. The focus is always on professional exchange and ongoing training. This should help us continue to act appropriately and responsibly in the future.

It is also important to us that we hold our external service providers and suppliers, such as perfume and raw material manufacturers, accountable. We require them to certify their compliance with statutory requirements as well as those that go beyond the legally required scope.

Beiersdorf's global mandatory safety requirements

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

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

Global statutory requirements on product safety change continually. To mitigate the risk of infringing current regulations, our central Regulatory Affairs team collaborates with an international network of local regulatory affairs officers. They follow all the regulatory requirements and the latest changes to them in the countries in which our products are sold. This way, we ensure our products meet all the currently applicable requirements for their respective markets as early as the product development stage.

Animal testing

At Beiersdorf, we are committed to making animal testing obsolete worldwide. We are convinced that animal testing is not necessary to prove the skin tolerability and effectiveness of our cosmetic products. This is why we do not conduct any animal testing for our cosmetic products and their ingredients, and do not have any animal testing done on our behalf.

In the EU, animal testing has been completely banned for cosmetic products since 2004, and for all the ingredients of these products since 2013. Beiersdorf complies with these legal requirements and, for a long time before they were developed, we actively avoided animal testing worldwide whenever legally possible. It is our stated goal to advance research to the point when animal testing can be completely abandoned worldwide.

Consumer safety is our top priority. As one of the leading research-based companies, we have been involved in the development and acceptance of alternative test methods for almost 40 years. We are significantly involved in the development and validation of key methods that are now internationally accepted by the OECD (Organisation for Economic Co-operation and Development) and alrrecognized by important regulatory authorities.

In collaboration with numerous partners and stakeholders to date, we are actively engaged in the development of innovative alternative methods and the international acceptance of existing ones. We are involved in various working groups in the European umbrella organization of the cosmetics industry (Cosmetics Europe), cooperate with the European Centre for the Validation of Alternative Methods (EURL ECVAM) and support the OECD by providing scientific findings. We are an active member of the European Society of Toxicology In Vitro (ESTIV) and since 2006 a founding member of the European Partnership for Alternative Approaches to Animal Testing (EPAA), a joint organization of the European Commission and seven industry sectors. In addition, Beiersdorf has established cooperations in the field of innovative cutting-edge research, for example in research into so-called organ chips, which simulate the interaction of several organs.

Even though great progress has already been made, at the present time, there are still not officially accepted and established alternative test methods for all safety issues. Therefore, we will also continue to advocate intensively for the development and successful use of alternatives to animal testing.

tesa

The quality and safety of our products are decisive for the satisfaction of our customers and thereby for our economic success. tesa wants to ensure this through consistent quality management. If products display safety defects, this can have a negative impact – both on us and the people who handle them. We aim to continually make products that satisfy the highest quality and safety requirements.

A systematic approach to quality and safety

tesa wants to design its products and processes to ensure that they fulfill the diverse expectations of our customers and stakeholders and that no one is harmed during their production or use. Our core goal for product safety is to keep the number of product liability cases to zero. All tesa production sites therefore apply certified management systems in accordance with globally recognized quality norms, standards, and regulations. The compliance of our products, systems, and processes is periodically checked and confirmed through both internal and external audits at the relevant locations.

We comply with applicable laws and guidelines. Our internal Product Safety Guidelines complements strict statutory provisions and describe mandatory measures that enable us to further increase the safety of our products. In addition, they specify the roles and responsibilities of the Product Safety & Conformity Representatives (PSCR). The tesa Product Safety Guidelines apply worldwide and our employees have access to the document via our intranet.

Product safety officers

Every plant worldwide has a local Product Safety & Conformity Representative (PSCR) who reports to the Corporate PSCR, the central product safety officer. All our PSCRs must complete an external training course that is recognized officially. They are usually also quality officers at the plants.

Product safety management at tesa is an essential component of quality management, for which the Executive Board holds co-responsibility. The Corporate Regulatory Affairs and Product Development departments are responsible for assessing materials and substances. For these assessments they rely on various chemicals databases, evaluate research findings, and consider information on safety-related substance properties as well as the safe handling of substances and mixtures. As a rule, a safety data sheet is available for every product that includes comprehensive safety information – for example, on materials and substances, proper storage and correct handling, as well as recommendations for disposal.

Risk analyses ensure quality

Avoiding product errors plays a key role for us, so the Product Development and Production departments conduct risk assessments or failure mode and effects analyses (FMEA) for every new project. This helps them to identify potential defects in design, production or even usage directions, such as inaccurate instruction manuals, during the development process. Once products are on the market, our business units continue to monitor them. If the units recognize that a renewed risk analysis and evaluation as well as further or new measures are required, they initiate the necessary steps to ensure the health and safety of our customers and employees.

Internal audits and training courses

Safe product solutions are due not only to the strict quality requirements of tesa but also to the consistent development of expertise within the company. In the reporting year, selected PSCRs received training on how to carry out line checks during production, in accordance with product integrity requirements. This allowed the required specialist knowledge to be expanded further.

The Quality Management department and PSCRs are responsible for our internal audits. Both event-driven and annual audits are carried out on Research and Development and Production as well as other divisions as required, for example Marketing. In the reporting year, the tesa Group's production sites again passed an audit in accordance with globally recognized quality norms and standards such as ISO 9001 or IATF 16949. IATF certification in particular places special emphasis on the conformity of all products, processes, parts, and services, as well as product safety.

EU Taxonomy Reporting

With the entering into force of the EU Taxonomy Regulation, Beiersdorf is obliged to disclose information on turnover, capital expenditures (CapEx) and operating expenses (OpEx) that are associated with environmentally sustainable economic activities. The EU Taxonomy Regulation sets out criteria for determining whether an economic activity is eligible for classification as sustainable with regard to various environmental objectives. The overall objective is to create a more sustainable financial system, to channel direct investments to green and sustainable projects, and thus to contribute to the European Green Deal.

The Regulation came into effect for the financial year 2021 with simplifications for reporting, which is why the following information refers only to the taxonomy eligibility of economic activities and not to their taxonomy alignment. In addition, the information available concerns only the environmental objectives "Climate change mitigation" and "Climate change adaptation".

Taxonomy Impact Analysis Procedure[1]

To determine its overall taxonomy capability, Beiersdorf assembled a cross-functional team in spring 2021 with representatives from the tesa and Consumer Sustainability Departments, Group Accounting and Consolidation (Consumer), and Corporate Controlling (tesa) at its core. In addition, further departments including IT Controlling, Manufacturing Controlling, and Facility Management were involved in order to integrate expertise on individual business activities.

[1] Given the ongoing dynamic development of the formulations contained within the EU Taxonomy Regulation, uncertainties persist regarding the interpretation of its wording and terms. There may therefore be adjustments in future to our Taxonomy Impact Analysis.

In a first step, the team identified the taxonomy-eligible activities at Beiersdorf, with reference to the definitions of the NACE codes referenced in Annex 1 of the Sustainable Finance Taxonomy Regulation (EU) 2020/852 and the activity descriptions. The Taxonomy Compass provided by the EU Commission was also applied.

In parallel, the definitions of the key OpEx, CapEx and turnover figures as defined in Annex 1 of Regulation (EU) 2020/852 were analyzed, and the data for the respective reference values (key figure denominators) were collected, based on the data in our Financial Controlling systems. The relevant cost types were identified here, particularly in the area of OpEx.

For the activities identified as taxonomy-eligible, approaches were then defined for estimating and gathering data on the corresponding OpEx, CapEx and turnover.

Taxonomy-eligible Economic Activities Identified

The following economic activities have been identified as taxonomy-eligible:

Information and Communication

- Since the Consumer Business Segment operates a Data Center and provides these services to tesa, Activity 8.1 "Data processing, hosting and related activities" was identified as relevant. Also relevant is Activity 8.2 "Data-driven solutions for GHG emissions reductions", as we use GaBi and SoFi emissions management software as well as energy management systems.

Construction and Real Estate

- Activity 7.4 "Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)" was identified as relevant, as we have vehicle-charging stations on our premises that are operated by a third party.

- Activities 7.3 "Installation, maintenance and repair of energy efficiency equipment", 7.5 "Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings" and 7.6 "Installation, maintenance and repair of renewable energy technologies" are part of our building management; they also include the installation, maintenance and repair of photovoltaic systems as well as measuring systems and energy-efficiency control units. We have classified the activities under 7.1 "Construction of new buildings" as not applicable to Beiersdorf. The construction of the factory and office buildings commissioned by us do not represent new buildings for the purpose of resale but serve our ongoing business operations.

Energy

- In this area, Activity 4.25 "Production of heat/cool using waste heat" was identified as taxonomy-eligible, as we use waste heat for internal heating processes. Other activities in this area, e.g. regarding the generation of renewable energies, were recorded in accordance with the EU Taxonomy Regulation under the economic activity "Construction and real estate".

Transport

- All our transport activities are outsourced to service providers, so that there is no taxonomy-eligible activity here either. Only our own fleet of company cars falls under Definition 6.5 "Transport by motorbikes, passenger cars and light commercial vehicles".

Manufacturing Industry / Goods Manufacturing

- The manufacture and sale of products from the Consumer business segment do not fall within the scope of taxonomy eligibility.

- tesa does not produce plastics in primary form but obtains them from suppliers. Therefore, only revenues from the production of subcomponents for batteries are taxonomy-eligible (Activity 3.4 "Manufacture of batteries").

Analysis and calculation to turnover

In our analysis, we concluded that in the category of turnover, only the economic activity 3.4 "Manufacture of batteries" at tesa falls within the taxonomy-eligible business activities. However, we have classfified it as not applicable to Beiersdorf, as these sales represent less than 1% of tesa's turnover and thus significantly less than half a percent of the Group's turnover of € 7,627 million (see Consolidated Financial Statements, Income Statement).

Analysis and OpEx Calculation

As a basis for the calculation of the OpEx (denominator) reference value, the key financial figures for the full financial year 2021 were drawn from Beiersdorf's Financial Controlling systems. At the same time, detailed queries were carried put to the respective Controlling Functions to ensure data quality.

Included in the reference value were:
- All Research and Development operational costs
- All short-term leases
- Maintenance and repair costs of our company car fleet
- Maintenance and repair costs of our buildings as well as building and office technology systems
- Our IT infrastructure costs.

To calculate the percentage shares of taxonomy-eligible positions in the total reference value (numerator), data was gathered directly from our financial systems as far as possible. In cases where direct allocation was not possible, percentage shares were broken down and allocated via suitable keys (e.g. personnel keys) where necessary.

Around 3% of this reference value (€ 408 million) relates to the activities described above as taxonomy-eligible. This value is not considered material and therefore no reporting on OpEx is provided.

CapEx Calculation

For CapEx we identified the investments and long-term leases associated with the activities classified as taxonomy-eligible; these are reported for both Business Segments. In addition to the investments in intangible assets (€ 11 million) and property, plant and equipment (€ 402 million; see Notes

[1] Given the ongoing dynamic development of the formulations contained within the EU Taxonomy Regulation, uncertainties persist regarding the interpretation of its wording and terms. There may therefore be adjustments in future to our Taxonomy Impact Analysis.

to the consolidated financial statements) reported in the annual report, the reference figure of € 502 million for CapEx also includes property, plant and equipment with long-term rights of use in the amount of € 89 million. As the investments of € 13 million identified as tax-deductible amount to less than 3% of the reference figure, a detailed breakdown by individual economic activity is not provided.

RELEVANT KEY FIGURES FOR THE NON-FINANCIAL STATEMENT OF THE BEIERSDORF GROUP

Consumer Business Segment	Unit	2020	2021
Environment			
GHG emissions (Scope 1 and Scope 2)	t CO_2e	40,157	43,654
GHG emissions (Scope 3)	t CO_2e	1,047,841	1,041,703
Absolute reduction GHG emissions (Scope 1 and Scope 2) vs. 2018	%	32	26
Absolute reduction of GHG emissions (Scope 3) vs. 2018	%	11.5	12.0
Reduction of fossil-based virgin plastic vs. 2019[1]	%	6	9
Recycled material in plastic packaging[1]	%	1	7
Reduction of nonbiodegradable polymers in European product formulas (based on raw material volume) vs. 2016[1]	%	7	52
Reduction of microplastic in NIVEA products (based on raw material volume) vs. 2016	%	67	100
Reduction of microplastic in Eucerin products (based on raw material volume) vs. 2016	%	25	45
Share of mass balance palm (kernel) oil and derivates[1]	%	100	100
FSC-certified paper in folding boxes[1]	%	100	100
Employees			
Share of women management group 1 – 3	%	33	34
Share of internal recruitments management group 1	%	60	100
Share of internal recruitments management group 2	%	79	88
Accident frequency rate (AFR)	Accidents per 1 million working hours	1.6	1.0
Human Rights			
Coverage supplier risk screening	%	100	100
Coverage code of conduct	%	90[3]	92
Compliance			
Participation rate competition compliance training	%	96	95

tesa Business Segment	Einheit	2020	2021
Environment			
GHG emissions (Scope 1 and Scope 2)	t CO_2e	54,140	58,373
Specific GHG emissions per metric ton of end product	t CO_2e	0.82	0.80
Electricity from renewable energy sources	%	50	52
Employees			
Accident frequency rate (AFR)	Accidents per 1 million working hours	3.5	4.1
Compliance			
Participation rate competition compliance training	%	98	98
Human rights			
Coverage direct spend from suppliers assessed by EcoVadis	%	31	43
Product safety			
tesa plants with quality management certificates	%	100	100

[1] not including Coppertone
[2] According to definition of United Nations Environment Program
[3] Retrospective change in the 2020 coverage rate due to improved data quality.

RELEVANT KEY FIGURES FOR THE NON-FINANCIAL STATEMENT OF THE BEIERSDORF AG

	Einheit	2020	2021
Environment			
GHG emissions (Scope 1 and Scope 2)	t CO_2e	5,878	6,267
Absolute reduction GHG-emissions (Scope 1 and Scope 2) vs. 2018	%	11.4	5.21
Employees			
Share of women in first management level	%	30	31
Share of women in second management level	%	47	52
Share of internal recruitments management group 1	%	100	100
Share of internal recruitments management group 2	%	75	86
Accident frequency rate (AFR)	Accidents per 1 million working hours	2.1	2.2
Compliance			
Participation rate competition compliance training	%	92	99

Economic Report

Economic Environment

General Economic Situation

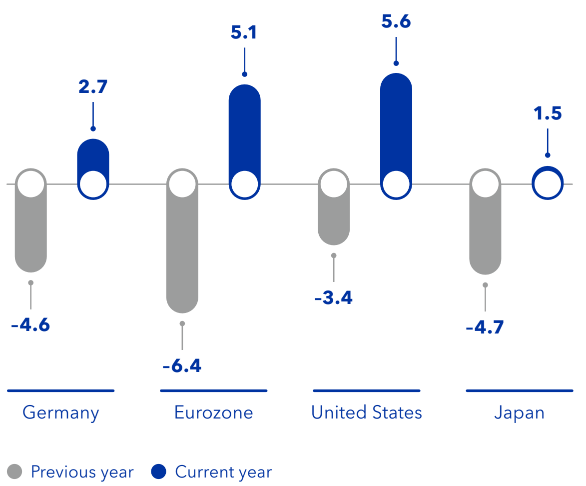
Almost two years after the first COVID-19 outbreak, the ongoing pandemic continued to affect the performance of the **global** economy in 2021. Nevertheless, economic growth was positive thanks to strong government support, the continued deployment of vaccines, and the gradual resumption of economic activity, especially in the service sector. The initially strong growth figures in the first half of 2021 were hit later in the year by the renewed deterioration of the pandemic situation and the related materials shortages and supply bottlenecks. The slowdown was exacerbated by the spread of the Omicron variant. As demand shifted from services to certain product groups such as consumer durables, electronics, and medical supplies, many producers of primary products quickly reached the limits of their capacity. Economic trends in terms of production and employment also differed greatly by country, sector, and demographic group.

The **European** economy experienced an early upturn in 2021 as COVID-19 restrictions were eased. However, the momentum weakened in the latter part of the year. This was partly because much of the ground lost in prior periods had already been recovered, but was also a reflection of the pandemic situation, which improved over the first half of the year before deteriorating toward year-end with a new wave of coronavirus and the emergence of the Omicron variant. In addition, European firms were not spared the supply shortages affecting the procurement of primary products and raw materials. Rising inflation, driven by higher energy and commodity prices, also cut consumer purchasing power and put upward cost pressure on industry.

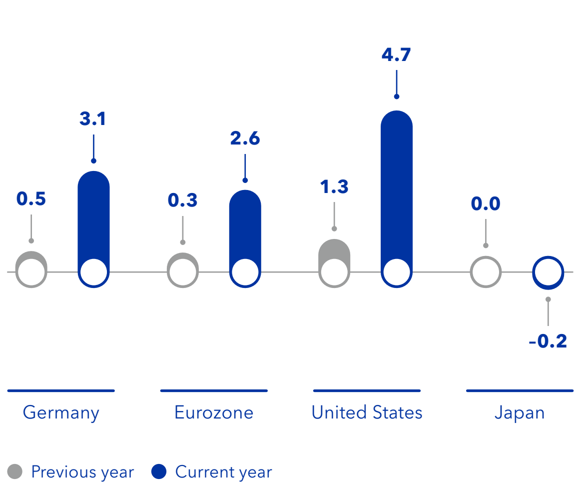
Following an initial slump in economic output in **Germany** at the start of 2021, a recovery set in from the second quarter. With infection rates rising as the Omicron variant emerged, however, there was a marked slowdown toward the end of the year. The recovery was chiefly attributable to the service sector, where sales temporarily rose again as the year progressed and COVID-19 restrictions were increasingly eased. Despite strong order books, German producers were affected by supply problems and higher prices for energy and raw materials on the world market. The automotive industry was hit especially hard.

In the **United States**, the strong upturn in the first six months of 2021 faltered considerably in the third quarter. This was due to multiple factors, especially widespread production bottlenecks, the expiry of the fiscal stimulus, the constrained labor supply, and the renewed higher infection rates due to the Delta wave, which made consumers more cautious. Economic growth picked up again in the fourth quarter, however, as the Delta wave receded. While the housing and real estate market remained largely stable, other sectors struggled with falling demand. A substantial rise in COVID-19 infection numbers put the brakes on the service industry and employment growth throughout the economy, especially in late summer. The automotive sector saw healthy order books but, as the year progressed, increasingly encountered shortages of vital vehicle components. For a time, inflation reached its highest

GROSS DOMESTIC PRODUCT (IN %)[1]
Change versus previous year



INFLATION RATE (IN %)[1]
Change versus previous year



[1] Commerzbank Research.

levels in over 30 years. This inflationary pressure was mainly attributable to manufacturing bottlenecks, increased wage pressure, and the remarkable increase in rent inflation. The US economic growth picture for the full year was positive.

Japanese economic growth recovered in the second and fourth quarters of 2021 after the economy contracted in quarters one and three. While industry suffered production problems due to materials shortages, exports were in high demand. The inflation rate slightly decreased over the course of the year, despite the short-term rise in energy prices.

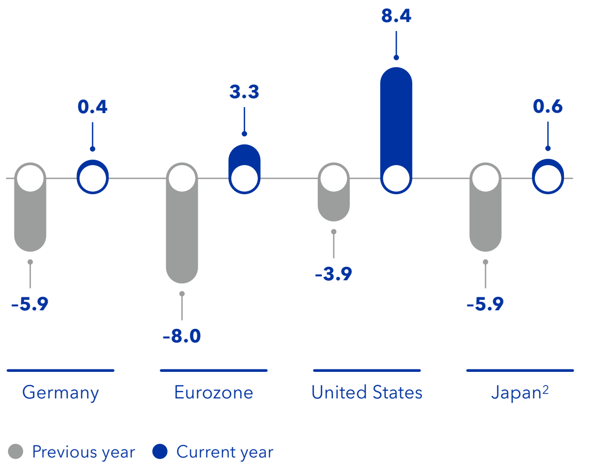
Economic growth forecasts for the **emerging markets** were shrouded in uncertainty at the beginning of the year. However, these countries performed consistently well. In **China**, economic growth recovered again in 2021 but, particularly in the second half of the year, remained considerably below the Chinese government's 6% target. This was due to the economy catching up the output lost to the coronavirus pandemic, a reduction in fiscal stimulus, the Chinese leadership's resumption of its debt-reduction initiative, and a government crackdown on profiteering in the property markets. An ongoing shortage of coal – the country's main energy source – in many regions of China also weighed on the economic recovery. After a sharp downturn in the previous year, economic growth in **India** recovered again, and economic activity reached a higher level than before COVID-19. In the **Middle East**, growth recovered but was hampered by major COVID-19 outbreaks, especially in countries with a low vaccination rate. Economic growth in the richer, mainly oil-exporting countries benefited from a relatively high vaccination rate and from higher commodity prices on the world market. The **Southeast Asian emerging markets** also recorded positive, albeit often less-than-expected economic growth over the year. The economy in **Brazil** recovered further in 2021 due to renewed trade increases, a strong economic policy stimulus, and increasing private sector investment, allowing it to return to the pre-pandemic level. However, inflation rose constantly and there was only a slight drop in the high unemployment figures. The **Russian** economy also generated positive growth. This was bolstered by increased commodity prices and the relatively low proportion of services – a sector heavily affected by COVID-19 – in Russia's gross domestic product.

Sales Market Trends

The ongoing COVID-19 pandemic continued to be felt in 2021 with a palpable impact on the global cosmetics market. A negative market trend in the first three months was followed in the second quarter by a rapid recovery. From August, however, consumers reined in their spending again. Slight market growth versus 2020 was expected for the full year 2021 but with total market sales still below the 2019 level.

After a 2020 in which the COVID-19 pandemic had a major impact on the tesa Business Segment's activities, 2021 was defined by market recovery. However, global supply chain complications, for example in the automotive industry, increasingly subdued performance in the second half of the year. The automotive markets in particular recorded weakening momentum toward year-end after strong growth in the first six months. Shutdown measures, especially early in the year, also restricted business in a few areas. The pandemic had a mixed impact on the industrial distribution business for tapes. There was growth particularly in the online business.

CONSUMER SPENDING (IN %)[1]
Change versus previous year



[1] Commerzbank Research.
[2] DZ Bank Research.

Procurement Market Trends

The situation on the commodity markets throughout 2021 was heavily affected by the COVID-19 pandemic. Crude oil and energy prices staged a considerable recovery after an initially moderate start to the year. Severe and persistent winter weather in the United States resulted in numerous production stoppages at suppliers. Labor shortages in producer countries as a result of COVID-19 meant poor harvests of natural oils. At the same time, increased global demand, especially from fast-recovering economies in China and the United States, put a strain on supply and fueled rising prices for raw materials and packaging in many cases. Major logistics bottlenecks, beginning with the blockage of the Suez Canal, tightened the markets further. Toward the end of the year, the situation was further exacerbated by power shortages and resulting production stoppages in China. All this meant that prices for raw materials and packaging were substantially up on the previous year's levels, particularly in the second half of 2021. The availability of many primary and other materials was heavily restricted at times. Extensive measures to secure supplies meant that production bottlenecks were avoided despite a very volatile environment. Beiersdorf has also been able to successfully limit further significant cost increases resulting from greater use of new, more sustainable materials (e.g., recycled plastic).

Overall Assessment of the Economic Environment

After a significant drop in global economic growth in 2020, this year saw a marked recovery. A similar trend was observed on the global cosmetics market, although the pace of this recovery was slowed by continued restrictions in some areas. Skin care, which was hit hard in the previous year, grew considerably more strongly in 2021 than personal care (soaps, shower gels). The Consumer Business Segment focused on gaining new market share, which was achieved particularly through successful product launches in skin care.

In the tesa Business Segment, recovery from the COVID-19 pandemic was seen particularly in the automotive sector, a key industry for tesa. Disruption to global supply chains significantly weakened momentum toward the end of the year, however. Overall, tesa achieved increased sales in both divisions. The Direct Industries division grew, driven especially by the automotive and consumer electronics businesses. The Trade Markets division also achieved substantial sales growth, driven among other things by increasing online business and industry trade.

Results of Operations

Results of Operations – Group

INCOME STATEMENT (IN € MILLION)

	2020	2021	Change in %[1]
Sales	**7,025**	**7,627**	**8.6**
Cost of goods sold	–2,984	–3,267	9.5
Gross profit	**4,041**	**4,360**	**7.9**
Marketing and selling expenses	–2,485	–2,675	7.7
Research and development expenses	–246	–268	9.0
General and administrative expenses	–400	–448	12.0
Other operating result (excluding special factors)	–4	24	–
Operating result (EBIT, excluding special factors)	**906**	**993**	**9.6**
Special factors	–78	–60	–
Operating result (EBIT)	**828**	**933**	**12.7**
Financial result	–7	–26	–
Profit before tax	**821**	**907**	**10.5**
Income taxes	–244	–252	3.4
Profit after tax	**577**	**655**	**13.5**

[1] Percentage changes are calculated based on thousands of euros.

Sales

Group sales made a substantial recovery with year-on-year organic growth of 9.7%. The Consumer Business Segment achieved organic sales growth of 8.8%. The tesa Business Segment recorded an encouraging, double-digit 13.6% rise in organic sales. Nominal sales for the Group grew by 8.6% year on year to €7,627 million (previous year: €7,025 million).

In **Europe**, organic sales were up 6.3% on the previous year. Nominal sales stood at €3,676 million (previous year: €3,467 million), putting them 6.0% above the previous year.

Organic year-on-year growth in the **Americas** hit 16.3%. Nominal sales were up by 13.4% to €1,527 million (previous year: €1,347 million).

Organic sales in the **Africa/Asia/Australia** region were 11.0% above the previous year's level. Nominal sales grew by 9.6% to €2,424 million (previous year: €2,211 million).

Expenses/Other operating result

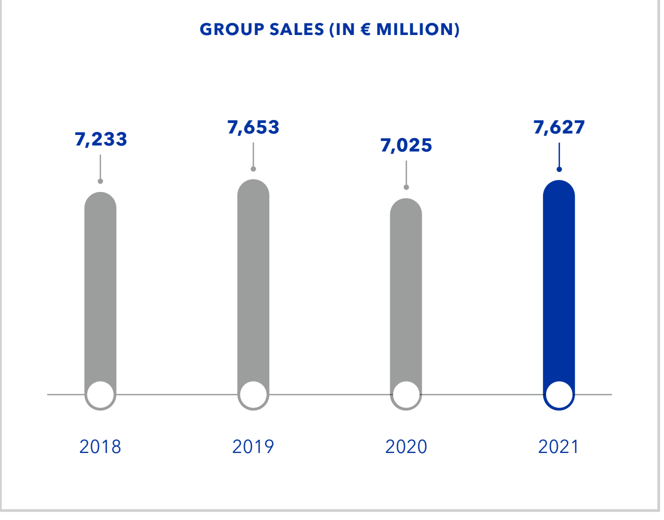
The **cost of goods sold** climbed by 9.5%. This was partly due to the higher sales volume compared with 2020, but also resulted from significantly increased price pressure in procurement markets in the reporting year. Mix effects and exchange rate effects had a negative impact. The greater cost pressure in procurement markets resulted in reduced **gross profit** relative to sales during the reporting year.

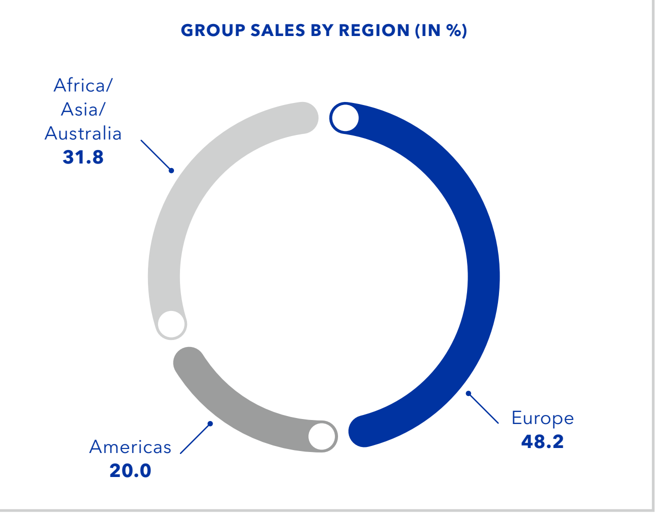
Marketing and selling expenses rose by 7.7% year on year and totaled €2,675 million (previous year: €2,485 million). The continued high investment level in the context of C.A.R.E.+ aims to consolidate our market position for the long term. The marketing budget is constantly adjusted to the changing market conditions and especially to the change in consumers' media use. A total of €1,689 million (previous year: €1,554 million) was spent on advertising and trade marketing. We further enhanced our market position by investing in marketing and sales in a number of countries, especially in emerging markets.

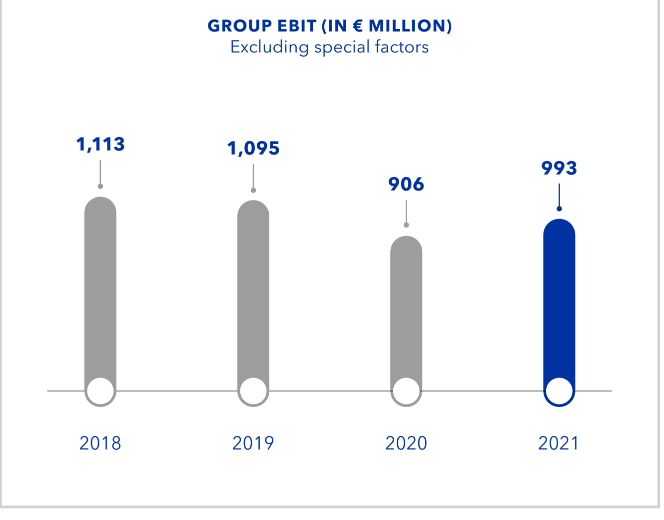
Research and development expenses increased by €22 million versus the previous year to €268 million (previous year: €246 million). One focus here was on developing and enhancing sustainable product ranges. This strengthened in particular Beiersdorf's ability to adapt to the current and future requirements of consumers and customers by developing new products. **General and administrative expenses** rose from €400 million to €448 million and were mainly driven by the continuation of numerous digitalization projects under the auspices of the C.A.R.E.+ strategy. The other operating result (excluding special factors) improved to €24 million (previous year: €–4 million). This was due in particular to a better currency result from the operating business and increased reversal of provisions.

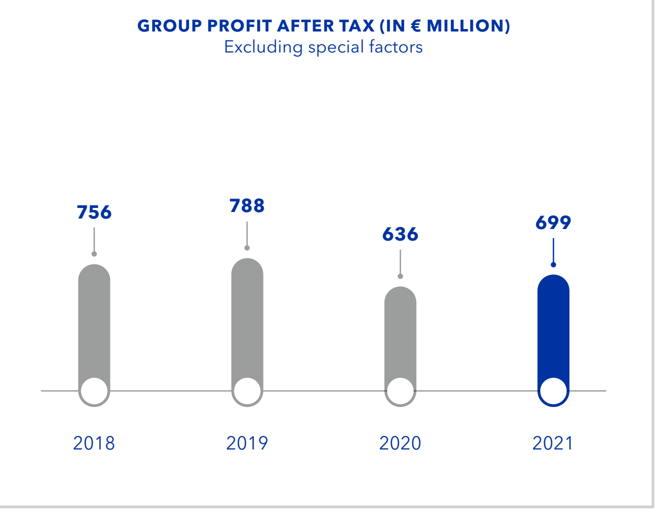
Operating result (EBIT, excluding special factors)

The Beiersdorf Group's results of operations are determined on the basis of the operating result (EBIT) excluding special factors. This figure is not part of IFRS Standards and should be treated merely as voluntary additional information. The special factors listed are one-time, non-operating transactions.









EBIT excluding special factors amounted to €993 million (previous year: €906 million), while the EBIT margin was 13.0% (previous year: 12.9%). The Consumer Business Segment generated EBIT excluding special factors of €740 million (previous year: €702 million). The EBIT margin reached 12.1% (previous year: 12.3%). EBIT at tesa excluding special factors was €253 million (previous year: €204 million) and the EBIT margin was 16.9% (previous year: 15.4%).

The Group operating result before special factors in **Europe** was €556 million (previous year: €503 million). The EBIT margin was 15.1% (previous year: 14.5%). The operating result before special factors in the **Americas** amounted to €91 million (previous year: €92 million) with an EBIT margin of 6.0% (previous year: 6.8%). In **Africa/Asia/Australia**, EBIT excluding special factors amounted to €346 million (previous year: €311 million). The EBIT margin here was 14.3% (previous year: 14.1%).

Special factors

The Group special factors totaled €60 million (previous year: €78 million). The special factors recognized in the reporting year mainly comprised restructuring expenses, primarily in the supply chain organization of €37 million (previous year: €30 million), expenditure from the "Care Beyond Skin" program of €6 million (previous year: €24 million), and expenditure in connection with the integration of the Coppertone business and the preparation of the Chantecaille acquisition of €17 million (previous year: €14 million), an impairment loss on the goodwill of tesa Twinlock in the amount of €9 million, and proceeds from the sale of tesa scribos GmbH in the amount of €9 million. In the previous year, impairment of goodwill allocated to the Northeast Asian cash-generating unit was recognized as a special factor in the amount of €10 million.

Operating result (EBIT)

The operating result (EBIT) amounted to €933 million (previous year: €828 million). This corresponds to an EBIT margin of 12.2% (previous year: 11.8%).

Financial result

The financial result amounted to €–26 million (previous year: €–7 million). For the most part, this development was attributable to losses from financial investments.

Income taxes

Income taxes totaled €252 million (previous year: €244 million). The tax rate was 27.8% (previous year: 29.7%). Taxes for the special factors amounted to €16 million (previous year: €19 million).

Profit after tax

Profit after tax was €655 million (previous year: €577 million). The return on sales after tax was 8.6% (previous year: 8.2%). Excluding special factors, profit after tax amounted to €699 million (previous year: €636 million). The corresponding return on sales after tax was 9.2% (previous year: 9.1%).

Earnings per share – Dividends

Earnings per share stood at €2.81 (previous year: €2.47). Excluding special factors, earnings per share amounted to €3.00 (previous year: €2.73). These figures were calculated on the basis of the weighted number of shares bearing dividend rights (226,818,984). The Executive Board and Supervisory Board will propose a dividend of €0.70 per no-par-value share bearing dividend rights to the Annual General Meeting (previous year: €0.70). For further information on the number, type, and notional value of the shares, please refer to Note 18 "Share Capital" in the notes to the consolidated financial statements.

Results of Operations – Business Segments

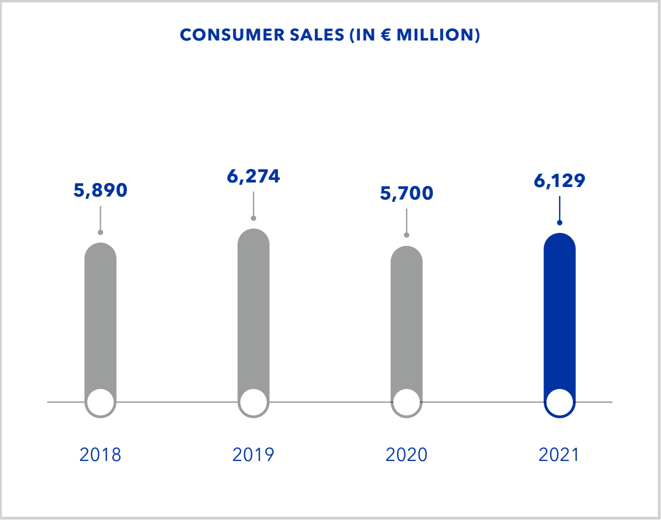
Consumer

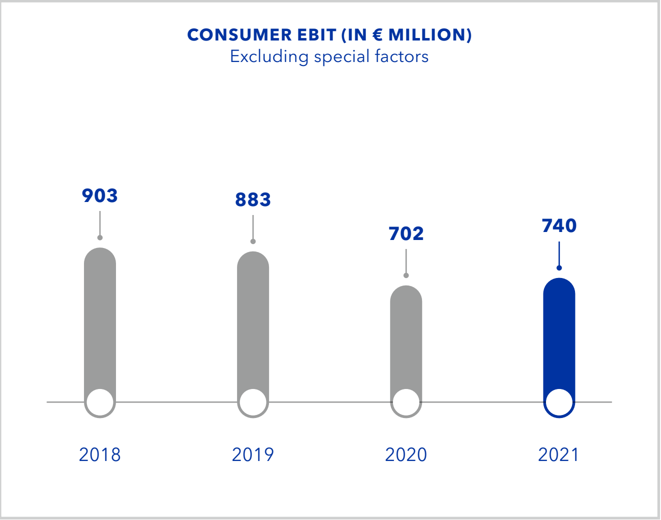
SALES – CONSUMER BUSINESS SEGMENT (IN € MILLION)

			Change (in %)	
	Jan. 1 – Dec. 31, 2020	Jan. 1 – Dec. 31, 2021	nominal	organic
Europe	**2,752**	**2,910**	**5.8**	**5.8**
Western Europe	2,217	2,352	6.1	5.7
Eastern Europe	535	558	4.3	6.3
Americas	**1,153**	**1,302**	**12.9**	**15.9**
North America	585	646	10.5	13.0
Latin America	568	656	15.4	18.8
Africa/Asia/Australia	**1,795**	**1,917**	**6.7**	**8.9**
Total	**5,700**	**6,129**	**7.5**	**8.8**

Sales in the **Consumer** Business Segment grew organically by 8.8% in 2021. In nominal terms, sales increased by 7.5% to €6,129 million (previous year: €5,700 million). Exchange rate effects added 1.3 percentage points to the growth rate.

Sales performance in the Consumer Business Segment staged an overall recovery from the effects of the ongoing COVID-19 pandemic during the reporting year. Beiersdorf gained market share on every continent, particularly with the NIVEA brand in Brazil, Japan, and Thailand, and with the Derma





business unit's Eucerin and Aquaphor brands in the United States as well as in Germany and Latin America. Healthcare won further market share in almost all markets with the Hansaplast and Elastoplast brands.

The rate of sales growth trended upward in almost all regions, especially in the Americas, where sales were up by double-digit percentages year on year. NIVEA and Healthcare achieved healthy growth rates overall. Derma and the La Prairie brand put in strong growth figures and contributed to the business segment's excellent performance.

EBIT excluding special factors was €740 million (previous year: €702 million). The EBIT margin excluding special factors was 12.1% (previous year: 12.3%). Special factors comprised expenditure of €6 million from the "Care Beyond Skin" program, restructuring expenses, primarily in the supply chain organization of €37 million, and expenditure in connection with the integration of the Coppertone business and the preparation of the Chantecaille acquisition of €17 million. The operating result for the Consumer Business Segment including special factors therefore stood at €680 million (previous year: €632 million), while the EBIT margin was 11.1% (previous year: 11.1%).

NIVEA grew organically by 5.5% globally in 2021. In nominal terms, sales increased from €3,957 million to €4,116 million. This was primarily due to sales recovering from the effects of the COVID-19, driven mainly by the Emerging Markets region, and the launch of new products. The main growth drivers were NIVEA Face, NIVEA SUN, NIVEA Deo, and NIVEA Body. In the NIVEA Face category, the launch of products such as NIVEA Cellular LUMINOUS630® and Hydra Skin Effect generated significant sales and market share, especially in Europe. NIVEA achieved positive sales growth in its core body care business. This was generated by the constant growth of NIVEA Naturally Good, which uses packaging with 50% less plastic, and further strengthening of the skin tone business. In the NIVEA Deo category, the Black & White product line, along with new ranges such as the Magnesium line, were among the main growth drivers. Two categories – NIVEA Lip and NIVEA Hair – still struggled to return to positive growth.

The **Derma** business unit performed especially encouragingly, achieving organic sales growth of 19.5%. Nominal sales were up from €661 million to €790 million. Overall sales growth was achieved in the key markets of the United States and Germany. The positive sales trend also continued in South America and Asia, MEA, and in the rest of Europe. A positive growth contribution came particularly from Eucerin's Face category, driven by the Anti-Pigment and Hyaluron Filler range and by the Sun category with the introduction of our new medical product ACTINIC CONTROL with SPF 100. In body care, there was particularly strong sales growth for the Eucerin Urea range and Aquaphor. In general, the online sales channel was a strong sales driver.

Healthcare recorded organic sales growth of 13.7%. Nominal sales were up from €197 million to €225 million. Market launches in the wound care business and a strong recovery of sales in the sports category particularly boosted sales. This growth was seen in all major markets.

In the selective cosmetics business unit, our **La Prairie** brand increased organic sales by a strong 20.1%. Nominal sales were up from €497 million to €599 million. This increase was mainly due to the recovery of the important travel retail business and the outstanding performance in China and North America. The launches of Platinum Rare and Pure Gold also acted as strong growth drivers.

In the **Europe** region, organic sales were up 5.8% on the previous year. Nominal sales climbed by 5.8% to €2,910 million (previous year: €2,752 million).

In **Western Europe**, organic sales rose by 5.7%. Healthy growth rates were achieved especially in Switzerland and Italy. Sales in NIVEA Face, Sun, and Body as well as in wound care in the Healthcare area developed especially positively. The Eucerin Face, Body, and Sun categories also contributed to sales growth. There was a significant impact from the recovery of the travel retail business at the La Prairie brand.

Sales in **Eastern Europe** were up 6.3% on the previous year in organic terms. This trend was, among other factors, driven by double-digit growth in Bulgaria and Ukraine and by the positive performance in other Eastern European countries. The NIVEA SUN, Face & Deo and Eucerin Face, Sun & Body categories performed especially well in the region.

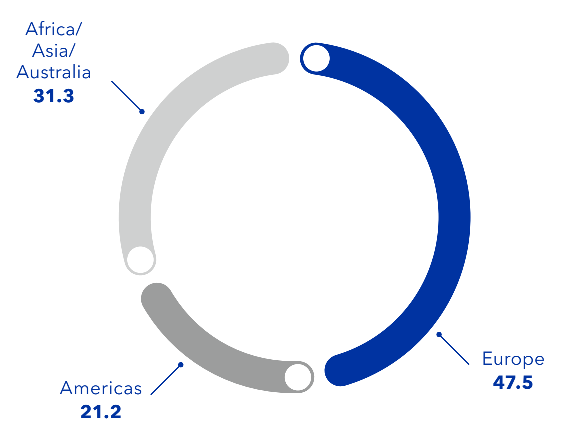
In the **Americas** region, the Consumer Business Segment achieved strong organic sales growth of 15.9%. At €1,302 million, nominal sales were up 12.9% on the previous year (€1,153 million).

In **North America**, there was positive organic sales growth of 13.0%. The Coppertone, Aquaphor, and Eucerin brands were the key growth drivers.

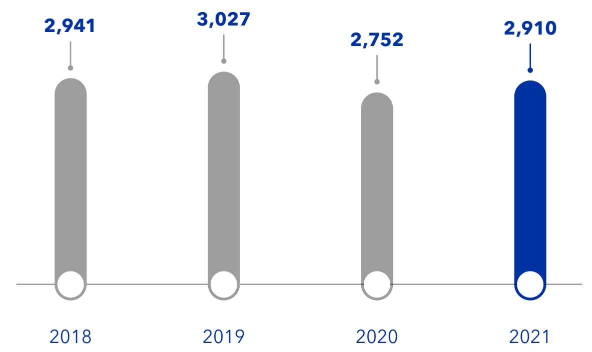
Very good organic sales growth of 18.8% was also seen in **Latin America**. Nominal sales in the region rose by 15.4% due to the exchange rate effects. Sales growth was seen in almost all countries. This was particularly strong in Brazil and Mexico. Besides NIVEA, Eucerin was a major growth driver.

Sales in the **Africa/Asia/Australia** region grew by 8.9% in organic terms. Nominal sales were up by 6.7% to €1,917 million (previous year: €1,795 million). Sales trends were especially positive in India, Turkey, and Nigeria. However, there was a drop in sales in South Korea, Taiwan, and Vietnam due to market decline. In particular, NIVEA Face, Body, Sun, and Deo all performed very well. Eucerin and La Prairie also achieved strong growth in the region, especially in China.

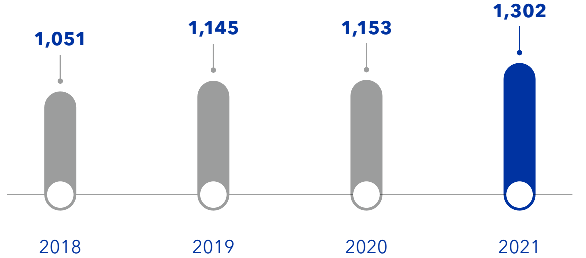
CONSUMER SALES BY REGION (IN %)



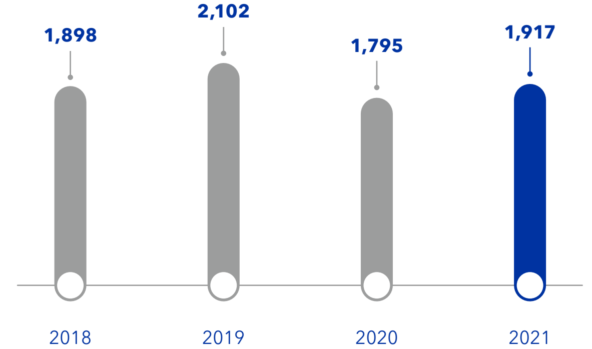
CONSUMER SALES IN EUROPE (IN € MILLION)



CONSUMER SALES IN THE AMERICAS (IN € MILLION)



CONSUMER SALES IN AFRICA/ASIA/AUSTRALIA (IN € MILLION)



tesa

SALES – TESA BUSINESS SEGMENT (IN € MILLION)

	Jan. 1 – Dec. 31, 2020	Jan. 1 – Dec. 31, 2021	Change (in %) nominal	Change (in %) organic
Europe	715	766	7.1	8.3
Americas	194	225	15.9	18.9
Africa/Asia/Australia	416	507	22.1	20.1
Total[1]	**1,325**	**1,498**	**13.1**	**13.6**

[1] The total comprises the sales of the tesa Direct Industries, Trade Markets, and Others divisions.

tesa achieved very strong organic sales growth of 13.6% in 2021, in a market environment still influenced by the COVID-19 pandemic. There was a slight impact amounting to 0.5 percentage points from the sale of tesa scribos GmbH in the third quarter and from positive exchange rate effects. In nominal terms, sales therefore rose by 13.1%, from €1,325 million in the previous year to €1,498 million.

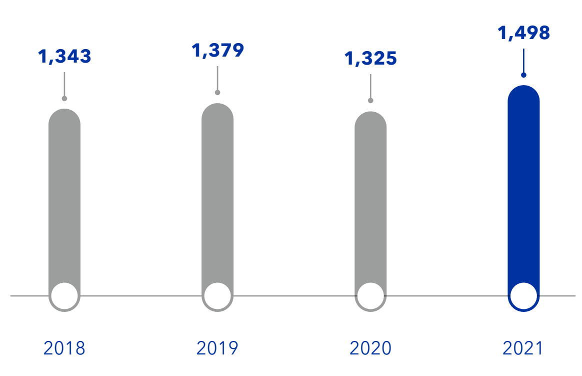
In **Europe**, organic sales were up by 8.3%. The Trade Markets business grew substantially again on the back of a very good prior-year period also affected by the pandemic. Sales in the consumer business, including via digital sales channels, trended upwards. The Direct Industries division recorded considerable growth in sales, especially given the recovery in the automotive market in the first half of the year. In nominal terms, tesa generated European sales of €766 million (previous year: €715 million). The region's share of Group sales fell to 51.1% (previous year: 53.9%).

The **Americas** saw a very positive sales trend with organic growth of 18.9%. In the Direct Industries division, there was a substantial recovery after the slump caused by the COVID-19 pandemic, with a significant rise in sales, particularly in the first half of 2021, in the Building Industries business and Flexodruck business as well as in the automotive market. The region's sales were up by 15.9% in nominal terms to €225 million (previous year: €194 million). The region's share of Group sales rose to 15.0% (previous year: 14.7%).

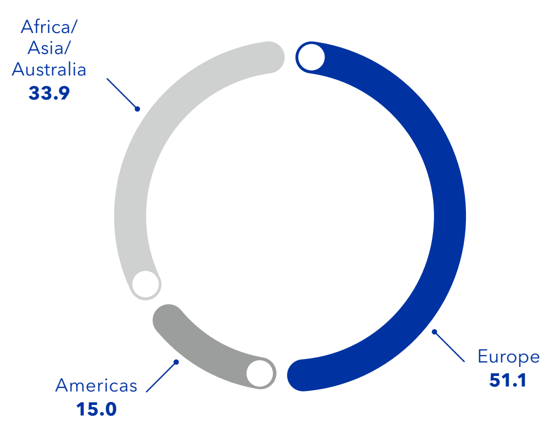
In **Asia**, tesa achieved organic sales growth of 20.1%, buoyed up by the project business with products for the electronics industry. This region also experienced the recovery in the automotive sector, especially in the first half of the year. In nominal terms, sales in the region increased by 22.1% to €507 million (previous year: €416 million). The region's share of Group sales rose to 33.9% (previous year: 31.4%).

EBIT excluding special factors increased to €253 million (previous year: €204 million). The EBIT margin excluding special factors was 16.9% (previous year: 15.4%). The special factors in the tesa Business Segment in the amount of €0 million included an impairment loss on the goodwill of tesa Twinlock amounting to €9 million, proceeds from the sale of tesa scribos GmbH amounting to €9 million, and small-scale expenditure for the "Care Beyond Skin" program. The operating result including special factors stood at €253 million (previous year: €196 million), while the EBIT margin was 16.8% (previous year: 14.8%).

TESA SALES (IN € MILLION)



TESA SALES BY REGION (IN %)



Direct Industries

Sales in tesa's **Direct Industries** division recovered substantially, registering a double-digit increase in 2021. This was driven by market recovery after the COVID-19 pandemic, especially in the automotive industry, but also successful project business in consumer electronics, flexographic printing, and the building industry. tesa achieved growth particularly in Asia but also saw its sales up by double digits in North America and Europe. Organic sales in the division increased by 16.6%. Nominal sales climbed by 16.1% to €894 million (previous year: €770 million). The share of Direct Industries in total sales was 59.7% (previous year: 58.1%).

In **consumer electronics**, tesa once again recorded an increase in sales and reaffirmed its position as an important provider of innovative products and solutions for the manufacture of smartphones and tablets. Particular growth impetus came from the ranges for bonding smartphone casings. Thanks to tesa's successful innovation work, it was possible to develop important applications with these tapes.

The **automotive and electrical systems** businesses improved on the previous year's performance in 2021, especially in Asian emerging markets. However, the market momentum early in the year weakened in the second half due to the shortages in the semiconductor industry. Substantial growth was achieved with innovative applications in e-mobility and the bonding of components used to digitalize cars. There was a concerted effort to expand the product portfolio and invest in research and development in line with the transformation of the automotive industry.

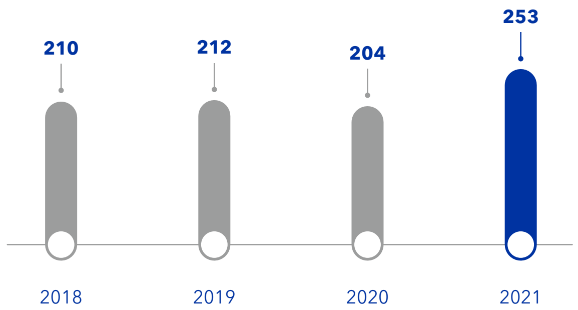
In the **printing and paper** business, tesa further expanded its activities in flexographic printing. The strong product range has been substantially enhanced in recent years with an expanded portfolio of self-adhesive sleeves, and tesa continues to benefit from a growing market in the packaging industry all around the world.

The **building industry** business area performed strongly again. The positive sales trend was mainly attributable to the North American airtight and waterproof adhesives business for the construction and building supplies industry.

tesa's **pharmaceuticals** business saw an uplift from the COVID-19 pandemic in 2020, as it manufactures tesa products categorized as essential supplies by the EU. Pharmaceutical customers increased their stockpiles of these items, which then resulted in lower sales in 2021.

Until August 31, 2021, tesa's portfolio also included digital connectivity solutions for branded products, offered through tesa scribos GmbH. This affiliate was sold to the KURZ Group effective September 1.

TESA EBIT (IN € MILLION)
Excluding special factors



Trade Markets

Organic sales in the **Trade Markets** division increased by 9.1%. In nominal terms, this translated to growth of 8.6%, lifting sales to €597million (previous year: €550 million). The division thus accounted for 39.8% (previous year: 41.5%) of the tesa Business Segment's total sales in the reporting year.

tesa further improved and expanded its range for the **industrial distribution** business. New product developments in the field of sustainable tapes were particularly significant. The business with industrial distribution partners is performing considerably better than expected.

After a very successful 2020, business with consumers and professional tradespeople – **Consumer & Craftsmen** – grew again in Europe and Latin America. The hardware store sales channel was hit in some countries by closures due to partial lockdowns. This effect was offset by further strong growth in digital sales channels and healthy sales to professional tradespeople. In Latin America, the business recorded excellent growth. This was partly due to market recovery after a weak 2020 dominated by the COVID-19 pandemic. However, the tapping of new markets and introduction of new product ranges also contributed to the gains.

The year 2021 saw broad growth in tapes, especially packaging and masking tapes for consumers and tradespeople. This applied to both retail and online sales. tesa further expanded its market position in the seasonal business with insect protection products. In the bathroom accessories category under the tesa® brand, i.e., products that can be quickly and easily mounted with the innovative "nie wieder bohren" technology, the previous year's strong sales figures were repeated. In e-commerce, the sales of tesa products rose substantially again, resulting in significant gains in market share. There was further growth in business with end consumers, particularly in direct sales via digital marketplaces.

Net Assets

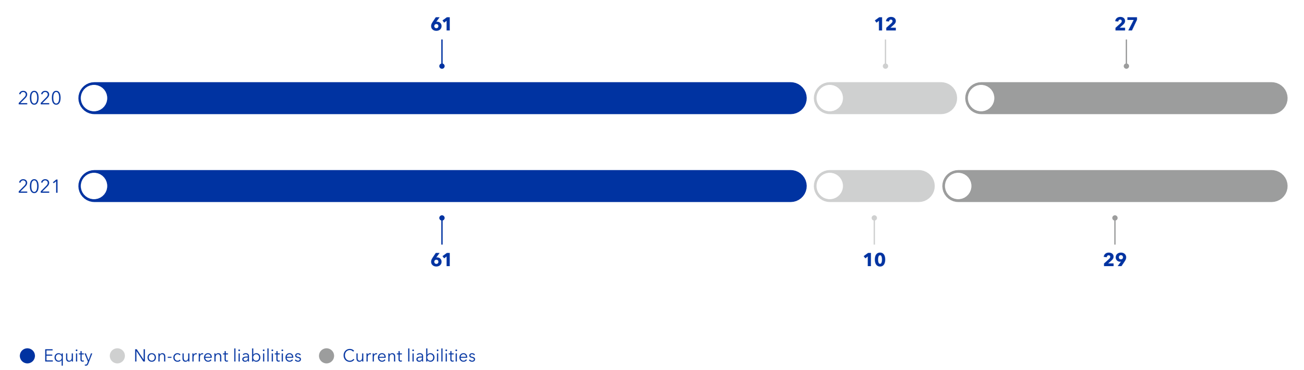
NET ASSETS – GROUP (IN € MILLION)

Assets	Dec. 31, 2020	Dec. 31, 2021
Non-current assets	5,929	6,668
Inventories	1,001	1,144
Other current assets	2,270	2,451
Cash and cash equivalents	1,005	1,036
	10,205	**11,299**

Equity and liabilities	Dec. 31, 2020	Dec. 31, 2021
Equity	6,263	6,894
Non-current provisions	1,090	935
Non-current liabilities	103	145
Current provisions	504	582
Current liabilities	2,245	2,743
	10,205	**11,299**

Non-current assets increased by €739 million to €6,668 million (previous year: €5,929 million). Long-term securities increased by €522 million to €3,937 million (previous year: €3,415 million). Capital expenditure on property, plant, and equipment, and investment in intangible assets amounted to €413 million (previous year: €280 million). Of this amount, €376 million (previous year: €236 million) related to the Consumer Business Segment and €37 million (previous year: €44 million) to the tesa Business Segment. The capital expenditure primarily involved securing the future of the Beiersdorf sites and expanding them, increasing capacity at the production locations, and constructing the new Group headquarters. Depreciation and impairment losses amounted to €287 million (previous year: €257 million). Inventories increased by €143 million to €1,144 million (previous year: €1,001 million). Other current assets increased to €2,451 million (previous year: €2,270 million). This item includes short-term securities of €616 million (previous year: €647 million). The decline in this position was largely due to individual maturities and investment in longer-term securities. Trade receivables increased by €62 million to €1,306 million (previous year: €1,244 million). Income tax receivables amounted to €207 million (previous year: €169 million), while other current assets increased by €58 million to €198 million (previous year: €140 million).

FINANCING STRUCTURE (IN %)



Cash and cash equivalents increased to €1,036 million (previous year: €1,005 million). Net liquidity (cash, cash equivalents, and long- and short-term securities less current liabilities to banks and less current and non-current lease liabilities) rose by €376 million to €5,066 million (previous year: €4,690 million). Current liabilities to banks increased by €124 million to €341 million (previous year: €217 million). In view of the persistent low interest rates in the euro area, short-term borrowing is also used to support the management of financial assets and bank balances.

Total non-current provisions and liabilities stood at €1,080 million (previous year: €1,193 million). This item includes provisions for pensions and other post-employment benefits, which decreased to €808 million (previous year: €972 million), mainly due to an increase in the interest rate. There was a related increase in deferred tax liabilities to €38 million (previous year: €13 million). Total current provisions and liabilities rose by €576 million to €3,325 million (previous year: €2,749 million) as a result of an increase in current financial liabilities and a rise in trade payables. The equity ratio was 61% (previous year: 61%). Non-current liabilities accounted for 10% (previous year: 12%) and current liabilities for 29% (previous year: 27%).

Financial Position

CASH FLOW STATEMENT – GROUP (IN € MILLION)

	2020	2021
Gross cash flow	802	897
Change in net current assets	182	96
Net cash flow from operating activities	984	993
Net cash flow from investing activities	–731	–845
Free cash flow	253	148
Net cash flow from financing activities	–317	–141
Other changes	–76	24
Net change in cash and cash equivalents	–140	31
Cash and cash equivalents as of Jan. 1	**1,145**	**1,005**
Cash and cash equivalents as of Dec. 31	**1,005**	**1,036**

Gross cash flow amounted to €897 million in the period under review, up €95 million on the prior-year value.

The change in working capital led to an inflow of €96 million (previous year: €182 million). The increase of €436 million in trade payables and current provisions was accompanied by a €145 million increase in inventories and a €195 million increase in receivables and other assets.

The net cash outflow from investing activities amounted to €845 million in the reporting year (previous year: €731 million). Interest and other financial income received of €61 million, proceeds of €45 million from the sale of intangible assets and property, plant, and equipment as well as proceeds from the sale of subsidiaries and associated companies and other investments of €18 million were offset by net investments of €551 million in the purchase of securities, capital expenditure of €413 million for property, plant, and equipment and intangible assets as well as payments for investments in associated companies and other investments of €5 million.

Free cash flow was €148 million, down by €105 million on the prior-year value (€253 million). The net cash outflow of €141 million from financing activities (previous year: €317 million) comprised the Beiersdorf AG dividend payment of €159 million and other financial cash inflows in the amount of €18 million.

Cash and cash equivalents amounted to €1,036 million (previous year: €1,005 million).

Financing and liquidity provision

Hedging currency, interest rate, and default risks as well as investing liquid assets are at the heart of financial management at Beiersdorf. Providing liquidity for the Group is also a paramount objective. The type and volume of transactions are in line with the basic operating and financial business. Scenarios and rolling 12-month cash flow planning are used to establish liquidity requirements. Details on financial risk management can be found in the notes to the balance sheet, Note 28.

Overall Assessment of the Group's Economic Position

OVERALL ASSESSMENT OF THE GROUP'S ECONOMIC POSITION

		Result in 2020	Forecast for 2021 in 2020 Annual Report	Forecast for 2021 in H1 2021 Report	Forecast for 2021 in 9M 2021 Quarterly Statement	Result in 2021
Sales growth (organic)						
Consumer	(in %)	-6.6	positive	in the high single digit range	7–9	8.8
tesa	(in %)	-1.5	positive	in the high single digit range	11–13	13.6
Group	(in %)	-5.7	positive	in the high single digit range	8–10	9.7
EBIT margin (excluding special factors)						
Consumer	(in %)	12.3	at prior-year level	at prior-year level	at prior-year level	12.1
tesa	(in %)	15.4	below prior year	at prior-year level	above prior year	16.9
Group	(in %)	12.9	at prior-year level	at prior-year level	at prior-year level	13.0

The reporting year was affected by the worldwide impact of the COVID-19 pandemic. The **Group** generated sales of €7,627 million (previous year: €7,025 million). Organic sales were up by 9.7% (previous year: decrease of 5.7%). EBIT excluding special factors reached €993 million (previous year: €906 million). The EBIT margin excluding special factors was 13.0% (previous year: 12.9%).

The **Consumer** Business Segment recorded a positive performance in 2021. The health and safety of our employees and partners, along with the service we provide for our customers and consumers, remained our top priority. At the beginning of the year, as part of the presentation of the 2020 financial results, we also unveiled a €300 million investment program. This is focused on the strategic pillars of digitalization, sustainability, and white spots (unlocking new markets). The additional investment will ensure that Beiersdorf is optimally positioned for the future and can respond with agility to newly emerging market opportunities.

The Consumer Business Segment recorded organic sales growth of 8.8% in 2021. It saw a continuous recovery at both brand and regional level, despite the generally volatile situation with travel remaining heavily restricted. In line with its strategic focus, NIVEA saw its growth driven particularly by skin care. La Prairie staged a significant recovery, led by strong business around China. Healthcare and Derma also recorded double-digit organic sales growth, putting them well above the pre-COVID figures for 2019. At regional level, the significant sales growth in Latin America and the United States was particularly noteworthy. The operating result (EBIT, excluding special factors) and corresponding EBIT margin were at a similar level to the previous year despite significant investment in implementing the strategy. The Consumer EBIT margin excluding special factors was 12.1% (previous year: 12.3%).

The **tesa** Business Segment achieved very strong organic sales growth of 13.6% in 2021 in a market environment still affected by the COVID-19 pandemic. Both the Direct Industries division, which handles business directly with industrial customers, and the Trade Markets division, which supplies end consumers, recorded a substantial rise in sales. In a still difficult global market environment, the electronics and automotive areas in particular continued to show a clearly positive sales trend. The operating result (EBIT, excluding special factors) and EBIT margin were up on the previous year. The tesa EBIT margin excluding special factors was 16.9% (previous year: 15.4%).

Beiersdorf AG

Business Activities

Beiersdorf AG is based in Hamburg (Germany) and is the parent company of the Beiersdorf Group. As of December 31, 2021, Beiersdorf AG employed 2,412 people (previous year: 2,318). The number of vocational trainees and trainees not included in this figure was 121 (previous year: 129).

Beiersdorf AG is responsible for the German Consumer business and provides typical holding company services to its affiliates. In addition to its own operating activities, Beiersdorf AG manages an extensive investment portfolio and is the direct or indirect parent company of over 170 subsidiaries worldwide. The company also performs central planning/financial control, supply chain, treasury, and human resources functions, as well as a large proportion of research and development activities for the Consumer business.

Beiersdorf AG's operating business is one part of the Beiersdorf Group's business activities. The entire company is managed on the basis of the key performance indicators outlined in the "Management and Control" section of the Combined Management Report. It is only possible to gain a full insight into the key performance indicators at the level of the Group.

The net assets, financial position, and results of operations of Beiersdorf AG are dominated by its own business activities and by the activities of its affiliates in the form of royalty income and dividend income. Consequently, the economic position of Beiersdorf AG essentially corresponds to that of the Group as a whole. Similarly, the opportunities and risks as well as the outlook for Beiersdorf AG correlate closely with those for the Group, particularly regarding the COVID-19 pandemic.

Basis of Preparation

The annual financial statements of Beiersdorf AG are prepared in accordance with the provisions of the *Handelsgesetzbuch* (German Commercial Code, *HGB*) and the *Aktiengesetz* (German Stock Corporation Act, *AktG*). The recommendations of the German Corporate Governance Code that are relevant to the annual financial statements were taken into account.

Result of Operations – Beiersdorf AG

INCOME STATEMENT – BEIERSDORF AG IN ACCORDANCE WITH HGB (IN € MILLION)

	2020	2021
Sales	**1,289**	**1,336**
Other operating income	30	35
Cost of materials	–287	–286
Personnel expenses	–290	–332
Depreciation and amortization of property, plant, and equipment and intangible assets	–42	–41
Other operating expenses	–647	–727
Operating result	**53**	**–15**
Net income from investments	215	212
Net interest expense	–31	–45
Other financial result	–10	3
Financial result	**174**	**170**
Profit before tax	**227**	**155**
Income taxes	–33	–32
Profit after tax	**194**	**123**
Transfer to other retained earnings	–18	–
Withdrawals from other retained earnings	–	53
Net retained profits	**176**	**176**

Beiersdorf AG's **sales** recovered to pre-COVID-19 pandemic levels in the reporting year, with an increase of €47 million to €1,336 million (previous year: €1,289 million). Product sales for NIVEA Face Care, NIVEA SUN, and Eucerin were particularly encouraging. Sales of €988 million (previous year: €991 million) were generated in Germany and €348 million (previous year: €298 million) in other countries.

The **operating result** fell by €68 million to €–15 million due to considerably higher expenditure on digitalization, higher marketing expenses, and increased personnel expenses.

The **financial result** was down €4 million on the previous year. This was due to a €3 million decrease in net income from investments and a deterioration of €14 million in the figure for net interest expense. Meanwhile, other financial result improved by €13 million.

At €155 million, **profit before tax** was down by a considerable €72 million on the prior-year figure.

Profit after tax was €123 million (previous year: €194 million), a decline of €71 million on the previous year.

Net Assets and Financial Position – Beiersdorf AG

BALANCE SHEET – BEIERSDORF AG IN ACCORDANCE WITH *HGB* (IN € MILLION)

Assets	December 31, 2020	December 31, 2021
Intangible assets	170	140
Property, plant, and equipment	137	139
Financial assets	5,501	6,328
Fixed assets	**5,808**	**6,607**
Inventories	3	4
Receivables and other assets	634	693
Securities	346	82
Cash and cash equivalents	51	1
Current assets	**1,034**	**780**
Prepaid expenses	**6**	**6**
Deferred tax assets	**74**	**98**
	6,922	**7,491**

Equity and liabilities	December 31, 2020	December 31, 2021
Equity	**2,800**	**2,764**
Provisions for pensions and other post-employment benefits	605	656
Other provisions	266	305
Provisions	**871**	**961**
Liabilities	**3,251**	**3,766**
	6,922	**7,491**

Fixed assets saw a marked year-on-year rise of €799 million. This increase was largely due to the acquisition of long-term government and corporate bonds. Investments of €13 million in property, plant, and equipment were accompanied by depreciation of €11 million.

Current assets declined by €254 million over the fiscal year to €780 million. This item includes short-term securities of €82 million (previous year: €346 million). The decline in this position is largely attributable to increased investment of funds in long-term securities. Receivables and other assets largely comprise financial receivables from affiliated companies.

Liabilities increased by €515 million year on year to €3,766 million. This was primarily attributable to an increase in financial liabilities to affiliated companies.

€2,764 million (previous year: €2,800 million), or 37% (previous year: 40%), of the total balance sheet assets of €7,491 million (previous year: €6,922 million) is financed by **equity**.

The Executive Board and Supervisory Board will propose a **dividend** of €0.70 per no-par-value share bearing dividend rights to the Annual General Meeting (previous year: €0.70).

Risk Report

Risks and Opportunities

In the course of its business activities, the Beiersdorf Group is exposed to a multitude of risks and opportunities. These risks and opportunities result, among other things, from its activities that seek to develop and make use of opportunities to improve the company's competitiveness. Risks and opportunities encompass specific events and developments with a certain probability of occurrence that may have material negative or positive financial and non-financial effects on the achievement of the Beiersdorf Group's objectives. Beiersdorf uses an integrated risk and opportunity management system to identify and evaluate material risks at an early stage and to consistently limit them using counteractive measures. This system is coordinated at Group headquarters.

Integrated Risk and Opportunity Management System

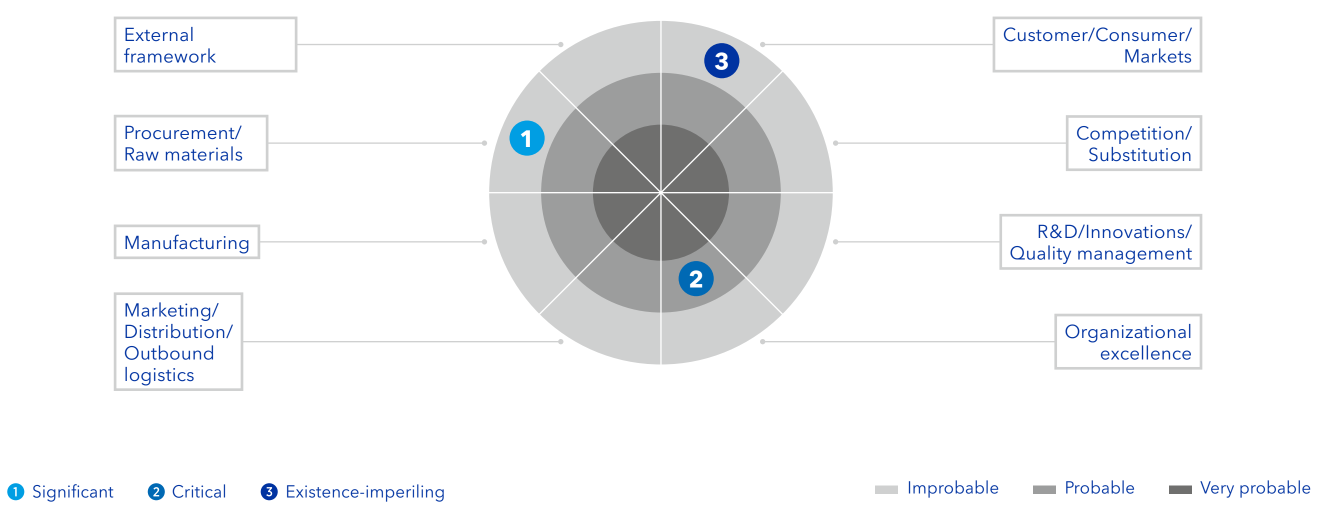
The risk and opportunity management system at Beiersdorf is an integral part of the central and local planning, management, and control processes in the individual companies, management units, and regions, at Consumer and tesa Business Segment levels, and at Group level. Risk and opportunity management is complemented by the accounting-related internal control systems, the various internal and external monitoring bodies – supported by Internal Audit – and external auditors. Compliance management, which is also relevant in this context, is described extensively in the chapter "Non-financial Statement."

Risk and opportunity management is closely aligned with corporate strategy and helps Beiersdorf identify and make optimal use of its potential. Regularly analyzing the behavior of customers and the competition, for example, enables a swift response to dynamic market developments. Specific market opportunities and risks are derived from the information obtained.

Beiersdorf actively incurs risks only if there is a corresponding opportunity for an appropriate increase in value, and only if they can be managed using established methods and measures within the relevant organization. In cases where the full avoidance of risks is not possible or reasonable, risks are mitigated using appropriate measures, or are transferred to third parties such as insurance companies.

Within the risk management process, periodic inventories are carried out to identify, evaluate, document, and subsequently communicate the material risks in a structured way along with the measures to manage these risks. The corresponding principles, reporting and feedback processes, and responsibilities are laid out in a directive that applies across the Group. This is updated regularly, including in 2021 in response to the revised auditing standard IDW PS 340 (new version) from the *Institut der Wirtschaftsprüfer* (Institute of Public Auditors in Germany, *IDW*), the requirements of which Beiersdorf has met as described at the end of this section.

BEIERSDORF RISK RADAR
Schematic diagram



BEIERSDORF RISK CLASSIFICATION

	Probability of occurrence	Possible financial effects
Strategic risks	Improbable	Significant
	Probable	Critical
	Very probable	Existence-imperiling
Functional & operational risks	≤ 10%	Clustered based on sales and earnings impact
	> 10% – ≤ 50%	
	> 50% – ≤ 90%	
	> 90%	

Beiersdorf distinguishes between strategic, functional, and operational risks. Strategic risks encompass fundamental frameworks, developments, and events that could have a substantial impact on the Group or its business segments. Functional risks are challenges inherent to the business model. The various specialist functions generally work at the global or regional level to counter these risks, with sustainable actions relating to the design of operational and organizational structures as well as with specific individual measures. The opportunities and risks associated with climate change are also particularly integrated into strategic and functional risk management. Operational risks and opportunities are those that may influence short-term sales and profits of our corporate affiliates.

Appropriate observation periods are assigned to these risk categories. A period of five years generally applies for strategic risks. For functional risks, the period is two years as a rule, and for short-term operational risks one year.

In the Group's internal risk reporting, individual risks are uniformly presented by positioning them on a so-called risk radar. The various fields of the radar reflect, in summarized form, the relevant areas for the company both inside and outside the Group that may give rise to risks. The graph on the previous page (Beiersdorf Risk Radar) shows the structure of the risk radar for strategic risks.

For each category, the risks are also classified based on their probability and the potential financial and non-financial impact of their occurrence. The likelihood of occurrence and impact of risks are determined on an net basis, assuming risk-mitigation measures have already been implemented or at least specific plans for them exist. From 2021, in light of the new auditing standard, this also applies to strategic risks, which were previously examined on a gross basis.

The Executive and Supervisory Boards are regularly updated on the risk situation at Consumer and tesa Business Segment levels and at Group level. Besides this, direct lines of communication ensure that suddenly occurring material risks are also reported immediately to management. Central risk management is also in constant communication with the task forces on key issues such as the global COVID-19 pandemic.

In addition to the usual assessment of the material risks and opportunities in 2021, the Executive Board and Supervisory Board dealt in depth with the requirements of the new auditing standard IDW PS 340 (new version). The focus here was on an explicit comparison of the qualitatively and quantitatively aggregated risk portfolio with the financial total risk-bearing capacity. The aim was to determine whether there was any need for a change in the overall assessment of the risk situation (see below) on this basis.

To ensure maximum transparency and accountability, Beiersdorf's financial risk-bearing capacity is calculated based on average net liquidity (see the "Net Assets" section). The available free cash flow to be used for the development of net liquidity in the multi-period perspective was adjusted solely for the previously deducted investments in securities and effects from past M&A transactions. The calculation of risk-bearing capacity is therefore based on a very conservative approach as it deliberately does not take into account potentially significant short-term increases in our liquidity, which could be used in actual crisis situations.

These increases could include, for example, new and/or increased credit lines, the release of hidden reserves, the sale of fixed assets, individual business units, or of own shares from our portfolio, the temporary suspension of dividend payments, or the reduction of planned investments in the market or in maintaining/expanding our fixed assets. Lastly, for net liquidity and cash flow, we have used only the average for the last five years rather than the higher recent figures.

Finally, we have also used the new auditing standard IDW PS 340 (new version) to reaffirm, at Executive Board and Supervisory Board level, the risk policy principles defined in our corporate risk manual and feed them into the comparative assessment. As a result of the comparative analysis, it can be concluded that, over the relevant observation period of the next two years, the current risk portfolio would not give rise to a financial situation even remotely endangering the Beiersdorf Group's continued existence, even given the full and simultaneous occurrence of all the individual risks.

Description of the Material Risks and Opportunities

Strategic and functional risks and opportunities

Maintaining and increasing the value of our major consumer brands with their broad appeal remains of decisive importance to Beiersdorf's business development. The trust of our customers and, in particular, of the consumers of our products, is essential to this and cannot be taken for granted. We have designed our risk management system to fully justify this trust and to provide enduring, successful protection to the value of our brands. We continuously review our internal processes in all areas of the company in order that we can respond appropriately, correctly, and effectively to any events that could harm or threaten our reputation. Combined with the activities described below in relation to the quality of our products and overall market image, we expect this to help prevent any potential reputational problems from escalating into critical issues. Among other things, our extensive operational and communication measures in relation to sustainability, diversity, and other aspects of Corporate Social Responsibility (CSR) enable us at the same time to categorize **risks to the reputation of our brands** as improbable.

Our compliance with high standards regarding the quality, safety, and constantly improving environmental sustainability of our products and packaging is the basis for our consumers' continued trust in our brands. Our products are subject to the strict criteria of our global quality management system throughout the entire procurement, production, and distribution process. When developing new products, we conduct an in-depth safety assessment, which includes consumer feedback and increasingly also takes into account the impacts of our products on the environment. As a result, we regard **risks due to quality problems** as unlikely to materialize and to involve, at most, limited, isolated cases with a very limited impact as a rule.

With the aid of the "Consumer Insights" process, we promptly identify constantly changing consumer wishes and reflect them in our product development. We therefore further expanded contact opportunities in the reporting year, especially with our end consumers. We use a growing number of e-commerce and social media platforms for this purpose as well as our own websites and an increasingly diverse set of tools.

Alongside other sustainability criteria, we particularly follow the debates on avoiding certain packaging and raw materials. This includes closely monitoring the European Green Deal. We are responding to the current debate about the use of plastics in products and packaging with a new plastics cycle strategy as well as the development of specific products and the use of sustainable packaging and applications. We continue to regard the **risks from changes in consumer behavior** as critical and probable. In relation to the above-mentioned environmental and sustainability aspects, they can even be regarded as very probable. At the same time, however, we also firmly believe that the voluntary commitments we are following through on, e.g., our climate target of reducing greenhouse gas emissions, the development of further concepts for limiting the impact of climate change, and the creation of new products, will help us to generate market opportunities. Where predictions are possible, we have already incorporated such opportunities in our planning.

Strong brands that balance innovation and continuity and have a clear benefit for consumers are our response to the **ever-intensifying global competition on price, cost, quality, and innovation**. We are intensively seeking potential cost reductions throughout the value chain as part of a broad-based "value engineering" project. We are also examining the effectiveness of specific marketing activities in key market segments and have created special task forces to assist with this. In sales, we are continuously monitoring the effects of performance-based management of our sales terms and promotions. In total, while we continue to see a potentially critical negative impact of the described activities by competitors, we believe they are relatively unlikely to succeed.

Expertise-based brands that constantly provide consumers with relevant new products require a high degree of up-front investment in innovation and marketing. By closely aligning the Group functions involved in this with the operational business, we identify commercial opportunities from our research and development activities at an early stage and safeguard them long-term using industrial property rights. Of course, we acknowledge and respect existing third-party rights when developing our new products. Based on our diverse checks and controls, we still consider **third-party attacks on our trademarks or product names or the use of certain ingredients** a likely possibility; however, we see at most only a significant rather than critical risk to our work from the possible success of these activities. At the same time, we also believe it is sufficiently probable that we will continue to successfully introduce **relevant innovations** to the market in all market segments. This notwithstanding, our deliberately conservative approach means that we have only included innovations in our medium-term planning if they are largely ready for market.

The management focus on the sustainable success of our market activities ensures that - in terms of brands, products, and regions - we invest in promising markets. To this end, we actively screen new business areas and selectively invest in start-ups (including so-called accelerator programs), allowing us to quickly capitalize on specialist expertise in research and development.

However, our concrete planning only includes already tangible results. Here, too, we consider additional **market opportunities** beyond our planning to be possible; however, we have deliberately assigned them a low probability and scope.

There are **procurement risks relating to the use of services and to the availability and delivery reliability of raw materials and goods as well as their heavily increased cost at the end of this reporting period**. These are countered by continuously monitoring our markets and suppliers as well as by using appropriate contract management. We also carefully manage the scope, timing, and frequency of our individual purchases. Strategic partnerships are an important element of actively managing our supplier portfolio, as are internal programs designed to ensure the agility of the supply chain as a whole and its resilience to disruption. This enables us to take account of the constantly **growing global political and economic uncertainties** as well as of the currently expected, short- and mid-term consequences from climate change. The same applies to the development of new business models, with which we ensure long-term access to our procurement markets. We are focusing particularly on special local and regional supply chains. At the same time, when designing the overall structure of our global production and logistics, we take account of the availability of qualified staff and further training opportunities. Based on these diverse activities and the expectations already included in our planning, we regard the additional strategic and functional risks in this context as critical but, with the exception of an **erratic development such as the current pandemic**, only of limited likelihood.

We further increased the security, availability, reliability, and efficiency of our IT systems against internal and external attack in 2021 as well. The improvements to our IT infrastructure and users' mobile devices in recent years meant that, in 2021, we could respond flexibly at all times to the changing circumstances of the pandemic. This was supported by further standardization of our application software, including operating systems, and the consistent use of cloud-based solutions. We categorize overall **risks to Beiersdorf in connection with the setup and functionality of our IT** as merely significant rather than critical, but still regard them as probable.

The data protection system in Europe-wide use at Beiersdorf is helping us ever more each day to ensure safe handling of our company's sensitive data as well as that of our business partners and consumers, such as when developing and using our social media presence or creating new software solutions. At the same time, it allows us to successfully implement the increased information and documentation requirements. Alongside this, we counter **our internal compliance risk and the further growing external compliance risks** by providing clear rules of conduct and transparent management structures, accompanied by comprehensive training and monitoring activities. In this context, we are closely monitoring and evaluating the implications of "Schrems II" for our company. We have also begun rolling out privacy management beyond Europe's borders. In general, we continue to regard risks in these areas as less significant and relatively improbable.

Partnerships and other contacts with universities enable us to build early links to qualified potential new employees, for whom we have special trainee programs to prepare them for a career at Beiersdorf. Our uniform global talent management process identifies and develops talented specialists and management personnel at all levels and supports the appointment of qualified staff in key positions throughout the company as these become vacant. Beiersdorf is well known as an attractive employer, and we reinforce this with a range of credible activities in relation to diversity, corporate citizenship, sustainability, and other topics. **Risks in the context of our global recruitment activities** still do not constitute a material risk for us.

We counter the **risk of bad debts** through detailed monitoring of our customer relationships and active receivables management. We also completely overhauled our trade credit insurance in the reporting period and are therefore able to offer it to our Group companies on a global basis and on excellent terms. Currency, interest rate, and liquidity risks are subject to active treasury management based on a global directive. They are managed and hedged centrally to a very large extent, considering the specific requirements for the organizational separation of the trading, settlement, and controlling functions.

Potential default risks relating to the investment of the Group's liquid funds are limited by only making investments with defined reliable counterparties. Counterparty risk is monitored daily based on ratings and the counterparties' liable capital as well as continuously updated risk indicators. These parameters are used to determine maximum amounts for investments with partner banks and securities issuers (counterparty limits), which are compared with the investments actually made throughout the Group. We have invested most of our liquidity in low-risk investments (such as government/corporate bonds and *Pfandbriefe*). The investment strategy, which is documented in writing, is regularly agreed with our internal supervisory body and with the Supervisory Board. We thus still consider **market risks from the investment of our free liquidity** to be insignificant and relatively improbable.

Our financial risk management is characterized by the clear allocation of responsibilities, central rules for limiting financial risks as a matter of principle, and the conscious alignment of the instruments deployed with the requirements of our business activities. Specific, additional information on the extent of the currency, interest rate, default, and liquidity risks described above can be found in Note 28 of the notes to the consolidated financial statements, "Additional Disclosures on Financial Instruments, Financial Risk Management, and Derivative Financial Instruments".

Short-term operational risks and opportunities

The global **COVID-19 pandemic** has brought economic disruption, volatilities, and shortages in important procurement and sales markets for us. As in many other areas, this remains the main factor when analyzing and quantifying operational risks. In particular, the current increases in material prices and lack of clarity about their future development represent a significant challenge for our margins and profitability. However, it is our expectation that the individual Group companies, based on their market observations, have planned for the anticipated key effects in such a way that additional negative impacts beyond those already considered are not regarded as very likely.

The general risk of a pandemic has been included in our functional risks for many years along with the corresponding measures. There was no change during the reporting period in prior year's assessment of the potential consequences or the probability of occurrence, which remains quite limited.

The net **operational risks currently remaining** arise exclusively from legal and tax proceedings and from tax audits, as in the previous period. These risks are prudently quantified by both internal and external experts to the extent possible. Assessing the course and outcome of legal disputes is associated with considerable uncertainty. Based on the information currently available, it is highly unlikely that these disputes will result in significant charges for the Group.

Further information and details on the extent of the risks described here can be found in Note 29 of the notes to the consolidated financial statements, "Contingent Liabilities, Other Financial Obligations, and Legal Risks."

Monitoring of risks and opportunities

Formal monitoring of the strategic and functional risks, including corresponding mitigating measures, takes place once a year at board-division and full Executive Board level. Along with adherence to our risk policy principles, this naturally feeds into every business decision taken at the various levels of our company.

In addition to the above monitoring, operational risks and opportunities are continuously monitored as part of the financial planning, forecasting, and reporting process at the local, regional, and central level. This ensures that all sales and earnings effects regarded as relatively likely are directly and appropriately incorporated into our financial reporting, taking into account the measures implemented and planned (e.g., recognition of provisions). This is supplemented by a monthly review of key financial figures for the Group companies, led by the Group Controlling function together with Risk Management, Internal Audit, and other relevant controlling functions. The review is designed to enable potentially critical developments to be addressed swiftly and precisely with those involved and corrective action to be initiated where appropriate.

The latest information on risk development is thus also fed into the management and planning systems of the corporate units throughout the year and becomes part of the decision-making and control processes. By directly integrating the risk inventory and planning process, the risk management system is continuously developed further and risk awareness is embedded throughout the company.

Summary of the Risk Situation

Compared with the previous year, there has been no significant change in our assessment of the likelihood of occurrence and/or potential financial impact of the above risks and opportunities. Due to the change in structure from gross to net presentation, the assessment is now made after inclusion of the mitigating measures.

Even considering the updated estimations, and particularly on the basis of the new comparison of the quantitatively and qualitatively aggregated total risk portfolio with the very conservatively calculated risk-bearing capacity of the Beiersdorf Group, there is no fundamental change to the risk situation. Rather, the analysis has confirmed Beiersdorf's view that, based on the current assessment, neither the Beiersdorf Group nor individual segments of the business are exposed to any risks that could endanger its continued existence.

Accounting-related Internal Control System

The aim of the accounting-related internal control system is to implement appropriate principles, procedures, and controls to ensure the correctness and reliability of accounting and financial reporting in the financial statements and management report of the Beiersdorf Group and Beiersdorf AG in line with the legal regulations and relevant accounting standards.

The scope and orientation of the internal control system have been shaped by the Executive Board based on the Group-specific requirements. The accounting-related internal control system consists of the following components: control environment, risk assessment process, control activities, information, communication, and monitoring.

An analysis was used to identify the items and positions containing the material risks for the financial statements. The underlying processes were then assigned to these. Preventive, monitoring, and detective measures designed to ensure security and control in accounting, information processing, and the operational functions have been defined Group-wide for these processes. Among other things, the measures include the separation of functions, manual and IT-based approval processes using the dual control principle, IT checks, access restrictions and authorization concepts for the IT system, and systems-based processes for handling Group accounting data. These measures are updated regularly.

Shared service centers provide uniform handling of the core accounting processes at Beiersdorf AG and most of its affiliates. In some cases, they achieve this with the help of fully automated processes. Standardized IT systems are used to support financial reporting for the affiliates included in the consolidated financial statements and consolidation. Procedural instructions, standardized reporting formats, and IT-based reporting and consolidation processes support financial reporting.

The consolidated financial statements are based on accounting directives specified by Beiersdorf AG. These guidelines are updated on an ongoing basis through continuous analysis of the relevance and impact of changes in the regulatory environment.

The accounting process and compliance with the control requirements and accounting directives by the companies included in the consolidated financial statements are also regularly reviewed and adjusted if necessary.

It remains the case that even putting in place appropriate, effective systems does not guarantee the correct, complete, and timely recording of information in the accounts with absolute certainty. It is impossible to entirely rule out personal judgments, erroneous controls, criminal acts, or other circumstances. Should these occur, they could limit the effectiveness and reliability of the internal control system.

Independent Monitoring

The supervisory bodies and the Internal Audit department are integrated into the Beiersdorf Group's internal control system with audit activities that are independent of the Group's operations. Internal Audit systematically evaluates the integrity of financial accounting, the effectiveness of the accounting-related internal control system and the risk and opportunity management system, and compliance. As a process-independent organizational unit, it uses a risk-based approach to review the business processes, the systems and controls that have been put in place, and the financial accounting of transactions. The audit findings are used for ongoing enhancement of the company's management and of preventive and detective controls. In the reporting year, the system requirements were put in place to globally monitor the relevant controls with a standardized monitoring tool, starting with the order-to-cash and purchase-to-pay process in the first quarter of 2022.

In accordance with § 317 (4) *HGB*, the Group auditor also evaluates the effectiveness of the risk early warning and monitoring system. Internal Audit and the Group auditor regularly report the audit results to the supervisory bodies.

The Audit Committee of Beiersdorf AG monitors, in particular, the accounting process and the effectiveness of the internal control system, the risk management system, and the internal audit system. Alongside standard reports, in-depth analyses on fundamental and/or currently relevant issues are regularly used for information purposes.

Report on Expected Developments

Expected Macroeconomic Developments

Predictions on the state of the **global** economy in 2022 remain subject to considerable uncertainty as a result of the coronavirus pandemic, and this is likely to have been further exacerbated by the emergence of the Omicron variant. Materials shortages and supply bottlenecks are expected to hit the world economy again this year, particularly given our assumption that China will continue its zero-COVID strategy, which increases the risk of supply chain disruption. We also anticipate continued high energy prices. However, this does not signal stagflation, as we expect the global economy to grow again in the coming year. We anticipate that consumer demand in the major economies will remain intact despite the recent loss of momentum in the world economy. It is also expected that the special factors fueling inflation will prove temporary and that price pressure will ease noticeably over the course of the year.

As a result of the Omicron wave, **Europe** sees itself confronted with difficult circumstances as the new year begins. The signs point to a slowdown in the first quarter. With the expected seasonal improvement in the pandemic situation, however, the economy is likely to pick up speed again starting in the second quarter. Supply chain problems can be expected to hamper growth again this year. The German VAT effect, which lifted inflation in 2021, will drop out of the figures in 2022, and energy prices are expected to fall slightly. This means we expect a slight drop in year-on-year inflation. There is high uncertainty particularly around gas prices due to the tensions between NATO and Russia. However, inflationary pressure is still expected in the service sector as prices here have in many cases still not returned to pre-pandemic levels. Economic growth will continue to be bolstered by the European Central Bank's Pandemic Emergency Purchase Programme, though a reduction in this program is planned starting from the second quarter.

In **Germany**, positive economic growth is expected again in 2022. However, this does not apply to the first quarter, when we expect a slightly negative quarterly rate. The continued expansionary monetary and fiscal policy, a high level of household savings, and the expected improvement in supply shortages, combined with strong industrial order books, should generate increasing growth, although the industrial sector's contribution will be restricted by supply chain problems. A slight rise in employment numbers is also expected.

For the **United States**, further economic recovery is expected, especially given the likely continued improvement in the labor market. Production and supply shortages are likely to persist in 2022, which would continue to hinder the recovery of goods consumption. The easing of the Omicron wave, accompanied by higher consumer spending, is expected to lift growth, starting in the second quarter. Supply chain problems and the resulting price rises anticipated in the industrial and service sectors mean inflation is set to remain relatively high.

In **Japan**, we expect positive economic growth again in 2022. Supply chain problems and the new Omicron wave are likely to present a major risk factor, however. The two key trading relationships with China and the United States are a source of uncertainty. However, the ratification of the Regional Comprehensive Economic Partnership (RCEP) free trade agreement is likely to bolster exports particularly to China and South Korea. The government's very sizable fiscal package should also support the recovery process.

In the **emerging markets**, we expect positive growth again overall. For the **Chinese** economy, we expect positive growth supported by rising consumer spending and high demand for exports. However, the struggling property sector, the handling of coronavirus outbreaks, especially in the light of the Omicron variant, and government interventions in the private sector represent major uncertainties, as does the future of the property giant Evergrande. In **India**, we expect further economic recovery, albeit not as strong as in the previous year. Ratification of the RCEP trade agreement is likely to negatively affect India's economic growth. In the **Middle East**, we expect the economic upswing to continue at only a slightly slower pace, while inflation is likely to fall significantly but remain at a high level overall. Particularly in Afghanistan and surrounding countries, however, the current situation means a high degree of forecasting uncertainty. For the **Southeast Asian emerging markets**, we also expect positive economic growth. In **Brazil**, we expect continued positive growth, but at a markedly lower rate than in the previous year. In **Russia**, we continue to expect positive economic growth and a fall in inflation.

Procurement Market Trends

The cost of materials will start 2022 at a very high level given the current economic environment. A substantial market recovery is not expected before the second half of the year. This is due to the continued uncertain situation around the COVID-19 pandemic and new COVID variants. Reduced capacity for commodities, high demand for important preliminary raw materials such as aluminum, silicone, propane, or natural oils, and a difficult situation on international logistics and energy markets will persist. The unexpected reduction in Chinese energy production, with knock-on effects for energy-intensive production of primary materials, is particularly significant here.

Expanding demand for more sustainable materials, for which there is often less availability, will also lead to increased costs. Certain sustainable materials will only be available at a premium. Enhancing medium- to long-term materials procurement in the context of the sustainability pledges (plastics, CO_2) will play an important strategic role here.

In this volatile environment, Beiersdorf will work intensively on its programs to reduce procurement costs and increase the security of supply. Overall, we expect the cost of materials to stabilize at a high level in 2022.

Sales Market Trends

The COVID-19 pandemic will influence the global growth rate particularly at the start of 2022. In the event of a normalization and full opening of traditional sales channels, we expect to see market growth compared with 2021 and a return to 2019 levels of market sales for the full year 2022. Stronger growth is expected particularly in the skin care categories and in the emerging markets, in North America, and Northeast Asia.

For tesa, we remain cautious about future developments and expect continued volatility in the development of business in 2022. In Europe and North America, we are planning cautiously but expect more positive momentum for our business in 2022 than we saw in the previous year. In Asia, we anticipate moderate growth, which will be coupled very closely to the performance of the Chinese economy. The future development of the COVID-19 pandemic, which remains difficult to predict, the performance of the global automotive market, and our rather modest expectations for the electronics industry are heavily influencing our growth projections.

Our Market Opportunities

As 2021 draws to a close, the emergence of new coronavirus mutations means we can already expect a volatile 2022. Nevertheless, given the advanced vaccination campaigns, we anticipate that the world economy will be able to continue its recovery in 2022 with further growth. With targeted additional investments, particularly in the digital arena, we expect our growth in the Consumer Business Segment to outperform the market in the year ahead. Travel returning to normal may act as another substantial growth driver. Travel-related sales are of vital importance to the sun care market and our selective cosmetics brand La Prairie.

We will build on our sound financial structure and strong earnings position together with our dedicated and highly qualified employees to continue exploiting future opportunities with our internationally successful brand portfolio. Extensive research and development activities resulting in successful, consumer-driven innovations will be flanked by targeted marketing measures, creating enduring confidence among our consumers.

For tesa, expected growth for the coming year is slightly above the market trend. This applies to business with both end consumers and industrial customers. The electronics industry business in Asia remains attractive; however, its project-based nature continues to entail a high risk of volatility. tesa expects to bolster its market position with continued investment in research and development, and therefore in innovative products.

Business Development

As the described COVID-19 challenges still persist in many parts of the world, this leads to an unusually high degree of uncertainty with regard to future business developments. Therefore, our ability to make a reliable forecast is significantly limited.

Independent of skin care market growth, we will continue to outperform the market. We expect the improvement of the global skin care market to continue in 2022. Under this assumption, we expect for the Consumer business sales growth in the middle single digit range, and an EBIT margin from ongoing operations (excluding special factors) slightly above previous year's level.

Under the same uncertainty regarding the market development in 2022, tesa is also expected to generate above-market sales growth. Thus, we expect for the tesa Business sales growth in the middle single digit range, and an EBIT margin from ongoing operations (excluding special factors) noticeably below previous year's level.

Based on the forecasts of the two business segments, Group sales growth is expected to be in the middle single digit range. We expect the consolidated EBIT margin from ongoing operations (excluding special factors) to be at previous year's level.

Hamburg, February 7, 2022
Beiersdorf AG

The Executive Board

Other Disclosures

Corporate Governance Statement

The combined Corporate Governance Statement of Beiersdorf AG and the Group in accordance with §§ 289f, 315d *Handelsgesetzbuch* (German Commercial Code, *HGB*) contains the Declaration of Compliance in accordance with § 161 *Aktiengesetz* (German Stock Corporation Act, *AktG*), information on key corporate governance practices and on Executive and Supervisory Board working practices and composition (including information on the company's corporate governance), information on the diversity concept for the Supervisory Board and Executive Board, and information on the statutory requirements for the equal participation of women and men in leadership positions. In accordance with § 317 (2) sentence 6 *HGB*, the auditing of the Corporate Governance Statement by the auditor pursuant to §§ 289f (2) and (5), 315d *HGB* is limited to determining whether the information has been provided.

Declaration of Compliance

In December 2021, the Executive and Supervisory Boards issued the Declaration of Compliance with the recommendations of the German Corporate Governance Code in the version dated December 19, 2019, (the Code) in accordance with § 161 *AktG*. Beiersdorf AG fulfills all the recommendations made in the Code with a small number of exceptions, as well as all the suggestions. There are no Code recommendations that were not applied due to over-riding legal stipulations. The auditor must promptly inform the Supervisory Board of any facts identified during the audit that reveal an inaccuracy in the Declaration of Compliance submitted by the Executive Board and Supervisory Board and must note these in the audit report. The 2021 Declaration of Compliance was also made permanently accessible to the public on the company's website at **www.beiersdorf.com/declaration_of_compliance.**

Declaration by the Executive Board and the Supervisory Board of Beiersdorf Aktiengesellschaft on the Recommendations of the "Government Commission on the German Corporate Governance Code" in accordance with § 161 of the *Aktiengesetz* (German Stock Corporation Act, *AktG*)

In fiscal year 2021, Beiersdorf Aktiengesellschaft complied with, and continues to comply with, all recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated December 16, 2019, ("Code"), with the following exceptions:

Recommendation B.3
In accordance with Recommendation B.3, Executive Board members shall be initially appointed for a maximum term of three years.

Effective July 1, 2021, the Supervisory Board appointed Mr. Patrick Rasquinet as a member of the Executive Board for a term of four years. Mr. Rasquinet has held various functions at Beiersdorf since 1993, latterly as CEO of La Prairie since 2010, and will continue to hold key functions as the Executive Board member with responsibility for Pharmacy & Selective. As this is an internal appointment to the Executive Board, the Supervisory Board already had a comprehensive picture of Mr. Rasquinet's knowledge and capabilities prior to his initial appointment. In the view of the Supervisory Board, a term of office longer than three years is therefore in the interest of the company.

Moreover, the Supervisory Board appointed Mr. Oswald Barckhahn as a member of the Executive Board effective October 15, 2021, until the end of December 31, 2024. After a transition phase, it is intended that he assume responsibility for the cosmetics business in Europe and North America. In the view of the Supervisory Board, it was in the interest of management continuity that Mr. Barckhahn be appointed at the earliest possible date and that his term of office be aligned with the fiscal years, also in respect of settling his variable compensation. For this reason, slightly exceeding the three-year initial term is also in the interest of the company.

In addition, the Supervisory Board appointed Ms. Grita Loebsack as a member of the Executive Board with responsibility for brand management and digital marketing of NIVEA effective January 1, 2022, for a term of four years. Due to the exceptional importance of the NIVEA brand and in order to secure Ms. Loebsack's expertise long term, in the view of the Supervisory Board it was necessary in the interest of the company to extend her initial appointment to a term of office of four years.

Recommendations G.1 and Section G.I
In accordance with Recommendation G.1, the remuneration system shall, amongst other aspects, define the amount that the total remuneration must not exceed (maximum remuneration).

The remuneration of the Executive Board members was limited in fiscal year 2021 by such a cap in principle. In particular, the compensation system approved by the Annual General Meeting in April 2021 envisages a defined maximum remuneration in compliance with Recommendation G.1 and § 87a (1) sentence 2 no. 1 *AktG*. If, under the old compensation system, there was or is still an Enterprise Value Component for individual members of the Executive Board which is based on voluntary personal investment by the Executive Board members concerned (Covered Virtual Units), it participates in positive and negative changes in the enterprise value and is still not capped in respect of increases in value. In this regard, the Supervisory Board has considered it appropriate that those members of the Executive Board who contribute their own money – comparable to an investment – should be allowed to participate in positive changes in enterprise value without restriction.

In addition, Section G.I of the Code includes a number of further recommendations regarding the remuneration of the Executive Board. In response to the statutory amendments under the Act to Transpose the Second EU Shareholder Rights Directive (SRD II), the revised version of the Code, and further factors in the company's interests, the Supervisory Board revised and enhanced the remuneration system for the Executive Board members within the applicable statutory transitory period and submitted it to the 2021 Annual General Meeting for approval. Unless any departure has been expressly explained in this Declaration of Compliance, the new compensation system fully complies with the Code's recommendations. In contrast, the old compensation system that applied before the current compensation system was approved by the 2021 Annual General Meeting did not fully comply with the recommendations in question. That also applies in part to the contracts concluded with Executive Board members before 2021, if they have not yet been adapted to the new compensation system.

Recommendations G.8 and G.12
In accordance with Recommendation G.8, the performance targets or comparison parameters for variable compensation shall not be subsequently amended. Moreover, in accordance with Recommendation G.12, if an Executive Board member's contract is terminated, the disbursement of any remaining variable remuneration components attributable to the period up until the termination of the contract shall be based on the originally agreed targets and comparison parameters as well as the due dates or holding periods stipulated in the contract.

Effective May 1, 2021, Mr. Vincent Warnery was appointed Chief Executive Officer and his contract of service was amended and extended until January 31, 2027. In this connection, his compensation was realigned with the compensation system approved by the 2021 Annual General Meeting and, among other things, it was agreed that the new long-term bonus ("LTP") aligned with strategic targets will be applied. The previous long-term Enterprise Value Component for Mr. Warnery, which was mainly linked to sales and EBIT targets for his former area of responsibility, was settled and will be disbursed early following the 2022 Annual General Meeting. In this regard, the Supervisory Board was of the opinion that aligning his long-term compensation with the company's strategic goals is in the interest of sustainable enterprise performance and that the premature disbursement of the previous Enterprise Value Component associated with this change is appropriate and fair in the context of a uniform incentive and governance.

With the appointment of Mr. Warnery as Chief Executive Officer, the appointment of Mr. Stefan De Loecker was terminated by mutual agreement effective June 30, 2021. In this connection, it was agreed that his long-term Enterprise Value Component would be settled as a lump sum and disbursed early following the 2022 Annual General Meeting. This was done in the interest of a mutually agreed succession to the Chief Executive Officer role. On account of the new long-term compensation linked to the implementation of strategic targets for serving Executive Board members from 2021, the premature settlement of the previous Enterprise Value Component for the former Chief Executive Officer was in the interest of the company, also to ensure a smooth transition to the new incumbent.

Recommendation G.7 sentence 1

In accordance with Recommendation G.7 sentence 1, the Supervisory Board shall define the performance criteria for all variable compensation components for each Executive Board member for the fiscal year ahead.

In line with the compensation system approved by the 2021 Annual General Meeting, the Supervisory Board defined further strategic targets for the LTP that will be valid from fiscal year 2021 at its meeting at the end of August 2021. In light of the fact that the Annual General Meeting did not approve the compensation system until April 2021 and that the Executive Board only finalized multi-year planning for 2021 to 2024 during the current fiscal year, the Supervisory Board considered it appropriate and fair to define the corresponding targets for the long-term compensation only after this has been done – and thus retroactively for the fiscal year 2021. For the aforementioned reasons, the individual targets for the short-term Variable Bonus for 2021 were only finalized and defined in the course of the fiscal year.

Recommendation G.10

In accordance with Recommendation G.10, the Executive Board members' variable remuneration shall be predominantly invested in company shares by the respective Executive Board member or shall be granted predominantly as share-based remuneration, taking the respective tax burden into consideration. Granted long-term variable remuneration components shall be accessible to Executive Board members only after a period of four years.

The variable remuneration for the Executive Board, comprising an annual variable bonus on the one hand and a long-term enterprise Value Component on the other, will not be invested in shares or share-based instruments but will be paid out solely in cash after the expiry of the applicable bonus period. In this regard, the Supervisory Board believes that, taking due account of the interests of the customers, employees, business partners, shareholders, and other stakeholders, the remuneration system and the financial and non-financial performance criteria underlying the variable remuneration offers sufficient incentive for sustainable and value-oriented development of the company notwithstanding the absence of any share-based component. At the same time, the remuneration system generates incentive for the Executive Board to pursue and achieve the goals defined in the company's business strategy.

In addition, the long-term variable remuneration components are in principle accessible to Executive Board members only after a period of four years. In individual cases, the long-term variable remuneration within the Enterprise Value Component granted under the old compensation system by a possible increase of Virtual Units during the period of appointment or granted in the form of annually allocated Covered Virtual Units may be accessible prior to the expiry of the four-year period. This applies to those additional Virtual Units or Covered Virtual Units that were only granted, respectively allocated, in the final three years before the expiry of the bonus period for the Enterprise Value Component.

Ms. Loebsack was also promised a partial payment of her long-term variable remuneration (LTP) for 2024 and thus prior to the expiry of the four-year period. In order to acquire Ms. Loebsack's expertise and to help bolster the contribution she will make to implementing the business strategy in the first two years of her term of office, in the view of the Supervisory Board it was necessary to define a shorter-term incentive compensation based on a provisional LTP target achievement.

Hamburg, December 2021

For the Supervisory Board	For the Executive Board	
Reinhard Pöllath		
Prof. Dr. Reinhard Pöllath	**Vincent Warnery**	**Astrid Hermann**
Chairman of the Supervisory Board	Chairman of the Executive Board	Member of the Executive Board

Corporate Governance Practices

Beiersdorf AG and the Group (Consumer and tesa Business Segments) pursue the following key corporate governance practices:

Corporate Governance

Good corporate management and supervision (corporate governance) has always been a high priority at Beiersdorf. Close, efficient cooperation between the Executive and Supervisory Boards, respect for the interests of shareholders, employees, and other stakeholders, open corporate communication, proper accounting and auditing, compliance with statutory provisions and corporate guidelines, and responsible risk management are the basis of the company's success in this area. Beiersdorf is also aware of its social and environmental responsibility and ensures that its business strategy, sustainability agenda, and operational decisions take this into account.

The German Corporate Governance Code (the Code) ensures transparency with respect to the legal framework for corporate management and supervision and contains accepted standards for good, responsible, and sustainable corporate management. The Code and its amendments/redrafting did not require any fundamental changes at Beiersdorf. We understand corporate governance as an ongoing process and we will continuously and carefully develop this understanding, above and beyond the Code as well. We give consideration to comments, suggestions, and criticism from investors and proxy advisors and make changes to corporate governance where appropriate.

Compliance

For Beiersdorf AG and the Beiersdorf Group (including tesa), compliance with the law and internal guidelines is an essential prerequisite for successful and sustainable business. The Executive Boards of Beiersdorf AG and tesa SE have issued compliance principles, which can be found at **www.beiersdorf.com/investors/compliance/compliance-principles** and **www.tesa.com/en/about-tesa/sustainability.** Based on our compliance risk analyses, extensive antitrust, anti-corruption, data-protection, and capital market law compliance programs have been implemented among other measures in order to safeguard compliance. Numerous internal guidelines and processes for preventing legal violations in these areas in particular have been issued. Employees and managers receive awareness-raising information and support on these topics through regular training and a wide variety of advisory offerings.

Indications of potential compliance violations are followed up consistently. Appropriate measures are taken to prevent and sanction wrongdoing, taking into account the principle of proportionality. In order to gather information about potential compliance violations, Beiersdorf provides employees with a number of reporting channels. In most countries, these also include a whistleblowing platform for the Consumer Business Segment, which is operated by an independent provider. For the same purpose, tesa has put in place the possibility of internal and external reporting through an ombudsperson. The Compliance functions at Beiersdorf and tesa use a range of tools – not least Group-wide reporting – to support the Executive Board and managers in the continuous control, monitoring, and development of the compliance management system and safeguarding of general compliance.

Further, more detailed information on the compliance management system can be found in this Annual Report in the Non-financial Statement of the Beiersdorf Group (Consumer and tesa Business Segments) and Beiersdorf AG in accordance with §§ 289b (3) *HGB* in conjunction with 315b (1) and (3) *HGB* (CSR report).

Code of Conduct

The success of Beiersdorf AG and the Beiersdorf Group (including tesa) is based on the trust placed in us by consumers, customers, investors, and employees. That is why high standards are set when it comes to responsibility – both for the company and for each individual. Beiersdorf's Codes of Conduct lay down these standards in a binding set of guidelines that are to be used worldwide. The objectives are to help all employees implement the key principles and values of our company in their everyday working life and to show them how to handle potential issues or difficult situations that affect our business practices or our dealings with each other.

The Beiersdorf and tesa Codes of Conduct are available online at **www.beiersdorf.com/investors/corporate-governance/code-of-conduct** and **www.tesa.com/en/about-tesa/sustainability/sustainability-report.**

Sustainability

Sustainable corporate governance involves minimizing social and environmental risks and leveraging new market opportunities in such a way that value is generated for the company and negative social and environmental impacts are avoided. Beiersdorf was early to recognize the importance of responsible action and has continuously worked to improve its sustainability.

Sustainability is today a core component of Beiersdorf's C.A.R.E.+ business strategy. As part of the strategy, the Consumer Business Segment has been pursuing the "Care Beyond Skin" sustainability agenda since 2020. This is oriented on the United Nations Sustainable Development Goals (SDGs) and comprises seven focus fields that illustrate our key areas of impact along the entire value chain. We have set ambitious targets in all these areas for 2025 and 2030. The reporting year saw us consistently put our sustainability agenda into practice. As well as further building on our commitment to society, we achieved considerable progress on environmental issues, bringing us several steps closer to the targets we have set ourselves.

The tesa Business Segment is taking responsibility all along the value chain with its own sustainability agenda, which sets medium to long-term ambitions in three areas: environment, customers, and society. In 2021, tesa made its product range more sustainable, expanded the use of renewable energy in its own production, and invested in the health and safety of its employees. The tesa and Consumer Business Segments committed to a joint climate ambition in 2020. This is in line with the reduction targets designed by climate scientists in order to limit global warming to 1.5 degrees Celsius and has been approved by the Science Based Targets Initiative.

Since the entry into force of the *CSR-Richtlinie-Umsetzungsgesetz* (CSR Directive Implementation Act, *CSR-RUG*), we have been required to supplement our existing financial reporting with information on key non-financial aspects of our business activities in relation to environmental, employment, and social issues, respect for human rights, and combating corruption. This information can be found in this Annual Report in the combined Non-financial Statement of the Beiersdorf Group (Consumer and tesa Business Segments) and Beiersdorf AG in accordance with §§ 289b (3) *HGB* in conjunction with 315b (1) and (3) *HGB* (CSR report).

Human Resources Policies

Beiersdorf's success hinges to a large extent on the hard work, skills, and commitment of its employees. More than 20,000 people all around the world contribute to this success every day by putting their specialist expertise, commitment, and ideas into practice in their field. In doing so, they act as an important stimulus for improvements and innovations.

At Beiersdorf, viable and robust human resources work with a long-term focus is based on both the C.A.R.E.+ strategy, which highlights people as a critical factor for ensuring the sustained success of the company, and on our Core Values. All of Beiersdorf's human resources decisions are guided by the Core Values, which are shared by all employees across hierarchies, functions, and countries.

In this context, Beiersdorf aims to promote a working environment where employees can be deployed and continually developed to make the best possible use of their skills and potential. Beiersdorf expects managers to motivate their employees to achieve top performances. Instilling excellent leadership skills in the management team is key to this. This encourages employee commitment and helps Beiersdorf establish itself as one of the most attractive employers in the consumer goods industry.

tesa is an expert for adhesive technology, offering its customers innovative solutions and outstanding service. The company's success is materially attributable to the skills of its employees and their willingness to continuously develop them further. Qualified employees who contribute actively to helping us extend our position as one of the leading companies in adhesive technology are the key to the successful implementation of our business strategy. This is why our human resources strategy is oriented toward winning and retaining well-trained, committed employees for our company and continually increasing our great attractiveness as an employer through appropriate measures. Beyond this, it is tesa's express aim to promote a corporate culture that strengthens performance, teamwork, cross-functional cooperation, and internationalization.

More detailed information can be found in the "People at Beiersdorf" section of this Annual Report.

Risk Management

Risk management at Beiersdorf AG and the Beiersdorf Group is an integral part of central and local planning, management, and control processes, and conforms to consistent standards across the Group. Our open communications policy, the risk inventory carried out at regular intervals, and the planning and management system ensure that our risk situation is presented transparently.

Further information can be found in the "Risk Report" section of this Annual Report and in the Annual Report of tesa SE.

Corporate Boards

Beiersdorf AG is governed by German stock corporation, capital market, and codetermination law, among other things, as well as by its Articles of Association. The company has a dual management and supervisory structure consisting of the Executive Board and the Supervisory Board, as is customary in Germany. The Annual General Meeting of the shareholders is responsible for taking fundamental decisions for the company. These three bodies are all dedicated in equal measure to the good of the company and the interests of all shareholders.

1. Supervisory Board – Composition and Working Practices

Beiersdorf AG's Supervisory Board consists of 12 members. Half of these are elected by the Annual General Meeting in accordance with the *Aktiengesetz* (German Stock Corporation Act, *AktG*) and half by the employees in accordance with the *Mitbestimmungsgesetz* (German Codetermination Act, *MitbestG*); all members are elected for a maximum period of five years. The most recent regular election took place in fiscal year 2019. The regular term of office of all current Supervisory Board members will expire at the end of the Annual General Meeting resolving on the approval of their activities for fiscal year 2023. The Supervisory Board's shareholder representatives have been elected on an individual basis. No former Executive Board members of Beiersdorf AG currently serve as Supervisory Board members.

The Supervisory Board appoints, advises, and supervises the Executive Board as laid down by the law, the Articles of Association, and the bylaws. The Supervisory Board and Executive Board work closely together for the good of the company and to achieve sustainable added value. In accordance with the bylaws for the Executive Board, certain decisions of fundamental importance are subject to Supervisory Board approval. The bylaws for the Supervisory Board are available on the company's website at **www.beiersdorf.com/bylaws_supervisory_board.**

The Supervisory Board regularly makes decisions at its meetings on the basis of detailed documents. The Supervisory Board members may also participate in the meetings via conference calls or video conferencing; despite the increase in virtual meetings during the COVID-19 pandemic, however, this is not the norm. The Supervisory Board also meets regularly without the Executive Board to discuss Executive Board and Supervisory Board matters along with strategy, planning, and business performance. In principle, the auditor's presentations on the audit of the financial statements are also held without the Executive Board. Meetings are regularly discussed in advance, partially by the employee and shareholder representatives separately. The Supervisory Board is informed in a regular, timely, and comprehensive manner about all relevant matters. In addition, the Chairman of the Executive Board informs the Chairman of the Supervisory Board regularly and in a timely manner (including between meetings) about important transactions and liaises with him on important decisions. The bylaws provide rules to ensure the supply of high-quality information from the Executive Board. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board, chairs its meetings, and represents the interests of the Supervisory Board externally. Within reason, he discusses Supervisory Board-related topics with investors.

The Supervisory Board regularly evaluates, including with the help of an external consultant, how effectively the Board and its committees are performing their tasks and decides on measures to improve this performance (efficiency audit and self-assessment). The Supervisory Board recently conducted an efficiency audit with the support of an external consultant. This was completed in mid-2020. An evaluation of responses from the Supervisory Board, Executive Board, and Executive Committee, concerning the work of the full Board and committees and the cooperation between the Supervisory Board and Executive Board, was initially presented and discussed in December 2019. This included a comparison with other companies. Further outcomes, particularly from interviews and feedback meetings between the consultant and everyone involved, were the topic of interim discussions and the Supervisory Board meetings in August and September 2020. The members intensively discussed the main issues concerning, in particular, cooperation within the Supervisory Board and with the Executive Board, the flow of information, and specific practical measures in this context. These measures included stepping up preliminary discussions for Supervisory Board meetings, planning meeting agendas and timings, enhancing the format of reports submitted to the Supervisory Board, and reinforcing particularly important topics for the Supervisory Board's work, such as strategy, innovation, and digitalization.

The members of the Supervisory Board ensure that they have sufficient time at their disposal to fulfill their duties and are personally responsible for ensuring they receive the necessary training and further education. Reasonable costs for this purpose are reimbursed by the company. The company provides them with support, such as in the form of internal training events on topics relevant to Supervisory Board work and information on changes in legislation and other developments. New members of the Supervisory Board benefit from thorough onboarding meetings and information materials. In particular, these cover Beiersdorf's history, corporate profile and organization (including brands and research and development), the business strategy (including sustainability), business performance and financial reportings, corporate governance, and the rights and duties of Supervisory Board members. The latter are also explained to the members after every new election of the Supervisory Board.

a) Composition, Profile of Skills and Expertise, Diversity Concept, and Implementation Status

In December 2021, the Supervisory Board again discussed the concrete company-specific objectives and the profile of skills and expertise for its composition. These objectives reflect the company's international activities, potential conflicts of interest, the number of independent Supervisory Board members, regular limits on age and length of membership for Supervisory Board members, and diversity – especially an appropriate degree of female representation. According to its profile of skills and expertise, the Supervisory Board members must collectively possess the knowledge, skills, and professional experience required to properly perform the Board's duties. The objectives and profile of skills and expertise form part of the diversity policy for the composition of the Supervisory Board. They apply until the end of 2024 and will be taken into account in future proposals for election as they have been in the past.

International Focus

All members of the Supervisory Board must be open to the company's international orientation. At least four members should embody this in concrete terms and should therefore have particular international experience due to their activities abroad or their background, for example. At least three members on the shareholder side should have international experience.

Gender Diversity

The Supervisory Board's goal is to further strengthen the number and position of women on the Supervisory Board and to maintain a target of at least four female members. At least two women should be shareholder representatives. As a listed company subject to codetermination on a basis of parity, the Supervisory Board needs to be comprised of at least 30% women and 30% men under § 96 (2) *AktG*.

Regular Limits on Age and Length of Membership

According to the Supervisory Board bylaws, members should normally retire at the Annual General Meeting following their 72nd birthday, and at the latest after a term of office of 20 years. The goal for the Supervisory Board's composition is that different age groups are adequately represented. The term of office of each Supervisory Board member is disclosed on the company's website at **www.beiersdorf.com/boards.**

Independent Focus

The Supervisory Board should include what it considers to be an appropriate number of independent members on the shareholder side; it should take into account the ownership structure. A Supervisory Board member is not considered to be independent in particular if he or she or a close family member has personal or business relations with the company, its Executive Board, a controlling shareholder, or an enterprise associated with the latter which may cause a material and not merely temporary conflict of interests. In addition, in line with the recommendations of the Code, the assessment of the shareholder representatives' independence from the company and Executive Board particularly takes into account whether the member themselves or a close relative has served as an Executive Board member at Beiersdorf AG in the two years preceding appointment to the Supervisory Board. It further considers whether they have a material business relationship with the company or a dependent company – either directly, or as a shareholder, or in a position of responsibility at a non-Group company – or has had such a relationship in the year preceding the member's appointment. It also takes into account whether the member has a close relative on the Executive Board or has been a Supervisory Board member for more than 12 years.

Considering the fact that Beiersdorf AG is a dependent company within the meaning of § 17 (1) *AktG*, the Supervisory Board considers it to be adequate if at least three of its members on the shareholder side are independent.

Potential Conflicts of Interest

All members of the Supervisory Board must inform the Supervisory Board, by way of communication addressed to the Chairman of the Supervisory Board, of any conflicts of interest, in particular those relating to a consulting function or directorship with clients, suppliers, lenders, or competitors of the company. Members of the Supervisory Board must resign their office if faced with material and not merely temporary conflicts of interest. Where involvement of the Supervisory Board is not already required by statutory law, material transactions between the Group and members of the Supervisory Board and their related parties require the approval of the Supervisory Board and must comply with the standards customary in the sector.

Profile of Skills and Expertise

The Supervisory Board ensures that its members collectively have the knowledge, skills, and professional experience needed to properly perform their duties. In addition to the concrete objectives for its composition, the Supervisory Board has prepared a profile of skills and expertise setting out the particular personal and professional skills and expertise required. In terms of their expertise, the members must collectively be familiar with the sector in which the company operates; in addition, at least one member must have expertise and experience in each of the following areas: accounting and finance; auditing of financial statements; consumer goods, retail, and sales channels; international markets (including emerging markets); beauty and body care; brand development and management; personnel development and support; corporate organization; corporate governance and regulatory law; risk management, internal control systems, compliance, and auditing; innovation management and research and development; supply chain; digital, data management, and information techology and security; sustainability and corporate social responsibility (ESG). The Supervisory Board's aim is that all these areas of expertise should be represented among its members in as balanced a way as possible and complement one another. In addition to this, every Supervisory Board member should meet the necessary general and personal requirements for fulfilling their duties in terms of education, international professional orientation, international diversity, seniority, reliability, diligence, and availability to the required and appropriate extent.

Diversity Officers

Two Supervisory Board members have been appointed as diversity officers in order to develop the targets further and promote diversity on the Supervisory Board: Martin Hansson and Prof. Manuela Rousseau. Their role is to support the Supervisory Board at every intended election of a shareholder representative to the Supervisory Board, or of a committee member, and to issue a statement together with the Chairman of the Supervisory Board regarding the proposals for election made by the Nomination Committee responsible for this, after consultation with the remaining members of the Supervisory Board. They also support the company's HR work on diversity issues, which includes working with the Personnel Committee.

Implementation Status of Targets and the Profile of Skills and Expertise

In addition to a balanced mix of professional skills within the Supervisory Board as a whole, diversity is an important criterion for the selection of Supervisory Board and committee members in the company's best interests. There are currently four female Supervisory Board members in total: Prof. Manuela Rousseau and Kirstin Weiland as employee representatives, and Hong Chow and Dr. Dr. Christine Martel as shareholder representatives. The statutory gender quota for the Supervisory Board's composition has therefore been fulfilled; at full Board level, 33% of the members are women and 67% are men. The same percentages apply to the employee and shareholder sides respectively. In addition to their particular professional skills, all the shareholder representative members embody the idea of international orientation by virtue of their background or extensive international experience. Currently, at least three of the shareholder representatives on the Supervisory Board are independent. The Supervisory Board assumes, as a precautionary measure, that a Supervisory Board member belonging to the controlling shareholder should not be regarded as independent. Notwithstanding this, the Supervisory Board believes that relationships to the controlling shareholder do not in themselves pose the risk of a material and permanent conflict of interest; rather, it assumes that the company's interests will largely coincide with those of its majority shareholder given that their business activities do not overlap. Among the shareholder representatives, at least the following active members are independent from the controlling shareholder: Hong Chow, the Chairwoman of the Audit Committee Dr. Dr. Christine Martel, and Martin Hansson. Recommendation C.9 sentence 1 of the Code, under which a Supervisory Board consisting of more than six members should have at least two shareholder representatives who are independent of the controlling shareholder, is therefore complied with. Moreover, the Supervisory Board believes that all shareholder representatives are independent of the company and Executive Board. This also applies to the Chairman of the Supervisory Board and Presiding Committee, Prof. Dr. Reinhard Pöllath, despite the fact that he has served on the Supervisory Board for more than 12 years. The Supervisory Board believes that the long-standing experience and knowledge gained by the Chairman of the Supervisory Board at Beiersdorf and a series of other companies are conducive to the goals of advising and supervising the Executive Board and coordinating the Supervisory Board's work in a lasting and objective manner. Moreover, given his length of service, there are no circumstances in his specific case that might cause a material and not merely temporary conflict of interests.

The Chairman of the Supervisory Board has already exceeded the regular age limit of 72. A further member, Wolfgang Herz, will exceed the regular age limit in 2022. Additionally, one Supervisory Board member, Prof. Manuela Rousseau, has exceeded the regular term of office. The Chairman of the Supervisory Board will exceed the regular term in 2022. Given their knowledge and experience, the Supervisory Board has decided to make reasonable exceptions for these members from the regular limits on age and length of membership. The regular limits on age and length of membership and the rules governing potential conflicts of interest were otherwise complied with. All members of the Supervisory Board also fulfill the necessary personal competence requirements for their tasks. Moreover, the Supervisory Board members are collectively familiar with the sector in which the company operates. In addition, the fields of required expertise are each represented by at least one member.

b) Committees

The work of the Supervisory Board is performed at, and outside of, the meetings of the full Board as well as in the committees. The committee chairs each regularly report to the full Supervisory Board on the work of their committee at the subsequent Supervisory Board meeting. The Supervisory Board has formed six committees:

Presiding Committee

The Presiding Committee is composed of the Chairman of the Supervisory Board, two additional shareholder representatives, and one employee representative. The Committee prepares meetings and human resources decisions and decides – subject to the resolution of the full Board specifying the total remuneration – in place of the full Board on the contracts of service and pension agreements for members of the Executive Board and on other issues involving the Executive Board. Finally, it can make decisions on transactions requiring Supervisory Board approval in those cases in which the Supervisory Board cannot pass a resolution in time. The members of the Presiding Committee are as follows: Prof. Dr. Reinhard Pöllath (Chairman), Martin Hansson (until August 31, 2021), Wolfgang Herz, Frédéric Pflanz (since August 31, 2021), and Prof. Manuela Rousseau.

Audit Committee

The Audit Committee consists of the Chairman of the Supervisory Board, two shareholder representatives, and two employee representatives. At least one member of the Audit Committee is an independent member of the Supervisory Board who has special knowledge, experience, and expertise in accounting, internal control mechanisms, and auditing. This requirement is met in particular by the Chairwoman of the Audit Committee, Dr. Dr. Christine Martel. In addition, at least one other member of the Audit Committee has expertise in the field of auditing. This requirement is met in particular by Frédéric Pflanz. The Audit Committee prepares decisions of the Supervisory Board, in particular on the annual and consolidated financial statements (including CSR reporting), the proposal to the Annual General Meeting on the election of the auditors, and the agreement with the auditors (issuing the audit engagement, stipulating the areas of emphasis of the audit, and agreeing on the fee), and provides corresponding recommendations to the Supervisory Board. Regular discussions with the auditors additionally take place outside the meetings on relevant topics. The Audit Committee also monitors the auditor's independence, looks at the additional services that the auditor provides in accordance with the guidelines set by the committee for approving non- audit services, and regularly evaluates the quality of the audit. It advises and supervises the Executive Board on questions relating to accounting and the effectiveness of the internal control system, the risk management system, and the internal audit system. In addition, it discusses the half-year reports and quarterly statements with the Executive Board before their publication. The members of the Audit Committee are as follows: Dr. Dr. Christine Martel (Chairwoman), Reiner Hansert, Martin Hansson, Olaf Papier (since April 1, 2021), Frédéric Pflanz, and Regina Schillings (until April 1, 2021).

Finance Committee

The Finance Committee is composed of the Chairman of the Supervisory Board, two shareholder representatives, and two employee representatives. It monitors corporate policy in the areas of finance, financial control, tax, and insurance. It decides in place of the Supervisory Board on approval for raising and granting loans, on the assumption of liability for third-party liabilities, and on investment transactions. In addition, the Finance Committee advises and supervises the Executive Board on compliance and on all items assigned to it by the full Board in general or in individual cases. The Finance Committee consists of Frédéric Pflanz (Chairman), Reiner Hansert, Martin Hansson, Dr. Dr. Christine Martel, Olaf Papier (since April 1, 2021), and Regina Schillings (until April 1, 2021).

Personnel Committee

The Personnel Committee comprises a total of six members representing shareholders and employees. It regularly discusses long-term succession planning for the Executive Board (including the remuneration structure) and addresses the diversity policy for the Executive Board's composition along with the manner of its implementation. It also proposes a target for the proportion of women on the Executive Board as well as a deadline for achieving this. The members of the Personnel Committee are as follows: Frédéric Pflanz (Chairman since August 31, 2021), Martin Hansson (Chairman until August 31, 2021), Hong Chow, Andreas Köhn (since April 1, 2021), Reiner Hansert, Olaf Papier (until April 1, 2021), Prof. Dr. Reinhard Pöllath, and Kirstin Weiland.

Mediation Committee

The Mediation Committee required under codetermination law consists of the Chairman of the Supervisory Board and the Deputy Chairman, as well as one member elected from among the employee representatives and one member elected from among the shareholder representatives. It makes proposals on the appointment of Executive Board members if the requisite two-thirds majority is not reached during the first ballot. The Mediation Committee has not met for several terms of office. The members of the Mediation Committee are as follows: Prof. Dr. Reinhard Pöllath (Chairman), Martin Hansson, Olaf Papier, and Prof. Manuela Rousseau.

Nomination Committee

The Nomination Committee is composed of the Chairman of the Supervisory Board and three additional shareholder representatives. In accordance with the objectives for the composition and profile of skills and expertise of the Supervisory Board, the Nomination Committee suggests, after extensive preparatory work and detailed discussion, candidates to the Supervisory Board for proposal for election to the Annual General Meeting. The members of the Nomination Committee are as follows: Prof. Dr. Reinhard Pöllath (Chairman), Hong Chow, Martin Hansson, and Dr. Dr. Christine Martel.

The composition of the Supervisory Board and its committees can be found on our website at www.beiersdorf.com/boards and in the "Beiersdorf AG Boards" section of this report. Up-to-date résumés of the Supervisory Board members can also be found at the web address above.

2. Executive Board – Composition and Working Practices

The Executive Board manages the company on its own responsibility and conducts the company's business. It is obliged to act in the company's best interests and is committed to increasing its sustainable enterprise value. It performs its management duties as a collegiate body with collective responsibility.

The members of the Executive Board are appointed by the Supervisory Board. As a rule, Executive Board members are initially appointed for a maximum of three years. The duties of the Executive Board are broken down by functions and regions. The schedule of responsibilities constitutes part of the bylaws for the Executive Board.

The Executive Board develops the corporate goals and the Group's strategy, agrees them with the Supervisory Board, ensures their implementation, and regularly discusses their implementation status with the Supervisory Board. It is responsible for managing and monitoring the Group, for corporate planning including annual and multi-year planning, and for preparing the quarterly statements, the half-year reports, and the annual and consolidated financial statements. It is also responsible for Group financing. In addition, the Executive Board is responsible for ensuring risk management and risk control commensurate with the business activities and risk situation, and for ensuring that all statutory provisions and internal corporate guidelines are observed, and works to ensure that Group companies abide by them (compliance), including through an appropriate compliance management system tailored to the risk situation, the principles of which are disclosed in the Non-financial Statement in this Annual Report. The Executive Board provides the Supervisory Board with regular, timely, and comprehensive reports on all questions that are of relevance for the company, including explanations for discrepancies between the actual course of business and the planning and targets. Certain Executive Board measures and transactions that are of particular significance for the company require the approval of the Supervisory Board or its committees.

The Executive Board passes resolutions in regular meetings that are chaired by the Chairman of the Executive Board. The members of the Executive Board work together in a collegial manner and inform one another on an ongoing basis about important measures and events in their areas of responsibility.

Executive Board members disclose potential conflicts of interest to the Supervisory Board without delay and inform the other members of the Executive Board. Where involvement of the Supervisory Board is not already required by statutory law, material transactions between the Group and members of the Executive Board and their related parties require the approval of the Supervisory Board and must comply with the standards customary in the sector. Sideline activities also require the approval of the Supervisory Board.

The company has taken out a D&O insurance policy for the members of the Executive Board that provides for a deductible in the amount of 10% of any damage incurred, up to one-and-a-half times the fixed annual remuneration of the Executive Board member concerned.

Diversity Concept and Succession Planning, Targets for the Proportion of Women on the Executive Board and at Senior Management Levels

The Supervisory Board has discussed the diversity of the Executive Board in detail in recent years, both in a general sense and in specific cases. In accordance with § 111 (5) *AktG*, the Supervisory Board set a target of 10% for the proportion of women on the Executive Board, to be achieved by no later than June 30, 2022. The target was achieved in July 2018. With the appointment of Astrid Hermann and Grita Loebsack, the proportion of women on the Executive Board currently stands at 25%. The Board thus complies with § 76 (3a) *AktG*, which requires an Executive Board with more than three members to include at least one woman and one man

The Supervisory Board continues to seek appropriate representation of women on the Executive Board in the course of any membership changes. It is planned to support this aim using various measures, and especially through clearly communicating a commitment to promoting women in leadership positions, providing systematic personal development measures for women in management (e.g., training courses, coaching, mentoring), changing recruitment and appointment processes, and establishing and promoting networking opportunities for women. Additionally, two Supervisory Board members have been appointed as diversity officers in order to advance and promote diversity on the Executive Board (Martin Hansson and Prof. Manuela Rousseau). Before the appointment of an Executive Board member, the diversity officers give their view together with the Chairman of the Supervisory Board after consulting the remaining Supervisory Board members. A Personnel Committee has also been established. Among other things, this committee works on the diversity policy for the Executive Board, including the manner of its implementation.

Another aspect of the diversity policy is that the Executive Board members should collectively have extensive relevant international experience from their years of working abroad or their special expertise in Beiersdorf's key international markets. The bylaws for the Executive Board stipulate that the members of the Executive Board should not normally be aged more than 63 years. All incumbent members of the Executive Board met these criteria in 2021. The full Supervisory Board and/or the Personnel Committee will consider further diversity-related criteria for the composition of the Executive Board if it regards them as appropriate and expedient.

The Supervisory and Executive Boards together ensure long-term succession planning. The Personnel Committee in particular discusses succession planning (including the remuneration structure) on a regular basis, taking into account the company's management planning. In 2021, the Personnel Committee and Executive Board jointly discussed, among other things, the new diversity strategy and the global rollout of the process for identifying potential and providing personnel development, linking into diversity and inclusion. In practice, succession planning works on the basis of a group of potential successors chosen from the two most senior management levels below the Executive Board by the Executive Board member for Human Resources in consultation with global management teams. In addition, the Diversity & Inclusion Committee, which is made up of the diversity officers from the Supervisory Board, the Chief Human Resources Officer, and other managers from the company, works on the goal of promoting and strengthening a diverse corporate culture, beyond gender diversity and international diversity, using various initiatives and key activities. Succession planning is also incorporated into target-setting for the Executive Board's variable remuneration.

The Executive Board also takes diversity aspects into consideration when appointing senior executives in the company, particularly with regard to ensuring an appropriate degree of female representation. In accordance with § 76 (4) *AktG*, the Executive Board has set a target of at least 35% (figure as of year-end 2021: 31%; year-end 2020: 30%) for the share of women at Beiersdorf AG's first management level below the Executive Board, and a target of at least 50% (figure as of year-end 2021: 52%; year-end 2020: 47%) for the second management level, both to be achieved by June 30, 2022. These two management levels are determined based on the existing reporting lines at Beiersdorf AG below the Executive Board. With the global goal of a gender balance at management level, the Executive Board's strategy for promoting women at Beiersdorf aims to have a growing number of female candidates for senior management positions and the Executive Board. Beiersdorf continues to offer special programs for female talents to bring more women into leadership positions and to ensure that we do not lose any woman on the career path. These programs focus on a combination of personal and organizational modules. Beiersdorf works with external partners to integrate relevant expertise and to help create the right climate for sustainable change on this issue.

Above and beyond the statutory requirements that apply to Beiersdorf AG, Beiersdorf has set itself global targets for the share of women internationally in the three highest management groups (MG 1–3) in the Consumer Business

Segment. By June 30, 2022, a target of 35% women is to be achieved in MG 1–3. As of the end of fiscal year 2021, the proportion of women was 34% (previous year: 33%). Lastly, to mark the Impact of Diversity Awards and International Women's Day in March 2021, Beiersdorf committed to equal representation of women and men in all management groups (MG 1–4) by 2025.

3. Annual General Meeting

In accordance with the Articles of Association, shareholders exercise their rights both at the Annual General Meeting and outside it. Each share entitles the holder to one vote.

Among other things, the Annual General Meeting passes resolutions on the appropriation of net retained profits, on the formal approval of Executive Board and Supervisory Board members' actions, on the election of the auditors, and on the company's legal basis, especially amendments to the Articles of Association. The Annual General Meeting passes advisory resolutions on the approval of the remuneration system presented by the Supervisory Board for Executive Board members and on the actual remuneration of the Supervisory Board. It also passes recommendatory resolutions on the approval of the Remuneration Report for the previous fiscal year. In addition, the Executive Board will convene an extraordinary General Meeting where it considers this appropriate in individual cases, in the event of significant structural changes, or in case of a takeover offer. At this meeting, shareholders can discuss the issue at hand and resolve on measures under company law if appropriate.

The Ordinary Annual General Meeting takes place each year, generally during the first five months of the fiscal year. The notice convening the Annual General Meeting and its agenda are also published on the company's website, together with the reports and documentation required for the Annual General Meeting, including the annual report, and forms for postal voting. It can also be dispatched electronically together with the associated documents. To assist shareholders in personally exercising their rights, the company offers them the services of a voting representative who votes in accordance with their instructions. The invitation explains how shareholders can issue instructions for exercising their voting rights. In addition, shareholders are free to appoint a proxy holder of their choice as their representative at the Annual General Meeting. It is also possible to submit postal votes, and to issue, change, and revoke proxy instructions to the voting representative appointed by the company via the internet before and during the Annual General Meeting. In addition, all shareholders can follow the full Annual General Meeting online; this is also to be made possible for non-shareholders.

Against the backdrop of the global coronavirus pandemic, the 2021 Annual General Meeting was held as a virtual meeting without the physical presence of the shareholders or their proxyholders. Due to the ongoing infection levels, the 2022 Annual General Meeting will also be held as a virtual Annual General Meeting. We plan to further improve shareholders' ability to exercise their rights virtually.

Directors' Dealings

In accordance with Article 19 (1) of the Market Abuse Regulation, the members of the Executive Board and the Supervisory Board are required to notify transactions involving shares in Beiersdorf AG or financial instruments linked thereto (directors' dealings) to the company and the *Bundesanstalt für Finanzdienstleistungsaufsicht* (Federal Financial Supervisory Authority, *BaFin*) promptly and no later than three business days after the date of transaction. This also applies to related parties of such persons.

The notifications received by Beiersdorf AG are published and are available on the company's website at **www.beiersdorf.com/directors_dealings.**

Further Information on Corporate Governance

Detailed information on the work of the Supervisory Board and its committees, as well as on the cooperation between the Supervisory Board and the Executive Board, can be found in the "Report by the Supervisory Board" section of this report. Further information on Executive Board and Supervisory Board remuneration can be found in the "Remuneration Report" section.

The consolidated financial statements and half-year reports are prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU. The annual financial statements of Beiersdorf AG are prepared in accordance with the *Handelsgesetzbuch* (German Commercial Code, *HGB*). The Annual General Meeting on April 1, 2021, elected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, as the auditors for Beiersdorf AG and the Beiersdorf Group for fiscal year 2021 and as the auditors for the review of the half-year report 2021. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft has been auditing the annual and consolidated financial statements of Beiersdorf AG since the 2006 fiscal year. Marc Jeschonneck is the responsible auditor for fiscal years 2020 and 2021.

Current developments and key company information are published on our website, **www.beiersdorf.com,** as soon as possible. As well as detailed disclosures on corporate governance at Beiersdorf, the website features additional information on the Executive Board, the Supervisory Board, and the Annual General Meeting, the company's reports (annual reports, including combined management reports and Non-financial Statements, annual financial statements, half-year reports, and quarterly statements), a financial calendar with all key events and publications, ad-hoc disclosures, directors' dealings, and publication of voting right notifications.

This Corporate Governance Statement is a non-audited component of the Combined Management Report. It is also published at **www.beiersdorf.com/corporate_governance_statement,** where it will be accessible for at least five years.

Hamburg, February 2022
Beiersdorf Aktiengesellschaft

The Supervisory Board | The Executive Board

Report by the Executive Board on Dealings among Group Companies

In accordance with § 312 *AktG*, the Executive Board has issued a report on dealings among Group companies which contains the following concluding declaration: "According to the circumstances known to us at the time transactions were executed or measures were taken or not taken, Beiersdorf Aktiengesellschaft received appropriate consideration for every transaction and has not been disadvantaged by the fact that measures were taken or not taken."

Disclosures relating to Takeover Law

The disclosures required under § 315a (1) *Handelsgesetzbuch* (German Commercial Code, HGB) and § 289a (1) HGB are presented below.

Please refer to the notes for the disclosures on the composition of the subscribed capital and the disclosures on direct or indirect interests in the share capital exceeding 10% of the voting rights.

The appointment and removal from office of members of the Executive Board are governed by §§ 84 and 85 *AktG*, § 31 *Mitbestimmungsgesetz* (German Codetermination Act, *MitbestG*), and § 7 of the Articles of Association. In accordance with § 7 (1) of the Articles of Association, the Executive Board consists of at least three members; apart from this provision, the Supervisory Board determines the number of members of the Executive Board. The Articles of Association may be amended in accordance with §§ 179 and 133 *AktG* and with § 16 of the Articles of Association. Under § 16 (1) of the Articles of Association, the Supervisory Board is authorized to resolve amendments and additions to the Articles of Association that concern the latter's wording only. Under § 5 (6) of the Articles of Association, the Supervisory Board is authorized in particular to amend and reformulate § 5 of the Articles of Association (Share Capital) following each utilization of authorized or contingent capital.

The Annual General Meeting on April 29, 2020, authorized the Executive Board to increase the share capital with the approval of the Supervisory Board in the period until April 28, 2025, by up to a total of €92 million (Authorized Capital I: €42 million; Authorized Capital II: €25 million; Authorized Capital III: €25 million) by issuing new no-par-value bearer shares on one or several occasions. In this context, the dividend rights for new shares may be determined in deviation from § 60 (2) *AktG*.

Shareholders must be granted preemptive rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' preemptive rights in the following cases:

1. to eliminate fractions created as a result of capital increases against cash contributions (Authorized Capital I, II, III);
2. to the extent necessary to grant the holders/creditors of convertible bonds or bonds with warrants issued by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, rights to subscribe for new shares in the amount to which they would be entitled after exercising their conversion or option rights, or after fulfilling their conversion obligation (Authorized Capital I, II, III);
3. if the total amount of share capital attributable to the new shares for which preemptive rights are to be disapplied does not exceed 10% of the share capital existing at the time this authorization comes into effect or – in the event that this amount is lower – at the time the new shares are issued and the issue price of the new shares is not materially lower than the quoted market price of the existing listed shares at the time when the issue price is finalized, which should be as near as possible to the time the shares are placed. If, during the term of the authorized capital, other authorizations to issue or sell shares in the company or to issue rights that enable or oblige the holder to subscribe for shares in the company are exercised while disapplying preemptive rights pursuant to or in accordance with § 186 (3) sentence 4 *AktG*, this must be counted toward the above-mentioned 10% limit (Authorized Capital II);
4. in the case of capital increases against non-cash contributions for the purpose of acquiring companies, business units of companies, or equity interests in companies (Authorized Capital IIII).

The Executive Board may only exercise the above authorizations to disapply preemptive rights to the extent that the total proportionate interest in the share capital attributable to the shares issued while disapplying preemptive rights does not exceed 10% of the share capital at the time these authorizations become effective or at the time these authorizations are exercised. If other authorizations to issue or sell shares in the company or to issue rights that enable or oblige the holder to subscribe for shares in the company are exercised while disapplying preemptive rights during the term of an authorized capital until such time as it is utilized, this must be counted toward the above-mentioned limit.

The Executive Board was also authorized to determine the further details of the capital increase and its implementation with the approval of the Supervisory Board.

In addition, the Annual General Meeting on April 29, 2020, resolved to contingently increase the share capital by up to a total of €42 million, composed of up to 42 million no-par-value bearer shares. The contingent capital increase will be implemented only to the extent that:

1. the holders or creditors of conversion and/or option rights attached to convertible bonds and/or bonds with warrants issued in the period until April 28, 2025, by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, choose to exercise their conversion or option rights, or
2. the holders or creditors of convertible bonds giving rise to a conversion obligation issued in the period until April 28, 2025, by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, comply with such obligation,

and the contingent capital is required for this in accordance with the terms and conditions of the bonds.

The new shares bear dividend rights from the beginning of the fiscal year in which they are created as a result of the exercise of conversion or option rights, or as a result of compliance with a conversion obligation.

The Executive Board was authorized to determine the further details of the implementation of a contingent capital increase.

The Annual General Meeting on April 29, 2020, also authorized the company in accordance with § 71 (1) no. 8 *AktG* to purchase own shares in the total amount of up to 10% of the existing share capital in the period up to April 28, 2025. The shares shall be purchased via the stock exchange or via a public purchase offer addressed to all shareholders, or a public invitation to tender shares. The Annual General Meeting authorized the Executive Board to sell in whole or in part the own shares purchased on the basis of the above-mentioned or a prior authorization with the approval of the Supervisory Board while disapplying the shareholders' preemptive rights, including in a way other than via the stock exchange or via a purchase offer to all shareholders, to the extent that these shares are sold for cash at a price that does not fall materially below the market price of the same class of shares of the company at the time of the sale. The Executive Board was also authorized to sell in whole or in part the own shares acquired in accordance with the above-mentioned or a previous authorization with the approval of the Supervisory Board against non-cash consideration while disapplying the preemptive rights of shareholders, particularly to utilize them as consideration or partial consideration in the context of a merger or the acquisition of companies, equity interests in companies (including increases in equity interests), or business units of companies. Moreover, the Executive Board is authorized, with the approval of the Supervisory Board, to utilize these own shares in whole or in part, while disapplying the preemptive rights of shareholders, in order to satisfy the subscription and/or conversion rights from convertible bonds and/or bonds with warrants or other claims to the transfer of shares issued by the company or companies in which it holds a direct or indirect majority interest. The Executive Board is further authorized, in the event that own shares are sold to all shareholders, to disapply the preemptive rights of shareholders where this is necessary to eliminate any fractions that may arise. The Executive Board may only make use of the above authorizations to disapply preemptive rights when utilizing own shares to the extent that the total proportion of shares utilized without preemptive rights does not exceed 10% of the share capital either at the time of the resolution by the Annual General Meeting or at the time these authorizations are exercised. If, during the term of this authorization to utilize own shares, other authorizations to issue or sell shares in the company or to issue rights that enable or oblige the holder to acquire shares in the company are exercised while disapplying preemptive rights, this must be counted toward the above-mentioned limit.

Finally, the Executive Board was authorized to retire the own shares acquired in accordance with the above-mentioned or a prior authorization with the approval of the Supervisory Board without requiring an additional resolution by the Annual General Meeting.

The creation of the authorized and contingent capital is intended to put the company in the position of being able to react to growth opportunities and capital market opportunities quickly and flexibly. The authorization to purchase and utilize own shares enables the company in particular to also offer shares in the company to institutional or other investors and/or to expand the shareholder base of the company, as well as to utilize the purchased own shares as consideration or partial consideration for the acquisition of companies, equity interests in companies (including the increase of equity interests), or business units, or as part of mergers, i.e. in return for considerations in kind.

Consolidated Financial Statements

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Consolidated Financial Statements

Income Statement

(IN € MILLION)

	Note	2020	2021
Sales	**01**	**7,025**	**7,627**
Cost of goods sold	02	–2,984	–3,267
Gross profit		**4,041**	**4,360**
Marketing and selling expenses	03	–2,485	–2,675
Research and development expenses		–246	–268
General and administrative expenses	04	–400	–448
Other operating income	05	226	243
Other operating expenses	06	–308	–279
Operating result (EBIT)		**828**	**933**
Interest income	07	33	32
Interest expense	07	–13	–14
Net pension result	07	–9	–8
Other financial result	07	–18	–36
Financial result	**07**	**–7**	**–26**
Profit before tax		**821**	**907**
Income taxes	08	–244	–252
Profit after tax		**577**	**655**
Of which attributable to			
– Equity holders of Beiersdorf AG		560	638
– Non-controlling interests		17	17
Basic/diluted earnings per share (in €)	09	**2.47**	**2.81**

Statement of Comprehensive Income

(IN € MILLION)[1]

	2020	2021
Profit after tax	**577**	**655**
Other comprehensive income that will be reclassified subsequently to profit or loss	**–168**	**35**
Remeasurement of cash flow hedges	8	–12
Remeasurement of securities	1	–2
Exchange differences	–177	49
Other comprehensive income that will not be reclassified subsequently to profit or loss	**–62**	**118**
Remeasurement of defined benefit pension plans	–62	110
Change in fair value of equity instruments measured through other comprehensive income	–	8
Other comprehensive income	**–230**	**153**
Total comprehensive income	**347**	**808**
Of which attributable to		
– Equity holders of Beiersdorf AG	332	791
– Non-controlling interests	15	17

[1] Net of tax.

Balance Sheet

(IN € MILLION)

Assets	Note	Dec. 31, 2020	Dec. 31, 2021
Intangible assets	10	545	538
Property, plant, and equipment	11	1,630	1,845
Non-current securities	15	3,415	3,937
Other non-current assets	14	50	56
Deferred tax assets	08	289	292
Non-current assets		**5,929**	**6,668**
Inventories	12	1,001	1,144
Trade receivables	13	1,244	1,306
Other current financial assets	14	70	124
Income tax receivables	08	169	207
Other current assets	14	140	198
Current securities	15	647	616
Cash and cash equivalents	16	1,005	1,036
Current assets		**4,276**	**4,631**
		10,205	**11,299**

Equity and liabilities	Note	Dec. 31, 2020	Dec. 31, 2021
Share capital	18	252	252
Additional paid-in capital	21	47	47
Retained earnings	22	6,283	6,879
Accumulated other comprehensive income	23	-343	-307
Equity attributable to equity holders of Beiersdorf AG		**6,239**	**6,871**
Non-controlling interests		24	23
Equity		**6,263**	**6,894**
Provisions for pensions and other post-employment benefits	25	972	808
Other non-current provisions	26	118	127
Non-current financial liabilities	27	88	106
Other non-current liabilities	27	2	1
Deferred tax liabilities	08	13	38
Non-current liabilities		**1,193**	**1,080**
Other current provisions	26	504	582
Income tax liabilities	08	156	160
Trade payables	27	1,642	1,973
Other current financial liabilities	27	358	501
Other current liabilities	27	89	109
Current liabilities		**2,749**	**3,325**
		10,205	**11,299**

Cash Flow Statement

(IN € MILLION)

	2020	2021
Profit after tax	**577**	**655**
Reconciliation of profit after tax to net cash flow from operating activities		
Income taxes	244	252
Financial result	7	26
Income taxes paid	–291	–305
Depreciation and amortization	257	287
Change in non-current provisions (excluding interest components and changes recognized in OCI)	5	–9
Gain/loss on disposal of property, plant, and equipment, and intangible assets	3	–9
Gross cash flow	**802**	**897**
Change in inventories	11	–145
Change in receivables and other assets	195	–195
Change in liabilities and current provisions	–24	436
Net cash flow from operating activities	**984**	**993**
Investments in property, plant, and equipment, and intangible assets	–280	–413
Payments for investments in associated companies and other investments	–11	–5
Payments to acquire securities	–1,252	–1,114
Proceeds from the sale of property, plant, and equipment, and intangible assets	8	45
Proceeds from the sale of subsidiaries (net of cash disposed)	–	10
Proceeds from the sale of associated companies and other investments	–	8
Proceeds from the sale/final maturity of securities	751	563
Interest received	31	39
Proceeds from dividends and other financing activities	22	22
Net cash flow from investing activities	**–731**	**–845**
Free cash flow	**253**	**148**
Proceeds from loans	111	185
Loan repayments	–174	–57
Repayments of lease liabilities	–64	–66
Interest paid	–9	–12
Other financing expenses paid	–4	–14
Cash dividends paid (Beiersdorf AG)	–159	–159
Cash dividends paid (non-controlling interests)	–18	–18
Net cash flow from financing activities	**–317**	**–141**
Effect of exchange rate fluctuations and other changes on cash held	–76	24
Net change in cash and cash equivalents	–140	31
Cash and cash equivalents as of Jan. 1	**1,145**	**1,005**
Cash and cash equivalents as of Dec. 31	**1,005**	**1,036**

Statement of Changes in Equity

(IN € MILLION)

				Accumulated other comprehensive income						
	Share capital	Additional paid-in capital	Retained earnings[1]	Currency translation adjustment	Hedging instruments from cash flow hedges	Debt instruments	Equity instruments	Total attributable to equity holders	Non-controlling interests	Total
Jan. 1, 2020	**252**	**47**	**5,944**	**-174**	**-6**	**3**	–	**6,066**	**27**	**6,093**
Total comprehensive income for the period	–	–	498	-175	8	1	–	332	15	347
Dividend of Beiersdorf AG for previous year	–	–	-159	–	–	–	–	-159	–	-159
Change in non-controlling interests	–	–	–	–	–	–	–	–	-18	-18
Other changes	–	–	–	–	–	–	–	–	–	–
Dec. 31, 2020/Jan. 1, 2021	**252**	**47**	**6,283**	**-349**	**2**	**4**	–	**6,239**	**24**	**6,263**
Total comprehensive income for the period	–	–	748	49	-12	-2	8	791	17	808
Reclassifications	–	–	7	–	–	–	-7	–	–	–
Dividend of Beiersdorf AG for previous year	–	–	-159	–	–	–	–	-159	–	-159
Change in non-controlling interests	–	–	–	–	–	–	–	–	-18	-18
Other changes	–	–	–	–	–	–	–	–	–	–
Dec. 31, 2021	**252**	**47**	**6,879**	**-300**	**-10**	**2**	**1**	**6,871**	**23**	**6,894**

[1] The cost of treasury shares amounting to €955 million has been deducted from retained earnings.

Notes to the Consolidated Financial Statements

Segment Reporting

(IN € MILLION)

		Consumer		tesa		Group	
		2020	2021	2020	2021	2020	2021
Net sales		**5,700**	**6,129**	**1,325**	**1,498**	**7,025**	**7,627**
Change (nominal)	(in %)	-9.1	7.5	-3.9	13.1	-8.2	8.6
Change (organic)	(in %)	-6.6	8.8	-1.5	13.6	-5.7	9.7
Share of Group sales	**(in %)**	**81.1**	**80.4**	**18,9**	**19,6**	**100,0**	**100,0**
EBITDA		**820**	**884**	**265**	**336**	**1,085**	**1,220**
Operating result (EBIT)		**632**	**680**	**196**	**253**	**828**	**933**
as % of sales		11.1	11.1	14.8	16.8	11.8	12.2
Operating result (EBIT, excluding special factors)[1]		**702**	**740**	**204**	**253**	**906**	**993**
as % of sales		12.3	12.1	15.4	16.9	12.9	13.0
Gross operating capital[2]		**3,472**	**3,885**	**1,082**	**1,150**	**4,554**	**5,035**
Operating liabilities[1]		**2,082**	**2,480**	**267**	**306**	**2,349**	**2,786**
EBIT return on net operating capital[1]	(in %)	45.5	48.5	24.1	29.9	38.0	41.5
Gross cash flow		**615**	**661**	**187**	**236**	**802**	**897**
Capital expenditure[2]		**236**	**376**	**44**	**37**	**280**	**413**
Depreciation and amortization		**188**	**204**	**69**	**83**	**257**	**287**
Research and development expenses		**187**	**202**	**59**	**66**	**246**	**268**
Employees	**(as of Dec. 31)**	**15,590**	**15,740**	**4,716**	**4,827**	**20,306**	**20,567**

Regional Reporting

(IN € MILLION)

		Europe		Americas		Africa/Asia/Australia		Group	
		2020	2021	2020	2021	2020	2021	2020	2021
Net sales		**3,467**	**3,676**	**1,347**	**1,527**	**2,211**	**2,424**	**7,025**	**7,627**
Change (nominal)	(in %)	-7.7	6.0	-1.8	13.4	-12.4	9.6	-8.2	8.6
Change (organic)	(in %)	-6.6	6.3	1.2	16.3	-8.1	11.0	-5.7	9.7
Share of Group sales	**(in %)**	**49.3**	**48.2**	**19.2**	**20.0**	**31.5**	**31.8**	**100.0**	**100.0**
EBITDA		**628**	**706**	**97**	**109**	**360**	**405**	**1,085**	**1,220**
Operating result (EBIT)		**476**	**539**	**60**	**49**	**292**	**345**	**828**	**933**
as % of sales		13.7	14.7	4.5	3.2	13.2	14.2	11.8	12.2
Operating result (EBIT, excluding special factors)[1]		**503**	**556**	**92**	**91**	**311**	**346**	**906**	**993**
as % of sales		14.5	15.1	6.8	6.0	14.1	14.3	12.9	13.0
Capital expenditure[2]		**198**	**293**	**21**	**75**	**61**	**45**	**280**	**413**
Depreciation and amortization		**152**	**166**	**36**	**60**	**69**	**61**	**257**	**287**
Employees	**(as of Dec. 31)**	**11,451**	**11,888**	**3,524**	**3,402**	**5,331**	**5,277**	**20,306**	**20,567**

[1] See the disclosures contained in the section entitled "Notes to the Segment Reporting."
[2] Figures comprise investments in intangible assets and property, plant, and equipment including acquisitions.

Significant Accounting Policies

Information on the Company and on the Group

The registered office of Beiersdorf AG is located at Unnastrasse 48 in Hamburg (Germany), and the company is registered with the commercial register of the Hamburg Local Court under the number HRB 1787. Beiersdorf AG is included in the consolidated financial statements of maxingvest ag.

The activities of Beiersdorf AG and its affiliates ("Beiersdorf Group") consist primarily of the manufacture and distribution of branded consumer goods in the area of skin and body care, and of the manufacture and distribution of technical adhesive tapes.

The consolidated financial statements of Beiersdorf AG for the fiscal year from January 1 to December 31, 2021, were prepared by the Executive Board on February 7, 2022, and subsequently submitted to the Supervisory Board for examination and approval.

General Principles

The consolidated financial statements of Beiersdorf AG have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), including the IFRS Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the supplementary provisions of German commercial law required to be applied under § 315e (1) *Handelsgesetzbuch* (German Commercial Code, *HGB*). All IFRSs and IFRICs endorsed by the European Commission and required to be applied as of December 31, 2021, were applied.

The consolidated financial statements were prepared using the historical cost convention. Exceptions to this rule relate to financial instruments assigned to the categories "at fair value through other comprehensive income" (FVOCI) and "at fair value through profit or loss" (FVPL), and derivative financial instruments, which are all measured at fair value.

The consolidated income statement was prepared using the cost of sales method.

Estimates and Assumptions

Preparation of the consolidated financial statements requires management to make estimates and assumptions to a limited extent that affect the amount and presentation of recognized assets and liabilities, income and expenses, and contingent liabilities. Such estimates and assumptions reflect all currently available information. Significant estimates and assumptions were made in particular in relation to the following accounting policies: impairment testing of goodwill and indefinite-lived intangible assets (Note 10 "Intangible Assets"), impairments of financial assets (Note 28 "Additional Disclosures on Financial Instruments, Financial Risk Management, and Derivative Financial Instruments"), the actuarial assumptions for the defined benefit expense as well as for the present value of pension commitments (Note 25 "Provisions for Pensions and Other Post-employment Benefits"), the determination of the amount of eligible deferred tax assets (Note 08 "Income Taxes"), and the recognition of other provisions (Note 26 "Other Provisions"). Given the uncertainty that exists when recognizing the legal risks arising from claims for damages in particular as well as tax and custom risks (Note 29 "Contingent Liabilities, Other Financial Obligations, and Legal Risks"), significant discretion must be exercised in evaluating whether and to what extent potential damages have arisen and how large the claim could be. In determining the amount of possible damages, there is particular discretion in relation to determining the nature of the factors "overcharge" and "pass-on rate" on which the calculation is based. Furthermore, estimates and assumptions are made in particular when determining the useful lives of intangible assets and property, plant, and equipment, and when measuring inventories.

Actual amounts may differ from these estimates. Changes to estimates are recognized in profit or loss when more recent knowledge becomes available. The estimates and assumptions mentioned above also took into account the potential impact of the COVID-19 pandemic.

Consolidation Principles

Acquisition accounting uses the purchase method, under which the cost of the business combination is allocated to the identifiable assets acquired and identifiable liabilities and contingent liabilities assumed, measured at their fair values at the acquisition date. The cost of an acquisition is the sum of the consideration transferred, measured at fair value at the acquisition date, and the non-controlling interests in the acquiree. For each business combination, the non-controlling interests in the acquiree are measured either at fair value or at the proportionate share of the acquiree's identifiable net assets. Any excess of the cost of the business combination over the acquirer's interest in the net fair values of identifiable assets, liabilities, and contingent liabilities is recognized as goodwill. Costs incurred in the course of the business combination are recognized as an expense.

Profit and equity of subsidiaries attributable to non-controlling interests are presented separately in the consolidated income statement and as a component of equity in the consolidated balance sheet. Losses at a subsidiary are attributed to the non-controlling interests even if this results in a negative balance. In the case of successive purchases of the shares of subsidiaries, the difference between the cost of the new shares and the non-controlling interests previously recognized in the Group for these shares is recognized in other comprehensive income. In a business combination achieved in stages, the effects from acquisition-date fair value remeasurement of previously held equity interests in the acquiree are recognized in the income statement. Subsequent adjustments of contingent consideration are recognized in the income statement.

All intercompany balances, transactions, income, and expenses, and gains and losses on intragroup transactions that are contained in the carrying amounts of assets are eliminated in full.

The consolidated financial statements include Beiersdorf AG and the subsidiaries over which it has control within the meaning of IFRS 10. Control over an investee exists if Beiersdorf AG has direct or indirect power over the investee, is exposed to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee.

Currency Translation

The consolidated financial statements have been prepared in euros. The euro is Beiersdorf AG's functional and presentation currency. Unless otherwise indicated, all amounts are rounded to millions of euros (€ million). Each company in the Group defines its own functional currency. As the foreign subsidiaries operate as financially, economically, and organizationally independent entities, their functional currency is always the local currency. The items contained in the financial statements of the company concerned are measured using this functional currency. Foreign currency transactions are initially translated at the spot rate at the transaction date. Non-monetary items that are measured at cost in a foreign currency are translated at the exchange rate at the transaction date. Exchange differences from the translation of monetary items are recognized in income. Monetary assets and liabilities in foreign currency are translated into the functional currency at the closing rate.

At the balance sheet date, the assets and liabilities of foreign subsidiaries whose functional currency is not the euro are translated into euros at the closing rate. Income and expenses are generally translated at average exchange rates for the fiscal year. Exchange differences arising from this are recognized as a separate component of equity.

The following table shows the changes in the exchange rates for the currencies material to the consolidated financial statements:

EXCHANGE RATE CHANGES (€1 =)

	Average rates		Closing rates	
	2020	2021	2020	2021
Brazilian real (BRL)	5.9841	6.3770	6.3738	6.3099
Swiss franc (CHF)	1.0709	1.0797	1.0804	1.0327
Chinese yuan (CNY)	7.8966	7.6059	8.0263	7.1940
Pound sterling (GBP)	0.8893	0.8581	0.8982	0.8400
Japanese yen (JPY)	121.8579	130.3117	126.4800	130.4050
Russian ruble (RUB)	84.1947	87.3371	91.4754	85.3649
Thai baht (THB)	35.8965	37.8797	36.7225	37.6347
US dollar (USD)	1.1468	1.1815	1.2272	1.1326

Changes in Accounting Policies

There were no material effects from the first-time application of new standards or interpretations in fiscal year 2021. The IASB has also revised or issued further accounting standards and interpretations that must be applied in future. However, these will have no material effects on the consolidated financial statements.

Significant Accounting Policies

Sales are recognized when goods and products are delivered, and control has transferred to the customer. Discounts, customer bonuses, and rebates are deducted from sales, as is consideration payable to trading partners in those cases in which the consideration is not matched by a distinct product or service supplied whose fair value can be estimated reliably. The probability of returns is reflected in the recognition and measurement of sales.

Cost of goods sold comprises the cost of internally produced goods sold and the purchase price of merchandise sold. The cost of internally produced goods includes directly attributable costs such as the cost of direct materials, direct labor, and energy, as well as production overheads, including depreciation of production facilities. The cost of goods sold also includes write-downs of inventories and operating expenses for distribution centers and freight shipments to customers.

Marketing and selling expenses comprise the costs of sales and marketing departments, expenditure on advertising, retail (point of sale) marketing, and similar items. This item also includes write-downs of trade receivables.

Research costs are recognized in profit or loss for the period. Development costs for new products are capitalized if the recognition criteria laid down in IAS 38 are met. This is normally not the case, as the expected future economic benefits cannot be measured reliably as long as the products are not market ready. **Other development costs** (e.g. for information systems) are capitalized as intangible assets if the recognition criteria laid down in IAS 38 are met. Once capitalized, they are amortized using the straight-line method over their expected useful lives.

Purchased **intangible assets** such as patents, trademarks, and software are measured at cost. The carrying amounts of finite-lived intangible assets are reduced by straight-line amortization over their expected useful lives. The useful lives, residual values, and amortization methods are reviewed regularly. Goodwill and indefinite-lived intangible assets are not amortized.

Goodwill and indefinite-lived intangible assets are **tested for impairment** at least once a year; such impairment tests are only conducted for finite-lived intangible assets and property, plant, and equipment if there are indications of impairment. An impairment loss is recognized in profit or loss if the recoverable amount of the asset is lower than its carrying amount. Recoverable amount is identified separately for each asset. If an asset does not generate cash inflows that are largely independent from other assets, recoverable amount is identified on the basis of a group of assets designated as the cash-generating unit. Recoverable amount is the higher of net realizable value and value in use. Net realizable value is the amount obtainable from the sale of an asset in an arm's length transaction, less the costs of disposal. Value in use is calculated on the basis of estimated future cash flows expected to arise from the continuing use of an asset and its disposal at the end of its useful life, using the discounted cash flow method. Cash flows are derived from the business plans and reflect current developments. They are discounted to the date of the impairment test using capitalization rates for equivalent risks.

If the reasons for an impairment loss recognized in previous years no longer apply, the impairment loss (except for goodwill) is reversed up to a maximum of amortized cost.

With the exception of lease right-of-use assets, **property, plant, and equipment** is carried at cost and reduced by straight-line depreciation over the assets' expected useful lives. The useful lives, residual values, and depreciation methods are reviewed annually. The following useful lives are generally applied to the depreciation of items of property, plant, and equipment:

USEFUL LIVES OF PROPERTY, PLANT, AND EQUIPMENT

Buildings	10 to 33 years
Technical equipment and machinery	5 to 15 years
Office and other equipment	3 to 15 years

Production costs of internally manufactured items of property, plant, and equipment are calculated on the basis of attributable direct costs plus an appropriate share of production-related overheads. Interest on borrowings is recognized as a current expense where this does not relate to the production of qualifying assets. Repair and maintenance costs for property, plant, and equipment are also expensed as incurred. Substantial renewals or enhancements that materially increase production capacity or significantly extend the economic life of an asset are capitalized. Correspondingly, components that were previously capitalized and have been replaced by new expenditures to be capitalized are accounted for as disposals. Government grants and subsidies reduce historical cost.

Right-of-use assets from leases are reported within property, plant, and equipment. A lease is a contract that conveys to the Group the right to use an identified asset for an agreed period of time in exchange for a consideration. At Beiersdorf, leases primarily relate to office space and vehicles.

Lease liabilities are reported within financial liabilities. They are recognized at the commencement of the lease at the present value of the lease payments yet to be made. Discounting is generally based on term- and currency-specific incremental borrowing rates.

Lease right-of-use assets are recognized at cost at the commencement of the lease term. The cost of the right-of-use asset comprises the present value of the total expected lease payments less lease incentives received, initial direct costs, and restoration obligations. Subsequent measurement is at amortized cost. Depreciation is on a straight-line basis over the term of the lease.

The term of the lease commences on the date that the asset is made available for use and includes any rent-free periods. In the case of leases that contain both a basic non-cancelable period and extension and termination options, determination of lease terms takes into account all the facts and circumstances that provide an economic incentive for the exercise of extension options or non-exercise of termination options. The exercise or non-exercise of these options is only factored into the lease term if it is reasonably certain to occur.

The leasing standard is not applied to rights held by a lessee under license agreements within the Scope of IAS 38. In addition, Beiersdorf has exercised the option not to recognize low-value and short-term leases on the balance sheet and is instead continuing to treat these as operating expenses over the term of the lease.

Inventories are carried at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is measured using the average cost method. Production cost is calculated as the direct costs plus an appropriate allocation of materials and production overheads, as well as production-related depreciation. It also includes the proportionate costs of company pension arrangements and voluntary social benefits, as well as production-related administrative expenses.

Cash comprises bank balances, cash-on-hand, and checks. **Cash equivalents** are short-term liquid investments that can be converted into a specified amount of cash at any time and are exposed to no more than insignificant fluctuations in value. In accordance with IFRS 9, cash and cash equivalents are designated as AC.

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability of another entity. Financial assets and financial liabilities are measured at fair value on initial recognition.

Categories of financial assets under IFRS 9

The **"at amortized cost" (AC)** category comprises financial assets whose cash flows consist of interest and principal payments and that are held as part of a business model that aims to collect contractual cash flows. Following initial recognition, they are valued at amortized cost less any impairment losses using the effective interest method.

The **"at fair value through other comprehensive income" (FVOCI)** category comprises financial assets whose cash flows consist of interest and principal payments and that are held as part of a business model that generally aims to hold the assets but also allows them to be sold as required. These assets are measured at fair value. The resulting changes in value are recognized in a special reserve in other comprehensive income. When these financial assets are sold or written down for impairment, the cumulative gains and losses recognized in other comprehensive income are recognized in profit or loss. This category also contains equity instruments for which the irrevocable option to recognize fair value changes in other comprehensive income has been exercised. Later changes in value remain in other comprehensive income upon sale or impairment and are not reclassified to profit or loss.

The **"at fair value through profit or loss" (FVPL)** category comprises financial assets that do not fall under the other categories. These assets are measured at fair value. The resulting changes in value are recognized in profit or loss.

Financial assets are **tested for impairment** as of each reporting date. Under IFRS 9, a risk provision is recognized based on the expected credit losses over the next 12 months (expected loss model). The estimate is based on ratings and continuously updated risk indicators. Current CDS spreads and the issuers' bond spreads are also used in the calculation. Impairment of financial assets is immediately recognized in profit or loss. For financial assets in the AC category, the impairment reduces the asset's value on the balance sheet; for financial assets in the FVOCI category, the impairment is recognized in a special reserve in other comprehensive income. A simplified process for determining impairment is used for assets that do not contain a significant financing component (e.g. trade receivables). In this approach, expected credit losses over the entire lifetime of the financial instruments are determined. The estimated impairment on receivables is based primarily on the results of previous payment behavior and reflects the age structure, any substantial deterioration in creditworthiness, or a high probability of debtor insolvency, as well as changes in the political and macroeconomic environment. Given the very short terms (e.g. due on demand) and the creditworthiness of our contractual partners, no impairment is identified based on expected credit losses for financial assets such as cash and cash equivalents.

Financial liabilities are carried at amortized cost (AC) using the effective interest method after their initial recognition. Gains and losses resulting from amortization using the effective interest method and from derecognition of liabilities are recognized in profit or loss. Liabilities with remaining contractual maturities of more than one year are classified as non-current. In accordance with IFRS 9, derivative financial instruments used for hedges are not assigned to a separate category; within the Beiersdorf Group, they are subsumed under "derivative financial instruments" (DFI).

Financial assets and financial liabilities are derecognized when control of the contractual rights is lost, when the obligation specified in the contract is discharged or canceled, or when it has expired. Liabilities in connection with reverse factoring agreements are not subject to any substantial modification of the contractual terms and therefore continue to be accounted for as trade accounts payable. The payments made are subsequently shown the statement of cash flows as cash flows from operating activities.

The Beiersdorf Group uses **derivative financial instruments** to manage current and future currency risks. The instruments concerned are mainly currency forwards. Derivative financial instruments are recognized at fair value. They are reported in the balance sheet in other financial assets or other financial liabilities.

The recognition of changes in the fair values of derivative financial instruments depends on whether these instruments are used as hedging instruments and meet the criteria for hedge accounting under IFRS 9. If the criteria are not met despite the existence of an economic hedge, changes in the fair values of derivative financial instruments are recognized immediately in profit or loss. The effectiveness of the hedge relationship is assessed using the critical terms method.

Derivatives classified as fair value hedges are measured at their fair value. Any resulting changes in fair value are recognized in profit or loss. The carrying amount of the hedged asset or liability is adjusted for the changes in fair value attributable to the hedged risk. Gains or losses resulting from changes in fair value are recognized in profit or loss for the period.

For derivative financial instruments designated as hedging instruments that qualify for hedging accounting as a cash flow hedge, the effective portion of the change in the fair value is recognized in other comprehensive income, net of the related tax effect. The ineffective portion is recognized in profit or loss. When the hedged item (underlying) is settled, the effective portion is also recognized in profit or loss.

The **fair value of financial instruments** is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value, it is assumed that the underlying transaction on which the price is based takes place in either the principal market or the most advantageous market that the Beiersdorf Group has access to. The price is measured using the assumptions that market participants would base pricing on. All financial instruments recognized at fair value in the financial statements are categorized into the following hierarchy levels in accordance with IFRS 13:

- Level 1: Fair values that are measured using quoted prices in active markets
- Level 2: Fair values that are measured using valuation techniques whose significant inputs are based on directly or indirectly observable market data
- Level 3: Fair values that are measured using valuation techniques whose significant inputs are not based on observable market data

Financial instruments regularly measured at fair value are reassessed at the end of the fiscal year to determine whether reclassifications have to be made between the levels of the hierarchy.

Provisions for pensions and other post-employment benefits comprise the provisions for defined benefit plans within the Group. Obligations are measured using the projected unit credit method. The expected benefits are spread over the entire length of service of the employees. The actuarial computation of the pension provisions is based on market rates of interest as well as projected wage/salary and pension increases, and staff turnover trends. Measurement is performed using the relevant local inputs. In Germany, the mortality rate was based on Heubeck's 2018 G mortality tables, while international rates were based on locally recognized mortality tables. The various discount rates used are based on the yields of high-quality corporate bonds with appropriate maturities and currencies and a minimum of an AA rating. Actuarial reports are prepared annually. All assumptions are reviewed for appropriateness at each reporting date.

The amount recognized as a provision comprises the total present value of the defined benefit obligation less the fair value of plan assets available for immediate settlement of obligations. If the fair value of plan assets exceeds the present value of the defined benefit obligation, net assets are only recognized up to the amount of the asset ceiling.

Past service cost is recognized as a component of EBIT in line with the principle of functional allocation, while net interest income is recognized in the financial result. Actuarial gains and losses resulting from changes in actuarial assumptions and deviations between earlier actuarial assumptions and actual developments, as well as from changes in the return on plan assets, are recognized immediately and in full under retained earnings in consolidated equity. They are not recognized in profit or loss later on, but rather remain in consolidated equity.

In the case of defined contribution plans, contributions are made on a statutory, contractual, or voluntary basis to public or private pension insurance plans. The Group does not have any other payment obligations above and beyond the contributions. The contributions are recognized in profit or loss as a component of EBIT.

Other provisions take account of all identifiable future payment obligations, risks, and uncertain obligations of the Group resulting from current legal or constructive obligations arising from past events where the amount of the obligation can be measured reliably. Such other provisions are mainly due within one year. Non-current provisions expected to be settled after more than one year are discounted insofar as the interest effect is material.

Current **income tax** assets and liabilities for current and future periods are recognized at the expected amount. The tax rates and tax legislation enacted at the reporting date are used to calculate the amount.

Deferred taxes result from temporary differences between the tax base of assets and liabilities and their carrying amounts in the IFRS balance sheet, and from tax loss carryforwards. Deferred taxes are measured using the balance sheet liability method on the basis of the tax rates expected to be enacted in the individual countries when the temporary differences reverse. These rates are based on the legislation in force at the balance sheet date. No deferred taxes are recognized for differences arising on the initial recognition of assets and liabilities that are not the result of business combinations and do not affect either accounting or taxable profit.

Deferred tax assets in respect of temporary differences, tax loss carryforwards, and tax credits are recognized where it is probable that sufficient taxable profit will be available in future periods against which they can be utilized. Recognized deferred taxes are tested for recoverability every year. Income taxes relating to items recognized in other comprehensive income are not recognized in the income statement but in other comprehensive income.

Current tax assets and liabilities, and deferred tax assets and liabilities, are offset against each other if the Group has a legally enforceable right to offset the actual tax assets against actual tax liabilities and these relate to income taxes levied on the same taxable entity by the same taxation authority.

SUMMARY OF SELECTED MEASUREMENT POLICIES

Balance sheet item	Measurement policy
Assets	
Goodwill	Lower of cost or recoverable amount
Other intangible assets	
indefinite-lived	Lower of cost or recoverable amount
finite-lived	(Amortized) cost
Property, plant, and equipment	(Amortized) cost
Financial assets	
"Amortized cost" (AC)	(Amortized) cost
"At fair value through other comprehensive income" (FVOCI)	At fair value through other comprehensive income
"At fair value through profit or loss" (FVPL)	At fair value through profit or loss
Inventories	Lower of cost or net realizable value
Trade receivables	(Amortized) cost
Cash and cash equivalents	(Amortized) cost
Non-current assets and disposal groups held for sale	Lower of (amortized) cost or net realizable value
Equity and liabilities	
Provisions	
Provisions for pensions and other post-employment benefits	Projected unit credit method
Other provisions	Settlement amount (best estimate)
Financial liabilities	(Amortized) cost
Trade payables	(Amortized) cost
Other liabilities	Settlement amount

Notes to the Cash Flow Statement

The cash flow statement has been prepared in accordance with IAS 7 and is classified into net cash flows from operating, investing, and financing activities.

Net cash flow from operating activities is determined using the indirect method, while net cash flows from investing and financing activities are determined using the direct method.

Cash funds are composed of cash and cash equivalents that can be converted into cash at any time and that are exposed to no more than insignificant fluctuations in value.

Notes to the Segment Reporting

Segment reporting in the Beiersdorf Group is based on the management of business operations. The breakdown of the Group into the Consumer and tesa Business Segments reflects the internal organizational structure and the reporting to the Executive Board and the Supervisory Board.

The Beiersdorf Group measures the success of its segments on the basis of sales growth and operating result (EBIT), adjusted for non-recurring, non-operating transactions (EBIT, excluding special factors) in conjunction with the corresponding EBIT margin.

In order to show the global breakdown of business activities in the Beiersdorf Group, information on the geographic regions is presented in addition to the operating segments. The external sales shown for the regions are based on the domiciles of the respective companies.

Group companies domiciled in Germany generated sales of €1,433 million in 2021 (previous year: €1,390 million) and reported non-current assets (not including financial instruments, deferred taxes, and plan assets) of €1,330 million (previous year: €1,232 million).

Organic sales growth is the nominal sales growth adjusted for exchange rate effects and structural effects from acquisitions and divestments.

EBIT excluding special factors represents the operating result (EBIT), adjusted for non-operating one-off business transactions.

EBITDA represents the operating result (EBIT) before depreciation, amortization, and impairment losses.

The **EBIT margin on net operating capital** is the ratio of the operating result (EBIT) to net operating capital.

Gross cash flow is the excess of operating income over operating expenses before any further appropriation of funds.

Net operating capital of €2,249 million (previous year: €2,205 million) consists of gross operating capital less operating liabilities. The following table shows the reconciliation of net operating capital to the balance sheet items:

RECONCILIATION OF NET OPERATING CAPITAL TO BALANCE SHEET ITEMS (IN € MILLION)

Assets	Dec. 31, 2020	Dec. 31, 2021
Intangible assets	545	538
Property, plant, and equipment	1,630	1,845
Inventories	1,001	1,144
Trade receivables	1,244	1,306
Other receivables and other assets (not including tax receivables)	134	202
Gross operating capital	**4,554**	**5,035**
Gross non-operating assets	5,651	6,264
Total balance sheet assets	**10,205**	**11,299**

Equity and liabilities	Dec. 31, 2020	Dec. 31, 2021
Other provisions	623	709
Trade payables	1,642	1,973
Other liabilities (not including income tax liabilities)	84	104
Operating liabilities	**2,349**	**2,786**
Equity	6,263	6,894
Non-operating liabilities	1,593	1,619
Total balance sheet equity and liabilities	**10,205**	**11,299**

Consolidated Group, Acquisitions, and Divestments

Consolidated Group

In addition to Beiersdorf AG, the consolidated financial statements include 16 (previous year: 17) German and 160 (previous year: 160) international companies whose financial and business policies Beiersdorf AG is able to control either directly or indirectly.

In the year under review, two new companies were included in the consolidated financial statements. In addition, two campanies were wound up and one company was sold.

Beiersdorf AG's Shareholdings

Disclosures of Beiersdorf AG's shareholdings are made in the section entitled "Additional Information." The list shows those companies/equity interests in which Beiersdorf AG holds 5% or more of the shares and/or voting rights. This list largely corresponds to the information disclosed in the previous year.

Significant Acquisitions

The Beiersdorf Group did not make any significant acquisitions during the year under review or in the previous year.

Significant Divestments

As of August 31, 2021, tesa SE has sold the affiliate tesa scribos GmbH for a total compensation of €13 million. The tesa scribos business comprises the design, finishing and further processing of functional adhesive tapes and labels with a focus on anti-counterfeiting, product tracking and theft protection. The result from the disposal of the company in the amount of €9 million is fully allocated to special factors.

Beyond this, there were no significant divestments in the Group in the reporting year or the previous year."

Exercise of Exemption Options

The following German affiliates included in the consolidated financial statements of Beiersdorf AG exercised the exemption option under § 264 (3) *HGB* in fiscal year 2021:

- Beiersdorf Manufacturing Hamburg GmbH, Hamburg
- Beiersdorf Manufacturing Berlin GmbH, Berlin
- Beiersdorf Manufacturing Waldheim GmbH, Waldheim
- La Prairie Group Deutschland GmbH, Baden-Baden
- Produits de Beauté Produktions GmbH, Baden-Baden
- Beiersdorf Shared Services GmbH, Hamburg

Notes to the Income Statement

01 Sales

Sales amounted to €7,627 million in fiscal year 2021 (previous year: €7,025 million). A breakdown of sales and their development can be found in the management report, the segment reporting, and regional reporting.

02 Cost of Goods Sold

The cost of goods sold amounted to €3,267 million (previous year: €2,984 million). This item includes inventories expensed in the reporting period as well as direct expenses for distribution logistics.

03 Marketing and Selling Expenses

Marketing and selling expenses were €2,675 million (previous year: €2,485 million). The item includes expenditure on advertising, retail (point of sale) marketing, and similar items amounting to €1,689 million (previous year: €1,554 million).

04 General and Administrative Expenses

General and administrative expenses amounted to €448 million in the past fiscal year (previous year: €400 million). This item comprises personnel expenses and other administration costs, as well as the cost of external services that are not allocated internally to other functions.

05 Other Operating Income

(IN € MILLION)

	2020	2021
Gains on disposals of property, plant, and equipment, and other assets	1	3
Income from the reversal of provisions	36	57
Miscellaneous other income	189	183
	226	**243**

Gains on disposals of property, plant, and equipment, and other assets were attributable to the sale of no longer required land and other fixed assets. Income from the reversal of provisions was due among other things to personnel risk provisions, litigation risk provisions, and other provisions that are no longer required. Miscellaneous other income includes income from the reversal of no longer required accruals and valuation allowances on receivables, as well as other out-of-period income. It also includes income from the implementation of a supply contract of €30 million (previous year: €78 million), acquired as part of the Coppertone acquisition.

06 Other Operating Expenses

(IN € MILLION)

	2020	2021
Restructuring expenses	48	54
Exchange result on operating activities	14	-5
Losses on disposal of non-current assets	4	3
Amortization and impairment of intangible assets from acquisitions	17	15
Miscellaneous other expenses	225	212
	308	**279**

Restructuring expenses relate in particular to measures in the supply chain organization and other ongoing reorganizations. Amortization and impairment of intangible assets showed amortization of intangible assets from acquisitions amounting to €6 million (previous year: €7 million) and an impairment loss of €9 million on the goodwill of the cash-generating unit tesa Twinlock. In the previous year, this line item comprised an impairment of goodwill of the cash-generating unit Northeast Asia in the amount of €10 million.

Miscellaneous other expenses included expenditure of €6 million (previous year: €24 million) in connection with the “Care Beyond Skin” donation program and expenditure of €17 million relating to the integration of the newly acquired Coppertone business and the preparation of the Chantecaille acquisition. Expenses of €28 million from a supply contract acquired as part of the Coppertone acquisition are also included in the figure (previous year: €62 million), as are additions to provisions for litigation and other risks, as well as miscellaneous other operating expenses.

07 Financial Result

(IN € MILLION)

	2020	2021
Interest income	33	32
Interest expense	–13	–14
Net pension result	-9	-8
Other financial result	–18	–36
	-7	**-26**

Interest income primarily resulted from "cash and cash equivalents", "current securities", and "non-current securities". It includes interest income from financial investments recognized at amortized cost of €16 million (previous year: €16 million). The interest income from financial investments recognized at fair value through other comprehensive income amounted to €3 million (previous year: €4 million). Interest expense includes, among other things, interest expenditure relating to tax reassessments as well as interest expenditure from lease liabilities in the amount of €3 million (previous year: €3 million). The net pension result contains expenses from unwinding the discount on the net pension obligation incurred in previous years. Other financial result includes negative effects from the change in the fair value of current securities in the fair value through profit or loss (FVPL) category. The relevant investments were reduced during 2021. Also included are impairment write-downs of financial assets and effects from movements in exchange rates.

08 Income Taxes

Income tax expense including deferred taxes can be broken down as follows:

(IN € MILLION)

	2020	2021
Current income taxes		
Germany	64	76
International	191	193
	255	**269**
Deferred taxes	–11	–17
	244	**252**

Reconciliation to effective income tax expense

Given an effective tax rate of 27.8% (previous year: 29.7%), the effective income tax expense is €40 million (previous year: €42 million) higher than the expected income tax expense. The expected tax rate is calculated as the weighted average of the tax rates of the individual Group companies and amounts to 23.3% (previous year: 24.6%).

The following table shows the reconciliation of expected to effective income tax expense:

EFFECTIVE INCOME TAX EXPENSE (IN € MILLION)

	2020	2021
Expected income tax expense given a tax rate of 23.3% (previous year: 24.6%)	202	212
Prior-year taxes	-4	–14
Decrease in tax expense due to changes in tax rates	-8	–18
Increase in tax expense due to non-tax-deductible impairment of goodwill	2	2
Increase in tax expense due to other non-deductible expenses	32	53
Decrease in tax expense due to the utilization/ recognition of previously unrecognized tax loss carryforwards	-4	-9
Increase in tax expense due to non-recognition of tax loss carryforwards	12	16
Other tax effects	12	10
Effective income tax expense	**244**	**252**

No deferred tax assets have been recognized for tax loss carryforwards and unused tax credits of €255 million (previous year: €168 million), whose expiration dates are given below.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits. Given the positive assessments of future business development, it is assumed there is a reasonable probability that future taxable income will be sufficient to allow utilization of the deferred tax assets.

EXPIRATION DATES OF TAX LOSS CARRYFORWARDS AND UNUSED TAX CREDITS (IN € MILLION)

	Dec. 31, 2020	Dec. 31, 2021
Expiration date within		
1 year	–	1
2 years	1	1
3 years	1	6
more than 3 years	121	170
Unlimited carryforward period	45	77
	168	**255**

Deferred taxes relate to the following balance sheet items and matters:

ALLOCATION OF DEFERRED TAXES (IN € MILLION)

	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021
Non-current assets	13	15	73	90
Inventories	31	33	–	–
Receivables and other current assets	14	15	17	17
Provisions for pensions and other post-employment benefits	158	119	1	1
Other provisions	57	75	27	28
Liabilities	104	121	3	3
Retained earnings	–	–	15	30
Loss carryforwards	35	45	–	–
	412	**423**	**136**	**169**
Offset deferred taxes	–123	–131	–123	–131
Deferred taxes recognized in the balance sheet	**289**	**292**	**13**	**38**

Total net deferred tax assets amounted to €254 million for the year under review (previous year: €276 million). Of the year-on-year decrease of €22 million (previous year: €16 million), €41 million was recognized directly in other comprehensive income, decreasing equity (previous year: increase in equity of €21 million). €17 million (previous year: €11 million) was recognized in profit or loss. Currency effects increased this item by €2 million (previous year: decrease of €16 million).

Deferred taxes are not recognized for retained earnings at foreign affiliates, as these profits are intended to be reinvested indefinitely in those operations from today's perspective. Where distributions are planned, their tax consequences are deferred. The liability is calculated based on the withholding tax rates applicable in each case, taking into account the German tax rate applicable to distributed corporate dividends, where appropriate. Deferred tax liabilities of €30 million (previous year: €15 million) were recognized for this in the reporting period.

Income tax receivables increased as of the balance sheet dated due to refund claims arising from the utilization of loss carryback options and receivables recorded in connection with uncertain tax positions in accordance with IFRIC 23.

09 Basic/Diluted Earnings per Share

Earnings per share for 2021 amounted to €2.81 (previous year: €2.47). The basis for the calculation is the profit after tax excluding profit attributable to non-controlling interests. Beiersdorf AG holds 25,181,016 treasury shares (unchanged). These were deducted from the total of 252,000,000 shares when calculating earnings per share, which resulted in earnings being calculated on the unchanged basis of 226,818,984 shares. As there are no outstanding financial instruments that can be exchanged for shares, there is no difference between diluted and basic earnings per share.

Notes to the Balance Sheet

10 Intangible Assets

COST (IN € MILLION)

	Finite-lived intangible assets	Indefinite-lived intangible assets	Goodwill	Total
Jan. 1, 2020	**509**	**243**	**274**	**1,026**
Currency translation adjustment	–10	–	–16	–26
Changes to the consolidated Group/acquisitions	–	–	–	–
Additions	9	–	–	9
Disposals	–	–	–	–
Transfers	8	–	–	8
Dec. 31, 2020/Jan. 1, 2021	**516**	**243**	**258**	**1,017**
Currency translation adjustment	–29	–	13	–16
Changes to the consolidated Group/acquisitions	–	–	–	–
Additions	11	–	–	11
Disposals	–15	–	–	–15
Transfers	4	–	–	4
Dec. 31, 2021	**487**	**243**	**271**	**1,001**

AMORTIZATION/IMPAIRMENT LOSSES (IN € MILLION)

	Finite-lived intangible assets	Indefinite-lived intangible assets	Goodwill	Total
Jan. 1, 2020	**385**	**50**	**10**	**445**
Currency translation adjustment	–6	–	–1	–7
Changes to the consolidated Group/acquisitions	–	–	–	–
Additions	24	–	10	34
Disposals	–	–	–	–
Transfers	–	–	–	–
Dec. 31, 2020/Jan. 1, 2021	**403**	**50**	**19**	**472**
Currency translation adjustment	–30	–	–1	–31
Changes to the consolidated Group/acquisitions	–	–	–	–
Additions	26	–	9	35
Disposals	–13	–	–	–13
Transfers	–	–	–	–
Dec. 31, 2021	**386**	**50**	**27**	**463**

CARRYING AMOUNTS (IN € MILLION)

	Finite-lived intangible assets	Indefinite-lived intangible assets	Goodwill	Total
Dec. 31, 2020	**113**	**193**	**239**	**545**
Dec. 31, 2021	**101**	**193**	**244**	**538**

Goodwill or Indefinite-lived Intangible Assets

The carrying amounts of goodwill increased by €5 million compared with the previous year to €244 million (previous year: €239 million).

Goodwill in the Consumer Business Segment comprises the goodwill of €159 million (previous year: €146 million) in the North American cash-generating unit and the goodwill of €57 million (previous year: €54 million) attributable to Beiersdorf AG (Switzerland). The change versus the previous year in both cases is attributable to exchange rate changes.

Indefinite-lived intangible assets mainly include acquired trademarks from the acquisition of the Coppertone business amounting to €188 million (previous year: €188 million). The trademarks of €188 million are established in their markets and will continue to be advertised in the future. They therefore represent indefinite-lived intangible assets. Impairment tests were performed as of 31 December, 2021 on the goodwill as well as trademarks recognized for all relevant cash-generating units. Forecast cash flows were used to calculate value in use in order to determine the recoverable amount. The main estimates on which the impairment tests were based included market shares and rates of sales growth, price trends for commodities, gross profit margins, and corresponding discount rates. The detailed planning anticipates moderate sales growth and a typical EBIT margin for the Group. Estimated future cash flows were based on financial planning with a five-year horizon. Cash flows beyond the planning period were extrapolated using an individual growth rate taking into account relevant market information. Beyond the planning horizon, this growth rate (terminal growth rate) was assumed to be 1.0% (previous year: 1.0%) for North America, Northeast Asia, and Switzerland. The weighted pre-tax discount rate used to discount the estimated cash flows was 5.6% for North America (previous year: 5.3%), and Switzerland 4.2% (previous year: 4.4%).

Due to the increased competitive pressure as well as rising procurement prices and the associated poorer expected cash flows in the tesa Twinlock cash-generating unit, the impairment test showed an impairment of goodwill amounting to €9 million. The impairment was recognized in other operating expenses and is attributable to the tesa Business Segment.

The impairment tests for the other cash-generating units did not reveal any need for impairment of goodwill as well as trademarks in the reporting year. In the case of these cash-generating units, the Group assumes that the recoverable amount will exceed the carrying amount of the goodwill, even in the event of reasonably possible changes in the key assumptions used in impairment testing. This observation also considers the potential impact of the COVID-19 pandemic. These mainly relate to the sales markets and thus the development of forecast sales.

11 Property, Plant, and Equipment

Property, plant, and equipment – owned

COST (IN € MILLION)

	Land, land rights, and buildings	Technical equipment and machinery	Office and other equipment	Advance payments and assets under construction	Total
Jan. 1, 2020	**990**	**1,150**	**730**	**252**	**3,122**
Currency translation adjustment	-38	-33	-22	-7	-100
Changes to the consolidated Group/acquisitions	–	–	–	–	–
Additions	9	37	43	182	271
Disposals	–	-12	-25	-6	-43
Transfers	5	52	15	-79	-7
Dec. 31, 2020/Jan. 1, 2021	**966**	**1,194**	**741**	**342**	**3,243**
Currency translation adjustment	15	10	10	5	40
Changes to the consolidated Group/acquisitions	–	–	–	–	–
Additions	21	27	47	307	402
Disposals	-48	-39	-43	-18	-148
Transfers	38	53	12	-109	-6
Dec. 31, 2021	**992**	**1,245**	**767**	**527**	**3,531**

DEPRECIATION/IMPAIRMENT LOSS (IN € MILLION)

	Land, land rights, and buildings	Technical equipment and machinery	Office and other equipment	Advance payments and assets under construction	Total
Jan. 1, 2020	**410**	**734**	**536**	**–**	**1,680**
Currency translation adjustment	–7	–14	–13	–1	–35
Changes to the consolidated Group/acquisitions	–	–	–	–	–
Additions	29	70	61	–	160
Disposals	–	–10	–24	–	–34
Transfers	–	–	–	–	–
Dec. 31, 2020/Jan. 1, 2021	**432**	**780**	**560**	**–1**	**1,771**
Currency translation adjustment	5	6	6	–	17
Changes to the consolidated Group/acquisitions	–	–	–	–	–
Additions	37	85	63	–	185
Disposals	–32	–32	–39	–	–103
Transfers	–	–	–	–	–
Dec. 31, 2021	**442**	**839**	**590**	**–1**	**1,870**

CARRYING AMOUNTS (IN € MILLION)

	Land, land rights, and buildings	Technical equipment and machinery	Office and other equipment	Advance payments and assets under construction	Total
Dec. 31, 2020	**534**	**414**	**181**	**343**	**1,472**
Dec. 31, 2021	**550**	**406**	**177**	**528**	**1,661**

The carrying amounts of property, plant, and equipment amounted to €1,661 million (previous year: €1,472 million). Investments in property, plant, and equipment totaled €402 million (previous year: €271 million). They primarily related to the plants of the two business segments, Consumer and tesa, as well as the construction of the new Group headquarters.

Right-of-use assets – leased

COST (IN € MILLION)

	Land, land rights, and buildings	Technical equipment and machinery	Office and other equipment	Advance payments and assets under construction	Total
Jan. 1, 2020	**201**	**4**	**33**	**1**	**239**
Currency translation adjustment	–9	–	–2	–	–11
Changes to the consolidated Group/acquisitions	–	–	–	–	–
Additions	40	1	16	–	57
Disposals	–7	–1	–5	–	–13
Transfers	–	–	1	–1	–
Dec. 31, 2020/Jan. 1, 2021	**225**	**4**	**43**	**–**	**272**
Currency translation adjustment	8	–	–	–	8
Changes to the consolidated Group/acquisitions	–	–	–	–	–
Additions	77	1	11	–	89
Disposals	–22	–	–9	–	–31
Transfers	–	–	–	–	–
Dec. 31, 2021	**288**	**5**	**45**	**–**	**338**

DEPRECIATION/IMPAIRMENT LOSS (IN € MILLION)

	Land, land rights, and buildings	Technical equipment and machinery	Office and other equipment	Advance payments and assets under construction	Total
Jan. 1, 2020	**49**	**1**	**12**	**–**	**62**
Currency translation adjustment	–2	–	–2	–	–4
Changes to the consolidated Group/acquisitions	–	–	–	–	–
Additions	47	1	15	–	63
Disposals	–3	–1	–3	–	–7
Transfers	–	–	–	–	–
Dec. 31, 2020/Jan. 1, 2021	**91**	**1**	**22**	**–**	**114**
Currency translation adjustment	3	–	–	–	3
Changes to the consolidated Group/acquisitions	–	–	–	–	–
Additions	53	1	13	–	67
Disposals	–21	–	–9	–	–30
Transfers	–	–	–	–	–
Dec. 31, 2021	**126**	**2**	**26**	**–**	**154**

CARRYING AMOUNTS (IN € MILLION)

	Land, land rights, and buildings	Technical equipment and machinery	Office and other equipment	Advance payments and assets under construction	Total
Dec. 31, 2020	**134**	**3**	**21**	**–**	**158**
Dec. 31, 2021	**162**	**3**	**19**	**–**	**184**

CARRYING AMOUNTS PROPERTY, PLANT, AND EQUIPMENT TOTAL (IN € MILLION)

	Land, land rights, and buildings	Technical equipment and machinery	Office and other equipment	Advance payments and assets under construction	Total
Dec. 31, 2020	**668**	**417**	**202**	**343**	**1,630**
Property, plant, and equipment – owned	534	414	181	343	1,472
Right of use assets – leased	134	3	21	–	158
Dec. 31, 2021	**712**	**409**	**196**	**528**	**1,845**
Property, plant, and equipment – owned	550	406	177	528	1,661
Right of use assets – leased	162	3	19	–	184

The Beiersdorf Group leases real estate, mainly in the form of office space, retail stores, and warehouses. The terms of the lease agreements are diverse and individually negotiated. Lease agreements are generally concluded for a period of three to ten years and may contain extension or termination options. The “Office and other equipment” category mainly comprises leased vehicles.

Further information regarding the right-of-use assets, lease liabilities, and lease expenses can be found in section “Significant Accounting Policies” as well as in Notes 7 and 29.

12 Inventories

(IN € MILLION)

	Dec. 31, 2020	Dec. 31, 2021
Raw materials, consumables, and supplies	217	266
Work in progress	56	63
Finished goods and merchandise	725	811
Advance payments	3	4
	1,001	**1,144**

Inventories increased by €143 million compared with the previous year to €1,144 million, €176 million of which (previous year: €204 million) was carried at net realizable value. Write-downs of inventories amounted to €87 million as of the reporting date (previous year: €94 million).

13 Trade Receivables

(IN € MILLION)

	Dec. 31, 2020	Dec. 31, 2021
Carrying amount	**1,244**	**1,306**
Of which past due:		
1 to 30 days	71	68
31 to 60 days	8	14
more than 60 days	7	32

Under IFRS 9, trade receivables belong to the "at amortized cost" measurement category. They are measured at cost less impairment.

The following changes in valuation allowances on receivables were recorded:

VALUATION ALLOWANCES (IN € MILLION)

	2020	2021
Jan. 1	**48**	**51**
Currency translation adjustment	-3	1
Additions	20	16
Utilized	–	–1
Reversals	–14	–17
Dec. 31	**51**	**50**

Further information on calculation is contained in Note 28 "Additional Disclosures on Financial Instruments, Financial Risk Management, and Derivative Financial Instruments."

14 Other assets

Other non-current assets comprise investments in associated companies, investments in non-consolidated affiliates, other investments and other assets. Other current financial assets include other receivables, derivative financial instruments and financial receivables. Other current assets mainly comprise other tax receivables and prepaid expenses.

15 Securities

(IN € MILLION)

	Dec. 31, 2020	Dec. 31, 2021
Non-current securities	3,415	3,937
Amortized cost	3,415	3,937
Current securities	647	616
Amortized cost	222	397
Fair value through other comprehensive income	313	203
Fair value through profit or loss	112	16
	4,062	**4,553**

In total, the Beiersdorf Group holds €4,553 million (previous year: €4,062 million) in listed government and corporate bonds, commercial paper, near-money market retail funds, equities, and equity funds. Securities with a carrying amount of €3,937 million (previous year: €3,415 million) are expected to be realized more than 12 months after the reporting date. Non-current securities have a term of up to eight years.

Impairments on securities measured at amortized cost and at fair value through other comprehensive income are recognized based on expected credit losses over the next 12 months. At the end of the period, total impairment was €5 million. Please refer to Note 28 "Additional Disclosures on Financial Instruments, Financial Risk Management, and Derivative Financial Instruments."

16 Cash and Cash Equivalents

(IN € MILLION)

	Dec. 31, 2020	Dec. 31, 2021
Cash	968	953
Cash equivalents	37	83
	1,005	**1,036**

Cash comprises bank balances, cash-on-hand, and checks. Cash equivalents are short-term liquid investments, such as money market funds, that can be converted into cash at any time and are exposed to no more than insignificant fluctuations in value. Given the very short terms (e.g. due on demand) and the creditworthiness of our contractual partners, no impairment was identified based on expected credit losses.

17 Capital Management Disclosures

The Beiersdorf Group aims to sustainably secure its capital base and generate an appropriate return on its invested capital. As of December 31, 2021, the equity ratio was 61% (previous year: 61%), while the EBIT return on net operating capital was 42% (previous year: 38%). The total dividends distributed in fiscal year 2021 amounted to €177 million (previous year: €177 million). In the case of the dividend of €159 million (previous year: €159 million) paid by Beiersdorf AG, this corresponds to a distribution of €0.70 per no-par-value share bearing dividend rights (previous year: €0.70).

18 Share Capital

The share capital of Beiersdorf Aktiengesellschaft amounts to €252 million (previous year: €252 million) and is composed of 252 million no-par-value bearer shares, each with an equal share in the company's share capital. Since the settlement of the share buyback program on February 3, 2004, and following implementation of the share split in 2006, Beiersdorf Aktiengesellschaft holds 25,181,016 no-par-value shares, corresponding to 9.99% of the company's share capital.

19 Authorized Capital

The Annual General Meeting on April 29, 2020, authorized the Executive Board to increase the share capital with the approval of the Supervisory Board in the period until April 28, 2025, by up to a total of €92 million (Authorized Capital I: €42 million; Authorized Capital II: €25 million; Authorized Capital III: €25 million) by issuing new no-par-value bearer shares on one or several occasions. In this context, the dividend rights for new shares may be determined by a different method than that set out in § 60 (2) *AktG*.

Shareholders shall be granted preemptive rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' preemptive rights in the following cases:

1. to eliminate fractions created as a result of capital increases against cash contributions (Authorized Capital I, II, III);

2. to the extent necessary to grant the holders/creditors of convertible bonds or bonds with warrants issued by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, rights to subscribe for new shares in the amount to which they would be entitled after exercising their conversion or option rights, or after fulfilling their conversion obligation (Authorized Capital I, II, III);

3. if the total amount of share capital attributable to the new shares for which preemptive rights are to be disapplied does not exceed 10% of the share capital existing at the time this authorization comes into effect or, in the event that this amount is lower, at the time the new shares are issued and the issue price of the new shares is not materially lower than the quoted market price of the existing listed shares at the time when the issue price is finalized, which should be as near as possible to the time the shares are placed. If, during the term of the authorized capital, other authorizations to issue or sell shares in the company or to issue rights that enable or oblige the holder to subscribe for shares in the company are exercised while disapplying preemptive rights pursuant to or in accordance with § 186 (3) sentence 4 *AktG*, this must be counted toward the above-mentioned 10% limit (Authorized Capital II);

4. in the case of capital increases against non-cash contributions for the purpose of acquiring companies, business units of companies, or equity interests in companies (Authorized Capital III).

The Executive Board may only exercise the above authorizations to disapply preemptive rights to the extent that the total proportionate interest in the share capital attributable to the shares issued while disapplying preemptive rights does not exceed 10% of the share capital at the time these authorizations become effective or at the time these authorizations are exercised. If other authorizations to issue or sell shares in the company or to issue rights that enable or oblige the holder to subscribe for shares in the company are exercised while disapplying preemptive rights during the term of the authorized capital until such time as it is utilized, this must be counted toward the above-mentioned limit.

The Executive Board was also authorized to determine the further details of the capital increase and its implementation with the approval of the Supervisory Board.

20 Contingent Capital

In addition, the Annual General Meeting on April 29, 2020, resolved to contingently increase the share capital by up to a total of €42 million, composed of up to 42 million no-par-value bearer shares. In accordance with the underlying resolution of the Annual General Meeting, the contingent capital increase will be implemented only if:

1. the holders or creditors of conversion and/or option rights attached to the convertible bonds and/or bonds with warrants issued in the period until April 28, 2025, by Beiersdorf Aktiengesellschaft or companies in which it holds a direct or indirect majority interest, choose to exercise their conversion or option rights, or

2. the holders or creditors of convertible bonds giving rise to a conversion obligation issued in the period until April 28, 2025, by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, comply with such obligation,

and the contingent capital is required for this in accordance with the terms and conditions of the bonds.

The new shares bear dividend rights from the beginning of the fiscal year in which they are created as a result of the exercise of conversion or option rights, or as a result of compliance with a conversion obligation.

The Executive Board was authorized to determine the further details of the implementation of a contingent capital increase.

21 Additional Paid-in Capital

Additional paid-in capital comprises the premium arising from the issue of shares by Beiersdorf AG.

22 Retained Earnings

Retained earnings comprise the net profit for the fiscal year and undistributed profits generated in prior periods by companies included in the consolidated financial statements. In addition, this item contains the actuarial gains and losses on remeasurements of defined benefit obligations in previous years. The retained earnings are reduced by the cost of the 25,181,016 treasury shares held by Beiersdorf AG amounting to €955 million.

23 Accumulated Other Comprehensive Income

Currency translation adjustment

The currency translation adjustment equity account serves to recognize differences resulting from the translation of the financial statements of affiliates that do not have the euro as their functional currency.

Hedging instruments from cash flow hedges

Changes in the fair value of financial instruments used to hedge future cash flows are reported under this item. As of the reporting date, market values amounting to €–10 million (previous year: €2 million) after deduction of deferred taxes were recognized in other comprehensive income.

Debt and equity instruments

This item includes fair value changes amounting to €2 million on securities in the “at fair value through other comprehensive income” category after deduction of deferred taxes. It also includes impairment of securities in the “at fair value through other comprehensive income” category.

Changes in the fair value of equity instruments allocated to the “at fair value through other comprehensive income” category under IFRS 9 are also recognized here. Changes in the fair value of equity instruments of €8 million were recognized in other comprehensive income. Of this, €7 million were realized through sale and reclassified to retained earnings.

24 Dividends

In accordance with the German Stock Corporation Act, dividends are distributed from net retained profits reported in the *HGB* single-entity financial statements of Beiersdorf AG. The Executive Board and Supervisory Board will propose a dividend of €0.70 per no-par-value share bearing dividend rights to the Annual General Meeting. The proposed distribution must be approved by the shareholders at the Annual General Meeting and therefore is not reported as a liability in the consolidated financial statements.

In accordance with the resolution by the Annual General Meeting on April 1, 2021, a dividend of €0.70 per no-par-value share bearing dividend rights was distributed in 2021 from the net retained profits for fiscal year 2020.

25 Provisions for Pensions and Other Post-employment Benefits

Group companies provide retirement benefits under both defined contribution and defined benefit plans. With the exception of net interest, the defined benefit and defined contribution expenses are included in the costs of the respective functions. Net pension interest is reported in the financial result.

Defined contribution expenses also contain contributions to statutory or state pension insurance funds. There was no material income or expense from the termination of pension plans or the curtailment and transfer of pension benefits in the year under review.

PENSION BENEFIT EXPENSES (IN € MILLION)

	2020			2021		
	Germany	Other countries	Group	Germany	Other countries	Group
Current service cost	45	13	58	49	13	62
Past service cost	–	–	–	–	–	–
Defined benefit expense (EBIT)	**45**	**13**	**58**	**49**	**13**	**62**
Net interest result attributable to defined benefit plans (pension expense (+)/pension income (–))	**9**	**-**	**9**	**7**	**1**	**8**
Total expenses for defined benefit plans	**54**	**13**	**67**	**56**	**14**	**70**
Defined contribution expense (EBIT)	41	24	65	40	24	64
Total pension expense	**95**	**37**	**132**	**96**	**38**	**134**

Defined benefit pension plans

The structure of the plans varies depending on the legal, economic, and tax situation in the country in question, and the plans are generally based on the employees' length of service, salary, and status, as well as their own contributions. The largest plans can be found at the German companies.

International defined benefit plans are largely spread across the sites in the United Kingdom, Switzerland, and the United States. The present value of the defined benefit obligations and the balance sheet provisions were attributable to Germany and the other countries as follows as of the reporting date:

PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (IN € MILLION)

	Dec. 31, 2020			Dec. 31, 2021		
	Germany	Other countries	Group	Germany	Other countries	Group
Present value of defined benefit obligations	1,758	271	2,029	1,647	287	1,934
Fair value of plan assets	-818	-246	-1,064	-864	-288	-1,152
Net obligation	**940**	**25**	**965**	**783**	**-1**	**782**
Amounts not recognized due to asset ceiling	–	–	–	–	9	9
Other recognized amounts	–	7	7	–	17	17
Provisions for pensions and other post-employment benefits	**940**	**32**	**972**	**783**	**25**	**808**

A majority of the defined benefit obligations within the Beiersdorf Group relate to employees in Germany. These are primarily obligations in relation to retirement pensions, disability pensions, and surviving dependents' pensions granted as a supplement to the statutory pension insurance. Pension commitments in Germany largely consist of direct and indirect commitments by Beiersdorf AG and direct commitments by tesa SE. The benefits depend on the employees' length of service and their average salary over the three years immediately preceding the date on which the pension becomes payable. The pension payments to the beneficiaries are adjusted for inflation by at least 1% per annum; this is performed annually in some cases or at the latest every three years.

Defined benefit obligations are funded exclusively by employer payments. Although there is no minimum funding requirement in Germany, both Beiersdorf AG and tesa SE have transferred plan assets to a separate entity. In addition, the benefit plans are protected against the consequences of insolvency in accordance with the *Gesetz zur Verbesserung der betrieblichen Altersversorgung* (German Occupational Pensions Improvement Act, *BetrAVG*); annual contributions are made to the Pensions-Sicherungs-Verein (German Pension Protection Fund) for this.

Beiersdorf AG has transferred plan assets to an entity with the legal form of a foundation (TROMA Alters- und Hinterbliebenenstiftung, Hamburg). The board of trustees of the foundation is composed of representatives of the company and of the Group Works Council. The board of trustees is responsible for setting and implementing the investment strategy. The strategy is regularly reviewed and adjusted as necessary in light of the latest developments.

Plan assets of tesa SE are invested and managed by an independent trustee via a contractual trust agreement (CTA). An investment committee consisting of representatives of the company and of the Works Council sets the investment strategy. Portfolio performance and the current situation are analyzed at regular intervals and, where necessary, the investment strategy is amended to reflect changed conditions.

To mitigate the risk of changes in capital market conditions and demographic developments, the old pension plans were closed to tesa employees in 2005 and to Beiersdorf employees in 2008. Employees joining the companies after this date can join employee-financed benefit plans. Under these plans, they can save part of their pensionable pay and also receive an employer contribution. The plan assets are invested and managed by independent trustees via a CTA. The employer guarantees a minimum return on contributions of 3.25% per annum until retirement. As from 2019 new entrants at Beiersdorf are guaranteed a minimum return of 1.8%. The pension can be paid in the form of an annuity or as a lump sum.

The expenses for defined benefit plans and the present value of pension commitments are determined on the basis of actuarial calculations.

Measurement is based on the following assumptions:

ACTUARIAL ASSUMPTIONS (IN %)

	2020		2021	
	Germany	Other countries	Germany	Other countries
Discount rates	0.80	1.24	1.25	1.42
Projected wage and salary growth	3.00	2.48	3.00	2.49
Projected pension growth[1]	1.76	1.95	1.76	2.13
Projected staff turnover	2.15	8.47	2.14	9.05

[1] in Germany provided the contractual agreement of 1% does not apply

The figures given are averages. The local parameters were weighted using the present values of the relevant defined benefit obligations. During the period under review, the present value of the defined benefit obligations changed as shown in the table below. The actuarial losses in the reporting year due to changes in financial assumptions were mainly attributable to the reduction in the discount rates.

PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS (IN € MILLION)

	2020			2021		
	Germany	Other countries	Group	Germany	Other countries	Group
Jan. 1	**1,649**	**250**	**1,899**	**1,758**	**271**	**2,029**
Current service cost	45	13	58	49	13	62
Net interest expense	18	3	21	14	3	17
Actuarial gains (–) and losses (+)	78	20	98	–137	–7	–144
Of which experience adjustments	–15	2	–13	3	4	7
Of which due to changes in financial assumptions	94	16	110	–140	–8	–148
Of which due to changes in demographic assumptions	–1	2	1	–	–3	–3
Contributions by plan participants	13	3	16	9	3	12
Pension benefits paid	–45	–10	–55	–45	–9	–54
Currency translation adjustment	–	–10	–10	–	15	15
Other changes	–	2	2	–1	–2	–3
Dec. 31	**1,758**	**271**	**2,029**	**1,647**	**287**	**1,934**

The funded status of the present value of the Group's defined benefit obligations as of the reporting date was as follows:

FUNDED STATUS OF PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS (IN € MILLION)

	Dec. 31, 2020			Dec. 31, 2021		
	Germany	Other countries	Group	Germany	Other countries	Group
Partly or wholly funded defined benefit obligations	1,751	253	2,004	1,640	270	1,910
Unfunded defined benefit obligations	7	18	25	7	17	24
Present value of defined benefit obligations	**1,758**	**271**	**2,029**	**1,647**	**287**	**1,934**

The change in plan assets during the period under review was as follows:

FAIR VALUE OF PLAN ASSETS (IN € MILLION)

	2020			2021		
	Germany	Other countries	Group	Germany	Other countries	Group
Jan. 1	**794**	**239**	**1,033**	**818**	**246**	**1,064**
Return on plan assets	9	3	12	7	2	9
Actuarial gains (+) and losses (–)	–1	10	9	3	18	21
Actual return on plan assets	**8**	**13**	**21**	**10**	**20**	**30**
Employer contributions	10	8	18	33	10	43
Contributions by plan participants	15	2	17	13	3	16
Pension benefits paid	–9	–9	–18	–9	–6	–15
Currency translation adjustment	–	–8	–8	–	15	15
Other changes	–	1	1	–1	–	–1
Dec. 31	**818**	**246**	**1,064**	**864**	**288**	**1,152**

In fiscal year 2022, employer contributions to plan assets are expected to amount to €16 million. The breakdown of the plan assets as of the reporting date was as follows:

COMPOSITION OF PLAN ASSETS (IN € MILLION)

	Dec. 31, 2020			Dec. 31, 2021		
	Germany	Other countries	Group	Germany	Other countries	Group
Equity instruments	49	94	143	84	110	194
Debt instruments	342	82	424	304	91	395
Real estate	170	33	203	171	40	211
Cash and cash equivalents	230	8	238	284	18	302
Other	27	29	56	21	29	50
Total plan assets	**818**	**246**	**1,064**	**864**	**288**	**1,152**

The plan assets serve exclusively to meet the benefit obligations. The funding provided for these benefit obligations represents a provision for future cash outflows. The overarching investment policy and investment strategy are based on the goal of generating a return on plan assets in the medium term which, taken together with the contributions, is sufficient to meet the pension obligations. The plan assets are invested in a variety of different asset classes so as to avoid risk clusters.

The equity instruments comprise investments in equity funds and direct investments. In general, these have quoted market prices in a liquid market. Passive index tracker equities funds may contain a limited number of Beiersdorf shares. No Beiersdorf shares are held directly. Of the equity instruments in Germany, almost all are attributable to the mature markets.

Debt instruments may comprise investments in funds and direct investments in bonds. In general, these have quoted market prices in a liquid market. In Germany, 73% are attributable to corporate bonds and 27% to government bonds.

The real estate consists of residential and commercial properties. Investments can take the form of both investments in listed real estate funds and directly held properties. As of the reporting date, the portfolio included buildings held and used in the amount of €42 million (previous year: €43 million).

Cash and cash equivalents comprise both cash at banks and units in money market funds. This position also includes a short-term deposit of TROMA Alters- und Hinterbliebenenstiftung with Beiersdorf AG in the amount of €246 million (previous year: €163 million).

The following overview provides a breakdown of the weighted average duration of the present values of the defined benefit obligations and a maturity analysis of expected pension payments:

DURATION AND MATURITY ANALYSIS

	Dec. 31, 2020			Dec. 31, 2021		
	Germany	Other countries	Group	Germany	Other countries	Group
Duration of the present value of the pension obligations (in years)	**19**	**18**	**19**	**18**	**17**	**18**
Maturity analysis of the expected pension payments (in € million)						
Up to 1 year	47	10	57	48	10	58
More than 1 and up to 2 years	49	10	59	51	10	61
More than 2 and up to 5 years	158	29	187	164	32	196
More than 5 and up to 10 years	294	56	350	305	58	363

The following sensitivity analysis shows the effect of individual changes in assumptions on the present value of the defined benefit obligations:

SENSITIVITY OF THE DEFINED BENEFIT OBLIGATIONS (IN € MILLION)
Change in present value of defined benefit obligations

	Dec. 31, 2020			Dec. 31, 2021		
	Germany	Other countries	Group	Germany	Other countries	Group
Discount rate						
+0.50%	–153	–20	–173	–136	–18	–154
–0.50%	177	22	199	157	20	177
Projected wage and salary growth						
+0.25%	6	2	8	5	1	6
–0.25%	–6	–2	–8	–5	–1	–6
Projected pension growth						
+0.25%	40	5	45	34	6	40
–0.25%	–38	–4	–42	–33	–4	–37
Projected staff turnover						
+0.25%	–	–1	–1	–	–2	–2
–0.25%	–	1	1	–	2	2
Life expectancy						
Increase of one year	83	2	85	74	6	80
Decrease of one year	–77	–2	–79	–69	–6	–75

The sensitivity analysis is based on realistic potential changes as of the end of the reporting period. It was performed using a methodology that extrapolates the effect of realistic changes in the key assumptions at the end of the reporting period on the defined benefit obligation. Each change in the key actuarial assumptions was analyzed separately. No interdependencies were taken into account.

26 Other Provisions

(IN € MILLION)

	Personnel	Marketing and selling	Litigation and similar risks	Miscellaneous	Total
Jan. 1, 2021	**303**	**51**	**112**	**156**	**622**
Of which non-current	*63*	*–*	*38*	*17*	*118*
Currency effects	5	3	3	4	15
Additions	227	37	28	70	362
Utilized	158	27	3	45	233
Reversals	20	8	9	20	57
Dec. 31, 2021	**357**	**56**	**131**	**165**	**709**
Of which non-current	*73*	*–*	*39*	*15*	*127*

Provisions are recognized if an obligation toward a third party exists, the outflow of resources is probable, and the likely amount of the obligation can be estimated reliably. The calculation of provisions is determined based on the best possible estimation of the parameters. Long-term provisions are discounted using a discount rate dependent on when they are expected to be settled, provided the interest effect is material.

Provisions for personnel expenses primarily comprise provisions for annual bonuses, vacation pay, anniversary payments, and severance agreements. The provisions for marketing and selling expenses relate in particular to co-operative advertising allowances and other marketing- or customer-related obligations. Provisions for litigation and similar risks include provisions for litigation in Brazil amounting to €24 million (previous year: €12 million), risks in connection with customs audits amounting to €19 million (previous year: €13 million), patent risks amounting to €16 million (previous year: €15 million) and for risks relating to other legal disputes of €72 million (previous year: €72 million). The miscellaneous provisions relate to a wide variety of matters and companies and also include provisions for restructuring.

27 Liabilities

The following table gives a breakdown of current liabilities:

CURRENT LIABILITIES (IN € MILLION)

	Dec. 31, 2020	Dec. 31, 2021
Trade payables (AC)	**1,642**	**1,973**
Other current financial liabilities	**358**	**501**
Other financial liabilities (AC)	339	473
Negative fair value of derivatives (DFI)	19	28
Other current liabilities	**89**	**109**
Other tax liabilities	76	91
Social security liabilities	9	10
Other miscellaneous liabilities	4	8
	2,089	**2,583**

Other financial liabilities primarily comprise short-term bank loans amounting to €95 million (previous year: €55 million), lease liabilities of €76 million (previous year: €72 million), and liabilities to TROMA Alters- und Hinterbliebenenstiftung of €246 million (previous year: €163 million) from investment activities involving TROMA plan assets. At €109 million (previous year: €89 million), other current liabilities are largely unchanged in amount and composition. As the current liabilities have remaining contractual maturities of less than 12 months as of the reporting date, their carrying amounts at the balance sheet date correspond approximately to their fair value. Trade payables in connection with reverse factoring agreements were not significant as of the balance sheet date.

Non-current liabilities are comprised as follows:

NON-CURRENT LIABILITIES (IN € MILLION)

	Dec. 31, 2020	Dec. 31, 2021
Non-current financial liabilities	**88**	**106**
Other non-current liabilities	**2**	**1**
	90	**107**

Non-current financial liabilities primarily comprise non-current lease liabilities.

28 Additional Disclosures on Financial Instruments, Financial Risk Management, and Derivative Financial Instruments

The table below shows the carrying amounts and fair values of the Group's financial instruments as of December 31, 2020, and December 31, 2021:

(IN € MILLION)

2020	Carrying amount Dec. 31	Measurement category under IFRS 9: Amortized cost	Measurement category under IFRS 9: Fair value recognized in OCI	Measurement category under IFRS 9: Fair value through profit or loss	Fair value Dec. 31
Assets					
Amortized cost (AC)	*5,953*	*5,953*	–	–	*6,025*
Non-current financial assets	14	14	–	–	14
Trade receivables	1,244	1,244	–	–	1,244
Other current financial assets	53	53	–	–	53
Cash and cash equivalents	1,005	1,005	–	–	1,005
Securities	3,637	3,637	–	–	3,709
Fair value through other comprehensive income (FVOCI)	*329*	–	*329*	–	*329*
Non-current financial assets	15	–	15	–	15
Securities	313	–	313	–	313
Fair value through profit or loss (FVPL)	*112*	–	–	*112*	*112*
Securities	112	–	–	112	112
Derivative financial instruments used for hedges (DFI)	*17*	–	*13*	*4*	*17*
Derivative financial instruments not included in a hedging relationship (FVPL)	–	–	–	–	–
Liabilities					
Other financial liabilities (AC)	*2,069*	*2,069*	–	–	*2,069*
Non-current financial liabilities	88	88	–	–	88
Trade payables	1,642	1,642	–	–	1,642
Other current financial liabilities	339	339	–	–	339
Derivative financial instruments used for hedges (DFI)	16	–	10	6	16
Derivative financial instruments not included in a hedging relationship (FVPL)	3	–	–	3	3

2021	Carrying amount Dec. 31	Measurement category under IFRS 9: Amortized cost	Measurement category under IFRS 9: Fair value recognized in OCI	Measurement category under IFRS 9: Fair value through profit or loss	Fair value Dec. 31
Assets					
Amortized cost (AC)	*6,804*	*6,804*	–	–	*6,828*
Non-current financial assets	20	20	–	–	20
Trade receivables	1,306	1,306	–	–	1,306
Other current financial assets	108	108	–	–	108
Cash and cash equivalents	1,036	1,036	–	–	1,036
Securities	4,334	4,334	–	–	4,358
Fair value through other comprehensive income (FVOCI)	*208*	–	*208*	–	*208*
Non-current financial assets	5	–	5	–	5
Securities	203	–	203	–	203
Fair value through profit or loss (FVPL)	*16*	–	–	*16*	*16*
Securities	16	–	–	16	16
Derivative financial instruments used for hedges (DFI)	*16*	–	*9*	*7*	*16*
Derivative financial instruments not included in a hedging relationship (FVPL)	–	–	–	–	–
Liabilities					
Other financial liabilities (AC)	*2,552*	*2,552*	–	–	*2,552*
Non-current financial liabilities	106	106	–	–	106
Trade payables	1,973	1,973	–	–	1,973
Other current financial liabilities	473	473	–	–	473
Derivative financial instruments used for hedges (DFI)	*28*	–	*24*	*4*	*28*
Derivative financial instruments not included in a hedging relationship (FVPL)	–	–	–	–	–

The following overview shows the IFRS 13 fair value hierarchy levels used to classify financial instruments that are measured at fair value on a recurring basis:

(IN € MILLION)

	Fair value hierarchy under IFRS 13			
Dec. 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Fair value through other comprehensive income (FVOCI)	*313*	*–*	*15*	*328*
Non-current financial assets	–	–	15	15
Securities	313	–	–	313
Fair value through profit or loss (FVPL)	*112*	*–*	*–*	*112*
Securities	112	–	–	112
Derivative financial instruments used for hedges (DFI)	*–*	*17*	*–*	*17*
Derivative financial instruments not included in a hedging relationship (FVPL)	*–*	*–*	*–*	*–*
Liabilities				
Derivative financial instruments used for hedges (DFI)	*–*	*16*	*–*	*16*
Derivative financial instruments not included in a hedging relationship (FVPL)	*–*	*3*	*–*	*3*

	Fair value hierarchy under IFRS 13			
Dec. 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Fair value through other comprehensive income (FVOCI)	*203*	*–*	*5*	*208*
Non-current financial assets	–	–	5	5
Securities	203	–	–	203
Fair value through profit or loss (FVPL)	*16*	*–*	*–*	*16*
Securities	16	–	–	16
Derivative financial instruments used for hedges (DFI)	*–*	*16*	*–*	*16*
Derivative financial instruments not included in a hedging relationship (FVPL)	*–*	*–*	*–*	*–*
Liabilities				
Derivative financial instruments used for hedges (DFI)	*–*	*28*	*–*	*28*
Derivative financial instruments not included in a hedging relationship (FVPL)	*–*	*–*	*–*	*–*

In the Beiersdorf Group, securities carried at fair value are allocated to fair value hierarchy Level 1 and are measured at quoted prices on the balance sheet date.

Derivative financial instruments are assigned to fair value hierarchy Level 2. The fair values of currency forwards are calculated using the exchange rate as of the reporting date and discounted to the reporting date on the basis of their respective yield curves.

Fair value hierarchy Level 3 mainly comprises fair values of equity investments. These are allocated to the “at fair value through other comprehensive income” (FVOCI) category.

During 2021 Beiersdorf reclassified bonds with a book value of €115 million from the “at amortized cost” (AC) category to “fair value through profit or loss” (FVPL) and subsequently sold them. This resulted in a gain of €2 million which is shown within “Other financial result.”

Financial instruments that are not measured at fair value predominantly have remaining contractual maturities of less than 12 months as of the reporting date. Therefore, their carrying amounts at the balance sheet date correspond approximately to their fair value. Securities belonging to the “at amortized cost” (AC) category are an exception. The fair values for this item have been assigned to fair value hierarchy Level 1.

Risk management principles

As a result of its operations, the Beiersdorf Group is exposed to various risks such as currency risk, interest rate risk, and default risk. These risks are countered by active treasury management based on a global directive. They are managed and hedged centrally to a very large extent.

Derivative financial instruments are used to hedge the operational business and material financial transactions. The transactions are conducted exclusively with marketable instruments. IFRS 7 requires sensitivity analyses, which show the effects of hypothetical changes in relevant risk variables on profit or loss and equity, to be used in presenting market risk. For the Beiersdorf Group, this mainly relates to currency risk. The effects are ascertained by applying the hypothetical changes in risk variables to the portfolio of financial instruments as of the balance sheet date. It is assumed that the portfolio at the reporting date is representative for the year as a whole.

Currency risk

Currency risk is the risk of fluctuations in the fair value or future cash flows of a financial instrument as a result of changes in exchange rates.

Currency risk within the meaning of IFRS 7 arises through monetary financial instruments that are reported in a currency other than the functional currency. Exchange rate differences arising from the translation of financial statements of affiliates into the Group currency are not included. Relevant risk variables are therefore basically all non-functional currencies in which financial instruments are held by the Beiersdorf Group. As a result of the Beiersdorf Group's international orientation with an emphasis on the eurozone, the euro serves as the key currency. Consequently, the Beiersdorf Group is exposed to risks through financing measures and operational activities when other currencies fluctuate against the euro.

As a matter of principle, currency risks relating to cross-border intragroup financing are hedged centrally in full and at matching maturities using currency forwards (fair value hedges). Owing to these hedging activities, the Beiersdorf Group is not exposed to any significant currency risks in its financing activities as of the balance sheet date. Gains and losses on these currency forwards are offset in full by gains and losses on the hedged items.

With regard to operations, a majority of cash flows in non-functional currencies in the Beiersdorf Group are generally hedged for the next 12 months using standard currency forwards. These transactions are recorded, measured, and managed centrally in the treasury management system. As a result, the Beiersdorf Group is not exposed to any significant currency risks in its operations as of the balance sheet date.

Since material non-derivative financial instruments are either denominated directly in the functional currency or transformed into the functional currency through the use of derivatives, changes in the exchange rate do not have any material effects on profit or loss or equity. Consequently, the Beiersdorf Group is primarily only exposed to risks arising from currency forwards which are designated as hedging instruments and which meet the criteria for recognition as cash flow hedges on forecasted transactions. Changes in market prices largely affect the hedging reserve in equity and the fair values of the hedging transactions.

The fair value of the currency forwards at the balance sheet date was €–12 million (previous year: €–2 million), and their notional value was €1,881 million (previous year: €1,534 million). As in the previous year, all of the forward contracts have a remaining maturity of up to one year. The notional values represent the aggregate of all purchase and selling amounts for derivatives. The notional values shown are not netted.

If the euro had appreciated by 10% against all currencies as of December 31, 2021, the fair values of the currency forwards recognized directly within the hedging reserves in equity would have increased by €45 million (previous year: €36 million). If the euro had depreciated by 10%, the fair values of the currency forwards recognized directly within the hedging reserves in equity would have decreased by €54 million (previous year: €44 million). An appreciation of the euro by 10% would have decreased the valuation of currency forwards not included in a hedging relationship by €11 million within financial result. A corresponding decrease in the value of the euro by 10% would have negatively impacted the financial result by €13 million.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in market interest rates.

Beiersdorf has only a small volume of non-current financial instruments that are not measured at amortized cost and does not have any interest rate derivatives. Changes in fair values are therefore of no more than minor significance for the Beiersdorf Group. These are subject to interest rate risk within the meaning of IFRS 7 for the entire fiscal year.

If the interest rates at the quarter-ends of the fiscal year had been 100 basis points higher (lower) in each case than the yield curve, the financial result would have been €8 million (previous year: €8 million) higher (lower). This would have had no impact on accumulated other comprehensive income within equity.

Default risk

The Beiersdorf Group is exposed to default risk within the Scope of its financing activities and in its operations. The maximum default risk can be seen from the carrying amount of each financial asset recognized in the balance sheet. The total carrying amount of the financial assets was €7,044 million as of December 31, 2021 (previous year: €6,411 million).

The simplified process is used for determining impairments on trade receivables under IFRS 9. In this approach, expected credit losses over the entire lifetime of the financial instruments are determined. Expected losses are estimated based on analyses of historical defaults and the age structure of the receivables as well as current economic developments and an assessment of the credit quality of individual customers.

Given that historical and expected default rates are low, the impairments did not have a material impact on assets or equity. We counter the risk of bad debts through detailed monitoring of our customer relationships, active receivables management, and the selective use of trade credit insurance.

Potential default risks relating to the investment of the Group's liquid funds are limited by only making investments with defined-reliable counterparties. Counterparty risk is monitored on the basis of ratings and the counterparties' liable capital, as well as continuously updated risk indicators. These parameters are used to determine maximum amounts for investments with partner banks and securities issuers (counterparty limits), which are compared regularly with the investments actually made throughout the Group. We have invested the majority of our liquidity in low-risk investments (such as government and corporate bonds).

Impairments based on expected credit losses over the next 12 months are recognized on securities measured at amortized cost or at fair value through other comprehensive income. The estimate is based on ratings and continuously updated risk indicators. Current CDS spreads and the issuers' bond spreads are also used in the calculation.

VALUATION ALLOWANCES (IN € MILLION)

	2020	2021
Securities in the "at amortized cost" category	4	4
Securities in the "at fair value through other comprehensive income" category	1	1
	5	**5**

Financial assets such as cash and cash equivalents include bank balances and very short-term liquid investments. These belong to the "at amortized cost" category. Given the very short terms (e.g. due on demand) and the creditworthiness of our contractual partners, no impairment was identified based on expected credit losses.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting the obligations associated with its financial liabilities. As a result of the large amount of cash and cash equivalents as well as securities held as of the balance sheet date, the Beiersdorf Group is not currently exposed to any liquidity risk. Additionally, in order to ensure the liquidity and financial flexibility of the Beiersdorf Group at all times, liquidity reserves are maintained in the form of credit lines.

Other Disclosures

29 Contingent Liabilities, Other Financial Obligations, and Legal Risks

(IN € MILLION)

	Dec. 31, 2020	Dec. 31, 2021
Contingent liabilities		
Liabilities under guarantees	92	87
Other financial obligations		
Obligations under purchase commitments	249	171
Due within the next year	112	130
Due in 1 to 5 years	137	41

Other financial obligations

The aggregate nominal amount of the other financial obligations was €171 million (previous year: €249 million).

As of December 31, 2021, future undiscounted lease liabilities with a remaining term of up to one year amount to €60 million (previous year: €58 million) and those with a remaining term of more than one year to €134 million (previous year: €112 million).

Lease expenses in 2021 include expenses for short-term leases of €18 million (previous year: €15 million), expenses for leases of low-value assets of €3 million (previous year: €3 million), and expenses from variable lease payments of €6 million (previous year: €4 million). Total cash outflow for leases in 2021 was €93 million (previous year: €86 million).

The future cash outflows from extension options, whose future exercise was not taken into account in the calculation of the lease liabilities due to the lack of reasonable certainty amount to around €106 million (previous year: €95 million).

Legal risks

The claim for damages from the liquidator of Schlecker e. K. following closed antitrust proceeding by the Bundeskartellamt , which has been pending since 2016, was rejected by the courts of first and second instance. Upon a complaint against denial of leave to appeal by the plaintiff, the appeal was granted without reasoning by the *BGH*. The proceedings are also directed against six other companies. The claim for compensation, which involves joint and several liability of all defendants, amounts to approximately €200 million plus interest. A further claim in connection with these antitrust proceedings was also dismissed in the first instance. This decision is being appealed. Decisions on other claims for damages made in and out of court in connection with concluded antitrust proceedings are pending. Beiersdorf contests these claims.

The state of São Paulo is demanding retroactive tax payments of €66 million (previous year: €63 million) from our Consumer Business Segment's Brazilian affiliates for the years 2005 to 2009. This amount has increased from the previous year owing mostly to interest and changes in the exchange rate. State tax authorities allege that VAT on imports should have been paid in São Paulo state instead of the Brazilian state of landing. All cases are in financial court proceedings. Further retroactive tax payment notices for a much lower amount may be issued for 2017. Potential claims for back taxes for the years 2010 to 2016 are now time-barred. The Brazilian tax authorities also issued additional, in our view unjustified, VAT demands on at least a similar scale in relation to various matters. Our affiliates are appealing these claims through official processes. The Brazilian courts are not expected to reach a definitive decision in any of these cases for several years. The Group has provisions of €24 million for these cases.

Some of our affiliates are currently undergoing tax audits. In accordance with IFRIC 23, disputed tax items have been recognized with their most probable cash outflow. In one case, a liquidation loss that had been recognized was not accepted for tax purposes by the tax authorities in Austria. We filed appeals against the tax notices for the affected years. We are convinced that in legal proceedings our view will prevail. However, a final decision cannot be expected for several years. A final non-recognition of the tax-deductible loss would reduce Group profit by approximately €47 million.

In addition, some of our affiliates are currently undergoing customs audits. The Group has recognized provisions of €19 million for the risks resulting from these audits.

Assessments of the course and results of legal disputes as well as tax and customs audits are associated with considerable difficulty and uncertainty. Results that differ from our expectations can have an effect on the amount of the recognized costs and provisions or liabilities. As of the balance sheet date, we assume, based on the currently available information, that no further significant charges for the Group are to be expected.

30 Employees and Personnel Expenses

The breakdown of employees by function is as follows:

NUMBER OF EMPLOYEES (AS OF DEC. 31)

	2020	2021
Production, supply chain, and quality management	7,954	7,812
Marketing and sales	7,378	7,514
Research and development	1,433	1,530
Other functions	3,541	3,712
	20,306	**20,567**

AVERAGE NUMBER OF EMPLOYEES DURING THE YEAR

	2020	2021
Production, supply chain, and quality management	7,975	7,857
Marketing and sales	7,490	7,479
Research and development	1,420	1,494
Other functions	3,573	3,648
	20,458	**20,478**

Personnel expenses amounted to €1,573 million (previous year: €1,491 million). This amount breaks down into wages and salaries of €1,256 million (previous year: €1,195 million), social security expense of €192 million (previous year: €173 million), and pension expense of €125 million (previous year: €123 million). A breakdown of employees by Business Segment can be found in the segment reporting.

31 Auditor's Fees

The Annual General Meeting on April 1, 2021, elected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as the auditors for the annual and consolidated financial statements for fiscal year 2021.

The following table gives an overview of the total fee charged by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft:

FEES PAID TO THE GROUP AUDITORS (IN € THOUSAND)

	2020	2021
Audit services	1,408	1,447
Other assurance services	106	222
Tax advisory services	115	118
Other services	158	67
	1,787	**1,854**

Non-audit services in fiscal year 2021 mainly comprised, in addition to services for tax advice, the voluntary limited assurance engagement on the combined Non-financial Statement, agreed-upon procedures, and other legally prescribed, contractually agreed, or voluntarily requested assurance services.

32 Declaration of Compliance with the German Corporate Governance Code

In December 2021, Beiersdorf Aktiengesellschaft's Executive Board and Supervisory Board issued their Declaration of Compliance with the recommendations of the Government Commission on the German Corporate Governance Code for fiscal year 2021 in accordance with § 161 *AktG*. The Declaration of Compliance was made permanently accessible to shareholders on the company's website at **www.beiersdorf.com/declaration_of_compliance**.

33 Related Party Disclosures – Individuals

The requirements of IAS 24 apply to key management personnel of the company, their immediate family members, as well as the companies they control. In the Beiersdorf Group, the key management personnel are the members of the Executive and Supervisory Boards.

For fiscal year 2021, the members of the Supervisory Board received remuneration totaling €1,702 thousand (previous year €1,451 thousand) and the members of the Executive Board received remuneration totaling €16,131 thousand (previous year: €8,131 thousand; adjusted), in each case in accordance with the provisions of German commercial law. Of the total compensation of the members of the Executive Board, €7,517 thousand (prior year: €600 thousand) relates to long-term benefits (additions to accruals for the LTP equity investments and for the new LTP 2021-2024) and also any multi-year bonuses). The short-term benefits (Fixed Basic Remuneration and Variable Bonus) including ancillary benefits amounted to €8,614 thousand (previous year: €7,531 thousand; adjusted). For information on the principles of the system governing Executive and Supervisory Board remuneration and the amount of members' individual remuneration, please refer to the remuneration report in the section "Other Information" in the Annual Report. This remuneration report is not part of the combined Management Report. Payments to former members of the Executive Board and their surviving dependents €4,775 thousand (previous year: €3,800 thousand). Provisions for pension commitments to former members of the Executive Board and their surviving dependents €59,369 thousand (previous year: €62,072 thousand).

With the exception of the remuneration disclosed in the remuneration report, there were no material transactions between the members of Beiersdorf AG's Executive Board or Supervisory Board and the companies of the Beiersdorf Group in fiscal year 2021. The same applies to the immediate family members of these persons.

34 Related Party Disclosures – Entities

Since March 30, 2004, maxingvest ag has held more than 50% of Beiersdorf AG's share capital. Accordingly, Beiersdorf AG is a dependent company within the meaning of § 312 (1) sentence 1 in conjunction with § 17 (2) *AktG*. Since no control agreement exists between Beiersdorf AG and maxingvest ag, the Executive Board of Beiersdorf AG prepares a report on dealings among Group companies in accordance with § 312 (1) sentence 1 *AktG*. In fiscal year 2021, as in the previous year, Beiersdorf AG and its affiliated companies as well as maxingvest ag and its affiliated companies pooled purchase volumes to achieve cost benefits and sourced products and services from each other at standard market terms to an extent that is not material. There was also limited collaboration in various areas.

35 Shareholdings in Beiersdorf AG

Beiersdorf AG received the following notifications in accordance with the provisions of the *Wertpapierhandelsgesetz* (German Securities Trading Act, *WpHG*), by the preparation date of the balance sheet (February 7, 2022)[1]. In each case, the disclosures represent the discloser's most recent notification to the company, unless additional notifications are required to be provided for reasons of transparency.

1.

a) Voting right notifications in accordance with § 21 (1) *WpHG* (former version) dated April 2, 2004, April 14, 2004, and April 16, 2004. The persons subject to the disclosure requirement (the "disclosers") listed in the table below notified Beiersdorf Aktiengesellschaft on April 2, 2004, April 14, 2004, and April 16, 2004, in accordance with § 21 (1) *WpHG* (former version) that they had, for the first time, exceeded the 50% threshold and held 50.46% (42,386,400 voting rights) of Beiersdorf Aktiengesellschaft as of March 30, 2004.

After adjustment for Beiersdorf Aktiengesellschaft's share buyback program, which was implemented on February 3, 2004, and the resulting attribution of the 9.99% (8,393,672 own shares) held by Beiersdorf Aktiengesellschaft in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version), the disclosers in accordance with § 21 (1) *WpHG* (former version) each exceeded the 50% threshold for the first time as of February 3, 2004, and each held a 59.95% share (50,360,072 voting rights) in Beiersdorf Aktiengesellschaft as of this date. This increase was solely the result of the attribution of the own shares held by Beiersdorf Aktiengesellschaft in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version).[2]

The disclosers' total share of voting rights as of March 30, 2004, amounted to 60.45% (50,780,072 voting rights) in each case instead of 50.46% (42,386,400 voting rights).[2]

All shares of voting rights were attributable to the disclosers, with the exception of Tchibo Holding AG (now renamed to maxingvest ag), in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version). 30.36% (25,500,805 voting rights) was attributable to Tchibo Holding AG in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version); at the time, it directly held 20.10% (16,884,000 voting rights).

[1] The following disclosures do in part not reflect the 1 : 3 share split resolved by the company's Annual General Meeting on May 17, 2006, because they were received before this date. As a result of this share split, each no-par-value share of the company with a notional interest in the share capital of €2.56 was split into three no-par-value shares with a notional interest in the share capital of €1.00 each (following the increase of the share capital without the issue of new shares).
[2] Due to a change in the administrative practice of the *Bundesanstalt für Finanzdienstleistungsaufsicht* (Federal Financial Supervisory Authority, *BaFin*) in December 2014 concerning the attribution of own shares, own shares held by the issuer are no longer counted toward a shareholder's share of voting rights.

The chains of controlled companies are as follows:

Discloser[1]	Discloser's domicile and country of residence or of domicile	Disclosures in accordance with § 17 (2) *Verordnung zur Konkretisierung von Anzeige-, Mitteilungs- und Veröffentlichungspflichten sowie der Pflicht zur Führung von Insiderverzeichnissen nach dem Wertpapierhandelsgesetz* (Regulation setting out in detail the disclosure, notification, and announcement duties as well as the duty to maintain a list of insiders in accordance with the *WpHG*, *WpAIV*) (former version) (controlled companies via which the voting rights are effectively held and whose attributed share of the voting rights amounts to 3% or more) at the time of § 17 (1) no. 6 *WpAIV* (former version)
SPM Beteiligungs- und Verwaltungs GmbH (now renamed S.P.M. Beteiligungs- und Verwaltungs GmbH)	Norderstedt, Germany now with registered office in Hamburg, Germany)	Trivium Vermögensverwaltungs GmbH, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
EH Real Grundstücksverwaltungsgesellschaft mbH now renamed E. H. Real Vermögensverwaltungs GmbH)	Norderstedt, Germany (now with registered office in Hamburg, Germany)	Scintia Vermögensverwaltungs GmbH, EH Real Grundstücksgesellschaft mbH & Co. KG, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Scintia Vermögensverwaltungs GmbH	Norderstedt, Germany (now with registered office in Hamburg, Germany)	Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Trivium Vermögensverwaltungs GmbH	Norderstedt, Germany (now with registered office in Hamburg, Germany)	Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Herr Michael Herz	Germany	SPM Beteiligungs- und Verwaltungs GmbH, Trivium Vermögensverwaltungs GmbH, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Herr Wolfgang Herz	Germany	EH Real Grundstücksverwaltungsgesellschaft mbH, EH Real Grundstücksgesellschaft mbH & Co. KG, Scintia Vermögensverwaltungs GmbH, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Max und Ingeburg Herz Stiftung	Norderstedt, Germany (now with registered office in Hamburg, Germany)	Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
maxingvest ag (named Tchibo Holding AG until September 12, 2007)	Hamburg, Germany	Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft

[1] The following parties have subsequently reduced their voting rights to 0% (0 voting rights): EH Real Grundstücksgesellschaft mbH & Co. KG (Norderstedt, Germany); Agneta Peleback-Herz (Germany); Joachim Herz, represented by the Joachim Herz Stiftung as his legal successor (Hamburg, Germany); Coro Vermögensverwaltungsgesellschaft mbH (Hamburg, Germany); Ingeburg Herz GbR (Norderstedt, Germany). Ingeburg Herz passed away during fiscal year 2015.

To clarify: The own shares held by Beiersdorf Aktiengesellschaft do not bear voting or dividend rights in accordance with § 71b *AktG*.

b) Voting right notification in accordance with § 21 (1) *WpHG* (former version) dated December 29, 2004. The voting right notification issued on December 29, 2004, by Tchibo Holding AG in accordance with § 21 (1) *WpHG* (former version) disclosed that Tchibo Beteiligungsgesellschaft mbH (now renamed to BBG Beteiligungsgesellschaft mbH) exceeded the 50% threshold for the first time when it acquired 20.10% of the voting rights in Beiersdorf Aktiengesellschaft from Tchibo Holding AG, and that it held 50.46% (42,386,400 voting rights) of Beiersdorf Aktiengesellschaft as of December 22, 2004.

After adjustment for Beiersdorf Aktiengesellschaft's share buyback program, which was implemented on February 3, 2004, and the now performed attribution in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version) of the 9.99% (8,393,672 own shares) acquired as part of the buyback program, Tchibo Beteiligungsgesellschaft mbH exceeded the 50% threshold in accordance with § 21 (1) *WpHG* (former version) for the first time as of December 22, 2004, and held 60.45% of the voting rights in Beiersdorf Aktiengesellschaft (50,780,072 voting rights) as of this date.[2] A total of 40.35% (33,894,477 voting rights) was attributable to Tchibo Beteiligungsgesellschaft mbH. The chain of controlled companies was as follows: Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft. This increase was solely the result of the attribution of the own shares held by Beiersdorf Aktiengesellschaft in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version).[2]

[2] Due to a change in the administrative practice of the *Bundesanstalt für Finanzdienstleistungsaufsicht* (Federal Financial Supervisory Authority, *BaFin*) in December 2014 concerning the attribution of own shares, own shares held by the issuer are no longer counted toward a shareholder's share of voting rights.

c) Voting right notification in accordance with § 21 (1) *WpHG* (former version) dated April 16, 2009. EH Real Grundstücksverwaltungsgesellschaft mbH's voting right notification dated March 11, 2008, has hereby been revoked. EH Real Grundstücksverwaltungsgesellschaft mbH's share of voting rights also exceeded the 3, 5, 10, 15, 20, 25, 30, and 50% thresholds as of January 15, 2007, and continued to do so thereafter and, including the 9.99% held by Beiersdorf Aktiengesellschaft (25,181,016 own shares) after adjustment for the increase of the share capital from retained earnings without the issue of new shares and the 1 : 3 reclassification of the share capital (share split) in 2006, continued to amount to 60.45% in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version) (152,340,216 voting rights).[1]

2.
During fiscal year 2021, BlackRock, Inc., Wilmington, DE, United States, submitted several voting rights notifications in accordance with § 33 et seq. *WpHG* through which BlackRock, Inc. – on its own behalf and on behalf of a number of subsidiaries – disclosed on several occasions that the companies listed in the notifications had exceeded or fallen below the threshold of 3% of the voting rights in Beiersdorf Aktiengesellschaft. According to the latest notification dated June 2, 2021, on May 28, 2021, a 2.99% share of voting rights stemming from shares in Beiersdorf Aktiengesellschaft was attributable to BlackRock, Inc. and a number of its subsidiaries in accordance with § 34 *WpHG*. In addition, at this point in time BlackRock, Inc. and a number of its subsidiaries were direct or indirect holders of financial instruments pursuant to § 38 *WpHG* relating to 0.02% of the voting rights stemming from shares in Beiersdorf Aktiengesellschaft.

3.
In accordance with § 25 (1) sentence 3 in conjunction with § 21 (1) sentence 1 *WpHG* (former version), Beiersdorf Aktiengesellschaft also announced that it had exceeded the threshold of 5% of the voting rights in its own company on February 3, 2004, and that a share of 9.99% has been attributable to it since then. The own shares held by the company do not bear voting or dividend rights in accordance with § 71b *AktG*.

All releases on voting rights notifications in accordance with § 40 *WpHG* that Beiersdorf Aktiengesellschaft has made since January 3, 2018, are available under **www.beiersdorf.com/investors/financial-reports/voting-rights-notifications.**

Report on Post-Balance Sheet Date Events

On February 1, 2022, Beiersdorf acquired 100% of Chantecaille Beaute Inc. (USA), a prestige cosmetics company, for a purchase price of €529 million (USD 590 million). Depending on the future development of the Chantecaille business, the purchase price may increase by up to €90 million (USD 100 million) in the next three years. The acquisition was financed from Beiersdorf's own liquid funds. By acquiring Chantecaille, Beiersdorf is bolstering its portfolio in the prestige beauty segment and strengthening its position, especially in the United States, China, and Korea, which is a priority of the C.A.R.E.+ strategy. Chantecaille will be a complementary selective cosmetics brand in Beiersdorf's Consumer Business Segment.

Founded in 1997, Chantecaille offers innovative skin care, fragrance, and cosmetics products based on botanical ingredients. The company is headquartered in New York with a global presence and a particular strength in North America and Asia. In 2021, Chantecaille generated global sales of over €90 million (USD 100 million).

The takeover took place via a share deal. The purchase price breaks down as follows: €529 million (USD 590 million), net assets of €45 million to 72 million (USD 50 million to 80 million) mainly consisting of inventories, trade receivables, trade payables as well as intangible assets (including goodwill) of €457 million to €484 million (USD 510 million to 540 million). The figures in this breakdown are provisional and were prepared before purchase price allocation, as relevant information for the purchase price allocation still needs to be collected and verified. For tax purposes, the acquisition will be treated as an asset deal and will result in tax deductible amortization in the USA; this also applies to the acquired goodwill.

[1] Due to a change in the administrative practice of the *Bundesanstalt für Finanzdienstleistungsaufsicht* (Federal Financial Supervisory Authority, *BaFin*) in December 2014 concerning the attribution of own shares, own shares held by the issuer are no longer counted toward a shareholder's share of voting rights.

Beiersdorf AG Boards

SUPERVISORY BOARD

Name	Profession	Memberships
Hong Chow	Head of China & International, Healthcare, Merck KGaA	
Reiner Hansert	Business Partner tesa & La Prairie Group Corporate Brand Protection Unit, Beiersdorf AG	Member of the Supervisory Board (since January 1, 2022): – maxingvest ag (non-listed entity)
Martin Hansson[1] Deputy Chairman	Chief Executive Officer, Salix Group	Member of the Supervisory Board: – Tchibo GmbH (non-listed entity)
Wolfgang Herz	General Manager Participia Holding GmbH	Member of the Supervisory Board: – maxingvest ag (non-listed entity) – Tchibo GmbH (non-listed entity) Deputy Chairman of the Supervisory Board: – Libri GmbH (non-listed entity) Chairman of the Supervisory Board: – Blume2000 SE (non-listed entity) – TOPP Holding AG (non-listed entity)
Andreas Köhn (since April 1, 2021)	Chairman of the works council, Beiersdorf Manufacturing Hamburg GmbH	
Jan Koltze	Regional Head, Industriegewerkschaft Bergbau, Chemie, Energie	Member of the Supervisory Board: – Aurubis AG (listed entity) – ExxonMobil Deutschland Holding (non-listed entity) – maxingvest ag (non-listed entity)
Dr. Dr. Christine Martel	Head of Global Commercial, Head of Special.T Business, Société des Produits Nestlé S.A.	
Olaf Papier	Chairman of the Works Council, Beiersdorf AG	Deputy Chairman of the Supervisory Board (until May 19, 2021): – Ilume Informatik AG (non-listed entity)
Frédéric Pflanz	Chief Financial Officer, maxingvest ag	Chairman of the Advisory Board *(Beirat):* – meridian Stiftung (non-listed entity) Member of the Board of Directors (Verwaltungsrat): – Cambiata Schweiz AG, Switzerland (non-listed entity) Member of the Board of Directors: – Cambiata Ltd., British Virgin Islands (non-listed entity)
Prof. Dr. Reinhard Pöllath Chairman	Lawyer, P+P Pöllath + Partners	Chairman of the Supervisory Board: – maxingvest ag (non-listed entity) – Wanzl GmbH & Co. KGaA (non-listed entity) Member of the Supervisory Board: – Tchibo GmbH (non-listed entity, since July 1, 2021) – Wanzl GmbH & Co. Holding KG (non-listed entity)
Prof. Manuela Rousseau[1] Deputy Chairwoman	Senior Advisor for Diversity & Inclusion, Beiersdorf AG Professor at the Academy of Music and Theater, Hamburg	Member of the Supervisory Board (until December 31, 2021): – maxingvest ag (non-listed entity)
Regina Schillings (until April 1, 2021)	Employee, Inventory Accounting, Beiersdorf Shared Services GmbH	Member of the Supervisory Board: – maxingvest ag (non-listed entity)
Kirstin Weiland	Chairwoman of the Works Council, tesa SE	Member of the Supervisory Board: – tesa SE (intragroup, non-listed entity)

[1] The Supervisory Board's diversity officers.

SUPERVISORY BOARD COMMITTEES

Members of the Presiding Committee
- **Prof. Dr. Reinhard Pöllath** (Chairman)
- **Martin Hansson** (until August 31, 2021)
- **Wolfgang Herz**
- **Frédéric Pflanz** (since August 31, 2021)
- **Prof. Manuela Rousseau**

Members of the Audit Committee
- **Dr. Dr. Christine Martel** (Chairwoman)
- **Reiner Hansert**
- **Martin Hansson**
- **Olaf Papier** (since April 1, 2021)
- **Frédéric Pflanz**
- **Regina Schillings** (until April 1, 2021)

Members of the Finance Committee
- **Frédéric Pflanz** (until April 1, 2021)
- **Reiner Hansert**
- **Martin Hansson**
- **Dr. Dr. Christine Martel**
- **Olaf Papier** (since April 1, 2021)
- **Regina Schillings** (until April 1, 2021)

Members of the Nomination Committee
- **Prof. Dr. Reinhard Pöllath** (Chairman)
- **Hong Chow**
- **Martin Hansson**
- **Dr. Dr. Christine Martel**

Members of the Mediation Committee
- **Prof. Dr. Reinhard Pöllath** (Chairman)
- **Martin Hansson**
- **Olaf Papier**
- **Prof. Manuela Rousseau**

Members of the Personnel Committee
- **Frédéric Pflanz** (Chairman) (since August 31, 2021)
- **Martin Hansson** (Chairman) (until August 31, 2021)
- **Hong Chow**
- **Reiner Hansert**
- **Andreas Köhn** (since April 1, 2021)
- **Olaf Papier** (until April 1, 2021)
- **Prof. Dr. Reinhard Pöllath**
- **Kirstin Weiland**

EXECUTIVE BOARD

Name	Function	Responsibilities	Memberships[1]
Vincent Warnery	Chairman (since May 1, 2021)	Corporate Development & Strategy Internal Audit Supply Chain & Quality Assurance Research & Development Corporate Communications Greater China/Korea Japan	Member of the Supervisory Board *(Bestyrelse)* (until August 5, 2021): – ALK-Abelló A/S, Denmark (listed entity)
Stefan De Loecker (until June 30, 2021)	Chairman (until April 30, 2021)		
Oswald Barckhahn (since October 15, 2021)	Europe USA & Canada	Europe USA & Canada	
Astrid Hermann (since January 1, 2021)	Finance tesa SE	Finance & Controlling Legal & Compliance IT tesa SE	Deputy Chairwoman of the Supervisory Board (since April 29, 2021): – tesa SE (intragroup, non-listed entity)
Thomas Ingelfinger	Europe (until December 31, 2021)		Chairman of the Advisory Board *(Beirat)*: – Tengelmann Verwaltungs- und Beteiligungs GmbH (non-listed entity)
Zhengrong Liu	Human Resources	Human Resources Sustainability General Services & Real Estate – Labor Director –	
Grita Loebsack (since January 1, 2022)	NIVEA	Brand Management Digital Marketing	
Ramon A. Mirt	Emerging Markets	Latin America Africa Asia (excluding Greater China/Korea) Russia	
Asim Naseer (until April 5, 2021)	Cosmetic Brands	Brand Management Category Development	
Patrick Rasquinet (since July 1, 2021)	Pharmacy & Selective	Derma Healthcare La Prairie	
Dessi Temperley (until April 5, 2021)	Finance tesa SE (until February 17, 2021)		Deputy Chairwoman of the Supervisory Board: – tesa SE (intragroup, non-listed entity) Member of the Board of Directors: – Coca-Cola European Partners plc, United Kingdom (listed entity)

[1] In connection with their Group management and supervisory duties, the members of the Executive Board of Beiersdorf AG also hold offices in comparable supervisory bodies at Group companies and other associated companies.

Hamburg, February 7, 2022
Beiersdorf AG

The Executive Board

Attestations

Independent Auditor's Report

To Beiersdorf Aktiengesellschaft

Report on the audit of the consolidated financial statements and of the group management report

Audit Opinions

We have audited the consolidated financial statements of Beiersdorf Aktiengesellschaft, Hamburg, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2021, and the consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity for the fiscal year from January 1 to December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Beiersdorf Aktiengesellschaft, which is combined with the management report of the company, for the fiscal year from January 1 to December 31, 2021. In accordance with the German legal requirements we have not audited the components of the group management report stated in the annex.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) of the German Commercial Code (*HGB*) and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2021, and of its financial performance for the fiscal year from January 1 to December 31, 2021, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the components of the group management report stated in the annex.

Pursuant to Sec. 322 (3) sentence 1 *HGB*, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 *HGB* and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the *Institut der Wirtschaftsprüfer* [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the Group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

Recognizing revenue from the sale of goods and products

Reasons why the matter was determined to be a key audit matter

The consolidated financial statements of Beiersdorf Aktiengesellschaft recognize revenue from the sale of goods and products, less discounts, customer bonuses, and rebates, and taking into account returns, when control over the goods and products has transferred to the customer. Considerations payable to trading partners are also deducted from revenue in those cases in which the consideration is not matched by a distinct product or service supplied and its fair value can be estimated reliably. Given the large number of different contractual arrangements and the judgment to be exercised as regards determining rebates, customer bonuses, discounts, and the terms and conditions of returns, there is an elevated risk of material misstatement in the recognition of revenue from the sale of goods and products on an accrual basis. Auditing of the recognition of revenue from the sale of goods and products was therefore one of the key audit matters.

Auditor's response

As part of our audit, we examined the accounting policies applied in the consolidated financial statements of Beiersdorf Aktiengesellschaft for the recognition of revenue from the sale of goods and products using the criteria defined in IFRS 15. We walked through the process for revenue recognition implemented by the executive directors of Beiersdorf Aktiengesellschaft for the Beiersdorf Group and the accruals for expected rebates, customer bonuses, discounts, and expected returns using selected transactions from order receipt to recognition in the consolidated financial statements, and tested and evaluated the effectiveness of controls implemented in this process. Moreover, we performed an examination on a test basis to determine whether the contractually agreed and awarded rebates, customer bonuses, and discounts, actual returns, as well as payments to trading partners without identifiable consideration were deducted from sales revenue on an accrual basis. In addition, we analyzed the calculation of still expected returns of goods and products and their deduction from sales revenue by comparing the plan and actual figures for the assumptions made in previous years, taking into account the contractual agreements made with customers. To prove the existence of sales revenue, we performed, among other things, an examination with the aid of data analyses to establish whether it led to the recognition of trade receivables and whether these receivables were in turn settled by payments received. We examined postings in December 2021 which involved large amounts compared with the average for the year in order to determine whether there were irregularities in respect of the accruals principle.

Our audit procedures did not give rise to any reservations in respect of the recognition of revenue from the sale of goods and products.

Reference to related disclosures

For the accounting policies applied in relation to the recognition of revenue from the sale of goods and products and for the associated disclosures on the exercise of judgment, we refer to the information in the notes to the consolidated financial statements, section "Significant Accounting Policies" in the chapter of the same name.

Current and deferred income taxes, import sales taxes and customs duties

Reasons why the matter was determined to be a key audit matter

The Beiersdorf Group operates its business activities in countries with different local tax and customs law, with the associated complexity in relation to the recognition of current and deferred income taxes and the accounting treatment of risks from import sales taxes and customs duties, namely the transfer prices applied, intragroup financing, and changing tax and customs laws. The calculation of provisions for income tax liabilities, the calculation of deferred tax items, and the accounting treatment of risks from import sales taxes and customs duties require the executive directors of Beiersdorf Aktiengesellschaft to exercise significant judgment in evaluating tax- and customs-related matters and to estimate tax and customs law risks as well as the recoverability of deferred tax assets.

Given the risks and their potential impact on the consolidated financial statements from current and deferred income taxes and from import sales taxes and customs duties, the complexity of the individual matters and the existing discretion in exercising judgment, auditing the current and deferred income taxes and import sales taxes and customs duties was one of the key audit matters.

Auditor's response

As part of the audit, we obtained an understanding of the Beiersdorf-Group's processes for assessing tax and customs law risks. As part of these processes, the executive directors of Beiersdorf Aktiengesellschaft regularly engage external tax experts to provide professional statements on individual matters. We involved our tax and customs experts with knowledge of the relevant local tax and customs law for the countries in question to evaluate the tax- and customs-related assessments made by the executive directors of Beiersdorf Aktiengesellschaft, taking into account any professional statements from external experts where these had been provided. We also examined the correspondence with the competent tax and customs authorities and the latest status of ongoing appeal proceedings and court cases. We examined the assumptions used to calculate current income tax provisions and deferred taxes and to account for risks from import sales taxes and customs duties, taking particular account of the transfer prices used, on the basis of our knowledge and experience of the current application of the relevant legal provisions by authorities and courts. We examined the assumptions about the recoverability of deferred tax assets on tax loss carryforwards and temporary differences by testing the plausibility of the underlying forecasts using the development of the relevant companies' results over recent years and publicly available information on the expected development of the markets concerned. We also evaluated the information in the notes to the consolidated financial statements of Beiersdorf Aktiengesellschaft on current and deferred income taxes and risks from import sales taxes and customs duties.

Our audit procedures did not give rise to any reservations in respect of the recognition of current and deferred income taxes or the accounting treatment of risks from import sales taxes and customs duties.

Reference to related disclosures

For the accounting policies applied in relation to current and deferred income taxes and the accounting treatment of risks from import sales taxes and customs duties, and for the associated disclosures on the exercise of judgment by the executive directors as well as the sources of estimation uncertainty, we refer to the information in the notes to the consolidated financial statements, section "Significant Accounting Policies" in the chapter of the same name; note 08 in the chapter "Notes to the Income Statement;" and note 29 in the chapter "Other Disclosures."

Legal disputes in connection with concluded antitrust proceedings

Reasons why the matter was determined to be a key audit matter

In October 2016, Beiersdorf Aktiengesellschaft was served with a claim for damages from the insolvency administrator of Anton Schlecker e. K. i. I., Ehingen (Donau), in connection with German antitrust proceedings that were concluded in 2013. Claims have been made against six other companies in addition to Beiersdorf Aktiengesellschaft. The claim by the insolvency administrator of Anton Schlecker e. K. i. I., Ehingen, Donau, which involves joint and several liability of all defendants, totals approximately EUR 200 million plus interest. This claim was dismissed by the court of first instance in fiscal 2018 and by the court of second instance in fiscal 2020 without the possibility of appeal to the Federal Court of Justice. The insolvency administrator of Anton Schlecker e. K. i. I., Ehingen (Donau), filed a complaint against the decision by the court of second instance not to permit an appeal at the Federal Court of Justice in Karlsruhe. In response to the plaintiff's complaint against the decision to deny leave to appeal, the Federal Court of Justice granted leave to appeal without a statement of grounds for its decision in January 2022. In connection with the above mentioned already concluded antitrust proceedings mentioned above, other customers of the Beiersdorf-Group in Germany and other countries filed claims for damages against the companies of the Beiersdorf-Group or announced claims out of court in fiscal years 2016 and 2017. Given the uncertainty that exists, accounting for the legal risks from the damages claims filed in the consolidated financial statements requires the executive directors of Beiersdorf Aktiengesellschaft to exercise significant judgment in evaluating whether and to what extent potential damages have arisen and the scale on which claims under joint and several liability may be enforced. In determining the amount of possible damages, there is considerable judgment in relation to the assumptions concerning the amount of the "overcharge" and the level of the "pass-on rate." The overcharge is the percentage difference between the prices actually observed on the market and the prices that would be expected in the absence of a cartel. The pass-on rate is the percentage of the supplier price increases that was passed on to customers.

Given the risks and potential impact on the consolidated financial statements from the legal disputes in connection with the concluded antitrust proceedings, the complexity of the individual matters, and the existing discretion in exercising judgment, auditing the legal disputes in connection with concluded antitrust proceedings was one of the key audit matters.

Auditor's response

We obtained an understanding of the Beiersdorf Group's processes for assessing legal risks. As part of these processes, the executive directors of Beiersdorf Aktiengesellschaft commissioned external lawyers to provide professional statements evaluating the legal basis for the claims filed and the potential joint and several liability, as well as reports from external experts calculating the extent of potential damages. We obtained confirmations from the external lawyers commissioned by BDF AG. We critically examined and evaluated these confirmations and supplementary internal documentation of BDF AG to ascertain whether there were possible changes from the original risk assessment and in the calculation of possible damages. We examined the existing claims for damages, statements of defense, replies to the statements of defense, court rulings by the court of first instance, and other correspondence to determine whether these had been taken into account in the original risk assessment by the executive directors of Beiersdorf Aktiengesellschaft. Furthermore, we obtained an understanding of the original calculation of possible damages, and particularly of the assumptions based on econometric models in relation to the amount of the overcharge and the level of the pass-on rate, by evaluating the external expert's methodology with the external expert. We also evaluated the professional qualifications, skills and objectivity of the external expert. In addition, our audit procedures involved assessing the disclosures in the notes to the consolidated financial statements of Beiersdorf Aktiengesellschaft on the legal risks arising from the damages claims filed.

Our audit procedures did not give rise to any reservations in respect of the accounting treatment of the legal risks arising from legal disputes in connection with antitrust proceedings already concluded.

Reference to related disclosures

For the disclosures concerning legal risks in connection with one concluded case of antitrust proceedings, we refer to the information in the notes to the consolidated financial statements, note 29 in the chapter "Other Disclosures."

Other information

The Supervisory Board is responsible for its own report. The executive directors and the Supervisory Board are responsible for the declaration on the German Corporate Governance Code in accordance with Sec. 161 of the German Stock Corporation Act (*AktG*), which is part of the Group's Corporate Governance Statement, and for the remuneration report in accordance with Sec. 162 *AktG*. The executive directors are responsible for the remaining other information. Other information comprises the components of the group management report stated in the annex, as well as the other components of the annual report, with the exception of the audited consolidated financial statements, the group management report and our related auditor's report, in particular the Executive Board's Responsibility Statement in accordance with Sec. 297 (2) sentence 4 *HGB*, the report by the Supervisory Board in accordance with Sec. 171 (2) *AktG*, and the sections "Magazine," "Letter from the Chairman," and "Beiersdorf's Shares and Investor Relations" in the annual report. We had obtained a version of this other information by the time this auditor's report was issued.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

If, on the basis of the activities that we have performed, we conclude that there has been a material misstatement of this other information, we are obliged to report that fact. We have nothing to report in this respect.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) *HGB* and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 *HGB* and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the *Institut der Wirtschaftsprüfer* will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) *HGB*.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with the law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the audit of the electronic reproductions of the consolidated financial statements and of the group management report prepared for the purposes of disclosure in accordance with Sec. 317 (3b) HGB

Audit opinion

In accordance with Sec. 317 (3a) *HGB*, we conducted an audit to determine with reasonable assurance whether the reproductions of the consolidated financial statements and of the group management report contained in the accompanying file "Beiersdorf_AG_KA+KLB_ESEF_2021-12-31.zip" (SHA-256 checksum: 90fcdd102b794a6a59cc80070b21a8bfa4359b1f882edd77bc406a53dad20419) and prepared for the purposes of disclosure (also referred to subsequently as "ESEF documents") comply, in all material respects, with the requirements for the electronic reporting format ("ESEF format") stipulated in Sec. 328 (1) *HGB*. In accordance with the German legal requirements, this audit only covers conversion of the information from the consolidated financial statements and group management report to the ESEF format and does not therefore cover the information contained in these reproductions or other information contained in the above-mentioned file. Under those requirements, our audit also does not cover the markups of the individual explanatory notes stated in the annex and made voluntarily by the Company.

In our opinion, the reproductions of the consolidated financial statements and of the group management report contained in the above-mentioned accompanying file and prepared for the purposes of disclosure comply, in all material respects, with the requirements for the electronic reporting format stipulated in Sec. 328 (1) *HGB*. Above and beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and accompanying group management report for the fiscal year from January 1 to December 31, 2021, contained in the above "Report on the audit of the consolidated financial statements and of the group management report," we do not express any opinion whatsoever on the information contained in these reproductions or on the other information contained in the above-mentioned file. We also do not express an opinion on the markups of the individual explanatory notes stated in the annex and made voluntarily by the Company.

Basis for the audit opinion

We conducted our audit of the reproductions of the consolidated financial statements and of the group management report contained in the above-mentioned accompanying file in accordance with Sec. 317 (3a) *HGB* in compliance with the draft IDW audit standard "Auditing of electronic reproductions of financial statements and management reports prepared for purposes of disclosure in accordance with Section 317 (3a) *HGB*" (IDW PS 410 (10.2021)). Our responsibilities under these requirements are further described in the section "Responsibility of the auditor of the consolidated financial statements for the audit of the ESEF documents." In conducting the audit, we applied the requirements stipulated for a quality assistance system in the IDW's quality assurance standard "Quality assurance requirements in auditing practice" (IDW QS 1).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The Company's executive directors are responsible for preparing the ESEF documents with the electronic reproductions of the consolidated financial statements and of the group management report in accordance with Sec. 328 (1) sentence 4 no. 1 *HGB* and for marking up the consolidated financial statements in accordance with Sec. 328 (1) sentence 4 no. 2 *HGB*.

In addition, the Company's executive directors are responsible for such internal control as they have determined necessary to enable the preparation of the ESEF documents that are free from material violations, whether due to fraud or error, of the requirements for the electronic reporting format stipulated in Sec. 328 (1) *HGB*.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Responsibility of the auditor of the consolidated financial statements for the audit of the ESEF documents

Our objectives are to obtain reasonable assurance about whether the ESEF documents are free from material violations, whether due to fraud or error, of the requirements stipulated in Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material violations of the requirements stipulated in Sec. 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of such control.

- Assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements relating to the technical specification for this file stipulated in the Delegated Regulation (EU) 2019/815 in the version applicable on the balance sheet date.

- Assess whether the ESEF documents enable reproduction of the audited consolidated financial statements and audited group management report with the identical content in XHTML format.

- Assess whether marking up of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of the Delegated Regulation (EU) 2019/815 in the version applicable on the balance sheet date enables an appropriate and full machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on April 1, 2021. We were engaged by the supervisory board on June 1, 2021. We have been the group auditor of Beiersdorf Aktiengesellschaft without interruption since fiscal year 2006.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

Other Matters – Use of the Auditor's Report

Our auditor's report must always be read in connection with the audited consolidated financial statements, the audited group management report and the audited ESEF documents. The consolidated financial statements and group management report converted into the ESEF format – including the versions to be published in the German Federal Gazette (*Bundesanzeiger*) – are only electronic reproductions of the audited consolidated financial statements and the audited group management report and do not replace them. In particular, the ESEF report and our opinion in it must be used only in conjunction with the audited ESEF documents provided in electronic form.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Marc Jeschonneck.

Annex to the auditor's report:

Components of the group management report not included in the audit

The following components of the group management report, which are part of "Other information," were not included in the audit:

- Non-financial Statement
- The Corporate Governance Statement

In addition, we have not audited the following disclosures that are not typical of or required in a management report. They are disclosures that are not prescribed by Sec. 315 and 315a HGB or Sec. 315b to 315d HGB.

- Special full-page graph, "Strengthen our brands by enriching their purpose" in the "Business and Strategy" chapter
- The sections on "Product highlights"; "R&D sustainability pledge"; "tesa Product and technology development" in the "Research and Development" chapter
- "People at Beiersdorf" chapter
- "Sustainability" chapter.

Hamburg, February 18, 2022
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Jeschonneck	**Siemer**
German Public Auditor	German Public Auditor

Independent Auditor's Report On A Limited Assurance Engagement

The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German version of the non-financial statement 2021 of Beiersdorf AG. The following text is a translation of the original German independent assurance report.

To Beiersdorf AG, Hamburg

We have performed a limited assurance engagement on the non-financial statement of Beiersdorf AG, Hamburg, (hereinafter the "Company"), which is combined with the non-financial statement of the Group, consisting of the section "Non-financial Statement 2021" as well as the disclosures marked with the symbol in the sections "Business and Strategy" and "People at Beiersdorf" of the Combined Management Report, for the period from 1 January 2021 to 31 December 2021 (hereinafter the "non-financial statement").

Not subject to our assurance engagement are other references to disclosures made outside the non-financial statement as well as prior-year disclosures.

Responsibilities of the executive directors

The executive directors of the Company are responsible for the preparation of the non-financial statement in accordance with Sec. 315c in conjunction with Secs. 289c to 289e *HGB* ["*Handelsgesetzbuch*": German Commercial Code] and Art. 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder as well as in accordance with their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as set out in section "EU Taxonomy Reporting" of the non-financial statement.

These responsibilities of the Company's executive directors include the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a non-financial statement that is free from material misstatement, whether due to fraud (manipulation of the non-financial) or error.

The EU Taxonomy Regulation and the Delegated Acts adopted thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "EU Taxonomy Reporting" of the non-financial statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and quality assurance of the auditor's firm

We have complied with the German professional requirements on independence as well as other professional conduct requirements.

Our audit firm applies the national legal requirements and professional pronouncements - in particular the BS WP/vBP ("*Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer*": Professional Charter for German Public Accountants/German Sworn Auditors) in the exercise of their Profession and the IDW Standard on Quality Management issued by the Institute of Public Auditors in Germany (IDW): Requirements for Quality Management in the Audit Firm (IDW QS 1) and accordingly maintains a comprehensive quality management system that includes documented policies and procedures with regard to compliance with professional ethical requirements, professional standards as well as relevant statutory and other legal requirements.

Responsibilities of the auditor

Our responsibility is to express a conclusion with limited assurance on the non-financial statement based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's non-financial statement are not prepared, in all material respects, in accordance with Sec. 315c in conjunction with Secs. 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by the executive directors disclosed in section "EU Taxonomy Reporting" of the non-financial statement. Not subject to our assurance engagement are other references to disclosures made outside the non-financial statement and prior-year disclosures.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the auditor.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Inquiries of the employees and inspection of documents regarding the selection of topics for the non-financial statement, the risk assessment and the policies of the Company and the Group for the topics identified as material,
- Inquiries of employees at Group level responsible for data capture and consolidation as well as the preparation of the non-financial statement, to evaluate the reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the assurance of the disclosures in the non-financial statement,

- Identification of likely risks of material misstatement in the non-financial statement,
- Inspection of the relevant documentation of the systems and processes for the collection, aggregation and validation of relevant data during the reporting period and testing such documentation on a sample basis,
- Analytical procedures regarding the quality of selected disclosures in the non-financial statement at Group level and at the level of the business segments Consumer and tesa,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of selected data,
- Evaluation of the processes to identify the taxonomy-eligible economic activities and the corresponding disclosures in the non-financial statement,
- Evaluation of the presentation of the non-financial statement.

In determining the disclosures in accordance with Art. 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the non-financial statement of the Company for the period from 1 January 2021 to 31 December 2021 is not prepared, in all material respects, in accordance with Sec. 315c in conjunction with Secs. 289c to 289e *HGB* and the EU Taxonomy Regulation and the Delegated Acts adopted thereunder as well as the interpretation by the executive directors as disclosed in section "EU Taxonomy Reporting" of the non-financial statement.

We do not express an assurance conclusion on the other references to disclosures made outside the non-financial statement as well as prior-year disclosures.

Restriction of use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. As a result, it may not be suitable for another purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

General Engagement Terms and Liability

The "*General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften* [German Public Auditors and Public Audit Firms]" dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (**www.de.ey.com/general-engagement-terms).** In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We accept 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 will not update the 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 summarized result of our work contained in this report to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Munich, February 18, 2022
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Richter
Wirtschaftsprüferin
(German Public Auditor)

Johne
Wirtschaftsprüferin
(German Public Auditor)

Responsibility Statement by the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group Management Report, which has been combined with the Management Report for Beiersdorf Aktiengesellschaft, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Hamburg, February 7, 2022
The Executive Board

Vincent Warnery
Chairman of the
Executive Board

Oswald Barckhahn
Member of the
Executive Board

Astrid Hermann
Member of the
Executive Board

Thomas Ingelfinger
Member of the
Executive Board

Zhengrong Liu
Member of the
Executive Board

Grita Loebsack
Member of the
Executive Board

Ramon A. Mirt
Member of the
Executive Board

Patrick Rasquinet
Member of the
Executive Board

Additional Information

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Remuneration Report

The remuneration report explains the structure and amount of the remuneration paid to current and former members of the Executive Board and the Supervisory Board of Beiersdorf AG in fiscal year 2021. It was prepared in accordance with the statutory provisions of § 162 *Aktiengesetz* (German Stock Corporation Act, *AktG*) as amended by the *Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie* (German Act on the Implementation of the Second Shareholders' Rights Directive, *ARUG II*) and also contains additional information on Executive Board and Supervisory Board remuneration. The auditor has examined whether the remuneration report contains the information required in accordance with § 162 (1) and (2) *AktG*. The auditor's report is included in this remuneration report.

1. Remuneration of the Executive Board

The Supervisory Board is responsible for setting the remuneration of the members of the Executive Board. It addressed the structure and appropriateness of Executive Board remuneration, as well as individual remuneration questions, at its meetings on January 29, 2021, February 12, 2021, February 16, 2021, April 1, 2021, April 27, 2021, June 28, 2021, August 31, 2021, October 25, 2021, and November 30, 2021. On February 4, 2022, the Supervisory Board determined the remuneration of the Executive Board for the reporting year. All decisions by the Supervisory Board in relation to Executive Board remuneration were prepared by the Presiding Committee of the Supervisory Board.

Remuneration system and process

The remuneration system for the Executive Board was revised in line with the *AktG*, as amended by *ARUG II*, as of January 1, 2021, and approved by the Annual General Meeting on April 1, 2021, with a majority of 87% of the votes cast. The remuneration system is published on the company's website at **www.beiersdorf.com/investors/corporate-governance/management-structure.** The main elements of the remuneration system are also summarized in this remuneration report.

The remuneration system applies to all members of the Executive Board newly appointed from 2021 on. In accordance with the underlying legal framework, the service contracts currently in force with the members of the Executive Board appointed prior to 2021, in particular the long-term variable compensation components, are in principle unaffected. Nevertheless, the Supervisory Board has agreed in principle with serving Executive Board members that the new remuneration system shall apply to them effective January 1, 2021. For the members who left the Executive Board in 2021, only the former remuneration system applied. This was last approved by the Annual General Meeting on April 20, 2017, with a majority of 77.3% of the votes cast.

Link to strategy and guiding principles of the remuneration system

The remuneration system for the Executive Board makes a material contribution to furthering and implementing the C.A.R.E.+ business strategy both in its entirety and with its individual components by creating incentives for sustained and value-oriented corporate development and taking into account the interests of the shareholders, customers, employees, business partners, environment, and society (stakeholders).

The business strategy is rooted in the clear ambition to grow competitively and sustainably through strategic priorities and the will to create greater value for people and society in the long term. In this way, Beiersdorf wants to expand its position in the skin care market and ensure sustained profitability.

The C.A.R.E.+ strategy entails the following strategic priorities:

- Digital Transformation: strengthen consumer proximity through new digital channels and technologies
- Skin Care: gain consumers' favor with superior skin care innovations and a strong portfolio of global brands
- Growth potential: tap new growth markets and business areas and leverage global growth potential
- Increasing productivity: accelerate growth through increased productivity
- Sustainability and Core Values: With the four Core Value attributes ("Care", "Simplicity", "Courage and Trust"), culture, sustainability, compliance as well as our employees' capabilities and skills, we are building on a strong foundation.

The structure of the remuneration system and the actual remuneration awarded on the basis of this system give the members of the Executive Board an incentive to pursue and achieve the goals defined in the strategy and thus work toward achieving sustainable and long-term growth of the company's enterprise value.

Beyond this strategic link, the Supervisory Board is guided by the following additional factors in structuring the remuneration system and determining the amount of remuneration:

Company's situation	The remuneration system is based on the company's operating, financial, and economic situation as well as its successes and outlook for the future.
Duties and performance of the Executive Board	The remuneration system takes into account the duties and performance of the Executive Board as a whole as well as of the individual members.
Pay for performance	The remuneration system defines appropriate performance indicators for determining the performance-tied variable remuneration, which accounts for most of the total remuneration, to ensure that the Executive Board's performance is appropriately rewarded, while taking due account of any failure to achieve the defined targets (pay for performance).
Appropriateness	The structure and amount of the Executive Board remuneration reflects customary market practice and is competitive. This is ensured by means of regular benchmarking against the relevant peer groups. In addition, the remuneration for the Executive Board is appropriately balanced in relation to the remuneration for the company's senior management and employees.
Consistency	The remuneration system for the Executive Board and senior management create comparable incentives and have predominantly uniform objectives (consistency of the remuneration system). In addition, the corporate targets for employees' variable remuneration are defined on the basis of the corporate goals defined for the remuneration of the Executive Board. This ensures consistent incentives and, hence, a uniform control effect.
Regulatory conformity	The new remuneration system for the Executive Board is consistent with the German Stock Corporation Act and takes account of the recommendations and suggestions of the German Corporate Governance Code.

Procedure for determining, implementing, and reviewing the remuneration system

The Supervisory Board has drawn up and approved the remuneration system in accordance with the statutory requirements and in the light of the recommendations and suggestions of the German Corporate Governance Code (except where the company has declared a deviation from that Code). In doing so, it was advised and supported by external remuneration advisors and by its Presiding Committee, particularly on questions concerning the appropriateness and market conformity of the amount of the remuneration, and by the Personnel Committee, particularly on questions concerning the remuneration structure.

The Supervisory Board regularly reviews the remuneration system, particularly with regard to its appropriateness and also in relation to comparable companies (horizontal comparison), and also within the company in relation to senior management and the workforce as a whole (vertical comparison), on the other hand. The review of the remuneration system is prepared by the Presiding Committee, which recommends any necessary adjustments to the remuneration system to the Supervisory Board. The Supervisory Board submits the remuneration system for approval by the Annual General Meeting in accordance with § 120a *AktG* in the event of any material change to the remuneration system and at least every four years.

Definition of specific target total remuneration and determination of the amount of remuneration

On the basis of the remuneration system, the Supervisory Board defines the specific target total remuneration for the individual members of the Executive Board comprising all fixed and variable remuneration components for the year including ancillary benefits.

The Supervisory Board defines the performance criteria for all variable compensation components for the fiscal year ahead at the recommendation of its Presiding Committee within the framework of the remuneration system. When defining the performance criteria, the Supervisory Board also determines the weighting of the individual performance criteria within the specific remuneration component. In addition, it ensures that the target remuneration under the variable remuneration components is generally tied more closely to strategic objectives than to operational ones and that the amount of the target remuneration under long-term remuneration components is higher than that under the short-term remuneration component. For the variable remuneration applicable in 2021, the Supervisory Board set the performance criteria following submission of the multi-year planning prepared by the Executive Board.

After the end of the fiscal year (or, in the case of long-term variable remuneration, after the end of the last fiscal year of the assessment period, the Supervisory Board sets the specific target achievement at the recommendation of its Presiding Committee. For this purpose, achievement of the financial targets is determined in connection with the preparation and approval of the annual and consolidated financial statements. Achievement of the non-financial targets is determined after detailed consultation derived from a comparison of the target/actual achievement of individual performance criteria. The Supervisory Board sets the variable remuneration and the total remuneration for the previous fiscal year on the basis of the target achievement.

Appropriateness and market conformity of the remuneration/comparison with market environment and employee remuneration

In determining remuneration, the Supervisory Board pays particular attention to ensuring that the target remuneration appropriately reflects the duties (including division responsibilities) and performance of the member of the Executive Board. In addition to distinctions based on specific functions, e.g., the position of Chairman of the Executive Board and regional responsibilities, the Supervisory Board may also, at its own due discretion, take account of other criteria such as location, experience, and length of service. The Supervisory Board also ensures that the remuneration of the Executive Board appropriately reflects the company's net assets, financial position, results of operations, and prospects for the future and does not exceed the customary remuneration without reason.

In assessing appropriateness and market conformity, the Supervisory Board particularly considers the specific competitive situation (horizontal comparison). For this purpose, the Supervisory Board considers relevant peer groups, which are selected on the basis of Beiersdorf's market position (particularly country, sector, and size). The peer groups comprise companies listed in the German DAX and MDAX equity indexes, on the one hand, and an international sector peer group, on the other. The sector peer group is generally composed of the following 12 international peers: Avon Products, Colgate-Palmolive, Edgewell Personal Care, Estée Lauder, Henkel, Johnson & Johnson, L'Oréal, Procter & Gamble, Reckitt, Shiseido, Unilever, and Marico. The Supervisory Board may, at its own due discretion, make changes to the composition of the peer group in the event of any material change in the comparability of individual companies for any reason. The horizontal comparison is also intended to ensure that the Executive Board receives competitive remuneration that conforms to standard market practice.

To ensure appropriate Executive Board remuneration in conformance with standard market practice, the Supervisory Board also considers its relationship to the company's internal remuneration structure (vertical comparison). To this end, it compares the amount of the average annual target remuneration paid to senior management, comprising the first and second management group of the Consumer Business Segment in Germany below the Executive Board, with the Executive Board remuneration. Moreover, the Executive Board remuneration is compared with the amount of the average annual remuneration across all employees in the Consumer Business Segment in Germany (including senior management). The ratio thus determined is also reviewed over time.

Remuneration structure and elements

a) Overview

The total remuneration payable to the members of the Executive Board is composed of fixed and variable elements. The fixed remuneration, which is not tied to performance, comprises the base remuneration plus ancillary benefits. The variable remuneration is composed of a short-term variable bonus with annual targets (Variable Bonus) and a long-term variable bonus with predominantly strategic targets (LTP). It may also contain a multi-annual bonus (MAB) that is tied primarily to the targets defined for the area of responsibility of that member of the Executive Board. In addition, the members of the Executive Board may be awarded a reappointment bonus (may also be tied to performance).

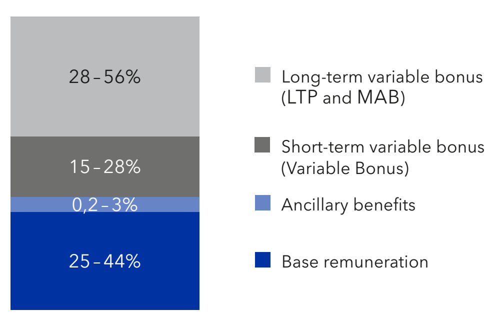
The LTP can be converted into a defined contribution benefit commitment (see g) below). Other than this, there are no pension commitments for the serving members of the Executive Board.

REMUNERATION COMPONENTS

Non-performance-tied remuneration		Base remuneration	Fixed annual amount paid in 12 equal instalments at the end of the calendar month.
		Ancillary benefits	Customary benefits, such as company car, insurance, reimbursement of job-related relocation costs. In addition, secondment-related benefits may be granted.
Performance-tied remuneration	Retention and claw-back	Variable Bonus	- Period: one year - Performance criteria: performance of the Consumer Business Segment; joint (financial/non-financial) and individual targets - Cap: 200%
		Long-term variable bonus (LTP)	- Period: four years - Performance criteria: strategy-related and/or non-financial targets - Cap: 200%
		Multi-annual bonus (MAB)	- Period: duration of the appointment or at least three years - Performance criteria: annual growth and increase in market shares or other KPIs from the respective Executive Board member's area of responsibility - Cap: 200%
Maximum remuneration			The maximum total remuneration is €9 million per year for the Chairman of the Executive Board and € 6 million per year for each ordinary member of the Executive Board.

As a rule, the relative share of the base remuneration, on the one hand, and the short-term and long-term variable remuneration, on the other, breaks down as follows (including regular ancillary benefits, but excluding any secondment-related benefits and reappointment bonuses):

RELATIVE SHARES OF THE REMUNERATION COMPONENTS



In this description of the relative shares, long-term variable remuneration components (MAB and LTP) are included with an annual target value on a prorated basis, notwithstanding the fact that they are not due for payment until the end of the period. If a member of the Executive Board is granted a reappointment bonus, this is oriented towards the annual target total remuneration at the beginning of the first appointment period. The secondment-related benefits may equal an amount of up to 100% of the base remuneration depending on the location (see b) below for a breakdown of ancillary benefits). The relative shares accounted for by the other remuneration components are modified correspondingly in these cases.

The variable remuneration is predominantly measured over a multi-year period. In addition, the share of variable remuneration from long-term targets exceeds the share from short-term targets.

The remuneration of the individual members of the Executive Board in 2021, including the relative shares of the remuneration components granted and owed (within the meaning of § 162 (1) sentence 2 no. 1 *AktG*) is reported in the "Remuneration of the individual Executive Board members in 2021" section.

b) Base remuneration

The base remuneration is a fixed annual amount paid in 12 equal installments at the end of each calendar month. If the employment contract begins or ends part way through a fiscal year, the base remuneration for that fiscal year is paid pro rata.

Together with the other remuneration components, the base remuneration forms the basis for recruiting and retaining the highly qualified members required by the Executive Board to develop and implement the business strategy. The remuneration should reflect both the duties and performance of the individual Executive Board members and their skills and experience.

c) Ancillary benefits

Each Executive Board member receives customary non-cash remuneration components and other ancillary benefits. The regular benefits may include:

- provision of a company car, which may also be used for private purposes. In accordance with the Group's "Green Car Policy," the emissions produced by the company car must not exceed a certain carbon threshold. In lieu of a company car, a monthly "cash for car" allowance may also be granted.
- customary insurance cover, including contributions to health and accident insurance, as well as to any invalidity and surviving dependents policies
- reimbursement of job-related relocation costs
- allowance for school expenses

If, at the request of the company, a member of the Executive Board relocates work location or residence or does not maintain them at the headquarters of the company, other benefits may be granted. Such secondment-related benefits may particularly include:

- foreign-secondment allowance to cover the cost of accommodation at the place of residence
- cost of flights for the member of the Executive Board and corresponding family to and from the place of residence
- further health insurance expenses

d) Reappointment

In individual cases, the Supervisory Board may agree on a bonus at the beginning of an initial appointment, payable in the event of reappointment. This reappointment bonus is due upon the reappointment taking effect ("reappointment bonus").

The Supervisory Board may at its own due discretion determine the structure of the reappointment bonus, in particular as a performance-related bonus, to which the performance criteria defined for the Variable Bonus (see e) below) or the MAB (see f)) apply.

Irrespective of the (possible) agreement of a reappointment bonus with the individual members of the Executive Board, no reappointment bonus was granted (within the meaning of § 162 *AktG*) in 2021.

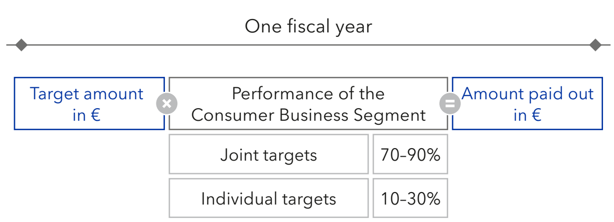
e) Variable Bonus

The members of the Executive Board receive for each fiscal year a Variable Bonus tied to the performance of the Consumer Business Segment, which is paid out after the Annual General Meeting of the year following the fiscal year in question.

The Variable Bonus is composed of joint and individual performance criteria that are tied to the company's financial and non-financial performance as well as its strategic and operational development. The joint targets are given a weighting of 70–90% and the individual targets a weighting of 10–30%.

The Supervisory Board determines the selection and weighting of the individual performance criteria at the recommendation of the Presiding Committee for the new fiscal year. With respect to the total Variable Bonus, the individual performance criteria for the joint targets generally have a weighting of 10–40% and the individual targets a weighting of 5–20%.

VARIABLE BONUS



At the Supervisory Board's discretion, the Variable Bonus may be based on the following performance criteria:

JOINT TARGETS

Financial targets	Revenue	Revenue growth in the Consumer Business, Segment could be subject to elimination of exceptional effects, e.g. currency-translation effects and M&A.
	EBIT margin	Increase in earnings before interest and tax in the Consumer Business Segment as a percentage of revenues, subject to elimination of exceptional effects, e.g. currency-translation effects and M&A.
	Market shares and position	Increase in market shares and position in the relevant categories, particularly skin care, also in new channels and markets.
Non-financial targets	Innovations	Strategic skin care initiatives and innovations.
	Digitalization	Strategic digitalization initiatives, e.g. share of digital media, e-commerce, infrastructure, data analytics, and processes.
	Sustainability	Implementation of the sustainability agenda, particularly with a view to the seven focus areas, e.g.: – Reduction of carbon emissions – Increase in the proportion of recyclable resources and packaging – Use of renewable raw materials

INDIVIDUAL TARGETS

Non-financial targets	People	Measures in connection with human resources management, e.g.: – Succession planning, including identification and development of suitable candidates for the Executive Board and management – Reinforcement and development of Beiersdorf employees' skills and capabilities
	Diversity	Measures for enhancing diversity, e.g. – Increase in the proportion of internationally active employees or foreign transfers – Promotion of gender diversity
Other personal targets		Contribution to joint targets from functional or regional responsibilities or other personal targets.

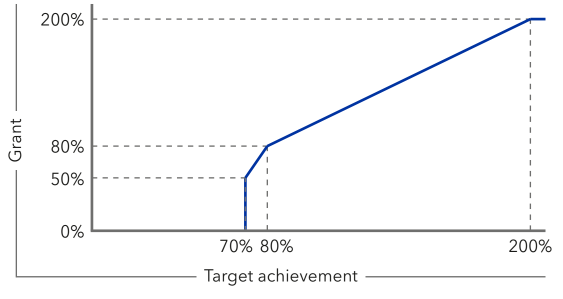
The performance criteria underlying the Variable Bonus create an incentive for the Executive Board to increase the company's enterprise value on a sustained and long-term basis in line with the C.A.R.E.+ strategy. In particular, revenues are to be increased by opening up new growth markets and areas of business, while profitability is to be improved by means of simultaneous investments in innovations. Market shares are to be widened and market positions strengthened by reinforcing the global brands and improving consumer proximity as well as through new digital channels and technologies. The performance criteria defined in the sustainability agenda and those related to diversity also reflect – in line with the Core Values underlying the strategy – the responsibility that the Executive Board has for creating long-term value for people, the environment, and society.

As a general rule, the targets defined for the performance criteria are based on the applicable annual planning. Similarly, measurable criteria are defined for the non-financial targets as far as possible. Depending on the individual case, these may be derived from the annual planning, strategic projects, or other activities. The achievement of non-financial targets is determined by comparing actual with target achievement.

On this basis, the Supervisory Board defines percentage target-achievement levels for the components of the Variable Bonus after the end of the fiscal year. The following target-achievement levels apply:

- The applicable components are omitted if target achievement is less than 70%.
- 50% of the target amount defined for the component in question is granted for target achievement of 70%.
- 80% of the target amount defined for the component in question is granted for target achievement of 80%.
- 200% of the target amount defined for the component in question is granted for target achievement of 200%. A cap is applied to target achievement of above 200%.
- The intermediate values are interpolated on a linear basis.

TARGET ACHIEVEMENT LEVELS VARIABLE BONUS



Subsequently, the total target achievement for and the amount of the Variable Bonus is calculated on the basis of the target achievement for the individual components.

To allow for extraordinary developments, the Supervisory Board may at its own due discretion raise or lower the Variable Bonus by up to 20%. Additionally, the members of the Executive Board are able to transfer bonus entitlements to the long-term variable remuneration LTP; no use was made of this option in 2021.

For the Variable Bonus for fiscal year 2020, which was paid out after the 2021 Annual General Meeting and is therefore to be reported as "remuneration granted and owed" in fiscal year 2021 in accordance with § 162 (1) sentence 1 *AktG*, the Supervisory Board in April 2020 assumed 100% achievement of the joint performance targets, consisting of sales growth, development of market share, and the initiatives of the C.A.R.E.+ strategy and comprising 80% of the Variable Bonus for 2020, in order to take account of the impact of the COVID-19 pandemic and the need for appropriate incentivization of the Executive Board (see also the Declaration of Compliance for 2020). The personal targets of Executive Board members that made up 20% of the bonus were unaffected by this. The following table shows target achievement for the respective performance criteria and overall target achievement for the 2020 Variable Bonus. The payout amount determined on this basis and paid out after the 2021 Annual General Meeting is reported in the table "Executive Board remuneration granted and owed in accordance with § 162 (1) *AktG*" in the "Variable Bonus 2021" column.

VARIABLE BONUS 2020 (PAYOUT IN 2021): PERFORMANCE CRITERIA AND TARGET ACHIEVEMENT

	Performance criteria	Weighting	Target achievement
Joint targets	Sales growth	20%	100%
	Market share development	30%	100%
	Initiatives within the C.A.R.E.+ strategy, incl. diversity, digitalization, and sustainability	30%	100%
	Target achievement for joint targets	80%	100%
Individual targets	Contribution to joint targets from functional or regional responsibilities or other personal targets	20%	
Total target achievement	Vincent Warnery	100%	132%
	Thomas Ingelfinger	100%	110%
	Zhengrong Liu	100%	113.3%
	Stefan De Loecker	100%	126.5%
	Ramon A. Mirt	100%	116.6%
	Asim Naseer	100%	107.8%
	Dessi Temperley	100%	110%

Moreover, the following table shows target achievement for the joint and individual performance criteria and target achievement for the 2021 Variable Bonus, which will not be due for payment until after the 2022 Annual General Meeting. The payout amount determined on this basis can be found in the "Variable Bonus 2021" column of the table "Reconciliation to total remuneration in accordance with the *HGB* and in the "Allocations 2021" column of the remuneration tables prepared in accordance with the German Corporate Governance Code (old version).

VARIABLE BONUS 2021 (PAYOUT IN 2022): PERFORMANCE CRITERIA AND TARGET ACHIEVEMENT[1]

	Performance criteria	Weighting	Target achievement
Joint targets	Increase of share in the skin care market	30%	100%
	Digital transformation, in particular increase in sales from e-commerce and in the share of digital media	20%	125%
	Sustainability, in particular 100% freedom from microplastics NIVEA (as defined by the UNEP) and reduction in CO_2 by 12% (versus 2018)	20%	113%
	Personnel development, in particular succession and development plan	10%	125%
	Target achievement for joint targets	80%	120%[2]
Individual targets	Contribution to joint targets from functional or regional responsibilities or other personal targets	20%	
Total target achievement	Vincent Warnery	100%	129.3%
	Oswald Barckhahn	100%	116%
	Astrid Hermann	100%	116%
	Thomas Ingelfinger	100%	119.1%
	Zhengrong Liu	100%	118%
	Ramon A. Mirt	100%	134.3%
	Patrick Rasquinet	100%	117.5%

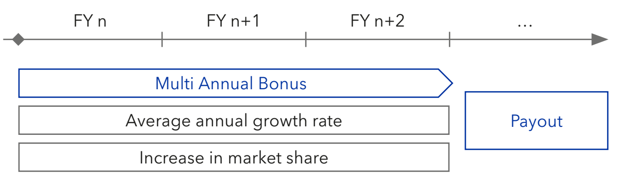
1 The Variable Bonus was prorated for members of the Executive Board who stepped down in 2021 (Stefan De Loecker, Dessi Temperley, and Asim Naseer); for the arrangements for the members who stepped down from the Executive Board in 2021, please refer to the section "Remuneration of the individual Executive Board members in 2021."
2 The target achievement contains a slight increase that the Supervisory Board has set at its own due discretion.

f) Multi-annual bonus (MAB)

The long-term variable remuneration for the members of the Executive Board may additionally include a multi-annual bonus. The MAB particularly has the strategic purpose of strengthening Beiersdorf in regional growth markets or specific business areas.

The performance criteria for the MAB are derived from the targets defined for the areas of responsibility assigned to the members of the Executive Board. In particular, target achievement may be measured on the basis of growth according to annual or multi-annual corporate planning and by reference to the growth in market shares in the applicable region or business area during the appointment of the relevant member of the Executive Board or over a period of at least three years.

MULTI ANNUAL BONUS



Percentage target achievement is also measured in accordance with the arrangements for the Variable Bonus (see description of "Target achievement levels Variable Bonus" in e) above). To allow for any extraordinary developments, the Supervisory Board may at its own due discretion raise or lower the MAB by up to 20%.

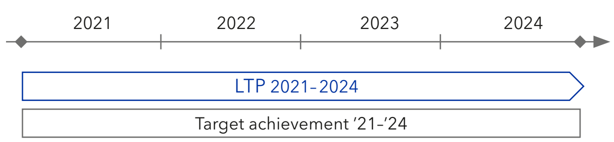
It was agreed that Vincent Warnery and Ramon A. Mirt will receive an MAB for 2021. The MAB of Vincent Warnery is calculated for the period since 2020 among other things, based on the average annual growth rate in accordance with corporate planning and also based on the increase in market share in the regions for which he was responsible until April 30, 2021. The MAB of Ramon A. Mirt for the period from 2019 to 2024 is calculated based on the average annual growth rate in accordance with corporate planning in his regions and also based on the increase in market share throughout his term of office as a member of the Executive Board. The MAB will only become due for payment after the end of the bonus period. Accordingly, no MAB was "granted and owed" within the meaning of § 162 (1) *AktG* in 2021.

g) Long-term bonus (LTP)

LTP 2021–2024

Executive Board members receive a multi-annual bonus measured on the basis of the targets for the achievement of strategic criteria after the expiry of a four-year bonus period from 2021 through 2024 (LTP 2021–2024). For Executive Board members appointed during the current LTP 2021–2024 bonus period, a prorated bonus period up to the end of 2024 applies. The LTP 2021–2024 will be due for payment after the Annual General Meeting in 2025; due to this, irrespective of the fact that it has been agreed in principle, no payments from the LTP 2021–2024 were made or were due in 2021 as the bonus period is still running; accordingly, the LTP 2021–2024 is not "granted and owed" within the meaning of § 162 (1) *AktG*.

LONG-TERM BONUS



The LTP 2021–2024 makes a material contribution to advancing the company's C.A.R.E.+ strategy by giving the Executive Board an incentive for securing sustainable and profitable growth particularly by strengthening the focus on skin care, sustainability, digitalization, opening up new growth markets and business areas, innovations, and human resource development.

Joint targets for all members of the Executive Board apply to the LTP 2021–2024 and are tied to the company's strategic development. They can be weighted individually depending on the duties involved. For this purpose, the Supervisory Board defines measurable non-financial or financial criteria, which are primarily derived from the implementation of the C.A.R.E.+ strategy and the multi-annual planning required to be submitted to the Supervisory Board for approval.

On the recommendation of its Presiding Committee, the Supervisory Board has set the following criteria and weightings for the LTP 2021–2024:

Digital transformation, especially an increase in e-commerce sales up to 2024	**20%**
Win with Skin Care, especially positioning as a leading skin care company	**20%**
Opening up new growth markets and areas of business	**20%**
Sustainability, especially reducing global CO_2 emissions by 20% (versus 2018) and increasing the share of recyclable materials in plastic packaging to 20%, each by 2024	**20%**
Diversity and employee development, especially increasing the proportion of women at management levels MG 1–4 to 45% and succession planning for MG 1–4	**20%**

After the expiry of the bonus period, the Supervisory Board defines the percentage target achievement levels between 0 and 200% for LTP 2021–2024. At or above an overall target achievement of 90%, target achievement for the aforementioned strategic targets is weighted with the target achievement for other performance criteria (including financial performance criteria) from the multi-year planning. As specified by the Supervisory Board, sales growth accounts for half of these performance criteria (in accordance with annual planning, +/–10% EBIT deviation from plan). Increasing market share in the Consumer categories (with a focus on skin care) in the countries with the highest sales accounts for the other half of the performance criteria. In addition, the Supervisory Board may at its own due discretion raise or lower the target achievement for the LTP and the resultant bonus by up to 20% for objective reasons, for example in response to extraordinary developments.

The members of the Executive Board also have the option, effective expiry of the bonus period in 2024, of converting all or part of the long-term LTP into a pension commitment in the form of a defined contribution commitment for which a reinsurance policy can be concluded.

LTP Enterprise Value Component under the old remuneration system

As per their contracts, the Executive Board members who stepped down from the Executive Board in 2021, but also the members who will step down in 2022, received in 2021 a share in the increase in enterprise value for the Consumer Business Segment in the form of a multi-annual bonus (LTP Enterprise Value Component). This was based on a mathematical formula drawn from the annual financial statements at the beginning and end of their terms of office. For the other serving members of the Executive Board appointed prior to 2021, the LTP Enterprise Value Component continued to apply as per their contracts, unless it was settled. The Supervisory Board has agreed on rules in this respect to prevent inappropriately high remuneration as a result of the LTP Enterprise Value Component and the new LTP 2021–2024.

Under the LTP Enterprise Value Component, Executive Board members are allocated a notional share of the enterprise value (Base Virtual Units, BVU) at the start of their period of appointment or reappointment. The Executive Board member will be paid their share of the percentage increase in the LTP Enterprise Value Component once their period of appointment or reappointment has ended and following, where applicable, an additional vesting period ("bonus period"), if the Annual General Meeting approves the Executive Board member's actions.

The increase in enterprise value corresponds to the percentage share of the Executive Board member's (notionally allocated) Enterprise Value Component that will be paid to them. For the Executive Board members appointed before 2017, the enterprise value is calculated as a multiple of sales and EBIT as reported in the consolidated financial statements. The increase in value is the increase in enterprise value from the beginning to the end of the bonus period. In each case, this is calculated as an average over three years. For Executive Board members appointed from 2017 onwards, enterprise value is calculated from the increase in sales from the beginning to the end of the bonus period, unless EBIT deviates by more than 10% from plan.

As with the Variable Bonus, sales are adjusted for special factors. If applicable, EBIT is adjusted for, among other things, any deviations from the plan for marketing expenses as well as expenses for research and development compared with the start of the bonus period. In individual cases, the Supervisory Board is also entitled to make adjustments following due assessment of the circumstances, for instance by adjusting for special factors and inflation or by increasing or decreasing the LTP Enterprise Value Component for objective reasons by up to 20%.

With the LTP Enterprise Value Component, the Executive Board members can also share in the enterprise's performance by making a personal investment and acquiring Covered Virtual Units (CVU). This personal investment is made by retaining bonus payments due under the Variable Bonus, by the Executive Board member providing collateral (e.g. by pledging a suitable asset), or by way of allocation. The Covered Virtual Units participate in positive and negative percentage changes in the value of the Enterprise Value Component. They vest immediately. If they are retained or allocated, they are paid out in full or in part, or not paid out, after being adjusted on the basis of the enterprise value performance. For Covered Virtual Units, the Executive Board member may receive a further Enterprise Value Component in the same amount (Matching Virtual Units, MVU), corresponding to the Base Virtual Units.

As a rule, the LTP Enterprise Value Component is limited to a maximum amount for each member of the Executive Board (200% cap, corresponding to around 10% p.a.). This does not apply to Covered Virtual Units, since the Executive Board member is also exposed to a risk of loss in this case. If an Executive Board member is active for a period shorter than the respective member's period of appointment, the LTP Enterprise Value Component is reduced pro rata. The LTP Enterprise Value Component is forfeited in the event that an Executive Board member's contract is terminated prematurely at the request of the Executive Board member or by the company for good cause.

Irrespective of the fact that a LTP Enterprise Value Component has been agreed in principle to said members of the Executive Board, no payments from the LTP Enterprise Value Component were made or were due in 2021 as the bonus period is still running; accordingly, it is not "granted and owed" within the meaning of § 162 (1) *AktG*.

Capping of the variable remuneration and maximum remuneration

The amount of all variable remuneration elements (Variable Bonus, LTP, and MAB, if granted) is capped at 200% of the applicable individual target amount. The amount of the maximum total remuneration is determined on the basis of this relative cap taking into account all fixed and other remuneration components that may be granted to a member of the Executive Board depending on the individual case.

The maximum remuneration is €9 million per year for the Chairman of the Executive Board and €6 million per year for each ordinary member of the Executive Board. This maximum remuneration contains the amounts of the long-term variable remuneration (MAB and LTP) with an annual target value on a prorated basis, notwithstanding the fact that they are not due for payment until the end of the period. Compliance with the maximum remuneration in 2021 as per § 162 (1) sentence 2 no. 7 *AktG* is shown in the table "Executive Board remuneration granted and owed in accordance with § 162 (1) *AktG*".

Retention and claw-back arrangements

The Supervisory Board has the possibility of reducing or retaining at its own due discretion the variable remuneration by up to 20% to appropriately take account of exceptional circumstances.

Under the remuneration system applicable from 2021, variable remuneration components that have already been determined or paid may be retained or claimed back by the Supervisory Board if the basis for calculating the original target achievement, particularly the applicable consolidated financial statements, subsequently proves to be materially incorrect due to new facts or evidence ("claw-back"). However, this possibility is barred no later than three years after payment. This does not prejudice any other remedies that the company may have to recover damages from the member of the Executive Board, particularly under § 93 (2) *AktG*. The Supervisory Board did not make use of this possibility in 2021.

Rules in relation to termination of Executive Board members' duties

In the event of the premature termination of the office or activities of a member of the Executive Board for reasons beyond that member's control, the Executive Board service agreements provide for a cap on the termination benefits or other payments of twice the value of the base remuneration and twice the value of the annual Variable Bonus and any MAB or a cap equaling the total target remuneration for the remaining period of the service agreement.

If the contract of a member of the Executive Board is terminated, the disbursement of any remaining variable remuneration components attributable to the period up until the termination of the contract is based on the originally agreed targets and comparison parameters as well as the due dates or holding periods stipulated in the contract. In individual cases, the Supervisory Board may provide a lump-sum payment to cover any outstanding variable remuneration components in the event of the premature termination of the service contract.

Upon the premature termination of the Executive Board member's duties at the company's request, except in the case of termination for good cause for reasons within the member's control, the Variable Bonus (depending on entitlement) and the MAB as well as the LTP are granted on a prorated basis. If the member of the Executive Board resigns at his or her own instigation or for good cause for reasons within the respective member's control, all claims under the MAB and the LTP will lapse. Claims under the Variable Bonus for the year of resignation will also lapse unless higher target achievement can be clearly demonstrated.

There are no commitments covering the premature termination of the contract of a member of the Executive Board due to a change of control.

For the duration of the post-contractual noncompete agreement of regularly 24 months, the relevant members of the Executive Board are entitled to claim compensation equaling half the most recently agreed annual base remuneration and half their short-term Variable Bonus. The company may waive enforcement of the post-contractual noncompete agreement at any time, however no later than six months before the termination of the contract and, in the event of the contract's premature termination, also waive this six-month period. In this respect, no compensation may be claimed.

On the specific arrangements for the members who stepped down from the Executive Board in 2021, please refer to the next section "Remuneration of the individual Executive Board members in 2021".

Remuneration of the individual Executive Board members in 2021

The following table shows the "remuneration granted and owned" to each member of the Executive Board within the meaning of § 162 (1) sentence 1 *AktG*. This comprises the remuneration received in the fiscal year and the remuneration awarded for the fiscal year and due for payment but not (yet) received. It includes the base remuneration and the ancillary benefits actually received in the relevant fiscal year, including any reappointment bonuses. The short-term Variable Bonus agreed for the reporting year is not reported here, as this is only set after the end of the reporting year and only paid out once actions have been approved by the following year's Annual General Meeting. Instead, the previous year's short-term Variable Bonus, which was paid out after the Annual General Meeting in the reporting year, is shown as remuneration "granted and owed" in the reporting year within the meaning of § 162 (1) sentence 1 *AktG*. Finally, any long-term variable remuneration components (MAB and LTP) are reported as "granted and owed" only if they were actually received or became due in the reporting year.

The table also shows the relative shares of fixed and variable remuneration. These shares also relate to the remuneration granted and owed in the relevant fiscal year within the meaning of § 162 (1) sentence 1 *AktG*. Therefore, they are therefore not comparable with the relative shares in the description of the remuneration system in accordance with § 87a (1) no. 3 *AktG*, which refer to the respective targets or, in the case of long-term variable remuneration, to the annual target values on a prorated basis (see "Remuneration structure and elements" above). Lastly, the table compares the maximum remuneration of Executive Board members set by the remuneration system with the remuneration granted and owed in 2021 in accordance with § 162 (1) sentence 2 no. 7 *AktG*. This comparison shows compliance with the maximum remuneration for each Executive Board member in 2021.

EXECUTIVE BOARD REMUNERATION GRANTED AND OWED IN ACCORDANCE WITH § 162 (1) *AKTG*/MAXIMUM REMUNERATION (IN € THOUSAND)

	Fixed basic remuneration		Ancillary benefits		Variable Bonus		MAB		LTP		Total		Maximum remuneration (remuneration system)
	2020[1]	2021	2020	2021	from 2019 2020	from 2020 2021	2020	2021	2020	2021	2020	2021	
Vincent Warnery (Chairman since May 1, 2021)	425	841	14	18	450	396	–	–	–	–	889	1,255	8,000
Relative share	*48%*	*67%*	*2%*	*1%*	*51%*	*32%*	*0%*	*0%*	*0%*	*0%*	*100%*	*100%*	
Oswald Barckhahn (since October 15, 2021)	–	105	–	64	–	–	–	–	–	–	–	169	1,315
Relative share	*–*	*62%*	*–*	*38%*	*–*	*0%*	*–*	*0%*	*–*	*0%*	*–*	*100%*	
Astrid Hermann	–	500	–	179	–	–	–	–	–	–	–	679	6,000
Relative share	*–*	*74%*	*–*	*26%*	*–*	*0%*	*–*	*0%*	*–*	*0%*	*–*	*100%*	
Thomas Ingelfinger	383	450	8	18	462	385	–	–	–	–	853	853	6,000
Relative share	*45%*	*53%*	*1%*	*2%*	*54%*	*45%*	*0%*	*0%*	*0%*	*0%*	*100%*	*100%*	
Zhengrong Liu	425	500	38	193[2]	417	340	–	–	–	–	880	1,033	6,000
Relative share	*48%*	*48%*	*4%*	*19%*	*47%*	*33%*	*0%*	*0%*	*0%*	*0%*	*100%*	*100%*	
Stefan De Loecker (until June 30, 2021)	850	500	9	7	1,390	1,265	–	–	–	–	2,249	1,772	4,500
Relative share	*38%*	*28%*	*0%*	*0%*	*62%*	*71%*	*0%*	*0%*	*0%*	*0%*	*100%*	*100%*	
Ramon A. Mirt	425	500	451	472	348	350	–	–	–	–	1,224	1,322[3]	6,000
Relative share	*35%*	*38%*	*37%*	*36%*	*28%*	*26%*	*0%*	*0%*	*0%*	*0%*	*100%*	*100%*	
Asim Naseer (untilApril 5, 2021)	425	130	116	19	402	323	–	–	–	–	943	472	1,562
Relative share	*45%*	*28%*	*12%*	*4%*	*43%*	*68%*	*0%*	*0%*	*0%*	*0%*	*100%*	*100%*	
Patrick Rasquinet (since July 1, 2021)	–	250	–	233	–	–	–	–	–	–	–	483[4]	3,500
Relative share	*–*	*52%*	*–*	*48%*	*–*	*0%*	*–*	*0%*	*–*	*0%*	*–*	*100%*	
Dessi Temperley (until April 5, 2021)	408	125	15	10	417	330	–	–	–	–	840	465	1,562
Relative share	*49%*	*27%*	*2%*	*2%*	*50%*	*71%*	*0%*	*0%*	*0%*	*0%*	*100%*	*100%*	
Subtotal	**3,341**	**3,901**	**651**	**1,213**	**3,886**	**3,389**	**–**	**–**	**–**	**–**	**7,878**	**8,503**	
Remuneration in 2021 to Executive Board members who have stepped down													
Ralph Gusko (until December 31, 2019)	500	500	194	17	400	400	–	–	–	–	1,094	917	n/a
Relative share	*46%*	*55%*	*18%*	*2%*	*37%*	*44%*	*0%*	*0%*	*0%*	*0%*	*100%*	*100%*	
Stefan De Loecker (until June 30, 2021)	–	500	–	–	–	–	–	–	–	–	–	500	4,500
Relative share	*–*	*100%*	*–*	*0%*	*–*	*0%*	*–*	*0%*	*–*	*0%*	*–*	*100%*	
Asim Naseer (until April 5, 2021)	–	370	–	–	–	–	–	–	–	–	–	370	4,438
Relative share	*–*	*100%*	*–*	*0%*	*–*	*0%*	*–*	*0%*	*–*	*0%*	*–*	*100%*	
Dessi Temperley (until April 5, 2021)	–	115	–	–	–	–	–	–	–	–	–	115	4,438
Relative share	*–*	*100%*	*–*	*0%*	*–*	*0%*	*–*	*0%*	*–*	*0%*	*–*	*100%*	
Subtotal	**3,841**	**5,386**	**845**	**1,230**	**4,286**	**3,789**	**–**	**–**	**685**	**–**	**8,972**	**10,405**	
Pension payments in 2021 to Executive Board members who have stepped down[5]													
Thomas B. Quaas (until April 26, 2012)	–	–	–	–	–	–	–	–	–	–	245	232	n/a
Relative share	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*100%*	*100%*	
Members who have stepped down prior to 2011	–	–	–	–	–	–	–	–	–	–	1,837	1,785	n/a
Relative share	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*100%*	*100%*	
Gesamt	**3,841**	**5,386**	**845**	**1,230**	**4,286**	**3,789**	**–**	**–**	**–**	**–**	**11,054**	**12,422**	

[1] As part of the Solidarity Pact, the members of the Executive Board each waived 20% of the fixed basic remuneration for the months from April to December 2020 in response to the impact of the COVID-19 pandemic.
[2] This figure includes an allowance of €150 thousand as of July 1, 2019, for assuming responsibility for the Greater China region.
[3] €885 thousand of this amount was granted as remuneration for activities at Group companies.
[4] €183 thousand of this amount was granted as remuneration for activities at Group companies.
[5] These pension payments are in part based on vesting periods prior to the respective appointment as member of the Executive Board.

Moreover, the following table shows the reconciliation to total payments for the activities of Executive Board members in the fiscal year in accordance with the German Commercial Code and also individualized for each member of the Board of Management. The table shows base remuneration, ancillary benefits, and – unlike the figures calculated in accordance with § 162 (1) sentence 1 *AktG* – the Variable Bonus that was agreed for the reporting year but will only be paid out after the following year's Annual General Meeting. It also shows the annual additions to the provisions for the long-term LTP as well as the total amount set aside since it was granted.

TOTAL REMUNERATION IN ACCORDANCE WITH *HGB* (INDIVIDUALISED)

	Fixed remuneration		Ancillary benefits and other remuneration		Variable Bonus		Changes in provisions for the LTP		Total remuneration in accordance with *HGB*		Total amount set aside for the LTP	
					from 2020	from 2021						
	2020[1]	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Vincent Warnery (Chairman since May 1, 2021)	425	841	114[2]	51[2]	396	991	–	2,568	935	4,451	4,432	7,000
Oswald Barckhahn (since October 15, 2021)	–	105	–	64	–	73	–	310	–	552	–	310
Astrid Hermann	–	500	–	179	–	348	–	430	–	1,457	–	430
Thomas Ingelfinger	383	450	8	18	385	417	–	–	776	885	2,480	2,480
Zhengrong Liu	425	500	188	143[3]	340	354	–	–	953	997	3,839	3,839
Stefan De Loecker (until June 30, 2021)	850	500	9	7	1,265	500	–	1,945	2,124	2,952	3,055	5,000
Ramon A. Mirt	425	500	951	972[4]	350	403	–	1,119	1,726	2,994[5]	581	1,700
Asim Naseer (until April 5, 2021)	425	130	116	19	323	94	–	262	864	505	529	791
Patrick Rasquinet (since July 1, 2021)	–	250	–	233	–	176	–	350	–	1,009[6]	–	350
Dessi Temperley (until April 5, 2021)	408	125	15	110[7]	330	94	–	–	753	329	624	624
Total	**3,341**	**3,901**	**1,401**	**1,796**	**3,389**	**3,450**	**–**	**6,984**	**8,131**	**16,131**	**15,540**	**22,524**

Likewise above and beyond § 162 *AktG*, the following tables show the benefits granted and allocations for each serving Executive Board member in 2021 in accordance with section 4.2.5 of the German Corporate Governance Code in the version dated February 7, 2017 ("2017 Code"). As in previous years, to enable better comparability of target remuneration with the remuneration achieved and awarded for the same fiscal year, variable remuneration components along with their (prorated, if applicable) target amounts are shown as granted/allocated in the same year to which they effectively relate. In addition to the fixed base remuneration and ancillary benefits, the benefits granted and allocations thus also include the short-term Variable Bonus, which is paid once actions have been approved by the following year's Annual General Meeting. Multi-annual bonuses (MAB) and LTP are reported as allocations in the fiscal year in which the relevant term or bonus period expires, even if actual payment takes place only after the following year's Annual General Meeting. Benefits granted and allocations within the meaning of the 2017 Code therefore do not equate to remuneration "granted and owned" within the meaning of § 162 (1) sentence 1 *AktG*.

VINCENT WARNERY
Chairman of the Executive Board (since May 1, 2021)
Date joined: February 15, 2017

	Benefits granted				Allocation	
	2020 Target amount	2021 Target amount	2021 (min. p.a.)	2021 (max. p.a.)	2020	2021
Fixed remuneration	500	841	841	841	425	841
Ancillary benefits	14	18	18	18	14	18
Total fixed remuneration	**514**	**859**	**859**	**859**	**439**	**859**
Variable Bonus	300	767	–	1,533	396	991
Multi-year variable remuneration						
Multi-annual bonus (January 2020 – April 2021)	100	33	–	67	–	–
LTP 2021–2024 (January 2021 – December 2024)	–	2,000	–	4,000	–	–
LTP Enterprise Value Component (February 2017 – April 2021)	905	302	302	302	–	5,000[8]
Total variable remuneration	**1,305**	**3,102**	**302**	**5,902**	**396**	**5,991**
Total remuneration	**1,819**	**3,961**	**1,161**	**6,761**	**835**	**6,850**

[1] As part of the Solidarity Pact, the members of the Executive Board each waived 20% of the fixed basic remuneration for the months from April to December 2020 in response to the impact of the COVID-19 pandemic.
[2] This figure includes an amount of €100 thousand (target amount p.a.) as a multi-annual bonus (MAB) for the period up to April 30, 2021, (see g) in the section "Remuneration structure and elements").
[3] This figure includes an allowance of €100 thousand p.a. as of July 1, 2019, for assuming responsibility for the Greater China region, and which is due for payment after the Annual General Meeting of the respective following year. The previous year's figure was adjusted by €150 thousand accordingly.
[4] This figure includes an amount of €500 thousand (target amount p.a.; previous year: €500 thousand) as a multi-annual bonus (MAB) in 2019 (see g) in the section "Remuneration structure and elements").
[5] €2,467 thousand of this amount was granted as remuneration for activities at Group companies.
[6] €499 thousand of this amount was granted as remuneration for activities at Group companies.
[7] This figure includes an amount of €100 thousand for the handover of the Finance division, which is payable after the 2022 Annual General Meeting.
[8] The LTP Enterprise Value Component for Vincent Warnery was settled as part of his appointment as Chief Executive Officer (see the Declaration of Compliance for 2021, which can be found in the "Corporate Governance Statement" section of this Annual Report); the resultant amount will be due for payment after the 2022 Annual General Meeting.

OSWALD BARCKHAHN
Member of the Executive Board
Date joined: October 15, 2021

	Benefits granted				Allocation	
	2020 Target amount	2021 Target amount	2021 (min. p.a.)	2021 (max. p.a.)	2020	2021
Fixed remuneration	–	105	105	105	–	105
Ancillary benefits	–	64	64	64	–	64
Total fixed remuneration	**–**	**169**	**169**	**169**	**–**	**169**
Variable Bonus	–	63	–	126	–	73
Multi-year variable remuneration						
LTP 2021–2024 (October 2021 – December 2024)	–	310	–	610	–	–
Total variable remuneration	**–**	**373**	**–**	**736**	**–**	**73**
Total remuneration	**–**	**542**	**169**	**905**	**–**	**242**

ASTRID HERMANN
Member of the Executive Board/CFO
Date joined: January 1, 2021

	Benefits granted				Allocation	
	2020 Target amount	2021 Target amount	2021 (min. p.a.)	2021 (max. p.a.)	2020	2021
Fixed remuneration	–	500	500	500	–	500
Ancillary benefits	–	179	179	179	–	179
Total fixed remuneration	**–**	**679**	**679**	**679**	**–**	**679**
Variable Bonus	–	300	–	600	–	348
Multi-year variable remuneration						
LTP 2021–2024 (January 2021 – December 2024)	–	430	–	830	–	–
Total variable remuneration	**–**	**730**	**–**	**1,430**	**–**	**348**
Total remuneration	**–**	**1,409**	**679**	**2,109**	**–**	**1,027**

THOMAS INGELFINGER
Member of the Executive Board
Date joined: July 1, 2014

	Benefits granted				Allocation	
	2020 Target amount	2021 Target amount	2021 (min. p.a.)	2021 (max. p.a.)	2020	2021
Fixed remuneration	450	450	450	450	383	450
Ancillary benefits	8	18	18	18	8	18
Total fixed remuneration	**458**	**468**	**468**	**468**	**391**	**468**
Variable Bonus	350	350	–	700	385	417
Multi-year variable remuneration						
LTP Enterprise Value Component BVU (July 2014 – December 2022)	275	275	–	550	–	–
LTP Enterprise Value Component CVU (July 2014 – December 2022)	130	133	–	205	–	–
LTP Enterprise Value Component MVU (July 2014 – December 2022)	70	73	–	145	–	–
Total variable remuneration	**825**	**831**	**–**	**1,600**	**385**	**417**
Total remuneration	**1,283**	**1,299**	**468**	**2,068**	**776**	**885**

ZHENGRONG LIU
Member of the Executive Board/Labor Relations Director
Date joined: July 1, 2014

	Benefits granted				Allocation	
	2020 Target amount	2021 Target amount	2021 (min. p.a.)	2021 (max. p.a.)	2020	2021
Fixed remuneration	500	500	500	500	425	500
Ancillary benefits	188	143	143	143	188	143
Total fixed remuneration	**688**	**643**	**643**	**643**	**613**	**643**
Variable Bonus	300	300	–	600	340	354
Multi-year variable remuneration						
LTP Enterprise Value Component BVU (July 2014 – December 2023)	500	500	–	1,000	–	–
LTP Enterprise Value Component CVU (July 2014 – December 2023)	235	241	–	358	–	–
LTP Enterprise Value Component MVU (July 2014 – December 2023)	75	75	–	150	–	–
Total variable remuneration	**1,110**	**1,116**	**–**	**2,108**	**340**	**354**
Total remuneration	**1,798**	**1,759**	**643**	**2,751**	**953**	**997**

STEFAN DE LOECKER
Chairman of the Executive Board (until April 30, 2021)
Member of the Executive Board (until June 30, 2021)
Date joined: July 1, 2014

	Benefits granted				Allocation	
	2020 Target amount	2021 Target amount	2021 (min. p.a.)	2021 (max. p.a.)	2020	2021
Fixed remuneration	1,000	500	500	500	850	500
Ancillary benefits	9	7	7	7	9	7
Total fixed remuneration	**1,009**	**507**	**507**	**507**	**859**	**507**
Variable Bonus	1,000	500	500	500	1,265	500
Multi-year variable remuneration						
LTP Enterprise Value Component (July 2014 – June 2021)	2,000	1,000	1,000	1,000	–	5,000[1]
Total variable remuneration	**3,000**	**1,500**	**1,500**	**1,500**	**1,265**	**5,500**
Total remuneration	**4,009**	**2,007**	**2,007**	**2,007**	**2,124**	**6,007**

RAMON A. MIRT
Member of the Executive Board
Date joined: January 1, 2019

	Benefits granted				Allocation	
	2020 Target amount	2021 Target amount	2021 (min. p.a.)	2021 (max. p.a.)	2020	2021
Fixed remuneration	500	500	500	500	425	500
Ancillary benefits	451	472	472	472	451	472
Total fixed remuneration	**951**	**972**	**972**	**972**	**876**	**972**
Variable Bonus	300	300	–	600	350	403
Multi-year variable remuneration						
Multi-annual bonus (January 2019 – December 2024)	500	500	–	1,000	–	–
LTP 2021–2024 (January 2021 – December 2024)	–	600	–	1,200	–	–
LTP Enterprise Value Component BVU (January 2019 – December 2024)	600	–	–	–	–	–
Total variable remuneration	**1,400**	**1,400**	**–**	**2,800**	**350**	**403**
Total remuneration[2]	**2,351**	**2,372**	**972**	**3,772**	**1,226**	**1,375**

[1] The LTP Enterprise Value Component for Stefan De Loecker was settled as part of the amicable termination of his appointment (see the Declaration of Compliance for 2021, which can be found in the "Corporate Governance Statement" section of this Annual Report); the resultant amount will be due for payment after the 2022 Annual General Meeting.
[2] Of these total amounts, €1,879 thousand/target amount, €554 thousand/min. p.a., and €3,203 thousand/max. p.a. were granted, and €935 thousand/allocation paid as remuneration for activities at Group companies.

ASIM NASEER
Member of the Executive Board (until April 5, 2021)
Date joined: January 1, 2019

	Benefits granted				Allocation	
	2020 Target amount	2021 Target amount	2021 (min. p.a.)	2021 (max. p.a.)	2020	2021
Fixed remuneration	500	130	130	130	425	130
Ancillary benefits	116	19	19	19	116	19
Total fixed remuneration	**616**	**149**	**149**	**149**	**541**	**149**
Variable Bonus	300	94	94	94	323	94
Multi-year variable remuneration						
LTP Enterprise Value Component BVU (January 2019 – December 2022)	300	78	–	156	–	–
LTP Enterprise Value Component CVU (January 2019 – December 2022)	174	45	–	62	–	–
LTP Enterprise Value Component MVU (January 2019 – December 2022)	–	–	–	–	–	–
Total variable remuneration	**774**	**217**	**94**	**312**	**323**	**94**
Total remuneration	**1,390**	**366**	**243**	**461**	**864**	**243**

PATRICK RASQUINET
Member of the Executive Board
Date joined: July 1, 2021

	Benefits granted				Allocation	
	2020 Target amount	2021 Target amount	2021 (min. p.a.)	2021 (max. p.a.)	2020	2021
Fixed remuneration	–	250	250	250	–	250
Ancillary benefits	–	233	233	233	–	233
Total fixed remuneration	**–**	**483**	**483**	**483**	**–**	**483**
Variable Bonus	–	150	–	300	–	176
Multi-year variable remuneration						
LTP 2021–2024 (July 2021 – December 2024)	–	350	–	700	–	–
Total variable remuneration	**–**	**500**	**–**	**1,000**	**–**	**176**
Total remuneration[1]	**–**	**983**	**483**	**1,483**	**–**	**659**

DESSI TEMPERLEY
Member of the Executive Board/CFO (until April 5, 2021)
Date joined: July 1, 2018

	Benefits granted				Allocation	
	2020 Target amount	2021 Target amount	2021 (min. p.a.)	2021 (max. p.a.)	2020	2021
Fixed remuneration	480	125	125	125	408	125
Ancillary benefits	15	110	110	110	15	110[2]
Total fixed remuneration	**495**	**235**	**235**	**235**	**423**	**235**
Variable Bonus	300	94	94	94	330	94
Multi-year variable remuneration						
LTP Enterprise Value Component BVU (July 2018 – December 2021)	350	104	–	208	–	–
LTP Enterprise Value Component CVU (July 2018 – December 2021)	104	25	–	30	–	–
LTP Enterprise Value Component MVU (July 2018 – December 2021)	29	5	–	10	–	–
Total variable remuneration	**783**	**228**	**94**	**342**	**330**	**94**
Total remuneration	**1,278**	**463**	**329**	**577**	**753**	**329**

[1] Of these total amounts, €483 thousand/target amount, €183 thousand/min. p.a., and €783 thousand/max. p.a. were granted, and €289 thousand/allocation paid as remuneration for activities at Group companies.
[2] This figure includes an amount of €100 thousand provided for the handover of the Finance division, which is payable after the 2022 Annual General Meeting.

The Executive Board members who stepped down from the Board in 2021 were provided with the following benefits as part of their early/regular termination. These are also reported in the tables above where necessary in the particular case.

- As per his contract, Stefan De Loecker, who was Chairman of the Executive Board until April 30, 2021, and stepped down from the Board by mutual agreement as of June 30, 2021, will receive fixed remuneration of €1,000 thousand until the regular expiry of his employment contract on

June 30, 2023, an unchanged amount of ancillary benefits, and a one-off lump sum of €150 thousand. Variable Bonus for the years for 2021 to 2023 with annual target amounts of €1,000 thousand will be due for payment in this amount after the following year's Annual General Meeting. Stefan De Loecker will receive an amount of €5,000 thousand from the Enterprise Value Component (LTP) up until the time he left the Executive Board. This will be due for payment after the 2022 Annual General Meeting. Beginning from the end of his employment contract on June 30, 2023, Stefan De Loecker is subject to a post-contractual noncompete agreement of 12 months, for which he will receive compensation of €1,000 thousand.

- Dessi Temperley, who stepped down from the Executive Board by mutual agreement as of April 5, 2021, received all the benefits due under her contract until the regular expiry of her employment contract on June 30, 2021. She was also provided with a bonus of €100 thousand for the handover of the Finance division. Together with the prorated Variable Bonus for 2021, which was calculated as a lump sum amounting to €181 thousand (of which €94 thousand prorated until the time she left the Executive Board) based on the average target achievement for the Variable Bonus in 2019 and 2020, this will be due for payment after the 2022 Annual General Meeting. Dessi Temperley is subject to a post-contractual noncompete agreement of 24 months, for which she receives compensation totaling €421 thousand annually.

- Asim Naseer, who stepped down from the Executive Board by mutual agreement as of April 5, 2021, received all the benefits due under his contract until the regular expiry of his employment contract on December 31, 2021. His prorated Variable Bonus for 2021 was calculated as a lump sum amounting to €363 thousand (of which €94 thousand prorated until the time he left the Executive Board) based on the average target achievement for the Variable Bonus in 2019 and 2020. He is subject to a post-contractual noncompete agreement of 18 months, for which he receives compensation totaling €431 thousand annually.

A total of €59,369 thousand (previous year: €62,072 thousand) has been accrued for pension obligations to former members of the Executive Board and their surviving dependents. Since 2007, newly concluded employment contracts no longer contain any corresponding pension commitments.

Comparative view of the annual change in remuneration and earnings performance

The following table presents a comparative view, in accordance with § 162 (1) sentence 2 no. 2 *AktG*, of the annual change in Executive Board remuneration, the earnings performance of Beiersdorf AG and the Consumer Business Segment, and the average remuneration of employees.

COMPARISON OF ANNUAL CHANGE IN EXECUTIVE BOARD REMUNERATION IN ACCORDANCE WITH § 162 *AKTG*

Annual changes (in %)	2018 versus 2017	2019 versus 2018	2020 versus 2019	2021 versus 2020
Executive Board remuneration				
Vincent Warnery (Executive Board member since February 2, 2017)	45.7%	-7.0%	0.0%	3.9%
(Chairman since May 1, 2021)	n/a	n/a	n/a	10.9%
Oswald Barckhahn (since October 15, 2021)	n/a	n/a	n/a	n/a
Astrid Hermann (since January 1, 2021)	n/a	n/a	n/a	n/a
Thomas Ingelfinger (since July 1, 2014)	6.2%	-25.8%	6.5%	0.0%
Zhengrong Liu (since July 1, 2014)	-20.0%	-25.4%	6.8%	17.4%
Stefan De Loecker (from July 1, 2014, until June 30, 2021)	237.5%	-47.9%	-6.1%	1.0%
Ramon A. Mirt (since January 1, 2019)	n/a	n/a	2.3%	8.0%
Asim Naseer (from January 1, 2019, until April 5, 2021)	n/a	n/a	7.5%	-5.0%
Patrick Rasquinet (since July 1, 2021)	n/a	n/a	n/a	n/a
Dessi Temperley (from July 1, 2018, until April 5, 2021)	n/a	22.5%	3.6%	-2.3%
Members who stepped down prior to 2021				
Ralph Gusko (until December 31, 2019)	-1.5%	3.6%	-21.7%	-16.2%
Earnings performance				
Profit after tax according to HGB (Beiersdorf AG)	8.6%	-28.4%	2.9%	-36.9%
EBIT margin (Consumer Business Segment)	+0.1%	-1.2%	-1.8%	-0.2%
Sales, organic (Consumer Business Segment)	5.0%	4.8%	-6.6%	8.8%
Average remuneration of employees on a full-time equivalent basis				
Remuneration of total workforce in the Consumer Business Segment (Germany)	1.0%	6.0%	3.1%	0.5%

The change in Executive Board remuneration shown relates to the remuneration granted or owed within the meaning of § 162 (1) sentence 1 *AktG*. Where members joined or left the Executive Board part way through a year and therefore received pro rata remuneration, the remuneration has been calculated on a full-year basis to enable comparison. Payments from the variable remuneration components are taken into account only in the year they are actually paid, even if they have multi-year measurement periods.

Earnings performance is shown based on the development of Beiersdorf AG's profit after tax in accordance with § 275 (2) no. 17 *Handelsgesetzbuch* (German Commercial Code, HGB). Since the remuneration of Executive Board members also depends to a large extent on the development of other key performance indicators in the Consumer Business Segment, the development of organic sales and the EBIT margin (excluding special factors) for the Consumer Business Segment is also shown.

The comparison with the development of the average remuneration of employees is based on the average remuneration of the workforce in the Beiersdorf companies belonging to the Consumer Business Segment (excluding tesa). Since the remuneration structures, particularly in the foreign subsidiaries, are many and varied, the comparison should be based only on the development of average remuneration for the workforce in Germany. The remuneration granted and owed for the total workforce in the fiscal year (including senior management and executive staff within the meaning of § 5 (3) *Betriebsverfassungsgesetz* (Works Constitution Act, *BetrVG*) was taken into account in that. If employees additionally received remuneration as a member of the Supervisory Board of Beiersdorf AG, this was not taken into account. To enable comparison, the remuneration of part-time employees was calculated on a full-time equivalent basis. This comparison group was also used to review the appropriateness of the remuneration of Executive Board members.

2. Remuneration of the Supervisory Board

The remuneration of the Supervisory Board (§ 15 of the Articles of Association) takes into account the responsibilities and scope of tasks of the individual members of the Supervisory Board as well as the company's economic situation and is in line with the applicable principles, recommendations, and suggestions of the German Corporate Governance Code.

The existing provisions in § 15 of the Articles of Association reasonably and sufficiently reflect these requirements as the remuneration takes due account in terms of both structure and amount of the requirements arising from the specific duties of the members of the Supervisory Board and the time required by them to duly and properly perform these duties. Moreover, since July 1, 2018, the remuneration of the Supervisory Board members has consisted exclusively of fixed remuneration components.

In addition to the reimbursement of their expenses, the members of the Supervisory Board receive fixed remuneration of €85,000 plus an attendance fee of €1,000 for participating in the meetings of the Supervisory Board and its committees. The Chairman of the Supervisory Board receives two-and-a-half times and his deputy one-and-a-half times this amount. Members of committees – with the exception of the Nomination Committee and the Committee established in accordance with § 27 (3) *Mitbestimmungsgesetz* (German Co-determination Act, *MitbestG*) – receive separate remuneration of €20,000 per full fiscal year for their duties on these committees; the members of the Audit Committee receive twice this amount. The chair of a committee receives two-and-a-half times the remuneration of a committee member. If a member of the Supervisory Board simultaneously holds several offices for which increased remuneration is granted, the respective member only receives the remuneration for the highest-paying office.

The amount of the remuneration defined in § 15 of the Articles of Association for members of the Supervisory Board is also appropriate in comparison to the remuneration paid to members of the supervisory boards of other large listed companies in Germany. The appropriateness of the remuneration for the Supervisory Board ensures that Beiersdorf Aktiengesellschaft remains in a position to attract qualified candidates for an office on its Supervisory Board; in this way, the remuneration for the Supervisory Board helps to promote the company's business strategy and its long-term development on a sustained basis. The remuneration for the members of the Supervisory Board is regularly reviewed for its appropriateness.

Until June 30, 2018, Supervisory Board remuneration also included, in addition to fixed remuneration, a variable remuneration component based on the dividend. This variable remuneration amounted to €1,000 for each cent by which the dividend per share exceeded €0.25. Of this variable remuneration, 40% was paid out after the actions of the Supervisory Board member in question had been approved by the Annual General Meeting for which remuneration was being paid (initial year). The remaining amount was/is paid out following the Annual General Meeting to which the annual financial statements for the third fiscal year following the initial year were/are submitted, insofar as the average dividend for the initial year and the three following fiscal years was/is not lower than the dividend for the initial year. In 2021, some serving and former members of the Supervisory Board received a remaining part of this variable remuneration.

The following table shows the remuneration granted and owed (within the meaning of § 162 (1) *AktG*) to the Supervisory Board that was paid or became due in fiscal year 2021. § 162 (1) sentence 2 no. 1 *AktG* also requires the relative shares of fixed and variable remuneration to be indicated. The following table therefore shows the relative shares of fixed and variable remuneration where granted prior to July 1, 2018. For the fixed remuneration, it also shows the relative shares of the fixed amount, attendance fees, and committee fees.

Members of the Supervisory Board did not receive any loans or advances from the company, nor were any contingent liabilities entered into in their favor. In addition, members of the Supervisory Board did not receive any compensation or benefits for services provided on a personal basis, such as advisory or agency services.

TOTAL REMUNERATION OF THE SUPERVISORY BOARD FOR ACTIVITIES IN FISCAL YEAR 2021 (IN €)[1]

	Fixed		Attendance fees		Committee fees		Long-term variable remuneration (until June 2018) from 2017	from 2018	Total	
	2020[2]	2021	2020	2021	2020	2021	2020	2021	2020	2021
Hong Chow	72,250	85,000	12,000	9,000	17,000	20,000	19,023	13,591	120,273	127,591
Relative share	*60%*	*67%*	*10%*	*7%*	*14%*	*16%*	*16%*	*11%*	*100%*	*100%*
Reiner Hansert	78,625	85,000	18,000	18,000	37,000	40,000	19,023	13,591	152,648	156,591
Relative share	*52%*	*54%*	*12%*	*11%*	*24%*	*26%*	*12%*	*9%*	*100%*	*100%*
Martin Hansson (Deputy Chairman)	108,375	127,500	20,000	18,000	–	–	–	7,546	128,375	153,046
Relative share	*84%*	*83%*	*16%*	*12%*	*0%*	*0%*	*0%*	*5%*	*100%*	*100%*
Wolfgang Herz	45,890	85,000	7,000	12,000	10,798	20,000	–	–	63,688	117,000
Relative share	*72%*	*73%*	*11%*	*10%*	*17%*	*17%*	*0%*	*0%*	*100%*	*100%*
Andreas Köhn (from April 1, 2021)	–	64,041	–	7,000	–	15,068	–	–	–	86,109
Relative share	*n/a*	*74%*	*n/a*	*8%*	*n/a*	*17%*	*n/a*	*0%*	*n/a*	*100%*
Jan Koltze	72,250	85,000	7,000	8,000	–	–	–	–	79,250	93,000
Relative share	*91%*	*91%*	*9%*	*9%*	*0%*	*0%*	*0%*	*0%*	*100%*	*100%*
Dr. Dr. Christine Martel	72,250	85,000	15,000	13,000	85,000	100,000	27,229	13,591	199,479	211,591
Relative share	*36%*	*40%*	*8%*	*6%*	*43%*	*47%*	*14%*	*6%*	*100%*	*100%*
Olaf Papier	72,250	85,000	11,000	14,000	17,000	35,123	–	–	100,250	134,123
Relative share	*72%*	*63%*	*11%*	*10%*	*17%*	*26%*	*0%*	*0%*	*100%*	*100%*
Frédéric Pflanz	72,250	85,000	8,000	19,000	3,600	50,000	40,843	12,953	124,693	166,953
Relative share	*58%*	*51%*	*6%*	*11%*	*3%*	*30%*	*33%*	*8%*	*100%*	*100%*
Prof. Dr. Reinhard Pöllath (Chairman)	180,625	212,500	21,000	14,000	–	–	–	–	201,625	226,500
Relative share	*90%*	*94%*	*10%*	*6%*	*0%*	*0%*	*0%*	*0%*	*100%*	*100%*
Prof. Manuela Rousseau (Deputy Chairwoman)	117,938	127,500	10,000	11,000	–	–	27,229	13,591	155,167	152,091
Relative share	*76%*	*84%*	*6%*	*7%*	*0%*	*0%*	*18%*	*9%*	*100%*	*100%*
Regina Schillings (until April 1, 2021)	72,250	21,425	15,000	6,000	34,000	9,973	–	–	121,250	37,398
Relative share	*60%*	*57%*	*12%*	*16%*	*28%*	*27%*	*0%*	*0%*	*100%*	*100%*
Kirstin Weiland	72,250	85,000	11,000	10,000	17,000	20,000	–	–	100,250	115,000
Relative share	*72%*	*74%*	*11%*	*9%*	*17%*	*17%*	*0%*	*0%*	*100%*	*100%*
Subtotal	**1,037,203**	**1,232,966**	**155,000**	**159,000**	**221,398**	**310,164**	**133,347**	**74,863**	**1,546,948**	**1,776,993**
Compensation for the Supervisory Board members who left the Board in 2021										
Frank Ganschow (until April 17, 2019)	–	–	–	–	–	–	27,229	13,591	27,229	13,591
Relative share	*0%*	*n/a*	*0%*	*n/a*	*0%*	*n/a*	*100%*	*100%*	*100%*	*100%*
Michael Herz (until April 29, 2020)	26,522	–	5,000	–	6,240	–	27,229	13,591	64,991	13,591
Relative share	*41%*	*n/a*	*8%*	*n/a*	*10%*	*n/a*	*42%*	*100%*	*100%*	*100%*
Thorsten Irtz (until April 17, 2019)	–	–	–	–	–	–	40,843	20,386	40,843	20,386
Relative share	*0%*	*n/a*	*0%*	*n/a*	*0%*	*n/a*	*100%*	*100%*	*100%*	*100%*
Matthias Locher (until April 17, 2019)	–	–	–	–	–	–	27,229	13,591	27,229	13,591
Relative share	*0%*	*n/a*	*0%*	*n/a*	*0%*	*n/a*	*100%*	*100%*	*100%*	*100%*
Tomas Nieber (until April 17, 2019)	–	–	–	–	–	–	27,229	13,591	27,229	13,591
Relative share	*0%*	*n/a*	*0%*	*n/a*	*0%*	*n/a*	*100%*	*100%*	*100%*	*100%*
Poul Weihrauch (until April 17, 2019)	–	–	–	–	–	–	27,229	13,591	27,229	13,591
Relative share	*0%*	*n/a*	*0%*	*n/a*	*0%*	*n/a*	*100%*	*100%*	*100%*	*100%*
Total	**1,063,725**	**1,232,966**	**160,000**	**159,000**	**227,638**	**310,164**	**310,335**	**163,204**	**1,761,698**	**1,865,334**

[1] Presented exclusive of value added tax.
[2] As part of the Solidarity Pact, the members of the Supervisory Board each waived up to 20% of their fixed remuneration and committee fees attributable on a pro rata basis to the months April to December 2020 in response to the impact of the COVID-19 pandemic.

The following table presents a comparative view, in accordance with § 162 (1) sentence 2 no. 2 *AktG*, of the annual change in Supervisory Board remuneration, the earnings performance of the company, and the average remuneration of employees versus the previous year. With respect to the earnings performance and employee remuneration, please refer to the explanations in the section on Executive Board remuneration.

COMPARISON OF ANNUAL CHANGE IN SUPERVISORY BOARD REMUNERATION IN ACCORDANCE WITH § 162 *AKTG*

Annual changes (in %)	2018 versus 2017	2019 versus 2018	2020 versus 2019	2021 versus 2020
Supervisory Board remuneration				
Prof. Dr. Reinhard Pöllath (Chairman since April 30, 2008, Supervisory Board member since May 30, 2002)	24.3%	20.0%	–13.7%	12.3%
Hong Chow (since April 20, 2017)	55.0%	17.6%	8.4%	6.1%
Reiner Hansert (since April 20, 2017)	34.8%	22.5%	6.7%	2.6%
Martin Hansson (Deputy Chairman and Supervisory Board member since April 25, 2018)	n/a	7.9%	–13.6%	19.2%
Wolfgang Herz (since April 29, 2020)	n/a	n/a	n/a	23.8%
Andreas Köhn (since April 1, 2021)	n/a	n/a	n/a	n/a
Jan Koltze (since April 17, 2019)	n/a	n/a	–13.9%	17.4%
Dr. Dr. Christine Martel (since April 26, 2012)	43.1%	27.8%	–12.6%	6.1%
Olaf Papier (since April 17, 2019)	n/a	n/a	–13.8%	33.8%
Frédéric Pflanz (since April 17, 2019)	42.6%	65.0%	17.4%	33.9%
Prof. Manuela Rousseau (Chairwoman since April 17, 2019, Supervisory Board member since June 22, 1999)	35.8%	29.3%	–1.3%	–2.0%
Regina Schillings (from April 17, 2019, until April 1, 2021)	n/a	n/a	–11.9%	25.1%
Kirstin Weiland (since April 17, 2019)	n/a	n/a	–12.7%	14.7%
Members who stepped down prior to 2021				
Frank Ganschow (until April 17, 2019)	65.7%	85.3%	–51.5%	–50.1%
Michael Herz (until April 29, 2020)	14.7%	12.4%	39.1%	–79.1%
Thorsten Irtz (until April 17, 2019)	16.0%	76.8%	–49.1%	–50.1%
Matthias Locher (until April 17, 2019)	65.7%	85.3%	–51.5%	–50.1%
Tomas Nieber (until April 17, 2019)	23.5%	63.3%	–58.7%	–50.1%
Poul Weihrauch (until April 17, 2019)	62.5%	83.3%	–48.8%	–50.1%
Earnings performance				
Profit after tax according to *HGB* (Beiersdorf AG)	8.6%	–28.4%	2.9%	–36.9%
EBIT margin (Consumer Business Segment)	+0.1%	–1.2%	–1.8%	–0.2%
Sales, organic (Consumer Business Segment)	5.0%	4.8%	–6.6%	8.8%
Average remuneration of employees on a full-time equivalent basis				
Remuneration of total workforce in the Consumer Business Segment (Germany)	1.0%	6.0%	3.1%	0.5%

Independent auditor's report on the audit of the Remuneration Report in accordance with Section 162 (3) AktG

To Beiersdorf Aktiengesellschaft

Audit opinions

We have formally audited the Remuneration Report of Beiersdorf Aktiengesellschaft, Hamburg, Germany for the fiscal year from January 1 to December 31, 2021, to ascertain whether the disclosures required under Sec. 162 (1) and (2) of the German Stock Corporation Act (*AktG*) were made in the Remuneration Report. In accordance with Sec. 162 (3) *AktG*, we have not audited the substance of the Remuneration Report.

In our opinion, the attached Remuneration Report makes the disclosures required under Sec. 162 (1) and (2) *AktG* in all material respects. Our audit opinion does not cover the substance of the Remuneration Report.

Basis of the audit opinion

We conducted our audit of the Remuneration Report in accordance with Sec. 162 (3) *AktG*, taking into account the IDW Auditing Standard "The Audit of the Remuneration Report in Accordance with Section 162 (3) *AktG*" (IDW PS 870). Our responsibility under this provision and this standard is further described in the section entitled "Auditor's responsibility" of our report. As auditing practice, we applied the requirements of IDW Quality Assurance Standard "Requirements for Quality Assurance Applicable to German Auditing Practices" (IDW QS 1). We have complied with the professional duties under the German Act on the Code of Professional Practice for German Public Auditors (*Wirtschaftsprüferordnung*) and the Professional Code of Conduct for Auditors/Certified Accountants, including the requirements for independence.

Responsibility of the Executive Board and Supervisory Board

The Executive Board and the Supervisory Board are responsible for preparing the Remuneration Report, including the related disclosures, in compliance with the requirements of Sec. 162 *AktG*. In addition, they are responsible for the internal controls that they deem necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our aim is to ascertain with reasonable assurance whether the disclosures required in accordance with Sec. 162 (1) and (2) *AktG* have been made in all material respects and to issue an audit opinion on this in a report.

We planned and conducted our audit in such a way that, by comparing the disclosures made in the Remuneration Report to the disclosures required under Sec. 162 (1) and (2) *AktG*, we can determine whether the Remuneration Report is formally complete. In accordance with Sec. 162 (3) *AktG*, we did not audit the completeness of the substance of the individual disclosures or the appropriate presentation of the Remuneration Report.

Hamburg, February 18, 2022
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Jeschonneck
Wirtschaftsprüfer
(German Public Auditor)

Siemer
Wirtschaftsprüferin
(German Public Auditor)

Ten-year Overview

(IN € MILLION)
(unless otherwise stated)

		2012	2013	2014	2015	2016	2017	2018[4]	2019[3/4]	2020	2021
Sales		**6,040**	**6,141**	**6,285**	**6,686**	**6,752**	**7,056**	**7,233**	**7,653**	**7,025**	**7,627**
Change against prior year (nominal)	(in %)	7.2	1.7	2.3	6.4	1.0	4.5	2.5	5.8	-8.2	8.6
Consumer		5,048	5,103	5,209	5,546	5,606	5,799	5,890	6,274	5,700	6,129
tesa		992	1,038	1,076	1,140	1,146	1,257	1,343	1,379	1,325	1,498
Europe[2]		3,417	3,390	3,421	3,447	3,461	3,568	3,673	3,757	3,467	3,676
Americas		1,149	1,092	1,116	1,243	1,252	1,307	1,267	1,372	1,347	1,527
Africa/Asia/Australia[2]		1,474	1,659	1,748	1,996	2,039	2,181	2,293	2,524	2,211	2,424
EBITDA		**850**	**926**	**975**	**1,091**	**1,163**	**1,238**	**1,262**	**1,270**	**1,085**	**1,220**
Operating result (EBIT)		**698**	**820**	**796**	**962**	**1,015**	**1,088**	**1,097**	**1,032**	**828**	**933**
Profit before tax[1]		**713**	**815**	**811**	**968**	**1,040**	**1,022**	**1,048**	**1,037**	**821**	**907**
Profit after tax[1]		**454**	**543**	**537**	**671**	**727**	**689**	**745**	**736**	**577**	**655**
Return on sales after tax	(in %)	7.5	8.8	8.5	10.0	10.8	9.8	10.3	9.6	8.2	8.6
Earnings per share[1]	(in €)	1.96	2.35	2.33	2.91	3.13	2.96	3.21	3.17	2.47	2.81
Total dividend – equity holders		159	159	159	159	159	159	159	159	159	159
Dividend per share	(in €)	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Beiersdorf's shares – year-end closing price		**61.88**	**73.64**	**67.42**	**84.16**	**80.60**	**97.90**	**91.16**	**106.65**	**94.44**	**90.38**
Market capitalization as of Dec. 31		15,594	18,557	16,990	21,208	20,311	24,671	22,972	26,875	23,799	22,776
Research and development expenses		**159**	**154**	**168**	**183**	**188**	**196**	**211**	**236**	**246**	**268**
as % of sales		2.6	2.5	2.7	2.7	2.8	2.8	2.9	3.1	3.5	3.5
Employees as of Dec. 31		**16,605**	**16,708**	**17,398**	**17,659**	**17,934**	**18,934**	**20,059**	**20,654**	**20,306**	**20,567**
Intangible assets		185	176	119	119	119	140	200	581	545	538
Property, plant, and equipment		685	785	964	1,054	1,046	1,026	1,239	1,619	1,630	1,845
Non-current financial assets/securities		712	804	1,059	1,318	1,919	2,554	2,642	2,830	3,462	3,990
Inventories		734	733	786	772	739	854	986	1,012	1,001	1,144
Receivables and other assets[1]		2,446	2,316	2,426	2,692	2,878	2,730	2,874	2,861	2,563	2,747
Cash and cash equivalents		834	984	976	918	872	901	919	1,145	1,005	1,036
Equity[1]		3,143	3,405	3,640	4,201	4,677	5,125	5,647	6,093	6,263	6,894
Liabilities[1]		2,453	2,393	2,690	2,672	2,896	3,080	3,213	3,961	3,942	4,405
Provisions[1]		977	997	1,166	1,074	1,242	1,207	1,227	1,478	1,594	1,517
Trade payables		1,036	973	1,022	1,152	1,244	1,420	1,554	1,660	1,642	1,973
Other liabilities[1]		440	423	502	446	410	453	443	823	704	915
Total equity and liabilities[1]		**5,596**	**5,798**	**6,330**	**6,873**	**7,573**	**8,205**	**8,860**	**10,054**	**10,205**	**11,299**
Equity ratio[1]	(in %)	56	59	58	61	62	62	64	61	61	61

[1] The figures for fiscal year 2012 have been adjusted due to the retrospective application of IAS 19 (2011).
[2] The figures for fiscal year 2012 have been adjusted due to the reclassification of the Consumer Business Segment's Turkish affiliate from Europe to Africa/Asia/Australia.
[3] The figures for fiscal year 2019 have been influenced by the initial application of the leasing standard IFRS 16. This affects especially the following positions: EBITDA (+€64 million), property, plant, and equipment (+€177 million), other liabilities (+€177 million), and key figures derived therefrom.
[4] The figures as of December 31, 2018, as well as December 31, 2019, have been amended due to the finalization of the purchase price allocation for the Coppertone business and due to an adjustment to the valuation of an acquisition made in 2018 in the tesa Business Segment.

Beiersdorf AG's Shareholdings

GERMANY

Name of the company	Registered office	Equity interest (in %)
Produits de Beauté Produktions GmbH	Baden-Baden	100.00
Beiersdorf Manufacturing Berlin GmbH	Berlin	100.00
La Prairie Group Deutschland GmbH	Düsseldorf	100.00
Beiersdorf Beteiligungs GmbH	Gallin	100.00
Tape International GmbH	Gallin	100.00
tesa Grundstücksverwaltungsgesellschaft mbH & Co. KG	Gallin	100.00
Beiersdorf Customer Supply GmbH	Hamburg	100.00
Beiersdorf Dermo Medical GmbH	Hamburg	100.00
Beiersdorf Hautpflege GmbH	Hamburg	100.00
Beiersdorf Immo GmbH	Hamburg	100.00
Beiersdorf Immobilienentwicklungs GmbH	Hamburg	100.00
Beiersdorf Manufacturing Hamburg GmbH	Hamburg	100.00
Beiersdorf Shared Services GmbH	Hamburg	100.00
Next Commerce Accelerator Beteiligungsgesellschaft mbH & Co. KG	Hamburg	9.90
Next Commerce Accelerator 2. Beteiligungsgesellschaft mbH & Co. KG	Hamburg	4.78
Phanex Handelsgesellschaft mbH	Hamburg	100.00
T.D.G. Vertriebs GmbH & Co. KG	Hamburg	100.00
T.D.G. Vertriebs Verwaltungs GmbH	Hamburg	100.00
tesa Manufacturing Hamburg GmbH	Hamburg	100.00
tesa Werk Hamburg GmbH	Hamburg	100.00
Ultra Kosmetik GmbH	Hamburg	100.00
W5 Immobilien GmbH & Co. KG	Hamburg	100.00
WINGMAN-STUDIOS GmbH	Hamburg	100.00
tesa nie wieder bohren GmbH	Hanau	100.00
tesa Labtec GmbH	Langenfeld	100.00
tesa SE	Norderstedt	100.00
tesa Werk Offenburg GmbH	Offenburg	100.00
Beiersdorf Manufacturing Waldheim GmbH	Waldheim	100.00

EUROPE

Name of the company	Registered office	Equity interest (in %)
Beiersdorf CEE Holding GmbH	AT, Vienna	100.00
Beiersdorf Ges mbH	AT, Vienna	100.00
La Prairie Group Austria GmbH	AT, Vienna	100.00
Skin Care Emerging Markets GmbH	AT, Vienna	100.00
tesa GmbH	AT, Vienna	100.00
S-Biomedic NV	BE, Berse	16.32
SA Beiersdorf NV	BE, Brussels	100.00
tesa sa-nv	BE, Brussels	100.00
Beiersdorf Bulgaria EOOD	BG, Sofia	100.00
Beiersdorf AG	CH, Basel	100.00
Swiss Cosmetics Production AG	CH, Berneck	35.00
tesa tape Schweiz AG	CH, Urdorf	100.00
La Prairie Group AG	CH, Volketswil	100.00
La Prairie Operations AG	CH, Volketswil	100.00
Laboratoires La Prairie SA	CH, Volketswil	100.00
Beiersdorf spol. s.r.o.	CZ, Prague	100.00
tesa tape s.r.o.	CZ, Prague	100.00
tesa A/S	DK, Allerød	100.00
Beiersdorf A/S	DK, Copenhagen	100.00
Beiersdorf Manufacturing Argentona, S.L.	ES, Argentona	100.00
tesa tape S.A.	ES, Argentona	100.00
La Prairie Group Iberia S.A.U.	ES, Madrid	100.00
Beiersdorf Holding, S.L.	ES, Tres Cantos	100.00
Beiersdorf Manufacturing Tres Cantos, S.L.	ES, Tres Cantos	100.00
Beiersdorf S.A.	ES, Tres Cantos	100.00
Beiersdorf Oy	FI, Turku	100.00
tesa Oy	FI, Turku	100.00
La Prairie Group France S.A.S.	FR, Boulogne-Billancourt	100.00
tesa s.a.s.	FR, Lieusaint	100.00
Beiersdorf Holding France	FR, Paris	100.00
Beiersdorf s.a.s.	FR, Paris	99.91
Beiersdorf UK Ltd.	GB, Birmingham	100.00
FormFormForm Ltd.	GB, London	100.00
La Prairie (UK) Limited	GB, London	100.00
tesa UK Ltd.	GB, Milton Keynes	100.00
The Salford Valve Company Ltd.	GB, York	12.35
Beiersdorf Hellas A.E.	GR, Gerakas	100.00
tesa tape A.E.	GR, Gerakas	100.00
Beiersdorf d.o.o.	HR, Zagreb	100.00
Beiersdorf Kft.	HU, Budapest	100.00

EUROPE (CONTINUED)

Name of the company	Registered office	Equity interest (in %)
Tartsay Beruházó Kft.	HU, Budapest	100.00
tesa tape Ragasztószalag Termelö és Kereskedelmi Kft.	HU, Budapest	100.00
Alpa-BDF Ltd.	IL, Herzeliya	60.00
Beiersdorf ehf	IS, Reykjavík	100.00
Beiersdorf SpA	IT, Milan	100.00
La Prairie SpA	IT, Milan	100.00
Comet SpA	IT, Solbiate con Cagno	100.00
tesa SpA	IT, Vimodrone	100.00
Beiersdorf Kazakhstan LLP	KZ, Almaty	100.00
tesa tape UAB	LT, Vilnius	100.00
Beiersdorf Holding B.V.	NL, Amsterdam	100.00
Beiersdorf NV	NL, Amsterdam	100.00
Skin Faculty B.V.	NL, Amsterdam	46.62
tesa Western Europe B.V.	NL, Amsterdam	100.00
tesa BV	NL, Hilversum	100.00
tesa TL B.V.	NL, Nijkerk	100.00
Beiersdorf AS	NO, Oslo	100.00
tesa AS	NO, Oslo	100.00
Beiersdorf Manufacturing Poznan Sp. z o.o.	PL, Poznan	100.00
Beiersdorf Shared Services Poland Sp. z o.o.	PL, Poznan	100.00
NIVEA Polska Sp. z o.o.	PL, Poznan	100.00
tesa tape Sp. z o.o.	PL, Poznan	100.00
Beiersdorf Portuguesa, Limitada	PT, Queluz	100.00
tesa Portugal – Produtos Adesivos, Lda.	PT, Queluz	100.00
Beiersdorf Romania s.r.l.	RO, Bucharest	100.00
tesa tape s.r.l.	RO, Cluj-Napoca	100.00
Beiersdorf d.o.o.	RS, Belgrade	100.00
Beiersdorf LLC	RU, Moscow	100.00
La Prairie Group (RUS) LLC	RU, Moscow	100.00
tesa tape OOO	RU, Moscow	100.00
Beiersdorf Aktiebolag	SE, Gothenburg	100.00
Beiersdorf Nordic Holding AB	SE, Gothenburg	100.00
tesa AB	SE, Kungsbacka	100.00
Beiersdorf d.o.o.	SI, Ljubljana	100.00
tesa tape posrednistvo in trgovina d.o.o. i.L.	SI, Ljubljana	100.00
Beiersdorf Slovakia, s.r.o.	SK, Bratislava	100.00
tesa Bant Sanayi ve Ticaret A.S.	TR, Istanbul	100.00
Beiersdorf Ukraine LLC	UA, Kiev	100.00

AMERICAS

Name of the company	Registered office	Equity interest (in %)
Beiersdorf S.A.	AR, Buenos Aires	100.00
tesa tape Argentina S.R.L.	AR, Buenos Aires	100.00
Beiersdorf S.R.L.	BO, Santa Cruz de la Sierra	100.00
tesa Brasil Ltda.	BR, Curitiba	100.00
Beiersdorf Indústria e Comércio Ltda.	BR, Itatiba	100.00
BDF NIVEA LTDA.	BR, São Paulo	100.00
Beiersdorf Canada Inc.	CA, Saint-Laurent	100.00
tesa tape Chile S.A.	CL, Las Condes	100.00
Beiersdorf S.A.	CL, Maipú	100.00
Beiersdorf Chile S.A.	CL, Providencia	100.00
Beiersdorf S.A.	CO, Bogotá	100.00
tesa tape Colombia Ltda.	CO, Cali	100.00
BDF Costa Rica, S.A.	CR, San José	100.00
Beiersdorf, SRL	DO, Santo Domingo	100.00
Beiersdorf S.A.	EC, Quito	100.00
BDF Centroamérica, S.A.	GT, Guatemala City	100.00
tesa tape Centro América S.A.	GT, Guatemala City	100.00
BDF México, S.A. de C.V.	MX, Mexico City	100.00
tesa tape México, S.A. de C.V.	MX, Mexico City	100.00
Beiersdorf Manufacturing México, S.A. de C.V.	MX, Silao	100.00
BDF Panamá, S.A.	PA, Panama City	100.00
Beiersdorf S.A.C.	PE, Lima	99.81
Beiersdorf S.A.	PY, Asunción	100.00
BDF El Salvador, S.A. de C.V.	SV, San Salvador	100.00
tesa tape inc.	US, Charlotte, NC	100.00
Beiersdorf Manufacturing, LLC	US, Cleveland, TN	100.00
LaPrairie.com LLC	US, Edison, NJ	100.00
La Prairie, Inc.	US, New York City, NY	100.00
Functional Coatings LLC	US, Newburyport, MA	100.00
tesa TL LLC	US, Newnan, GA	100.00
tesa Plant Sparta LLC	US, Sparta, MI	100.00
Beiersdorf, Inc.	US, Stamford, CT	100.00
Beiersdorf North America Inc.	US, Stamford, CT	100.00
Sugru Inc.	US, Wilmington, DE	100.00
tesa Functional Coatings Inc. USA	US, Wilmington, DE	100.00
Beiersdorf S.A.	UY, Montevideo	100.00
Beiersdorf S.A.	VE, Caracas	100.00

AFRICA/ASIA/AUSTRALIA

Name of the company	Registered office	Equity interest (in %)
Beiersdorf Middle East FZCO	AE, Dubai	100.00
Beiersdorf Near East FZ-LLC	AE, Dubai	100.00
Beiersdorf Australia Ltd.	AU, North Ryde, NSW	100.00
Beiersdorf Health Care Australia Pty. Ltd.	AU, North Ryde, NSW	100.00
La Prairie Group Australia Pty. Ltd.	AU, Rosebery, NSW	100.00
tesa tape Australia Pty. Ltd.	AU, Sydney, NSW	100.00
Beiersdorf Hong Kong Limited	CN, Hong Kong	100.00
La Prairie Hong Kong Limited	CN, Hong Kong	100.00
tesa tape (Hong Kong) Limited	CN, Hong Kong	100.00
Beiersdorf Trading (Shanghai) Co., Ltd.	CN, Shanghai	100.00
La Prairie (Shanghai) Co., Ltd.	CN, Shanghai	100.00
NIVEA (Shanghai) Company Limited	CN, Shanghai	100.00
tesa tape (Shanghai) Co., Ltd.	CN, Shanghai	100.00
tesa Plant (Suzhou) Co., Ltd.	CN, Suzhou	100.00
tesa tape (Suzhou) Co., Ltd.	CN, Suzhou	100.00
Beiersdorf Daily Chemical (Wuhan) Co., Ltd.	CN, Wuhan	100.00
Beiersdorf Personal Care (China) Co., Ltd.	CN, Xiantao	100.00
Beiersdorf Egypt for Trading JSC	EG, Cairo	100.00
Beiersdorf LLC	EG, Cairo	100.00
Beiersdorf Nivea Egypt LLC	EG, Cairo	100.00
Beiersdorf Ghana Limited	GH, Accra	100.00
P.T. Beiersdorf Indonesia	ID, Jakarta	80.00
Beiersdorf India Pvt. Limited	IN, Mumbai	51.00
Beiersdorf India Service Private Limited	IN, Mumbai	
NIVEA India Pvt. Ltd.	IN, Mumbai	100.00
tesa tapes (India) Private Limited	IN, Navi Mumbai	100.00
Beiersdorf Holding Japan Yugen Kaisha	JP, Tokyo	100.00
La Prairie Japan K.K.	JP, Tokyo	100.00
Nivea-Kao Co., Ltd.	JP, Tokyo	60.00
tesa tape KK	JP, Tokyo	100.00
Beiersdorf East Africa Limited	KE, Nairobi	100.00
Alkynes Co. Ltd.	KR, Gyeonggi-do	31.43
Beiersdorf Korea Limited	KR, Seoul	100.00
La Prairie Korea Limited	KR, Seoul	100.00
LYCL Inc.	KR, Seoul	24.09
tesa tape Korea Limited	KR, Seoul	100.00
Beiersdorf S.A.	MA, Casablanca	100.00
Beiersdorf (Myanmar) Ltd.	MM, Rangoon	100.00

AFRICA/ASIA/AUSTRALIA (CONTINUED)

Name of the company	Registered office	Equity interest (in %)
tesa tape (Malaysia) Sdn. Bhd.	MY, Bandar Baru Bangi	96.25
tesa tape Industries (Malaysia) Sdn. Bhd.	MY, Bandar Baru Bangi	96.25
Beiersdorf (Malaysia) SDN. BHD.	MY, Petaling Jaya	100.00
Beiersdorf Nivea Consumer Products Nigeria Limited	NG, Lagos	100.00
Beiersdorf Philippines Incorporated	PH, Bonifacio Global City	100.00
Beiersdorf Pakistan (Private) Limited	PK, Lahore	100.00
Turath Al-Bashara for Trading Limited (Skin Heritage for Trading)	SA, Jeddah	70.00
Beiersdorf Singapore Pte. Ltd.	SG, Singapore	100.00
tesa tape Asia Pacific Pte. Ltd.	SG, Singapore	100.00
Beiersdorf (Thailand) Co., Ltd.	TH, Bangkok	100.00
tesa tape (Thailand) Limited	TH, Bangkok	90.57
NIVEA Beiersdorf Turkey Kozmetik Sanayi ve Ticaret A.S.	TR, Istanbul	100.00
La Prairie (Taiwan) Limited	TW, Taipei	100.00
NIVEA (Taiwan) Ltd.	TW, Taipei	100.00
tesa Site Haiphong Company Limited	VN, Haiphong	100.00
tesa Vietnam Limited	VN, Hanoi	100.00
Beiersdorf Vietnam Limited Liability Company	VN, Ho Chi Minh City	100.00
Beiersdorf Consumer Products (Pty.) Ltd.	ZA, Umhlanga	100.00

Contact Information

→ Published by

Beiersdorf Aktiengesellschaft
Unnastrasse 48
20245 Hamburg
Germany

→ Editorial Team and Concept

Corporate Communications
Telephone: +49-40-4909-2001
E-mail: cc@beiersdorf.com

→ Additional Information

Corporate Communications
Telephone: +49-40-4909-2001
E-mail: cc@beiersdorf.com

Investor Relations
Telephone: +49-40-4909-5000
E-mail: investor.relations@beiersdorf.com

Beiersdorf on the internet
www.beiersdorf.com

→ Contributors

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In consideration of sustainability aspects, the Annual Report will no longer be provided as a printed, but only as an online version.
The online versions of the financial publications of Beiersdorf are available at **www.beiersdorf.com/financial_reports.**

This Annual Report is also available in German.

Financial Calendar

2022

April 14
Annual General Meeting

April 28
Quarterly Statement
January to March 2022

August 4
Half-Year Report
2022

October 27
Quarterly Statement
January to September 2022

2023

February/March
Publication of
Annual Report 2022,
Annual Press Conference,
Financial Analyst Meeting

April
Annual General Meeting

April/May
Quarterly Statement
January to March 2023

August
Half-Year Report
2023

October
Quarterly Statement
January to September 2023

Beiersdorf

Beiersdorf Aktiengesellschaft
Unnastrasse 48, 20245 Hamburg, Germany
Tel.: +49 40 4909-0, Fax: +49 40 4909-3434
Internet: www.beiersdorf.com