

Non-financial Statement 2020

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 and society, as well as human rights, and anti-corruption.

This Sustainability Review integrates the Combined Non-financial Statement (NFS) for the Beiersdorf Group (Consumer and tesa Business Segments) and Beiersdorf AG, as respectively defined under § 315b and § 289b of the German Commercial Code (HGB). For the first time, this year its contents will be published in the Annual Report 2020 rather than the Sustainability Review. 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

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

Both business segments are UNGC members and report on their achievements in the reporting period in the areas of corporate governance, employees, environmental protection, and social engagement with regard to the ten defined UNGC Principles. 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 the last materiality analysis to identify the following material non-financial topics in 2017: climate and energy, product sustainability, education and training, employment, occupational safety, human rights, prevention of anticompetitive behavior, and product safety. In the reporting year additional material topics were identified during the development of the Sustainability Agenda "Care Beyond Skin" (see page 40): Included were the topic of water for the environmental aspect as well as the topic of social engagement for the societal aspect.


The tesa Business Segment updated its materiality matrix in 2020 and validated it internally. The material non-financial topics identified were 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 Non-financial Statement Index on page 40.

Statement scope

Statements on the material NFS topics are in most cases provided separately for the respective business segments. In principle, all statements within the Consumer segment are provided jointly for the Beiersdorf Group and Beiersdorf AG. Key indicators produced separately for Beiersdorf AG are provided in a table on page 62.

The STOP THE WATER WHILE USING ME! business acquired in 2020 is not yet included in this report. Our joint venture NIVEA-KAO in Japan is not included in this statement either, as this is managed independently with regard to non-financial topics.

The key figures on Greenhouse Gas, which are marked with the symbol  in the text, have been subjected to a limited assurance engagement by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft based on the International Standard on Assurance Engagements 3000 (Revised).

In order to avoid duplicating information, reference is made to passages in the combined management report that contain Non-financial Statements. This relates to the chapters "Business and Strategy," "People at Beiersdorf" and "Risk Report." Some of the information in these chapters also forms part of the Non-financial Statement. The sections in questions are marked with .

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Strategy

Sustainability is deeply anchored in our corporate culture and is a core element of our decision-making and business processes. We see reconciling environmental protection, social responsibility, and economic success as vital and interconnected, and we have further expanded our commitment and engagement in these areas.

The Consumer Business Segment has established a Sustainability Council and tesa has established a Sustainability Committee in addition to the respective sustainability functions. They are set up as cross-functional steering boards and meet at least quarterly to oversee the climate and general sustainability roadmaps, and target achievements. The steering boards are chaired by the responsible member of the Executive Board and consist of the functional heads of all involved business functions.

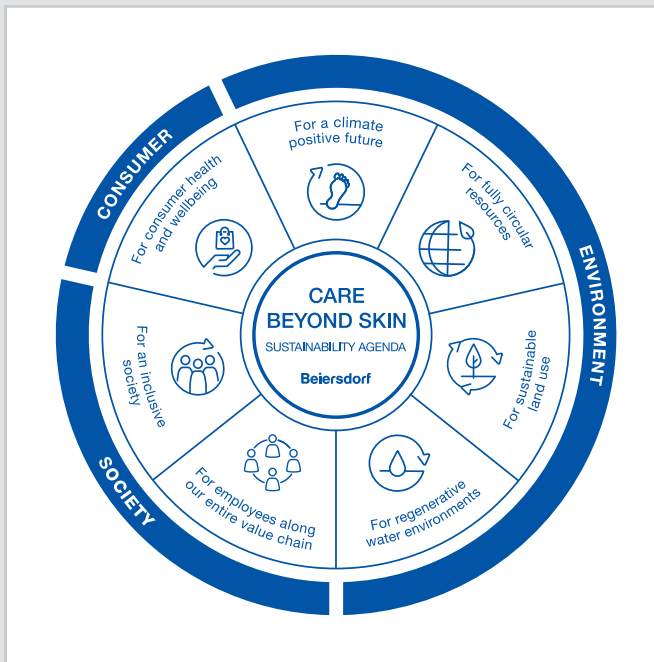
The year 2020, dominated by the COVID-19 pandemic, once again made it very tangible that sustainable thinking and action are great strengths of Beiersdorf. In addition to addressing the economic challenges we needed to master, we were getting involved in order to make a meaningful contribution to society and significantly expanded our environmental commitment. You can read more about our COVID-19 aid program on page 54.

Consumer

We implemented our corporate strategy C.A.R.E.+ in 2019, which defined sustainability as a key pillar of our business. This reaffirms what has always been an important element of our self-understanding and what is anchored well in our business processes.

In the reporting year, we formulated our corporate purpose Care Beyond Skin and with this, put our existing self-understanding into words. It states very clearly that we see our responsibility as going far beyond our core business of skin care. We want to make a contribution toward consumers, society, and the environment. This is why we also speak of "Care Beyond Skin" in the context of our new Sustainability Agenda.

Our Sustainability Agenda "Care Beyond Skin" comprises seven focus fields that illustrate our key areas of impact along the entire value chain: from the influence of our products and processes on the climate, the circularity of the resources we use and their influence on land and water, to the health and safety of our employees and consumers, and our commitment to an inclusive society. We have set ourselves ambitious targets that we want to achieve by 2025 and 2030 respectively. The Ten Principles of the UN Global Compact (UNGC) and the Sustainable Development Goals (SDGs) form the basis of our commitment. Our Agenda contributes to 13 of the 17 SDGs.



We elaborate our sustainability activities in steady dialogue with our stakeholders and integrate current societal and ecological developments in our planning.

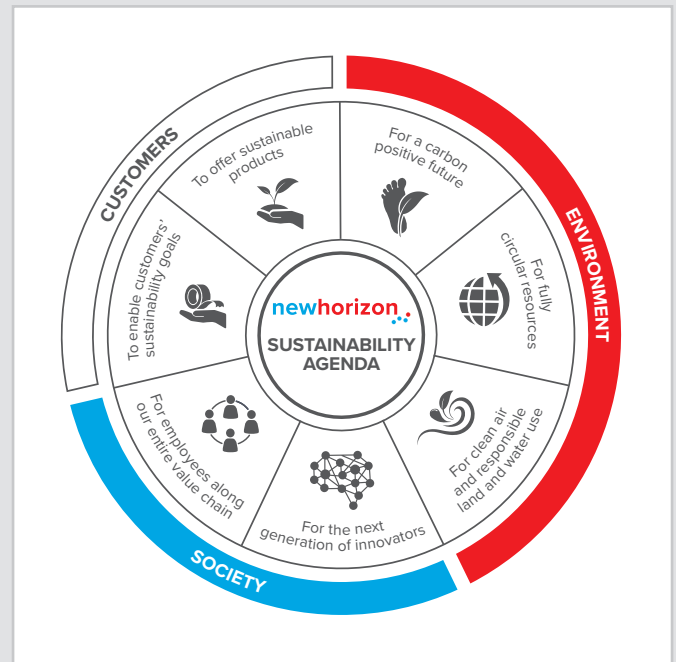
tesa

We defined a Sustainability Agenda as part of our newhorizon business strategy in 2020 in order to anchor sustainability in our core processes.

The Sustainability Agenda covers the entire value chain at tesa, from raw materials and suppliers, to production and employees, to customers and worldwide support for social initiatives and projects.

Description of the Business Model

Founded in 1882, Beiersdorf is today one of the world's leading companies in the consumer goods industry with strong brands and over 20,000 employees worldwide. The business is divided into two business segments: the Consumer Business Segment with a focus on skin care, and the tesa Business Segment with a concentration on developing high-quality self-adhesive systems and product solutions. A detailed description of the business model is provided within the "Business and Strategy" chapter in the Group Management Report presented in the 13. Annual Report.



The Sustainability Agenda consists of the three areas of Environment, Customers and Society, which in turn comprise a total of seven focus fields: These fields each set out our medium- to long-term ambitions. Existing initiatives will also be continued within these. For each of the three areas objectives have already been or will be defined.

Over the years to come we will report regularly on current developments and measures within the framework of the Sustainability Agenda. The Agenda is also based on the Ten Principles of the United Nations Global Compact (UNGC) as well as on the United Nations Sustainable Development Goals (SDGs).

Material Risks

As a global company, Beiersdorf is in the focus of public attention. Our actions regarding environmental, labor and social matters, how we combat corruption and bribery, and our respect for human rights play a core role in public perception and can give rise to non-financial risks. As part of our Group-wide integrated management system we identified - similar to the last reporting year - the risk arising from inadequately disposed plastic packaging as material. We respond to this with the circular economy strategy which we revised in the reporting year. A detailed description of our risk management process and the non-financial risks identified, which form part of the Non-financial Statement, can be found in the Combined Management Report in the chapter "Risk report" starting on page 77.

Environmental

As a manufacturing company, our business activities have a certain degree of impact on the environment, and we are continuously working on reducing our impact further. We focus on the areas of climate and energy, product sustainability, and water. Due to the reduced economic activity related to COVID-19, a certain reduction of environmental impact can be assumed. This effect needs to be considered when comparing to previous years and forecasting future progress.

Climate and Energy

We regard climate change as one of the biggest challenges of our time. Risk and opportunities in relation to climate change and other sustainability topics influence our business strategy and entrepreneurial acts.

The corresponding risks, such as the potential effect on raw material prices and availability or changes in the taxation environment are taken into account in our integrated risk management as well as developing the corresponding mitigation measures. A detailed description of our risk management process and the non-financial risks identified, which form part of the Non-financial Statement, can be found in the Combined Management Report in the chapter "Risk report" starting on page 77.

"For a Climate Positive Future" is one of the seven focus fields of our respective Sustainability Agendas and expresses our climate ambition. The activities needed to fulfill that ambition are also reflected in our financial and investment planning. The Sustainability Council for the consumer business as well as tesa's Sustainability Committee regularly review progress toward achieving our climate targets and ensure the allocation of resources for the implementation of climate protection measures. One of the key climate-related decisions taken in the reporting year by the Sustainability Council for the Consumer Business Segment was our "Plastic Pledge" (see Product Sustainability, page 45). This commitment will help us reach our Scope 3 emissions reduction target through the increased usage of recycled materials as well as material reductions.

Our climate target

Having identified climate-related risks and opportunities, we reworked and updated our climate strategy in 2020: We plan to reduce greenhouse gas (GHG) emissions in our operations and along the value chain even further. Beiersdorf committed to new ambitious climate targets in the reporting year, which apply to both the Consumer and tesa Business Segments: We aim to achieve an absolute reduction of 30% in energy-related Scope 1 and Scope 2 emissions by 2025 (base year 2018). Indirect GHG emissions along our value chain (Scope 3) are also to be reduced. We are targeting a 10% reduction in GHG emissions in the value chain by 2025. These ambitious climate targets have been recognized by the Science Based Targets Initiative (SBTi) and correspond to the 1,5-degree scenario. Furthermore, Beiersdorf has signed

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

The Consumer Business Segment has set an even more ambitious target to reduce Scope 3 emissions by 30% in absolute terms by 2025 against the base year 2018 and all of its production centers are targeted to be climate neutral by 2030.

Against our new climate target we made considerable progress: absolute Scope 1 and Scope 2 emissions were reduced by 32% versus the base year 2018 for the Consumer Business Segment and by 23% for the tesa Business Segment, leading to an overall reduction of absolute Scope 1 and Scope 2 emissions of 27%. The absolute Scope 3 emissions of the Consumer Business Segment within the target boundary decreased by 10% in the same time frame.

In 2020 Beiersdorf reached another major milestone on the way to achieving its target: Following the Consumer Business Segment having bought 100% renewable electricity since 2019, in the reporting year tesa was also able to transition all its electricity purchases to renewable sources. All office and production sites of the tesa and Consumer Business Segments worldwide were sourcing 100% of their purchased electricity from renewable energy sources by the end of 2020.*

Climate metrics: Energy, Scope 1 and Scope 2 emissions

We capture, consolidate, and analyze our energy consumption to determine our worldwide GHG emissions. The continuous collection of this data helps us verify the effectiveness of our measures and identify potential for energy and emission savings in the future. Thanks to close collaboration with data gatherers and a regular validation process, we have succeeded in continuously improving the quality of our Scope 1 and Scope 2 data in past years.

In these calculations we take into account both direct emissions, for instance from the combustion of natural gas or fuel oil (Scope 1 emissions), as well as indirect emissions from our purchase of electricity, heat or steam (Scope 2 emissions). Our GHG emissions are calculated to the requirements of the Greenhouse Gas (GHG) Protocol. The calculation is mainly based on the emission factors from the Intergovernmental Panel on Climate Change (IPCC) along with the emission factors of our energy suppliers and the International Energy Agency (IEA). Other emissions such as steam or water from district heating are calculated using the emission factors provided by the GaBi accounting tool and the British Department of the Environment (Defra). The consolidation approach we choose for calculating emissions is operational control.

The Consumer Business Segment gathers energy consumption data at all production sites**, in two warehouses we operate, as well as at offices with more than 50 employees (as full-time equivalents, FTEs). tesa collects energy consumption data for all its sites certified to ISO 14001, i.e., seven production sites and the headquarters.

* Beiersdorf sources green electricity directly from energy suppliers or acquires International Renewable Energy Certificates (I-RECs), European Guarantees of Origin or other country-specific certifications with the electricity purchase.

** The production sites in Nigeria and US (COPPERTONE) have been included since 2018. The sold business in Wuhan (China) has been excluded as of 2018.

METRICS*

	Business area	2018	2019	2020
Scope 1 emissions (t CO ₂ e)	Beiersdorf Group	98,980	94,175	93,057
	Consumer	43,341	43,854	38,929
	tesa	55,639	50,321	54,128
Scope 2 emissions** (t CO ₂ e)	Beiersdorf Group	30,060	19,749	1,240
	Consumer	15,809	6,628	1,228
	tesa	14,251	13,121	12
Scope 1 and Scope 2 emissions (t CO ₂ e)	Beiersdorf Group	129,041	113,924	94,297
	Consumer	59,151	50,482	40,157
	tesa	69,890	63,442	54,140
Total energy consumption (GWh)	Beiersdorf Group	668	650	631
	Consumer	341	349	321
	tesa	327	301	310

* Metrics for Consumer Business shown for 2018 and 2019 are restated to reflect structural changes from acquisition and divestment and enlarged data collection scope.

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

Identifying Scope 3 emissions

Emissions are also generated along our value chain, for instance by purchasing goods and services or transport activities. These are called Scope 3 emissions.

The tesa Business Segment has gathered data on material emissions throughout the value chain in 2018 for the first time. In the process, we identified the areas of raw materials, finished good suppliers, and product transport as material Scope 3 categories. In the future, we intend to expand our CO₂ monitoring for Scope 3 emissions.

The Consumer Business Segment began by identifying the most relevant categories of Scope 3 emissions* based on an Input-Output Model. The Input-Output Model assesses resource consumption and environmental impacts throughout the entire supply chain, and uses internationally standardized statistics and databases. The analysis identified the following areas as material: packaging materials, raw materials for product formulations, finished goods suppliers, and transport. When deciding on our Scope 3 target boundary, we consider the significance of these different areas, the potential to exert influence, and the involvement of stakeholders. Based on this assessment we have defined the following areas as material for our Consumer Business Segment: packaging materials, raw materials for product formulations, finished goods suppliers, upstream transportation and distribution, and business travel, as well as NIVEA-KAO (categorized as investment according to GHG Protocol). We have included the category of business travel despite its low share of Scope 3 emissions in order to promote stronger engagement by our employees in this area. This selection covers more than two-thirds of total Scope 3 emissions, which meets the SBTi requirements. The relevant key figures regarding Scope 3 emissions can be found in the "Consumer" subchapter.

Consumer

Improvement of Scope 3 calculations

For all selected categories relevant to our objective, we have developed calculation methods that rely on precise data as far as possible. This makes monitoring the progress of our emissions reduction measures possible. The majority of our Scope 3 emissions originate in the feedstocks and manufacturing processes of the packaging** and raw materials that we require for our products. The calculations of these GHG emissions are based on primary data on material consumption and secondary emission factors based on life cycle databases.

To calculate emissions originating from our outsourced production and storage, we conducted a survey of the corresponding energy consumption data and emission factors for purchased electricity at our suppliers of finished goods and storage service providers, based exclusively on the quantities of goods produced for Beiersdorf or on goods turnover. The calculation methodology is congruent with that of the Scope 1 and Scope 2 calculation. In 2020 the data we gathered in the survey covered 83% of our outsourced finished goods production and 89% of our warehousing activities. The values in the following table are extrapolated emission values to cover all finished goods suppliers and warehousing.

To calculate the global upstream transport-related GHG emissions from finished goods transportation between affiliates as well as from deliveries to our customers and distributors, we use the EcoTransIT tool in accordance with the European DIN EN 16258 standard. Data on distances, loads, and the various means of transport are obtained from the logistics network.

* The Consumer Business Segment Scope 3 emissions only include our mass-market business and our dermocosmetics business. Scope 3 emissions originating from the premium business segment with LA PRAIRIE are not in scope.

** In this calculation we take consumer packaging and secondary packaging into account. The secondary packaging materials added in final end-product packaging and transport preparation are not included.

To quantify our business travel emissions, information on distances and means of transport is exported from our travel management system or is reported directly by our affiliates. If data is collected via our travel management system, we calculate the emissions according to the methodology of the German Association of Business Travel Agents (Verband Deutscher

Geschäftsreiseveranstalter, VDR), taking into account a radiative forcing index (RFI factor) of 2 on business flights. In the case of directly reported business travel data, we calculate emissions on the IEA basis. The 2019 flight emissions of our German companies were offset in the 2020 reporting year, and we will do the same for our 2020 flight emissions in the 2021 reporting year.

SCOPE 3 GHG EMISSIONS CONSUMER (UNIT: T CO₂E)*

	Areas	2018	2019	2020
Category 1: Purchased goods and services**	Packaging	455,922	458,390	419,098
	Raw materials	594,366	577,219	537,127
	Finished goods manufacturing	36,706	22,052	25,700
Category 4: Upstream transportation and distribution***	Finished goods transport	103,308	103,969	100,942
	Warehousing	11,705	11,879	9,729
Category 6: Business travel****	Business travel	17,046	18,750	3,693
Total Scope 3 GHG emissions		1,219,053	1,192,259	1,096,289

* The categories are defined by the GHG Protocol. Only categories within our Scope 3 target boundary are disclosed.

** The packaging 2019 emission data is updated from last year's reporting due to improved volume data base. For raw materials, the calculation methodology switched from the Input-Output Model to the above described methodology leading to a restatement of the 2019 emissions. The same methodology was also applied to 2018 data. For finished goods manufacturing, data for 2018, 2019 and 2020 has been for the first time extrapolated from the data collection covering 61%, 65%, 83% of spend respectively. Emissions from the combustion of biomass are excluded. The data for 2018 and 2019 was adjusted accordingly. COPPERTONE is not included in this category.

*** For Finished goods transport emissions, 2019 data has been restated to include the COPPERTONE business. 2018 data has been restated based on 2019 data outside Europe. Warehousing data is extrapolated based on stored pallets. The data coverage for the years 2018, 2019 and 2020 was 65%, 65% and 89% respectively.

**** Key figure not in scope of the limited assurance engagement by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft

In addition to the Non-financial Statement, we are disclosing our management approaches and data on climate topics as part of the annual „Carbon Disclosure Project“ (CDP) survey. We received the score “A” from CDP within the Climate Change Program in 2020.

Measures to reduce operating emissions

As well as purchasing 100% green electricity, we have installed photovoltaic systems at several of our production and office sites, through which we cover part of our electricity requirements ourselves. In the reporting year, these systems produced 3,219 MWh of electricity worldwide.

Our production sites harbor potential for reducing energy-related emissions even further and increasing energy efficiency. The initiative “Sustainability in Manufacturing” was created in 2020 and builds among others on the minimum requirements laid out in our standard operating procedure for energy management: It includes all 17 production sites worldwide and is intended to support the achievement of targets in the areas of climate, waste, and water by 2025. The project team analyzes energy consumption levels and derives required measures. Knowledge gained locally is exchanged in the form of examples of best practices within our international network and applied at other sites wherever appropriate.

Energy-efficient modern buildings and production sites contribute to reaching our climate target. When we construct a new building or redesign an existing one, we examine its full life cycle and implement targeted, sustainable energy concepts and solutions. In our new construction and expansion projects, we continually strive for certification to the Leadership in Energy and Environmental Design (LEED) standard. In 2020 our production site in

Brazil was certified “Gold.” The completion of our new Group headquarters and research center in Hamburg-Eimsbüttel is planned for 2021: In addition to the LEED standard, we are also aiming to achieve the “WELL Building Standard” for this construction, which will be over 100,000 square meters in size.

Reducing emissions along the value chain

The reduction of Scope 3 emissions is a greater challenge than Scope 1 and Scope 2, as their origins are beyond our direct operational control. For this reason, we work across functions and together with our suppliers to find innovative measures to reduce our carbon footprint and we are currently developing emissions reduction roadmaps in all major Scope 3 categories.

Reducing emissions in the value chain starts as early as the product design phase: Our R&D team for product formulations and packaging actively searches for materials with a lower carbon footprint, as well as new technologies that reduce product emissions. The launch of the new lightweight bottle in our Naturally Good skin care range, and our research collaboration on materials targeting Carbon Capture and Utilization (CCU) with one of our suppliers are just two exemplary projects that underline our commitment.

Since 2019 we have switched 18 of our European transport routes from trucks to intermodal rail transport. This change enables us to save around 1,200 tCO₂e annually. Further intermodal solutions are planned for our European and North American logistics in the coming years. Additionally, we encourage our suppliers to use energy from renewable sources in their facilities.

tesa

Company management systems for environmental protection

The tesa Business Segment uses ISO 14001 certified environmental management systems at eight sites for the continuous management 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 of a company. With the exception of the production sites of the companies acquired in 2017 and 2018, all production facilities with related coating and/or adhesive production are certified. The majority of our Scope 1 and Scope 2 emissions accrue to sites with certified environmental management systems, as these have relatively high energy consumption, due to drying or waste-air purification processes, for example. External environmental audits are conducted annually as part of matrix certification of the ISO 14001 sites. In addition, the environmental management systems at selected ISO 14001 sites are reviewed in internal audits by specialists at the headquarters.

In addition to the environmental management system, in the first quarter of 2020 the largest production facilities with the highest GHG emissions (Hamburg and Offenburg) underwent their first recertification audit to the new ISO 50001:2018 standard. The two locations account for almost 70% of the GHG emissions of all ISO 14001 certified sites. tesa's headquarters, which has the most employees and the largest research and development unit, is also certified to ISO 50001. The energy management systems lay the foundation for further increasing energy efficiency at the sites.

Through our internal planning and reporting activities we identify, assess, and monitor risks and measures associated with reducing GHG emissions levels at the sites certified according to ISO 14001. We review the effectiveness of our activities by recording the monthly site-specific energy consumption. We lowered our Scope 1 and Scope 2 emissions in absolute terms by 23% between 2018 and 2020. We achieved a reduction in specific emissions of 13.7% per metric ton of end product over the same period.

Measure and lower energy consumption

Energy consumption is an important control parameter for reducing our environmental impacts. Within the framework of a continuous improvement process and based on the environmental program as well as the environmental audits, we identify energy conservation opportunities and optimize energy-intensive processes while reducing our GHG emissions and related costs. tesa corporate management conducts a management review every year as part of this process. The environmental experts at the respective locations bear operational responsibility.

Another strategic approach for increasing energy efficiency is the use of energy- and resource-saving technologies. This includes the efficient generation of our own energy: 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 the heat that is produced in these systems for production processes or for heating. In 2020 we added two further CHP plants: The facilities installed at our production site in Italy and tesa's headquarters in Norderstedt will produce just under 11 GWh of electricity annually in the future. This means that we anticipate being able to produce over 50% of our electricity demand ourselves in energy-efficient CHP systems by the end of 2020.

During the reporting period, a second regenerative afterburning system was put into operation at the production site in Suzhou to minimize emissions into the air. Another facility is planned for the Hamburg location. Our headquarters achieved additional reductions in electricity and gas consumption by optimizing air conditioning in offices and ramping down the operation of ventilation systems at the technology center during nonoperating times. We are also assessing the use of our own photovoltaic systems at our locations and commissioned a feasibility study on this during the reporting period. We decided to install a corresponding system at our Suzhou production site.

Product Sustainability*

For all Beiersdorf products, the impact on human health and the environment plays a decisive role. Therefore, in addition to ensuring the highest safety and quality standards, we work continuously to keep reducing the impact of our production and our products on the environment.

Consumer

The products in our Consumer Business Segment are known for their high quality and outstanding skin care worldwide. Our success is based on our innovative strengths as well as the ongoing development of our brands and products. Our goal is to meet the high quality standards we set ourselves and maintain the trust of our consumers in our products. For us, this trust also calls for taking responsibility of optimizing the environmental compatibility of our products and handling resources responsibly in order to counteract environmental impacts and protect the environment.

The Executive Board is responsible for integrating product sustainability into our strategy C.A.R.E.+ and at the brand level. Our Sustainability Council (see "Strategy," page 40) is in regular contact with the senior management of our Marketing and Research & Development departments, which also includes our packaging and formula development, and reports on current projects and progress toward our goals. In addition, regular strategy workshops take place. We also utilize the expertise of different departments and external stakeholders such as suppliers and institutes to implement projects across functions and our value chain.

* This chapter does not include activities of the brand COPPERTONE.

Holistic perspective on products

It is important to us not only to consider individual aspects but also to evaluate our products holistically according to their ecological and social impact. We analyze and summarize all impacts, from raw material procurement to product disposal, by means of life cycle assessments (LCAs). Ultimately, a detailed LCA of the product provides information on how it affects various environmental aspects and where potential for improvement can still be unlocked. The LCAs carried out so far show that the environmental impact of our products beyond their usage phase is usually determined by the raw materials used as well as the resource efficiency of our packaging. Therefore, these factors are also the focus of our sustainability assessment criteria.

Promoting the Circular Economy

The worldwide consumption of natural resources has risen continuously over recent decades. Negative environmental impacts and waste production are increasing steadily, and the environment is suffering long-term damage. To counteract this, Beiersdorf is committed to strengthening the circular economy: In the area of product sustainability, the circularity of our packaging and ingredients in our formulations is of central importance.

Sustainable packaging

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 steadily increasing quantities of fossil-based materials used worldwide counterbalance these advantages, especially as plastic packaging is often not recycled. For this reason, we work intensively to optimize our plastic packaging in accordance with the sustainability principles of "avoid, reduce, reuse, and recycle" in order to contribute toward a circular economy.

To make our sustainability activities measurable, we have set ourselves the following global packaging targets and intend to achieve these by 2025: Our packaging will be 100% refillable, reusable or recyclable; we will use 50% less fossil-based virgin plastic in our packaging compared to 2019; and we will integrate 30% recycled material into our plastic packaging.

For this year, we can report on the following progress toward our targets:

- 6% reduction in fossil-based virgin plastics in our packaging
- 1% recycled material in our plastic packaging

Due to the successive transition of our packaging, the recycled material increases over the course of the year. In December 2020 we already achieved 4%.

In order to measure our progress regarding the recyclability of our packaging, we are currently developing a concept in accordance with established external definitions and methodologies. To us, recyclability means it is proven that our packaging is collected, sorted and recycled in practice and at scale. In addition, as a globally operating company, it is important to us to take country-specific waste management structures and realities into account. We consider these different aspects by carrying out recyclability studies with

external partners. As a result, we are gaining valuable insights into available disposal infrastructures and practices, and are learning how we can further improve the recyclability of our packaging.

In addition to plastic, we use other materials such as paper, aluminum and glass for our packaging. When using these packaging 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.

Our measures reduce the risk of adverse effects of our packaging on the environment. Our teams work across departments and in close collaboration with our suppliers on developing optimal solutions for all our packaging materials to ensure sustainable, safe, and attractive packaging.

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*) and for using biodegradable polymers. By implementing environmentally friendly and biodegradable raw material alternatives, we are striving to improve the environmental compatibility of our overall portfolio.

To this end, we adopted new ambitious targets at the beginning of 2020. They set out that NIVEA will be 100% free of microplastics by the end of 2021, and at EUCERIN we will achieve this goal in 2023. In addition, we will exclusively use biodegradable polymers in our European product formulations by 2025. This more precise target allows us to communicate more transparently with our consumers and other stakeholders. Based on our raw material volume, we reduced the share of microplastics in the reporting year by 67% at NIVEA and 25% at EUCERIN compared to 2016. We also achieved a 7% reduction in the use of non-biodegradable polymers in our European product formulations compared to 2018.

Furthermore, we are working on ensuring that our product formulations are biodegradable, and we are increasingly using raw materials from non-fossil renewable sources. Our goal is to increase the use of natural, renewable raw materials and at the same time ensure sustainable procurement in order to prevent negative environmental impacts due to the increased demand for certain raw materials (see "Sustainable cultivation of raw materials," page 47).

New partners

In February 2020, the Hamburg-based STOP THE WATER WHILE USING ME! joined the Beiersdorf brand family. The company's product portfolio encompasses solid, waterless body and hair care products as well as shower, hand, body, and oral hygiene articles. STOP THE WATER WHILE USING ME! complements Beiersdorf's skin care portfolio in the natural cosmetics segment and supports the company's sustainable orientation as part of its C.A.R.E.+ strategy. Having acquired this natural cosmetics label, we want to jointly accelerate our commitment to climate and resource protection and drive our sustainability efforts forward.

* The United Nations Environmental Programme (UNEP) defines microplastics as solid plastic particles that are smaller than 5mm, not biodegradable, and water-insoluble.

By acquiring shares in Salford Valve Company Ltd. (Salvalco) in May 2020, we also made an investment in environmentally friendly valve technologies. Their Eco-Valve technology allows environmentally friendly gases such as nitrogen or compressed air to be used as propellants in aerosol sprays. The aim of this partnership is to promote sustainable aerosol innovations in the industry and in our Beiersdorf product portfolio.

In addition to the measures and targets stated above, in the future we plan to focus even more on the integrated evaluation and communication of our CO₂ footprint on a product level. We want to make our commitment more tangible to our consumers, not only on a corporate level but also on a brand and product level.

Sustainable cultivation of raw materials

We rely on natural raw materials for the development of our product formulas. Hence, we are working hard to avoid any kind of pollution or damage to the environment caused either by the procurement or the use of these raw materials. Our objective is to source all renewable raw materials from sustainable sources by 2025. We plan to source our main raw materials such as palm (kernel) oil derivatives, soy, tallow and paper without contributing to deforestation by 2025. To support this goal, the topic of "Sustainable Land Use" is firmly anchored in our Sustainability Agenda as a focus field.

Palm (kernel) oil derivatives

Palm (kernel) oil derivatives are important raw materials for our cosmetic and body care products. Essential ingredients such as emulsifiers and surfactants are obtained from mineral and vegetable oils such as palm (kernel) oil and corresponding derivatives. Beiersdorf does not use the oil directly but its derivatives, i.e., processed substances based on palm (kernel) oil. Our total procurement volume in 2020 was around 28,000 t.

Palm (kernel) oil is a renewable raw material with high cultivation efficiency: The oil palm delivers almost five times as much yield per cultivated land area if compared to other crops, such as coconut, rapeseed or sunflower.* As part of its cultivation, it is of utmost importance to avoid the deforestation of precious rainforest areas worldwide.

Through certification, transparency and transformation, we want to identify and minimize the environmental and social risks along the supply chains of palm (kernel) oil-based raw materials. Our "Palm Sustainability Roadmap" guides our actions worldwide toward achieving the sustainable procurement of these raw materials while also improving the working conditions of (smallholder) farmers on the ground. In the reporting period we achieved our target of using 100% sustainably certified palm (kernel) oil and its derivatives by the end of 2020.** This means that in our products we only use raw materials from sustainable sources - based on the mass-balance model as defined by the "Roundtable on Sustainable Palm Oil" (RSPO). In order to achieve our further targets, we are taking differing approaches:

Sustainable certification

Since 2011, we have followed the "Supply Chain Certification Standard" (SCCS) established by the RSPO for our procurement of palm (kernel) oil derivatives. An important milestone was reached in 2016 with the awarding of

the RSPO Multi-Site SCCS certificate for our switch to sustainably-certified palm (kernel) oil-based raw materials worldwide. Since then we have steadily expanded the proportion of mass-balanced ingredients in our products and were able to achieve our ambitious target by the end of 2020.

Transparency in the supply chain

Unlike the crude palm (kernel) oil supply chain, the derivatives supply chain is highly complex and involves a wide range of different actors. We source palm (kernel) oil-based raw materials from oleochemical suppliers and therefore have only limited influence on the upstream supply chain. Through cooperation with industry partners, we want to trace the origin of our raw materials back to the refinery, mill and plantation level. Our founding membership of the cross-industry initiative "Action for Sustainable Derivatives" (ASD) supports this objective: The ASD's explicit aim is to increase the transparency and sustainability of derivative supply chains.

Sustainable transformation in cultivation regions

We are engaged in sustainability in palm oil cultivation regions to help improve fundamental local working and living conditions of smallholder farmers for the long term and to protect the environment. Our goal is to convince smallholder farmers that transitioning to sustainable oil palm cultivation without further deforestation can contribute to improving their living and income situation. Since 2018 we have initiated one smallholder farmer and one landscape project in cooperation with the World Wide Fund for Nature (WWF) and have supported one project of the Forum for Sustainable Palm Oil (FONAP). These projects form an important building block in the further development of our "Palm Sustainability Roadmap."

Shea

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 shea collectors in Ghana and Burkina Faso over a period of five years. The goal is to train them in the areas of health, safety, product quality, and fundamental economic know-how. This way we are promoting sustainable development in some of the poorest rural regions in the "Shea Belt", the main growing area in Africa. In addition, as part of the "Clean Cookstoves" project, shea collectors learn how to make ovens from local materials such as termite sand. Furthermore, we are planting 10,000 shea trees on the ground over a five-year period, thus making an important contribution to fighting climate change, as the trees bind CO₂ and can counteract desertification.

Paper

We use paper and cardboard for many of our product packages. We also want to procure this natural resource sustainably, and for this purpose we have established a "Sustainable Paper and Cardboard Policy" that defines the goal of only using sustainable paper and cardboard materials, i.e., recycled or certified paper according to the Forest Stewardship Council (FSC) standard, worldwide by the end of 2020. As early as 2019 we were able to obtain 100% of our folding boxes, used for example as outer packaging for face creams, from FSC-certified material. However, we did not reach our target in all regions for other paper-based packaging such as shipping boxes and other point-of-sales materials. We are currently working intensively on switching over further paper-based materials to FSC-certified or recycled paper.

* FONAP <https://www.forumpalmoel.org/home>.

** Including LA PRAIRIE and STOP THE WATER WHILE USING ME!

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Innovative solutions for greater sustainability

Customer satisfaction is tesa's top priority. In addition to ensuring that our products meet the highest safety and quality standards and performance requirements, our focus is increasingly on sustainability-related criteria. Through innovative product solutions we want to enable technological progress for our customers and make an active contribution toward sustainability. In this effort we combine the highest standards with a minimized environmental footprint over the entire product life cycle. Our products add environmental value in many areas. For example, our adhesive solutions are used to make repairs, which ensures that products can remain in use for longer. They also make it possible for particular components to be separated from each other for later recycling. This saves resources, protects the environment, and avoids emissions.

The strategic Customers pillar in the new Sustainability Agenda, which was adopted in 2020, anchors the topic deeply in our organization. Our goal is to increase the share of sustainable products in our overall portfolio by 2025. On the one hand, for us this means we will use more renewable and better recyclable raw materials for our products and will focus even more on the end-of-life product phase in future. On the other, we want to increasingly offer products that are proven to help our customers achieve greater sustainability. In the future we will also report on our progress in this area too.

The focus of our product development is to reduce the respective carbon footprint while maintaining the same high product performance and characteristics. Going forward we intend to use more environmentally friendly and climate-friendly raw materials than conventional raw materials. To achieve this we are assessing the use of different raw materials. In particular, the use of recycled and bio-based raw materials currently plays a key role for us. At the same time, we avoid scarce raw materials, or whose extraction places an excessive burden on the environment. We also plan to further reduce the use of solvents in production.

The entire life cycle in focus

Since 2010 we have offered adhesive rollers, adhesive films, packing tape, glue sticks, and correction rollers, among other products, under the tesa ecoLogo sub-brand. These are manufactured from primarily recycled or natural materials. The tesa ecoLogo product range dispenses completely with solvents in its production and uses primarily bio-based materials and recycled packaging.

The concept of the circular economy is what drives us. This approach means less material is used, more is reused, and more is finally recycled. After all, if a product or individual components can be recycled or reused, resources can be saved elsewhere. To realize this we consider the end of the product life cycle at a very early development stage and invest in further research on this aspect.

Our understanding of sustainable products goes beyond pure sustainability criteria in product development. Whether in industry, the electronics sector, or wind and solar energy, there are many scenarios in which the application of our products enables our customers to operate more efficiently and promote sustainable technologies. Supporting our customers as best we can on the way to sustainable change also means that we develop efficient adhesive solutions that have many advantages: For example, they help save resources and energy, and make it possible to repair or recycle products. This allows our customers to reduce their waste volumes and cut GHG emissions, for example.

Project Sustainability Assessment: Integrating sustainability early in product development

In mid-2020 at tesa, we implemented a tool that embeds sustainability as an integral aspect very early in all product development processes as well as in major investment decisions. The Project Sustainability Assessment ensures that the employees responsible for product development consider in detail to what extent their product or investment can contribute toward sustainability. To do so, product developers are required to make quantitative and qualitative statements on particular sustainability aspects. The Project Sustainability Assessment is oriented toward our Sustainability Agenda and the Sustainable Development Goals. The Assessment serves as a basis for management and decision-making.

Smart adhesive for better recycling: debonding on demand

We want to help our customers close cycles too. Our tesa® Bond & Detach adhesive products offer one example of how we do this. When modern smartphones are no longer needed, or if they break, it is usually difficult to disassemble them into their individual components. Our tesa® Bond & Detach products make it possible to fasten components, such as batteries, in such a way that they hold permanently. When needed, they can be easily removed without leaving any residue. This way the electronic components can be replaced, disposed of properly, or recycled. In the reporting year, we successfully expanded our portfolio of Bond & Detach products further.

Resource Efficiency

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The efficient use of resources is key for us. We want to promote the circular economy and utilize materials that can remain in the cycle at the end of their useful life or can be used in other ways. At present, waste cannot be fully avoided in goods production. However, we are committed to reducing it effectively in order to preserve natural resources. We therefore work continually to raise awareness among all stakeholders of the need to avoid unnecessary waste and ensure professional recycling. In addition to our consistent compliance with legal requirements, we also take further measures: We refine our environmental management systems continually and also engage in

dialogue with external experts to ensure this. Furthermore, we provide our stakeholders with candid and transparent information on our objectives and successes in this area. Through these measures we have already significantly reduced our environmental impact in the area of resource efficiency.

Avoiding and recycling

In order to offer our customers products that are as environmentally harmless as possible over their entire life cycle, we ensure we employ environmentally friendly, solvent-free manufacturing processes right from the very early product development stages. We plan to increase the share of recycled and renewable raw materials in our products further: They should be developed so as to remain in the cycle at the end of their useful life or be recyclable in other ways. We also pay particular attention to our production and manufacturing processes and integrate corresponding measures in our company's environmental protection activities.

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.

In order to use materials efficiently and recycle wherever possible, we constantly work on minimizing production-related losses of the raw materials we use in producing adhesives, coating tapes and cutting rolls. Production process waste is collected separately on a site-specific basis according to various waste categories and then materially recycled to the greatest extent possible. For reporting purposes waste is summarized by categories, based on whether it is nonhazardous or hazardous, and whether it is for disposal or recycling. tesa recycles almost all nonhazardous waste as well as hazardous waste containing solvents. Ongoing improvements in machinery and production processes - including some following proposals from our employees - enable us to reduce our waste volumes continually.

High recycling rate for packaging

The reduction and avoidance of packaging materials also help to minimize waste and therefore their negative impact on the environment. In the industrial area, our 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 the process. When using packaging, we seek to maximize the recyclability of the packaging materials used. For example, we give priority to cardboard packaging and reusable pallets, and use single-source plastic as much as possible. In addition, we avoid the use of metal or aluminum wherever possible, and ensure that labels, adhesives and inks do not impair recyclability. Information on the packaging, for example, detailing the types of materials used, makes it easier for the end customer to choose the correct form of disposal.

With the Sustainability Agenda, in 2020 we set the course toward a target setting in the area of sustainable packaging. Specifically, we plan to use less, alternative and/or recycled raw materials for packaging. For example, we intend to avoid plastic packaging. In this regard we are considering new forms of packaging, for example replacing shrink-wrap with a paper sleeve or a folding carton. Developing specific key indicators will help make our progress in this area more transparent.

We achieved notable successes in the Consumer & Craftsmen product segment in the past: Lowering the weight of our packaging in order to reduce packaging waste and using primarily FSC-certified materials for our paper, cardboard, and carton packaging are just two examples. We continued to optimize logistics and to standardize the shipping cartons we use as far as possible to reduce the large number of different sizes. We also aim for optimal pallet utilization to avoid unnecessary transport, thereby reducing carbon emissions.

Active employee involvement

We want to integrate our employees' expertise to develop waste-reducing measures. In 2020 we therefore continued the successful campaign "Great Ideas - Not Waste" at the tesa plant in Offenburg. Behind this campaign is a long-term project via which we intend to continuously reduce energy and resource use with the participation of employees from the production, process development, and technology areas. Regular intradepartmental and interdepartmental discussions form one element of the project that assists in coordinating the implementation of potential improvements and fostering an exchange regarding best-practice solutions. Moreover, the project includes communication measures designed to create awareness of the issue among employees. In 2020 23 projects targeting resource efficiency were implemented: these have delivered savings of €249,000 to date. Some of them also contribute indirectly to energy savings since the saved materials no longer need to undergo the manufacturing process.

Water

Water is an essential resource - for us humans as well as all other life forms on our planet. However, the Earth's water resources are unequally distributed and threatened by various influences such as climate change, population increase, pollution, and overuse. Water scarcity particularly affects the regions with high site-specific water risks, but our resources of clean drinking water are becoming scarcer worldwide. Given this situation we consider the responsible use of water as a resource as being especially important. We take great care across all our business areas and processes, as well as along our supply chain, to reduce our water consumption as far as possible and minimize our wastewater volume.

Managing water risks

The World Resources Institute (WRI) provides the "Aqueduct Water Risk Atlas," a data tool with which we assess the water risk annually for all production sites of the Consumer Business Segment and for all production sites and the headquarters of the tesa Business Segment. This data tool takes into account the risks related to water and wastewater, with a particular focus on the respective type of water withdrawal as well as water and wastewater quantities. In addition, it identifies those locations with a heightened risk of water scarcity or water stress. Both business segments disclose information on their water management as part of CDP. With regard to the statements on "Water Security," the Consumer Business Segment received a "B" assessment, and the tesa Business Segment a "C" assessment in the reporting period.

Consumer

The Consumer Business Segment uses water in a variety of ways: In our production processes, our product formulas, and finally it is used by our consumers when they apply the products. We have set ourselves the objective of dealing responsibly with this precious and vital resource and to promote sustainable water use in a targeted and consistent way. We are therefore working on minimizing water consumption in our production. By 2025 we will reduce our water consumption per product manufactured by 25% (base year 2018). In the last two years we faced a cumulative increase of water consumption per product manufactured of 11%. This increase is driven by installations of new and upgraded of water treatment facilities as well as ramp up activities in new and expanded factories which both require trial runs and extra cleaning.

Focus on sustainable water management

One of the areas impacted by the significance of sustainable water management is planning for production-site expansions: Under the global initiative "Sustainability in Manufacturing," we are working intensively on integrating innovative ideas into our production processes. The focus here is on solution approaches for reducing water losses, determining water consumption at relevant production plants, and options for treating wastewater so that it can be reused in production processes.

Especially for high-consumption cleaning processes, we rely on leading-edge equipment and innovative technologies. We harness the latest technical processes to purify wastewater so we can use it in cooling, irrigation, and sanitation, for example, through measures frequently implemented at our production sites as part of their LEED certification (see "Climate and Energy," page 42). Even seemingly small improvements, such as the modernization of sanitary facilities or targeted consumption measurements in production areas, contribute to sustainable water management.

We implemented such location-specific measures in 2019 as part of the Pailin refurbishment project at the Bangplee site in Thailand, for instance. The new building uses recycled water for the irrigation systems and has a solar roof generating up to 500 kW of electricity. We are in dialogue about further minimizing risks with water suppliers, local government, and neighboring companies.

We also regularly review numerous other production sites for optimization potential – always with the goal of achieving the best possible results in terms of water reduction and efficient wastewater treatment.

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Strong guidelines and preventive measures

In the reporting year we sharpened our environmental guidelines with regard to water. For our water management, our goal is efficient use while paying attention to the conservation of water resources and appropriate wastewater treatment. We collect water data at our production sites annually, such as water consumption and wastewater volumes. We withdraw water mainly from the public drinking water supply and from groundwater. We reuse water several times in our cooling cycles and most of the water is discharged as

wastewater into the sewage system or released as surface water. We also take measures at our sites to return used water to the cycle: In the reporting year we installed a steam recovery system at our Italian production plant, for example.

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 ensures that no contaminated surface water is channeled into the sewage 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 of these measures are regularly reviewed in our external ISO 14001 audits and are the prerequisite for a successful audit result.

Employees

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

Consumer

Training and further education

The changes in our working world require a flexible, dynamic working approach and therefore high willingness to learn. This makes it all the 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 support lifelong learning.

Further information on the material topic of education and training can be found in the Combined Management Report in the chapter "People at Beiersdorf" from page 25.

Employment

We want to be the employer of choice for our employees and to provide them with a safe and attractive working environment. For us, this includes open dialogue across all hierarchical levels and achieving the goals we set ourselves together. Furthermore, we are convinced that diversity in the workforce enriches our team enormously, so we promote it in a focused way. Relevant key indicators in these areas are the proportion of women on the first and second management levels, the internal filling of management vacancies, and our employee engagement survey.

You can find more detailed information on the material topic of employment and its key figures, which form part of the Non-financial Statement, in the chapter "People at Beiersdorf" in the Combined Management Report starting on page 25.

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Diversity and equal opportunities

As an international company, a diverse workforce is not only a constant goal for us but also a key competitive factor: Different perspectives help us to understand customer needs better and strengthen our power to innovate. 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 job application process.

International orientation

When filling new positions, we attach great importance to hiring new employees from different countries. We want to promote an international workforce, particularly at our Norderstedt headquarters. This is why we are increasingly filling positions with employees who previously worked for us at locations abroad, mostly in our growth markets in Asia. 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 2020 we also continued to pursue our "X-perience the tesa world" concept, in particular through internal employment vacancy advertisements that explicitly called for both international and cross-functional applications.

Women in management

Our goal is to fill more management positions with women in the future. We want 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 will step up our efforts to promote gender equality within the workforce and in leadership roles.

Since 2019 we have also offered specifically targeted trainings in Germany to promote young female employees toward taking management positions. Due to the current COVID-19 situation, this training could not be delivered in 2020 and needed to be postponed. The tesa Women's Network is an initiative launched by our employees and provides colleagues with opportunities to network and support each other. The network's objective is to make talented employees in the company more visible and encourage them to seize career opportunities. Following its foundation in 2018, a very diverse range of panel discussions and experience exchanges took place with female executives within the tesa Group. Meet & Mingle events took place at the beginning of 2020, which unfortunately could not be continued later in the year due to the COVID-19 pandemic.

Scientific program for schoolgirls

We want to promote equal opportunity at an early age. The science initiative mint: pink is a development program explicitly for girls. In the taster course, middle school students get a look at scientists' work at our Norderstedt site and gain varied insights into a diverse range of scientific vocational fields. In 2020 the program could not take place due to the COVID-19 pandemic; it is nevertheless planned to continue next year.

Employee development

Competition for employees with scientific and technical academic backgrounds is constantly on the rise within our industry. The advance of digitalization 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 high-potential employees' motivation to work for us long term.

To react to the challenges of the labor market and the competitive environment, we have developed a tesa-specific training course that helps young people gain access to working life. It also offers us the opportunity to train employees in areas relevant to our business. In addition to technical training content, the focus is increasingly on soft skills that positively influence cooperation and promote collaboration. 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.

Securing long-term success means 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. Our further training programs 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 cover topic areas such as compliance, occupational safety, sales, and management and leadership. We significantly expanded this offer in 2020 to be able to offer our employees a wide range of further training opportunities despite the increasing requirement to work from home due to the COVID-19 pandemic.

Training

In the technical area, trainees can choose from five different apprenticeships: Chemicals technician, electronics technician for industrial engineering, industrial mechanic, machine and plant operator, and mechatronics technician. At the end of 2020, the tesa plant in Hausbruch, Hamburg employed 37 trainees and one dual student, with the machine and plant operators forming the largest group with 14 trainees. The tesa plant in Offenburg employed 36 trainees, six of whom are completing a dual study course. In addition to the traditional courses in mechatronics, mechanical engineering and industrial engineering, we offered two further courses for the first time in 2020: safety, as well as plastics and elastomer technology.

The trainee retention rate shows that we want to employ our trainees for the long term: In Hausbruch, 11 out of 17 trainees were retained in 2020 and we also offered a trainee a dual study course. This corresponds to a 71% retention rate. In Offenburg, retention was 50% lower in 2020 than in previous years, also due to the economic situation triggered by the COVID-19 pandemic.

At our tesa Offenburg plant in recent years, we have focused on the further training of initially unskilled auxiliary staff. In cooperation with the German Federal Employment Agency (*Bundesagentur für Arbeit*), a total of ten employees have been trained as machine and plant operators over the past three years through one-year training courses. All ten passed their exams and around half were subsequently retained.

Given the existing demographic developments and the resulting increasing 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 researches) for many years now.

Further training programs and open course program

We further expanded our training offer in 2020. We developed new online training offers specifically for sales staff, which they can access worldwide independently of location and time. The courses offered were taken up by employees on all continents in 2020, with a total of over 1,300 courses taken. Our open course program is open to all employees following consultation with their managers and includes language training and IT instruction. In 2020, 11 of these open courses were held as face-to-face training up to and including March. From April, the courses were converted into virtual formats and carried out online due to the COVID-19 pandemic. As part of the open course program, we offered further online language courses in 2020 and made these available in the Western Europe region.

Online training offers

Due to the COVID-19 pandemic, a large percentage of our employees (except for Production, and Research & Development) have been working from home since March 2020. In order to provide them with suitable training opportunities at home too, we set up the "Home-Office Learning Journey" in March 2020. This includes a rotating selection of digital learning opportunities in the areas of sales, virtual leadership, management and specialist training. The offer was well received, with a total of 1,109 employees taking part in 25 courses in the reporting year.

This offer was complemented by the online learning platform LinkedIn Learning. In coordination with HR management and employees' managers, since 2020, our employees have had the opportunity to take further online courses delivered by renowned industry experts, book authors and scientists. Over 16,000 courses on a wide range of topics are available and are offered in seven different languages. With around 850 active licenses worldwide and an average learning time of just under three hours per user (from January to October 2020), the platform was used extensively by our employees in the reporting year. The potential introduction of a "Learning Experience Platform" announced in 2019 was not carried out in the reporting year; instead, we decided to implement LinkedIn Learning.

We also further expanded our existing e-learning offering in 2020, for example, through podcasts and online training for sales employees and an e-learning course series on product safety. Further online courses are planned for early 2021, for instance on our Code of Conduct and on occupational safety. tesa registered that a total of 5,670 people took part in e-learning worldwide in 2020. Since 2018, employees have been able to discover all available training opportunities at tesa with the aid of our Learning Management System (LMS). At the same time, the "Learning Hub" serves to automate and harmonize the administration and organization of face-to-face training, e-learning programs, and blended learning internationally. We successfully introduced the learning platform in all tesa regions in 2020 and are constantly developing it further. New users are introduced to the system with a welcome e-mail. In addition, employees are specifically invited to take part in training topically relevant to them.

Occupational Safety

Safety and health at work are a top priority for Beiersdorf. For us, good performance in occupational health and safety is no coincidence but the result of systematic and consistent action. Prevention and the awareness of our employees of potential dangers are paramount here. We understand 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 avoid undue work-related physical and psychological stress factors.

Our "Accident Frequency Rate" (AFR) documents all accidents at work that have resulted in at least one day's absence from work. In 2020 we were unfortunately unable to reduce the AFR further at our production sites. Following 1.2 accidents per million working hours in 2019, this rose to 1.6 in the reporting year for the Consumer Business Segment. Approximately half our production sites achieved the long-term target of zero accidents in 2020. With 3.6 accidents per million working hours worldwide, the accident frequency per ≥ 1 day at tesa in 2020 was below the previous year's figure (4.3): We see this as confirmation of the quality of our occupational health and safety management system.

COVID-19 pandemic

The global COVID-19 pandemic was and remains a threat against which we need to protect our employees worldwide. While we have of course pursued our existing occupational health and safety processes and systems, we have also consciously decided to adapt the introduction of new projects or processes to provide sufficient resources to combat the pandemic. Through our rapid action and implementation of measures, we were able to prevent internal chains of contagion as far as possible and avoid bottlenecks due to production downtime.

At the beginning of 2020, we set up crisis teams at all sites and factories and developed pandemic plans specifically to combat COVID-19. Both business segments have set up a task force under top management leadership: These initially met daily to take appropriate measures according to the respective business segment's situation.

The main measures included:

- Establishing clear safety and precautionary regulations for employees, visitors, and business travel
- Definition of processes and communication channels in the event of contagion
- Hygiene training for all employees, plus increased washing and disinfection routines
- Regular disinfection of production areas and workplaces as well as social interaction and sanitation areas
- Social distancing: Stopping physical shift handovers; keeping a 1.5 meters' distance in all workplaces; installation of plexiglass panels; wearing mouth and nose masks
- Scheduling of meal times by division to reduce simultaneous canteen occupancy; remote working for administrative functions
- Meetings via MS Teams or Skype whenever possible; face-to-face meetings in small groups only in exceptional cases
- Regular communication to all employees and employee representatives to maximize understanding of the preventive measures; implementation of a comprehensive COVID-19 information hub
- In specific countries, organization of private transport to avoid public transport

Thanks to the existing network of occupational safety experts, we were able to coordinate worldwide measures quickly and efficiently, share best-practice examples and drive their adoption by our affiliates.

Consumer

Ensuring our employees' health and well-being has always been an important part of how we understand our company, and this is lived in the Consumer Business Segment every day. The focus of our measures is not only on the prevention of accidents and health problems, but also the implementation of tested environmental and occupational health and safety standards.

"Zero Accidents" program

Regarding occupational accidents, Beiersdorf pursues the goal of "Zero Accidents." The focus of this program is on the reduction of the number of accidents, on eliminating unsafe working conditions, and on fostering safety-compliant behavior in all areas of the company. In order to achieve

this goal for the long term, corresponding targets have been formulated and their status is regularly reported to the Executive Board.

The program is based on our environmental protection management systems as well as occupational health and safety management systems. In order to check the effectiveness and quality of these management systems, we carry out audits every three years at all our sites in accordance with our internal Environmental Protection and Safety Management Audit Scheme (ESMAS) (page 57). ESMAS is based on the two internationally recognized standards ISO 14001 (environmental management systems) and DIN ISO 45001 (occupational health and safety management systems). In addition, we were able to further reduce serious accidents involving vehicles and machinery through targeted measures to mitigate our main risk areas. The main accident causes in 2019 and 2020 were slips, stumbles, and falls.

Some projects and programs targeting this category were partly delayed or postponed at our production plants due to the COVID-19 pandemic. In the first months of the pandemic, however, new concepts were developed based on online training instead of face-to-face instruction.

Next steps

We currently expect to spend much of 2021 dealing with the impacts of the pandemic. It is important to compare the measures at the plants carefully with the actual level of contagion. In the field of occupational health and safety we will pursue programs that we were not able to complete in 2020. Above all these include standards and training courses for working safely with machines, as well as the further rollout of our behavior-based safety training programs. It is precisely this program that will help us avoid even minor accidents and progress toward our vision of "Zero Accidents."

tesa

At tesa, occupational safety and occupational health management are firmly anchored in the organization: They are the focus of formal committees such as the Occupational Health and Safety Committees required by law in Germany. In addition to the 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 site-specific directives. They stipulate that employees are informed and made aware of security risks and potential hazards at regular intervals through training. This is intended 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 annual Management Review, the Executive Board evaluates the accident events of the respective year together with the Occupational Safety department. On this basis, they initiate new measures to further improve employee safety and reduce work-related health risks.

The tremendous importance of our employees' health was recently clearly highlighted by the coronavirus crisis. But we also promote our employees' health actively in normal everyday life. This was particularly evident at our Suzhou production plant, which was given Gold status in the Chinese "Healthy Workplace Award."

Systematic occupational safety

Within our occupational safety management, we focus on our ISO 14001 certified production sites, as these represent a greater risk of accidents and health impairments compared to our administrative sites. As part of the Sustainability Agenda we have drawn up an ambitious roadmap: By 2025, all tesa sites that already have an environmental management system in accordance with ISO 14001 should also achieve appropriate occupational safety certification.

We reached an important milestone for occupational health and safety in the reporting year at tesa with the "Sicher mit System" (Systematic Safety) occupational safety seal of approval at the headquarters and the tesa Converting Center in Hamburg. 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. They are fully trained in tesa's global occupational health and safety guidelines and have a detailed understanding of local legal requirements and circumstances. At the same time, we specifically promote the international exchange between these specialists: At annual as well as virtual meetings, they discuss material occupational safety and health risks. In addition, they initiate joint projects, set standards, and share their experiences. This approach contributes to the continuous improvement of accident prevention at tesa.

At tesa, risk assessments 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, health-friendly way. Changes to machines, plants or work spaces, as well as new acquisitions and process adjustments, can also have an impact on the safety and health of our employees. For this reason, safety inspections, systematic hazard identifications and risk assessments are carried out during the procurement and commissioning of plants, for example, with the involvement of specialist personnel. If we identify a security risk in this context, we take appropriate preventive or corrective action. In addition, Occupational Health and Safety Committees, employee representatives and the Executive Board discuss the main results of the assessments and define appropriate measures. Furthermore, regular inspections and evaluations take place. New findings are systematically incorporated, further preventive measures are rapidly implemented as required, and the relevant health and safety documentation is updated.

The handling of hazardous materials is also regulated in detail. Together with the Product Safety department as well as Research & Development and Production managers, the Occupational Safety department designs the tesa-specific processes for the handling, labeling, storage, and transportation of hazardous materials. Groups of employees working with certain hazard-

ous materials undergo regular mandatory health checks. In addition, plants and workplaces are regularly monitored for their safety and emission sources. The procedure in the event of an accident is regulated by our emergency management system.

Preventive measures at plants

The "Double Prevention Program" implemented in 2019 will continue at our Chinese plant in 2020. The first step involves the analysis of safety and health hazards in the workplace. In the second step, we identify hidden dangers and take appropriate corrective action. The purpose of the program is above all to raise employee awareness that dangers are not always obvious. The plant has a risk map that shows the risk for each area. We also draw attention in the workplace itself to the risks and required precautionary measures.

In addition, the campaign "It's in your hands! Always wear your safety gear." launched in 2019 contributes to raising production and laboratory employees' awareness of the importance of wearing proper protective equipment or suitable work clothes correctly. In the reporting year, we also implemented measures within the Fire Protection Concept 2020, which also focused on prevention. For example, another fire protection day with practical fire extinguisher training was held at the tesa plant in Offenburg.

Society

Consumer

Social responsibility – focus field "Inclusive Society"

"Care Beyond Skin" expresses our passion and calling to reach beyond our core business as well as our commitment to contribute to better social cohesion and environmental protection. As a globally active company, assuming responsibility for our immediate social environment and making a positive, sustainable impact for the benefit of our fellow citizens is a matter of course.

In line with our vision of an "Inclusive Society," engagement focuses especially on those affected by social inequality, marginalization, and isolation. We support locally relevant initiatives - beyond our own value chain - that aim to encourage and enable the well-being, sense of belonging, and voluntary social participation of all members of society, thereby making an important contribution toward social cohesion.

In 2020, as part of our "Inclusive Society" focus field, we concentrated our worldwide engagement on one topic in particular: The global coronavirus crisis, its immediate humanitarian impact and its long-term socioeconomic effects. In line with our Care Beyond Skin company purpose, Beiersdorf

launched a €50 million aid program in March 2020 that is unprecedented in the company's history. Headed by CEO Stefan De Loecker, a team of employees from a range of specialist functions including Corporate Sustainability drove the implementation of this aid program. The goal was to achieve the greatest possible local impact through pursuing an approach that was as integrated and focused as possible. Based on the principles of humanitarian aid (relief, recover, rebuild), the team divided the aid program into different areas in order to be able to provide short-, medium-, and long-term support: producing and donating disinfectants, product donations, employee donations, and local and global company donations.

Beiersdorf provided medical disinfectants as an immediate emergency measure: The promised volume of one million liters was reached in June 2020. These were produced at 13 plants worldwide and delivered to more than 20 countries, where they were mainly distributed to clinics and hospitals, medical and nursing staff, and employees in the public sector. Distribution was coordinated closely with the respective local authorities. tesa also supplied more than 30 hospitals in Germany with "social-distancing" adhesive tapes, designed to help maintain a safe distance between people.

In addition, more than five million skin and hand care products were quickly made available to healthcare workers. With this initiative, our intention was not only to support those people burdened with particular responsibility during the coronavirus crisis and whose skin is more stressed than most, but also to thank them for their service.

As a further emergency measure, Beiersdorf employees donated to Médecins Sans Frontières and UNICEF. Once the donation collection was completed, Beiersdorf matched the total amount. In addition, the Group's local subsidiaries (in both the Consumer and tesa Business Segments) provided funds for coronavirus emergency aid in their respective regions. This support especially benefited more than 100 Beiersdorf partner organizations facing major challenges in this situation. tesa also supported the global Médecins Sans Frontières COVID-19 Crisis Fund during the reporting period: The donation supported emergency measures in heavily impacted regions.

Beiersdorf also initiated partnerships at a global level to counter the medium and long-term socioeconomic effects of the pandemic. Geographically, these are focused particularly on the epicenters of the pandemic as well as on regions with weak public health systems and infrastructures.

To ensure support is as targeted as possible, as a first step Beiersdorf Consumer is working with three international nonprofit organizations with a great deal of expertise in their respective fields, which can rely on stable local networks and have many years of experience in impact measurement:

- In partnership with Plan International, Beiersdorf is supporting the rights of girls to access education and helping prevent gender-based violence during the coronavirus crisis and beyond. Girls are especially affected by the pandemic - for them more than others, an interruption in their schooling often has far-reaching consequences, such as exploitation or child marriage. The program is being implemented on two continents: The Latin American project started during the reporting period (Oct. 1, 2020), while the project in Africa will follow in the coming year (from Feb. 1, 2021). Both projects will run for two years. The joint initiatives focus on Brazil, Ecuador and Colombia in Latin America, and on Kenya, Ghana and Nigeria in Africa. Girls and young women in these economically underdeveloped regions face heightened threats of sexual violence, discrimination, and abuse.

Together, Beiersdorf and Plan International will work to promote and protect girls so that they can be seen, heard, and valued in all their diversity and have the opportunity to lead a life of equality and self-determination. The projects focus on three areas: Access to education and mentoring, training courses for families and communities, and cooperation with government agencies. With Beiersdorf's support, the local Plan International teams will specifically address the needs of the girls and their communities and thereby reach approximately 135,000 people directly and indirectly.

- In partnership with CARE, Beiersdorf is working over a period of two years to help particularly vulnerable population groups in Africa who are suffering severely from the coronavirus crisis and its effects. The project will start on January 1, 2021, and its geographical focus will be on Ethiopia, Kenya, Somalia, and Sudan. All four of these countries are exposed to higher risks in dealing with COVID-19 due to their socioeconomic vulnerability. For example, large sections of the population have only limited access to a functioning health system.

Beiersdorf and CARE will work together to ensure that marginalized and excluded sections of society in particular, such as girls and young women, receive information about COVID-19 and access to appropriate health care, and that the socioeconomic consequences for these target groups are mitigated. A special focus will be on supporting local healthcare provision, and therefore community structures. Over the next two years, the joint initiative aims to directly and indirectly reach around 131,000 people in the project regions.

- In partnership with Ashoka, the oldest and largest network worldwide for social entrepreneurs, Beiersdorf is supporting social innovation within the coronavirus pandemic. Social entrepreneurs, i.e., people who are solving social issues in an entrepreneurial way, are affected particularly strongly by the crisis. Even before the pandemic broke out, many of them lacked the resources and networks they need to reach the maximum number of people with fast and effective approaches. The pandemic has aggravated this deficit enormously and has raised the urgency of many social challenges at the same time.

By spring 2021 through the “Changemakers United” program, Beiersdorf and Ashoka will have provided more than 80 selected social entrepreneurs in the Ashoka network with the resources they urgently need during this period. These mainly include visibility, networking – with each other as well as with potential funders – and targeted strategic support. With Beiersdorf’s commitment, “Changemakers United” was expanded beyond Europe so that the program now also supports social entrepreneurs in Africa, Latin America, and South Asia. An important milestone on this journey were digital summits in all four regions, which allowed social entrepreneurs to present their ideas and network with each other.

Beyond this program, Beiersdorf has selected five social entrepreneurs for targeted financial support. In selecting them, particular attention was paid to the topic of “Empowering Girls.”

In partnership with the globally active aid organization “Save the Children,” tesa launched the initiative “Education Connects. Together everywhere.” in November 2020 to address the issue of increasing educational inequality. This issue affects socially disadvantaged children particularly strongly in the pandemic. Selected projects in six countries (Vietnam, China, India, Mexico, Italy, and Germany) are intended to give children a chance of a better future.

As a long-term leader in research, Beiersdorf has additionally decided to support research projects. These will not only provide scientists with key insights into the effects of the coronavirus crisis, but also give Beiersdorf guidance for our future brand and corporate social responsibilities. Together with the Ad Council in the USA, a study on “Loneliness, Social Isolation, Social Inclusion, and Human Touch in Times of COVID-19” was conducted during the reporting period.

In line with our Care Beyond Skin company purpose and the “Inclusive Society” focus field, in 2021 we will continue and expand our projects to continue to counter the effects of the COVID-19 pandemic both on people and the environment. Together with experts, we will also identify further areas where we can achieve a sustained positive impact through our company and our brands.

Human Rights

As an international company, Beiersdorf not only has a duty to work actively to uphold laws, standards of conduct, and human rights. It is also our deeply rooted in our self-understanding and Core Values. This applies to our own sites and employees but also to all 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 along the value chain

We have identified risks to upholding human rights above all in procurement processes, in particular in the upstream supply chain. As a global company we want to minimize all risks of human rights violations.

Through memberships such as the United Nations Global Compact (UNGC) we also reinforce our commitment to upholding human rights.

We base our business activities and cooperation with business partners on clear principles and guidelines. In addition to the UNGC, these include the UN Universal Declaration of Human Rights, the International Labour Organization (ILO) Conventions, and the OECD Guidelines for Multinational Enterprises. In addition, there are country-specific regulations and official governmental requirements to be observed.

We seek and promote long-term relationships with business partners who are committed to and align with our principles of sustainable, responsible corporate governance. To ensure our employees and suppliers uphold human rights, we have established binding guidelines in our internal and external Codes of Conduct. We require our suppliers and business partners to adhere to and fulfill our standards, both in terms of required product quality as well as transparent, fair, and responsible business standards. This way we ensure that our business partners meet their social, environmental, and economic responsibilities – and that our consumers receive high-quality products.

Consumer

Consumer business segment creates binding standards

With our Code of Conduct for Business Partners, the Consumer Business Segment has committed all business partners along the supply chain to comply with specific standards. The Business Partner 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.

Audits ensure compliance

In addition, audits on the topic areas of environmental protection and occupational safety have been carried out at all Beiersdorf production sites since 2013 for our Consumer Business Segment. These audits are in line with the requirements of the "Environmental Protection and Safety Management Audit Scheme" (ESMAS), which is based on the internationally recognized ISO 14001 (environmental management systems) and DIN ISO 45001 (occupational health and safety management systems) standards. Audits take place every three years and ensure that appropriate measures are implemented to guarantee compliance with our globally applicable environmental as well as occupational health and safety standards at all company sites. In 2020, our plants in Waldheim (Germany), Poznan (Poland) and Tres Cantos (Spain) were audited and certified. In addition to the ESMAS audits, our plant in Mexico was audited in the reporting year according to the standardized "Sedex Members Ethical Trade Audit" (SMETA) 4-pillar audit protocol.

The Vice Presidents of the functions Sustainability and Procurement are responsible for sustainability in purchasing and along the supply chain. Among other things, the Responsible Sourcing Team carries out risk screening at our approximately 25,000 direct suppliers based on the countries from which we source our goods and services. Direct suppliers with a resulting medium or high risk are then required to provide comprehensive information on themselves via a self-assessment questionnaire on the Sedex platform, which forms the basis for an in-depth risk assessment. Based on this assessment the Responsible Sourcing team 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 final results of the audit form the basis for cooperation with our suppliers. They highlight specific challenges and fields of action, and provide a basis for the joint development of action plans. In extreme cases, the audit results can also lead to the exclusion of suppliers. By leveraging international collaboration platforms such as Sedex and AIM-PROGRESS, we can continuously improve our sustainability engagement right along the supply chain.

tesa

Designing purchasing processes responsibly

Suppliers who supply the tesa Business Segment directly are obliged to sign the Code of Conduct for Suppliers (CoCfS), which forms the basis for the responsible design of our global purchasing processes. It sets out fundamental rules and obligations in the areas of human rights, labor standards, environmental protection, and corruption prevention based on the Ten Principles of the UN Global Compact. If suppliers violate our rules, we require them to rectify the grievances. If suppliers do not comply with this directive, tesa seeks to terminate the business relationship. Any reported violations are followed up and sanctioned immediately if proven. In the reporting year, there were no reports of human rights violations.

tesa bundles cross-divisional activities and resources within the tesa Purchasing Network (tPN), which is a central function that manages all purchasing-related processes throughout the tesa Group. This enables us to react to developments in purchasing, such as rising raw materials prices, altered distribution channels, or shifts in the competitive environment. In addition, we have local Purchasing teams that work closely with Purchasing experts at our headquarters in Norderstedt. The head of tesa Supply Network is responsible for supply chain activities, is also a member of the tesa Executive Board, and is supported in this role by the regional Supply Chain organizations. Our global purchasing processes are defined and described in the Purchasing Compliance Guideline (PCG), which is part of the Group-wide Compliance Handbook. The PCG sets out binding rules of conduct for tesa as a purchaser and is regularly reviewed and revised. Within the tesa Group, Group Internal Audit regularly monitors the worldwide purchasing standards and the associated processes of the affiliates. For this purpose, "Purchase to Pay Audits" are carried out on all processes from initial procurement to invoicing. Group Internal Audit also checks whether the corresponding documented commitments of major suppliers to the CoCfS exist, and if necessary, requires corrective measures. In order to raise awareness of human rights compliance among all process managers, regular training on this topic has been carried out since 2017. A specially developed online training course explains the role of the CoCfS and the Purchasing Compliance Guideline (PCG) in our purchasing processes.

Launch of the sustainability program for suppliers

In addition to securing the commitment of our main suppliers to the tesa CoCfS, our clear objective is to increase transparency and sustainability in the supply chain constantly and progressively. In order to verify compliance with human rights, working conditions, and environmental aspects in the supply chain, we launched a sustainability program for suppliers in mid-2020. In the first campaign, we invited 50 suppliers to share their sustainability performance with tesa via EcoVadis. The selection of direct suppliers was based on their sales volume and a separate risk assessment. If suppliers do not reach a specific EcoVadis minimum score, they must submit and implement a corrective action plan. In the years to come, we plan to gradually increase the number of suppliers taking part in the sustainability program. We have set ourselves the target of covering 80% of our direct purchasing volume through EcoVadis self-assessments by 2025. At the end of 2020, the figure was 31%.

Compliance

The following statement for the compliance topic area 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 coordination 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 Beiersdorf 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 provides 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.

Effective 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:** We anchor preventive measures to avoid wrongdoing.
- **Detect:** We use risk analyses to detect and manage material compliance risks Group-wide. Additional control instruments help reveal non-compliant 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 an important contribution to sustainable and future-oriented action, in line with our tradition as reliable and trustworthy companies.

Prevent

As in previous years, our compliance programs focus on corruption prevention as well as antitrust-compliant and data protection-compliant behavior. The programs serve to sensitize our relevant employee groups to these topics and to give them a secure basis for both action and decision-making.

Our Corporate Compliance departments are responsible for defining the minimum standards for these programs, as well as an appropriate CMS in their respective organization. These CMS are under continual development, always taking into account the companies' strategies and the constantly evolving international legal framework. Furthermore, the Corporate Compliance departments continually monitor the CMS and advise and support the local compliance officers as well as local management accordingly.

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

In our regions and affiliates, we have appointed locally responsible compliance officers who help our employees familiarize themselves with all elements of our compliance programs. With this we want to ensure that all components of our compliance system are anchored in the regions and

affiliates and are also constantly monitored and improved. In particular, a 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:

- The 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 sales prices, as well as basic dos and don'ts.
- 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) ensure 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 and target group-specific training concept. Based on 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. Training courses are carried out either face-to-face or as e-learning courses, and serve to raise awareness among our employees as well as to show them where they can seek further support. In addition, Members of the Executive Board and Supervisory Board are regularly informed about relevant compliance matters. In 2020 the Beiersdorf Consumer Segment achieved a participation rate of 96% and the tesa Segment a training rate of 98% for antitrust law training worldwide.

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

We anchor the compliance principles in our companies through these regular communication and training measures.

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 of our business models and our geographical presence. In a second step, these are then evaluated and prioritized. High-priority issues are analyzed both centrally and by the affiliates for their specific risks in order to ensure that appropriate countermeasures exist or are being taken. The results are presented to the Executive Board

and leveraged to continually adapt and improve our global and local compliance programs. We have identified antitrust law as a material topic for both parts of our Group with regard to the CSR Directive Implementation Act (*CSR-RUG*). The reasons for this are the business models, legal complexity, the continually increasing prosecution activity worldwide, as well as the potential for sanctions by antitrust authorities.

In order to work and live compliantly and sustainably, as well as to maintain and further promote an open and trusting compliance and communication culture, 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 confidential notifications of potential compliance violations. Both they and the whistleblower platform are available not only to the company’s own employees but also to the general public to be able to report possible misconduct. Besides the above, we also provide internal reporting options such as Corporate Compliance e-mail addresses.

We have established processes to investigate any information received and to clarify the facts. This will also ensure that appropriate measures are taken following careful consideration. As a general rule, the relevant specialist functions as well as 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 in both business segments, of which compliance-relevant topics form an integral part. In addition, the respective Corporate Compliance department regularly monitors compliance with centrally defined minimum standards, for example, through on-site visits or queries about the implementation of measures.

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 implementation 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 instantly.

We understand the continual and thorough further development of our compliance management systems as a further 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 began to update the antitrust guidelines and the corre-

sponding training concepts in the Beiersdorf Consumer Business Segment. Measures taken by tesa included completing the revision of the Code of Conduct and rolling out a respective e-learning course.

Product Safety

Our highest priority is to provide safe products that cause absolutely no harm in use either to our consumers’ health or to the environment. By strictly complying with legal requirements, complemented by our own guidelines aligned with the latest scientific findings, we work constantly to ensure that our high standards for the quality of our products are guaranteed worldwide. In this respect, our understanding of quality goes beyond the evaluation and approval of our products.

Consumer

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

Safety evaluation of all raw materials and formulas of cosmetic products

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

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

It is also important to us that we hold our external service providers and suppliers, such as perfume and raw material manufacturers, accountable. We require them to certify their compliance with statutory requirements as well as those that go beyond the legally required scope. More information on the raw materials used, their procurement, and our packaging can be found in the chapter “Product Sustainability,” page 45.

Globally mandatory Beiersdorf safety requirements

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

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

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

tesa

The quality and safety of our products is decisive for the satisfaction of our customers and thus for our economic success. tesa ensures this through consistent quality management. If products display safety defects, this can have a negative impact - on the people who handle them as well as on nature. Our company can also suffer serious impacts from product incidents at the same time. Product liability lawsuits or product recalls can result in financial losses or damage our reputation. We aim to make products that satisfy the highest quality and safety requirements.

A system for quality and safety

tesa operates a comprehensive quality management system in order to provide its customers with consistently high-quality products. We want to design products and processes that fulfill the diverse expectations of our stakeholders and ensure no one is harmed during their production or use. Our core goal in the area of product safety is therefore to keep the number of product liability cases at zero. All tesa production sites have 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 by internal and external audits at the relevant locations.

We also comply with applicable laws and guidelines. Our internal Product Safety Guidelines, which expands on the strict statutory provisions, plays a key role here. It describes mandatory measures that enable us to further increase the safety of our products. In addition, it specifies the roles and responsibilities of the product safety officers. The tesa Product Safety Guideline applies worldwide and can be accessed on our intranet.

Product safety officers

In addition, we designate product safety officers (PSO). Every major production plant worldwide has a local PSO who reports to the Corporate PSO, the centrally responsible PSO. All PSOs have completed an officially recognized external training course. They are usually also quality officers at the plants.

Product safety management at tesa is an essential component of quality management; the control of this is shared by the organizational structure and management. The Product Safety and Product Development departments are responsible for assessing materials and substances. In compiling their assessments, they rely on various chemical databases, evaluate research findings, and consider information on safety-related substance properties and the safe handling of both individual substances and compounds. As a rule, a safety data sheet is available for every product and includes comprehensive safety-related information - for example, on materials and substances, proper storage and handling, as well as recommendations for disposal.

Risk analyses ensure quality

In order to avoid product errors, 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 corresponding measures are required, they initiate the necessary steps to secure the health and safety of our customers and employees. In 2020, there were no product liability cases thanks to our standard quality processes and product safety management system.

Internal audits and training courses

The safety of tesa product solutions is due not only to strict quality requirements but also to the consistent development of expertise. In the reporting year, 20 selected product safety officers took an upgrade-training course to become product safety & conformity representatives. This made it possible to define the tasks of product safety & conformity representatives (previously: product safety officers) more accurately, while deepening the expertise required.

The Quality Management department and the product safety officers are responsible for our internal audits, which are carried out both on an event-driven and an annual basis. In addition to Research & Development and Production, other company divisions are also audited as required, for example, Marketing. In the reporting year, the tesa Group's production locations were again successfully audited in accordance with globally recognized quality norms and standards such as ISO 9001:2015 or IATF 16949. The IATF certification in particular places special emphasis on the conformity of all products, processes, parts, and services as well as product safety.

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

Consumer Business Segment	Unit	2019	2020
Environment			
GHG emissions (Scope 1 and Scope 2)	t CO ₂ e	50,482	40,157
GHG emissions (Scope 3)	t CO ₂ e	1,192,259	1,096,289
Absolute reduction GHG emissions (Scope 1 and Scope 2)	%	15	32
Absolute reduction of GHG emissions (Scope 3)	%	2	10
Reduction of fossil-based virgin plastic*	%	-	6
Recycled material in plastic packaging*	%	-	1
Reduction of nonbiodegradable polymers in European product formulas (based on raw material volume)*	%	-	7
Reduction of microplastic in NIVEA products (based on raw material volume)	%	-	67
Reduction of microplastic in EUCERIN products (based on raw material volume)	%	-	25
Share of mass balance palm (kernel) oil*	%	91	100
FSC-certified paper in folding boxes*	%	100	100
Employees			
Share of women management group 1-3	%	30.2	33.0
Share of internal recruitments management group 1	%	100	60
Share of internal recruitments management group 2	%	83	79
Accident frequency rate (AFR)	Accidents per 1 million working hours	1.2	1.6
Human rights			
Coverage supplier risk screening	%	100	100
Coverage code of conduct	%	90	92
Compliance			
Participation rate competition compliance	%	97	96
tesa Business Segment			
Environment			
GHG emissions (Scope 1 and Scope 2)	t CO ₂ e	63,442	54,140
Specific GHG emissions (Scope 1 and Scope 2) per metric ton of end product	t CO ₂ e	0.91	0.82
Electricity from renewable energy sources	%	34	50
Electricity from own CHP	%	37	50
Employees			
Accident frequency rate (AFR)	Accidents per 1 million working hours	4.3	3.6
Compliance			
Participation rate competition compliance	%	99	98
Human rights			
Coverage direct spend from suppliers assessed by EcoVadis	%	-	31
Product safety			
tesa plants with quality management certificates	%	100	100

* Not including the brand COPPERTONE.

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

	Unit	2019	2020
Environment			
GHG emissions (Scope 1 and Scope 2)	t CO ₂ e	6,537	5,878
Absolute reduction GHG-emissions (Scope 1 and Scope 2)	%	1.4	11.4
Employees			
Share of women in first management level	%	31	30
Share of women in second management level	%	48	47
Share of internal recruitments management group 1	%	-*	100
Share of internal recruitments management group 2	%	83	75
Accident frequency rate (AFR)	accidents per million work hours	3.23	2.13
Compliance			
Participation rate competition compliance	%	90	92

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

Independent Auditor's Limited Assurance Report

The assurance engagement performed by Ernst & Young (EY) relates exclusively to the German version of the Greenhouse Gas Statement disclosed in the combined Non-financial Statement 2020 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 greenhouse gas emissions in Scope 1, Scope 2 and on selected Scope 3 categories marked with the symbol "☉" (hereafter: Greenhouse Gas Statement) in the combined Non-financial Statement of Beiersdorf AG for the reporting period from 1 January 2020 to 31 December 2020 (hereafter: Non-financial Statement).

Management's responsibility

The legal representatives of the Company are responsible for the preparation of the Greenhouse Gas Statement in accordance with the criteria set out in the "A Corporate Accounting and Reporting Standard - Revised Edition" and the "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" of the Greenhouse Gas Protocol Initiative (hereafter: criteria).

This responsibility includes the selection and application of appropriate methods to prepare the Greenhouse Gas Statement as well as making assumptions and estimates related to individual disclosures, which are reasonable in the circumstances. Furthermore, the legal representatives are responsible for such internal controls that they have considered necessary to enable the preparation of a Greenhouse Gas Statement that is free from material misstatement, whether due to fraud or error.

Auditor's declaration relating to independence and quality control

We are independent from the Company in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other professional responsibilities in accordance with these requirements.

Our audit firm applies the national statutory regulations and professional pronouncements for quality control, in particular the by-laws regulating the rights and duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their profession [*Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer*] as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in audit firms [*IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)*].

Auditor's responsibility

Our responsibility is to express a limited assurance conclusion on the Greenhouse Gas Statement based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3410: Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board (IAASB). This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether the Greenhouse Gas Statement of the Company has been prepared, in all material respects, in accordance with the criteria. In a limited assurance engagement, the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the auditor's professional judgment.

The greenhouse gas quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of greenhouse gases. Additionally, procedures are subject to estimation or measurement uncertainty resulting from the measurement and calculation processes used to quantify greenhouse gas emissions within the bounds of existing scientific knowledge.

Within the scope of our assurance engagement, which has been conducted between November 2020 and February 2021, we performed amongst others the following assurance and other procedures:

- Inquiries of employees responsible for the preparation of the Greenhouse Gas Statement in order to assess the reporting system, the data capture and compilation methods as well as internal controls to the extent relevant for the limited assurance engagement,
- Identification of likely risks of material misstatement of the Greenhouse Gas Statement,
- Inspection of relevant documentation of the systems and processes for compiling, aggregating and validating relevant data in the reporting period and testing such documentation on a sample basis,
- Inquiries and inspection of documents on a sample basis relating to the collection and reporting of selected data,
- Analytical procedures for data at the level of the business segments Consumer and tesa,
- Evaluation of the presentation of the Greenhouse Gas Statement in the Non-financial Statement.

Assurance conclusion

Based on our assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Greenhouse Gas Statement of Beiersdorf AG for the period from 1 January 2020 to 31 December 2020 has not been prepared, in all material respects, in accordance with the criteria.

Intended use of the assurance report

We issue this report on the basis of the engagement agreed with Beiersdorf AG. The assurance engagement has been performed for the purposes of the Company and the report is solely intended to inform the Company as to the results of the assurance engagement and must not be used for purposes other than those intended. The report is not intended to provide third parties with support in making (financial) decisions.

Engagement terms and liability

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated 1 January 2017 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (www.de.ey.com/general-engagement-terms). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we do not update the assurance report to reflect events or circumstances arising after it was issued unless required to do so by law. It is the sole responsibility of anyone taking note of the result of our assurance engagement summarized in this assurance report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Munich, X. February 2021
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Richter

Wirtschaftsprüferin
(German Public Auditor)

Johne

Wirtschaftsprüferin
(German Public Auditor)