Annual Report

2020

Beiersdorf

Beiersdorf 2020

KEY FIGURES – OVERVIEW

		2019	2020
Group sales	**(in € million)**	**7,653**	**7,025**
Change (organic)	(in %)	4.1	–5.7
Change (nominal)	(in %)	5.8	–8.2
Consumer sales	**(in € million)**	**6,274**	**5,700**
Change (organic)	(in %)	4.8	–6.6
Change (nominal)	(in %)	6.5	–9.1
tesa sales	**(in € million)**	**1,379**	**1,325**
Change (organic)	(in %)	0.8	–1.5
Change (nominal)	(in %)	2.7	–3.9
Operating result (EBIT, excluding special factors)	**(in € million)**	**1,095**	**906**
EBIT margin (excluding special factors)	**(in %)**	**14.3**	**12.9**
Operating result (EBIT)	(in € million)	1,032	828
EBIT margin	(in %)	13.5	11.8
Profit after tax	(in € million)	736	577
Return on sales after tax	(in %)	9.6	8.2
Earnings per share	(in €)	3.17	2.47
Total dividend	(in € million)	159	159
Dividend per share	(in €)	0.70	0.70
Gross cash flow	**(in € million)**	**842**	**802**
Capital expenditure*	**(in € million)**	**765**	**280**
Research and development expenses	**(in € million)**	**236**	**246**
Employees	**(as of Dec. 31)**	**20,654**	**20,306**

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

Climate targets for 2025

As of 2020, the Group **Non-financial Statement** is presented together with the **Annual Report**. In further progressing on our "Care Beyond Skin" sustainability agenda, this year, we have made new ambitious commitments concerning our environmental impact in two focus fields:

We care for a climate positive future:

Our climate targets were approved by the "Science Based Targets Initiative":

By 2025, we will achieve an absolute reduction of Scope 1 and 2 emissions by 30% and an absolute reduction of our Scope 3 emissions by 10% versus the base year 2018.

For the Consumer Business Segment, we will reduce our absolute Scope 3 emissions by 30% in the same timeframe and become climate neutral in our operations by 2030.

We care for fully circular resources:

By 2025, we will reduce fossil-based virgin plastic in our packaging by 50% and our plastic packaging will ontain a minimum of 30% recycled material in the consumer segment.

More information can be found in the chapter "Non-financial Statement."

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We are Beiersdorf

At Beiersdorf we have been caring about skin since 1882. Beiersdorf's success is based on its strong portfolio of internationally leading brands. It is thanks to them that millions of people around the world choose Beiersdorf day after day. Our brands boast innovative strength, outstanding quality, and exceptional closeness to our consumers. By responding quickly and flexibly to regional requirements, we are winning the hearts of consumers in nearly all countries worldwide. Our skin and body care brands form the focus of our successful brand portfolio and each brand serves very different areas: NIVEA is aimed at the mass market, EUCERIN at the dermocosmetics market, and LA PRAIRIE at the selective cosmetics market. With its HANSAPLAST and ELASTOPLAST brands, Beiersdorf also has a global presence in the field of plasters and wound care. Renowned brands such as LABELLO, AQUAPHOR, FLORENA, 8X4, HIDROFUGAL, GAMMON, COPPERTONE, MAESTRO, CHAUL, and STOP THE WATER WHILE USING ME! round off our extensive portfolio in the Consumer Business Segment. Through the tesa brand, which has been managed since 2001 by Beiersdorf's independent tesa subgroup, we also offer highly innovative self-adhesive system and product solutions for industry, craft businesses, and consumers.

Our brand portfolio

NIVEA

Eucerin

la prairie SWITZERLAND

Hansaplast

Elastoplast

tesa

Labello

Aquaphor HEALING OINTMENT

Gammon

Coppertone

CHA'UL

Florena Seit 1920

Maestro 美涛

HIDRO FUGAL

STOP THE WATER WHILE USING ME! ALL NATURAL COSMETICS

8x4

SKIN STORIES PERFORMANCE COSMETICS

atrix

FLORENA FERMENTED SKINCARE

To Our Shareholders

Pages 3–10

Dear Shareholders,
Ladies and Gentlemen,

As we begin a new year, we look back on a 2020 that challenged us in many different ways. A year in which the ongoing coronavirus pandemic held the world firmly in its grip and exerted an unprecedented impact on the global economy. The crisis did not leave Beiersdorf unscathed. However, we took swift and decisive action in spring 2020 to protect our employees, continue serving our consumers, and secure our business operations. At the same time, we took key steps for the future with our C.A.R.E.+ strategy.

Our staff all around the world gave their utmost and set a brilliant example with their initiative and commitment. I would like to express them my heartfelt thanks on behalf of the entire Executive Board. This team spirit is a source of pride and impressively illustrates Beiersdorf's unique corporate culture. The strong sense of cohesion in our company was also demonstrated by the Solidarity Pact that we signed in mid-April. With this important agreement, our aim was to mitigate the impact of possible falls in sales and to safeguard the jobs of all employee groups without resorting to Kurzarbeit – the German government's short-time support program.

Throughout the coronavirus pandemic, the essence of Beiersdorf has been clear to see: we care for skin, therefore we care for people, and we care beyond skin. "Care Beyond Skin" is our purpose and our responsibility to look after people, society, and the environment. It has driven us for almost 140 years, and times of crisis are no exception. To support societies around the world in their battle against the COVID-19 pandemic and its impacts, we launched a €50 million humanitarian aid program – the largest in our corporate history – in as early as March 2020. This program combines straightforward emergency aid with measures that have a long-term orientation.

COVID-19 gave our business a challenging reporting year in many respects, yet it has also made the relevance and long-term orientation of our C.A.R.E.+ business strategy more tangible than ever before. Despite the unprecedented crisis, we made important progress on our strategic priorities in 2020.

For example, we accelerated the digital transformation and significantly expanded our e commerce business with various initiatives such as the new NIVEA SKiN GUiDE skin analysis web app. We proved our innovative strength with major innovations such as EUCERIN Hyaluron Filler + Elasticity 3D Serum, which contains the patented ingredient Thiamidol®, and additions to the NIVEA Naturally Good range. We achieved a special milestone with the opening of our new innovation center in Shanghai. This significant investment in our research and development represents a clear commitment to growth in China and Asia, a strategically important region. We also expanded our share of the Chinese market with EUCERIN.

Another important step in tapping new growth markets was the creation of our OSCAR&PAUL Venture Capital Fund. Beiersdorf is using the fund to invest in promising start-ups, thereby gaining access to disruptive technologies, business models, and skin care innovations. One such investment was in Salford Valve Company Ltd. (Salvalco), a British company that develops sustainable aerosol technologies. The acquisition of the Hamburg-based natural cosmetics brand STOP THE WATER WHILE USING ME! in February 2020 was an important step for Beiersdorf in tapping the fast-growing natural cosmetics market.

Our "Care Beyond Skin" sustainability agenda, which we established early in 2020, is driving the transformation toward greater sustainability. Our agenda contributes to the United Nations Sustainable Development Goals and takes into account the ten principles of the UN Global Compact, of which both our business segments (Consumer and tesa) are committed members. In terms of sustainability, we initiated more important changes in 2020 than in any other year to date. We substantially strengthened our commitment to sustainability in both business segments, reached important milestones, set new targets, and launched pioneering programs. More detailed information can be found in the Beiersdorf Group's "Non-financial Statement," which this year we are publishing together with the Annual Report for the first time.

Stefan De Loecker
Chairman of the Executive Board

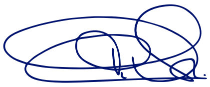
Despite our best efforts, the impact of the COVID-19 pandemic is clearly reflected in our financial figures. Performance in the second half of the year saw a considerable improvement on the first six months. Nevertheless, at €7,025 million (2019: €7,653 million), our Group sales in fiscal year 2020 were down by 8.2% in nominal terms and 5.7% organically. The operating result (EBIT) excluding special factors fell from €1,095 million in 2019 to €906 million in the reporting year. The EBIT margin excluding special factors amounted to 12.9% and was therefore lower than the previous year's level of 14.3%.

The Consumer Business Segment recorded a fall of 6.6% in organic sales. In nominal terms, sales declined by 9.1%, from €6,274 million in the previous year to €5,700 million. tesa's sales fell organically by 1.5%. Nominal sales were therefore down by 3.9%, from €1,379 million in the previous year to €1,325 million. The EBIT margin excluding special factors was 12.3% for the Consumer Business Segment (2019: 14.1%) and 15.4% for tesa (2019: 15.3%).

The year that lies ahead will not necessarily be easier than 2020. We face a volatile future. However, we have proven that we are able to adjust swiftly and flexibly to changing circumstances and that we can continue to push ahead with important projects even in times of crisis. The direction of our C.A.R.E.+ strategy remains unchanged: we want to further strengthen our digital connection with our consumers, to impress them with superior skin care innovations, to gain further market share, and to return to sustainable, competitive growth.

Finally, a special thanks to our consumers, to all our business partners, and to you, our shareholders, for your trust and support in these unusual times. Beiersdorf is on the right path with C.A.R.E.+. Rest assured that the current pandemic will not change this. We are confident that we have the right strategy to lead our company out of the crisis stronger than ever. Thank you for your support.

Sincerely,



Stefan De Loecker
Chairman of the Executive Board

Beiersdorf's Shares and Investor Relations

The stock markets in 2020 were dominated by the outbreak of the coronavirus pandemic and its impacts on the global economy. Market performance changed markedly over the course of the year. While the first six months were dominated by concerns about the pandemic, the focus in the second half of the year was on the economic recovery and possible scenarios for tackling the coronavirus crisis.

After years of continuous economic growth, global economic output fell substantially in 2020 as a result of the pandemic. China was the only large industrialized nation to record positive growth in the reporting year. This was mainly due to rapid and drastic action to stem the pandemic, along with a strong increase in online retail.

The Unites States, which was heavily affected by the pandemic, was confronted not only with a slump in demand but also a sharp rise in unemployment. However, capital markets in the United States recovered very swiftly following a brief shock at the end of the first quarter. This development was partly down to the loose monetary and fiscal policy of the Federal Reserve. A substantial cut in the key interest rate at the beginning of the pandemic was followed by extensive investments in corporate bonds to stabilize the economy. The outcome of the presidential election in November provided a further boost, and indexes such as the S&P 500 and Dow Jones reached new highs in the final quarter of the year.

In Europe, too, dealing with the effects of COVID-19 was the main topic of public debate, including in the business world. Issues such as climate change and Brexit took a back seat for a time. Extensive restrictions on everyday life and uncertainty about the future led to a sharp fall in economic output, including in Germany. However, the country's benchmark index – the DAX – recovered very quickly after a sharp fall at the beginning of the pandemic. Expansionary monetary policy and the prospects of a vaccine allowed it to recover to above pre-crisis levels by the end of the year at 13,719 points.

After a strong year in 2019, Beiersdorf's shares held up well in the first half of 2020 amid an unusually volatile market environment. This was thanks to their defensive nature. The losses of over 20% at the peak of the coronavirus crisis were moderate by comparison with the wider market. During the second half of the year, however, the HPC (home and personal care) sector, including Beiersdorf's shares, came under pressure. Lack of transparency around future market developments, fears of recession, and the effects of intense price competition overshadowed the general economic recovery in this period. Nevertheless, Beiersdorf's shares recovered and again reached the €100 mark for a time. In the final quarter of 2020, our share price was in the €90 to €100 range amid a very volatile market environment. The markets and Beiersdorf's share price over this period were driven partly by new lockdown restrictions and concerns about the second wave of infection, but also by the progress in developing a vaccine against the coronavirus, which was a source of new knowledge and hope.

Capital market communication also focused on the pandemic and its impact on Beiersdorf's business. At virtual roadshows and conferences, the Executive Board explained the measures taken to protect employees and safeguard business operations during the pandemic as well as the specific effects on Beiersdorf's business model.

This year's Annual General Meeting took place in a virtual format for the first time at the Group's headquarters in Hamburg. Over 350 shareholders participated online in the meeting on April 29 and took part in live voting via the digital platform – another first for Beiersdorf AG.

Thirty financial analysts published regular research notes on Beiersdorf over the course of the year. The number of buy recommendations fell slightly amid the coronavirus pandemic and its temporary effect on business. Beiersdorf's share performance was slightly weaker in 2020 than in the previous year, with prices falling by –11.4%. Our shares closed the year at €94.44.

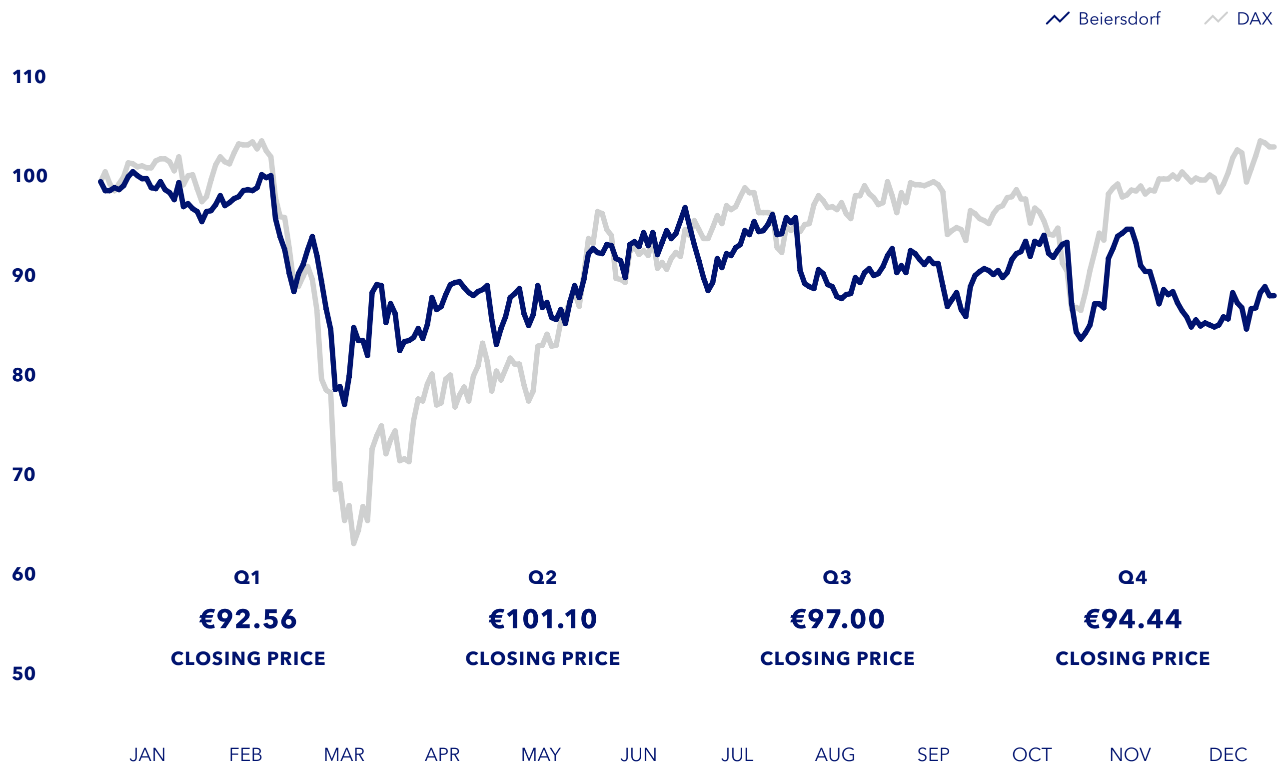
For more information on Beiersdorf's shares please visit
www.beiersdorf.com/shares.

For more information on Investor Relations please visit
www.beiersdorf.com/investors.

KEY FIGURES – SHARES

		2019	2020
Earnings per share as of Dec. 31	(in €)	3.17	2.47
Market capitalization as of Dec. 31	(in € million)	26,875	23,799
Closing price as of Dec. 31	(in €)	106.65	94.44
Closing high for the year	(in €)	116.35	107.70
Closing low for the year	(in €)	81.56	82.82

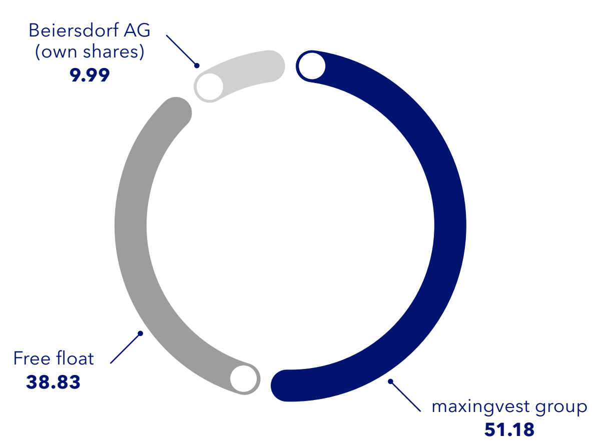
BEIERSDORF'S SHARE PRICE PERFORMANCE 2020
Jan. 1 – Dec. 31 / relative change in %



BASIC SHARE DATA

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

SHAREHOLDER STRUCTURE (IN %)
As of Dec. 31, 2020



Report by the Supervisory Board

Dear Shareholders,

In fiscal year 2020, the Supervisory Board performed its duties in accordance with the law, the Articles of Association, the German Corporate Governance Code, and the bylaws. It supervised and advised the Executive Board, focusing particularly on the course of business and business strategy, corporate planning, accounting, the company's position and outlook, risk management, the internal control system, and compliance. The Executive Board reported regularly during and between the Supervisory Board meetings, both in writing and orally, particularly on significant events and developments in the business and market. The Supervisory Board also considered and discussed external views and developments concerning good corporate governance in Germany and other countries. In response to the global COVID-19 pandemic, the Supervisory Board increasingly held its meetings in a virtual format.

In the months to mid-2020, the Supervisory Board held another efficiency audit with the support of an external advisor. Analysis of the surveys of the Supervisory Board, Executive Board, and Executive Committee members concerning the work of the full Board and committees as well as the cooperation between the Supervisory Board and Executive Board, was initially presented and discussed in December 2019. Additional findings were the subject of discussions in the course of the year, which were rounded off by Supervisory Board meetings in August and September 2020.

The members' participation rate (number of actual attendances/potential attendances) for the 30 meetings of the full Board and committees was approximately 98%. The figures for the individual members who did not participate in every meeting were 28/30 (93%) for Martin Hansson, 12/13 (92.31%) for Manuela Rousseau, and 8/9 (89%) for Jan Koltze. There were no indications of any conflicts of interest relating to Executive Board or Supervisory Board members.

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

The Supervisory Board's main objective remains the implementation of the Executive Board's strategy to achieve lasting healthy growth in the business segments by delivering tangible consumer benefit. The Supervisory Board supports the C.A.R.E.+ strategy, including through the remuneration system and a willingness to allow investment (research, regionalization and localization, sustainability, diversity, compliance, new channels, etc.).

Full Supervisory Board

The Supervisory Board met nine times. The meetings regularly addressed the company's strategic orientation, business developments, interim financial statements, compliance, Executive Board matters, and significant individual transactions. Proposals for decision were carefully examined and discussed. All members of the Executive Board generally took part in the Supervisory Board meetings. Part of each meeting took place in the presence of the Supervisory Board members alone. The meetings focused early in the year on the 2019 annual financial statements, in mid-year on personnel development, the tesa Business Segment, and the results of the efficiency audit, in early fall on strategy, and at the end of the year on the planning for 2021. An important topic throughout the year was the global COVID-19 pandemic with its effects on the company.

On **January 31, 2020,** the Supervisory Board discussed the achievement of the Executive Board targets for fiscal year 2019 and set the total remuneration for Executive Board members.

On **February 25, 2020,** the Supervisory Board dealt with the performance of the business in 2019. The Executive Board gave a detailed explanation of the key figures and the development of sales in individual categories, regions, and countries. The Executive Board also gave a presentation to the Supervisory Board on developments in the year to date and the outlook for the year as a whole. The Supervisory Board also looked in particular at the potential impact of the global COVID-19 pandemic on the company. After a detailed presentation by the Executive Board, the Supervisory Board approved the corporate planning for 2020. The auditor gave a thorough report on the audit process and its findings. After an in-depth discussion, the Supervisory Board approved the annual and consolidated financial statements as well as the combined management report for Beiersdorf AG and the Group, and adopted the annual financial statements for the 2019 fiscal year. It also approved the separate combined Non-financial Report for Beiersdorf AG and the Group for fiscal year 2019. It discussed the Executive Board reports on dealings among Group companies and on the disclosures required under takeover law as well as the corporate governance statement. It approved the Supervisory Board's report to the Annual General Meeting, the corporate governance report, and the remuneration report for the 2019 fiscal year. The Supervisory Board approved the agenda and proposals for decision for the Annual General Meeting on April 29, 2020, including the planned renewal of the capital measures. It also approved the candidate proposal prepared by the Nomination Committee for the supplementary elections to the Supervisory Board. The meeting also included an update on the Manufacturing Footprint program and upcoming changes to legislation due to the *Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie* (German Act on the Implementation of the Shareholders' Rights Directive, *ARUG II*). Michael Herz stepped down as a member of the Supervisory Board with effect from the end of the Annual General Meeting on April 29, 2020. The Annual General Meeting elected Wolfgang Herz as his successor.

At an extraordinary meeting on **April 2, 2020,** the Supervisory Board held an in-depth discussion on the possibility of conducting the Annual General Meeting as a virtual event ("Online Annual General Meeting"). It approved the convening of an Online Annual General Meeting and the amended agenda. Based on a presentation by the Executive Board, the Supervisory Board also intensively discussed the current business performance in the context of the COVID-19 pandemic and crisis management by the Executive Board.

On **April 29, 2020,** the Supervisory Board discussed a report by the Executive Board on sales and market share by product category and region in the current financial year. The impact of the global COVID-19 pandemic and the Executive Board's crisis management were a particular focus again. The Supervisory Board also discussed the agenda and proceedings for the upcoming Online Annual General Meeting.

In a **meeting that followed the Annual General Meeting,** the Supervisory Board members elected Wolfgang Herz to the Presiding Committee. The Supervisory Board also discussed business developments in the tesa Business Segment in the year to date. The tesa SE Executive Board presented the key performance indicators and gave a detailed report on business in the different market segments and regions. It also explained the impact of the global COVID-19 pandemic and crisis management. The Supervisory Board decided on the audit engagements to be issued for the audit of the 2020 financial statements and the review of the half-year financial statements for 2020. It also agreed an adjustment to the targets for the 2020 annual bonus for the members of the Executive Board and the required update to the Declaration of Compliance with the German Corporate Governance Code.

At an extraordinary meeting on **August 17, 2020,** the Supervisory Board discussed the results of the efficiency audit. The external consultant tasked with the audit presented the findings of his investigation (including questionnaires and interviews) to the Supervisory Board. Based on this, the Supervisory Board members discussed the main issues identified for collaboration and the specific measures for implementation.

On **September 1, 2020,** the Supervisory Board discussed the recent performance of the business and the outlook for the full year 2020. The Executive Board provided detailled information on the key financial figures and developments in individual business areas. The short- and possible long-term effects of the global COVID-19 pandemic on consumer behavior were also discussed. One focus of the meeting was a report by the Executive Board on the progress in implementing the C.A.R.E.+ business strategy. Alongside a general overview, the Supervisory Board was given detailed reports on the situation in China (NIVEA and EUCERIN) and the United States. The meeting took stock of the situation and discussed targets for the coming years. Finally, the Supervisory Board had a detailed discussion on the importance of digitalization for Beiersdorf and looked in depth at possible measures to further expand expertise in this field.

At an extraordinary meeting on **October 23, 2020**, the Supervisory Board discussed Executive Board matters.

On **December 1, 2020,** the Supervisory Board discussed the Group's business performance up to the end of November 2020. The members looked ahead to the end of 2020 and the company's expected key financial figures. The Supervisory Board heard a detailed report on the global sales strategy and approved the corporate planning for 2021 – subject to any potential further implications of the COVID-19 pandemic. The meeting looked in depth at a revision to the Executive Board remuneration system based on the relevant legislative changes and discussed the preparation of a proposal for decision on the remuneration system by the Annual General Meeting. The Supervisory Board appointed Astrid Hermann as a member of the Executive Board effective January 1, 2021, amended the schedule of responsibilities within the Executive Board, and adopted the Declaration of Compliance with the German Corporate Governance Code for fiscal year 2020 as well as the targets of the Executive Board members for fiscal year 2021.

In **January and February 2021,** the Supervisory Board discussed the achievement of the targets set for the Executive Board for the 2020 fiscal year and determined the total remuneration. It approved the annual and consolidated financial statements along with the associated reports, and endorsed the proposals for decision for the virtual Annual General Meeting on April 1, 2021.

Committees

The Supervisory Board prepares its work in six **committees**. These can make decisions in place of the Supervisory Board in individual cases. The chairpersons of the committees provided the Supervisory Board with regular detailed reports on the committees' work. As in the previous year, the **Mediation Committee** did not meet in fiscal year 2020.

The **Presiding Committee** (four meetings) discussed business developments, strategy, the remuneration of the Executive Board, and other Executive Board matters. It prepared the meetings of the full Supervisory Board.

The **Audit Committee** (eight meetings) primarily performed the preliminary examination of the annual and interim financial statements and combined management report, discussed the Executive Board's proposal for the appropriation of net retained profits, verified the independence and discussed the appointment of the auditor, and specified the areas of emphasis for the audit. The auditor also participated in meetings related to audit matters. The committee made a proposal to the Supervisory Board for the election of the auditor by the Annual General Meeting. The auditor reported to the Audit Committee on the key findings of the audit, the results of the audit review of the half-year report for 2020, and other auditing matters. The committee also discussed the content and auditing of the combined Non-financial Statement. The performance of the business (including a look at the effects of the global COVID-19 pandemic), the internal control system including specific objects of investigation, and the scope of non-audit services provided by the auditor were regularly on the agenda. The development of the COPPERTONE business remained a focus in 2020.

The **Finance Committee** (five meetings) addressed, in particular, investments and the investment strategy for cash holdings. It also dealt regularly and in detail with compliance management and tax issues. Other focus issues in 2020 were the hedging concept and investment projects in the supply chain.

The **Personnel Committee** (three meetings) discussed long-term planning for appointments to positions on or below the Executive Board, new approaches to identifying and developing talent at Beiersdorf, Executive Board remuneration, and diversity and inclusion. It welcomed the steps taken in the company on diversity and inclusion and the prospect of more such measures to come.

Taking into account the Supervisory Board's targets for its composition and the requirements of the German Corporate Governance Code, the **Nomination Committee** (one meeting) decided on its recommendation to the full Supervisory Board concerning the candidates to be proposed to the Annual General Meeting on April 29, 2020.

Annual Financial Statements and Audit

The annual financial statements are prepared in accordance with the requirements of the *Handelsgesetzbuch* (German Commercial Code, *HGB*), and the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs), as adopted by the EU, and taking into account the applicable interpretations of the IFRS Interpretations Committee. The supplementary requirements of German law are also applied. The **auditor** audited the **2020 annual financial statements and consolidated financial statements** and the **combined management report** for Beiersdorf AG and the Group, and issued unqualified audit opinions for them. With regard to the Executive Board's report on dealings among Group companies (§ 312 *Aktiengesetz* (German Stock Corporation Act, *AktG*)) required due to the majority interest held by maxingvest ag, Hamburg, the auditor, following the completion of his audit in accordance with professional standards, confirmed that the information contained therein is correct; that the compensation paid by the company with respect to the transactions listed in the report was not inappropriately high; and that there are no circumstances which would justify, in relation to the measures specified in the report, a materially different opinion than that held by the Executive Board.

The Supervisory Board received the 2020 annual financial statements and consolidated financial statements, combined management report for Beiersdorf AG and the Group, including the combined Non-financial Statement for Beiersdorf AG and the Group, the report on dealings among Group companies, and the auditor's reports immediately after their **preparation**. Prior to this, the Supervisory Board received and discussed drafts of the provisional financial statements. The auditor participated in the deliberations of the Supervisory Board on the annual financial statements of Beiersdorf AG and the Group and reported on the key findings of its audit to the Audit Committee and to the full Supervisory Board. The Supervisory Board's examination of the annual financial statements and consolidated financial statements, combined management report, and combined Non-financial Statement for Beiersdorf AG and the Group, the report on dealings among Group companies, including the concluding declaration by the Executive Board, and the auditor's reports did not raise any objections. At an ordinary meeting on February 16, 2021, the Supervisory Board concurred with the auditor's findings and approved the annual financial statements of Beiersdorf AG and the consolidated financial statements for the year ending December 31, 2020; the annual financial statements of Beiersdorf AG are thus **adopted**. The Supervisory Board endorsed the Executive Board's proposal on the appropriation of net profit.

The Supervisory Board welcomes and encourages the C.A.R.E.+ strategy; it supports the necessary human and financial investment in improving Beiersdorf's offering to consumers, in sustainability, diversity and inclusion, and in doing business responsibly. This has long been the foundation for Beiersdorf, for its brands, and for what the company has to offer consumers and society at large. The Supervisory Board would like to thank all employees worldwide along with the employee representatives for their outstanding commitment and success in a difficult year. The challenges will continue into the new year. By all working hard together and caring for the welfare of employees and consumers, we will see our long-term success continue in 2021, also to the benefit of our business partners and shareholders. The Supervisory Board would like to thank them all for their trust in Beiersdorf as a dependable partner.

Hamburg, February 16, 2021
For the Supervisory Board

Reinhard Pöllath

Reinhard Pöllath
Chairman

Combined Management Report

Pages 11 – 102

C.A.R.E+

COMPETITIVE + SUSTAINABLE + GROWTH

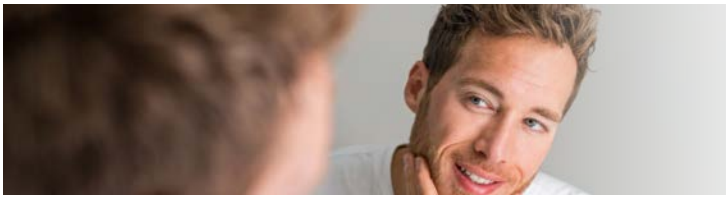
Strengthen our brands by enriching their purpose

Growth Drivers

FAST FORWARD DIGITAL TRANSFORMATION

WIN WITH SKIN CARE

UNLOCK WHITE SPOT POTENTIAL



FUEL THE GROWTH THROUGH INCREASED PRODUCTIVITY

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

Foundation of the Group

Business and Strategy

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

- In the Consumer Business Segment, our focus is on skin and body care. Our strong portfolio comprises brands such as NIVEA, EUCERIN, LA PRAIRIE, and HANSAPLAST, which are trusted by consumers around the world.

- In the tesa Business Segment, we concentrate on developing high-quality self-adhesive systems and product solutions for industry, craft businesses, and end consumers. Since 2001, tesa has been managed as an independent subgroup.

Consumer

Our strategy

For almost 140 years, our focus has been on skin care – our core competency. With our products, we want people to feel good in their skin and launch skin care innovations that deliver real added value. For us, our core value "Care" has therefore always been a key pillar of our success and the trust shown by our consumers all around the world.

In February 2019, we established our C.A.R.E.+ business strategy – a multi-year investment program setting clear strategic priorities for action. The goal of C.A.R.E.+ is to ensure competitive, sustainable growth and respond to a fast-changing environment defined by for example increasing digitalization, growing consumer awareness of sustainability, and ever intensifying competition. The coronavirus pandemic has accelerated these trends and transformed consumer demands and behavior. Yet even before the coronavirus crisis, a profound transformation was taking place in the consumer goods industry and particularly the global skin care market. Megatrends such as sustainability and responsible consumption continued in the reporting year, and the development of digital consumer engagement and online shopping increased even further. With C.A.R.E.+, Beiersdorf is addressing precisely these themes and is confident of further increasing its growth potential.

In early 2019, Beiersdorf set five strategic priorities as part of C.A.R.E.+. The company honed this focus again during the reporting year in the context of the coronavirus pandemic and the changing market realities (the "new normal") that have come with it. Beiersdorf's purpose is now a more explicit part of the strategy. We have also added a further strategic priority: strengthening our brands by enriching their purpose. This reflects the corporate responsibility of each of our brands and what our consumers expect from us today more than ever before: a positive influence on society and the world in which they live. As part of another strategic priority – the digital transformation –, we are digitalizing individual processes and our infrastructure as a whole so that we can better adapt to the ever-accelerating disruption of our industry in this area. Our C.A.R.E.+ strategy now encompasses the following strategic priorities:

- Strengthen our brands by enriching their purpose

- Fast forward digital transformation (previously "Accelerate digital consumer connection")

- Win with skin care

- Unlock white spot potential

- Fuel the growth through increased productivity

- Build on strong foundations: Culture – Core Values – Capabilities – Care Beyond Skin (previously "Build on our strong foundations: Compliance – Core Values – Culture – Sustainability")

The COVID-19 crisis has clearly illustrated the importance of our long-term business strategy C.A.R.E.+. We will therefore continue to invest in our C.A.R.E.+ initiatives and pursue our priorities despite considerable economic challenges. The following initiatives and examples show how we have resolutely followed our strategic path even in this uncertain year, and illustrate the substantial progress Beiersdorf has made on its strategic focus areas.

Strengthen our brands by enriching their purpose

These days, consumers not only expect brands and businesses to produce a high-quality product but also to influence the society and the world for the better. It is therefore essential that we have a clearer vision of what we and our brands stand for.

Beiersdorf has stood for skin care expertise for almost 140 years. For us, caring for skin also means caring for people. For us, this is part of our DNA, and it sets us apart from other companies. We are convinced that at their core, our iconic brands like NIVEA or EUCERIN have always been about offering people outstanding skin care, so we already have a sound basis on which to formulate a brand purpose that translates into socially conscientious action. During the reporting year, EUCERIN brought its brand purpose to life with a new, global brand campaign: "WE BELIEVE IN THE LIFE-CHANGING POWER OF DERMATOLOGICAL SKINCARE." The importance of acting responsibly was also the focus of numerous initiatives at NIVEA in 2020. In 2021, we plan to activate NIVEA's brand purpose for our consumers with an impactful campaign. Other brands will follow later in the year.

Fast forward digital transformation

The digital transformation is a key factor for Beiersdorf's business success both now and in the future. We are seeing that the coronavirus pandemic has highlighted the importance of e-commerce and digital dialogue, bringing historic transformation to the consumer goods industry. In this context, Beiersdorf is systematically investing in new technologies and data-driven capacity and is enhancing the digital skills of its employees. Our clear aim is to take digital consumer interaction and the emotional appeal of our brands to a new level all around the world. The Beiersdorf brands are therefore creating personalized, seamless brand experiences wherever consumers encounter our products. The aim is to make our brands and products visible at all times, accessible via e-commerce channels and integrated online shopping, and a constant companion to consumers thanks to the unique skin care experiences they provide.

In 2020, Beiersdorf implemented a series of initiatives to further accelerate its digital transformation. Our investment in the e-commerce business has more than paid off especially in the context of the COVID-19 pandemic and the boost to online business around the world. We increased e-commerce sales by 49.6% (excl. LA PRAIRIE) year on year and spending on digital media by 45.9%. Digital and interactive communication with consumers is more important to Beiersdorf than ever before, and the reporting year saw us take this to another level. Significant digital initiatives included the "NIVEA SKiN GUiDE" web app, which provides a digital skin analysis and product recommendations using selfies of users' faces. The app performed over 500,000 skin analyses in the reporting year. A specially conducted study with over 600 participants showed 90% of users confirming that the recommended product was right for their skin. Another initiative was the partnership between NIVEA MEN and Google Lens, which involved testing scannable project packaging on the market with a virtual brand experience.

We also invested in the reporting year in strategic, long-term digital innovation partnerships through the newly established "OSCAR&PAUL Beiersdorf Venture Capital Fund." This included a follow-up investment in the Korean skin care and technology start-up LYCL Inc., reaffirming our confidence in LYCL's growth potential. LYCL Inc. has its own skin care brand and also operates digital platforms, whose users market, sell, and review Korean beauty products. Beiersdorf is also active in Korea with its first start-up accelerator, NIVEA NX Accelerator. The aim of this platform is to identify and support the next generation of Korean beauty start-ups. We hope to rapidly access new, disruptive technologies, important skin care innovations, and new business models, and to boost our presence in Asia. Beiersdorf plans to continue investing in digital skills and technologies during the coming months in order to accelerate the company's digital transformation.

Win with skin care

Skin care innovations are an essential component of our C.A.R.E.+ strategy. We want to win with skin care by quickly bringing important innovations to the market and offering genuine added value for our consumers. This also involves building and maintaining a powerful brand portfolio that can meet the varied needs of our customers. At the same time, Beiersdorf is investing through selected partnerships in innovative business models and future growth areas for skin care. We believe that this will build even stronger foundations for our business and accelerate our potential to offer the skin care of tomorrow in different categories and through different channels all around the world.

With this strong focus, Beiersdorf was successful even during the difficult reporting year 2020. Despite the market downturn caused by the coronavirus pandemic, we managed to gain market share in every skin-care category. We see this as an affirmation of our company's resilience and of the trust consumers place in our core brands.

A wealth of innovations in 2020 strengthened our core expertise in skin care. NIVEA remains a profitable brand in the crisis: This brand is oriented to the needs and wishes of its consumers and enjoys a high level of trust. The dermocosmetics brands EUCERIN and AQUAPHOR were particularly encouraging in 2020, substantially outperforming the competition and gaining additional market share across regions and categories despite the pandemic. For instance, Beiersdorf launched the patented ingredient Thiamidol®, known from the successful EUCERIN Anti-Pigment range, into the product category of anti-aging skin care for the first time. This enabled EUCERIN to build on its leading position in the even-skin category and sustain its position as a leading dermocosmetics skin care provider.

In natural cosmetics, too, we are constantly evolving and responding to the growing demand from consumers. In the reporting year, we introduced new product categories to our successful "NIVEA Naturally Good" care range, launched in 2019, and added anti-aging and facial cleansing products along with deodorants and body lotions. These products are based on sustainable formulas and packaging; at least 95% of the ingredients are of natural origin (including water). With the acquisition of the Hamburg-based natural cosmetics brand STOP THE WATER WHILE USING ME! in February 2020, we further expanded our natural cosmetics portfolio and met consumers' demands for more natural, sustainable products. We want to work closely with our new partner to develop initiatives that boost the impact of sustainable skin care and protect natural resources and the climate.

Beiersdorf also launched CHAUL in 2020: its first brand specially developed for the Asian market. These premium-segment products based on fermented tea are first introduced in South Korea and will gradually be rolled out to other countries depending on their success. CHAUL's main market is China, the largest market in Asia. More information about Beiersdorf's new products can be found in the "Research and Development" chapter.

Unlock white spot potential

Another element of Beiersdorf's C.A.R.E.+ strategy is tapping into growth markets and new business areas. We want to fill in the "white spots" on the world map and offer added value for people in these areas, too.

The EUCERIN brand further strengthened its position in key growth markets such as China and Brazil during the reporting year. Also in Russia, EUCERIN is taking advantage of the region's growth potential, including e-commerce business. Online sales contributed to a successful 2020 in the strategically important Chinese market, too, following a successful start there in 2019 with the opening of a dedicated online shop on Alibaba's Tmall, the country's largest cross-border platform. Since then, EUCERIN has rapidly expanded its online presence. Following in EUCERIN's footsteps, HANSAPLAST opened a flagship store on Tmall during the reporting year.

In July 2020, Beiersdorf opened a research and innovation center in Shanghai. This was an important milestone in tapping our growth potential in China and the Asia-Pacific region. The center is the latest and second-largest member of our international research network and will work closely with the other members, sharing insights from local markets with the rest of the world. The network strengthens the skin care expertise of the entire Group. To boost growth in the important Chinese market, Beiersdorf completed a consolidation process in 2020 that involved moving further of its Chinese operations to Shanghai. Along with the new research and innovation center, Shanghai is now home to the production capacity previously split across three other Chinese plants. This capacity has been expanded still further.

Beiersdorf also made major progress with the integration of COPPERTONE in the reporting year. By acquiring the brand in 2019, Beiersdorf entered the world's largest sun protection market – the United States – and filled a further "white spot." This represents a significant step forward for the footprint of Beiersdorf in the United States and Canada. Another important step in tapping new growth markets was the creation of our OSCAR&PAUL Venture Capital Fund, which invests in promising start-ups to gain access to disruptive technologies, new business models, and innovative developments in skin care. In May 2020, for example, Beiersdorf used the fund to invest in the British enterprise Salford Valve Company Ltd. (Salvalco), which develops innovative aerosol valves for use with ecologically sustainable propellants. With this investment, Beiersdorf aims to develop and promote sustainable packaging solutions in the industry and in its own portfolio.

Fuel the growth through increased productivity

We firmly believe that investment is a prerequisite for growth and innovation. At the same time, we can continue to improve the Beiersdorf Group's efficiency through strict cost discipline and a fast-moving, lean, and focused organization.

Various measures taken in the reporting year helped us further increase the agility and resilience of our supply chain, allowing us to respond even more flexibly to new circumstances. This included significant investments in a stable and efficient production and logistics network – expanding our plants, modernizing production, implementing new technologies, improving logistics, and boosting the efficiency of our value chain. After focusing on production sites in Brazil, India, Spain, and Thailand in 2019, the reporting year saw us extend our plants in Silao (Mexico), Poznan (Poland), Tres Cantos (Spain), and Malang (Indonesia). We also took decisive action to improve our production network in Europe and the Americas: In Germany, we are spending €220 million to build a new plant in Leipzig-Seehausen. This is our largest single investment to expand production capacity in Europe. Given its proximity, the location will also offer new employment opportunities for staff from the Beiersdorf plant in Waldheim, which will close in the coming years, with production moved to various other sites. In Hamburg, Beiersdorf will invest over €60 million to create a state-of-the-art technology center, which is due to be completed in 2024. With this ambitious project located close to our new Group headquarters and the Beiersdorf Manufacturing Hamburg GmbH production center, Beiersdorf is strengthening its capacity to innovate and creating spaces packed with technology for exchange and collaboration. The technology center is aimed not just at experts within the company but also at external partners such as universities, research institutions, and start-ups. In South America, Beiersdorf decided to close its plant in Santiago de Chile (Chile) and focus on the plants in Itatiba (Brazil) and Silao (Mexico). Due to structural challenges, which could not be compensated, we were not able to maintain the plant as a competitive and efficient part of our global supply chain network in the emerging markets in the long term.

We firmly believe that targeted investments in an agile, integrated, and competitive supply chain are an important pillar for Beiersdorf's growth. We are therefore driving the transformation of our supply chain, particularly in terms of digitalization, technology, and sustainability. Digitalization in the reporting year involved creating a new order management platform for distributors and accelerating the automation of purchasing processes. In purchasing, key topics included sustainable procurement, the use of artificial intelligence (AI) tools to manage sourcing risks proactively, the use of recycling materials, and new partnerships along the supply chain.

Despite the COVID-19 pandemic, Beiersdorf made good progress in boosting productivity during the reporting year. Our supply chains proved crisis-proof. Thanks to our careful business continuity management and the dedication of our employees, we were able to reliably supply consumers all around the world and ensure high-quality service.

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

Our employees are our most important capital. They are also an intrinsic part of the unique corporate culture that our human resources strategy is designed to preserve. Based on our Core Values – Care, Simplicity, Courage, and Trust – we work as a team to fulfill consumers' needs and live up to our responsibility toward society and the environment.

The year 2020 has shown once again what Beiersdorf stands for and what defines us as a company. We care for skin. We care for people. We Care Beyond Skin. This is our purpose. It expresses our motivation and commitment we put into people's welfare and doing everything we can for society and the planet. Alongside our C.A.R.E.+ strategy, which describes WHAT we want to achieve, and our Core Values, which show HOW we will achieve it, the purpose we formulated in the reporting year defines WHY we are taking the actions we take. "Care Beyond Skin" highlights that the way we understand our caring mission goes far beyond our core business of skin care. It shows the world who we are and what motivates us.

By acting in a way that recognizes our social responsibility, we bring this purpose to life. Beiersdorf has therefore made, in our view, both an immediate and extensive contribution to combating the coronavirus pandemic with an international aid program. The €50 million program not only provides one-time immediate aid; it is a long-term initiative that will make a valuable contribution to people, society, and the environment. It comprises donations of disinfectant and products, donations from employees (which Beiersdorf doubled), and local and international financial donations supporting various aid organizations. More information can be found on page 37.

With the "Care Beyond Skin" sustainability agenda established at the beginning of 2020, Beiersdorf is driving the company's transformation toward sustainability and showing its commitment to consumers, society, and the environment. This applies to the coronavirus crisis and beyond. Detailed information about our sustainability agenda can be found in chapter "Sustainability" and in the Non-financial Statement from page 39.

Beiersdorf has been driving the transformation to the new world of work for several years now. This is part of a comprehensive cultural shift designed to make both the company and its employees fit for the challenges of the future. Following the great success of the "New Work Festival" in 2019, Beiersdorf continued this format, originally initiated by employees, during the reporting year. With online discussions, workshops, and presentations by speakers from outside the Group, the three-day event gave employees new inspiration for agile working. Further information can be found in the "People at Beiersdorf" chapter.

tesa

The tesa SE Group (referred to in the following as "tesa" or the "tesa Group") is one of the world's leading manufacturers of self-adhesive products and system solutions for industrial customers and consumers. The tesa Group is part of the Beiersdorf Group. It employs 4,716 people and operates in more than 100 countries. tesa SE is a wholly owned subsidiary of Beiersdorf Aktiengesellschaft and is the direct or indirect parent company of the 61 tesa affiliates (previous year: 63).

In the fiscal year, tesa sold Polymount Scandinavia AB, Sweden, and liquidated Polymount Brno spol. s.r.o., Czech Republic, reducing the number of affiliates.

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

Direct Industries

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

Through its affiliate tesa scribos GmbH, tesa also offers digital connectivity solutions for branded products. tesa scribos' system solutions consist of highly secure product markings and a digital platform, allowing the company to act as an IoT enabler for brand suppliers all around the world. The Internet of Things (IoT) connects the physical and virtual worlds and allows them to work together using information and communication technologies.

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

Trade Markets

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

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

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

Management and Control

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

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

Value Management and Performance Management System

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

The company has created an efficient management system in order to meet these strategic goals. Corporate management derives business performance targets for the individual units in the Group for the coming year from the Group's strategic business goals. This planning covers all segments and affiliates. Formal adoption by the Executive Board and Supervisory Board of the Group's planning for the following year is generally toward the end of the year. In specific cases – such as for the 2021 fiscal year - the planning is not finalized until the beginning of the fiscal year in view of current developments.

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

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

In addition to the key financial performance indicators shown above, the company employs a number of non-financial indicators that are described in the "Product and Technology Development," "Sustainability," and "People at Beiersdorf" chapters of the Combined Management Report.

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

Our Beiersdorf Purpose*

We are skincare. For nearly 140 years, Beiersdorf has been a companion in people's lives, caring for healthy beautiful skin, nurturing people from the outside in.

By making people feel good in their skin, we give them the confidence it takes to reach out to each other and build meaningful connections. In an increasingly isolated world, we help them form a bond that is more than skin-deep: a bond that is built on trust, empathy and care.

But our care has always gone further. When we work together and unite our strengths, we not only provide skincare, but also nurture what's important to people's lives. Within our company, we foster a culture of respect and universal values that relate to individuals and families across geographies. In society, we extend our care to our fellow citizens and to the planet and contribute to more cohesive communities.

In uniting our strengths, building trust and seeking new ways to soothe, we can create even more meaningful connections among ourselves, with our consumers, and communities all over the world.

This is our purpose and our calling. To care beyond skin.

CARE BEYOND SKIN

THE PURPOSE OF BEIERSDORF

HAVE THE COURAGE TO CARE

For us, care is an action: the courage to speak up, to take initiative and to take risks for the things that really matter. We know that each and every one of us contributes to our company's success.

REACH FURTHER TOGETHER

We combine our strengths and act together. This is how we survive difficult times and emerge from crises stronger than before.

SEEK NEW WAYS TO SOOTHE

Our company was born as a solution to a critical need – and ever since, our innovations have come from focusing our expertise on areas for relief.

* This section of the Combined Management Report is not subject to audit requirements.

Research and Development

Beiersdorf's business success has always been based on its outstanding research and development. For us, this work is part of our DNA and key to the constant flow of new innovations and solutions offering added value for our consumers all around the world.

To bring promising ideas to market as quickly as possible, we regularly evaluate our research program and define clear focus areas. Our research team continuously produces groundbreaking technologies, sustainable solutions, and new digitalized work processes. In line with our two business segments, our activities have the following areas of focus:

- In the Consumer Business Segment, Beiersdorf develops innovative, high-quality skin care products. By addressing consumer needs, global trends, and regional requirements through our research and product development, we create added value for millions of people around the world.

- In the tesa Business Segment, we are committed to the development of high-quality self-adhesive system and product solutions. Our product and technology development aims to identify needs, respond flexibly to special requirements and market trends, and make our customers' workflows even more efficient and effective.

As of December 31, 2020, 1,433 people were employed in research and development at Beiersdorf worldwide (previous year: 1,453). Of this total, 910 (previous year: 902) worked in the Consumer Business Segment and 523 (previous year: 551) in the tesa Business Segment.

Despite the challenging circumstances in 2020, we increased our expenditure on research and development in the reporting year. At the end of the fiscal year, expenditure in this area amounted to €246 million, up 4.2% on the previous year (previous year: €236 million). In the Consumer Business Segment, Beiersdorf invested €187 million (+5.4%) in research and development over the past year. It invested €59 million (+0.6%) in the tesa Business Segment. The increase in the Consumer Business Segment was mainly attributable to the opening of the new research and innovation center in Shanghai, in which Beiersdorf invested €10 million in the reporting year.

Consumer

Skin care research excellence

Since 1882, Beiersdorf has built its global reputation on strong skin care expertise. We have made it our mission to decode the skin's complex processes and to research optimal combinations of active ingredients, in order to develop effective skin and body care products. This involves the use of pioneering technologies – from microbiome research to artificial intelligence – and the development of sustainable, environmentally friendly solutions to promote a sustainable circular economy. With this work, we aim to ensure the innovative strength and competitiveness of our company.

For us, intensive basic research is the source of our innovations and a major focus of our work. The following were some of the research fields we concentrated on in the reporting year:

- **Developing alternative testing methods**, i.e. new, non-animal-based methods for safety assessments of our formulas, has been a major part of our research work for over 30 years. By collaborating with various universities and across the industry, particularly through Cosmetics Europe's LRSS Consortium, we achieved new findings relevant to safety assessment in the reporting year. We have published three extensive studies together with the members of the LRSS Consortium. These examine how different types of materials penetrate the skin (exposure-based risk assessment) and how the metabolism of chemicals can be correctly evaluated. The third study, "Next Generation Risk Assessment Framework for Skin Sensitization," shows what risk assessment might look like in the future – always based on the principle that maximizing consumer safety comes first when testing cosmetic formulations.

- **Protecting the skin against sun exposure** is an important topic for Beiersdorf. For years, our experts have been researching the sun's impact on the skin in order to develop pioneering solutions for sun-related skin problems. The results obtained by our researchers during the reporting year reveal how sunlight accelerates skin aging. The work was based on a multiomic data integration approach, which simultaneously examined the epigenetic regulation and transcription of the genes in cells exposed to UV light. This provided valuable insights into the early stages of skin damage, which can still be remedied. Our experts also proved that high-energy visible light (HEVIS light) induces considerable oxidative stress in skin, and that this can be significantly reduced using specially tailored antioxidative therapy, for example with the antioxidative ingredient Licochalcone A. These are new and important findings, as some institutions have, in recent years, identified infrared light as the main cause of skin damage after UV radiation, overlooking the more extensive role of HEVIS light.

- We have been working with the specialty chemicals company Evonik on **artificial photosynthesis** since 2020. The aim is to develop sustainable raw materials for care products, using carbon dioxide (CO_2) as the starting material. Following the model of natural photosynthesis from water and CO_2, solar electricity and bacteria will be used to produce the sustainable raw materials. In this way, we aim to explore alternative raw material sources and at the same time contribute to closing the carbon cycle – fully in line with our ambitious sustainability agenda. The joint research project is being funded by the German Federal Ministry of Education and Research (BMBF). It is one of the "Kopernikus" projects, which comprise Germany's largest research initiative on the energy transition. Regarded as a pioneering project in the cosmetics sector, it is set to deliver concrete results in the coming years.

- We further stepped up our **microbiome research** in the reporting year, substantially building our understanding of the fragile balance of the skin's microflora and its interaction with skin metabolism. As a result of extensive research work, we introduced various products to the market under the NIVEA brand during the reporting year. These are designed to work in balance with the skin's natural protective layer.

We use **global patents** to protect the results of our intensive, applied research. With these we aim to secure our intellectual property and the ingredients, technologies, and products we develop. Our portfolio of over 2,500 patents around the world (previous year: 2,535) indicates our innovative strength and long-term competitiveness. In 2020, we filed 75 new patents worldwide (previous year: 98) despite the COVID-19-related restrictions. As of December 31, 2020, around 1,200 patent filings were in the ongoing grant procedure (previous year: 1,200).

Collaboration boosts innovation

For Beiersdorf, collaboration with external partners is an integral component of our research and development work. We are convinced, that through combining complementary expertise and pooling our strengths, we enhance our collective capacity to innovate and accelerate the development of tomorrow's skin care. Beiersdorf's global collaboration network comprises a multitude of research institutions, universities, start-ups, independent scientists, and suppliers. Alongside specific cooperation agreements, we embrace the principle of open innovation and involve external partners in many of our development projects. Under the "Pearlfinders – We Open Innovation" umbrella, we offer them access to our confidential scientific research topics via the "Trusted Network" online platform (**https://trusted-pearlfinders.beiersdorf.com**). Based on trust, fairness, and partnership, this network also enables them to contribute their own ideas and solutions.

In addition to building its own network, Beiersdorf took part in the "Personalized Beauty Summit" in 2020. The online conference focused on the trend topic of personalization in skin care – an area in which Beiersdorf is pushing ahead at speed, on the one hand through the Personalization Accelerator, a unit that works across functions and is rooted in research and development. On the other hand, with the help of suitable partners. In advance of the Summit, we invited the approximately 220 participants from around the world to a start-up pitch hosted by Beiersdorf on the theme of personalization technology. In the course of this pitch, we found interesting partners with whom we want to continue working together in the future.

Strong research network

We are convinced that the global presence of our research and development is key to our success. The largest site in our global research and development network is our skin research center in Hamburg, where we employed 705 (previous year: 683) researchers and developers as of December 31, 2020. In this center, we mainly conduct basic research. Gaining a better understanding of the skin's own metabolic processes will give the scientists involved in our product development, in our view the ideal basis to develop new products that meet people's needs – for instance with new ingredients or using new technologies.

As product quality, safety, and tolerability are the top priority for Beiersdorf, newly developed products are tested before market launch, both externally and at Beiersdorf's own test center within the skin research facility. We performed a total of 360 studies at the Beiersdorf test center with 10,000 participants during the reporting period (previous year: 480 studies with 19,000 participants). Internationally, we conducted a further 1,150 studies with 35,000 participants in 2020.

In addition to the large skin research center in Hamburg, our global research and development network also includes two large innovation centers in China and the United States and four development centers in Mexico, Brazil, India, and Japan. These enable us to respond to cultural, aesthetic, and climatic conditions, and to develop products specifically for local needs and preferences. Through this network we participate in global innovation development and have access to local experts, which provides valuable ideas and insights for our global research and development work. The research lab of our American sun care brand COPPERTONE, which we acquired in 2019, in New Jersey, United States, is not only integrated into our global research network but is also being expanded to become an innovation center to localize and accelerate innovation for NIVEA and EUCERIN brands as well.

The latest member of our network is the **innovation center in Shanghai**. Opened in July 2020, it replaced our laboratory in Wuhan and is the second-largest location in our research network as well as a key milestone in the global expansion of our research and development network. With this center, we are set to exploit the great potential with regards to growth and innovation power of the region and promote local innovations – both in China and in the neighboring growth markets. By sharing expertise between Shanghai and the skin research center in Hamburg, we will enhance our knowledge transfer, boosting our skin care expertise and, with it, our sustainable growth. Beiersdorf has invested €10 million in the new location in downtown Shanghai. With 7,500 m² of usable space across eight floors, the new innovation center offers a state-of-the-art working environment and highly flexible spaces, where people from different functions can work together. It is home to around 100 employees working in research as well as other areas of the innovation process, such as marketing and supply chain management. The new location also features a dedicated Consumer Experience Center. This is designed to allow greater interaction with end consumers, thereby accelerating the local innovation process. In addition, the new innovation center will enable access to local talent and innovation incubators outside the Group.

In Germany, too, Beiersdorf is making a clear commitment to the future: to make it even more innovative and competitive, the Group is investing over €60 million in a state-of-the-art Technology Center in its home city of Hamburg. Spaces packed with technology will allow interdisciplinary teams from research and development, marketing and sales, and production to experiment and test with partners outside of the Group under conditions close to production. The aim of the close cooperation from the idea to the final product and the possibility of producing cosmetic innovations on a smaller scale, is to develop and manufacture more products in a shorter time in the future. We are convinced that this emphasizes Beiersdorf's forward-looking, unique collaboration and innovation culture.

Product highlights*

Innovation is our core competency and thus the basis of our business success. Our unique culture of innovation, which has always been a part of research and development at Beiersdorf, is what essentially drives our well-stocked innovation pipeline. We have set ourselves the goal of embracing our consumers' needs and wishes and offering them added value by constantly introducing new innovative skin care products. The search for innovations is not just limited to cosmetic formulations. Developing innovative, sustainable product packaging and driving digitalization to ever new heights are also an important part of our work.

Here is a selection of our key innovations in the reporting year:

- With the relaunch of the **NIVEA shower gel range**, Beiersdorf made a clear statement about sustainability and respecting the environment. All the ingredients were carefully selected based on their effectiveness, skin tolerance, and environmental impact. The biodegradable formulas (between 97 and 99%) give the skin a smooth, well-cared-for feeling. In Germany, 95 to 97% of the bottles are made of recycled material (post-consumer recycling, or PCR for short; excluding cap and label). The new range thus directly helps to create a circular economy.

- The new **NIVEA shampoos** with vegan formulas are pH-neutral, making them particularly kind to scalp and hair. The 100% biodegradable formulas strengthen the structure of the hair and make it noticeably easier to comb. The material used for the bottles consists 98% of recycled plastic (rPET, excluding cap and label). The new care shampoos are available in three different varieties. As well as the liquid shampoos, three shampoo bars have been launched for the first time under the brand NIVEA.

- The new **NIVEA Microbiome Balance range** comprises several products, including a body lotion, four shower gels, and five face care products. These aim to work in balance with the skin flora or microbiome (the skin's natural protective layer of microorganisms), maintaining healthy and naturally beautiful skin.

- Our **NIVEA Naturally Good range** with a minimum of 95% of the ingredients from natural origin (including water) was launched at the end of 2019. It caters to the desire for more naturally-derived products and greater transparency, particularly among younger consumers. We added several products to the range in the reporting year: Our new **NIVEA Naturally Good Anti-Age products** are made from 99% vegan ingredients. The remaining 1% of ingredients serve to maintain the products' safety and stability. The natural formula with highly effective organic burdock root extract reduces the reduces the depth of wrinkles. The packaging of the Anti-Age range is just as sustainable as the formula. The jars for the day and night creams are made from polypropylene and are 100% recyclable except for the sealing film. The two **NIVEA Naturally Good face-cleansing products** are also new to the range. The bottles for the NIVEA Naturally Good Cleansing Tonic with organic green tea and NIVEA Naturally Good Milky Cleanser consist of 97% recycled PET (excluding cap and label). Natural ingredients comprise 98% and 99%, respectively, of the formulas themselves. 98% of the ingredients in the new NIVEA Naturally Good body lotions are also from natural origin. The lotions are available in squeeze & roll-up bottles, which enable consumers to use every last drop. Compared to conventional body lotion bottles, these innovative bottles use 50% less plastic.

- With the new **NIVEA CELLULAR LUMINOUS630®** ANTI SPOT care range, NIVEA offers a solution for all consumers who suffer from facial pigment spots, making it one of the first mass market brand to address this problem. The innovative formula with the patented ingredient Luminous630® reduces the intensity of pigment spots and helps to prevent their recurrence. The range includes the new NIVEA CELLULAR LUMINOUS630® ANTI SPOT intensive serum and the mattifying NIVEA CELLULAR LUMINOUS630® SPF 50 ANTI SPOT daily care fluid. Both products are enriched with cell-activating hyaluronic acid and vitamin E.

- The new **EUCERIN Urea Repair Plus shower foam** and **body lotion** are the first products containing urea, combining the proven effectiveness of EUCERIN with a calming, anti-inflammatory, skin-friendly fragrance. The innovative formula is non-allergenic despite the fragrant ingredients. The lotion provides moisture and long-lasting (48-hour) relief to very dry, rough, and sensitive skin.

- With the two **EUCERIN Oil Control Dry Touch sun gel-creams**, which offer SPF 30 and SPF 50+ protection, we have introduced an innovative sunscreen product combining UVA and UVB filters for high UV protection with Licochalcone A to neutralize free radicals caused by UV and high-energy visible light (HEVIS light). The unique, light texture allows the skin to absorb the sunscreen in seconds leaving no residue. For maximum convenience, the product is waterproof and sweat-resistant.

- With the **EUCERIN Hyaluron Filler + Elasticity 3D Serum**, we are continuing the success story of Thiamidol®, our unique ingredient proven to reduce hyperpigmentation. Thanks to the patented ingredient, this is the first anti-aging product to offer an all-round solution for mature skin among the 50+ age group. It tackles the three typical signs of aging skin: age spots, wrinkles, and loss of elasticity. Pigment spots are visibly reduced, even deep wrinkles visibly plumped, and the skin's elasticity noticeably improved.

- The **EUCERIN Aquaphor Body Ointment Spray** was rolled out globally in the reporting year following its successful launch in the United States. This is our first spray-on ointment – a true multi-talented product to treat a range of skin problems and irritations. The cooling spray formula is enriched with glycerin and panthenol, creates a breathable protective barrier, and accelerates the regeneration process in dry or irritated skin.

* This section of the Combined Management Report is not subjet to audit requirements.

- Beiersdorf launched a new **HANSAPLAST Routine Kids range** in the reporting year, designed to clean, protect, and heal. It includes a wound spray, plasters, and a wound healing ointment with a child-friendly design. The wound spray cleanses the wound and helps to prevent infections. The wound healing ointment supports a faster wound healing and reduces the risk of scarring.

- Our luxury brand **LA PRAIRIE** launched the new **White Caviar Eye Extraordinaire** cream in 2020. The formula, enriched with Golden Caviar Extract and the innovative, patented ingredient Lumidose®, helps to firm the look of the skin around the eye for increased light-reflection while also diminishing the appearance of grey, brown, red, violet and yellow chromatic disturbances. The rich cream also nourishes and comforts with deep moisture, helping to reveal the extraordinary beauty of the eye.

- One of the cornerstones of our American brand COPPERTONE is delivering breakthrough strategic innovation: **COPPERTONE Sports Clear** is coming to support our position in the sports segment, one of the biggest in the US market, which is the core of the COPPERTONE business. **COPPERTONE Pure & Simple** is our range of sunscreens, gentle on the skin, that offers 100% mineral sun protection based on naturally sourced zinc oxide UV filters. **COPPERTONE Kids Clear Blue** and **COPPERTONE Kids Sparkle** with fruity scent and easy application has revitalized our children specialized offerings.

- **STOP THE WATER WHILE USING ME!** has added **All Natural skincare** – the first completely refillable, sustainable face care range – to its portfolio. Like the brand's other products, they focus on the importance of water and its responsible use. The products can be easily refilled with refills made from monomaterial and help to reduce waste up to 80%. Additionally they are vegan, climate neutral, and full of natural, biodegradable ingredients. There are four minimalist applications, which combine to cover the entire daily skin care routine: the Light and Rich Face Creams, the Face Cleansing Bar, and the Detox Face Mask.

- A very important novelty in 2020 was the development of **disinfectants**. Initially, this product was not produced for commercial sale but distributed to hospitals, care workers, employees, and partners as part of our COVID-19 immediate aid program. Starting in fall 2020, our **HANSAPLAST/ELASTOPLAST disinfectant gels and sprays** officially joined the product range in the first markets, including Spain, France, Austria, and the United Kingdom.

As a result of our regional work, in the reporting year we also launched the following innovations:

- The launch of the new **NIVEA Breathable Lotion** in 2020 was the largest introduction of NIVEA lotions in the United States to date. There are three varieties: Tropical Breeze, Fresh Fusion, and NIVEA MEN. The new products are based on a breathable, patented skin technology, which incorporates rich oils into a water-based lotion. This gives the skin the deep moisture it needs without leaving a heavy, sticky feel – even on hot days or after showering. Teams from the United States, Mexico, and Hamburg worked together on this innovation.

- In the Asia-Pacific region, we launched the new **NIVEA MEN Deep Rapid Acne range** – a new face care and cleansing range specially for men with severe skin impurities. The effective yet gentle formula with salicylic acid and rock salt shows visible results in just seven days. With this product, NIVEA MEN offers a solution to one of the three most common skin problems in the region: severe skin impurities.

- In the South Korean market, we introduced **CHAUL**, a premium face care brand, through our Seoul-based innovation hub, the NIVEA Accelerator (NX). CHAUL is Beiersdorf's first brand exclusively developed for the Asian market. Made with sunlight fermented tea leaves from Hadong, a region with long tea-growing tradition in the south of the country, CHAUL's products contain the beauty of the nature. The high-quality product range comprises the "Early Ritual Water Essence," the "Early Ritual Ampoule," and the "Early Ritual Cream." The products are bifunctional, helping to reduce wrinkles and promote an even complexion.

Contribution to sustainability*

As our product developments show, sustainability reaches every area of our research activities. From improving our formulas to become cleaner and greener, to the development of innovative, more sustainable packaging that promotes a circular economy, to our work with sustainability-oriented partners, Beiersdorf is driving ahead with its ambitious sustainability goals through a wealth of research work.

One noteworthy of our many sustainability-oriented projects in the reporting year was our cooperation with the german drugstore chain dm. We launched the pilot of our new **refill stations for NIVEA shower gels** at three dm stores. Specially developed refill stations for the NIVEA shower products NIVEA Creme Soft and NIVEA Creme Sensitive are also available at the NIVEA stores in Hamburg and Berlin. We deliberately chose two products with 96% biodegradable formulas free from solid microplastic particles. What is more, 96% of the bottle is made from recycled plastic (excluding cap and label). The project's aim is to gather experience with consumers, save packaging, and promote a circular economy. The concept won two important awards in the reporting year: the designMUSE award and the Packaging Europe 2020 Readers' Award.

More information about our vision and achievements in sustainability can be found at **www.beiersdorf.com/sustainability**.

tesa

Product and technology development*

Tapes replace screws

In 2020, product and technology development at tesa continued to focus on structural bonding. This includes technologies for adhesive solutions with particularly high bonding strength and long-term resistance, which have so far only been possible with mechanical joining techniques such as screws, rivets, and welding. For the metalworking industry, tesa has developed high-performance, durable solutions for securely bonding metal parts before powder coating. These can endure heating to 200°C – the temperature at which powder coating is cured. Rather than weakening the bond, this temperature actually strengthens it further. The products therefore open up many new applications for adhesive bonding of metal connections.

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Another area of focus is structural bonding for the assembly of electronic devices such as mobile phones. tesa has developed adhesive systems that create a very strong bond even at room temperature, allowing even very heat-sensitive materials to be firmly bonded. The new systems were successfully tested with selected innovation leaders in 2020.

Sustainable product and technology concepts

Developing sustainable technologies and product concepts was also a particular focus in the reporting year. Manufacturing processes and design concepts were developed for packaging high-value electronic devices, for example. For the simple task of sealing boxes, product concepts made from renewable raw materials were successfully tested, along with concepts for compostable products. tesa is also working on products that use recycled raw materials, such as foils made from post-consumer recycled PET. The company is developing a number of technologies and product concepts that will allow components bonded by tesa customers to be separated again for recycling when a product reaches the end of its life. This approach will also enable the repair of high-value end products, as bonded components will be easily removable for replacement. One example is the development of reversible adhesion for batteries in electronic devices.

Further advances in extrusion technology

As in previous years, tesa continued to work hard in 2020 on developing sustainable, solvent-free technologies for manufacturing tapes. In recent years, tesa has successfully developed and implemented extrusion technology, which enables heavy-duty tapes to be produced without the use of solvents. This technology can now be used to manufacture specialist adhesive tapes for securing heavy-duty loads during transport and building pipelines. The company is also developing technically demanding adhesives for the automotive sector. High-performing adhesive layers for constructive bonding can now be quickly adapted to the latest changes in paint surfaces, meaning that components can be securely mounted even to surfaces with a repellent coating.

Fire protection in e-mobility

Another focus is on developing technologies and product concepts for electric mobility. As car batteries still carry a risk of fire, tesa has developed special adhesive solutions with an extremely effective heat barrier. These ensure that a battery fire is limited to the damaged cell and does not spread to other parts of the battery. Prototypes for delaying the further spread of fire beyond the battery have also been designed and successfully tested. To bond the "power electronics" components required in electric vehicles, tesa has developed adhesive systems that enable secure mounting while protecting neighboring components from the heat produced by the electronics. A positive side-effect of electric cars is their markedly lower noise emissions. However, this means that drivers can be irritated by certain sounds that were previously inaudible over the engine noise. tesa has therefore worked with leading innovators in the automotive sector to develop adhesive systems that effectively reduce the transmission of noise through the vehicle body. Development work for e-mobility is carried out within tesa's global product and technology development network at its locations in Germany, China, and North America, ensuring optimal collaboration with innovation leaders and customers.

Sensor technology: a growth market

Sensor technology and sensors are a fast-growing field in which adhesive tapes also play an important role. Ever more powerful sensors are being produced to gather data in many areas of life. New product concepts for mounting these sensors were developed during the reporting period and underwent successful real-life testing.

tesa expanded its technology portfolio through the acquisition of Functional Coatings LLC in the United States in 2018. Of notable mention from this portfolio are specialist adhesive tapes, which are used in the insulation for modern building envelopes. In the reporting year, the tesa teams developed new technologies and product concepts for modern facade solutions. These enable high energy efficiency while also using resource-saving construction methods. The company also aims to adapt the concepts to regional differences in construction techniques. One focus is on technologies for special adhesive membranes that keep out damp and quickly remove moisture from inside the building.

For more information on product and technology development at tesa, please visit **www.tesa.com/about-tesa/product-and-technology-development**.

Important cooperations and co-investments*

It is our ambition to be the world's leading skin care company. To achieve this, we rely not only on our own internal resources, but also on important alliances with selected external partners. The following overview shows selected collaborations and co-investments with which we are shaping the skin care of tomorrow:

Salvalco Valve Company Ltd.

Joint development of innovative aerosol valves that enable the use of environmentally sustainable propellants.

Werner & Mertz GmbH und Fraunhofer Institut für Verfahrenstechnik und Verpackung (IVV)

Joint development of a cross-industry safety standard for the use of recycled plastic in packaging for cosmetic products.

Sabic

Joint development of sustainable packaging using bio-based polypropylene (Bio-PP) as a raw material.

Sustainable product and packaging solutions

State of the art skin research

Insilico Medicine

Collaboration in the field of computer-simulated skin research through artificial intelligence to accelerate the identification of new, safer, bioactive ingredients for specific skin indications.

Evonik

Cooperation on the development of alternative, sustainable raw materials for care products using artificial photosynthesis and CO_2 as the starting material.

TissUse

Driving the development of alternative testing methods using multi-organ chips to provide important insights for complex safety assessments.

S.Biomedic

Achieving synergies in research on the cosmetic and therapeutic potential of the skin microbiome (skin flora).

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People at Beiersdorf*

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

As of December 31, 2020, Beiersdorf employed 20,306 people worldwide, a decrease of 1.7% compared with the previous year (20,654). Of this total, 6,449 (previous year: 6,682) were employed in Germany, a share of 32% (previous year: 32%). A total of 15,590 people worked in the Consumer Business Segment (previous year: 15,728) and 4,716 at tesa (previous year: 4,926).

Consumer

Working in the new reality – HR work in the year of the coronavirus pandemic

The pandemic in 2020 made our world a more uncertain and vulnerable place than any of us can remember. Helping people and our organization to tackle these new and often unprecedented challenges was at the center of our human resources work. This called on all our flexibility, as we had neither direct experience nor established processes when it came to many of the situations that arose due to the crisis.

While there is little we can do to plan for a crisis like the COVID-19 pandemic directly, we can put in place a solid foundation for resilience in HR, as we have been doing in recent years. This preparation paid off in 2020.

In the years before the coronavirus crisis we:

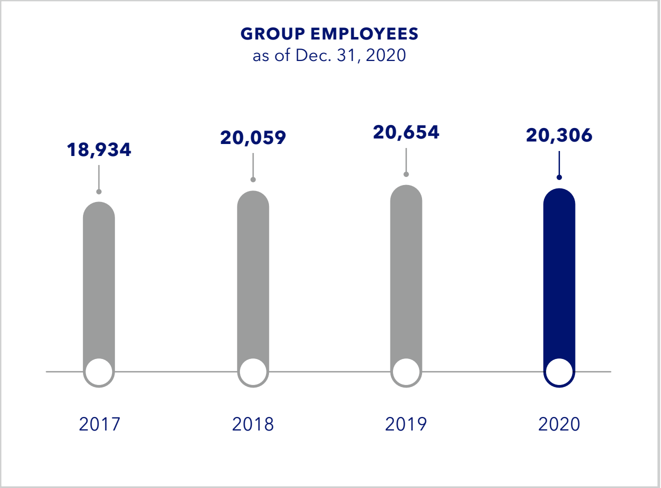
- Established an atmosphere of trust in the way we work together, not by preserving the status quo but through constant renewal
- Invested in a top-class infrastructure for digital communication and collaboration, not only with forward-looking IT projects but always in combination with the necessary change management
- Experimented with various forms of New Work, from teamwork to knowledge management and a modern learning culture
- Integrated the growing pressure for transformation of everyday management tasks into our leadership concept and practical managerial work

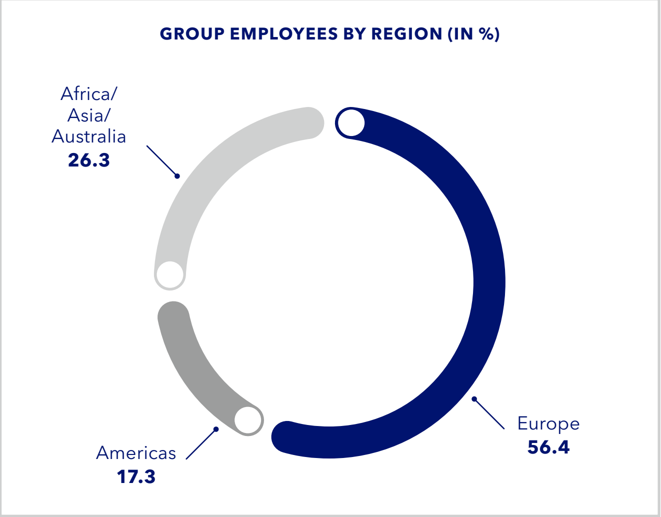
Since 2019, as part of the C.A.R.E.+ strategy, the company has been putting even greater emphasis on investing for the future, which has also been to the benefit of these four consistent core areas of our human resources work.

At the start of the pandemic in spring 2020, Beiersdorf could anticipate neither the scale nor the duration of the crisis. However, the agility it had already created enabled the company to respond flexibly to the rapid global spread of the pandemic and take meaningful measures to protect employees and consumers, help the wider society, and stabilize the business.

Corporate culture

On April 15, 2020, a few weeks into the Europe-wide lockdowns, management and employee representatives at Beiersdorf AG and Beiersdorf Shared Services GmbH signed a "Solidarity Pact for Employment." The pact was aimed particularly at the less advantaged parts of our workforce. It promised that the same number of vocational trainees and trainees would be taken on as in the previous year and that many temporary employment contracts would be extended. The companies also decided to avoid resorting to the German government's *Kurzarbeit* short-time working scheme. The pact was financed by all employees, depending on their means: from Executive Board members, who waived 20% of their fixed remuneration, to employees covered by collective-bargaining agreements, who waived 1.5% of their variable remuneration. In addition, about 75% of the workforce voluntarily donated up to five vacation days.





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Beiersdorf's corporate culture always forms a dedicated chapter of our Annual Report. Its aims have also remained a constant: strengthening the emotional connection between people and Beiersdorf, enabling employees to participate in the company's decision-making and success, and supporting managers so that they are always ready for the ever more complex challenges. Beiersdorf's 2020 "Solidarity Pact" is about more than just a financial contribution in a time of crisis. Sacrificing some of one's self to help others is an expression of the strong cohesion that has been cultivated and nurtured at the company, particularly during the crisis.

In this crisis-hit year, it was also important for us to continue to offer our wide selection of vocational training places and dual study programs, our global trainee program BEYOND BORDERS, and our internship program for students all around the world. In Hamburg alone, Beiersdorf offers high-quality training in eight different occupations. As of the end of 2020, we employed 110 vocational trainees (previous year: 110) here. We recruited 39 vocational trainees (previous year: 37) in the reporting year. The number of participants in the global trainee program at the end of the reporting year was 19 (previous year: 19). 12 of them joined the program in 2020.

Engagement

Employee engagement is a key factor for us and the subject of regular global employee surveys. After redesigning our survey in 2019, we gradually introduced and conducted our new "teampulse" employee survey in the reporting year. This delivers faster results, enabling us to keep our finger on the pulse throughout the company. The aim of this survey is to encourage continuous dialogue between managers and their teams and give employees the opportunity to help actively shape their own workplace. The survey was conducted at the first six international locations at the end of February. Other affiliates followed between late August and early October. The introduction of "teampulse" in some European countries was delayed while data protection issues under current EU law were clarified. The rest of the implementation, including for Germany, is planned for 2021. In the reporting year, the response rate for the "teampulse" survey was over 80%. The results revealed a consistent picture across all regions. They showed that Beiersdorf's culture, purpose ("Care Beyond Skin"), and four Core Values ("Care," "Simplicity," "Courage," and "Trust") have grown firm roots in the various affiliates. They also indicated that employees have felt very well supported by both Beiersdorf and their managers during the COVID-19 crisis. In addition to the standard questionnaire, Beiersdorf managers received detailed feedback in over 15,000 comments.

Participation in decision-making and company success

Participation is key to the success of a positive corporate culture. It is based on transparent information from management and dialogue on an equal footing with employees. As face-to-face meetings were impossible in most countries by mid-March, we stepped up our efforts to find other ways of reinforcing lively communication within the company. Digital town hall meetings, works assemblies, and numerous independently designed, creative online events with opportunities for dialogue were created and quickly adopted worldwide. In the Consumer Business Segment alone, we held almost 400 online meetings with more than 100 participants in the reporting year. The strong relationships built between managers and employees at every level of the company were an important factor in successful crisis management.

We engage our employees in key decision-making processes and in the success of our company. The close involvement of employee representatives is also part of our corporate culture. Working with them in an atmosphere of trust enables us to take and implement important and sometimes difficult decisions together. Amid the challenges of the reporting year, this was truer than ever. In Germany, for example, all important codetermination meetings took place despite the coronavirus and lockdown measures, albeit in an online format. The "European Dialog," which brings together Beiersdorf's employee representatives from across Europe, continued its work uninterrupted in 2020. In many locations, new working groups were created and additional votes held in response to the particular challenges that presented themselves. These met with lively participation from Beiersdorf employees. Attendance at the works assemblies in 2020 was the highest for many years.

We restructured performance management at the beginning of the reporting year with the aim of reinforcing the close and trusting relationship between employees and managers. The system is primarily focused on continuous employee appraisal, avoiding a school-style grading system that translates directly into the bonus awarded. This enables more open mutual feedback meetings and a stronger willingness to listen. Constructive criticism is more readily accepted if it is not immediately tied to a reduction in bonuses. As part of the new system, the main component of the annual variable remuneration is a collective, trust-based profit participation. Managers are also provided with a budget that they can distribute quickly and flexibly throughout the year to employees or teams that perform outstandingly. Conversely, the system also calls for greater honesty, support, and consistent action in the event of underperformance.

Flexible work locations are another example of participation. For most employees whose jobs permit it, remote working was enabled across the board from March 16, 2020, and increasingly used throughout the year. Employer and employee representatives at Beiersdorf AG, Beiersdorf Customer Supply GmbH, and BSS have concluded a new works agreement, which entered into force on December 1, 2020. Reflecting the new reality of the working world, this covers the use of remote working beyond the coronavirus. Under the new agreement, employees are entitled to perform up to 20% of their individual planned working hours remotely (i.e. off Beiersdorf premises), provided their job is suited to remote working. Each team decides for itself whether this remote working should be coordinated within the team. The company encourages remote working even beyond the 20% planned working hours. This is provided for through simple and practical arrangements in the works agreement. However, the parties agree that the central place of work should remain at the company and on Beiersdorf premises – this applies in particular to the future Beiersdorf Campus in Hamburg. In-person meetings, including spontaneous gatherings, are part of the work culture at Beiersdorf and promote creativity and cross-functional cooperation. With the new works agreement, employee representatives and corporate management have learned from the experiences of 2020 to create a clear and balanced framework for the "new normal." This makes Beiersdorf one of the first companies in Germany to adjust to the new world of work with this codetermination mechanism for the time after the coronavirus pandemic.

Employee participation in the Campus project (the new building for the Group headquarters in Hamburg) also continued in 2020. Desk sharing, agreed upon at the end of 2019, was extended once more in connection with the aforementioned works agreement. Planned new office space at the campus was reduced in mid-2020. The space this frees up will be used for a new technology center.

Leadership

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

We aim to fill management positions with talented people from within our own ranks. Future managers are given systematic preparation for their new roles. In fiscal year 2020, 60% of positions at the first management level (previous year: 100%, Roadmap 2020 target: 75%) and 79% at the second management level (previous year: 83%, Roadmap 2020 target: 90%) were awarded to internal candidates.

Beiersdorf uses various methods to identify and promote new managerial talent. The annual talent review secures our strong management pipeline in a transparent manner. The usual advanced training and management development programs continued in 2020 despite the coronavirus pandemic, albeit largely in a digital format. To compensate for missed in-person learning events, we quickly provided employees with 5,000 licenses for one of the world's largest online learning platforms. We decided to continue this offering in 2021.

New working world

The world of work and the ways in which we work together are changing. For some time now, we have supported our employees in helping to develop agile working with advancing digitalization.

Beiersdorf established a clear position for itself during the crisis year of 2020: On the one hand, we want to maintain the office environment with modifications, a place where people meet and work together in person in different formations; on the other, we actively support flexible working on a broad scale, especially from home. The changes triggered and accelerated by the pandemic with regard to work can no longer be reversed. However, it will take some time to develop a customized solution for each of over 170 locations worldwide.

Digital transformation

The launch of "Office 365" in fiscal year 2019 significantly improved our cross-team and cross-functional collaboration worldwide. In 2020, this foundation greatly contributed to the quick and smooth shifting of business processes and workflows despite massive disruption in the markets. The majority of meetings in the reporting year took place on "Microsoft Teams," which all employees had already familiarized themselves with earlier.

The launch of additional modules in our HR management system COMPASS further accelerated the digital transformation in the reporting year. The platform provides the technological framework for modern, innovative, and efficient HR work and improves collaboration between employees, managers, and HR. The COMPASS platform now includes the following new modules:

- COMPASS Ongoing Feedback – launched in December 2020, this module records the content of the employee appraisals and individual priorities
- COMPASS Recruiting – a system for standardized, digital recording of all global recruiting processes, making these processes simpler and more efficient
- Additional learning and academy content in the COMPASS Learning module (including access to LinkedIn Learning; see the "Knowledge and learning" section for more details)
- Interface with "Career Connect" – our platform for internal vacancies in Europe and at Group headquarters. The new link to employees' profiles makes internal applications quicker and more convenient.

Employees in Germany also benefited from the new "My Future Plan" portal, which gives them digital access 24/7 to their long-term working hour account and pension scheme. The tool allows users to adjust their savings flexibly and simulate outcomes from individual pension plans.

Whether in vocational training, the dual study program, the trainee program, or our global internship positions, we have largely switched our talent promotion activities to digital formats. Examples of this:

- OSCAR&PAUL Battleweeks, a virtual hackathon event organized by the OSCAR&PAUL Unit, in which 135 talented people from 29 countries sought solutions in four different topic areas or "battlefields." The participants – a diverse group of 45 nationalities – were divided into 27 teams that competed against one another.
- The Virtual Open House Day, to which Beiersdorf, Tchibo, and tesa invited around 170 young talented people, offering them an insight into their business and various entry programs.
- An online event from Young Entrepreneurs in Science (YES). This gave an insight into the corporate world to students from a wealth of different academic disciplines and discussed the importance of entrepreneurial thinking.

In mid-November, Beiersdorf held its second New Work Festival: a three-day event themed around "The new normal with New Work." More than 40 interactive sessions with 50 speakers from Beiersdorf and elsewhere looked at the working world of tomorrow and new ways of collaborating. Employees from around the world took part in the inspiring interactive event through more than 5,400 streams. People from outside the Group could also follow the New Work Festival via a social network. The program was a mixture of presentations, interactive exercises, and workshops. The coronavirus pandemic and its effects on the modern working world were an important focus area for the festival.

Support for our employees

To enable employees to work smoothly and flexibly from home while staying connected to the company, Beiersdorf has provided portable devices and other IT and communications technology, such as monitors, keyboards, and headsets.

In addition to the technology they need, it has been immensely important to us since the beginning of the pandemic that we also provide personal support to people working from home. We have therefore created an intranet platform known as "Together at Home." This helps employees to interact and stay in close touch despite social distancing. As well as a diverse offering for body, mind, and soul along with themes such as parenting in a pandemic, socializing, and New Work, the platform offers all employees the opportunity to chat and share tips. We are particularly aware of the challenges faced by parents, especially mothers and single parents, many of whom are having to look after and homeschool their children during lockdowns while also working from home. To help them, we have set up a parent coaching program with our own health management team and are providing special advice and courses for these employees. Parents are also particularly benefiting from more flexible working hours with changes to the policy on core hours.

The rest of the Group's own health management scheme was also adapted to changing needs in this unusual year, with large parts of it going digital and being made accessible worldwide, such as digital ergonomics consultations, back training exercises, sports activities, and weekly wellbeing podcasts. The health management team also took early steps to protect employees from the coronavirus. To reduce the number of contacts, production and laboratory staff were split into fixed groups. Partitions, social distancing, and hygiene rules also helped to keep people safe. The Group headquarters provided disinfectant, free coronavirus testing, and flu vaccinations for all employees.

Knowledge and learning

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

- establishing a global learning infrastructure, including a learning management system and creating personalized opportunities with individual learning content;
- ensuring targeted learning, including high quality guidance and providing group-specific learning content;
- and finally, anchoring learning in our everyday work.

In the reporting year, we added additional learning content to our COMPASS Learning online platform, launched in 2019. The platform is used in almost all affiliates. Since March 2020, it has also enabled access to the virtual training content on "LinkedIn Learning," where employees worldwide can choose from over 15,000 online courses and more than 500,000 videos in different languages. The Finance, Procurement, R&D, HR, Quality, and Planning professional academies in COMPASS Learning also updated and expanded their content in the reporting year. We have also incorporated a virtual classroom, where employees from all around the world can attend interactive training sessions and workshops.

For all employees in Germany, we continue to offer an extensive advanced training program free of charge, which allows them to learn in their spare time. The courses cover personal skills, methods and techniques, and professional competencies. In early 2020, we also ran a special digital upskilling initiative. Around 100 employees took part in the "digitalization" master plan course. Its content was based on the "Europe Goes Digital" program, also launched in the reporting year, where employees help their colleagues to build their digital skills.

Diversity & Inclusion

As a globally operating company, we regard the diversity of our workforce as the key to our success. Different perspectives make us more innovative and competitive and allow us to better understand consumer needs. Diversity is therefore a central element of our strategic orientation.

People from different countries, cultures, and generations, people of all gender identities, and people with and without a disability work in the Consumer Business Segment. Employees from 108 countries worked at Beiersdorf as of the end of the reporting year (previous year: 108). At the Group headquarters in Hamburg, the proportion of international employees increased to 17.7 % (previous year: 17.4%). Of our global managers in the top three levels of management, 41 % have lived and worked outside of their home countries for at least three years (previous year: 40%).

To further drive diversity and inclusion, as of October 1, 2020, we have created the new position of Global Diversity & Inclusion (D&I) Director directly below the Executive Board. This position leads and coordinates Group-wide D&I initiatives worldwide. The D&I Director is supported by the 13-member D&I core team, which consists of employees from different business areas and brands, and a global network of over 100 diversity & inclusion champions in the affiliates and business regions. In addition, the Diversity Committee of the Supervisory Board also regularly reviews and supports various key initiatives.

Focus issues: Gender balance

Alongside international and cultural diversity, gender – especially equal career opportunities for women and men – is a particular focus area. Since 2019, our "enCOURAGE" gender diversity initiative has been increasing awareness of the gender balance among all employees and supporting female employees and managers in various ways. Its work includes:

- The "move forward!" mentoring program aimed at talented women who want to begin or develop a management career
- The "Peer Coaching Circles" – an extra program of "move forward!" with the aim of learning and growing together
- The events organized by the "Women in Leadership" network, where successful women share their experiences and inspire others. In the reporting year, the annual "Women in Leadership" convention took place in an all-digital format for the first time due to the coronavirus pandemic, and was therefore accessible to all employees worldwide.

In addition, we offer a diverse range of options for flexible working arrangements and a better work-life balance. 74% (previous year: 67%) of our organizations offer flex time, 100% (previous year: 67%) remote work or home office, 55% (previous year: 50%) part-time work, and 32% (previous year: 28%) sabbaticals. Alongside standard part-time working, we also encourage job sharing. This is an arrangement in which two employees share a position in a "job tandem." The job-sharing model has long been part of our corporate practice, including at management level. At the end of the reporting year, there were 27 job-sharing tandems at Beiersdorf in Germany (previous year: 22). 17 tandems (previous year: 13) performed a management role on a part-time basis. In addition to these options for flexible working arrangements, we offer childcare for our employees in Hamburg through our company kindergarten TroploKids. With its 108 places and 28 teachers (as of December 31, 2020), this is one of the largest such kindergartens in Germany. During the reporting year, we also offered virtual coaching to all parents to support their mental health, and created an online portal with information for all new parents. There were also a series of lunchtime events for Beiersdorf employees on parental leave to help mothers and fathers stay connected to the company and facilitate their return to work.

PART-TIME EMPLOYEES BY REGION (IN %)

	2019	2020
Europe	12	12
Americas	0	0
Africa/Asia/Australia	1	1
	7	**7**

GENDER DISTRIBUTION BY REGION

	Male (in %)	Female (in %)	Employees (total)
Germany	51	49	4,082
Europe (excl. Germany)	39	61	4,109
North America	42	58	765
Latin America	45	55	2,284
Africa/Asia/Australia	49	51	4,351
Worldwide	**46**	**54**	**15,590**

Since the introduction of the German law on the equal participation of women and men in leadership positions, Beiersdorf AG has been legally required to set targets for the proportion of women on the Executive Board and at the first two management levels, as well as deadlines for achieving them. The law requires that the Supervisory Board of Beiersdorf AG be comprised of at least 30% women and 30% men. With the current figure of 33% (four of the 12 Supervisory Board members are women), this target has been exceeded (previous year: 42%).

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

- **Executive Board:** At least 10% women by June 30, 2022 (As of December 31, 2020): 14%; previous year: 13%).
- **First management level:** At least 35% women by June 30, 2022 (As of December 31, 2020): 30%; previous year: 31%).
- **Second management level:** At least 50% women by June 30, 2022 (As of December 31, 2020): 47%; previous year: 48%).

Beiersdorf set a global target for the proportion of female leaders in the three top management groups (MG 1–3) back in 2018. This was in addition to the statutory targets applicable to Beiersdorf AG. By June 30, 2022, a target of 35% women is to be achieved in management groups 1–3. At the end of the reporting year, the proportion of women was 33% (previous year: 30.2%). The proportion of female board members at LA PRAIRIE (excluding the CEO) at the end of the reporting year was 38% (previous year: 29%). The proportion of women in the top management level in 2020 was 57% (previous year: 58%). With this clear framework of targets, Beiersdorf is underlining its ambition to be one of Germany's leading companies for gender equality.

Diverse initiatives and activities

A wide range of diversity and inclusion activities took place at Beiersdorf in the reporting year. It was important to us to raise awareness and understanding of diversity and inclusion in times of crisis.

For International Women's Day in March, we produced a film titled #61 Katja. This launched a high-profile campaign drawing attention to the lack of women in management positions in Germany. To mark the German Diversity Day in May, we organized the Diversity Days 2020 at our Group headquarters and international affiliates. These were themed on unconscious bias and featured webinars for all employees as well as virtual live discussions on the intranet with the CEO Stefan De Loecker and member of the Executive Board for Human Resources Zhengrong Liu. We are also committed to the Women's Career Index (FKi) "Impact of Diversity" (IoD21) initiative launched in September. IoD21 aims to bring together various advocates for diversity in business and society at large and encourage them to share their experience and ideas in think tanks. It is taking place under the auspices of the German Federal Ministry of Family Affairs, Senior Citizens, Women and Youth. In March 2021, the initiative plans to present a diversity award to outstanding personalities and strategies in 12 different categories.

For Hamburg Pride Week at the end of July, our LGBTIQ+* community "Be You @Beiersdorf" also spent a week promoting diversity at the company and in the Hanseatic city under the title #PRIDEINSIDE. NIVEA also worked with Hamburg-based drag queen Olivia Jones on a campaign for "more togetherness" and launched a limited-edition NIVEA Creme in rainbow design. As part of our "Transgender Awareness Week" in November, we drew people's attention to the issues faced by transgender people in the workplace. The topic of LGBTIQ+ rights has gained increasing attention since the creation of the "Be You @Beiersdorf" employee community last fiscal year. "Be You @Beiersdorf" aims to create an even more inclusive environment for everyone, irrespective of their identity or sexual orientation. It received two awards in the reporting year: the "Rising Star Award" from the German PROUT AT WORK foundation and a strong fifth place in the DAX 30 LGBT+ Diversity Index. The international rollout of the "Be You @Beiersdorf" employee community is planned for 2021 along with the rollout of the special NIVEA Creme rainbow edition. Alongside the "Be You @Beiersdorf" community, 2020 saw the start of the new grassroots employee community #SisterhoodisPower to help women empower each other in their careers.

We also want to promote strong teamwork between different generations within the company and to appreciate the skills and needs of different age groups in a balanced way. In the Consumer Business Segment in Germany, the proportion of employees aged over 50 was 33% at the end of the reporting year (previous year: 30%). At the same time, 15% of employees were younger than 30 (previous year: 16%). The average age among employees in Germany as of December 31, 2020, was 42 (previous year: 42). To support our employees over 50, Beiersdorf AG offers internal training courses customized to the needs of this target group. In addition, the employee network "New Generation 50+" is working to ensure that age is not perceived or treated as a career obstacle. In the reporting year, the community worked with similar groups from other companies, jointly initiating digital events to promote age diversity more broadly.

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

	2019	2020
≥ 60 years	7	7
50–59 years	26	26
40–49 years	22	22
30–39 years	29	29
20–29 years	15	15
≤ 19 years	1	1

We are also committed to supporting people with disabilities. In addition to recruitment of people with a disability, this also involves placing orders with sheltered workshops. Beiersdorf's green spaces in Hamburg, for example, are looked after by Elbe-Werkstätten, the largest sheltered workshop in Germany.

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

tesa

The training and commitment of its staff make a major contribution to tesa's business success, quality, and sustainability. Being an attractive employer is therefore a vital prerequisite for the company's ongoing positive performance. As one of the world's technology leaders in the field of technical adhesive tapes and adhesive system solutions, tesa relies on the recruitment and long-term retention of highly qualified staff.

Personnel development

In 2020, tesa once again invested in advanced training and further attractive development opportunities for its staff. The global coronavirus pandemic left its mark on many of the company 's activities in this area.

The "x-perience the tesa world" concept was continued in the reporting year, particularly with internal job postings that explicitly called on people from other countries and functions to apply. These development opportunities were explored with employees individually in web-based workshops.

Leadership culture

Managers' ability to offer employees a motivating work environment and encourage them to express their talents is key to tesa's business success and its attractiveness as an employer.

In 2019, tesa began to design a new Management Development Program (MDP) consisting of two modules: "Essential" and "Advanced." Its aim is to help leaders and managers to further develop their skills and competencies. The Essential MDP is an e-learning program that imparts basic knowledge about responsibilities, processes, and tasks in every division of the company. The first international group began in early 2020. The Advanced MDP covers every aspect of the business – from strategy development, to finance and controlling, to supply chain and HR management. The 18-month program with seven face-to-face modules had to be adapted in light of the pandemic and associated travel restrictions. It began later than planned in July 2020.

In the Competencies Review, talented people are given the opportunity to take part in exercises related to their occupation in a format similar to an assessment center. They then receive feedback on their strengths and areas for development based on the tesa Key Competencies. The Competencies Review was overhauled for 2020. New components include continuous peer feedback, a presentation by participants, and a learning path stretching ten months beyond the event itself. During this time, participants receive a high level of support from their line managers and from Human Resources (HR).

Workshops also took place in 2020 on internal succession planning on all management tiers up to Executive Board level. The discussions looked at all the key positions in the relevant department and considered possible successor candidates. Employees were given transparency on the results of the succession planning.

Knowledge transfer

The pandemic presented some challenges for the training and professional development of managers and employees during the reporting year. From March 2020, the global training programs could no longer be offered face to face. Since then, they have gradually moved to digital formats.

A "Home Office Learning Journey" was quickly developed for all employees worldwide from April 2020. This offers a variety of professional development opportunities for tesa staff, with regularly changing digital learning courses in sales, virtual leadership, management, and other specialist subjects.

The "Home Office Learning Journey" was supplemented by access to the external digital learning platform "LinkedIn Learning," enabled for employees all around the world. This platform features more than 16,000 courses from recognized industry experts, academics, and authors in seven languages.

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

Attractive working environment

Alongside leadership, development opportunities, and performance-related pay, factors such as occupational health and safety are increasingly influencing employee retention and the company's attractiveness as an employer. tesa's focus – especially in the midst of the COVID-19 pandemic and increased use of mobile working and working from home – is on prevention. Investments in technical and occupational health and safety measures as well as regular training, along with a global campaign to raise awareness and the creation of a COVID-19 task force, meant that the rate of work-related accidents was again considerably below the industry average in 2020. The corporate health management scheme "It's for you" took a new approach in the reporting year with a wide range of courses and tips on health care, such as active breaks for employees working from home.

Safety first: Beiersdorf in a year dominated by the COVID-19 pandemic*

The COVID-19 pandemic significantly impacts both our lives and the ways in which we work together. Beiersdorf quickly and flexibly adapted to the new circumstances, while making the safety of employees the top priority. We demonstrated compassion for those particularly adversely affected by the coronavirus crisis and established "Care Beyond Skin," the largest humanitarian aid program in the company's history.

January
Beiersdorf forms a task force team for all Chinese Beiersdorf, tesa and LA PRAIRIE units. Goal: the protection of all employees and exchange of information. The Beiersdorf Executive Board approves emergency aid program for Wuhan, donates RMB 2 million (approx. €260,000) and provides the Red Cross in Wuhan with medical relief supplies to combat COVID-19.

February
Beiersdorf resolves global travel restrictions for all employees. At the same time, Beiersdorf supplies the cities of Hamburg and Leipzig with protective clothing. Other task force units are formed.

March
Beiersdorf holds its first-ever purely digital Annual Press Conference and Financial Analyst Meeting and resolves to switch to working from home for all office employees as of March 16. Strict safety measures are introduced for the functions required to be on site, such as production or research and development. Starting in March, the company's medical service conducts PCR coronavirus testing for employees at the Group headquarters. Beiersdorf launches Europe-wide production of disinfectants and makes the first 500 metric tons available to employees, public institutions, and medical personnel in an initial phase. By the end of the month, further disinfectant donations are also distributed globally. On March 29, Beiersdorf announces its international COVID-19 global aid program "Care Beyond Skin" amounting to €50 million. It comprises the four pillars of international disinfectant and product donations, employee donations as well as local and global financial donations. tesa is creating a "Home Office Learning Journey" for its employees that includes changing digital learning opportunities in the areas of sales, virtual leadership & management, and specialist training. tesa is donating about 3,000 rolls of social distancing tape to more than 30 hospitals across Germany – equivalent to a total length of 100 kilometers. To ensure faster delivery, many employees are working an "extra shift".

April
Beiersdorf resolves the "Solidarity Pact for Employment." Goal: ensuring the safety of employees, mitigating the impact of potential falls in sales, safeguarding key future investments. As part of this, managers and employees – irrespective of their positions – forgo a portion of their remuneration or bonus payments and/or five paid vacation days. Beiersdorf holds its first-ever purely digital Annual General Meeting. tesa launches the initiative "Lunch Packs for the Tafel". Each week, employees pack around 800 packages of food from the tesa company restaurant for food banks in Hamburg and Norderstedt.

May
Gradual expansion of office presence for employees in Hamburg with approx. 25 – 30% of regular staff on site, while adhering to strict safety and hygienic measures such as social-distancing rules, defined sub-teams, and shift models. Welcome package for employees including disposable masks, disinfectants as well as hygienic and safety information.

"The coronavirus once again highlighted the essence of Beiersdorf and how unique our employees worldwide are. In 2020, they demonstrated the highest degree of dedication, assumed responsibility, and supported each other. I am proud of this team effort and would like to thank everyone for all their hard work."

Zhengrong Liu
Member of the Executive Board / Labor Relations Director

June
"Mission completed" – Beiersdorf achieves its own goal for disinfectant donations. With the support of 13 factories worldwide, the Group produced and donated one million liters of disinfectant within 12 weeks.

July
"Taking care together" – Beiersdorf employees donate to the aid organizations Médecins Sans Frontières and UNICEF. Beiersdorf doubles this amount. tesa donates €1 million to Médecins Sans Frontières as part of its own donation program.

August
Decision: Even after the pandemic, Beiersdorf will continue to focus more on combining agile and on-site working models. The planned office area at the new campus will therefore be reduced, creating more space that will be used for a new technology center. Following the severe explosion in Beirut, Beiersdorf donates a total of €100,000 to the Lebanese Red Cross as part of the "Care Beyond Skin" aid program.

September
Starting in September, the company's medical service offers coronavirus rapid testing in addition to PCR testing at the Group headquarters. "Care Beyond Skin" aid program: Partnership with children's aid organization Plan International. Goal: initiate aid projects aimed at empowering women in Ecuador, Colombia, and Brazil. Emerging markets region: Cooperation with the charitable organization United Way Worldwide. Goal: combating the socioeconomic impact of the COVID-19 pandemic in Africa, Latin America, the Middle East, Russia, and South Asia.

October
"Education connects: Together everywhere" – tesa and the children's rights organization Save the Children conclude partnership. Goal: better future prospects by supporting selected projects in six countries – Vietnam, China, India, Mexico, Italy, and Germany – on three continents.

November
Once again, starting in November, those who can work from home are highly encouraged to do so. Safety and hygienic measures are further intensified for the departments requiring employees to be on site, such as production and R&D. Second "New Work Festival" is held digitally. Focus: promoting agile working during the crisis. In keeping with the motto "The new normal with New Work," the topic of future work and collaboration is discussed in 40 interactive sessions with 50 internal and external speakers. Beiersdorf launches cooperation with Ashoka as part of "Care Beyond Skin." Goal: support for social entrepreneurs worldwide, who are using their ideas and solutions to counteract the impact of the COVID-19 pandemic.

December
At the end of the year, the company's medical service had conducted a total of almost 1,400 coronavirus tests at the Group headquarters. Digital alternatives are created as a substitute for the canceled on-site Christmas celebrations and serve as a means of collecting the traditional Christmas employee donations for social partners. Beiersdorf grants all employees worldwide a free "Care Beyond Day" as a token of appreciation for their extraordinary commitment throughout a very challenging year, during which the dialogue with and among employees was successfully maintained thanks to digital measures: In the Consumer Business Segment alone, we held almost 400 online meetings with more than 100 participants across the Group in the reporting year. Expansion of the cooperation with Plan International to include Africa. Additional cooperation in the field of medical aid with the charitable organization CARE.

* This section of the Combined Management Report is not subject to audit requirements.

Sustainability*

Improving sustainability is one of the great challenges of our time and an issue Beiersdorf is pushing hard on. Despite all the special difficulties it brought, 2020 was no different in this regard. We strengthened our commitment to sustainability in both business segments (Consumer and tesa), set new targets, and launched pioneering programs. While thinking and acting sustainably has long been firmly rooted in our decision-making and business processes, 2020 brought more significant changes at Beiersdorf than any year before it.

This was the year when both business segments committed to a shared target for the first time. Our new ambitious climate targets underline our intention to reduce greenhouse gas emissions in our value chain on an even greater scale than before in order to combat climate change. We want to cut absolute Scope 1 and 2 CO_2 emissions by 30% by 2025 (base year: 2018) and Scope 3 emissions by 10%. These targets have been approved by the Science Based Targets Initiative (SBTi) and are in line with scientists' calls to limit global warming to 1.5 degrees Celsius. In addition, with the "Business Ambition for 1.5°C," we have signed our first voluntary long-term commitment to achieving net-zero emissions by 2050. tesa switched to 100% renewable electricity worldwide in the reporting year, a milestone already achieved by the Consumer Business Segment in 2019.

Detailed information on our commitment to sustainability can be found in our Non-financial Statement (NFS), which follows this chapter, and can be downloaded at **www.beiersdorf.com/sustainability/reporting/downloads.** Additional information on sustainability is also available at **www.beiersdorf.com/sustainability** and **www.tesa.com/about-tesa/responsibility.**

Consumer

At the beginning of the reporting year, Beiersdorf launched its new "Care Beyond Skin" sustainability agenda in the Consumer Business Segment. The agenda was developed based on the C.A.R.E.+ business strategy in 2019. With "Care Beyond Skin," we have set new, ambitious targets and want to generate added value beyond our core business of skin care: for our consumers, for society, and for the environment. Our sustainability agenda mirrors these three dimensions: Consumer, Society, and Environment. We have defined seven focus areas in which Beiersdorf can achieve maximum impact. These are based on the United Nations Sustainable Development Goals (SDGs) and take into account the ten principles of the UN Global Compact.

The focus areas for the Environment dimension are the "climate-positive future," in which we define our commitment to protecting the climate, and "fully circular resources," reflecting our targets and efforts relating to sustainable packaging and ingredients and the vision of a circular economy. The "sustainable land use" focus area sets out how we plan to approach raw materials and their procurement, while "regenerative water environments" will accelerate watersaving measures. We not only set ambitious targets for these focus areas in the reporting year but also took significant practical steps. You can find out more in our Non-financial Statement, starting from page 39.

In the Society dimension, Beiersdorf has defined its "employees along the entire value chain" focus area, encompassing issues such as occupational health and safety, diversity, and respect for human rights. With our social engagement, we are also working toward an "inclusive society." This involves strengthening disadvantaged groups with local initiatives that are relevant to their needs. More information can be found in the Non-financial Statement from page 39.

Consumer is also an important dimension of our "Care Beyond Skin" sustainability agenda. The central aim here is to provide the best possible care for our consumers' skin, to ensure the ingredients we use are of the utmost quality and safety, to show maximum transparency and honesty, and to help our consumers become more sustainable.

Ambitious new climate targets

In addition to the Group target, we have set an even more ambitious goal to reduce CO_2 emissions in the Consumer Business Segment. By 2025, we want to reduce our CO_2 emissions along the entire value chain (Scope 3) by 30% in absolute terms (base year: 2018). By 2030, the aim is for our production sites to be climate neutral. As in the previous year, renewable power covered our entire global electricity demand in 2020. In transport, we switched the cargo from 1,600 trucks to rail freight, cutting emissions significantly. We will continue to pursue this new approach in the coming year.

Major progress on more sustainable packaging

Right from the first phase of product development, we have been working hard to reduce greenhouse gas emissions and to actively shape the move to more sustainable products. Our research and development team is always looking for resource-saving packaging solutions and materials with a smaller carbon footprint.

Our motto to optimize our packaging is "reduce – reuse – recycle – replace." This approach is designed to contribute to our vision of a circular economy. A key topic in 2020 was the use of bottles made from recycled plastic for products such as shower gels and shampoos. We have made major progress here, and many of our products are now on sale in these bottles.

* This section of the Combined Management Report is not subject to audit requirements.

We also set new ambitious targets for plastic packaging in the reporting year. By 2025, we aim to cut the use of fossil fuel-based new plastic by 50%, to increase the recycled materials content to 30%, and to make 100% of our packaging refillable, reusable, or recyclable. By the end of the reporting year, we have switched 90% of all PET bottles in Europe to recycled material, saving more than 1,200 metric tons of fossil fuel-based new plastic a year.

Target achieved: 100% certified palm oil

Our "Palm Oil Sustainability Roadmap" is managing our global activities on the path to sustainable palm oil procurement. As part of this, for example, we are improving the working conditions of (smallholder) farmers and encouraging the certification of potential raw materials suppliers. Using a three-pronged approach – certification, transparency, transformation – we are seeking to identify and minimize potential environmental and social risks along the supply chain. Our target of using 100% mass-balanced sustainable palm (kernel) oil or palm (kernel) oil derivatives by the end of 2020 was achieved in the reporting year. However, this progress is not deterring us from taking additional measures as part of our "Palm Oil Sustainability Roadmap" and driving the sustainable transformation in the sourcing regions. At the end of 2020, we launched a project in the Tabin region of Malaysia with our supplier Evonik and WWF Germany. Together, we want to stop deforestation, encourage the cultivation of sustainable palm oil, improve the living and working conditions of local palm oil farmers, and take various measures to protect the habitat of the wild animals that live there, such as orangutans and the rare Borneo elephants.

Global aid program as the focus of our social commitment in 2020

"Care Beyond Skin" is not just the motto of our sustainability agenda; it also expresses our determination to help people in a way that goes beyond our core business of skin care, generating added value for our consumers, for society, and for the environment. We have also set ourselves the aim of promoting an inclusive society. We want to help people affected by social inequality, exclusion, and isolation.

The year 2020 presented all of us with particular challenges. The COVID-19 pandemic held the world firmly in its grip. In March 2020, Beiersdorf therefore launched a global aid program – the largest in its corporate history – under the "Care Beyond Skin" umbrella. This aimed to tackle both the direct humanitarian consequences and the long-term socioeconomic effects of the COVID-19 pandemic. Beiersdorf provided a total of €50 million.

As an emergency measure, Beiersdorf began producing medical-grade disinfectants in mid-March and distributed one million liters to hospitals, medics, and nursing staff in over 20 countries. More than five million skin and hand care products were also quickly donated to medical staff.

Additional immediate aid came in the form of donations from Beiersdorf employees to two global organizations: Doctors Without Borders (Médecins Sans Frontières) and United Nations Children's Fund (UNICEF). Our subsidiaries also provided donations for immediate COVID-19 support in their own regions. These particularly benefited our existing partner organizations. Financial support for selected partners operating all around the globe has been another component of the aid program. This is intended to combat the medium- and long-term socioeconomic impacts of the pandemic and to support those regions that are particularly affected by COVID-19. We are focusing our commitment on improving the position of girls and young women with our goal of empowering girls. In October, we launched a partnership with the children's aid organization Plan International to support girls and young women in Ecuador, Colombia, and Brazil, where they have been hit especially hard by the pandemic – for example due to interrupted school education, gender-specific violence, discrimination, and exploitation. Beiersdorf and Plan International will work together to promote and protect women so that they are seen, heard, and respected in all their diversity and enjoy equal opportunities and the chance to determine their own lives. In 2021, it is planned to expand the project to countries in Africa.

A partnership was also launched in the reporting year with Ashoka, the world's largest network for social entrepreneurs. Beiersdorf is supporting the "Changemakers United" program, which is helping more than 80 social entrepreneurs from the global Ashoka network. The entrepreneurs have been chosen because their ideas and ventures aim specifically at reducing the social impact of the COVID-19 pandemic. In addition to the program, Beiersdorf chose five social entrepreneurs in the reporting year to receive targeted support. The choice of social entrepreneurs also put a focus on empowering girls.

The third partner organization that Beiersdorf will support as part of its aid program from 2021 is CARE. The aim of the two-year partnership is to work together for particularly vulnerable groups in Ethiopia, Kenya, Somalia, and Sudan – again with a focus on empowering girls.

tesa

Responsibility

At tesa, growth and economic success are inextricably linked with corporate responsibility. In 2020, as part of its business strategy, tesa set out its sustainability agenda, which is designed to integrate sustainability into the company's core processes. The agenda covers tesa's entire value chain and contains three dimensions: environment, society, and customers. These in turn encompass a total of seven focus areas. The agenda is also aligned with the ten principles of the United Nations Global Compact (UNGC) and with the United Nations Sustainable Development Goals (SDGs).

Environment

With its environmental program, tesa has been setting Group-wide, ambitious targets to improve its ecological footprint since 2001. In 2020 tesa also set a new climate target: By 2025, it wants to reduce energy-related CO_2 emissions by 30% in absolute terms compared to 2018 levels (Scope 1 and Scope 2 emissions under the Greenhouse Gas Protocol). tesa has already achieved an absolute reduction of 23% in Scope 1 and 2 emissions between 2018 and 2020.

Strategic approaches to environmental protection are the use of energy- and resource-saving technologies, such as efficient generation of the company's own energy through combined heat and power plants as well as the purchase of electricity from renewable sources. In 2020, tesa put two more combined heat and power plants into operation: These will enable climate-friendly production of almost 11 GWh of electricity a year. In addition, 100% of the electricity purchased globally for all the company's production and office sites will be from renewable sources by the end of 2020. To achieve this, tesa is using renewable energy certificates.

Environmental management systems are used at all sites with a significant environmental impact. Seven production sites and tesa's global headquarters have an ISO 14001-certified environmental management system. Global headquarters and the sites with the highest CO_2 emissions (Hamburg and Offenburg) additionally have an ISO 50001-certified energy management system. The energy management systems are the backbone of further increases in energy efficiency at the sites.

With its waste and raw materials management, tesa aims to minimize losses of the raw materials used in production, to use materials efficiently, and to recycle them whenever possible. Safe waste and hazardous waste containing solvents is almost fully recycled or used to generate energy.

Society

As A Responsible Employer, Tesa Regards It As Its Duty To Protect Employees Throughout The Value Chain From Risk And Danger As They Perform Their Work. In Organizing Its Supply Chains, The Company Also Takes A Responsible Approach Particularly In Relation To Human Rights.

To avoid work-related accidents and health hazards, prevention and raising awareness among staff are prioritized. The strategic aim is to reduce the number of accidents to zero. Certifications play an important role here: In 2020, occupational health and safety in the Product Development and Technology Development department at global headquarters and the tesa Converting Center in Hamburg were awarded the "Sicher mit System" (Systematic Safety) seal of quality. By 2025, all locations that currently have an environmental management system certified to ISO 14001 are to achieve an equivalent certification for their occupational health and safety. The frequency of accidents >3 days at tesa in 2020 was 1.8 per million hours worked globally. This was well below the German industry average of 12.3 (BG RCI).

Companies that supply tesa directly are required to sign the "Code of Conduct for Suppliers" (CoCfS). The CoCfS is the basis for responsible global procurement processes. To examine adherence to human rights, fair working conditions, and environmental standards in the supply chain, tesa also launched a sustainability program for suppliers through EcoVadis in summer 2020. By 2025, its target is to cover 80% of its direct purchase volume with self-assessments. At the end of 2020, this figure stood at 31%.

Customers

With innovative product solutions, tesa wants to enable technological progress on the part of its customers and to make an active contribution to sustainability. The company combines the highest product standards with a reduced ecological footprint throughout the lifecycle. With this in mind, tesa formulated a new goal in 2020: increase the proportion of sustainable products by 2025. That means making more use of renewable or recyclable raw materials and giving greater consideration to the end of each product's life. The focus for tesa is to reduce products' carbon footprint without compromising on their performance or features. In addition, tesa wants to offer more products that demonstrably help customers become more sustainable. The company will report on its progress in this area in the future.

To provide customers with the best possible support in their efforts to become more sustainable, tesa is already developing efficient adhesive solutions with a host of advantages. They can help to save energy and resources, for example, or enable products to be repaired or recycled. The patented tesa® Bond & Detach tapes, for instance, allow batteries to be securely mounted in smartphones. If needed, the tapes can be easily removed with no residue. The product allows components to be separated from each other, swapped, properly disposed of, or recycled. This means that tesa customers can cut their waste and curb their CO_2 emissions.

In mid-2020, tesa implemented a tool to make sustainability an integral part of all product developments and major investments from an early stage in the process on. With the project sustainability assessment, the company is ensuring that the responsible staff in product development consider how their product or investment can contribute to sustainability. It serves the company as a management tool and basis for decision-making.

Corporate citizenship

tesa wants to look beyond its core business in making a positive contribution to society. As part of the tesa corporate citizenship strategy, the focus is on social commitment, supporting education, and environmental protection.

International €50 million aid program*

As part of "Care Beyond Skin," Beiersdorf initiated the largest globally coordinated humanitarian aid program in our company's history and took quick action at the very beginning of the crisis. We not only provided immediate help in the fight against COVID-19, but also ensure long-term support for vulnerable groups in our society. The company's €50 million aid program has four pillars:

Disinfectants & Medical Supply

To help hospitals and medical personnel fight the coronavirus, Beiersdorf converted individual production lines in 13 countries to produce medical disinfectants. One million liters were produced around the world in three months.

Product Donations

Beiersdorf provided more than five million NIVEA skin and hand care products to treat the stressed-out skin of nurses and physicians. The products were donated in more than 20 countries and served as an expression of the company's gratitude for the tireless work that medical professionals were doing in this difficult time.

Employee Donations

The Group doubled all personal contributions that its employees made to the emergency funds of two international aid organizations: Doctors Without Borders (Médecins Sans Frontières) and UNICEF.

Local and global donations

The fourth pillar of the aid program involves financial support for local partner organizations as well as the international non-profit organizations Plan International, CARE, and Ashoka. Through selected projects, Beiersdorf plans to fight the pandemic's socioeconomic impact over the long term.

PLAN INTERNATIONAL

Education | Protection

Together with Plan International, we foster access to inclusive quality EDUCATION and promote PROTECTED ENVIRONMENTS for girls and young women.

Latin America, Africa

CARE

Health Services | Economic Resilience

Together with CARE, we strengthen equitable and qualitative HEALTH SERVICES and increase the ECONOMIC RESILIENCE of girls and young women.

Africa

ASHOKA

Social Innovations

Together with Ashoka, we support SOCIAL INNOVATORS at the forefront of the crisis and focus in particular on ideas promoting girls' empowerment.

Europe, Latin America, Africa, South Asia

* This section of the Combined Management Report is not subject to audit requirements.

The tesa Group supported a host of diverse projects once again in 2020: In the year of the COVID-19 pandemic, the focus was on supporting selected initiatives with financial and product donations around the world. In a large-scale aid program as part of Beiersdorf's "Care Beyond Skin" initiative, tesa provided a total of €5 million to tackle the consequences of the pandemic. There have been several phases to the program, launched early in the year: As immediate support, tesa provided more than 30 hospitals in Germany with social distancing tapes. This was followed by donations for local organizations such as food banks. tesa is furthermore providing €1 million each to the global aid organizations Doctors without Borders (Médecins Sans Frontières), and Save the Children. The donations will go to the Médecins Sans Frontières global COVID-19 crisis fund, for example, and will be allocated quickly and unbureaucratically to where it is needed most. With Save the Children tesa agreed a partnership following the motto "Education connects. Together everywhere." which is addressing the issue of growing educational inequality. This is a problem that is hitting socially disadvantaged children especially hard during the pandemic. Selected projects in Vietnam, China, India, Mexico, Italy, and Germany will give children the chance for a better future.

tesa also donated to local organizations in seven regions, from Asia to the Americas and Europe. The recipients were chosen by the local tesa companies.

As a technology-based company, tesa is very aware of the fundamental importance of education and qualified young people. In 2020, tesa made supporting young people in science and technology part of the society focus area of the tesa sustainability agenda. Its stated aim is to support the next generation of innovators. Moreover, at the company's headquarters, tesa has been working with the "Initiative Naturwissenschaft und Technik" (Science and Technology Initiative, NAT) since 2014. Pupils from secondary schools gain insights into the everyday working life of scientists. tesa wants to support the next generation internationally, too, and enable access to STEM subjects (science, technology, engineering, and mathematics) and important technologies of the future. Between now and 2025, tesa will initiate partnerships and projects to promote new talent, particularly in countries where it has its own production and development sites.

More detailed information is available in the annual Sustainability Report at **www.tesa.com/responsibility.**

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 aquired 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 .

NFS Index

STATEMENT TO THE COMBINED NON-FINANCIAL STATEMENT

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 Comittee 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.

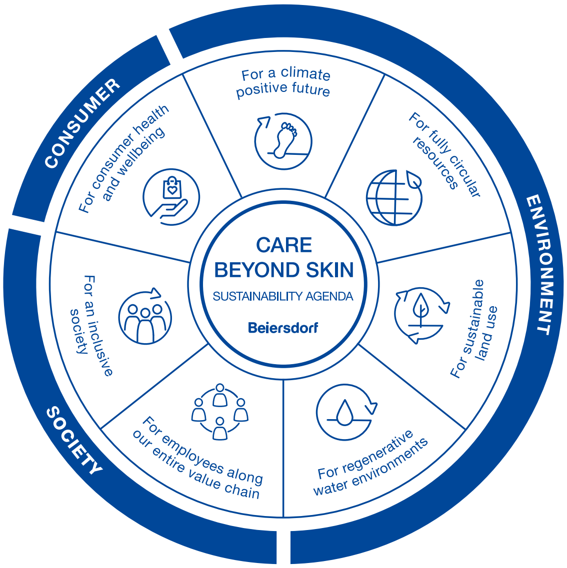
The year 2020, dominated by the COVID-19 pandemic, once again made it very tangible that sustainable thinking and action are great strengths of Beiersdorf. In addition to addressing the economic challenges we needed to master, we were getting involved in order to make a meaningful contribution to society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

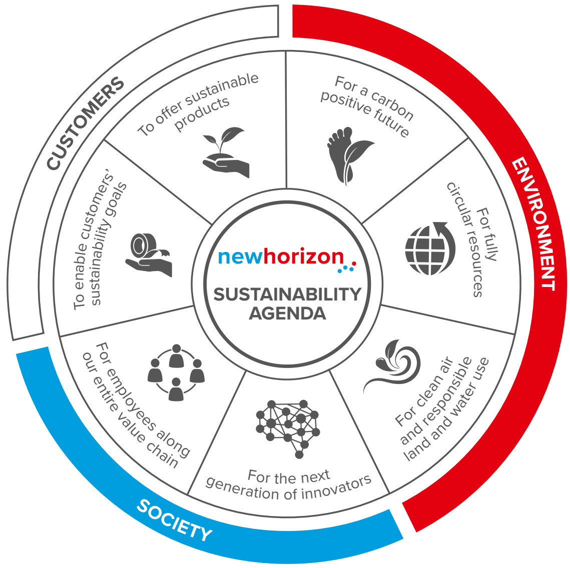
Consumer

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.

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).

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.

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 corresponsiding 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_2e)	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_2e)	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_2e)	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 CO_2 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 CO_2E)*

	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 calculationg 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 tCO_2e 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 CO_2 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 CO_2 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 factilities as well as ramp up activites 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 an 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 hazardous 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 noncompliant behavior.

- React and Improve: We penalize any violations of statutory or internal regulations as appropriate in each individual case. In addition, we continuously derive improvement measures for the entire CMS.

We see our compliance management system as 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 corresponding 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_2e	50,482	✔ 40,157
GHG emissions (Scope 3)	t CO_2e	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	Unit	2019	2020
Environment			
GHG emissions (Scope 1 and Scope 2)	t CO_2e	63,442	✔ 54,140
Specific GHG emissions (Scope 1 and Scope 2) per metric ton of end product	t CO_2e	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_2e	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.

Economic Report

Economic Environment

General Economic Situation

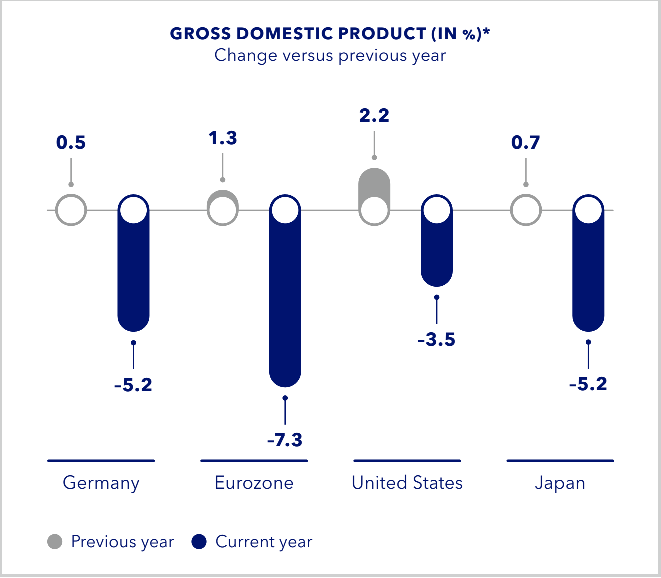
The COVID-19 pandemic caused a dramatic slump in large parts of the world economy in 2020. National shutdowns resulted in a historic fall in economic output in the first half of the year. A rapid recovery set in as the lockdowns began to be eased, but this growth was slowed by the uncertainty about the future course of the pandemic. The difficult situation on the labor market and low levels of corporate investment activity were also a brake on growth, as was the worsening trade dispute between the United States and China. The general political and economic uncertainty surrounding geopolitical conflicts, the unknown long-term consequences of the United Kingdom leaving the European Union (Brexit), and the future political direction of the United States continued to hit economic performance.

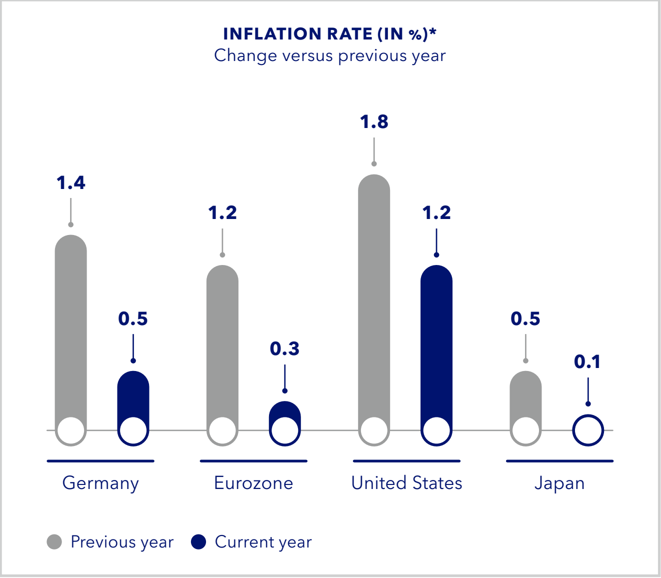
Europe's economy was thrown into a severe recession in 2020. Social distancing and lockdown measures, along with weaker prices for products and services, led to a sharp slump especially in the service sector. In the second half of the year, industry and domestic demand began to recover. This recovery lost momentum toward the end of the year, however, as infection numbers rose. In addition to global trade disputes, the political uncertainty due to the ongoing exit negotiations with the United Kingdom weighed on European growth. Meanwhile, the money flowing from the European Recovery Fund helped to support the economy.

In **Germany**, there was an unprecedented slump in output in the first half of 2020. Much of the lost ground from the spring was recouped following the strong economic rebound in the summer. However, stricter public health measures particularly affecting the service sector have since slowed the recovery.

In the **United States**, growth momentum in 2020 slowed markedly compared with the previous year. Despite extensive fiscal and monetary policy action, the after-effects of the crisis in the form of higher indebtedness, corporate insolvencies, and job losses had a heavy economic toll. The tense negotiations on the shape of economic policy also hit output. Low mortgage rates meant that housebuilding and the housing market helped to prop up the economy.

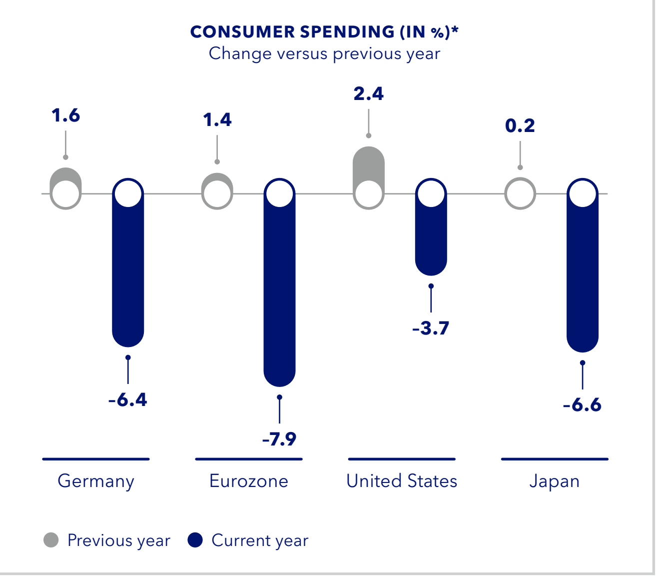
Economic growth in 2020 also fell year on year in **Japan**. The higher unemployment rate and resultant weakening of domestic demand led to a marked contraction. Positive stimulus came from the recovery of the export sector amid stronger demand especially from China and the United States.





* Source: Commerzbank Research.

In the **emerging markets**, economic output largely fell in 2020. In **China**, economic growth was down on the previous year but still in slightly positive territory. The economy was boosted especially by the relatively swift recovery from the COVID-19 pandemic, a fast-expanding export sector, and government investment. However, increased unemployment and the ongoing trade dispute with the United States put a brake on growth. Strict public health measures, weak domestic demand, and lower investment spending resulted in a marked economic slump in **India** in the first half of the year. The economy recovered in the second half; however, output remained significantly lower than in the previous years. Economic performance in the **Middle East** was also heavily affected by the COVID-19 pandemic. The **Southeast Asian** emerging markets saw a slowdown from the previous years' growth momentum. This was particularly associated with the weaker tourism sector, the ongoing political protests in Thailand, and volatile domestic demand in Indonesia. Economic output in **Brazil** was down on the previous year despite fiscal stimuli. The global economic slowdown, rising inflation, the recession in Argentina, and faltering tax reforms had a negative impact on Brazil's economic growth. **Russia** has been in recession since 2019. Growth was hampered by subdued consumer spending and reduced investment activity, among other factors. Ongoing international sanctions continued to put a heavy strain on the Russian economy.



* Source: Commerzbank Research.

Sales Market Trends

The COVID-19 pandemic had a significant impact on consumer behavior as well as on the global cosmetics market in 2020. While growth forecasts were largely borne out in the first quarter with the exception of Northeast Asia, lower consumer spending in subsequent months led to negative market growth. This continued over the summer months and has persisted since then especially in the travel retail business. Not all categories have been affected equally. Important skin care categories for Beiersdorf, such as sun care products and premium cosmetics, had a particularly challenging year in 2020.

The tesa Business Segment was also heavily affected by the COVID-19 pandemic in 2020. Global industrial production dropped, and consumer spending was also limited by the shutdown measures, posting substantial declines in some cases. The automotive markets in particular saw a slump in the first half of 2020, followed by a recovery toward the end of the year. The pandemic had a mixed impact on the industrial distribution business for tapes. Traditional sales channels for tradesmen and consumers saw demand fall sharply, while DIY stores and online business recorded growth.

Procurement Market Trends

The situation on the commodity markets in 2020 was heavily affected by the COVID-19 pandemic. Oil prices stabilized at a low level. This, combined with lower global demand, led to favorable price trends for raw materials and packaging in many cases. However, the strong COVID-19-driven demand for disinfectants, along with a slump in demand for fuels, meant significant price increases for ethanol and glycerin. These two materials are important ingredients in many of our cosmetic products. The situation improved slightly toward the end of 2020. However, prices for these materials were still significantly higher than in the previous year. Extensive measures to secure supplies meant that production bottlenecks were avoided despite a very volatile environment. Beiersdorf has also compensated very successfully for significant cost increases resulting from greater use of new, more sustainable materials (e.g. recycled plastic).

Overall Assessment of the Economic Environment

The restrictions imposed because of the pandemic, and the uncertainty resulting from this, caused the global economy to experience a sharp contraction in 2020. This also affected the global cosmetics market, although the impact on high-volume personal care products (soaps, shower gels) was different to that in the lower-volume skin care segment. In this challenging environment, the Consumer Business Segment's focus was on gaining new market share. This was achieved across the board in skin care.

The economic climate in 2020 was heavily affected by the COVID-19 pandemic. The effects of this were seen particularly in the automotive sector, a key industry for tesa. Amid this difficult market environment, tesa saw decline in nominal sales in both its divisions. The Direct Industries division had to accept an organic sales decline, driven in particular by the automotive business, whereas consumer electronics achieved an organic sales increase. The Trade Markets division achieved slight organic sales growth, driven among other things by increasing online business.

Results of Operations

Results of Operations – Group

INCOME STATEMENT (IN € MILLION)

	2019	2020	Change in %*
Sales	**7,653**	**7,025**	**-8.2**
Cost of goods sold	–3,221	–2,984	–7.3
Gross profit	**4,432**	**4,041**	**-8.8**
Marketing and selling expenses	–2,666	–2,485	–6.8
Research and development expenses	–236	–246	4.2
General and administrative expenses	–416	–400	-3.9
Other operating result (excluding special factors)	–19	–4	–
Operating result (EBIT, excluding special factors)	**1,095**	**906**	**-17.2**
Special factors	–63	–78	–
Operating result (EBIT)	**1,032**	**828**	**-19.7**
Financial result	5	–7	–
Profit before tax	**1,037**	**821**	**-20.8**
Income taxes	–301	–244	–18.7
Profit after tax	**736**	**577**	**-21.7**

* Percentage changes are calculated based on thousands of euros.

Sales

Group sales in the reporting year were affected by the COVID-19 pandemic. Organic sales were down 5.7% on the previous year's figure. The Consumer Business Segment recorded a 6.6% drop in sales, while tesa saw its sales fall by 1.5%. Nominal sales for the Group fell by 8.2% year on year to €7,025 million (previous year: €7,653 million).

In **Europe**, organic sales were down 6.6% on the previous year. Nominal sales stood at €3,467 million (previous year: €3,757 million), putting them 7.7% below the previous year.

Organic sales in the **Americas** rose by 1.2%. Nominal sales fell by 1.8% to €1,347 million (previous year: €1,372 million).

Organic sales in the **Africa/Asia/Australia** region were 8.1% below the previous year's level. Nominal sales fell by 12.4% to €2,211 million (previous year: €2,524 million).

Expenses/Other operating result

The **cost of goods sold** declined by 7.3%. Price pressure on procurement markets subsided somewhat in the reporting year but remained high in a few cases. Mix effects and exchange rate effects had a negative impact. Falling sales led to a reduced **gross profit** in the reporting year.

Marketing and selling expenses fell by 6.8% year on year and totaled €2,485 million (previous year: €2,666 million). Compared with the previous year, marketing and selling expenses rose slightly relative to sales. This was due to the high level of investment associated with C.A.R.E.+ in order to sustainably consolidate our market position. The marketing budget is also constantly adjusted to the changing market conditions and especially the change in consumers' media use. A total of €1,554 million (previous year: €1,638 million) was spent on advertising and trade marketing. We further enhanced our market position by investing in marketing and sales in a number of countries, especially in emerging markets.

Research and development expenses increased by €10 million to €246 million (previous year: €236 million). This strengthened Beiersdorf's ability to adapt to the current and future requirements of consumers and customers by developing innovative products, despite the falling sales caused by the COVID-19 pandemic. **General and administrative expenses** fell from €416 million to €400 million. Continuous efficiency gains meant that this was significantly greater than the fall in sales. The **other operating result** (excluding special factors) improved to €–4 million (previous year: €–19 million). This was driven in particular by better currency results from the operating business.

Operating result (EBIT, excluding special factors)

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

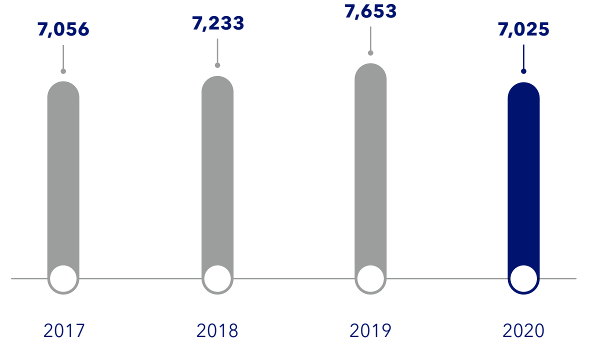
EBIT excluding special factors amounted to €906 million (previous year: €1,095 million), while the EBIT margin was 12.9% (previous year: 14.3%). The Consumer Business Segment generated EBIT excluding special factors of €702 million (previous year: €883 million), the EBIT margin reached 12.3% (previous year: 14.1%). EBIT at tesa excluding special factors was €204 million (previous year: €212 million), the EBIT margin was 15.4% (previous year: 15.3%).

The Group operating result before special factors in **Europe** was €503 million (previous year: €591 million). The EBIT margin was 14.5% (previous year: 15.7%). The operating result before special factors in the **Americas** amounted to €92 million (previous year: €125 million). The EBIT margin was 6.8% (previous year: 9.1%). In **Africa/Asia/Australia**, EBIT excluding special factors amounted to €311 million (previous year: €379 million). The EBIT margin was 14.1% (previous year: 15.0%).

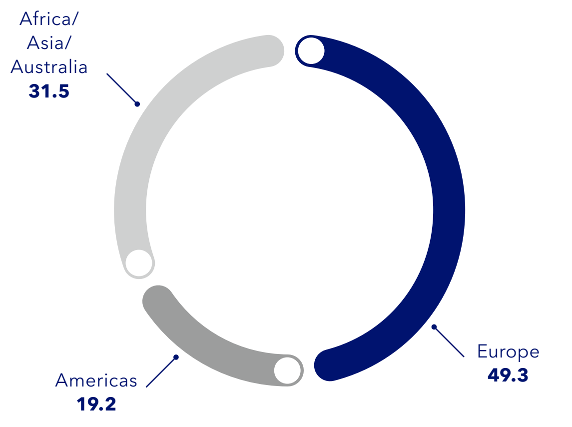
Special factors

The Group special factors totaled €78 million. The special factors of €70 million recognized in the Consumer Business Segment mainly comprise expenditure from the "Care Beyond Skin" program, restructuring expenses in the supply chain organization, expenditure in connection with the integration of the COPPERTONE business, and an impairment of goodwill in Northeast Asia. The special factors of €8 million in the tesa Business Segment largely comprise expenditure from the "Care Beyond Skin" program and expenses for strategy implementation. In 2019, special factors in the amount of €44 million were recognized in the Consumer Business Segment in connection with the integration of the COPPERTONE business and the sale of the SLEK brand. The tesa Business Segment recorded special factors of €19 million in 2019 for a cost-saving program.

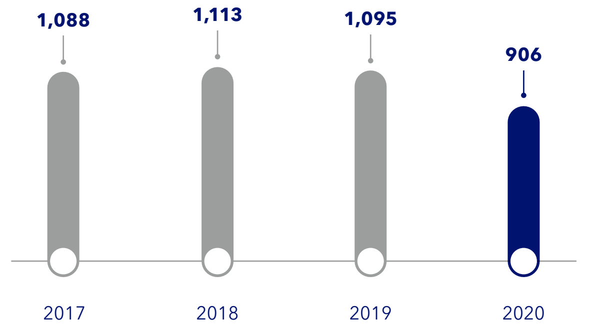
GROUP SALES (IN € MILLION)



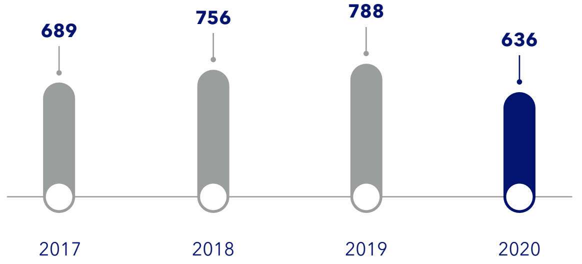
GROUP SALES BY REGION (IN %)



GROUP EBIT (IN € MILLION)
Excluding special factors



GROUP PROFIT AFTER TAX (IN € MILLION)
Excluding special factors



Operating result (EBIT)
The operating result (EBIT) amounted to €828 million (previous year: €1,032 million). This corresponds to an EBIT margin of 11.8% (previous year: 13.5%).

Financial result
The financial result amounted to €–7 million (previous year: €5 million). For the most part, this development is attributable to losses from financial investments.

Income taxes
Income taxes amounted to €244 million (previous year: €301 million). The tax rate was 29.7% (previous year: 29.0%). Taxes for the special factors amounted to €19 million (previous year: €11 million).

Profit after tax
Profit after tax was €577 million (previous year: €736 million), the return on sales after tax was 8.2% (previous year: 9.6%). Excluding special factors, profit after tax amounted to €636 million (previous year: €788 million). The corresponding return on sales after tax was 9.1% (previous year: 10.3%).

Earnings per share – Dividends
Earnings per share were €2.47 (previous year: €3.17). Excluding special factors, earnings per share amounted to €2.73 (previous year: €3.40). These figures were calculated on the basis of the weighted number of shares bearing dividend rights (226,818,984). The Executive Board and Supervisory Board will propose a dividend of €0.70 per no-par-value share bearing dividend rights to the Annual General Meeting (previous year: €0.70). For further information on the number, type, and notional value of the shares, please refer to Note 17 "Share Capital" in the notes to the consolidated financial statements.

Results of Operations – Business Segments

Consumer

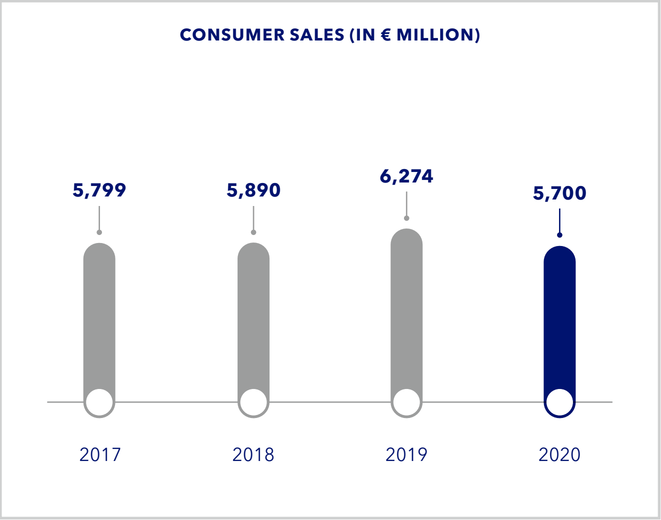
SALES – CONSUMER BUSINESS SEGMENT (IN € MILLION)

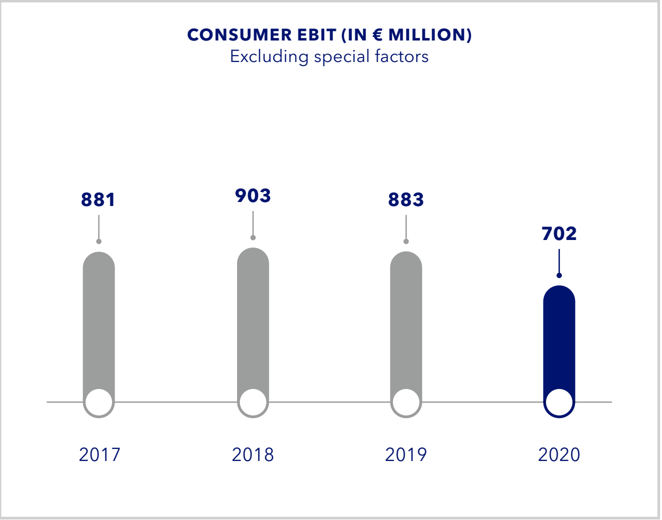
			Change (in %)	
	Jan. 1 – Dec. 31, 2019	Jan. 1 – Dec. 31, 2020	nominal	organic
Europe	**3,027**	**2,752**	**-9.1**	**-8.0**
Western Europe	2,418	2,217	-8.3	-8.6
Eastern Europe	609	535	-12.2	-5.8
Americas	**1,145**	**1,153**	**0.8**	**3.2**
North America	497	585	17.8	0.2
Latin America	648	568	-12.3	5.4
Africa/Asia/Australia	**2,102**	**1,795**	**-14.6**	**-10.0**
Total	**6,274**	**5,700**	**-9.1**	**-6.6**

Organic sales in the **Consumer** Business Segment fell by 6.6% in fiscal year 2020. Nominal sales were down 9.1% at €5,700 million (previous year: €6,274 million). Eliminating exchange rate effects added 3.8 percentage points to organic growth, while adjusting for structural effects had a negative effect of 1.3 percentage points.

Sales performance in the Consumer Business Segment was hit across the board by the COVID-19 pandemic in the reporting year. Nevertheless, we gained substantial market share, especially in emerging markets such as Thailand, Indonesia, Malaysia, and Latin America. Especially in Brazil, we increased our sales growth. There was strong sales growth in the Americas region, particularly in the Derma business unit. Despite a decline in sales, NIVEA gained market share in almost all categories in the skin care segment in a difficult market environment. The Derma business unit, which includes the EUCERIN and AQUAPHOR brands, performed especially encouragingly, with double-digit sales growth in its main body and face categories. The Healthcare business unit recorded falling sales but made substantial gains in market share in its core wound care business with the HANSAPLAST and ELASTOPLAST brands. The LA PRAIRIE brand also saw sales fall markedly in the travel retail business as travel activity was curtailed around the world. However, in China, its most important market, sales grew substantially.

EBIT excluding special factors was €702 million (previous year: €883 million). The EBIT margin excluding special factors was 12.3% (previous year: 14.1%). Special factors comprised expenditure of €21 million from the "Care Beyond Skin" program, restructuring expenses of €25 million in the supply chain organization, and expenditure of €14 million in connection with the integration of the COPPERTONE business. In addition, the general business development resulted in an impairment of goodwill in Northeast Asia amounting to €10 million. The operating result for the Consumer Business Segment including special factors therefore stood at €632 million (previous year: €839 million), while the EBIT margin was 11.1% (previous year: 13.4%).





NIVEA recorded a fall in organic sales of 6.0% in the reporting year. Nominal sales were down from €4,436 million to €3,957 million. The main driver behind this negative development was the market decline in all categories as a result of the severe restrictions imposed around the world due to the COVID-19 pandemic. The categories most affected were NIVEA SUN, MEN, and Lip. Amid a difficult market environment, NIVEA achieved further positive sales growth in its strong core business of body care. This was reinforced by the launch of the Naturally Good body lotion, which comes in packaging with 50% less plastic. There was also a positive performance in the shower category, including the successful product innovation NIVEA Fresh Blends. In the NIVEA Deo category, the NIVEA Deep range for men acted as growth driver, along with innovations in the NIVEA Black & White range. However, the category as a whole did not match its previous year's sales. In the NIVEA Face category, there were significant gains in market share from successful innovations such as NIVEA Naturally Good, Cellular Luminous, Rose Water, and the further expansion of the NIVEA Q10 range. This was despite a fall in sales.

Overall, NIVEA maintained or expanded its strong position in almost all categories in spite of the challenges in markets all around the world. In the NIVEA Body category, we extended our market share particularly in Southeast Asia and Latin America but also in parts of Europe. In the NIVEA Deo category, we gained market share in South Africa, Indonesia, Thailand, and Russia. NIVEA Face achieved a strong performance in Brazil, Switzerland, Belgium, and Sweden. At country level, NIVEA gained market share especially in Indonesia, Thailand, Belgium, and Malaysia. Market share declined particularly in Korea, Austria, and Portugal.

The **Derma** business unit performed especially encouragingly, achieving organic sales growth of 8.3%. Nominal sales were up from €628 million to €661 million. Strong double-digit sales growth was achieved in the United States and South America. A positive growth contribution came especially from the EUCERIN Face category, driven by EUCERIN Anti-Pigment, the AQUAPHOR brand, and online sales channels in general.

Organic sales in **Healthcare** were down 5.9% on the previous year. Nominal sales fell from €214 million to €197 million. Sales performance was well into negative territory especially in India, Indonesia, and South America, which were particularly badly hit by the COVID-19 pandemic. Meanwhile, business was stable in Germany, the Netherlands, and the United Kingdom.

In the selective cosmetics segment, **LA PRAIRIE** was heavily affected by the COVID-19 pandemic and recorded a 23.9% fall in organic sales. There was a nominal decline in sales from €653 million to €497 million. A significant reduction in the number of people traveling led to falling sales worldwide in the important travel retail business. Despite sales recovering for a time in the course of the year and significant growth in China, the strong prior-year figures were not matched. Re-innovation in the Platinum Rare Collection and the reimagined Skin Caviar Liquid Lift had a positive effect on sales.

In the **Europe** region, organic sales were down 8.0% on the previous year. Nominal sales fell by 9.1% to €2,752 million (previous year: €3,027 million).

In **Western Europe**, organic sales contracted by 8.6%, influenced by the weak performance in countries such as Spain, France, and Italy, which were particularly badly affected by the COVID-19 pandemic. The sharp fall in sales in LA PRAIRIE's travel retail business also had an impact. In the Derma business unit, EUCERIN's body and face categories performed especially encouragingly. The Healthcare business unit was below prior-year level.

Organic sales in **Eastern Europe** were 5.8% below the previous year. The COVID-19 pandemic impacted sales particularly in Russia, Serbia, Poland and the Czech Republic and hit the NIVEA SUN, NIVEA Hair, and NIVEA Deo categories. EUCERIN saw strong positive growth rates in the region, especially in the body and face categories.

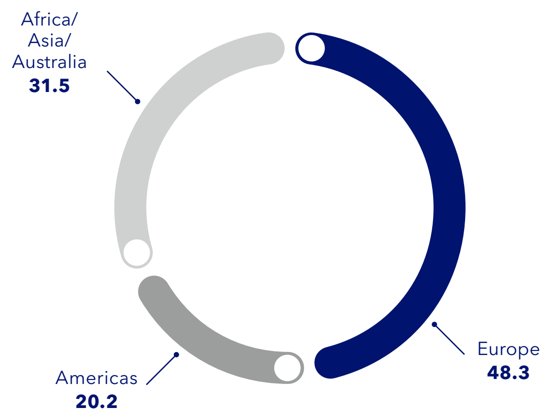
In the **Americas** region, the Consumer Business Segment achieved strong organic sales growth of 3.2%. At €1,153 million, nominal sales were up 0.8% on the previous year (€1,145 million).

Despite a difficult market environment as a result of the COVID-19 pandemic, positive organic sales growth of 0.2% was achieved in **North America**. NIVEA Shower, EUCERIN Body, and the AQUAPHOR brand were the main growth drivers.

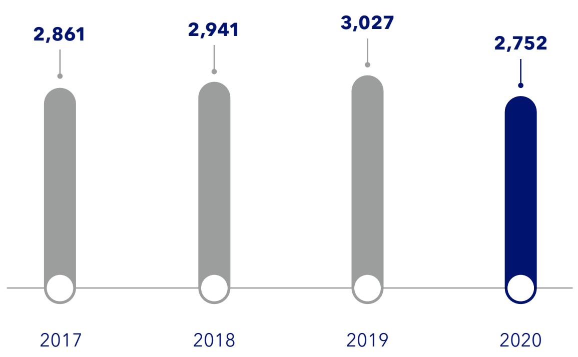
Very good organic sales growth of 5.4% was also seen in **Latin America**. Nominal sales in the region fell by 12.3% due to the significant exchange rate effects. While sales declined in Ecuador, Colombia, and Central America, there was double-digit sales growth in Brazil and Chile. NIVEA Body Care, NIVEA Shower, and NIVEA Universal Creams performed especially well. EUCERIN and AQUAPHOR achieved strong double-digit sales growth.

The **Africa/Asia/Australia** region's organic sales were down 10.0% on the previous year. Nominal sales fell by 14.6% to €1,795 million (previous year: €2,102 million). The negative sales trend was primarily due to the widespread impacts of the COVID-19 pandemic in Middle East, India, Japan, Thailand and Indonesia. Meanwhile, sales rose in Nigeria, and Ghana. Despite substantially increased sales in China, the region was hit particularly hard by the decline in LA PRAIRIE's travel retail business and the downturn in the NIVEA MEN, NIVEA SUN, NIVEA Face, and NIVEA Lip categories. EUCERIN recorded very good sales growth in the reporting year, particularly driven by the face category and the launch of EUCERIN in China.

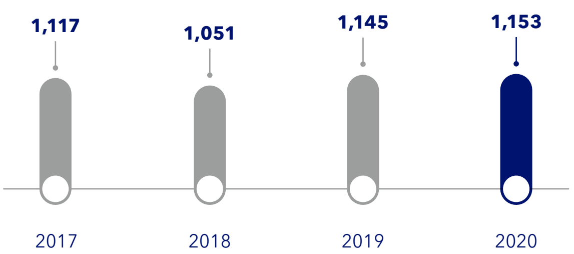
CONSUMER SALES BY REGION (IN %)



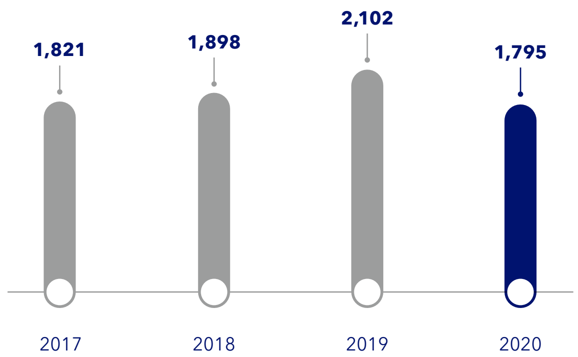
CONSUMER SALES IN EUROPE (IN € MILLION)



CONSUMER SALES IN THE AMERICAS (IN € MILLION)



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



tesa

SALES – TESA BUSINESS SEGMENT (IN € MILLION)

	Jan. 1 – Dec. 31, 2019	Jan. 1 – Dec. 31, 2020	Change (in %) nominal	Change (in %) organic
Europe	729	715	– 1.9	– 0.4
Americas	228	194	– 14.6	– 9.0
Africa/Asia/Australia	422	416	– 1.4	0.8
Total*	**1,379**	**1,325**	**– 3.9**	**– 1.5**

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

tesa faced a 1.5% decline in organic sales in 2020 in a market environment heavily impacted by the COVID-19 pandemic. Negative exchange rate effects reinforced this trend by 2.4 percentage points. In nominal terms, sales therefore fell by 3.9%, from €1,379 million in the previous year to €1,325 million.

In **Europe**, organic sales fell by 0.4%. Business in the Trade Markets division was on a level with the previous year, while sales rose in the consumer business. The Direct Industries division recorded considerable falls in sales, especially given the weakness in the automotive market. In nominal terms, tesa generated European sales of €715 million (previous year: €729 million). The region's share of Group sales rose to 53.9% (previous year: 52.9%).

In the **Americas**, tesa's organic sales fell by 9.0%. The COVID-19 pandemic meant that sales in the Direct Industries division were considerably weaker than in the previous years. There was a particular decline in sales in the automotive market. The region's sales were down by 14.6% in nominal terms to €194 million (previous year: €228 million). The region's share of Group sales fell to 14.7% (previous year: 16.5%).

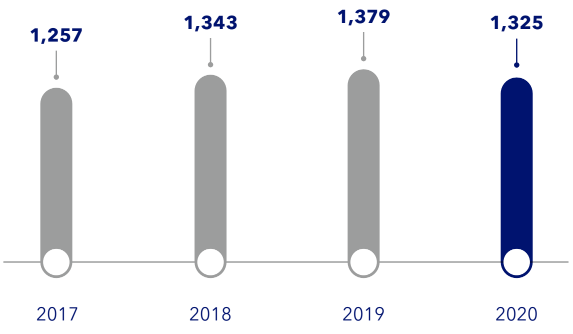
In **Asia**, tesa achieved organic sales growth of 0.8%, buoyed up by the project business with products for the electronics industry. The weakness of the automotive sector in 2020 was evident in this region, too. However, the Direct Industries division's sales in China quickly recovered from the impact of the COVID-19 pandemic. In nominal terms, sales in the region fell by 1.4%, from €422 million in the previous year to €416 million. The region's share of Group sales rose to 31.4% (previous year: 30.6%).

EBIT excluding special factors decreased to €204 million (previous year: €212 million). The EBIT margin excluding special factors was 15.4% (previous year: 15.3%). The special factors in the tesa Business Segment in the amount of €8 million mainly included expenses for the "Care Beyond Skin" donation program and for strategy implementation in Europe. The operating result including special factors stood at €196 million (previous year: €193 million), while the EBIT margin was 14.8% (previous year: 13.9%).

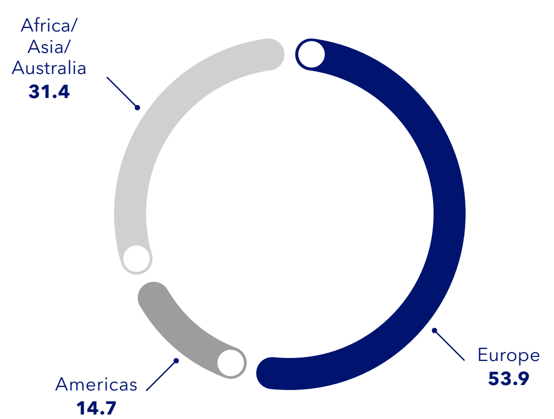
Direct Industries

Sales in tesa's **Direct Industries** division fell by 3.0% in organic terms. The COVID-19 pandemic resulted in sharp falls in sales in Europe and the

TESA SALES (IN € MILLION)



TESA SALES BY REGION (IN %)



Americas, especially in the automotive market. tesa achieved growth in Asia, including through increased sales in project business with the electronics industry. Nominal sales were down by 5.8% to €770 million (previous year: €818 million). The share of Direct Industries in total sales was 58.1% (previous year: 59.3%).

In consumer electronics, tesa once again recorded an increase in sales and expanded its position as a leading provider of innovative products and solutions for the manufacture of smartphones and tablets. Particular growth impetus came from the ranges for bonding smartphone casings. Thanks to its innovative strength, tesa was able to open up new applications with these tapes, which saw a good take-up from customers.

The automotive sector saw production volumes fall around the world as a result of the COVID-19 pandemic and the transformation of the automotive industry. tesa Automotive was hit by this decline in the market but was able to reduce the shortfall in sales toward the end of the year. Considerable growth impetus came from new applications in the field of electric mobility and digitalization. The product portfolio in these areas is being continuously expanded.

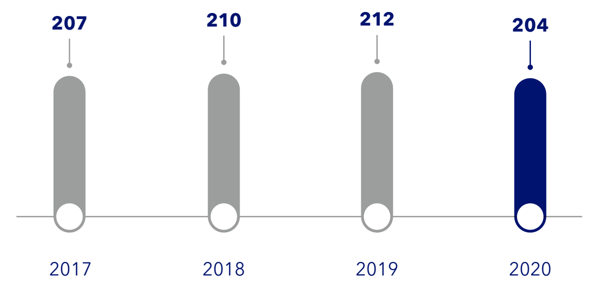
In the printing and paper business, tesa further expanded its activities in flexographic printing. tesa has a strong product range in this segment, and this was further reinforced by the acquisition in 2018 of the Dutch company Polymount and its self-adhesive sleeves business under the Twinlock® brand. tesa has benefited from a growing market in the packaging industry all around the world.

The building industry business area also had a positive year in 2020. This was mainly due to the acquisition of the US company Functional Coatings in 2018, which specialize in airtight and waterproof adhesives in the construction and building supplies industry. Important growth momentum also came from structural adhesive products for facade components.

tesa's pharmaceuticals business saw an uplift from the COVID-19 pandemic, as it manufactures tesa products categorized as essential supplies by the EU. Pharmaceutical customers therefore increased their stockpiles of these items. The portfolio of development projects in the pharmaceuticals business was also expanded further in 2020 as part of the approval process.

Through its affiliate tesa scribos GmbH, tesa also offers digital connectivity solutions for branded products. tesa scribos's system solutions consist of highly secure product markings and a digital platform, allowing the company to act as an "Internet of Things" (IoT) enabler for brand suppliers all around the world.

TESA EBIT (IN € MILLION)
Excluding special factors



Trade Markets

The **Trade Markets** division saw its organic sales were up 0.8%. Nominal sales were down by 1.0% to €550 million (previous year: €555 million). The division thus accounted for 41.5% (previous year: 40.3%) of the tesa Business Segment's total sales in the reporting year.

tesa improved and further expanded its range for the industrial distribution business. This particularly included double-sided tape products, which are used in a wide variety of different consumer markets.

Business with consumers and professional tradesmen – Consumer & Craftsmen – differed by region. While sales fell in Latin America over the first half of the year and only began to recover in the fall of 2020, Europe recorded significant sales growth. The digital sales channel and business with DIY stores performed especially well.

The positive development was attributable not least to the continued Europe-wide introduction of a new range of bathroom accessories under the tesa® brand. These can be quickly and easily mounted thanks to the innovative nie wieder bohren technology. tesa gained additional market share in the seasonal business with insect protection products. The business with masking tapes for consumers and craftsmen also performed very positively.

Since October 2020, tesa has been an "onboarded supplier" to IKEA. The multinational furniture business has launched a new product (ALFTA) on the market: a set of self-adhesive hooks featuring tesa Powerstrips technology.

Net Assets

NET ASSETS – GROUP (IN € MILLION)

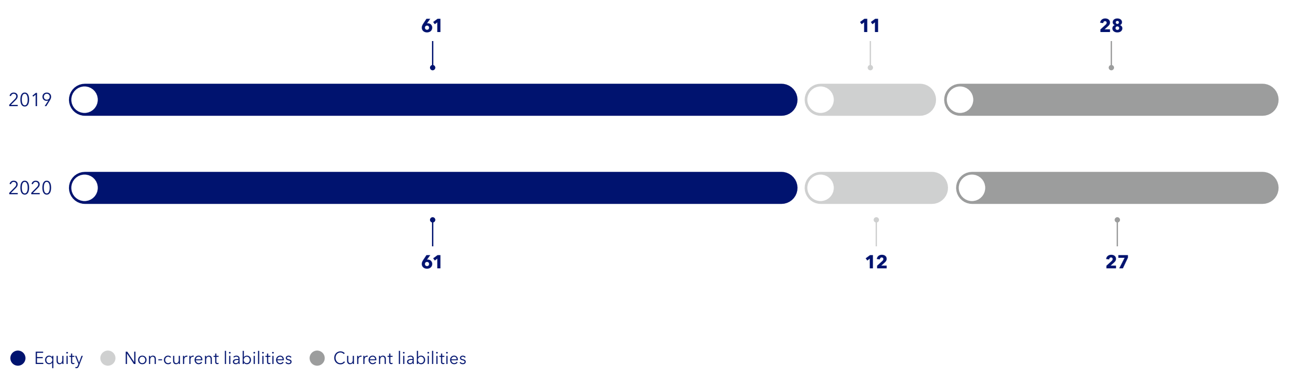
Assets	Dec. 31, 2019	Dec. 31, 2020
Non-current assets*	5,308	5,929
Inventories*	1,012	1,001
Other current assets	2,589	2,270
Cash and cash equivalents*	1,145	1,005
	10,054	**10,205**

Equity and liabilities	Dec. 31, 2019	Dec. 31, 2020
Equity	6,093	6,263
Non-current provisions	987	1,090
Non-current liabilities*	137	103
Current provisions	491	504
Current liabilities	2,346	2,245
	10,054	**10,205**

* The figures as of December 31, 2019, have been amended due to the finalization of the purchase price allocation for the COPPERTONE business and/or due to an adjustment to the valuation of an acquisition made in 2018 in the tesa Business Segment. Further information can be found in the sections "Finalization of the Purchase Price Allocation" and "Changes in Accounting Policies" of the notes.

Non-current assets increased by €621 million to €5,929 million (previous year: €5,308 million). Long-term securities increased by €620 million to €3,415 million (previous year: €2,795 million). Capital expenditure on property, plant, and equipment, and investment in intangible assets amounted to €280 million (previous year: €765 million; excluding the COPPERTONE acquisition: €320 million). Of this amount, €236 million (previous year: €700 million) related to the Consumer Business Segment and €44 million (previous year: €65 million) to the tesa Business Segment. The capital expenditure primarily involved securing the future of the Beiersdorf sites and expanding them, increasing capacity at the production locations, and constructing the new Group headquarters. Depreciation and impairment losses amounted to €257 million (previous year: €239 million). Inventories decreased by €11 million to €1,001 million (previous year: €1,012 million). Other current assets declined to €2,270 million (previous year: €2,589 million). This item includes short-term securities of €647 million (previous year: €770 million). The decline in this position was largely due to individual maturities and investment in

FINANCING STRUCTURE (IN %)



longer-term securities. Trade receivables decreased by €198 million to €1,244 million (previous year: €1,442 million). Income tax receivables amounted to €169 million (previous year: €140 million), while other current assets fell by €15 million to €140 million (previous year: €155 million).

Cash and cash equivalents decreased to €1,005 million (previous year: €1,145 million). Net liquidity (cash, cash equivalents, and long- and short-term securities less current liabilities to banks and less current and non-current lease liabilities) rose by €437 million to €4,690 million (previous year: €4,253 million). Current liabilities to banks fell by €64 million to €217 million (previous year: €281 million). In view of the persistent low interest rates in the euro area, short-term borrowing is used to support the management of financial assets and bank balances.

Total non-current provisions and liabilities stood at €1,193 million (previous year: €1,124 million). This item includes provisions for pensions and other post-employment benefits, which increased to €972 million (previous year: €878 million), mainly due to a reduction in the interest rate. There was a related fall in deferred tax liabilities to €13 million (previous year: €16 million). Total current provisions and liabilities fell by €88 million to €2,749 million (previous year: €2,837 million) as a result of a decrease in current bank liabilities and a reduction in trade payables. The equity ratio was 61% (previous year: 61%). Non-current liabilities accounted for 12% (previous year: 11%) and current liabilities for 27% (previous year: 28%).

Financial Position

CASH FLOW STATEMENT – GROUP (IN € MILLION)

	2019	2020
Gross cash flow	842	802
Change in net current assets*	143	182
Net cash flow from operating activities*	985	984
Net cash flow from investing activities	–750	–731
Free cash flow*	235	253
Net cash flow from financing activities	–21	–317
Other changes	12	–76
Net change in cash and cash equivalents*	226	–140
Cash and cash equivalents as of Jan. 1	**919**	**1,145**
Cash and cash equivalents as of Dec. 31*	**1,145**	**1,005**

* The figures as of December 31, 2019, have been amended due to the finalization of the purchase price allocation for the COPPERTONE business. Further information can be found in the section "Finalization of the Purchase Price Allocation" of the notes.

Gross cash flow amounted to €802 million in the period under review, down €40 million on the prior-year value.

The change in working capital led to an inflow of €182 million (previous year: €143 million). The decrease of €24 million in trade payables and current provisions was accompanied by a €11 million fall in inventories and a €195 million fall in receivables and other assets.

The net cash outflow from investing activities amounted to €731 million in the reporting year (previous year: €750 million). Interest and other financial income received of €53 million and proceeds of €8 million from the sale of intangible assets and property, plant, and equipment were offset by net investments of €501 million in the purchase of securities, capital expenditure of €280 million for property, plant, and equipment, and intangible assets as well as payments for investments in associated companies and other investments of €11 million.

Free cash flow was €253 million, above by €18 million on the prior-year value (€235 million). The net cash outflow of €317 million from financing activities (previous year: €21 million) mainly comprised the Beiersdorf AG dividend payment of €159 million, and interest and other financial payments in the amount of €158 million.

Cash and cash equivalents amounted to €1,005 million (previous year: €1,145 million).

Financing and liquidity provision

Hedging currency, interest rate, and default risks as well as investing liquid assets are at the heart of financial management at Beiersdorf. Providing liquidity for the Group is also a paramount objective. The type and volume of transactions are in line with the basic operating and financial business. Scenarios and rolling 12-month cash flow planning are used to establish liquidity requirements. Details on financial risk management can be found in the notes to the balance sheet, Note 27.

Overall Assessment of the Group's Economic Position

COMPARISON OF ACTUAL AND FORECAST BUSINESS DEVELOPMENTS

		Result in 2019	Forecast for 2020 in 2019 Annual Report	Forecast for 2020 in H1 2020 Report	Forecast for 2020 in 9M 2020 Quarterly Statement	Result in 2020
Sales growth (organic)						
Consumer	(in %)	4.8	3 – 5	negative	negative	–6.6
tesa	(in %)	0.8	slightly positive	negative	negative	–1.5
Group	(in %)	4.1	3 – 5	negative	≥ –7.1	–5.7
EBIT margin (excluding special factors)						
Consumer	(in %)	14.1	14.0 –14.5	Significantly below prior year	Significantly below prior year	12.3
tesa	(in %)	15.3	at prior-year level	Significantly below prior year	at prior-year level	15.4
Group	(in %)	14.3	at prior-year level	Significantly below prior year	Significantly below prior year	12.9

The reporting year was affected by the worldwide impact of the COVID-19 pandemic. The Group generated sales of €7,025 million (previous year: €7,653 million). Organic sales were down by 5.7% (previous year: increase of 4.1%). EBIT excluding special factors reached €906 million (previous year: €1,095 million). The EBIT margin excluding special factors was 12.9% (previous year: 14.3%).

The **Consumer** Business Segment looks back on a challenging 2020. Right from the beginning of the pandemic, our top priority was the health and safety of our employees and partners, as well as the service we provide for our customers and consumers. At the same time, our economic focus remained on implementing the C.A.R.E.+ strategy. The strategic pillars of sustainability (sustainable product innovations), digitalization (strong increase in online business), and the increased focus on facial care (gaining market share in the majority of countries) came to the fore in 2020.

The Consumer Business Segment recorded a 6.6% fall in organic sales in 2020. The picture was very volatile at both brand and regional level. LA PRAIRIE and the whole of the sun care products business were the areas most heavily affected by the pandemic and travel restrictions. NIVEA and the Healthcare business unit had to contend with heavy losses in revenue for a time before gradually recovering as the year progressed. Our Derma business unit with the EUCERIN and AQUAPHOR brands proved the steadiest, recording strong growth rates in organic sales throughout the pandemic. At regional level, the United States and Latin America achieved encouraging positive growth in organic sales. Due to the investments in implementing the new strategy and the effects of the pandemic, the operating result (EBIT, excluding special factors) and EBIT margin were down on the previous year. The Consumer EBIT margin excluding special factors was 12.3% (previous year: 14.1%).

tesa faced a 1.5% decline in organic sales in 2020 in a market environment heavily impacted by the COVID-19 pandemic. tesa's organic sales fell especially in the Direct Industries division, which handles business directly with industrial customers. tesa achieved slight organic sales growth in the Trade Markets division. In nominal terms, the division had to accept a decline in sales. In a difficult global market environment, automotive business in particular continued to show a clearly negative sales trend. The operating result (EBIT, excluding special factors) and EBIT margin were up on the previous year.

Beiersdorf AG

Business Activities

Beiersdorf AG is based in Hamburg (Germany) and is the parent company of the Beiersdorf Group. As of December 31, 2020, Beiersdorf AG employed 2,318 people (previous year: 2,289). The number of vocational trainees and trainees not included in this figure was 129 (previous year: 130).

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

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

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

Basis of Preparation

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

Result of Operations – Beiersdorf AG

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

	2019	2020
Sales	**1,336**	**1,289**
Other operating income	40	30
Cost of materials	–296	–287
Personnel expenses	–307	–290
Depreciation and amortization of property, plant, and equipment, and intangible assets	–21	–42
Other operating expenses	–669	–647
Operating result	**83**	**53**
Net income from investments	180	215
Net interest expense	–31	–31
Other financial result	–2	–10
Financial result	**147**	**174**
Profit before tax	**230**	**227**
Income taxes	–41	–33
Profit after tax	**189**	**194**
Transfer to other retained earnings	–13	–18
Net retained profits	**176**	**176**

Beiersdorf AG's **sales** were affected by the COVID-19 pandemic and declined by €47 million to €1,289 million in the reporting year (previous year: €1,336 million). However, product sales of EUCERIN and NIVEA Shower & Soap were very positive. Sales of €991 million (previous year: €1,022 million) were generated in Germany and €298 million (previous year: €314 million) in other countries.

The **operating result** declined by €30 million to €53 million due to lower other operating income, higher depreciation and amortization, and increased marketing expenses.

At €174 million, the **financial resul**t improved by €27 million compared with the previous year. The rise is due to a €35 million increase in net income from investments. While other financial result declined by €8 million, the net interest expense remained at the previous year's level.

At €227 million, **profit before tax** saw a slight decrease of €3 million on the prior-year figure.

Profit after tax was €194 million (previous year: €189 million), up €5 million on the previous year.

Net Assets and Financial Position – Beiersdorf AG

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

Assets	Dec. 31, 2019	Dec. 31, 2020
Intangible assets	200	170
Property, plant, and equipment	139	137
Financial assets	4,638	5,501
Fixed assets	**4,977**	**5,808**
Inventories	3	3
Receivables and other assets	783	634
Securities	650	346
Cash and cash equivalents	115	51
Current assets	**1,551**	**1,034**
Prepaid expenses	**4**	**6**
Deferred tax assets	**64**	**74**
	6,596	**6,922**

Equity and liabilities	Dec. 31, 2019	Dec. 31, 2020
Equity	**2,765**	**2,800**
Provisions for pensions and other post-employment benefits	573	605
Other provisions	232	266
Provisions	**805**	**871**
Liabilities	**3,026**	**3,251**
	6,596	**6,922**

Fixed assets saw a substantial year-on-year rise of €831 million. This increase is largely attributable to the acquisition of long-term government and corporate bonds. Investments of €11 million in property, plant, and equipment were accompanied by depreciation of €12 million.

Current assets declined by €517 million over the fiscal year to €1,034 million. This item includes short-term securities of €346 million (previous year: €650 million). The decline in this position is largely attributable to increased investment of funds in long-term securities. Receivables and other assets largely comprise financial receivables from affiliated companies.

Liabilities increased by €225 million year on year to €3,251 million. This is chiefly due to the increase in financial liabilities to affiliated companies while current liabilities to banks were cut back again.

€2,800 million (previous year: €2,765 million), or 40% (previous year: 42%), of the total balance sheet assets of €6,922 million (previous year: €6,596 million) is financed by **equity**.

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

Risk Report

Risks and Opportunities

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

Integrated Risk and Opportunity Management System

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

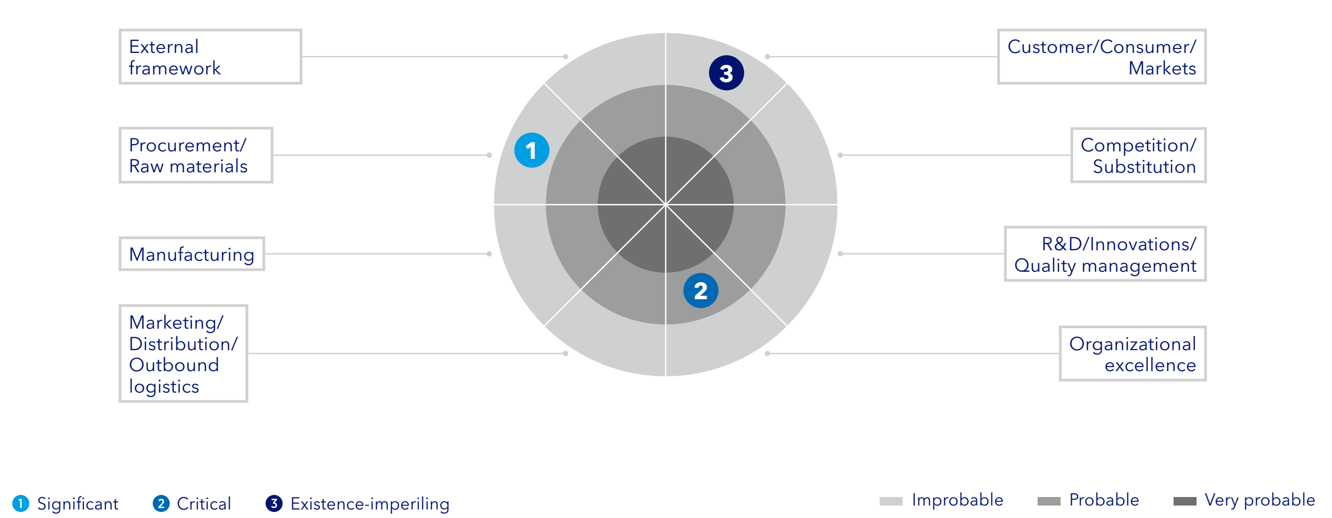
Risk and opportunity management is closely aligned with corporate strategy and helps Beiersdorf identify and make optimal use of its potential. Regularly analyzing customers and the competition, for example, enables a swift response to dynamic market developments. Specific market opportunities and risks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

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

Within the risk management process, periodic inventories are carried out to identify, evaluate, document, and subsequently communicate the material risks in a structured way along with the measures to manage these risks. The corresponding principles, reporting and feedback processes, as well as responsibilities are laid out in a directive that applies across the Group and is regularly updated. Risk management is coordinated at Group headquarters.

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

BEIERSDORF RISK RADAR
Schematic diagram



BEIERSDORF RISK CLASSIFICATION

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

Operational risks and opportunities are those that may influence short-term sales and profits of our corporate affiliates.

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

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

For each category, the risks are also classified based on their probability and the potential financial and non-financial impact of their occurrence. Except in the case of strategic risks, the risks examined are net risks, i.e. the probability of occurrence and the impacts are calculated after implementation of risk management measures.

The Executive and Supervisory Boards are regularly updated on the risk situation at Consumer and tesa Business Segment levels and at Group level. Direct lines of communication ensure that sudden, unforeseen material risks are reported immediately to top management. Central risk management is in constant communication with the task forces on key issues such as the global COVID-19 pandemic. The latest information on risk development is fed into the management and planning systems of the corporate units throughout the year and becomes part of the decision-making and control processes. By directly integrating the risk inventory and planning process, the risk management system is continuously developed further and risk awareness is embedded throughout the company.

Description of the Material Risks and Opportunities

Strategic and functional risks and opportunities

Maintaining and increasing the value of our major consumer brands with their broad appeal is of utmost importance to Beiersdorf's business development. The trust of our customers and, in particular, of the consumers of our products, is essential for this. We have designed our risk management system to fully justify this trust and to provide enduring, successful protection to the value of our brands. Among other things, our extensive operational and communication measures in relation to sustainability, diversity, and other aspects of Corporate Social Responsibility (CSR) enable us to categorize risks to the reputation of our brands as improbable.

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

With the aid of the "Consumer Insights" process, we promptly identify constantly changing consumer wishes and reflect them in our product development. Alongside other sustainability criteria, we particularly follow the debates on avoiding certain packaging and raw materials. This includes closely monitoring the "European Green Deal". We have responded to the current discussion on the use of plastics in products and packaging with a new plastic cycle strategy. We regard the risks from changes in consumer behavior as critical and probable. In relation to the above-mentioned environmental and sustainability aspects, they can even be regarded as very probable. We also firmly believe that the voluntary commitments we are following through on, e.g. our climate target of reducing greenhouse gas emissions or the development of further concepts for limiting the impact of climate change, will help us to generate significant market opportunities. We regard the emergence of such opportunities as probable.

Strong brands that balance innovation and continuity and have a clear benefit for consumers are our response to the ever-intensifying global competition on price, cost, quality, and innovation. As well as intensively seeking potential cost reductions throughout the value chain, we also continuously review the effectiveness of all marketing and sales activities in many parts of our organization, for instance in the performance-based management of our sales terms and promotions.

Expertise-based brands that constantly provide consumers with relevant new products require a high degree of up-front investment in innovation and marketing. The continuous expansion of our trademark and patent portfolio is therefore of utmost importance. We protect our intellectual property proactively and comprehensively. By closely aligning the Group functions involved in this with the operational business, we identify commercial opportunities from our research and development activities at an early stage and safeguard them long-term using industrial property rights. Of course, we also acknowledge and respect existing third-party rights when developing our new products. In general, we regard the risk of third-party attacks on our trademarks or product names and the use of certain ingredients as critical and probable. However, we also believe it is sufficiently probable that we will continue to successfully introduce relevant innovations to the market on a significant scale.

Our management focus on the sustainable success of our market activities ensures that we invest in promising markets in terms of brands, products, and regions. To this end, we actively screen new business areas and selectively invest in start-ups (including through accelerator programs), allowing us to quickly capitalize on specialist expertise. We regard the medium-term market opportunities from this as significant and probable.

We counter procurement risks relating to delivery reliability and price for raw materials, commodities, and services by continuously monitoring our markets and suppliers, also with respect to their vulnerability resulting from climate change, as well as by using appropriate contract management. Strategic partnerships are an important element of actively managing our supplier portfolio. Here, we take into account the growing global political and economic uncertainties by developing new business models that ensure lasting access to our procurement markets. We are focusing particularly on special local and regional supply chains. At the same time, we ensure that the overall structure of our global production and logistics provides both sufficient flexibility in terms of capacity and the necessary infrastructure as well as corresponding availability of qualified staff and further training opportunities. We generally regard the strategic and functional risks in this context to be of average significance but relatively improbable, with the exception of an erratic development such as the current pandemic. However, even in this situation, we are able to quickly adjust our capacity and inventories to the new reality. Our production centers worldwide, in particular, are also making valuable contributions to tackling the pandemic. They are providing flexible supplies of disinfectants and other essentials and have adapted production at impressive speed to the new requirements.

We have continued to work intensively on our project to increase the security, availability, reliability, and efficiency of our IT systems against internal and external attacks, as well as on measures relating to the Group-wide business continuity management system to secure operations at all times. The project is due to run for several years. The improvements in our IT infrastructure and in users' mobile devices in recent years meant that, with only few exceptions, we could switch almost seamlessly overnight to working from home when the pandemic arrived in March 2020. As a result, there was no significant disruption to our work. We categorize risks to Beiersdorf in connection with the setup and functionality of our IT as merely significant rather than critical, but still regard them as rather probable.

The data protection system in Europe-wide use at Beiersdorf is helping us ever more each day to ensure safe handling of our company's sensitive data as well as that of our business partners and consumers, such as when developing and using our social media presence or creating new software solutions. At the same time, it allows us to successfully implement the increased information and documentation requirements. As part of a large-scale project, we have begun to gradually roll out this system globally.

Alongside this, we counter our internal compliance risk and the further growing external compliance risks by providing clear rules of conduct and transparent management structures, accompanied by comprehensive training and monitoring activities. To better protect the confidentiality of internal information, we are currently introducing "labeling" in order to prevent unauthorized access to our e-mail traffic. Finally, occupational safety, environmental, and business interruption risks in our production and logistics activities are minimized by frequently updated process control checks and location-specific audits. We generally regard risks in these areas as less significant and relatively improbable.

Partnerships and other contacts with universities enable us to build early links to qualified potential new employees, for whom we have special trainee programs to prepare them for a career at Beiersdorf. Our uniform global talent management process identifies and develops talented specialists and management personnel at all levels and supports the appointment of qualified staff in key positions throughout the company as these become vacant. Beiersdorf is well known as an attractive employer, and we reinforce this with a range of credible activities in relation to diversity, corporate citizenship, sustainability, and other topics. Risks in the context of our global recruitment activities remain an insignificant issue for us.

We counter the risk of bad debts through detailed monitoring of our customer relationships, active receivables management, and the selective use of trade credit insurance. Currency, interest rate, and liquidity risks are subject to active treasury management based on a global directive. They are managed and hedged centrally to a very large extent, taking into account the specific requirements for the organizational separation of the trading, settlement, and controlling functions.

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

Our financial risk management is characterized by the clear allocation of responsibilities, central rules for limiting financial risks as a matter of principle, and the conscious alignment of the instruments deployed with the requirements of our business activities. Specific, additional information on the extent of the currency, interest rate, default, and liquidity risks described above can be found in Note 27 of the notes to the consolidated financial statements, "Additional Disclosures on Financial Instruments, Financial Risk Management, and Derivative Financial Instruments."

Short-term operational risks and opportunities

As in many other areas, the potential impact of the COVID-19 pandemic is currently the decisive factor in the analysis and evaluation of operational risks. Group Risk Management has been and remains in constant communication with the central task force created immediately after the outbreak of the pandemic. It analyzes the current risk situation based on the views expressed and the operational forecasts of the Group companies, among other factors.

The effects evaluated together with the Group companies, based on their market observations, have to a considerable degree already fed into concrete planning, meaning that additional negative impacts beyond those already included in the planned volumes are not regarded as very likely.

The general risk of a pandemic has been included in our functional risks for many years along with the corresponding measures we have now implemented. Based on our current experiences, however, we have revalued the potential financial impact of a global pandemic. As a precaution, this figure is in the triple-digit million euros, albeit with a significantly more limited probability of occurrence.

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

Operational risks and opportunities are continuously monitored as part of the financial planning, forecasting, and reporting process at the local, regional, and central level. This ensures that all sales and earnings effects regarded as relatively likely are directly and appropriately incorporated into our financial reporting, taking into account the measures implemented and planned (e.g. recognition of provisions).

A monthly review of key financial figures for the Group companies is conducted, led by the Group Controlling function together with Risk Management, Internal Audit, and other relevant controlling functions. This is designed to enable potential critical developments to be addressed swiftly and precisely with those involved and corrective action to be initiated where appropriate.

Further information and details on the extent of the risks described here can be found in Note 28 of the notes to the consolidated financial statements, "Contingent Liabilities, Other Financial Obligations, and Legal Risks."

Summary of the Risk Situation

Compared with the previous year, there has been no significant structural change in our assessment of the likelihood of occurrence and/or potential financial impact of the above risks and opportunities. Overall, even considering the updated estimations, there is no fundamental change to the risk situation. Based on the current assessment, the Beiersdorf Group is therefore not exposed to any risks that could endanger its continued existence.

Accounting-Related Internal Control System

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

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

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

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

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

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

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

Independent Monitoring

The supervisory bodies and the Internal Audit department are integrated into the Beiersdorf Group's internal control system with audit activities that are independent of the Group's operations. Internal Audit systematically evaluates the integrity of financial accounting, the effectiveness of the accounting-related internal control system and of the risk and opportunity management system, and compliance. As a process-independent organizational unit, it uses a risk-based approach to review the business processes, the systems and controls that have been put in place, and the financial accounting of transactions. The audit findings are used for ongoing enhancement of the company's management and of preventive and detective controls. A thorough audit and updating of the risk control matrices (RCM) used in our internal control system took place in 2020.

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

The Audit Committee of Beiersdorf AG monitors, in particular, the accounting process and the effectiveness of the internal control system, the risk management system, and the internal audit system.

Report on Expected Developments

Expected Macroeconomic Developments

Predictions on the state of the economy in 2021 remain subject to considerable uncertainty as a result of the COVID-19 pandemic. We expect the signs of recovery seen in 2020 to continue; however, the rate of this growth will depend on the availability of the COVID-19 vaccines. Our planning therefore assumes that the economy will continue to stabilize but that there will be substantial regional differences in the pace and resilience of growth. Geopolitical unrest, ongoing trade disputes, and uncertainty about the long-term consequences of Brexit, and the future economic policy of the United States, will also have a continuing negative impact on the development of the global economy.

In **Europe**, we expect strong growth compared with the previous year. Expansionary fiscal policy and the ECB's "Pandemic Emergency Purchase Programme" (PEPP) will continue to bolster the economy. The downturn in the service sector will put the brakes on this expansion, however. There is ongoing uncertainty around the long-term consequences of Brexit, trade disputes, and the comprehensive availability of the COVID-19 vaccines.

In **Germany**, we also expect positive economic growth once again in 2021. Higher investment, increased government expenditure, and stable consumer spending are likely once again to be the main factors underpinning higher gross domestic product. Nevertheless, we do not expect the economy to reach its pre-crisis level until 2022. Uncertainty surrounds export performance given the trade disputes and uncertain consequences of Brexit.

We expect a strong growth rate for the **US economy**, driven especially by rising consumer spending. Delays in implementing the new stimulus package and the growing weakness in the labor market will curb the rate of this expansion, however, as will the increased uncertainty surrounding the trade dispute with China. The potential impact of the new president's economic policy is difficult to predict.

In **Japan**, we expect positive economic growth in 2021. Growth is likely to be driven by the stronger export sector. However, falling consumer spending, especially due to rising private savings and the difficult situation on the labor market, will put a brake on this. Uncertainty remains around changes to the expansionary monetary and fiscal policy.

In the **emerging markets**, we expect positive growth overall. For the **Chinese economy**, we expect growth to be slightly above the prior-year level, underpinned again by the strength of exports and the industrial sector. There is uncertainty from the ongoing trade dispute with the United States, the risk of a depreciating renminbi, and the continued pressures on the labor market. In **India**, we expect noticeably higher growth again after a weaker year in 2020. In the **Middle East**, we expect trade barriers and other protectionist measures to continue to slow economic growth in the region. For the **Southeast Asian** emerging markets, we expect growth to exceed the previous year's level once COVID-19 vaccines become widely available. In **Brazil**, we expect the economic recovery to continue, bolstered especially by consumer spending. However, the weakening service sector and uncertain effectiveness of the stimulus measures will limit the upward trend. In **Russia**, we expect a rise in economic growth after a weak performance in the previous year.

Procurement Market Trends

Compared with the low-price levels seen on many commodity and packaging markets in 2020, we expect the cost of materials to rise again overall in 2021. In some markets, this is attributable to market correction due to reductions in capacity, while in other markets it is down to an expected rise in demand, as seen in the final quarter of 2020, for important preliminary raw materials such as aluminum or natural oils. The unexpectedly fast recovery of the Chinese economy will play an important role here.

Expanding demand for more sustainable materials, for which there is often less availability, will also lead to increased costs. Certain sustainable materials will only be available at a premium. Enhancing medium to long-term materials procurement in the context of the sustainability pledges (plastics, CO_2) will play an important strategic role here.

In this volatile environment, Beiersdorf will work intensively on its programs to reduce procurement costs and increase the security of supply. In 2021, we expect the cost of materials to rise slightly on the whole compared with 2020.

Sales Market Trends

The global growth rate in the cosmetics market – the market relevant for Beiersdorf – will continue to be affected by COVID-19 in 2021. Assuming positive developments in tackling the pandemic, we anticipate a more favorable environment in this market. Although we expect year-on-year growth, this will only result in a market volume similar to that seen in 2019. Within the portfolio, there will be shifts between regions and categories. Given that the future development of COVID-19 is unclear and market reaction volatile, it is not yet possible to provide a reliable forecast.

For tesa, we expect a continued heavy impact from the COVID-19 pandemic in 2021. We remain cautious about future developments and expect continued volatility in the development of our business in Europe. In North America, we are planning cautiously but expect more positive momentum for our business in 2021 than we saw in 2020. In Asia, we anticipate moderate growth, which will be coupled very closely to the performance of the Chinese economy. The future development of the COVID-19 pandemic and global automotive market, which remains difficult to predict, and our rather modest expectations for the electronics industry are influencing our growth projections.

Our Market Opportunities

The markets will remain very volatile in 2021 as a result of the pandemic. A return to normality and market recovery can be expected with advances in vaccine development. Many companies have cut back on investment in 2020, and more intense competition is therefore expected. By systematically implementing and investing in our C.A.R.E.+ strategy, we will meet the market challenges ahead of us in the Consumer Business Segment, unlocking Beiersdorf's potential and delivering sustainable growth. We see strong opportunities from systematically expanding our e-commerce business and presence in the emerging markets.

We will build on our sound financial structure and strong earnings position together with our dedicated and highly qualified employees to continue exploiting future opportunities with our internationally successful brand portfolio. Extensive research and development activities resulting in successful, consumer-driven innovations will be flanked by targeted marketing measures, creating enduring confidence among our consumers.

Expected growth for the coming year is slightly above the market trend. This applies to business with both consumers and industrial customers. For tesa, the electronics industry business in Asia remains attractive; however, its project-based nature continues to entail a high risk of volatility. tesa expects to bolster its market position with continued investment in research and development, and therefore in innovative products.

Business Development

As the described COVID-19 challenges persist in many parts of the world, especially in Europe and the Emerging Markets, it leads to an unusual high degree of uncertainty with regard to future developments. Therefore, our ability to make a reliable forecast is significantly limited.

Independent of skin care market growth, we will continue to outperform the market. We expect the global skin care market to improve by the end of 2021. Under this assumption, we expect for the Consumer business positive sales growth, and an EBIT margin from ongoing operations (excluding special factors) at around the 2020 level.

Under the same uncertainty regarding the market development in 2021, tesa is expected to reach positive sales growth, with an EBIT margin from ongoing operations (excluding special factors) below 2020 level.

Based on the forecasts of the two business segments, Group sales growth is expected to be positive. We expect the consolidated EBIT margin from ongoing operations (excluding special factors) to be around last year's level.

Hamburg, February 16, 2021
Beiersdorf AG

The Executive Board

Other Disclosures

Corporate Governance Statement

The combined Corporate Governance Statement of Beiersdorf AG and the Group in accordance with §§ 289f, 315d *Handelsgesetzbuch* (German Commercial Code, *HGB*) contains the Declaration of Compliance in accordance with § 161 *Aktiengesetz* (German Stock Corporation Act, *AktG*), information on key corporate governance practices and on Executive and Supervisory Board working practices and composition (including information on the company's corporate governance), information on the diversity concept for the Supervisory Board and Executive Board, and information on the statutory requirements for the equal participation of women and men in leadership positions. In accordance with § 317 (2) sentence 6 *HGB*, the auditing of the Corporate Governance Statement by the auditor pursuant to §§ 289f (2) and (5), 315d *HGB* is limited to determining whether the information has been provided.

Declaration of Compliance

In December 2020, the Executive and Supervisory Boards issued the Declaration of Compliance with the recommendations of the German Corporate Governance Code in the versions dated February 7, 2017, and December 19, 2019, (the Code) in accordance with § 161 *AktG*. Beiersdorf AG fulfills all the recommendations made in the applicable Code with a small number of exceptions, as well as all the suggestions. There are no Code recommendations that were not applied due to over-riding legal stipulations. The 2020 Declaration of Compliance was also made permanently accessible to the public on the company's website at **www.beiersdorf.com/declaration_of_compliance.**

Declaration by the Executive Board and the Supervisory Board of Beiersdorf Aktiengesellschaft on the Recommendations of the "Government Commission on the German Corporate Governance Code" in accordance with § 161 of the *Aktiengesetz* (German Stock Corporation Act, *AktG*)

In fiscal year 2020, Beiersdorf Aktiengesellschaft complied with, and continues to comply with, all recommendations of the "Government Commission on the German Corporate Governance Code" in the versions dated February 7, 2017 ("Code 2017"), and December 16, 2019, ("Code 2019"), respectively, with the following exceptions:

Section 4.2.3 (2) sentence 6 of the Code 2017, Recommendation G.1 of the Code 2019
In accordance with section 4.2.3 (2) sentence 6 of the Code 2017, the amount of remuneration of Executive Board members should be capped, both overall and with respect to the variable remuneration components. In accordance with Recommendation G.1 of the Code 2019 the remuneration system shall, amongst other aspects, define the amount that the total remuneration must not exceed (maximum remuneration).

The remuneration of the Executive Board members was limited in fiscal year 2020 and is at present limited by such a cap in principle. The Enterprise Value Component granted to the members of the Executive Board, alongside the regular, variable remuneration, which is based on voluntary personal investment by the Executive Board members concerned (*Covered Virtual Units*), participates in positive and negative changes in the enterprise value and is currently not capped in respect of increases in value. The Supervisory Board has so far considered it appropriate that members of the Executive Board who contribute their own money – comparable to an investment – should be allowed to participate in positive changes in enterprise value without restriction.

Section 4.2.3 (2) sentence 8 of the Code 2017, Recommendation G.8 of the Code 2019
Section 4.2.3 (2) sentence 8 of the Code 2017, respectively Recommendation G.8 of the Code 2019, states that the performance targets or comparison parameters for variable compensation shall not be subsequently amended.

It is the joint goal of the Company's Executive Board and Supervisory Board to minimize the effects of the ongoing COVID-19 pandemic on the Company as far as possible and to position the Company as effectively as possible for the period after the crisis on a sustained basis. The Executive Board and the Supervisory Board believe that to achieve this it is necessary to particularly concentrate on sustained measures with a medium-term chronological horizon. In view of this, the Supervisory Board has come to the conclusion that it is currently in the interests of the Company and its stakeholders for the short-term performance incentives underlying the variable remuneration for fiscal year 2020 to be reduced. This is because the performance targets previously defined for the short-term variable remuneration for fiscal year 2020 no longer did, respectively do, justice in part to the requirements and circumstances arising from the current extraordinary situation. Therefore, the Company's Supervisory Board decided already on April 29, 2020, to assume 100% achievement of the joint performance targets of the short-term variable remuneration (80% of the annual bonus) for fiscal year 2020. The personal targets of Executive Board members that make up 20% of the annual bonus shall be unaffected by this change and half of which are adjusted to the challenges during and after the COVID-19 pandemic. Furthermore, the Supervisory Board can increase or lower target achievement by up to 20% in each case on the basis of a performance assessment, in particular in respect of the management performance of the Executive Board for the time after the crisis.

Section 4.2.3 (2) sentence 7 of the Code 2017
Section 4.2.3 (2) sentence 7 of the Code 2017 states that the variable remuneration components shall be based on demanding, relevant comparison parameters.

As the Supervisory Board has decided to determine the short-term variable remuneration for the fiscal year 2020 on a partially non-performance-tied basis (see above), there is no longer any link with the corresponding comparison parameters.

Section G.1 of the Code 2019
Section G.I of the Code 2019 includes a number of new recommendations regarding the remuneration of the Executive Board. The current Executive Board remuneration system, which was most recently approved by the Annual General Meeting on April 27, 2017, did not, respectively currently does not, fully comply with the respective recommendations in fiscal year 2020. In response to the statutory amendments under the Act to Transpose the Second EU Shareholder Rights Directive (SRD II), the revised version of the German Corporate Governance Code and further factors in the Company's interests, the Supervisory Board will revise and enhance the remuneration system for the Executive Board members within the applicable statutory transitory period and will submit it to the Annual General Meeting in 2021 for approval. The Supervisory Board intends to incorporate the above-mentioned recommendations of the Code 2019 in the future remuneration system.

Recommendation G.10 of the Code 2019
In accordance with Recommendation G.10 of the Code 2019, the Executive Board members' variable remuneration shall be predominantly invested in company shares by the respective Executive Board member or shall be granted predominantly as share-based remuneration, taking the respective tax burden into consideration. Granted long-term variable remuneration components shall be accessible to Executive Board members only after a period of four years.

Notwithstanding the adjustment outlined above to the Executive Board remuneration system, there will continue to be a departure from this recommendation in the future in that the variable remuneration for the Executive Board, comprising an annual variable bonus on the one hand and a long-term enterprise value component on the other, will not be invested in shares or share-based instruments but will continue to be paid out solely in cash after the expiry of the applicable bonus period. In this regard, the Supervisory Board believes that, taking due account of the interests of the customers, employees, business partners, shareholders and other stakeholders, the present and future remuneration system and the financial and non-financial performance criteria underlying the variable remuneration offer sufficient incentive for sustainable and value-oriented development of the Company notwithstanding the absence of any share-based component. At the same time, the remuneration system generates incentive for the Executive Board to pursue and achieve the goals defined in the Company's corporate strategy.

In addition, the long-term variable remuneration components are in principle accessible to Executive Board members only after a period of four years. In individual cases, the long-term variable remuneration within the enterprise value component granted by a possible increase of *virtual units* during the period of appointment or granted in the form of annually allocated *covered virtual units* may be accessible prior to the expiry of the four-year period. This applies to those additional virtual units or covered virtual units that are only granted, respectively allocated, in the final three years before the expiry of the bonus period for the enterprise value component.

Hamburg, December 2020
For the Supervisory Board

Prof. Dr. Reinhard Pöllath
Chairman of the Supervisory Board

For the Executive Board

Stefan De Loecker
Chairman of the Executive Board

Dessi Temperley
Member of the Executive Board

Corporate Governance Practices

Beiersdorf AG and the Group (Consumer and tesa Business Segments) pursue the following key corporate governance practices:

Corporate Governance

Good corporate management and supervision (corporate governance) has always been a high priority at Beiersdorf. Close, efficient cooperation between the Executive and Supervisory Boards, respect for the interests of shareholders, employees, and other stakeholders, open corporate communication, proper accounting and auditing, compliance with statutory provisions and corporate guidelines, and responsible risk management are the basis of the company's success in this area. Beiersdorf is also aware of its social and environmental responsibility and ensures that its business strategy, sustainability agenda, and operational decisions take this into account.

The German Corporate Governance Code (the Code) ensures transparency with respect to the legal framework for corporate management and supervision and contains accepted standards for good, responsible, and sustainable corporate management. The Code and its amendments/redrafting did not require any fundamental changes at Beiersdorf. We understand corporate governance as an ongoing process and we will continuously and carefully develop this understanding, above and beyond the Code as well.

Compliance

For Beiersdorf AG and the Beiersdorf Group (including tesa), compliance with the law and internal guidelines is an essential prerequisite for successful and sustainable business. The Executive Boards of Beiersdorf AG and tesa SE have issued Compliance Principles, which can be found at **www.beiersdorf.com/investors/corporate-governance/compliance-principles** and **www.tesa.com/about-tesa/responsibility/strategy-management.** Based on our compliance risk analyses, extensive antitrust, anti-corruption, data-protection, and capital market law compliance programs have been implemented among other measures in order to safeguard compliance. Numerous internal guidelines and processes for preventing legal violations in these areas in particular have been issued. Employees and managers receive awareness-raising information and support on these topics through regular training and a wide variety of advisory offerings.

Indications of potential compliance violations are followed up consistently. Appropriate measures are taken to prevent and sanction wrongdoing, taking into account the principle of proportionality. In order to gather information about potential compliance violations, Beiersdorf provides employees with a number of reporting channels. In most countries, these also include a whistleblowing platform for the Consumer Business Segment, which is operated by an independent provider. For the same purpose, tesa has put in place the possibility of internal and external reporting through an ombudsperson. The Compliance functions at Beiersdorf and tesa use a range of tools – not least Group-wide reporting – to support the Executive Board and managers in the continuous control, monitoring, and development of the compliance management system and safeguarding of general compliance.

Further, more detailed information on the compliance management: system can be found in this Annual Report in the Non-financial Statement of the Beiersdorf Group (Consumer and tesa Business Segments) and Beiersdorf AG in accordance with §§ 289b (3) *HGB* in conjunction with 315b (1) and (3) *HGB* (CSR report).

Code of Conduct

The success of Beiersdorf AG and the Beiersdorf Group (including tesa) is based on the trust placed in us by consumers, customers, investors, and employees. That is why high standards are set when it comes to responsibility – both for the company and for each individual. Beiersdorf's Codes of Conduct lay down these standards in a binding set of guidelines that are to be used worldwide. The objectives are to help employees implement the key principles and values of our company in their everyday working life and to show them how to handle potential issues or difficult situations that affect our business practices or our dealings with each other.

The Beiersdorf and tesa Codes of Conduct are available online at **www.beiersdorf.com/investors/corporate-governance/code-of-conduct** and **www.tesa.com/about-tesa/responsibility/strategy-management.**

Sustainability

Sustainable corporate governance involves minimizing social and environmental risks and leveraging new market opportunities in such a way that value is generated for the company and negative social and environmental impacts avoided. Beiersdorf was early to recognize the importance of responsible action and has continuously worked to improve its sustainability and corporate social responsibility (CSR).

Sustainability is today a core component of Beiersdorf's C.A.R.E.+ business strategy. Our "Care Beyond Skin" sustainability agenda, which we launched for the Consumer Business Segment in 2020, is based on the United Nations Sustainable Development Goals (SDGs) and is divided into three dimensions: Environment, Society, and Consumer. In fiscal year 2020, we set ourselves ambitious targets on climate protection, plastic packaging, and synthetic polymers, which we aim to achieve by 2025. The first year has seen us achieve considerable progress and make products and processes more sustainable. We have also succeeded in getting our employees actively involved and in doing more for society – especially in terms of tackling the impacts of the COVID-19 pandemic.

The tesa Business Segment developed a new sustainability agenda in 2020, making sustainability an even more integral part of its business strategy. The overall focus of this was largely aligned with the Consumer Business Segment's strategy, while individual action areas were formulated in accordance with the specific requirements of tesa's business. In 2020, tesa used targeted measures to reduce energy-related CO_2 emissions. It invested in the professional and personal development and in the health and safety of its employees, made manufacturing processes and product ranges more sustainable, and made a positive contribution to society with its social engagement – including with a special focus on combating the COVID-19 pandemic.

For the first time, the tesa and Consumer Business Segments both committed to a joint climate ambition. This is in line with the reduction targets designed by climate scientists in order to limit global warming to 1.5 degrees Celsius and has been approved by the Science Based Targets Initiative.

Since the entry into force of the *CSR-Richtlinie-Umsetzungsgesetz* (CSR Directive Implementation Act, *CSR-RUG*), we have been required to supplement our existing financial reporting with information on key non-financial aspects of our business activities in relation to environmental, employment, and social issues, respect for human rights, and combating corruption. This information can be found in this Annual Report in the combined Non-financial Statement of the Beiersdorf Group (Consumer and tesa Business Segments) and Beiersdorf AG in accordance with §§ 289b (3) *HGB* in conjunction with 315b (1) and (3) *HGB* (CSR report).

Human Resources Policies

Beiersdorf's success hinges to a large extent on the hard work, skills, and commitment of its employees. More than 19,000 people all around the world contribute to this success every day by putting their specialist expertise, commitment, and ideas into practice in their field. In doing so, they act as an important stimulus for improvements and innovations.

At Beiersdorf, viable and robust human resources work with a long-term focus is based on both the C.A.R.E.+ strategy, which highlights people as a critical factor for ensuring the sustained success of the company, and on our Core Values. All of Beiersdorf's human resources decisions are guided by the Core Values, which are shared by all employees across hierarchies, functions, and countries.

In this context, Beiersdorf aims to promote a working environment where employees can be deployed and continually developed to make the best possible use of their skills and potential. Beiersdorf expects managers to motivate their employees to achieve top performances. Instilling excellent leadership skills in the management team is key to this. This encourages employee commitment and helps Beiersdorf establish itself as one of the most attractive employers in the consumer goods industry.

tesa is an expert for adhesive technology, offering its customers innovative solutions and outstanding service. The company's success is materially attributable to the skills of its employees and their willingness to continuously develop them further. Qualified employees who contribute actively to helping us extend our position as one of the leading companies in adhesive technology are the key to the successful implementation of our business strategy. This is why our human resources strategy is oriented toward winning and retaining well-trained, committed employees for our company and continually increasing our great attractiveness as an employer through appropriate measures. Beyond this, it is tesa's express aim to promote a corporate culture that strengthens performance, teamwork, cross-functional cooperation, and internationalization.

More detailed information can be found in the "People at Beiersdorf" section of this Annual Report.

Risk Management

Risk management at Beiersdorf AG and the Beiersdorf Group is an integral part of central and local planning, management, and control processes, and conforms to consistent standards across the Group. Our open communications policy, the risk inventory carried out at regular intervals, and the planning and management system ensure that our risk situation is presented transparently.

Further information can be found in the "Risk Report" section of this Annual Report and in the Annual Report of tesa SE.

Corporate Boards

Beiersdorf AG is governed by German stock corporation, capital market, and codetermination law, among other things, as well as by its Articles of Association. The company has a dual management and supervisory structure consisting of the Executive Board and the Supervisory Board, as is customary in Germany. The Annual General Meeting of the shareholders is responsible for taking fundamental decisions for the company. These three bodies are all dedicated in equal measure to the good of the company and the interests of the shareholders.

1. Supervisory Board – Composition and Working Practices

Beiersdorf AG's Supervisory Board consists of 12 members. Half of these are elected by the Annual General Meeting in accordance with the *Aktiengesetz* (German Stock Corporation Act, *AktG*) and half by the employees in accordance with the *Mitbestimmungsgesetz* (German Codetermination Act, *MitbestG*); all members are elected for a maximum period of five years. The most recent regular election took place in fiscal year 2019. The regular term of office of all current Supervisory Board members will expire at the end of the Annual General Meeting resolving on the approval of their activities for fiscal year 2023. In the election of shareholder representatives at the Annual General Meeting in April 2019, and in the supplementary elections at the Annual General Meeting in April 2020, Supervisory Board members were elected on an individual basis. No former Executive Board members of Beiersdorf AG currently serve as Supervisory Board members.

The Supervisory Board appoints, advises, and supervises the Executive Board as laid down by the law, the Articles of Association, and the bylaws. The Supervisory Board and Executive Board work closely together for the good of the company and to achieve sustainable added value. In accordance with the bylaws for the Executive Board, certain decisions of fundamental importance are subject to Supervisory Board approval. The bylaws for the Supervisory Board are available on the company's website at **www.beiersdorf.com/bylaws_supervisory_board.**

The Supervisory Board regularly makes decisions at its meetings on the basis of detailed documents. The Supervisory Board members may also participate in the meetings via conference calls or video conferencing; despite the increase in virtual meetings during the COVID-19 pandemic, however, this is not the norm. The Supervisory Board also meets regularly without the Executive Board to discuss Executive Board and Supervisory Board matters along with strategy, planning, and business performance. Meetings are regularly discussed in advance; partially by the employee and shareholder representatives separately. The Supervisory Board is informed in a regular, timely, and comprehensive manner about all relevant matters. In addition, the Chairman of the Executive Board informs the Chairman of the Supervisory Board regularly and in a timely manner (including between meetings) about important transactions, and liaises with him on important decisions. The bylaws provide rules to ensure the supply of high-quality information from the Executive Board. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board, chairs its meetings, and represents the interests of the Supervisory Board externally. The Chairman is in principle also willing to discuss Supervisory Board-related topics with investors.

The Supervisory Board regularly evaluates, including with the help of an external consultant, how effectively the Board and its committees are performing their tasks and decides on measures to improve this performance (efficiency audit and self-assessment). The Supervisory Board recently conducted an efficiency audit with the support of an external consultant. This was completed in mid-2020. An evaluation of responses from the Supervisory Board, Executive Board, and Executive Committee, concerning the work of the full Board and committees and the cooperation between the Supervisory Board and Executive Board, was initially presented and discussed in December 2019. This included a comparison with other companies. Further outcomes, particularly from interviews and feedback meetings between the consultant and everyone involved, were the topic of interim discussions and the Supervisory Board meetings in August and September 2020. The members intensively discussed the main issues concerning, in particular, cooperation within the Supervisory Board and with the Executive Board, the flow of information, and specific practical measures in this context. These measures included stepping up preliminary discussions for Supervisory Board meetings, planning meeting agendas and timings, enhancing the format of reports submitted to the Supervisory Board, and reinforcing particularly important topics for the Supervisory Board's work, such as strategy, innovation, and digitalization.

The members of the Supervisory Board ensure that they have sufficient time at their disposal to fulfill their duties and are personally responsible for ensuring they receive the necessary training and further education. The company provides them with appropriate support, such as in the form of internal training events on topics relevant to Supervisory Board work and information on changes in legislation and other developments. There is also a thorough onboarding of new members of the Supervisory Board.

The company's D&O insurance policy also covers the members of the Supervisory Board. The deductible amounts to 10% of any damage incurred, up to one-and-a-half times the fixed annual remuneration of the Supervisory Board member.

a) Composition, Profile of Skills and Expertise, Diversity Concept, and Implementation Status

In December 2018 and more recently as part of the efficiency audit, the Supervisory Board again discussed the concrete company-specific objectives and the profile of skills and expertise for its composition. These objectives reflect the company's international activities, potential conflicts of interest, the number of independent Supervisory Board members, regular limits on age and length of membership for Supervisory Board members, and diversity – especially an appropriate degree of female representation. According to its profile of skills and expertise the Supervisory Board members must collectively possess the knowledge, skills, and professional experience required to properly perform the Board's duties. The objectives and profile of skills and expertise form part of the diversity policy for the composition of the Supervisory Board. They apply until the end of 2021 and will be taken into account in future proposals for election as they have been in the past.

International Focus

All members of the Supervisory Board must be open to the company's international orientation. At least three members should embody this in concrete terms and should therefore have particular international experience due to their activities abroad or their background, for example. At least two members with international experience should be shareholder representatives.

Gender Diversity

The Supervisory Board's goal is to further strengthen the number and position of women on the Supervisory Board and to achieve a target of at least four female members. At least two women should be shareholder representatives. As a listed company subject to codetermination on a basis of parity, the Supervisory Board needs to be comprised of at least 30% women and 30% men under § 96 (2) *AktG*.

Regular Limits on Age and Length of Membership

According to the Supervisory Board bylaws, members should normally retire at the Annual General Meeting following their 72nd birthday, and at the latest after a term of office of 20 years. The goal for the Supervisory Board's composition is that different age groups are adequately represented. The term of office of each Supervisory Board member is disclosed on the company's website at **www.beiersdorf.com/boards.**

Independent Focus

The Supervisory Board should include what it considers to be an appropriate number of independent members; it should take into account the ownership structure. A Supervisory Board member is not considered to be independent in particular if he or she or a close family member has personal or business relations with the company, its Executive Board, a controlling shareholder, or an enterprise associated with the latter which may cause a material and not merely temporary conflict of interests. In addition, in line with the recommendations of the currently applicable version of the Code, the assessment of the shareholder representatives' independence from the company and Executive Board particularly takes into account whether the member themselves or a close relative has served as an Executive Board member at Beiersdorf AG in the two years preceding appointment to the Supervisory Board. It further considers whether they have a material business relationship with the company or a dependent company – either directly, or as a shareholder, or in a position of responsibility at a non-Group company – or has had such a relationship in the year preceding the member's appointment. It also takes into account whether the member has a close relative on the Executive Board or has been a Supervisory Board member for more than 12 years.

The Supervisory Board considers it to be adequate if at least eight of its members in total are independent. In this context, it assumes that the employee representatives are to be considered independent within the meaning of its own target. In light of the recommendations of the new Code in the version dated December 16, 2019, which are limited to the independence of the shareholder representatives, the Supervisory Board considers it to be adequate in the context of § 17 (1) *AktG* if at least two of its shareholder representatives are independent.

Potential Conflicts of Interest

The Supervisory Board's objective with respect to independence also takes potential conflicts of interest on the part of its members into account. All members of the Supervisory Board must inform the Supervisory Board, by way of communication addressed to the Chairman of the Supervisory Board, of any conflicts of interest, in particular those relating to a consulting function or directorship with clients, suppliers, lenders, or competitors of the company. Members of the Supervisory Board must resign their office if faced with material and not merely temporary conflicts of interest. Where involvement of the Supervisory Board is not already required by statutory law, material transactions between the Group and members of the Supervisory Board and their related parties require the approval of the Supervisory Board and must comply with the standards customary in the sector.

Profile of Skills and Expertise

The Supervisory Board ensures that its members collectively have the knowledge, skills, and professional experience needed to properly perform their duties. In addition to the concrete objectives for its composition, the Supervisory Board has prepared a profile of skills and expertise setting out the particular personal and professional skills and expertise required. In terms of their expertise, the members must collectively be familiar with the sector in which the company operates; in addition, at least one member must have expertise and experience in each of the following areas: accounting and finance; consumer goods, retail and sales channels; international markets (including emerging markets); beauty and body care; brand development and management; personnel development and support; corporate organization; corporate governance and supervisory law; risk management, internal control systems, compliance, and auditing; innovation management and research and development; digital, data management, and information technology; sustainability and corporate social responsibility. The Supervisory Board's aim is that all these areas of expertise should be represented among its members in as balanced a way as possible and complement one another. In addition to this, every Supervisory Board member should meet the necessary general and personal requirements for fulfilling their duties in terms of education, international professional orientation, international diversity, seniority, reliability, diligence, and availability to the required and appropriate extent.

Diversity Officers

Two Supervisory Board members have been appointed as diversity officers in order to develop the targets further and promote diversity on the Supervisory Board: Martin Hansson and Prof. Manuela Rousseau. Their role is to support the Supervisory Board at every intended election of a shareholder representative to the Supervisory Board, or of a committee member, and to issue a statement together with the Chairman of the Supervisory Board regarding the proposals for election made by the Nomination Committee responsible for this, after consultation with the remaining members of the Supervisory Board. They also support the company's HR work on diversity issues, which includes working with the Personnel Committee.

Implementation Status of Targets and the Profile of Skills and Expertise

In addition to a balanced mix of professional skills within the Supervisory Board as a whole, diversity is an important criterion for the selection of Supervisory Board and committee members in the company's best interests. There are currently five female Supervisory Board members in total: Prof. Manuela Rousseau, Regina Schillings, and Kirstin Weiland as employee representatives, and Hong Chow and Dr. Dr. Christine Martel as shareholder representatives. The statutory gender quota for the Supervisory Board's composition has therefore been fulfilled. The Supervisory Board as a whole consists of 42% women and 58% men. Of the employee representatives, 50% are women and 50% are men. Of the shareholder representatives, 33% are women and 67% are men. In addition to their particular professional skills, all the shareholder representative members embody the idea of international orientation by virtue of their background or extensive international experience. Three-quarters of the members of the Supervisory Board are independent, and at least two of the shareholder representatives. The Supervisory Board assumes, as a highly precautionary measure, that a Supervisory Board member with relationships to the controlling shareholder should not be regarded as independent. Notwithstanding this, the Supervisory Board believes that relationships to the controlling shareholder do not in themselves pose the risk of a material and permanent conflict of interest; rather, it assumes that the company's interests will largely coincide with those of its majority shareholder given that their business activities do not overlap. Among the shareholder representatives, at least the following active members are independent from the controlling shareholder: Hong Chow and the Chairwoman of the Audit Committee, Dr. Dr. Christine Martel. Recommendation C.9 sentence 1 of the Code, under which a Supervisory Board consisting of more than six members should have at least two shareholder representatives who are independent of the controlling shareholder, is therefore complied with. Moreover, the Supervisory Board believes that all shareholder representatives are independent of the company and Executive Board. This also applies to the Chairman of the Supervisory Board and Presiding Committee, Prof. Reinhard Pöllath, despite the fact that he has served on the Supervisory Board for more than 12 years. The Supervisory Board believes that the long-standing experience and knowledge gained by the Chairman of the Supervisory Board at Beiersdorf and a series of other companies are conducive to the goals of advising and supervising the Executive Board and coordinating the Supervisory Board's work in a lasting and objective manner. Moreover, given his length of service, there are no circumstances in his specific case that might cause a material and not merely temporary conflict of interests.

The Chairman of the Supervisory Board has exceeded the regular age limit of 72 set out in the bylaws of the Supervisory Board. One Supervisory Board member, Prof. Manuela Rousseau, has exceeded the regular term of office. Given their knowledge and experience, the Supervisory Board has decided to make a reasonable exception for these members from the regular limits on age and length of membership. The regular limits on age and length of membership and the rules governing potential conflicts of interest were otherwise complied with. All members of the Supervisory Board also fulfill the necessary personal competence requirements for their tasks. Moreover, the Supervisory Board members are collectively familiar with the sector in which the company operates. In addition, the fields of required expertise are each represented by at least one member.

b) Committees

The work of the Supervisory Board is performed at, and outside of, the meetings of the full Board as well as in the committees. The committee chairs each regularly report to the full Supervisory Board on the work of their committee at the subsequent Supervisory Board meeting. The Supervisory Board has formed six committees:

Presiding Committee

The Presiding Committee is composed of the Chairman of the Supervisory Board, two additional shareholder representatives, and one employee representative. The Committee prepares meetings and human resources decisions and decides – subject to the resolution of the full Board specifying the total remuneration – in place of the full Board on the contracts of service and pension agreements for members of the Executive Board and on other issues involving the Executive Board. Finally, it can make decisions on transactions requiring Supervisory Board approval in those cases in which the Supervisory Board cannot pass a resolution in time. The members of the Presiding Committee are as follows: Prof. Dr. Reinhard Pöllath (Chairman), Martin Hansson, Michael Herz (until April 29, 2020), Wolfgang Herz (since April 29, 2020), and Prof. Manuela Rousseau.

Audit Committee
The Audit Committee is composed of the Chairman of the Supervisory Board, two shareholder representatives, and two employee representatives. At least one member of the Audit Committee is an independent member of the Supervisory Board who has special expertise and experience in accounting, internal control mechanisms, and auditing. This requirement is met in particular by the Chair of the Audit Committee, Dr. Dr. Christine Martel. The Audit Committee prepares decisions of the Supervisory Board, in particular on the annual and consolidated financial statements (including CSR reporting), the proposal to the Annual General Meeting on the election of the auditors, and the agreement with the auditors (issuing the audit engagement, stipulating the areas of emphasis of the audit, and agreeing on the fee) and provides corresponding recommendations to the Supervisory Board. Regular discussions with the auditors additionally take place outside the meetings on relevant topics. The Audit Committee also monitors the auditor's independence, looks at the additional services that the auditor provides in accordance with the guidelines set by the committee for approving non-audit services, and regularly evaluates the quality of the audit. It advises and supervises the Executive Board on questions relating to accounting and the effectiveness of the internal control system, the risk management system, and the internal audit system. In addition, it discusses the half-year reports and quarterly statements with the Executive Board before their publication. The members of the Audit Committee are as follows: Dr. Dr. Christine Martel (Chairwoman), Reiner Hansert, Martin Hansson, Frédéric Pflanz (since December 1, 2020), Prof. Dr. Reinhard Pöllath (until December 1, 2020), and Regina Schillings.

Finance Committee
The Finance Committee is composed of the Chairman of the Supervisory Board, two shareholder representatives, and two employee representatives. It monitors corporate policy in the areas of finance, financial control, tax, and insurance. It decides in place of the Supervisory Board on approval for raising and granting loans, on the assumption of liability for third-party liabilities, and on investment transactions. In addition, the Finance Committee advises and supervises the Executive Board on compliance and on all items assigned to it by the full Board in general or in individual cases. The members of the Finance Committee are as follows: Martin Hansson (Chairman until December 1, 2020, regular member since December 1, 2020), Frédéric Pflanz (Chairman since December 1, 2020), Reiner Hansert, Dr. Dr. Christine Martel, Prof. Dr. Reinhard Pöllath (until December 1, 2020), and Regina Schillings.

Personnel Committee
The Personnel Committee comprises a total of six members representing shareholders and employees. It regularly discusses long-term succession planning for the Executive Board (including the remuneration structure) and addresses the diversity policy for the Executive Board's composition along with the manner of its implementation. It also proposes a target for the proportion of women on the Executive Board as well as a deadline for achieving this. The members of the Personnel Committee are as follows: Martin Hansson (Chairman), Hong Chow, Reiner Hansert, Olaf Papier, Prof. Dr. Reinhard Pöllath, and Kirstin Weiland.

Mediation Committee
The Mediation Committee required under codetermination law consists of the Chairman of the Supervisory Board and the Deputy Chairman, as well as one member elected from among the employee representatives and one member elected from among the shareholder representatives. It makes proposals on the appointment of Executive Board members if the requisite two-thirds majority is not reached during the first ballot. The Mediation Committee has not met for several terms of office. The members of the Mediation Committee are as follows: Prof. Dr. Reinhard Pöllath (Chairman), Martin Hansson, Olaf Papier, and Prof. Manuela Rousseau.

Nomination Committee
The Nomination Committee is composed of the Chairman of the Supervisory Board and three additional shareholder representatives. It suggests, after extensive preparatory work and detailed discussion, candidates to the Supervisory Board for proposal for election to the Annual General Meeting. The members of the Nomination Committee are as follows: Prof. Dr. Reinhard Pöllath (Chairman), Hong Chow, Martin Hansson, and Dr. Dr. Christine Martel.

The composition of the Supervisory Board and its committees can be found on our website at **www.beiersdorf.com/boards** and in the "Beiersdorf AG Boards" chapter of this report. Up-to-date résumés of the Supervisory Board members can also be found at the web address above.

2. Executive Board – Composition and Working Practices

The Executive Board manages the company on its own responsibility and conducts the company's business. It is obliged to act in the company's best interests and is committed to increasing its sustainable enterprise value. It performs its management duties as a collegiate body with collective responsibility.

The members of the Executive Board are appointed by the Supervisory Board. As a rule, Executive Board members are initially appointed for a maximum of three years. The duties of the Executive Board are broken down by functions and regions. The schedule of responsibilities constitutes part of the bylaws for the Executive Board.

The Executive Board develops the corporate goals and the Group's strategy, agrees them with the Supervisory Board, ensures their implementation, and regularly discusses their implementation status with the Supervisory Board. It is responsible for managing and monitoring the Group, for corporate planning including annual and multi-year planning, and for preparing the quarterly statements, the half-year reports, and the annual and consolidated financial statements. It is also responsible for Group financing. In addition, the Executive Board is responsible for ensuring adequate risk management and risk control, and for ensuring that all statutory provisions and internal corporate guidelines are observed, and works to ensure that Group companies abide by them (compliance), including through an appropriate compliance management system tailored to the risk situation, the principles of which are disclosed in the Non-financial Statement in this Annual Report. The Executive Board provides the Supervisory Board with regular, timely, and comprehensive reports on all questions that are of relevance for the company, including explanations for discrepancies between the actual course of business and the planning and targets. Certain Executive Board measures and transactions that are of particular significance for the company require the approval of the Supervisory Board or its committees.

The Executive Board passes resolutions in regular meetings that are chaired by the Chairman of the Executive Board. The members of the Executive Board work together in a collegial manner and inform one another on an ongoing basis about important measures and events in their areas of responsibility.

Executive Board members disclose potential conflicts of interest to the Supervisory Board without delay and inform their colleagues on the Executive Board. Where involvement of the Supervisory Board is not already required by statutory law, material transactions between the Group and members of the Executive Board and their related parties require the approval of the Supervisory Board and must comply with the standards customary in the sector. Sideline activities also require the approval of the Supervisory Board.

The company has taken out a D&O insurance policy for the members of the Executive Board that provides for a deductible in the amount of 10% of any damage incurred, up to one-and-a-half times the fixed annual remuneration of the Executive Board member concerned.

Diversity concept and succession planning, targets for the proportion of women on the Executive Board and at senior management levels
The Supervisory Board has discussed the diversity of the Executive Board in detail in recent years, both in a general sense and in specific cases. In accordance with § 111 (5) *AktG*; the supervisory Board set a target of 10% for the proportion of women on the Executive Board, to be achieved by no later than June 30, 2022. The target was achieved in July 2018. The proportion of women on the Executive Board has been 25% since the appointment of Astrid Herrmann effective January 1, 2021. Following the end of Dessi Temperley's term of office on June 30, 2021, the proportion of women will be 14.3%.

The Supervisory Board continues to seek appropriate representation of women on the Executive Board in the course of any membership changes. It is planned to support this aim using various measures, and especially through clearly communicating a commitment to promoting women in leadership positions, providing systematic personal development measures for women in management (e.g. training courses, coaching, mentoring), changing recruitment and appointment processes, and establishing and promoting networking opportunities for women. Additionally, two Supervisory Board members have been appointed as diversity officers in order to advance and promote diversity on the Executive Board (Martin Hansson and Prof. Manuela Rousseau). Before the appointment of an Executive Board member, the diversity officers give their view together with the Chairman of the Supervisory Board after consulting the remaining Supervisory Board members. A Personnel Committee has also been established. Among other things, this committee works on the diversity policy for the Executive Board, including the manner of its implementation.

Another aspect of the diversity policy is that the Executive Board members should collectively have extensive relevant international experience from their years of working abroad or their special expertise in Beiersdorf's key international markets. The bylaws for the Executive Board stipulate that the members of the Executive Board should not normally be aged more than 63 years. All incumbent members of the Executive Board met these criteria in 2020. The full Supervisory Board and/or the Personnel Committee will consider further diversity-related criteria for the composition of the Executive Board if it regards them as appropriate and expedient.

The Supervisory and Executive Boards together ensure long-term succession planning. The Personnel Committee in particular discusses succession planning (including the remuneration structure) on a regular basis, taking into account the company's management planning. In 2020, the Executive Board and Personnel Committee worked, among other things, on enhancing the Group-wide planning process for the early identification and promotion of potential candidates from senior management levels as well as on talent promotion, recruitment processes, and diversity, including gender diversity, and ambitions for 2021. In practice, succession planning works on the basis of a group of potential candidates chosen from the two most senior management levels below the Executive Board by the Executive Board member for Human Resources in consultation with global management teams. In addition, the Diversity & Inclusion Committee, which is made up of the diversity officers from the Supervisory Board, the Chief Human Resources Officer, and other managers from the company, works on the goal of promoting and strengthening a diverse corporate culture, beyond gender diversity and international diversity, using various initiatives and key activities. Succession planning is also incorporated into target-setting for the Executive Board's variable remuneration.

The Executive Board has always taken diversity aspects into consideration when appointing senior executives in the company, particularly with regard to ensuring an appropriate degree of female representation. In accordance with § 76 (4) *AktG*, the Executive Board has set a target of at least 35% (figure as of year-end 2020: 30%; year-end 2019: 31%) for the share of women at Beiersdorf AG's first management level below the Executive Board, and a target of at least 50% (figure as of year-end 2020: 47%; year-end 2019: 48%) for the second management level, both to be achieved by June 30, 2022. These two management levels are determined based on the existing reporting lines at Beiersdorf AG below the Executive Board. With the global goal of a gender balance at management level, the Executive Board's strategy for promoting women at Beiersdorf aims to have a growing number of female candidates for senior management positions and the Executive Board. Lasting measures such as the "enCOURAGE" program are being developed to enhance our female employees' potential and leadership skills, underpinned by active promotion programs. Healthy competition for appointment to the small number of senior management positions will enable us to reach our targets at the two most senior managerial levels.

Above and beyond the statutory requirements that apply to Beiersdorf AG, Beiersdorf has set itself global targets for the share of women internationally in the three highest management groups (MG 1–3) in the Consumer Business Segment. By June 30, 2022, a target of 35% women is to be achieved in MG 1–3. As of the end of fiscal year 2020, the proportion of women was 33% (previous year: 30%).

3. Annual General Meeting

In accordance with the Articles of Association, shareholders exercise their rights both at the Annual General Meeting and outside it. Each share entitles the holder to one vote.

Among other things, the Annual General Meeting passes resolutions on the appropriation of net retained profits, on the formal approval of Executive Board and Supervisory Board members' actions, on the election of the auditors, and on the company's legal basis, especially amendments to the Articles of Association. From fiscal year 2021, the Annual General Meeting will also pass advisory resolutions on the approval of the remuneration system presented by the Supervisory Board for Executive Board members and on the actual remuneration of the Supervisory Board. From 2022, it will pass recommendatory resolutions on the approval of the Remuneration Report for the previous fiscal year. In addition, the Executive Board will convene an extraordinary General Meeting where it considers this appropriate in individual cases, in the event of significant structural changes, or in case of a takeover offer. At this meeting, shareholders can discuss the issue at hand and resolve on measures under company law if appropriate.

The Ordinary Annual General Meeting takes place each year, generally during the first five months of the fiscal year. The notice convening the Annual General Meeting and its agenda are also published on the company's website, together with the reports and documentation required for the Annual General Meeting, including the annual report, and forms for postal voting. It can also be dispatched electronically together with the associated documents with the consent of the individual shareholder. To assist shareholders in personally exercising their rights, the company offers them the services of a voting representative who votes in accordance with their instructions. The invitation explains how shareholders can issue instructions for exercising their voting rights. In addition, shareholders are free to appoint a proxy holder of their choice as their representative at the Annual General Meeting. It is also possible to submit postal votes, and to issue, change, and revoke proxy instructions to the voting representative appointed by the company via the internet before and during the Annual General Meeting. In addition, all shareholders can follow the full Annual General Meeting online.

Against the backdrop of the global coronavirus pandemic, the 2020 Annual General Meeting was held as a virtual meeting without the physical presence of the shareholders or their proxyholders. Due to the ongoing infection levels, the 2021 Annual General Meeting will also be held as a virtual Annual General Meeting. We plan to further improve shareholders' ability to exercise their rights virtually.

Directors' Dealings

In accordance with Article 19 (1) of the Market Abuse Regulation, the members of the Executive Board and the Supervisory Board are required to notify transactions involving shares in Beiersdorf AG or financial instruments linked thereto (directors' dealings) to the company and the *Bundesanstalt für Finanzdienstleistungsaufsicht* (Federal Financial Supervisory Authority, *BaFin*) promptly and no later than three business days after the date of transaction. This also applies to related parties of such persons.

The notifications received by Beiersdorf AG are published and are available on the company's website at **www.beiersdorf.com/directors_dealings.**

Further Information on Corporate Governance

Detailed information on the work of the Supervisory Board and its committees, as well as on the cooperation between the Supervisory Board and the Executive Board, can be found in the "Report by the Supervisory Board" chapter of this report. Further information on Executive Board and Supervisory Board remuneration can be found in the "Remuneration Report" section of the Combined Management Report.

The consolidated financial statements and half-year reports are prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU. The annual financial statements of Beiersdorf AG are prepared in accordance with the *Handelsgesetzbuch* (German Commercial Code, *HGB*). The Annual General Meeting on April 29, 2020, elected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, as the auditors for Beiersdorf AG and the Beiersdorf Group for fiscal year 2020 and as the auditors for the review of the half-year report 2020. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft has been auditing the annual and consolidated financial statements of Beiersdorf AG since the 2006 fiscal year. Marc Jeschonneck has been the responsible auditor since fiscal year 2020.

Current developments and key company information are published on our website, **www.beiersdorf.com,** as soon as possible. As well as detailed disclosures on corporate governance at Beiersdorf, the website features additional information on the Executive Board, the Supervisory Board, and the Annual General Meeting, the company's reports (annual reports, including combined management reports and Non-financial Statements, respectively Reports, annual financial statements, half-year reports, and quarterly statements), a financial calendar with all key events and publications, ad-hoc disclosures, directors' dealings, and publication of voting right notifications.

This Corporate Governance Statement is a non-audited component of the Combined Management Report. It is also published at **www.beiersdorf.com/corporate_governance_statement,** where it will be accessible for at least five years.

Hamburg, February 2021
Beiersdorf Aktiengesellschaft

The Supervisory Board | The Executive Board

Remuneration Report

The remuneration report explains the structure and amount of the remuneration paid to the members of the Executive Board and the Supervisory Board. It takes into account the legal requirements and the recommendations of the German Corporate Governance Code in the version dated February 7, 2017 and the version dated December 16, 2019 (the Code) applicable to fiscal year 2020. It is a component of the annual and consolidated financial statements as well as the combined management report for Beiersdorf AG and the Group.

1. Remuneration of the Executive Board

The current remuneration system for Executive Board members was last approved by the Annual General Meeting on April 20, 2017. The Supervisory Board enhanced the remuneration system again in 2020, assisted by its Presiding Committee and Personnel Committee as well as independent compensation consultants from outside the Group. This was partly in light of the provisions of the *Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie* (German Act on the Implementation of the Shareholders' Rights Directive, *ARUG II*) and the recommendations and suggestions of the new Code in the version dated December 16, 2019. The enhanced remuneration system is to be presented to the Annual General Meeting for voting on April 1, 2021. Remuneration under this new system will be reported on beginning from the 2021 Annual Report in line with § 162 (as amended) of the *Aktiengesetz* (German Stock Corporation Act, AktG).

The Supervisory Board addressed the structure and appropriateness of Executive Board remuneration, as well as individual remuneration questions, on January 31, February 25, April 29, September 1, October 23, and December 1, 2020. On January 29, 2021, the Supervisory Board determined the remuneration of the Executive Board for fiscal year 2020. Remuneration decisions were prepared by the Presiding Committee.

Overview

The remuneration system for the Executive Board takes into account the tasks and performance of the individual members of the Executive Board and the Executive Board as a whole, the company's economic and financial situation, its performance and outlook, as well as its relevant peer group under stock corporation law and the Code. It collectively makes a major contribution to advancing and implementing the company's strategy by creating incentives for sustainable, value-oriented enterprise performance and taking into account the interests of shareholders, consumers, employees, business partners, and other stakeholders in an appropriate manner. Among other things, the design of the remuneration system incentivizes Executive Board members to pursue and achieve the five priorities of the C.A.R.E.+ strategy, thereby ensuring competitive growth and a sustainable long-term increase in enterprise value. This is achieved particularly through the setting of strategically relevant performance criteria for the short term variable remuneration, relating to themes such as digitalization, strengthening emerging markets, diversity, and sustainability.

The remuneration of the Executive Board in 2020 continued to comprise essentially four components:

- a fixed basic remuneration component,
- customary ancillary benefits,
- a short-term Variable Bonus with annual targets, and
- a long-term bonus based on enterprise value performance (Enterprise Value Component/LTP).

Fixed basic remuneration (including regular ancillary benefits) makes up around 33% of target total remuneration, the Variable Bonus around 22%, and the LTP around 45%. The ratio of the short-term Variable Bonus to the long-term LTP is around 1:2 (this does not include any additional ancillary benefits and bonuses that may be awarded to Executive Board members with areas of responsibility for a region or a business unit). The predominant multi-year element of variable remuneration consists of the LTP (see section c) below). The proportion of remuneration that relates to the achievement of long-term targets therefore exceeds that relating to short-term targets.

Remuneration of the Executive Board in 2020 in More Detail

a) Fixed remuneration and ancillary benefits

The fixed annual remuneration is paid in 12 equal installments. It is generally reviewed for appropriateness from time to time. Each Executive Board member receives customary non-cash remuneration components and other ancillary benefits. These include, in particular, the provision of a company car, insurance in line with standard market terms (including accident insurance along with any taxes assumed on these items), and the reimbursement of relocation expenses incurred in connection with the member's professional duties as well as school fees. Executive Board members living and working outside Germany also receive additional ancillary benefits and allowances in connection with their posting, including an allowance to cover the cost of accommodation in their place of residence.

b) Variable Bonus

The members of the Executive Board generally receive a Variable Bonus that is based on the performance of the Consumer Business Segment. This is paid in full after the Annual General Meeting of the year following that in which it is granted. As specified by the Supervisory Board, 20% of the Variable Bonus is determined by sales growth (sales component), 30% by market share (market share component), 30% by the goals of the C.A.R.E.+ strategy (strategic component), and 20% by the achievement of personal goals by Executive Board members (personal component). The size of the sales component is calculated based on sales growth in the Consumer Business Segment. The Supervisory Board adjusts the calculation for influences resulting from currency effects and M&A. The market share component is determined by the increase in market share in the Consumer categories, with focus on skin care, in the countries with the highest sales. The strategic component is based on certain initiatives to promote and strengthen diversity (international and gender diversity), digitalization and sustainability with each of them accounting for 10%. The personal component is determined by personal goals for each Executive Board member based on their functional and/ or regional responsibilities. Depending on the responsibility of the Executive

Board member concerned, the performance criteria for the personal goals include succession planning, the development of general expenses, and the growth of market share in individual regions and business areas.

Following due assessment of the circumstances, the Supervisory Board lays down percentages for target achievement for each of the components, with intermediate figures being interpolated on a straight-line basis. The individual components lapse if goal achievement is less than 70%. No further increases are made for any of the components if the goals are exceeded by more than 200% (cap). The Supervisory Board may increase or decrease the Variable Bonus by up to 20% in order to take extraordinary developments into account. In 2020, the Supervisory Board set a separate target achievement for the common components of the Variable Bonus in order to take account of the impact of the ongoing COVID-19 pandemic and the need for appropriate incentivization of the Executive Board (see the 2020 Declaration of Compliance, which can be found in the "Corporate Governance Statement" section of this Annual Report). Bonus entitlements can also be transferred to the long-term Enterprise Value Component.

c) Enterprise Value Component (LTP)

Executive Board members share in the increase in enterprise value for the Consumer Business Segment in the form of a multi-year bonus. This is based on a mathematical formula drawn from the annual financial statements at the beginning and end of their term of office. Each Executive Board member is allocated a notional share of the enterprise value (Enterprise Value Component or Base Virtual Units) at the start of their period of appointment or reappointment. The Executive Board member will be paid their share of the percentage increase in the Enterprise Value Component during their term of office once their period of appointment or reappointment has ended and following, where applicable, an additional vesting period ("bonus period"), if the Annual General Meeting approves the Executive Board member's actions.

The increase in enterprise value corresponds to the percentage share of the Executive Board member's (notionally allocated) Enterprise Value Component that will be paid to them. For the Executive Board members appointed before 2017, the enterprise value is calculated as a multiple of sales and EBIT as reported in the consolidated financial statements. The increase in value is the increase in enterprise value from the beginning to the end of the bonus period. In each case, this is calculated as an average over three years. For Executive Board members appointed from 2017 onwards, enterprise value is calculated solely from the increase in sales from the beginning to the end of the bonus period, unless EBIT deviates by more than 10% from plan.

Example: If the enterprise value from sales and EBIT increases by 32% over an eight-year term of office (= three years following initial appointment + five years following reappointment) and the notional share of the enterprise value is €10,000 thousand, the formula results in a bonus of €3,200 thousand.

As with the Variable Bonus, sales are adjusted for special factors. EBIT is adjusted for, among other things, any deviations from the plan for marketing expenses as well as expenses for research and development compared with the start of the bonus period. In individual cases, the Supervisory Board is also entitled to make adjustments following due assessment of the circumstances, for instance by adjusting for special factors and inflation or by increasing or decreasing the Enterprise Value Component for objective reasons by up to 20%.

In addition, the Executive Board members can share in the enterprise's performance by making a personal investment and acquiring Covered Virtual Units. This personal investment is made by retaining bonus payments due under the Variable Bonus, by the Executive Board member providing collateral (e.g. by pledging a suitable asset), or by way of allocation. The Covered Virtual Units participate in positive and negative percentage changes in the value of the Enterprise Value Component. They vest immediately. If they are retained or allocated, they are paid out in full or in part, or not paid out, after being adjusted on the basis of the enterprise value performance. For Covered Virtual Units, the Executive Board member may receive a further Enterprise Value Component in the same amount (Matching Virtual Units), corresponding to the Base Virtual Units.

As a rule, the Enterprise Value Component is limited to a maximum amount for each member of the Executive Board (200% cap, corresponding to around 10% p.a.). In the current remuneration system, this does not apply to Covered Virtual Units, since the Executive Board member is also exposed to a risk of loss in this case; in line with the new statutory provisions on the setting of maximum remuneration, the future remuneration system will limit Covered Virtual Units to a corresponding maximum amount. If an Executive Board member is active for a period shorter than his/her period of appointment, the Enterprise Value Component is reduced pro rata. The Enterprise Value Component is forfeited in the event that an Executive Board member's contract is terminated prematurely at the request of the Executive Board member or by the company for good cause.

d) Other

The remuneration of the Executive Board does not involve any stock option program or comparable securities-based incentives. Equally, the members of the Executive Board do not receive any additional remuneration for their membership of supervisory bodies of Group companies and investees. The Supervisory Board decides on a case-by-case basis whether remuneration for supervisory board mandates outside the Group should be taken into account. There are no additional pension commitments for Executive Board activities.

In the event that an Executive Board member's term of office is terminated prematurely for reasons for which the Executive Board member concerned is not responsible, the contracts of service limit the severance payment to two annual salary payments (severance pay cap). In the event of premature termination of the Executive Board member's term of office other than for good cause for which the Executive Board member is responsible, the Variable Bonus (depending on entitlement) and Enterprise Value Component are awarded on a pro rata basis. No commitments exist in relation to the premature termination of membership of the Executive Board, especially as a result of a change of control. Members of the Executive Board did not receive any loans or advances from the company, nor were any contingent liabilities entered into in their favor.

e) Overviews of Individual Executive Board Remuneration

TOTAL REMUNERATION OF THE EXECUTIVE BOARD FOR ACTIVITIES IN FISCAL YEAR 2020 (IN € THOUSAND)

	Fixed basic remuneration		Variable Bonus		Other remuneration[2]		Sum		Change in provisions for Enterprise Value Component		Total[4]	
	2019	2020[1]	2019	2020	2019	2020	2019	2020	2019	2020[3]	2019	2020
Stefan De Loecker	1,000	850	1,390	1,265	9	9	2,399	2,124	2,394	–	4,793	2,124
Thomas Ingelfinger	450	383	462	385	36	8	948	776	275	–	1,223	776
Zhengrong Liu	500	425	417	340	39	38	956	803	634	–	1,590	803
Ramon A. Mirt	417	425	348	350	1,113[5]	951[5]	1,878	1,726	581	–	2,459	1,726[6]
Asim Naseer	500	425	402	323	377	116	1,279	864	529	–	1,808	864
Dessi Temperley	480	408	417	330	15	15	912	753	442	–	1,354	753
Vincent Warnery	500	425	450	396	14	114[7]	964	935	1,873	–	2,837	935
Total[8]	**4,347**	**3,341**	**4,286**	**3,389**	**1,857**	**1,251**	**10,490**	**7,981**	**6,728**	**-**	**17,218**	**7,981**

The following table shows the Virtual Units allocated to the Executive Board members and the amounts set aside in the years since they were granted in each case.

VIRTUAL UNITS AND PROVISIONS (IN € THOUSAND)

	2019				**2020**			
	Base Virtual Unit	Covered Virtual Unit	Matching Virtual Unit	Total amount set aside in 2019	Base Virtual Unit	Covered Virtual Unit	Matching Virtual Unit	Total amount set aside in 2020[3]
Stefan De Loecker	40,000	–	–	3,055	40,000	–	–	3,055
Thomas Ingelfinger	5,500	1,330	1,330	2,480	5,500	1,390	1,390	2,480
Zhengrong Liu	10,000	2,075	1,500	3,839	10,000	2,200	1,500	3,839
Ramon A. Mirt	12,000	–	–	581	12,000	–	–	581
Asim Naseer[10]	6,000	1,590	–	529	6,000	1,680	–	529
Dessi Temperley	6,000	513	513	624	8,000	588	588	624
Vincent Warnery	10,000	1,219	2,219	4,432[11]	10,000	2,294	4,294	4,432[11]
Total[12]	**99,500**	**8,627**	**7,462**	**20,040**	**91,500**	**8,152**	**7,772**	**15,540**

1 As part of the Solidarity Pact, the members of the Executive Board each waived 20% of their fixed basic remuneration for the months from April to December 2020 in response to the impact of the COVID-19 pandemic.
2 Other remuneration includes the costs of/non-cash benefits arising from non-cash remuneration components and other ancillary benefits, such as the provision of a company car and insurance in line with standard market terms, including any taxes assumed on these items, and relocation expenses, if any.
3 The amounts set aside for Enterprise Value Components did not increase in 2020 due to the development of the enterprise value during the COVID-19 pandemic.
4 Payment of the amounts set aside for Enterprise Value Components included in the total remuneration is linked to a number of preconditions, and in particular to a corresponding sustainable increase in the company's enterprise value and to approval of the Executive Board member's actions (see section c) above).
5 This figure includes an amount of €500 thousand (target amount p.a.; previous year: €417 thousand) awarded to Ramon A. Mirt as a multi-year bonus in 2019. Target achievement is calculated based on the average annual growth rate in accordance with corporate planning in his regions and also based on the increase in market share throughout his term of office as a member of the Executive Board.
6 €1,399 thousand of this amount was granted to Ramon A. Mirt as remuneration for his activities at Group companies.
7 This includes an amount of €100 thousand (target amount) awarded to Vincent Warnery as a multi-year bonus in 2020. Target achievement is calculated, amongst others, based on the average annual growth rate in accordance with corporate planning in his region and also based on the increase in market share throughout a period of 5 years as of January 1, 2020.
8 The totals for the previous year additionally include the payments made to Ralph Gusko, who left the Executive Board in 2019: fixed basic remuneration: €500 thousand, Variable Bonus: €400 thousand, other remuneration: €254 thousand, total: €1,154 thousand.
9 This figure includes both the Covered Virtual Units acquired by way of personal investment and the following Covered Virtual Units granted in 2020 by way of allocation: Thomas Ingelfinger €60 thousand; Asim Naseer €90 thousand; Zhengrong Liu €125 thousand; Dessi Temperley €75 thousand; Vincent Warnery €75 thousand.
10 The figures for the Virtual Units for Asim Naseer are based on the target amounts of the long-term Enterprise Value Components awarded to him. The notional share of the enterprise value was thus calculated mathematically.
11 This already includes an increase in the Covered Virtual Units to €2,000 thousand and an increase in the Matching Virtual Units to €4,000 thousand, which was awarded to Vincent Warnery from February 1, 2020 with effect as of contract commencement.
12 The totals for the previous year additionally include the payments made to Ralph Gusko, who left the Executive Board in 2019: Base Virtual Unit: €10,000 thousand, Covered Virtual Unit: €1,900 thousand, Matching Virtual Unit: €1,900 thousand, total amount set aside in 2019: €4,500 thousand.

The following tables show the benefits granted and allocations for each member of the Executive Board in fiscal year 2020.

BENEFITS GRANTED AND ALLOCATIONS FOR EXECUTIVE BOARD MEMBERS (IN € THOUSAND)

Stefan De Loecker
Chairman of the Executive Board (since January 1, 2019)
Date joined: July 1, 2014

	Benefits granted				Allocation[13]	
	2019 Target amount	2020 Target amount	2020 (min. p.a.)	2020 (max. p.a.)	2019	2020
Fixed remuneration	1,000	1,000	1,000	1,000	1,000	850[14]
Ancillary benefits	9	9	9	9	9	9
Total fixed remuneration	**1,009**	**1,009**	**1,009**	**1,009**	**1,009**	**859**
Variable Bonus[15]	1,000	1,000	–	2,000	1,390	1,265
LTP – Base Virtual Unit[16]	2,000	2,000	–	4,000	–	–
LTP – Covered Virtual Unit[16/17]	–	–	–	–	–	–
LTP – Matching Virtual Unit[16]	–	–	–	–	–	–
Total variable remuneration	**3,000**	**3,000**	**–**	**6,000**	**1,390**	**1,265**
Total remuneration	**4,009**	**4,009**	**1,009**	**7,009**	**2,399**	**2,124**

THOMAS INGELFINGER
Member of the Executive Board
Date joined: July 1, 2014

	Benefits granted				Allocation[13]	
	2019 Target amount	2020 Target amount	2020 (min. p.a.)	2020 (max. p.a.)	2019	2020
Fixed remuneration	450	450	450	450	450	383[14]
Ancillary benefits	36	8	8	8	36	8
Total fixed remuneration	**486**	**458**	**458**	**458**	**486**	**391**
Variable Bonus[15]	350	350	–	700	462	385
Multi-year variable remuneration						
LTP – Base Virtual Unit[16]	275	275	–	550	–	–
LTP – Covered Virtual Unit[16/17]	127	130	–	199	–	–
LTP – Matching Virtual Unit[16]	67	70	–	139	–	–
Total variable remuneration	**819**	**825**	**–**	**1,588**	**462**	**385**
Total remuneration	**1,305**	**1,283**	**458**	**2,046**	**948**	**776**

[13] The allocations include fixed basic remuneration and other remuneration as well as the Variable Bonus paid once actions have been approved by the following year's Annual General Meeting. Multi-year bonuses and LTP are reported as allocations in the fiscal year in which the relevant term or bonus period expires; actual payment takes place only once actions have been approved by the following year's Annual General Meeting.

[14] As part of the Solidarity Pact, the members of the Executive Board each waived 20% of their fixed basic remuneration for the months from April to December 2020 in response to the impact of the COVID-19 pandemic.

[15] In spring 2020, the Supervisory Board set a separate target achievement for the common components of the Variable Bonus (see the Declaration of Compliance of December 2020, which can be found in the "Corporate Governance Statement" section of this Annual Report).

[16] The terms of the LTP are as follows: for Stefan De Loecker from 2014 and from 2019 to after the 2024 Annual General Meeting; for Thomas Ingelfinger from 2014 to after the 2023 Annual General Meeting.

[17] Covered Virtual Units are not capped because the Executive Board member is also exposed to a risk of loss. For presentation reasons, however, the minimum values are shown as €0 and the maximum values are capped at 200%.

BENEFITS GRANTED AND ALLOCATIONS FOR EXECUTIVE BOARD MEMBERS (IN € THOUSAND, CONTINUED)

Zhengrong Liu
Member of the Executive Board/Labor Relations Director
Date joined: July 1, 2014

	Benefits granted				Allocation[18]	
	2019 Target amount	2020 Target amount	2020 (min. p.a.)	2020 (max. p.a.)	2019	2020
Fixed remuneration	500	500	500	500	500	425[19]
Ancillary benefits	39	38	38	38	39	38
Total fixed remuneration	**539**	**538**	**538**	**538**	**539**	**463**
Variable Bonus[20]	300	300	–	600	417	340
Multi-year variable remuneration						
LTP – Base Virtual Unit[21]	500	500	–	1,000	–	–
LTP – Covered Virtual Unit[21/22]	229	235	–	345	–	–
LTP – Matching Virtual Unit[21]	75	75	–	150	–	–
Total variable remuneration	**1,104**	**1,110**	**–**	**2,095**	**417**	**340**
Total remuneration	**1,643**	**1,648**	**538**	**2,633**	**956**	**803**

Ramon A. Mirt
Member of the Executive Board
Date joined: March 1, 2019

	Benefits granted				Allocation[18]	
	2019 Target amount	2020 Target amount	2020 (min. p.a.)	2020 (max. p.a.)	2019	2020
Fixed remuneration	417	500	500	500	417	425[19]
Ancillary benefits	696	451	451	451	696	451
Total fixed remuneration	**1,113**	**951**	**951**	**951**	**1,113**	**876**
Variable Bonus[20]	250	300	–	600	348	350
Multi-year variable remuneration						
Multi-year Bonus 2019 (term January 1, 2019 – December 31, 2024)	417	500	–	1,000	–	–
LTP – Base Virtual Unit[21]	500	600	–	1,200	–	–
LTP – Covered Virtual Unit[21/22]	–	–	–	–	–	–
LTP – Matching Virtual Unit[21]	–	–	–	–	–	–
Total variable remuneration	**1,167**	**1,400**	**–**	**2,800**	**348**	**350**
Total remuneration[23]	**2,280**	**2,351**	**951**	**3,751**	**1,461**	**1,226**

[18] See footnote 13 on the reporting of remuneration components as allocation.
[19] As part of the Solidarity Pact, the members of the Executive Board each waived 20% of their fixed basic remuneration for the months from April to December 2020 in response to the impact of the COVID-19 pandemic.
[20] In spring 2020, the Supervisory Board set a separate target achievement for the common components of the Variable Bonus (see the Declaration of Compliance of December 2020, which can be found in the "Corporate Governance Statement" section of this Annual Report).
[21] The terms of the LTP are as follows: for Zhengrong Liu from 2014 to after the 2024 Annual General Meeting; for Ramon A. Mirt from 2018 to after the 2025 Annual General Meeting.
[22] See footnote 17 on the reporting of the Covered Virtual Units.
[23] Of these total amounts, €1,875 thousand/target amount, €550 thousand/min. p.a. and €3,200 thousand/max. p.a. were granted and €866 thousand/allocation paid to Ramon A. Mirt as remuneration for his activities at Group companies.

BENEFITS GRANTED AND ALLOCATIONS FOR EXECUTIVE BOARD MEMBERS (IN € THOUSAND, CONTINUED)

Asim Naseer
Member of the Executive Board
Date joined: January 1, 2019

	Benefits granted				Allocation[24]	
	2019 Target amount	2020 Target amount	2020 (min. p.a.)	2020 (max. p.a.)	2019	2020
Fixed remuneration	500	500	500	500	500	425[25]
Ancillary benefits	377	116	116	116	377	116
Total fixed remuneration	**877**	**616**	**616**	**616**	**877**	**541**
Variable Bonus[26]	300	300	–	600	402	323
Multi-year variable remuneration						
LTP – Base Virtual Unit[27]	300	300	–	600	–	–
LTP – Covered Virtual Unit[27/28]	170	174	–	258	–	–
LTP – Matching Virtual Unit[27]	–	–	–	–	–	–
Total variable remuneration	**770**	**774**	**–**	**1,458**	**402**	**323**
Total remuneration	**1,647**	**1,390**	**616**	**2,074**	**1,279**	**864**

Dessi Temperley
Member of the Executive Board/CFO
Date joined: July 1, 2018

	Benefits granted				Allocation[24]	
	2019 Target amount	2020 Target amount	2020 (min. p.a.)	2020 (max. p.a.)	2019	2020
Fixed remuneration	480	480	480	480	480	408[25]
Ancillary benefits	15	15	15	15	15	15
Total fixed remuneration	**495**	**495**	**495**	**495**	**495**	**423**
Variable Bonus[26]	300	300	–	600	417	330
Multi-year variable remuneration						
LTP – Base Virtual Unit[27]	300	350	–	700	–	–
LTP – Covered Virtual Unit[27/28]	101	104	–	134	–	–
LTP – Matching Virtual Unit[27]	26	29	–	59	–	–
Total variable remuneration	**727**	**783**	**–**	**1,493**	**417**	**330**
Total remuneration	**1,222**	**1,278**	**495**	**1,988**	**912**	**753**

[24] See footnote 13 on the reporting of remuneration components as allocation.
[25] As part of the Solidarity Pact, the members of the Executive Board each waived 20% of their fixed basic remuneration for the months from April to December 2020 in response to the impact of the COVID-19 pandemic.
[26] In spring 2020, the Supervisory Board set a separate target achievement for the common components of the Variable Bonus (see the Declaration of Compliance of December 2020, which can be found in the "Corporate Governance Statement" section of this Annual Report).
[27] The terms of the LTP are as follows: for Asim Naseer from 2018 to after the 2023 Annual General Meeting; for Dessi Temperley from 2018 to after the 2022 Annual General Meeting.
[28] See footnote 17 on the reporting of the Covered Virtual Units.

BENEFITS GRANTED AND ALLOCATIONS FOR EXECUTIVE BOARD MEMBERS (IN € THOUSAND, CONTINUED)

Vincent Warnery
Member of the Executive Board
Date joined: February 15, 2017

	Benefits granted				Allocation[29]	
	2019 Target amount	2020 Target amount	2020 (min. p.a.)	2020 (max. p.a.)	2019	2020
Fixed remuneration	500	500	500	500	500	425[30]
Ancillary benefits	14	14	14	14	14	14
Total fixed remuneration	**514**	**514**	**514**	**514**	**514**	**439**
Variable Bonus[31]	300	300	–	600	450	396
Mehrjährige variable Vergütung						
Multi-year-Bonus 2020 (term January 1, 2020 – December 31, 2025)	–	100	–	200	–	–
LTP – Base Virtual Unit[32]	500	500	–	1,000	–	–
LTP – Covered Virtual Unit[32/33]	136	190	–	304	–	–
LTP – Matching Virtual Unit[32]	111	215	–	429	–	–
Total variable remuneration	**1,047**	**1,305**	**–**	**2,533**	**450**	**396**
Total remuneration	**1,561**	**1,819**	**514**	**3,047**	**964**	**835**

29 See footnote 13 on the reporting of remuneration components as allocation.
30 As part of the Solidarity Pact, the members of the Executive Board each waived 20% of their fixed basic remuneration for the months from April to December 2020 in response to the impact of the COVID-19 pandemic.
31 In spring 2020, the Supervisory Board set a separate target achievement for the common components of the Variable Bonus (see the Declaration of Compliance of December 2020, which can be found in the "Corporate Governance Statement" section of this Annual Report).
32 The term of the LTP for Vincent Warnery is from 2017 to after the 2023 Annual General Meeting.
32 See footnote 17 on the reporting of the Covered Virtual Units.

f) Former Members of the Executive Board and Their Surviving Dependents

Payments to former members of the Executive Board and their surviving dependents in 2020 totaled €3,800 thousand (previous year: €4,523 thousand). This included the following:

- As per his contract, Ralph Gusko, who resigned from the Executive Board by mutual agreement as of December 31, 2019, received fixed remuneration of €500 thousand, other remuneration of €194, and a Variable Bonus of €400 thousand. His long-term bonus of €4,500 thousand based on enterprise value performance (LTP) was transferred to a pension commitment in the form of a defined-contribution scheme with full reinsurance.

- Jesper Andersen, whose term of office ended on June 30, 2018, received his long-term bonus of €685 thousand based on enterprise value performance (LTP) after the 2020 Annual General Meeting, as per his contract.

Provisions for pension commitments to former members of the Executive Board and their surviving dependents totaled €62,072 thousand (previous year: €58,588 thousand).

2. Remuneration of the Supervisory Board

The remuneration of the Supervisory Board (§ 15 of the Articles of Association) takes into account the responsibilities and scope of tasks of the individual members of the Supervisory Board as well as the company's economic situation and is in line with the applicable principles, recommendations, and suggestions of the German Corporate Governance Code.

Supervisory Board members receive fixed remuneration of €85,000, an attendance fee of €1,000 for Supervisory Board and committee meetings, and reimbursement of their cash expenses. The Chairman of the Supervisory Board receives two-and-a-half times the fixed remuneration and his deputy within the meaning of § 12 (1) sentence 1 of the Articles of Association receives one-and-a-half times the fixed remuneration.

Members of committees – with the exception of the Nomination Committee and the committee set up in accordance with § 27 (3) *Mitbestimmungsgesetz* (German Codetermination Act, *MitbestG*) – receive additional compensation of €20,000 for each full fiscal year for their work on these committees. This amount is doubled for members of the Audit Committee. The chairman of a Supervisory Board committee receives two-and-a-half times the standard remuneration for a committee member. If a member of the Supervisory Board simultaneously holds several offices for which increased remuneration is granted, he or she shall only receive the remuneration for the highest-paying office.

TOTAL REMUNERATION OF THE SUPERVISORY BOARD FOR ACTIVITIES IN FISCAL YEAR 2020 (IN €)[1]

	Fixed		Attendance fees		Committee fees		Total	
	2019	2020[2]	2019	2020	2019	2020[2]	2019	2020
Hong Chow	85,000	72,250	6,000	12,000	20,000	17,000	111,000	101,250
Reiner Hansert	85,000	78,625	18,000	18,000	40,000	37,000	143,000	133,625
Martin Hansson (Deputy Chairman)	127,500	108,375	21,000	20,000	–	–	148,500	128,375
Michael Herz (until April 29, 2020)	85,000	26,522	11,000	5,000	20,000	6,240	116,000	37,762
Wolfgang Herz (since April 29, 2020)	–	45,890	–	7,000	–	10,798	–	63,688
Jan Koltze	60,315	72,250	5,000	7,000	–	–	65,315	79,250
Dr. Dr. Christine Martel	85,000	72,250	16,000	15,000	100,000	85,000	201,000	172,250
Olaf Papier	60,315	72,250	8,000	11,000	14,192	17,000	82,507	100,250
Frédéric Pflanz	60,315	72,250	5,000	8,000	–	3,600	65,315	83,850
Prof. Dr. Reinhard Pöllath (Chairman)	212,500	180,625	21,000	21,000	–	–	233,500	201,625
Prof. Manuela Rousseau (Deputy Chairwoman)	115,158	117,938	9,000	10,000	5,863	–	130,021	127,938
Regina Schillings	60,315	72,250	9,000	15,000	28,384	34,000	97,699	121,250
Kirstin Weiland	60,315	72,250	7,000	11,000	14,192	17,000	81,507	100,250
Total	**1,233,782[3]**	**1,063,725**	**149,000[3]**	**160,000**	**254,357[3]**	**227,638**	**1,637,139[3]**	**1,451,363**

[1] Presented exclusive of value added tax.
[2] As part of the Solidarity Pact, the members of the Supervisory Board each waived up to 20% of their fixed remuneration and committee fees that are pro-rate attributable to the months April to December 2020 in response to the impact of the COVID-19 pandemic.
[3] These totals additionally include the following payments made to members who left the Supervisory Board in 2019, for their activities in fiscal year 2019: Frank Ganschow – fixed: €24,918, attendance fees: €4,000, total: €28,918; Thorsten Irtz – fixed: €37,377, attendance fees: €2,000, total: €39,377; Matthias Locher – fixed: €24,918, attendance fees: €4,000, total: €28,918; Tomas Nieber – fixed: €24,918, attendance fees: €2,000, committee fees: €11,726, total: €38,644; Poul Weihrauch – fixed: €24,918, attendance fees: €1,000, total: €25,918.

Members of the Supervisory Board did not receive any loans or advances from the company, nor were any contingent liabilities entered into in their favor. In addition, members of the Supervisory Board did not receive any compensation or benefits for services provided on a personal basis, such as advisory or agency services.

Report by the Executive Board on Dealings among Group Companies

In accordance with § 312 *AktG*, the Executive Board has issued a report on dealings among Group companies which contains the following concluding declaration: "According to the circumstances known to us at the time transactions were executed or measures were taken or not taken, Beiersdorf Aktiengesellschaft received appropriate consideration for every transaction and has not been disadvantaged by the fact that measures were taken or not taken."

Disclosures relating to Takeover Law

The disclosures required under § 315a (1) *Handelsgesetzbuch* (German Commercial Code, *HGB*) and § 289a (1) *HGB* are presented below.

Please refer to the notes for the disclosures on the composition of the subscribed capital and the disclosures on direct or indirect interests in the share capital exceeding 10% of the voting rights.

The appointment and removal from office of members of the Executive Board are governed by §§ 84 and 85 *AktG*, § 31 *Mitbestimmungsgesetz* (German Codetermination Act, *MitbestG*), and § 7 of the Articles of Association. In accordance with § 7 (1) of the Articles of Association, the Executive Board consists of at least three members; apart from this provision, the Supervisory Board determines the number of members of the Executive Board. The Articles of Association may be amended in accordance with §§ 179 and 133 *AktG* and with § 16 of the Articles of Association. Under § 16 (1) of the Articles of Association, the Supervisory Board is authorized to resolve amendments and additions to the Articles of Association that concern the latter's wording only. Under § 5 (6) of the Articles of Association, the Supervisory Board is authorized in particular to amend and reformulate § 5 of the Articles of Association (Share Capital) following each utilization of authorized or contingent capital.

The Annual General Meeting on April 29, 2020, authorized the Executive Board to increase the share capital with the approval of the Supervisory Board in the period until April 28, 2025, by up to a total of €92 million (Authorized Capital I: €42 million; Authorized Capital II: €25 million; Authorized Capital III: €25 million) by issuing new no-par-value bearer shares on one or several occasions. In this context, the dividend rights for new shares may be determined in deviation from § 60 (2) *AktG*.

Shareholders must be granted preemptive rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' preemptive rights in the following cases:

1. to eliminate fractions created as a result of capital increases against cash contributions (Authorized Capital I, II, III);

2. to the extent necessary to grant the holders/creditors of convertible bonds or bonds with warrants issued by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, rights to subscribe for new shares in the amount to which they would be entitled after exercising their conversion or option rights, or after fulfilling their conversion obligation (Authorized Capital I, II, III);

3. if the total amount of share capital attributable to the new shares for which preemptive rights are to be disapplied does not exceed 10% of the share capital existing at the time this authorization comes into effect or – in the event that this amount is lower – at the time the new shares are issued and the issue price of the new shares is not materially lower than the quoted market price of the existing listed shares at the time when the issue price is finalized, which should be as near as possible to the time the shares are placed. If, during the term of the authorized capital, other authorizations to issue or sell shares in the company or to issue rights that enable or oblige the holder to subscribe for shares in the company are exercised while disapplying preemptive rights pursuant to or in accordance with § 186 (3) sentence 4 AktG, this must be counted toward the above-mentioned 10% limit (Authorized Capital II);

4. in the case of capital increases against non-cash contributions for the purpose of acquiring companies, business units of companies, or equity interests in companies (Authorized Capital IIII).

The Executive Board may only exercise the above authorizations to disapply preemptive rights to the extent that the total proportionate interest in the share capital attributable to the shares issued while disapplying preemptive rights does not exceed 10% of the share capital at the time these authorizations become effective or at the time these authorizations are exercised. If other authorizations to issue or sell shares in the company or to issue rights that enable or oblige the holder to subscribe for shares in the company are exercised while disapplying preemptive rights during the term of the authorized capital until such time as it is utilized, this must be counted toward the above-mentioned limit.

The Executive Board was also authorized to determine the further details of the capital increase and its implementation with the approval of the Supervisory Board.

In addition, the Annual General Meeting on April 29, 2020, resolved to contingently increase the share capital by up to a total of €42 million, composed of up to 42 million no-par-value bearer shares. The contingent capital increase will be implemented only to the extent that:

1. the holders or creditors of conversion and/or option rights attached to convertible bonds and/or bonds with warrants issued in the period until April 28, 2025, by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, choose to exercise their conversion or option rights, or

2. the holders or creditors of convertible bonds giving rise to a conversion obligation issued in the period until April 28, 2025, by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, comply with such obligation,

and the contingent capital is required for this in accordance with the terms and conditions of the bonds.

The new shares bear dividend rights from the beginning of the fiscal year in which they are created as a result of the exercise of conversion or option rights, or as a result of compliance with a conversion obligation.

The Executive Board was authorized to determine the further details of the implementation of a contingent capital increase.

The Annual General Meeting on April 29, 2020, also authorized the company in accordance with § 71 (1) no. 8 AktG to purchase own shares in the total amount of up to 10% of the existing share capital in the period up to April 28, 2025. The shares shall be purchased via the stock exchange or via a public purchase offer addressed to all shareholders, or a public invitation to tender shares. The Annual General Meeting authorized the Executive Board to sell in whole or in part the own shares purchased on the basis of the above-mentioned or a prior authorization with the approval of the Supervisory Board while disapplying the shareholders' preemptive rights, including in a way other than via the stock exchange or via a purchase offer to all shareholders, to the extent that these shares are sold for cash at a price that does not fall materially below the market price of the same class of shares of the company at the time of the sale. The Executive Board was also authorized to sell in whole or in part the own shares acquired in accordance with the abovementioned or a previous authorization with the approval of the Supervisory Board against non-cash consideration while disapplying the preemptive rights of shareholders, particularly to utilize them as consideration or partial consideration in the context of a merger or the acquisition of companies, equity interests in companies (including increases in equity interests), or business units of companies. Moreover, the Executive Board is authorized, with the approval of the Supervisory Board, to utilize these own shares in whole or in part, while disapplying the preemptive rights of shareholders, in order to satisfy the subscription and/or conversion rights from convertible bonds and/or bonds with warrants or other claims to the transfer of shares issued by the company or companies in which it holds a direct or indirect majority interest. The Executive Board is further authorized, in the event that own shares are sold to all shareholders, to disapply the preemptive rights of shareholders where this is necessary to eliminate any fractions that may arise. The Executive Board may only make use of the above authorizations to disapply preemptive rights when utilizing own shares to the extent that the total proportion of shares utilized without preemptive rights does not exceed 10% of the share capital either at the time of the resolution by the Annual General Meeting or at the time these authorizations are exercised. If, during the term of this authorization to utilize own shares, other authorizations to issue or sell shares in the company or to issue rights that enable or oblige the holder to acquire shares in the company are exercised while disapplying preemptive rights, this must be counted toward the above-mentioned limit.

Finally, the Executive Board was authorized to retire the own shares acquired in accordance with the above-mentioned or a prior authorization with the approval of the Supervisory Board without requiring an additional resolution by the Annual General Meeting.

The creation of the authorized and contingent capital is intended to put the company in the position of being able to react to growth opportunities and capital market situations quickly and flexibly. The authorization to purchase and utilize own shares enables the company in particular to also offer shares in the company to institutional or other investors and/or to expand the shareholder base of the company, as well as to utilize the purchased own shares as consideration or partial consideration for the acquisition of companies, equity interests in companies (including the increase of equity interests), or business units, or as part of mergers, i.e. in return for considerations in kind.

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Income Statement

(IN € MILLION)

	Note	2019	2020
Sales	**01**	**7,653**	**7,025**
Cost of goods sold	02	–3,221	–2,984
Gross profit		**4,432**	**4,041**
Marketing and selling expenses	03	–2,666	–2,485
Research and development expenses		–236	–246
General and administrative expenses	04	–416	–400
Other operating income	05	171	226
Other operating expenses	06	–253	–308
Operating result (EBIT)		**1,032**	**828**
Interest income	07	37	33
Interest expense	07	–13	–13
Net pension result	07	–13	–9
Other financial result	07	–6	–18
Financial result	**07**	**5**	**–7**
Profit before tax		**1,037**	**821**
Income taxes	08	–301	–244
Profit after tax		**736**	**577**
Of which attributable to			
– Equity holders of Beiersdorf AG		718	560
– Non-controlling interests		18	17
Basic/diluted earnings per share (in €)	**09**	**3.17**	**2.47**

Statement of Comprehensive Income

(IN € MILLION)*

	2019	2020
Profit after tax	**736**	**577**
Other comprehensive income that will be reclassified subsequently to profit or loss	**26**	**–168**
Remeasurement of cash flow hedges	–4	8
Remeasurement of securities	6	1
Exchange differences	24	–177
Other comprehensive income that will not be reclassified subsequently to profit or loss	**–141**	**–62**
Remeasurement of defined benefit pension plans	–141	–62
Other comprehensive income	**–115**	**–230**
Total comprehensive income	**621**	**347**
Of which attributable to		
– Equity holders of Beiersdorf AG	602	332
– Non-controlling interests	19	15

* Net of tax.

Balance Sheet

(IN € MILLION)

Assets	Note	Dec. 31, 2019	Dec. 31, 2020
Intangible assets*	10	581	545
Property, plant, and equipment*	11	1,619	1,630
Non-current securities	14	2,795	3,415
Other non-current assets		37	50
Deferred tax assets*	08	276	289
Non-current assets*		**5,308**	**5,929**
Inventories*	12	1,012	1,001
Trade receivables	13	1,442	1,244
Other current financial assets		82	70
Income tax receivables		140	169
Other current assets		155	140
Current securities	14	770	647
Cash and cash equivalents*	15	1,145	1,005
Current assets*		**4,746**	**4,276**
		10,054	**10,205**

Equity and liabilities	Note	Dec. 31, 2019	Dec. 31, 2020
Share capital	17	252	252
Additional paid-in capital	20	47	47
Retained earnings	21	5,944	6,283
Accumulated other comprehensive income	22	–177	–343
Equity attributable to equity holders of Beiersdorf AG		**6,066**	**6,239**
Non-controlling interests		27	24
Equity		**6,093**	**6,263**
Provisions for pensions and other post-employment benefits	24	878	972
Other non-current provisions	25	109	118
Non-current financial liabilities	26	119	88
Other non-current liabilities	26	2	2
Deferred tax liabilities*	08	16	13
Non-current liabilities*		**1,124**	**1,193**
Other current provisions	25	491	504
Income tax liabilities		163	156
Trade payables	26	1,660	1,642
Other current financial liabilities	26	412	358
Other current liabilities	26	111	89
Current liabilities		**2,837**	**2,749**
		10,054	**10,205**

* The figures as of December 31, 2019, have been amended due to the finalization of the purchase price allocation for the COPPERTONE business and/or due to an adjustment to the valuation of an acquisition made in 2018 in the tesa Business Segment. Further information can be found in the sections "Finalization of the Purchase Price Allocation" and "Changes in Accounting Policies" of the notes.

Cash Flow Statement

(IN € MILLION)

	2019	2020
Profit after tax	**736**	**577**
Reconciliation of profit after tax to net cash flow from operating activities		
Income taxes	301	244
Financial result	–5	7
Income taxes paid	–395	–291
Depreciation and amortization	239	257
Change in non-current provisions (excluding interest components and changes recognized in OCI)	–35	5
Gain/loss on disposal of property, plant, and equipment, and intangible assets	1	3
Gross cash flow	**842**	**802**
Change in inventories*	–27	11
Change in receivables and other assets	–18	195
Change in liabilities and current provisions	188	–24
Net cash flow from operating activities*	**985**	**984**
Investments in property, plant, and equipment, and intangible assets	–320	–280
Payments for acquisitions (net of cash acquired)	–452	–
Payments for investments in associated companies and other investments	–	–11
Proceeds from the sale of property, plant, and equipment, and intangible assets	13	8
Payments to acquire securities	–1,151	–1,252
Proceeds from the sale/final maturity of securities	1,120	751
Interest received	23	31
Proceeds from dividends and other financing activities	17	22
Net cash flow from investing activities*	**–750**	**–731**
Free cash flow*	**235**	**253**
Proceeds from loans	364	111
Loan repayments	–101	–174
Repayments of lease liabilities	–64	–64
Interest paid	–9	–9
Other financing expenses paid	–34	–4
Cash dividends paid (Beiersdorf AG)	–159	–159
Cash dividends paid (non-controlling interests)	–18	–18
Net cash flow from financing activities	**–21**	**–317**
Effect of exchange rate fluctuations and other changes on cash held	12	–76
Net change in cash and cash equivalents*	226	–140
Cash and cash equivalents as of Jan. 1	**919**	**1,145**
Cash and cash equivalents as of Dec. 31*	**1,145**	**1,005**

* The figures as of December 31, 2019, have been amended due to the finalization of the purchase price allocation for the COPPERTONE business. Further information can be found in the section "Finalization of the Purchase Price Allocation".

Statement of Changes in Equity

(IN € MILLION)

				Accumulated other comprehensive income					
	Share capital	Additional paid-in capital	Retained earnings*	Currency translation adjustment	Hedging instruments from cash flow hedges	Debt and equity instruments	Total attributable to equity holders	Non-controlling interests	Total
Jan. 1, 2019	**252**	**47**	**5,526**	**-197**	**-2**	**-3**	**5,623**	**24**	**5,647**
Total comprehensive income for the period	–	–	577	23	–4	6	602	19	621
Dividend of Beiersdorf AG for previous year	–	–	–159	–	–	–	–159	–	–159
Change in non-controlling interests	–	–	–	–	–	–	–	–16	–16
Other changes	–	–	–	–	–	–	–	–	–
Dec. 31, 2019/Jan. 1, 2020	**252**	**47**	**5,944**	**-174**	**-6**	**3**	**6,066**	**27**	**6,093**
Total comprehensive income for the period	–	–	498	–175	8	1	332	15	347
Dividend of Beiersdorf AG for previous year	–	–	–159	–	–	–	–159	–	–159
Change in non-controlling interests	–	–	–	–	–	–	–	–18	–18
Other changes	–	–	–	–	–	–	–	–	–
Dec. 31, 2020	**252**	**47**	**6,283**	**-349**	**2**	**4**	**6,239**	**24**	**6,263**

* The cost of treasury shares amounting to €955 million has been deducted from retained earnings.

Notes to the Consolidated Financial Statements

Segment Reporting

(IN € MILLION)

		Consumer		tesa		Group	
		2019	2020	2019	2020	2019	2020
Net sales		**6,274**	**5,700**	**1,379**	**1,325**	**7,653**	**7,025**
Change (nominal)	(in %)	6.5	-9.1	2.7	-3.9	5.8	-8.2
Change (organic)	(in %)	4.8	-6.6	0.8	-1.5	4.1	-5.7
Share of Group sales	**(in %)**	**82.0**	**81.1**	**18.0**	**18.9**	**100.0**	**100.0**
EBITDA		**1,007**	**820**	**263**	**265**	**1,270**	**1,085**
Operating result (EBIT)		**839**	**632**	**193**	**196**	**1,032**	**828**
as % of sales		13.4	11.1	13.9	14.8	13.5	11.8
Operating result (EBIT, excluding special factors)*		**883**	**702**	**212**	**204**	**1,095**	**906**
as % of sales		14.1	12.3	15.3	15.4	14.3	12.9
Gross operating capital**		**3,729**	**3,472**	**1,081**	**1,082**	**4,810**	**4,554**
Operating liabilities*		**2,097**	**2,082**	**251**	**267**	**2,348**	**2,349**
EBIT return on net operating capital*	(in %)	51.2	45.5	22.9	24.1	41.6	38.0
Gross cash flow		**667**	**615**	**175**	**187**	**842**	**802**
Capital expenditure**		**700**	**236**	**65**	**44**	**765**	**280**
Depreciation and amortization		**168**	**188**	**71**	**69**	**239**	**257**
Research and development expenses		**177**	**187**	**59**	**59**	**236**	**246**
Employees	**(as of Dec. 31)**	**15,728**	**15,590**	**4,926**	**4,716**	**20,654**	**20,306**

Regional Reporting

(IN € MILLION)

		Europe		Americas		Africa/Asia/Australia		Group	
		2019	2020	2019	2020	2019	2020	2019	2020
Net sales		**3,757**	**3,467**	**1,372**	**1,347**	**2,524**	**2,211**	**7,653**	**7,025**
Change (nominal)	(in %)	2.3	-7.7	8.3	-1.8	10.1	-12.4	5.8	-8.2
Change (organic)	(in %)	1.8	-6.6	4.1	1.2	7.8	-8.1	4.1	-5.7
Share of Group sales	**(in %)**	**49.1**	**49.3**	**17.9**	**19.2**	**33.0**	**31.5**	**100.0**	**100.0**
EBITDA		**708**	**628**	**146**	**97**	**416**	**360**	**1,270**	**1,085**
Operating result (EBIT)		**564**	**476**	**109**	**60**	**359**	**292**	**1,032**	**828**
as % of sales		15.0	13.7	7.9	4.5	14.2	13.2	13.5	11.8
Operating result (EBIT, excluding special factors)*		**591**	**503**	**125**	**92**	**379**	**311**	**1,095**	**906**
as % of sales		15.7	14.5	9.1	6.8	15.0	14.1	14.3	12.9
Capital expenditure**		**412**	**198**	**269**	**21**	**84**	**61**	**765**	**280**
Depreciation and amortization		**145**	**152**	**37**	**36**	**57**	**69**	**239**	**257**
Employees	**(as of Dec. 31)**	**11,727**	**11,451**	**3,476**	**3,524**	**5,451**	**5,331**	**20,654**	**20,306**

* See the disclosures contained in the section entitled "Notes to the Segment Reporting."
** Figures comprise investments in intangible assets and property, plant, and equipment including acquisitions. The figures as of December 31, 2019, have been amended due to the finalization of the purchase price allocation for the COPPERTONE business. Further information can be found in the section "Finalization of the Purchase Price Allocation"

Significant Accounting Policies

Information on the Company and on the Group

The registered office of Beiersdorf AG is located at Unnastrasse 48 in Hamburg (Germany), and the company is registered with the commercial register of the Hamburg Local Court under the number HRB 1787. Beiersdorf AG is included in the consolidated financial statements of maxingvest ag.

The activities of Beiersdorf AG and its affiliates ("Beiersdorf Group") consist primarily of the manufacture and distribution of branded consumer goods in the area of skin and body care, and of the manufacture and distribution of technical adhesive tapes.

The consolidated financial statements of Beiersdorf AG for the fiscal year from January 1 to December 31, 2020, were prepared by the Executive Board on February 16, 2021, and subsequently submitted to the Supervisory Board for examination and approval.

General Principles

The consolidated financial statements of Beiersdorf AG have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), including the IFRS Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the supplementary provisions of German commercial law required to be applied under § 315e (1) *Handelsgesetzbuch* (German Commercial Code, *HGB*). All IFRSs and IFRICs endorsed by the European Commission and required to be applied as of December 31, 2020, were applied.

The consolidated financial statements were prepared using the historical cost convention. Exceptions to this rule relate to financial instruments assigned to the categories "at fair value through other comprehensive income" (FVOCI) and "at fair value through profit or loss" (FVPL), and derivative financial instruments, which are all measured at fair value.

The consolidated income statement was prepared using the cost of sales method.

Estimates and Assumptions

Preparation of the consolidated financial statements requires management to make estimates and assumptions to a limited extent that affect the amount and presentation of recognized assets and liabilities, income and expenses, and contingent liabilities. Such estimates and assumptions reflect all currently available information. Significant estimates and assumptions were made in particular in relation to the following accounting policies: impairment testing of goodwill and indefinite-lived intangible assets (Note 10 "Intangible Assets"), impairments of financial assets (Note 27 "Additional Disclosures on Financial Instruments, Financial Risk Management, and Derivative Financial Instruments"), the actuarial assumptions for the defined benefit expense as well as for the present value of pension commitments (Note 24 "Provisions for Pensions and Other Post-employment Benefits"), the determination of the amount of eligible deferred tax assets (Note 08 "Income Taxes"), and the recognition of other provisions (Note 25 "Other Provisions"). Given the uncertainty that exists when recognizing the legal risks arising from claims for damages in particular (Note 28 "Contingent Liabilities, Other Financial Obligations, and Legal Risks"), significant discretion must be exercised in evaluating whether and to what extent potential damages have arisen and how large the claim could be. In determining the amount of possible damages, there is particular discretion in relation to determining the nature of the factors "overcharge" and "pass-on rate" on which the calculation is based. Furthermore, estimates and assumptions are made in particular when determining the useful lives of intangible assets and property, plant, and equipment, and when measuring inventories.

Actual amounts may differ from these estimates. Changes to estimates are recognized in profit or loss when more recent knowledge becomes available. The estimates and assumptions mentioned above also took into account the potential impact of the COVID-19 pandemic.

Consolidation Principles

Acquisition accounting uses the purchase method, under which the cost of the business combination is allocated to the identifiable assets acquired and identifiable liabilities and contingent liabilities assumed, measured at their fair values at the acquisition date. The cost of an acquisition is the sum of the consideration transferred, measured at fair value at the acquisition date, and the non-controlling interests in the acquiree. For each business combination, the non-controlling interests in the acquiree are measured either at fair value or at the proportionate share of the acquiree's identifiable net assets. Any excess of the cost of the business combination over the acquirer's interest in the net fair values of identifiable assets, liabilities, and contingent liabilities is recognized as goodwill. Costs incurred in the course of the business combination are recognized as an expense.

Profit and equity of subsidiaries attributable to non-controlling interests are presented separately in the consolidated income statement and as a component of equity in the consolidated balance sheet. Losses at a subsidiary are attributed to the non-controlling interests even if this results in a negative balance. In the case of successive purchases of the shares of subsidiaries, the difference between the cost of the new shares and the non-controlling interests previously recognized in the Group for these shares is recognized in other comprehensive income. In a business combination achieved in stages, the effects from acquisition-date fair value remeasurement of previously held equity interests in the acquiree are recognized in the income statement. Subsequent adjustments of contingent consideration are recognized in the income statement.

All intercompany balances, transactions, income, and expenses, and gains and losses on intragroup transactions that are contained in the carrying amounts of assets are eliminated in full.

The consolidated financial statements include Beiersdorf AG and the subsidiaries over which it has control within the meaning of IFRS 10. Control over an investee exists if Beiersdorf AG has direct or indirect power over the investee, is exposed to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee.

Currency Translation

The consolidated financial statements have been prepared in euros. The euro is Beiersdorf AG's functional and presentation currency. Unless otherwise indicated, all amounts are rounded to millions of euros (€ million). Each company in the Group defines its own functional currency. As the foreign subsidiaries operate as financially, economically, and organizationally independent entities, their functional currency is always the local currency. The items contained in the financial statements of the company concerned are measured using this functional currency. Foreign currency transactions are initially translated at the spot rate at the transaction date. Non-monetary items that are measured at cost in a foreign currency are translated at the exchange rate at the transaction date. Exchange differences from the translation of monetary items are recognized in income. Monetary assets and liabilities in foreign currency are translated into the functional currency at the closing rate.

At the balance sheet date, the assets and liabilities of foreign subsidiaries whose functional currency is not the euro are translated into euros at the closing rate. Income and expenses are generally translated at average exchange rates for the fiscal year. Exchange differences arising from this are recognized as a separate component of equity.

The following table shows the changes in the exchange rates for the currencies material to the consolidated financial statements:

EXCHANGE RATE CHANGES (€1 =)

	Average rates		Closing rates	
	2019	2020	2019	2020
Brazilian real (BRL)	4.4177	5.9841	4.5145	6.3738
Swiss franc (CHF)	1.1112	1.0709	1.0846	1.0804
Chinese yuan (CNY)	7.7236	7.8966	7.8184	8.0263
Pound sterling (GBP)	0.8758	0.8893	0.8512	0.8982
Japanese yen (JPY)	121.9650	121.8579	121.8950	126.4800
Russian ruble (RUB)	72.2110	84.1947	69.9554	91.4754
Thai baht (THB)	34.6015	35.8965	33.4516	36.7225
US dollar (USD)	1.1195	1.1468	1.1231	1.2272

Changes in Accounting Policies

There were no material effects from the first-time application of new standards or interpretations in fiscal year 2020. The IASB has also revised or issued further accounting standards and interpretations that must be applied in future. However, these will have no material effects on the consolidated financial statements.

Due to an adjustment of deferred tax liabilities by €11 million, which arose in the context of an acquisition in the tesa Business Segment in 2018, goodwill was reduced retrospectively accordingly. There was no material effect on earnings in this context.

Finalization of the Purchase Price Allocation

Accounting for the merger with the COPPERTONE business was finalized in the reporting period, which has led to an adjustment in the balance sheet figures as of December 31, 2019. The changes resulting from the purchase price allocation were as follows:

CHANGE IN CONSOLIDATED BALANCE SHEET FIGURES DUE TO FINALIZATION OF PURCHASE PRICE ALLOCATION (IN € MILLION)

	Published in consolidated financial statements as of Dec. 31, 2019	Amended consolidated balance sheet as of Dec. 31, 2019
Intangible assets	590	592
Property, plant, and equipment	1,626	1,619
Deferred tax assets	270	276
Inventories	1,016	1,012
Cash and cash equivalents	1,142	1,145

The final purchase price allocation has no material effect on any other components of the consolidated financial statements as of December 31, 2019. Further details on the finalization of the purchase price allocation can be found in the "Consolidated Group, Acquisitions, and Divestments" section.

Significant Accounting Policies

Sales are recognized when goods and products are delivered, and control has transferred to the customer. Discounts, customer bonuses, and rebates are deducted from sales, as is consideration payable to trading partners in those cases in which the consideration is not matched by a distinct product or service supplied whose fair value can be estimated reliably. The probability of returns is reflected in the recognition and measurement of sales.

Cost of goods sold comprises the cost of internally produced goods sold and the purchase price of merchandise sold. The cost of internally produced goods includes directly attributable costs such as the cost of direct materials, direct labor, and energy, as well as production overheads, including depreciation of production facilities. The cost of goods sold also includes write-downs of inventories and operating expenses for distribution centers and freight shipments to customers.

Marketing and selling expenses comprise the costs of sales and marketing departments, expenditure on advertising, retail (point of sale) marketing, and similar items. This item also includes write-downs of trade receivables.

Research costs are recognized in profit or loss for the period. Development costs for new products are capitalized if the recognition criteria laid down in IAS 38 are met. This is normally not the case, as the expected future economic benefits cannot be measured reliably as long as the products are not market ready. **Other development costs** (e.g. for information systems) are capitalized as intangible assets if the recognition criteria laid down in IAS 38 are met. Once capitalized, they are amortized using the straight-line method over their expected useful lives.

Purchased **intangible assets** such as patents, trademarks, and software are measured at cost. The carrying amounts of finite-lived intangible assets are reduced by straight-line amortization over their expected useful lives. The useful lives, residual values, and amortization methods are reviewed regularly. Goodwill and indefinite-lived intangible assets are not amortized.

Goodwill and indefinite-lived intangible assets are **tested for impairment** at least once a year; such impairment tests are only conducted for finite-lived intangible assets and property, plant, and equipment if there are indications of impairment. An impairment loss is recognized in profit or loss if the recoverable amount of the asset is lower than its carrying amount. Recoverable amount is identified separately for each asset. If an asset does not generate cash inflows that are largely independent from other assets, recoverable amount is identified on the basis of a group of assets designated as the cash-generating unit. Recoverable amount is the higher of net realizable value and value in use. Net realizable value is the amount obtainable from the sale of an asset in an arm's length transaction, less the costs of disposal. Value in use is calculated on the basis of estimated future cash flows expected to arise from the continuing use of an asset and its disposal at the end of its useful life, using the discounted cash flow method. Cash flows are derived from the business plans and reflect current developments. They are discounted to the date of the impairment test using capitalization rates for equivalent risks.

If the reasons for an impairment loss recognized in previous years no longer apply, the impairment loss (except for goodwill) is reversed up to a maximum of amortized cost.

With the exception of lease right-of-use assets, **property, plant, and equipment** is carried at cost and reduced by straight-line depreciation over the assets' expected useful lives. The useful lives, residual values, and depreciation methods are reviewed annually. The following useful lives are generally applied to the depreciation of items of property, plant, and equipment:

USEFUL LIVES OF PROPERTY, PLANT, AND EQUIPMENT

Buildings	10 to 33 years
Technical equipment and machinery	5 to 15 years
Office and other equipment	3 to 15 years

Production costs of internally manufactured items of property, plant, and equipment are calculated on the basis of attributable direct costs plus an appropriate share of production-related overheads. Interest on borrowings is recognized as a current expense where this does not relate to the production of qualifying assets. Repair and maintenance costs for property, plant, and equipment are also expensed as incurred. Substantial renewals or enhancements that materially increase production capacity or significantly extend the economic life of an asset are capitalized. Correspondingly, components that were previously capitalized and have been replaced by new expenditures to be capitalized are accounted for as disposals. Government grants and subsidies reduce historical cost.

Right-of-use assets from leases are reported within property, plant, and equipment. A lease is a contract that conveys to the Group the right to use an identified asset for an agreed period of time in exchange for a consideration. At Beiersdorf, leases primarily relate to office space and vehicles.

Lease liabilities are reported within financial liabilities. They are recognized at the commencement of the lease at the present value of the lease payments yet to be made. Discounting is generally based on term- and currency-specific incremental borrowing rates as the interest rates implicit in the leases frequently cannot be determined.

Lease right-of-use assets are recognized at cost at the commencement of the lease term. The cost of the right-of-use asset comprises the present value of the total expected lease payments less lease incentives received, initial direct costs, and restoration obligations. Subsequent measurement is at amortized cost. Depreciation is on a straight-line basis over the term of the lease.

The term of the lease commences on the date that the asset is made available for use and includes any rent-free periods. In the case of leases that contain both a basic non-cancelable period and extension and termination options, determination of lease terms takes into account all the facts and circumstances that provide an economic incentive for the exercise of extension options or non-exercise of termination options. The exercise or non-exercise of these options is only factored into the lease term if it is reasonably certain to occur.

The leasing standard is not applied to rights held by a lessee under license agreements within the scope of IAS 38. In addition, Beiersdorf has exercised the option not to recognize low-value and short-term leases on the balance sheet and is instead continuing to treat these as operating expenses over the term of the lease.

Inventories are carried at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is measured using the average cost method. Production cost is calculated as the direct costs plus an appropriate allocation of materials and production overheads, as well as production-related depreciation. It also includes the proportionate costs of company pension arrangements and voluntary social benefits, as well as production-related administrative expenses.

Cash comprises bank balances, cash-on-hand, and checks. **Cash equivalents** are short-term liquid investments that can be converted into a specified amount of cash at any time and are exposed to no more than insignificant fluctuations in value. In accordance with IFRS 9, cash and cash equivalents are designated as AC.

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability of another entity. Financial assets and financial liabilities are measured at fair value on initial recognition.

Categories of financial assets under IFRS 9

The **"at amortized cost" (AC)** category comprises financial assets whose cash flows consist of interest and principal payments and that are held as part of a business model that aims to collect contractual cash flows. Following initial recognition, they are valued at amortized cost less any impairment losses using the effective interest method.

The **"at fair value through other comprehensive income" (FVOCI)** category comprises financial assets whose cash flows consist of interest and principal payments and that are held as part of a business model that generally aims to hold the assets but also allows them to be sold as required. These assets are measured at fair value. The resulting changes in value are recognized in a special reserve in other comprehensive income. When these financial assets are sold or written down for impairment, the cumulative gains and losses recognized in other comprehensive income are recognized in profit or loss. This category also contains equity instruments for which the irrevocable option to recognize fair value changes in other comprehensive income has been exercised. Later changes in value remain in other comprehensive income upon sale or impairment and are not reclassified to profit or loss.

The **"at fair value through profit or loss" (FVPL)** category comprises financial assets that do not fall under the other categories. These assets are measured at fair value. The resulting changes in value are recognized in profit or loss.

Financial assets are **tested for impairment** as of each reporting date. Under IFRS 9, a risk provision is recognized based on the expected credit losses over the next 12 months (expected loss model). The estimate is based on ratings and continuously updated risk indicators. Current CDS spreads and the issuers' bond spreads are also used in the calculation. Impairment of financial assets is immediately recognized in profit or loss. For financial assets in the AC category, the impairment reduces the asset's value on the balance sheet; for financial assets in the FVOCI category, the impairment is recognized in a special reserve in other comprehensive income. A simplified process for determining impairment is used for assets that do not contain a significant financing component (e.g. trade receivables). In this approach, expected credit losses over the entire lifetime of the financial instruments are determined. The estimated impairment on receivables is based primarily on the results of previous payment behavior and reflects the age structure, any substantial deterioration in creditworthiness, or a high probability of debtor insolvency, as well as changes in the political and macroeconomic environment. Given the very short terms (e.g. due on demand) and the creditworthiness of our contractual partners, no impairment is identified based on expected credit losses for financial assets such as cash and cash equivalents.

Financial liabilities are carried at amortized cost (AC) using the effective interest method after their initial recognition. Gains and losses resulting from amortization using the effective interest method and from derecognition of liabilities are recognized in profit or loss. Liabilities with remaining contractual maturities of more than one year are classified as non-current. In accordance with IFRS 9, derivative financial instruments used for hedges are not assigned to a separate category; within the Beiersdorf Group, they are subsumed under "derivative financial instruments" (DFI).

Financial assets and financial liabilities are derecognized when control of the contractual rights is lost, when the obligation specified in the contract is discharged or canceled, or when it has expired.

The Beiersdorf Group uses **derivative financial instruments** to manage current and future currency risks. The instruments concerned are mainly currency forwards. Derivative financial instruments are recognized at fair value. They are reported in the balance sheet in other financial assets or other financial liabilities.

The recognition of changes in the fair values of derivative financial instruments depends on whether these instruments are used as hedging instruments and meet the criteria for hedge accounting under IFRS 9. If the criteria are not met despite the existence of an economic hedge, changes in the fair values of derivative financial instruments are recognized immediately in profit or loss. The effectiveness of the hedge relationship is assessed using the critical terms method.

Derivatives classified as fair value hedges are measured at their fair value. Any resulting changes in fair value are recognized in profit or loss. The carrying amount of the hedged asset or liability is adjusted for the changes in fair value attributable to the hedged risk. Gains or losses resulting from changes in fair value are recognized in profit or loss for the period.

For derivative financial instruments designated as hedging instruments that qualify for hedging accounting as a cash flow hedge, the effective portion of the change in the fair value is recognized in other comprehensive income, net of the related tax effect. The ineffective portion is recognized in profit or loss. When the hedged item (underlying) is settled, the effective portion is also recognized in profit or loss.

The **fair value of financial instruments** is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value, it is assumed that the underlying transaction on which the price is based takes place in either the principal market or the most advantageous market that the Beiersdorf Group has access to. The price is measured using the assumptions that market participants would base pricing on. All financial instruments recognized at fair value in the financial statements are categorized into the following hierarchy levels in accordance with IFRS 13:

- Level 1: Fair values that are measured using quoted prices in active markets
- Level 2: Fair values that are measured using valuation techniques whose significant inputs are based on directly or indirectly observable market data
- Level 3: Fair values that are measured using valuation techniques whose significant inputs are not based on observable market data

Financial instruments regularly measured at fair value are reassessed at the end of the fiscal year to determine whether reclassifications have to be made between the levels of the hierarchy.

Provisions for pensions and other post-employment benefits comprise the provisions for defined benefit plans within the Group. Obligations are measured using the projected unit credit method. The expected benefits are spread over the entire length of service of the employees. The actuarial computation of the pension provisions is based on market rates of interest as well as projected wage/salary and pension increases, and staff turnover trends. Measurement is performed using the relevant local inputs. In Germany, the mortality rate was based on Heubeck's 2018 G mortality tables, while international rates were based on locally recognized mortality tables. The various discount rates used are based on the yields of high-quality corporate bonds with appropriate maturities and currencies and a minimum of an AA rating. Actuarial reports are prepared annually. All assumptions are reviewed for appropriateness at each reporting date.

The amount recognized as a provision comprises the total present value of the defined benefit obligation less the fair value of plan assets available for immediate settlement of obligations. If the fair value of plan assets exceeds the present value of the defined benefit obligation, net assets are only recognized up to the amount of the asset ceiling.

Past service cost is recognized as a component of EBIT in line with the principle of functional allocation, while net interest income is recognized in the financial result. Actuarial gains and losses resulting from changes in actuarial assumptions and deviations between earlier actuarial assumptions and actual developments, as well as from changes in the return on plan assets, are recognized immediately and in full under retained earnings in consolidated equity. They are not recognized in profit or loss later on, but rather remain in consolidated equity.

In the case of defined contribution plans, contributions are made on a statutory, contractual, or voluntary basis to public or private pension insurance plans. The Group does not have any other payment obligations above and beyond the contributions. The contributions are recognized in profit or loss as a component of EBIT.

Other provisions take account of all identifiable future payment obligations, risks, and uncertain obligations of the Group resulting from current legal or constructive obligations arising from past events where the amount of the obligation can be measured reliably. Such other provisions are mainly due within one year. Non-current provisions expected to be settled after more than one year are discounted insofar as the interest effect is material.

Current **income tax** assets and liabilities for current and future periods are recognized at the expected amount. The tax rates and tax legislation enacted at the reporting date are used to calculate the amount.

Deferred taxes result from temporary differences between the tax base of assets and liabilities and their carrying amounts in the IFRS balance sheet, and from tax loss carryforwards. Deferred taxes are measured using the balance sheet liability method on the basis of the tax rates expected to be enacted in the individual countries when the temporary differences reverse. These rates are based on the legislation in force at the balance sheet date. No deferred taxes are recognized for differences arising on the initial recognition of assets and liabilities that are not the result of business combinations and do not affect either accounting or taxable profit.

Deferred tax assets in respect of temporary differences, tax loss carryforwards, and tax credits are recognized where it is probable that sufficient taxable profit will be available in future periods against which they can be utilized. Recognized deferred taxes are tested for recoverability every year. Income taxes relating to items recognized in other comprehensive income are not recognized in the income statement but in other comprehensive income.

Current tax assets and liabilities, and deferred tax assets and liabilities, are offset against each other if the Group has a legally enforceable right to offset the actual tax assets against actual tax liabilities and these relate to income taxes levied on the same taxable entity by the same taxation authority.

SUMMARY OF SELECTED MEASUREMENT POLICIES

Balance sheet item	Measurement policy
Assets	
Goodwill	Lower of cost or recoverable amount
Other intangible assets	
indefinite-lived	Lower of cost or recoverable amount
finite-lived	(Amortized) cost
Property, plant, and equipment	(Amortized) cost
Financial assets	
“Amortized cost” (AC)	(Amortized) cost
“At fair value through other comprehensive income” (FVOCI)	At fair value through other comprehensive income
“At fair value through profit or loss” (FVPL)	At fair value through profit or loss
Inventories	Lower of cost or net realizable value
Trade receivables	(Amortized) cost
Cash and cash equivalents	(Amortized) cost
Non-current assets and disposal groups held for sale	Lower of (amortized) cost or net realizable value
Equity and liabilities	
Provisions	
Provisions for pensions and other post-employment benefits	Projected unit credit method
Other provisions	Settlement amount (best estimate)
Financial liabilities	(Amortized) cost
Trade payables	(Amortized) cost
Other liabilities	Settlement amount

Notes to the Cash Flow Statement

The cash flow statement has been prepared in accordance with IAS 7 and is classified into net cash flows from operating, investing, and financing activities.

Net cash flow from operating activities is determined using the indirect method, while net cash flows from investing and financing activities are determined using the direct method.

Cash funds are composed of cash and cash equivalents that can be converted into cash at any time and that are exposed to no more than insignificant fluctuations in value.

Notes to the Segment Reporting

Segment reporting in the Beiersdorf Group is based on the management of business operations. The breakdown of the Group into the Consumer and tesa Business Segments reflects the internal organizational structure and the reporting to the Executive Board and the Supervisory Board.

The Beiersdorf Group measures the success of its segments on the basis of sales growth and operating result (EBIT), adjusted for non-recurring, non-operating transactions (EBIT, excluding special factors) in conjunction with the corresponding EBIT margin.

In order to show the global breakdown of business activities in the Beiersdorf Group, information on the geographic regions is presented in addition to the operating segments. The external sales shown for the regions are based on the domiciles of the respective companies.

Group companies domiciled in Germany generated sales of €1,390 million in 2020 (previous year: €1,474 million) and reported non-current assets (not including financial instruments, deferred taxes, and plan assets) of €1,232 million (previous year: €1,182 million).

Organic sales growth is the nominal sales growth adjusted for exchange rate effects and structural effects from acquisitions and divestments.

EBIT excluding special factors represents the operating result (EBIT), adjusted for non-operating one-off business transactions.

EBITDA represents the operating result (EBIT) before depreciation, amortization, and impairment losses.

The **EBIT margin on net operating capital** is the ratio of the operating result (EBIT) to net operating capital.

Gross cash flow is the excess of operating income over operating expenses before any further appropriation of funds.

Net operating capital of €2,205 million (previous year: €2,462 million) consists of gross operating capital less operating liabilities. The following table shows the reconciliation of net operating capital to the balance sheet items:

RECONCILIATION OF NET OPERATING CAPITAL TO BALANCE SHEET ITEMS (IN € MILLION)

Assets	Dec. 31, 2019	Dec. 31, 2020
Intangible assets*	581	545
Property, plant, and equipment*	1,619	1,630
Inventories*	1,012	1,001
Trade receivables	1,442	1,244
Other receivables and other assets (not including tax receivables)	156	134
Gross operating capital*	**4,810**	**4,554**
Gross non-operating assets*	5,244	5,651
Total balance sheet assets	**10,054**	**10,205**

Equity and liabilities	Dec. 31, 2019	Dec. 31, 2020
Other provisions	600	623
Trade payables	1,660	1,642
Other liabilities (not including income tax liabilities)	88	84
Operating liabilities	**2,348**	**2,349**
Equity	6,093	6,263
Non-operating liabilities*	1,613	1,593
Total balance sheet equity and liabilities	**10,054**	**10,205**

* The figures as of December 31, 2019, have been amended due to the finalization of the purchase price allocation for the COPPERTONE business and/or due to an adjustment to the valuation of an acquisition made in 2018 in the tesa Business Segment. Further information can be found in the sections "Finalization of the Purchase Price Allocation" and "Changes in Accounting Policies" of the notes.

Consolidated Group, Acquisitions, and Divestments

Consolidated Group

In addition to Beiersdorf AG, the consolidated financial statements include 17 (previous year: 19) German and 160 (previous year: 159) international companies whose financial and business policies Beiersdorf AG is able to control either directly or indirectly.

In the year under review, one new company was included in the consolidated financial statements. In addition, two companies were wound up.

Beiersdorf AG's Shareholdings

Disclosures of Beiersdorf AG's shareholdings are made in the section entitled "Additional Information." The list shows those companies/equity interests in which Beiersdorf AG holds 5% or more of the shares and/or voting rights. This list largely corresponds to the information disclosed in the previous year.

Significant Acquisitions

Beiersdorf acquired the sun care business COPPERTONE for a final purchase price of €492 million (USD 551 million) with a purchase agreement dated May 13, 2019. The sun care brand is mainly sold in the United States, Canada, and China and has been part of the Beiersdorf Group since August 31, 2019. The 2019 consolidated financial statements contain a provisional purchase price allocation, as not all the information relevant for the purchase price allocation had yet been prepared and audited at that time. The purchase price allocation was completed in June 2020. Based on this final allocation, the assets acquired as of August 31, 2019, were as follows:

ALLOCATION OF THE PURCHASE PRICE FOR THE ACQUISITION OF THE COPPERTONE-BUSINESS (IN € MILLION)

Purchase price	492
Trademark rights	188
Technology and patents	17
Customer base	13
Property, plant, and equipment	51
Inventories	47
Deferred Tax Assets	5
Goodwill	171

The values recognized for the acquired assets are largely within the ranges indicated in the 2019 annual report. At €13 million, the value of the customer base is below the range shown in the consolidated financial statements as of December 31, 2019, due to an adjustment of the assumption regarding the average term of the customer relationships.

For the purposes of the impairment test, the goodwill acquired in the course of the business combination was allocated with effect from the time of acquisition to the cash-generating units expected to benefit from the business potential of the merger and generate resulting cash flows. As part of the COPPERTONE acquisition, goodwill of €161 million was allocated to the North American cash-generating unit (Beiersdorf USA and Beiersdorf Canada). Goodwill of €10 million was allocated to the Northeast Asian cash-generating unit (NIVEA Shanghai, Beiersdorf Hong Kong, and Beiersdorf Taiwan). The goodwill allocated to North America is tax deductible. The acquired trademarks of €188 million are established in their markets and will continue to be advertised in the future. They therefore represent indefinite-lived intangible assets.

Significant Divestments

The Beiersdorf Group did not make any significant divestments during the year under review or in the previous year.

Exercise of Exemption Options

The following German affiliates included in the consolidated financial statements of Beiersdorf AG exercised the exemption option under § 264 (3) *HGB* in fiscal year 2020:

- Beiersdorf Manufacturing Hamburg GmbH, Hamburg
- Beiersdorf Manufacturing Berlin GmbH, Berlin
- Beiersdorf Manufacturing Waldheim GmbH, Waldheim
- La Prairie Group Deutschland GmbH, Baden-Baden
- Produits de Beauté Produktions GmbH, Baden-Baden
- Beiersdorf Shared Services GmbH, Hamburg

Notes to the Income Statement

01 Sales

Sales amounted to €7,025 million in fiscal year 2020 (previous year: €7,653 million). A breakdown of sales and their development can be found in the management report, the segment reporting, and regional reporting.

02 Cost of Goods Sold

The cost of goods sold amounted to €2,984 million (previous year: €3,221 million). This item includes inventories expensed in the reporting period as well as direct expenses for distribution logistics.

03 Marketing and Selling Expenses

Marketing and selling expenses were €2,485 millionn (previous year: €2,666 million). The item includes expenditure on advertising, retail (point of sale) marketing, and similar items amounting to €1,554 million (previous year: €1,638 million).

04 General and Administrative Expenses

General and administrative expenses amounted to €400 million in the past fiscal year (previous year: €416 million). This item comprises personnel expenses and other administration costs, as well as the cost of external services that are not allocated internally to other functions.

05 Other Operating Income

(IN € MILLION)

	2019	2020
Gains on disposals of property, plant, and equipment, and other assets	4	1
Income from the reversal of provisions	45	36
Miscellaneous other income	122	189
	171	**226**

Gains on disposals of property, plant, and equipment, and other assets were attributable to the sale of no longer required land and other fixed assets. Income from the reversal of provisions was due among other things to personnel risk provisions, litigation risk provisions, and other provisions that are no longer required. Miscellaneous other income includes income from the reversal of no longer required accruals and valuation allowances on receivables, as well as other out-of-period income. It also includes income from the implementation of a supply contract of €78 million (previous year: €16 million), acquired as part of the COPPERTONE acquisition.

06 Other Operating Expenses

(IN € MILLION)

	2019	2020
Restructuring expenses	41	48
Exchange result on operating activities	25	14
Losses on disposal of non-current assets	6	4
Amortization and impairment of intangible assets from acquisitions	11	17
Miscellaneous other expenses	170	225
	253	**308**

Restructuring expenses relate in particular to measures in the supply chain organization and other ongoing reorganizations. Amortization and impairment of intangible assets showed amortization of intangible assets from acquisitions amounting to €7 million (previous year: €11 million) and goodwill impairment amounting to €10 million in the Northeast Asian cash-generating unit.

Miscellaneous other expenses included expenditure of €24 million in connection with the "Care Beyond Skin" donation program and expenditure of €14 million (previous year: €25 million) relating to the integration of the newly acquired COPPERTONE business. Expenses of €62 million from a supply contract acquired as part of the COPPERTONE acquisition are also included in the figure (previous year: €13 million), as are additions to provisions for litigation and other risks, as well as miscellaneous other operating expenses.

07 Financial Result

(IN € MILLION)

	2019	2020
Interest income	37	33
Interest expense	-13	-13
Net pension result	-13	-9
Other financial result	-6	-18
	5	**-7**

Interest income primarily resulted from "cash and cash equivalents," "current securities," and "non-current securities." It includes interest income from financial investments recognized at amortized cost of €16 million (previous year: €18 million). The interest income from financial investments recognized at fair value through other comprehensive income amounted to €4 million (previous year: €6 million). Interest expense includes, among other things, interest expenditure relating to tax reassessments as well as interest expenditure of €3 million (previous year: €3 million). The net pension result contains expenses from unwinding the discount on the net pension obligation incurred in previous years. Other financial result includes net income from the sale of financial assets and negative effects from movements in exchange rates.

08 Income Taxes

Income tax expense including deferred taxes can be broken down as follows:

(IN € MILLION)

	2019	2020
Current income taxes		
Germany	101	64
International	237	191
	338	**255**
Deferred taxes	-37	-11
	301	**244**

Reconciliation to effective income tax expense

Given an effective tax rate of 29.7% (previous year: 29.0%), the effective income tax expense is €42 million (previous year: €45 million) higher than the expected income tax expense. The expected tax rate is calculated as the weighted average of the tax rates of the individual Group companies and amounts to 24.6% (previous year: 24.7%).

The following table shows the reconciliation of expected to effective income tax expense:

EFFECTIVE INCOME TAX EXPENSE (IN € MILLION)

	2019	2020
Expected income tax expense given a tax rate of 24.6% (previous year: 24.7%)	256	202
Prior-year taxes	–	-4
Decrease in tax expense due to tax-free income	-7	-8
Increase in tax expense due to non-tax-deductible impairment of goodwill	1	2
Increase in tax expense due to other non-deductible expenses	39	32
Decrease in tax expense due to the utilization/ recognition of previously unrecognized tax loss carryforwards	-14	-4
Increase in tax expense due to non-recognition of tax loss carryforwards	11	12
Other tax effects	15	12
Effective income tax expense	**301**	**244**

No deferred tax assets have been recognized for tax loss carryforwards and unused tax credits of €168 million (previous year: €128 million), whose expiration dates are given below.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits. Given the positive assessments of future business development, it is assumed there is a reasonable probability that future taxable income will be sufficient to allow utilization of the deferred tax assets.

EXPIRATION DATES OF TAX LOSS CARRYFORWARDS AND UNUSED TAX CREDITS (IN € MILLION)

	Dec. 31, 2019	Dec. 31, 2020
Expiration date within		
1 year	1	–
2 years	–	1
3 years	–	1
more than 3 years	92	121
Unlimited carryforward period	35	45
	128	**168**

Deferred taxes relate to the following balance sheet items and matters:

ALLOCATION OF DEFERRED TAXES (IN € MILLION)

	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020
Non-current assets*	18	13	62	73
Inventories	24	31	–	–
Receivables and other current assets	18	14	14	17
Provisions for pensions and other post-employment benefits	130	158	1	1
Other provisions	60	57	30	27
Liabilities	102	104	4	3
Retained earnings	–	–	17	15
Loss carryforwards	36	35	–	–
	388	**412**	**128**	**136**
Offset deferred taxes	–112	–123	–112	–123
Deferred taxes recognized in the balance sheet*	**276**	**289**	**16**	**13**

* The figures as of December 31, 2019, have been amended due to the finalization of the purchase price allocation for the COPPERTONE business and/or due to an adjustment to the valuation of an acquisition made in 2018 in the tesa Business Segment. Further information can be found in the sections "Finalization of the Purchase Price Allocation" and "Changes in Accounting Policies" of the notes.

Total net deferred tax assets amounted to €276 million for the year under review (previous year: €260 million). Of the year-on-year increase of €16 million (previous year: €105 million), €21 million was recognized directly in other comprehensive income, increasing equity (previous year: increase in equity of €67 million). €11 million (previous year: €37 million) was recognized in profit or loss. Currency effects decreased this item by €16 million (previous year: increase of €1 million).

Deferred taxes are not recognized for retained earnings at foreign affiliates, as these profits are intended to be reinvested indefinitely in those operations from today's perspective. Where distributions are planned, their tax consequences are deferred. The liability is calculated based on the withholding tax rates applicable in each case, taking into account the German tax rate applicable to distributed corporate dividends, where appropriate. Deferred tax liabilities of €15 million (previous year: €17 million) were recognized for this in the reporting period.

09 Basic/Diluted Earnings per Share

Earnings per share for 2020 amounted to €2.47 (previous year: €3.17). The basis for the calculation is the profit after tax excluding profit attributable to non-controlling interests. Beiersdorf AG holds 25,181,016 treasury shares (unchanged). These were deducted from the total of 252,000,000 shares when calculating earnings per share, which resulted in earnings being calculated on the unchanged basis of 226,818,984 shares. As there are no outstanding financial instruments that can be exchanged for shares, there is no difference between diluted and basic earnings per share.

Notes to the Balance Sheet

10 Intangible Assets

COST (IN € MILLION)

	Finite-lived intangible assets	Indefinite-lived intangible assets	Goodwill	Total
Jan. 1, 2019	**457**	**151**	**102**	**710**
Currency translation adjustment	1	–	–1	–
Changes to the consolidated Group/acquisitions*	31	188	171	390
Additions	16	–	2	18
Disposals	–	–96	–	–96
Transfers	4	–	–	4
Dec. 31, 2019/Jan. 1, 2020	**509**	**243**	**274**	**1,026**
Currency translation adjustment	–10	–	–16	–26
Changes to the consolidated Group/acquisitions		–		–
Additions	9	–	–	9
Disposals	–	–	–	–
Transfers	8	–		8
Dec. 31, 2020	**516**	**243**	**258**	**1,017**

AMORTIZATION/IMPAIRMENT LOSSES (IN € MILLION)

	Finite-lived intangible assets	Indefinite-lived intangible assets	Goodwill	Total
Jan. 1, 2019	**356**	**146**	**8**	**510**
Currency translation adjustment	1	–	–1	–
Changes to the consolidated Group/acquisitions	–	–	–	–
Additions	27	–	3	30
Disposals	–	–96	–	–96
Transfers	1	–	–	1
Dec. 31, 2019/Jan. 1, 2020	**385**	**50**	**10**	**445**
Currency translation adjustment	–6	–	–1	–7
Changes to the consolidated Group/acquisitions	–	–	–	–
Additions	24	–	10	34
Disposals		–	–	–
Transfers		–		–
Dec. 31, 2020	**403**	**50**	**19**	**472**

CARRYING AMOUNTS (IN € MILLION)

	Finite-lived intangible assets	Indefinite-lived intangible assets	Goodwill	Total
Dec. 31, 2019*	**124**	**193**	**264**	**581**
Dec. 31, 2020	**113**	**193**	**239**	**545**

* The figures as of December 31, 2019, have been amended due to the finalization of the purchase price allocation for the COPPERTONE business and/or due to an adjustment to the valuation of an acquisition made in 2018 in the tesa Business Segment. Further information can be found in the sections "Finalization of the Purchase Price Allocation" and "Changes in Accounting Policies" of the notes.

Goodwill or Indefinite-lived Intangible Assets

The carrying amounts of goodwill decreased by €25 million compared with the previous year to €239 million (previous year: €264 million).

Goodwill in the Consumer Business Segment comprises the goodwill of €146 million (previous year: €161 million) in the North American cash-generating unit and the goodwill of €54 million (previous year: €52 million) attributable to Beiersdorf AG (Switzerland). The change versus the previous year in both cases is attributable to exchange rate changes.

Indefinite-lived intangible assets mainly include acquired trademarks from the acquisition of the Coppertone business amounting to €188 million (previous year: €188 million). Impairment tests were performed as of 31 December, 2020 on the goodwill as well as trademarks recognized for all relevant cash-generating units. Forecast cash flows were used to calculate value in use in order to determine the recoverable amount. The main estimates on which the impairment tests were based included market shares and rates of sales growth, price trends for commodities, gross profit margins, and corresponding discount rates. The detailed planning anticipates moderate sales growth and a typical EBIT margin for the Group. Estimated future cash flows were based on financial planning with a five-year horizon. Cash flows beyond the planning period were extrapolated using an individual growth rate taking into account relevant market information. Beyond the planning horizon, this growth rate (terminal growth rate) was assumed to be 1.0 % (previous year: 1.0 %) for North America, Northeast Asia, and Switzerland. The weighted pre-tax discount rate used to discount the estimated cash flows was 5.3% for North America, 8.3% for Northeast Asia, and Switzerland 4.4 % (previous year: 5.6%).

Due to the general business development in the Northeast Asian cash-generating unit, the impairment test showed an impairment of goodwill amounting to €10 million. The goodwill from the COPPERTONE acquisition attributable to the Northeast Asian cash-generating unit has been fully written off as of December 31, 2020. The impairment was recognized in other operating expenses and is attributable to the Consumer Business Segment.

The impairment tests for the other cash-generating units did not reveal any need for impairment of goodwill as well as trademarks in the reporting year. In the case of these cash-generating units, the Group assumes that the recoverable amount will exceed the carrying amount of the goodwill, even in the event of reasonably possible changes in the key assumptions used in impairment testing. This observation also considers the potential impact of the COVID-19 pandemic. These mainly relate to the sales markets and thus the development of forecast sales.

11 Property, Plant, and Equipment

Property, plant, and equipment – owned

COST (IN € MILLION)

	Land, land rights, and buildings	Technical equipment and machinery	Office and other equipment	Advance payments and assets under construction	Total
Jan. 1, 2019	**865**	**1,006**	**659**	**273**	**2,803**
Currency translation adjustment	5	5	6	5	21
Changes to the consolidated Group/acquisitions*	28	11	8	3	50
Additions	38	67	57	142	304
Disposals	–9	–22	–19	–3	–53
Transfers	63	83	19	–168	–3
Dec. 31, 2019/Jan. 1, 2020*	**990**	**1,150**	**730**	**252**	**3,122**
Currency translation adjustment	–38	–33	–22	–7	–100
Changes to the consolidated Group/acquisitions	–	–	–	–	–
Additions	9	37	43	182	271
Disposals	–	–12	–25	–6	–43
Transfers	5	52	15	–79	–7
Dec. 31, 2020	**966**	**1,194**	**741**	**342**	**3,243**

* The figures as of December 31, 2019, have been amended due to the finalization of the purchase price allocation for the COPPERTONE business. Further information can be found in the section "Finalization of the Purchase Price Allocation".

DEPRECIATION/IMPAIRMENT LOSS (IN € MILLION)

	Land, land rights, and buildings	Technical equipment and machinery	Office and other equipment	Advance payments and assets under construction	Total
Jan. 1, 2019	**389**	**688**	**487**	**–**	**1,564**
Currency translation adjustment	2	3	5	–	10
Changes to the consolidated Group/acquisitions	–	–	–	–	–
Additions	25	61	61	–	147
Disposals	–7	–17	–17	–	–41
Transfers	1	–1	–	–	–
Dec. 31, 2019/Jan. 1, 2020	**410**	**734**	**536**	**–**	**1,680**
Currency translation adjustment	–7	–14	–13	–1	–35
Changes to the consolidated Group/acquisitions	–	–	–	–	–
Additions	29	70	61	–	160
Disposals	–	–10	–24	–	–34
Transfers	–	–	–	–	–
Dec. 31, 2020	**432**	**780**	**560**	**–1**	**1,771**

CARRYING AMOUNTS (IN € MILLION)

	Land, land rights, and buildings	Technical equipment and machinery	Office and other equipment	Advance payments and assets under construction	Total
Dec. 31, 2019*	**580**	**416**	**194**	**252**	**1,442**
Dec. 31, 2020	**534**	**414**	**181**	**343**	**1,472**

* The figures as of December 31, 2019, have been amended due to the finalization of the purchase price allocation for the COPPERTONE business. Further information can be found in the section "Finalization of the Purchase Price Allocation".

The carrying amounts of property, plant, and equipment amounted to €1,472 million (previous year: €1,442 million). Investments in property, plant, and equipment totaled €271 million (previous year: €304 million). They primarily related to the plants of the two business segments, Consumer and tesa, as well as the construction of the new Group headquarters.

Right-of-use assets – leased

COST (IN € MILLION)

	Land, land rights, and buil-dings	Technical equipment and machinery	Office and other equipment	Advance payments and assets under construction	Total
Jan. 1, 2019	**–**	**–**	**–**	**–**	**–**
Currency translation adjustment	–	–	–	–	–
Changes to the consolidated Group/acquisitions	–	–	–	–	–
Additions	202	4	33	1	240
Disposals	–1	–	–	–	–1
Transfers	–	–	–	–	–
Dec. 31, 2019/Jan. 1, 2020	**201**	**4**	**33**	**1**	**239**
Currency translation adjustment	–9	–	–2	–	–11
Changes to the consolidated Group/acquisitions	–	–	–	–	–
Additions	40	1	16	–	57
Disposals	–7	–1	–5	–	–13
Transfers	–	–	1	–1	–
Dec. 31, 2020	**225**	**4**	**43**	**–**	**272**

DEPRECIATION/IMPAIRMENT LOSS (IN € MILLION)

	Land, land rights, and buil-dings	Technical equipment and machinery	Office and other equipment	Advance payments and assets under construction	Total
Jan. 1, 2019	**–**	**–**	**–**	**–**	**–**
Currency translation adjustment	–	–	–	–	–
Changes to the consolidated Group/acquisitions	–	–	–	–	–
Additions	49	1	12	–	62
Disposals	–	–	–	–	–
Transfers	–	–	–	–	–
Dec. 31, 2019/Jan. 1, 2020	**49**	**1**	**12**	**–**	**62**
Currency translation adjustment	–2	–	–2	–	–4
Changes to the consolidated Group/acquisitions	–	–	–	–	–
Additions	47	1	15	–	63
Disposals	–3	–1	–3	–	–7
Transfers	–	–	–	–	–
Dec. 31, 2020	**91**	**1**	**22**	**–**	**114**

CARRYING AMOUNTS (IN € MILLION)

	Land, land rights, and buildings	Technical equipment and machinery	Office and other equipment	Advance payments and assets under construction	Total
Dec. 31, 2019	**152**	**3**	**21**	**1**	**177**
Dec. 31, 2020	**134**	**3**	**21**	**–**	**158**

CARRYING AMOUNTS PROPERTY, PLANT, AND EQUIPMENT TOTAL (IN € MILLION)

	Land, land rights, and buildings	Technical equipment and machinery	Office and other equipment	Advance payments and assets under construction	Total
Dec. 31, 2019*	**732**	**419**	**215**	**253**	**1,619**
Property, plant, and equipment – owned*	580	416	194	252	1,442
Right of use assets – leased	152	3	21	1	177
Dec. 31, 2020	**668**	**417**	**202**	**343**	**1,630**
Property, plant, and equipment – owned	534	414	181	343	1,472
Right of use assets – leased	134	3	21	–	158

* The figures as of December 31, 2019, have been amended due to the finalization of the purchase price allocation for the COPPERTONE business. Further information can be found in the section "Finalization of the Purchase Price Allocation"..

The Beiersdorf Group leases real estate, mainly in the form of office space, retail stores, and warehouses. The terms of the lease agreements are diverse and individually negotiated. Lease agreements are generally concluded for a period of three to ten years and may contain extension or termination options. The "Office and other equipment" category mainly comprises leased vehicles.

Further information regarding the right-of-use assets, lease liabilities, and lease expenses can be found in section "Significant Accounting Policies" as well as in Notes 7 and 28.

12 Inventories

(IN € MILLION)

	Dec. 31, 2019	Dec. 31, 2020
Raw materials, consumables, and supplies	228	217
Work in progress	54	56
Finished goods and merchandise*	727	725
Advance payments	3	3
	1,012	**1,001**

Inventories decreased by €11 million compared with the previous year to €1,001 million, €204 million of which (previous year: €245 million) was carried at net realizable value. Write-downs of inventories amounted to €94 million as of the reporting date (previous year: €84 million).

13 Trade Receivables

(IN € MILLION)

	Dec. 31, 2019	Dec. 31, 2020
Carrying amount	**1,442**	**1,244**
Of which past due:		
1 to 30 days	121	71
31 to 60 days	3	8
more than 60 days	24	7

Under IFRS 9, trade receivables belong to the "at amortized cost" measurement category. They are measured at cost less impairment.

The following changes in valuation allowances on receivables were recorded:

VALUATION ALLOWANCES (IN € MILLION)

	2019	2020
Jan. 1	**43**	**48**
Currency translation adjustment	–	–3
Additions	20	20
Utilized	–	–
Reversals	–15	–14
Dec. 31	**48**	**51**

Further information on calculation is contained in Note 27 "Additional Disclosures on Financial Instruments, Financial Risk Management, and Derivative Financial Instruments."

14 Securities

(IN € MILLION)

	Dec. 31, 2019	Dec. 31, 2020
Non-current securities	2,795	3,415
Amortized cost	2,795	3,415
Current securities	770	647
Amortized cost	238	222
Fair value through other comprehensive income	425	313
Fair value through profit or loss	107	112
	3,565	**4,062**

In total, the Beiersdorf Group holds €4,062 million (previous year: €3,565 million) in listed government and corporate bonds, commercial paper, near-money market retail funds, equities, and equity funds. Securities with a carrying amount of €3,415 million (previous year: €2,795 million) are expected to be realized more than 12 months after the reporting date. Non-current securities have a term of up to eight years. At the balance sheet date, no bonds were lent to banks in short-term securities lending transactions (previous year: €346 million). These transactions do not meet the IFRS derecognition criteria. The bonds loaned therefore continued to be reported as securities. The fees received in return are recognized over time in profit or loss. The total fees received are not material.

Impairments on securities measured at amortized cost and at fair value through other comprehensive income are recognized based on expected credit losses over the next 12 months. At the end of the period, total impairment was €5 million. Please refer to Note 27 "Additional Disclosures on Financial Instruments, Financial Risk Management, and Derivative Financial Instruments."

15 Cash and Cash Equivalents

(IN € MILLION)

	Dec. 31, 2019	Dec. 31, 2020
Cash*	1,107	968
Cash equivalents	38	37
	1,145	**1,005**

Cash comprises bank balances, cash-on-hand, and checks. Cash equivalents are short-term liquid investments, such as money market funds, that can be converted into cash at any time and are exposed to no more than insignificant fluctuations in value. Given the very short terms (e.g. due on demand) and the creditworthiness of our contractual partners, no impairment was identified based on expected credit losses.

* The figures as of December 31, 2019, have been amended due to the finalization of the purchase price allocation for the COPPERTONE business. Further information can be found in the section "Finalization of the Purchase Price Allocation".

16 Capital Management Disclosures

The Beiersdorf Group aims to sustainably secure its capital base and generate an appropriate return on its invested capital. As of December 31, 2020, the equity ratio was 61% (previous year: 61%), while the EBIT return on net operating capital was 38% (previous year: 42%). The total dividends distributed in fiscal year 2020 amounted to €177 million (previous year: €177 million). In the case of the dividend of €159 million (previous year: €159 million) paid by Beiersdorf AG, this corresponds to a distribution of €0.70 per no-par-value share bearing dividend rights (previous year: €0.70).

17 Share Capital

The share capital of Beiersdorf Aktiengesellschaft amounts to €252 million (previous year: €252 million) and is composed of 252 million no-par-value bearer shares, each with an equal share in the company's share capital. Since the settlement of the share buyback program on February 3, 2004, and following implementation of the share split in 2006, Beiersdorf Aktiengesellschaft holds 25,181,016 no-par-value shares, corresponding to 9.99% of the company's share capital.

18 Authorized Capital

The Annual General Meeting on April 29, 2020, authorized the Executive Board to increase the share capital with the approval of the Supervisory Board in the period until April 28, 2025, by up to a total of €92 million (Authorized Capital I: €42 million; Authorized Capital II: €25 million; Authorized Capital III: €25 million) by issuing new no-par-value bearer shares on one or several occasions. In this context, the dividend rights for new shares may be determined by a different method than that set out in § 60 (2) *AktG*.

Shareholders shall be granted preemptive rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to disapply shareholders' preemptive rights in the following cases:

1. to eliminate fractions created as a result of capital increases against cash contributions (Authorized Capital I, II, III);

2. to the extent necessary to grant the holders/creditors of convertible bonds or bonds with warrants issued by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, rights to subscribe for new shares in the amount to which they would be entitled after exercising their conversion or option rights, or after fulfilling their conversion obligation (Authorized Capital I, II, III);

3. if the total amount of share capital attributable to the new shares for which preemptive rights are to be disapplied does not exceed 10% of the share capital existing at the time this authorization comes into effect or, in the event that this amount is lower, at the time the new shares are issued and the issue price of the new shares is not materially lower than the quoted market price of the existing listed shares at the time when the issue price is finalized, which should be as near as possible to the time the shares are placed. If, during the term of the authorized capital, other authorizations to issue or sell shares in the company or to issue rights that enable or oblige the holder to subscribe for shares in the company are exercised while disapplying preemptive rights pursuant to or in accordance with § 186 (3) sentence 4 *AktG*, this must be counted toward the above-mentioned 10% limit (Authorized Capital II);

4. in the case of capital increases against non-cash contributions for the purpose of acquiring companies, business units of companies, or equity interests in companies (Authorized Capital III).

The Executive Board may only exercise the above authorizations to disapply preemptive rights to the extent that the total proportionate interest in the share capital attributable to the shares issued while disapplying preemptive rights does not exceed 10% of the share capital at the time these authorizations become effective or at the time these authorizations are exercised. If other authorizations to issue or sell shares in the company or to issue rights that enable or oblige the holder to subscribe for shares in the company are exercised while disapplying preemptive rights during the term of the authorized capital until such time as it is utilized, this must be counted toward the above-mentioned limit.

The Executive Board was also authorized to determine the further details of the capital increase and its implementation with the approval of the Supervisory Board.

19 Contingent Capital

In addition, the Annual General Meeting on April 29, 2020, resolved to contingently increase the share capital by up to a total of €42 million, composed of up to 42 million no-par-value bearer shares. In accordance with the underlying resolution of the Annual General Meeting, the contingent capital increase will be implemented only if:

1. the holders or creditors of conversion and/or option rights attached to the convertible bonds and/or bonds with warrants issued in the period until April 28, 2025, by Beiersdorf Aktiengesellschaft or companies in which it holds a direct or indirect majority interest, choose to exercise their conversion or option rights, or

2. the holders or creditors of convertible bonds giving rise to a conversion obligation issued in the period until April 28, 2025, by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, comply with such obligation,

and the contingent capital is required for this in accordance with the terms and conditions of the bonds.

The new shares bear dividend rights from the beginning of the fiscal year in which they are created as a result of the exercise of conversion or option rights, or as a result of compliance with a conversion obligation.

The Executive Board was authorized to determine the further details of the implementation of a contingent capital increase.

20 Additional Paid-in Capital

Additional paid-in capital comprises the premium arising from the issue of shares by Beiersdorf AG.

21 Retained Earnings

Retained earnings comprise the net profit for the fiscal year and undistributed profits generated in prior periods by companies included in the consolidated financial statements. In addition, this item contains the actuarial gains and losses on remeasurements of defined benefit obligations in previous years. The retained earnings are reduced by the cost of the 25,181,016 treasury shares held by Beiersdorf AG amounting to €955 million.

22 Accumulated Other Comprehensive Income

Currency translation adjustment

The currency translation adjustment equity account serves to recognize differences resulting from the translation of the financial statements of affiliates that do not have the euro as their functional currency.

Hedging instruments from cash flow hedges

Changes in the fair value of financial instruments used to hedge future cash flows are reported under this item. As of the reporting date, market values amounting to €2 million (previous year: €–6 million) after deduction of deferred taxes were recognized in other comprehensive income.

Debt and equity instruments

This item includes fair value changes amounting to €4 million on securities in the “at fair value through other comprehensive income” category after deduction of deferred taxes. It also includes impairment of securities in the “at fair value through other comprehensive income” category.

Changes in the fair value of equity instruments allocated to the “at fair value through other comprehensive income” category under IFRS 9 are also recognized here. There were no changes in fair values to be recognized in other comprehensive income at the reporting date.

23 Dividends

In accordance with the German Stock Corporation Act, dividends are distributed from net retained profits reported in the *HGB* single-entity financial statements of Beiersdorf AG. The Executive Board and Supervisory Board will propose a dividend of €0.70 per no-par-value share bearing dividend rights to the Annual General Meeting. The proposed distribution must be approved by the shareholders at the Annual General Meeting and therefore is not reported as a liability in the consolidated financial statements.

In accordance with the resolution by the Annual General Meeting on April 29, 2020, a dividend of €0.70 per no-par-value share bearing dividend rights was distributed in 2020 from the net retained profits for fiscal year 2019.

24 Provisions for Pensions and Other Post-employment Benefits

Group companies provide retirement benefits under both defined contribution and defined benefit plans. With the exception of net interest, the defined benefit and defined contribution expenses are included in the costs of the respective functions. Net pension interest is reported in the financial result.

Defined contribution expenses also contain contributions to statutory or state pension insurance funds. There was no material income or expense from the termination of pension plans or the curtailment and transfer of pension benefits in the year under review.

PENSION BENEFIT EXPENSES (IN € MILLION)

	2019			2020		
	Germany	Other countries	Group	Germany	Other countries	Group
Current service cost	35	10	45	45	13	58
Past service cost	–	1	1	–	–	–
Defined benefit expense (EBIT)	**35**	**11**	**46**	**45**	**13**	**58**
Net interest result attributable to defined benefit plans (pension expense (+)/pension income (–))	**13**	**–**	**13**	**9**	**–**	**9**
Total expenses for defined benefit plans	**48**	**11**	**59**	**54**	**13**	**67**
Defined contribution expense (EBIT)	41	24	65	41	24	65
Total pension expense	**89**	**35**	**124**	**95**	**37**	**132**

Defined benefit pension plans

The structure of the plans varies depending on the legal, economic, and tax situation in the country in question, and the plans are generally based on the employees' length of service, salary, and status, as well as their own contributions. The largest plans can be found at the German companies.

International defined benefit plans are largely spread across the sites in the United Kingdom, Switzerland, and the United States. The present value of the defined benefit obligations and the balance sheet provisions were attributable to Germany and the other countries as follows as of the reporting date:

PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (IN € MILLION)

	Dec. 31, 2019			Dec. 31, 2020		
	Germany	Other countries	Group	Germany	Other countries	Group
Present value of defined benefit obligations	1,649	250	1,899	1,758	271	2,029
Fair value of plan assets	–794	–239	–1,033	–818	–246	–1,064
Net obligation	**855**	**11**	**866**	**940**	**25**	**965**
Amounts not recognized due to asset ceiling	–	–	–	–	–	–
Other recognized amounts	–	12	12	–	7	7
Provisions for pensions and other post-employment benefits	**855**	**23**	**878**	**940**	**32**	**972**

A majority of the defined benefit obligations within the Beiersdorf Group relate to employees in Germany. These are primarily obligations in relation to retirement pensions, disability pensions, and surviving dependents' pensions granted as a supplement to the statutory pension insurance. Pension commitments in Germany largely consist of direct and indirect commitments by Beiersdorf AG and direct commitments by tesa SE. The benefits depend on the employees' length of service and their average salary over the three years immediately preceding the date on which the pension becomes payable. The pension payments to the beneficiaries are adjusted for inflation by at least 1% per annum; this is performed annually in some cases or at the latest every three years.

Defined benefit obligations are funded exclusively by employer payments. Although there is no minimum funding requirement in Germany, both Beiersdorf AG and tesa SE have transferred plan assets to a separate entity. In addition, the benefit plans are protected against the consequences of insolvency in accordance with the *Gesetz zur Verbesserung der betrieblichen Altersversorgung* (German Occupational Pensions Improvement Act, *BetrAVG*); annual contributions are made to the Pensions-Sicherungs-Verein (German Pension Protection Fund) for this.

Beiersdorf AG has transferred plan assets to an entity with the legal form of a foundation (TROMA Alters- und Hinterbliebenenstiftung, Hamburg). The board of trustees of the foundation is composed of representatives of the company and of the Group Works Council. The board of trustees is responsible for setting and implementing the investment strategy. The strategy is regularly reviewed and adjusted as necessary in light of the latest developments.

Plan assets of tesa SE are invested and managed by an independent trustee via a contractual trust agreement (CTA). An investment committee consisting of representatives of the company and of the Works Council sets the investment strategy. Portfolio performance and the current situation are analyzed at regular intervals and, where necessary, the investment strategy is amended to reflect changed conditions.

To mitigate the risk of changes in capital market conditions and demographic developments, the old pension plans were closed to tesa employees in 2005 and to Beiersdorf employees in 2008. Employees joining the companies after this date can join employee-financed benefit plans. Under these plans, they can save part of their pensionable pay and also receive an employer contribution. The plan assets are invested and managed by independent trustees via a CTA. The employer guarantees a minimum return on contributions of 3.25% per annum until retirement. As from 2019 new entrants at Beiersdorf are guaranteed a minimum return of 1.8%. The pension can be paid in the form of an annuity or as a lump sum.

The expenses for defined benefit plans and the present value of pension commitments are determined on the basis of actuarial calculations.

Measurement is based on the following assumptions:

ACTUARIAL ASSUMPTIONS (IN %)

	2019		2020	
	Germany	Other countries	Germany	Other countries
Discount rates	1.10	1.65	0.80	1.24
Projected wage and salary growth	3.00	2.57	3.00	2.48
Projected pension growth	1.76	1.91	1.76	1.95
Projected staff turnover	2.14	8.14	2.15	8.47

The figures given are averages. The local parameters were weighted using the present values of the relevant defined benefit obligations. During the period under review, the present value of the defined benefit obligations changed as shown in the table below. The actuarial losses in the reporting year due to changes in financial assumptions were mainly attributable to the reduction in the discount rates.

PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS (IN € MILLION)

	2019			2020		
	Germany	Other countries	Group	Germany	Other countries	Group
Jan. 1	**1,399**	**208**	**1,607**	**1,649**	**250**	**1,899**
Current service cost	35	10	45	45	13	58
Net interest expense	27	5	32	18	3	21
Actuarial gains (–) and losses (+)	202	26	228	78	20	98
Of which experience adjustments	–17	3	–14	–15	2	–13
Of which due to changes in financial assumptions	226	20	246	94	16	110
Of which due to changes in demographic assumptions	–7	3	–4	–1	2	1
Contributions by plan participants	29	2	31	13	3	16
Pension benefits paid	–43	–9	–52	–45	–10	–55
Currency translation adjustment	–	8	8	–	–10	–10
Other changes	–	–	–	–	2	2
Dec. 31	**1,649**	**250**	**1,899**	**1,758**	**271**	**2,029**

The funded status of the present value of the Group's defined benefit obligations as of the reporting date was as follows:

FUNDED STATUS OF PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS (IN € MILLION)

	Dec. 31, 2019			Dec. 31, 2020		
	Germany	Other countries	Group	Germany	Other countries	Group
Partly or wholly funded defined benefit obligations	1,641	234	1,875	1,751	253	2,004
Unfunded defined benefit obligations	8	16	24	7	18	25
Present value of defined benefit obligations	**1,649**	**250**	**1,899**	**1,758**	**271**	**2,029**

The change in plan assets during the period under review was as follows:

FAIR VALUE OF PLAN ASSETS (IN € MILLION)

	2019			2020		
	Germany	Other countries	Group	Germany	Other countries	Group
Jan. 1	**742**	**203**	**945**	**794**	**239**	**1,033**
Return on plan assets	14	5	19	9	3	12
Actuarial gains (+) and losses (–)	5	20	25	–1	10	9
Actual return on plan assets	**19**	**25**	**44**	**8**	**13**	**21**
Employer contributions	35	7	42	10	8	18
Contributions by plan participants	6	3	9	15	2	17
Pension benefits paid	–8	–7	–15	–9	–9	–18
Currency translation adjustment	–	8	8	–	–8	–8
Other changes	–	–	–	–	1	1
Dec. 31	**794**	**239**	**1,033**	**818**	**246**	**1,064**

In fiscal year 2021, employer contributions to plan assets are expected to amount to €16 million. The breakdown of the plan assets as of the reporting date was as follows:

COMPOSITION OF PLAN ASSETS (IN € MILLION)

	Dec. 31, 2019			Dec. 31, 2020		
	Germany	Other countries	Group	Germany	Other countries	Group
Equity instruments	168	94	262	49	94	143
Debt instruments	413	78	491	342	82	424
Real estate	167	28	195	170	33	203
Cash and cash equivalents	17	11	28	230	8	238
Other	29	28	57	27	29	56
Total plan assets	**794**	**239**	**1,033**	**818**	**246**	**1,064**

The plan assets serve exclusively to meet the benefit obligations. The funding provided for these benefit obligations represents a provision for future cash outflows. The overarching investment policy and investment strategy are based on the goal of generating a return on plan assets in the medium term which, taken together with the contributions, is sufficient to meet the pension obligations. The plan assets are invested in a variety of different asset classes so as to avoid risk clusters.

The equity instruments comprise investments in equity funds and direct investments. In general, these have quoted market prices in a liquid market. Passive index tracker equities funds may contain a limited number of Beiersdorf shares. No Beiersdorf shares are held directly. Of the equity instruments in Germany, 100% are attributable to the mature markets.

Debt instruments may comprise investments in funds and direct investments in bonds. In general, these have quoted market prices in a liquid market. In Germany, 90% are attributable to corporate bonds and 10% to government bonds.

The real estate consists of residential and commercial properties. Investments can take the form of both investments in listed real estate funds and directly held properties. As of the reporting date, the portfolio included buildings held and used in the amount of €43 million.

Cash and cash equivalents comprise both cash at banks and units in money market funds. This position also includes a short-term deposit of TROMA Alters- und Hinterbliebenenstiftung with Beiersdorf AG in the amount of €163 million.

The following overview provides a breakdown of the weighted average duration of the present values of the defined benefit obligations and a maturity analysis of expected pension payments:

DURATION AND MATURITY ANALYSIS

	Dec. 31, 2019			Dec. 31, 2020		
	Germany	Other countries	Group	Germany	Other countries	Group
Duration of the present value of the pension obligations (in years)	**19**	**17**	**19**	**19**	**18**	**19**
Maturity analysis of the expected pension payments (in € million)						
Up to 1 year	47	6	53	47	10	57
More than 1 and up to 2 years	48	6	54	49	10	59
More than 2 and up to 5 years	152	20	172	158	29	187
More than 5 and up to 10 years	282	45	327	294	56	350

The following sensitivity analysis shows the effect of individual changes in assumptions on the present value of the defined benefit obligations:

SENSITIVITY OF THE DEFINED BENEFIT OBLIGATIONS (IN € MILLION)

Change in present value of defined benefit obligations

	Dec. 31, 2019			Dec. 31, 2020		
	Germany	Other countries	Group	Germany	Other countries	Group
Discount rate						
+0.50%	–141	–18	–159	–153	–20	–173
–0.50%	163	20	183	177	22	199
Projected wage and salary growth						
+0.25%	8	2	10	6	2	8
–0.25%	–7	–2	–9	–6	–2	–8
Projected pension growth						
+0.25%	37	6	43	40	5	45
–0.25%	–36	–3	–39	–38	–4	–42
Projected staff turnover						
+0.25%	–	–1	–1	–	–1	–1
–0.25%	–	1	1	–	1	1
Life expectancy						
Increase of one year	77	–	77	83	2	85
Decrease of one year	–71	–1	–72	–77	–2	–79

The sensitivity analysis is based on realistic potential changes as of the end of the reporting period. It was performed using a methodology that extrapolates the effect of realistic changes in the key assumptions at the end of the reporting period on the defined benefit obligation. Each change in the key actuarial assumptions was analyzed separately. No interdependencies were taken into account.

25 Other Provisions

(IN € MILLION)

	Personnel	Marketing and selling	Litigation and similar risks	Miscellaneous	Total
Jan. 1, 2020	**290**	**45**	**124**	**141**	**600**
Of which non-current	*62*	*–*	*38*	*9*	*109*
Currency effects	-8	-4	-14	-10	-36
Additions	213	33	23	61	330
Utilized	174	22	4	36	236
Reversals	18	1	17	–	36
Dec. 31, 2020	**303**	**51**	**112**	**156**	**622**
Of which non-current	*63*	*–*	*38*	*17*	*118*

Provisions are recognized if an obligation toward a third party exists, the outflow of resources is probable, and the likely amount of the obligation can be estimated reliably. The calculation of provisions is determined based on the best possible estimation of the parameters. Long-term provisions are discounted using a discount rate dependent on when they are expected to be settled, provided the interest effect is material.

Provisions for personnel expenses primarily comprise provisions for annual bonuses, vacation pay, anniversary payments, and severance agreements. The provisions for marketing and selling expenses relate in particular to co-operative advertising allowances and other marketing- or customer-related obligations. Provisions for litigation and similar risks include provisions for patent risks amounting to €15 million (previous year: €18 million) and for risks relating to other legal disputes (mainly with tax and customs authorities) of €97 million (previous year: €106 million). The miscellaneous provisions relate to a wide variety of matters and companies and also include provisions for restructuring.

26 Liabilities

The following table gives a breakdown of current liabilities:

CURRENT LIABILITIES (IN € MILLION)

	Dec. 31, 2019	Dec. 31, 2020
Trade payables (AC)	**1,660**	**1,642**
Other current financial liabilities	**412**	**358**
Other financial liabilities (AC)	392	339
Negative fair value of derivatives (DFI)	20	19
Other current liabilities	**111**	**89**
Other tax liabilities	98	76
Social security liabilities	9	9
Other miscellaneous liabilities	4	4
	2,183	**2,089**

Other financial liabilities primarily comprise short-term bank loans amounting to €55 million (previous year: €281 million), lease liabilities of €72 million (previous year: €60 million), and liabilities to TROMA Alters- und Hinterbliebenenstiftung of €163 million (previous year: €0 million) from investment activities involving TROMA plan assets. At €89 million (previous year: €111 million), other current liabilities are largely unchanged in amount and composition. As the current liabilities have remaining contractual maturities of less than 12 months as of the reporting date, their carrying amounts at the balance sheet date correspond approximately to their fair value.

Non-current liabilities are comprised as follows:

NON-CURRENT LIABILITIES (IN € MILLION)

	Dec. 31, 2019	Dec. 31, 2020
Non-current financial liabilities	**119**	**88**
Other non-current liabilities	**2**	**2**
	121	**90**

27 Additional Disclosures on Financial Instruments, Financial Risk Management, and Derivative Financial Instruments

The table below shows the carrying amounts and fair values of the Group's financial instruments as of December 31, 2019, and December 31, 2020:

(IN € MILLION)

2019	Carrying amount Dec. 31	Amortized cost	Fair value recognized in OCI	Fair value through profit or loss	Fair value Dec. 31
Assets					
Amortized cost (AC)	*5,703*	*5,703*	–	–	*5,749*
Non-current financial assets	13	13	–	–	13
Trade receivables	1,442	1,442	–	–	1,442
Other current financial assets	70	70	–	–	70
Cash and cash equivalents*	1,145	1,145	–	–	1,145
Securities	3,033	3,033	–	–	3,079
Fair value through other comprehensive income (FVOCI)	*432*	–	*432*	–	*432*
Non-current financial assets	7	–	7	–	7
Securities	425	–	425	–	425
Fair value through profit or loss (FVPL)	*107*	–	–	*107*	*107*
Securities	107	–	–	107	107
Derivative financial instruments used for hedges (DFI)	*12*	–	*9*	*3*	*12*
Derivative financial instruments not included in a hedging relationship (FVPL)	–	–	–	–	–
Liabilities					
Other financial liabilities (AC)	*2,171*	*2,171*	–	–	*2,171*
Non-current financial liabilities	119	119	–	–	119
Trade payables	1,660	1,660	–	–	1,660
Other current financial liabilities	392	392	–	–	392
Derivative financial instruments used for hedges (DFI)	20	–	17	3	20
Derivative financial instruments not included in a hedging relationship (FVPL)	–	–	–	–	–

		Measurement category under IFRS 9			
2020	Carrying amount Dec. 31	Amortized cost	Fair value recognized in OCI	Fair value through profit or loss	Fair value Dec. 31
Assets					
Amortized cost (AC)	*5,953*	*5,953*	–	–	*6,025*
Non-current financial assets	14	14	–	–	14
Trade receivables	1,244	1,244	–	–	1,244
Other current financial assets	53	53	–	–	53
Cash and cash equivalents	1,005	1,005	–	–	1,005
Securities	3,637	3,637	–	–	3,709
Fair value through other comprehensive income (FVOCI)	*329*	–	*329*	–	*329*
Non-current financial assets	15	–	15	–	15
Securities	313	–	313	–	313
Fair value through profit or loss (FVPL)	*112*	–	–	*112*	*112*
Securities	112	–	–	112	112
Derivative financial instruments used for hedges (DFI)	*17*	–	*13*	*4*	*17*
Derivative financial instruments not included in a hedging relationship (FVPL)	–	–	–	–	–
Liabilities					
Other financial liabilities (AC)	*2,069*	*2,069*	–	–	*2,069*
Non-current financial liabilities	88	88	–	–	88
Trade payables	1,642	1,642	–	–	1,642
Other current financial liabilities	339	339	–	–	339
Derivative financial instruments used for hedges (DFI)	16	–	10	6	16
Derivative financial instruments not included in a hedging relationship (FVPL)	3	–	–	3	3

* The figures as of December 31, 2019, have been amended due to the finalization of the purchase price allocation for the COPPERTONE business. Further information can be found in the section "Finalization of the Purchase Price Allocation".

The following overview shows the IFRS 13 fair value hierarchy levels used to classify financial instruments that are measured at fair value on a recurring basis:

(IN € MILLION)

	Fair value hierarchy under IFRS 13			
Dec. 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Fair value through other comprehensive income (FVOCI)	*425*	*–*	*7*	*432*
Non-current financial assets	–	–	7	7
Securities	425	–	–	425
Fair value through profit or loss (FVPL)	*107*	*–*	*–*	*107*
Securities	107	–	–	107
Derivative financial instruments used for hedges (DFI)	*–*	*12*	*–*	*12*
Derivative financial instruments not included in a hedging relationship (FVPL)	*–*	*–*	*–*	*–*
Liabilities				
Derivative financial instruments used for hedges (DFI)	*–*	*20*	*–*	*20*
Derivative financial instruments not included in a hedging relationship (FVPL)	*–*	*–*	*–*	*–*

	Fair value hierarchy under IFRS 13			
Dec. 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Fair value through other comprehensive income (FVOCI)	*313*	*–*	*15*	*328*
Non-current financial assets	–	–	15	15
Securities	313	–	–	313
Fair value through profit or loss (FVPL)	*112*	*–*	*–*	*112*
Securities	112	–	–	112
Derivative financial instruments used for hedges (DFI)	*–*	*17*	*–*	*17*
Derivative financial instruments not included in a hedging relationship (FVPL)	*–*	*–*	*–*	*–*
Liabilities				
Derivative financial instruments used for hedges (DFI)	*–*	*16*	*–*	*16*
Derivative financial instruments not included in a hedging relationship (FVPL)	*–*	*3*	*–*	*3*

In the Beiersdorf Group, securities carried at fair value are allocated to fair value hierarchy Level 1 and are measured at quoted prices on the balance sheet date.

Derivative financial instruments are assigned to fair value hierarchy Level 2. The fair values of currency forwards are calculated using the exchange rate as of the reporting date and discounted to the reporting date on the basis of their respective yield curves.

Fair value hierarchy Level 3 mainly comprises fair values of equity investments. These are allocated to the "at fair value through other comprehensive income" (FVOCI) category.

During 2020 Beiersdorf reclassified bonds with a book value of €242 million from the "at amortized cost" (AC) category to "fair value through profit or loss" (FVPL) and subsequently sold them. This resulted in a gain of €3 million which is shown within "Other financial result."

Financial instruments that are not measured at fair value predominantly have remaining contractual maturities of less than 12 months as of the reporting date. Therefore, their carrying amounts at the balance sheet date correspond approximately to their fair value. Securities belonging to the "at amortized cost" (AC) category are an exception. The fair values for this item have been assigned to fair value hierarchy Level 1.

Risk management principles

As a result of its operations, the Beiersdorf Group is exposed to various risks such as currency risk, interest rate risk, and default risk. These risks are countered by active treasury management based on a global directive. They are managed and hedged centrally to a very large extent.

Derivative financial instruments are used to hedge the operational business and material financial transactions. The transactions are conducted exclusively with marketable instruments. IFRS 7 requires sensitivity analyses, which show the effects of hypothetical changes in relevant risk variables on profit or loss and equity, to be used in presenting market risk. For the Beiersdorf Group, this mainly relates to currency risk. The effects are ascertained by applying the hypothetical changes in risk variables to the portfolio of financial instruments as of the balance sheet date. It is assumed that the portfolio at the reporting date is representative for the year as a whole.

Currency risk

Currency risk is the risk of fluctuations in the fair value or future cash flows of a financial instrument as a result of changes in exchange rates.

Currency risk within the meaning of IFRS 7 arises through monetary financial instruments that are reported in a currency other than the functional currency. Exchange rate differences arising from the translation of financial statements of affiliates into the Group currency are not included. Relevant risk variables are therefore basically all non-functional currencies in which financial instruments are held by the Beiersdorf Group. As a result of the Beiersdorf Group's international orientation with an emphasis on the eurozone, the euro serves as the key currency. Consequently, the Beiersdorf Group is exposed to risks through financing measures and operational activities when other currencies fluctuate against the euro.

As a matter of principle, currency risks relating to cross-border intragroup financing are hedged centrally in full and at matching maturities using currency forwards (fair value hedges). Owing to these hedging activities, the Beiersdorf Group is not exposed to any significant currency risks in its financing activities as of the balance sheet date. Gains and losses on these currency forwards are offset in full by gains and losses on the hedged items.

With regard to operations, a majority of cash flows in non-functional currencies in the Beiersdorf Group are generally hedged for the next 12 months using standard currency forwards. These transactions are recorded, measured, and managed centrally in the treasury management system. As a result, the Beiersdorf Group is not exposed to any significant currency risks in its operations as of the balance sheet date.

Since material non-derivative financial instruments are either denominated directly in the functional currency or transformed into the functional currency through the use of derivatives, changes in the exchange rate do not have any material effects on profit or loss or equity. Consequently, the Beiersdorf Group is primarily only exposed to risks arising from currency forwards which are designated as hedging instruments and which meet the criteria for recognition as cash flow hedges on forecasted transactions. Changes in market prices largely affect the hedging reserve in equity and the fair values of the hedging transactions.

The fair value of the currency forwards at the balance sheet date was €–2 million (previous year: €–8 million), and their notional value was €1,534 million (previous year: €1,698 million). As in the previous year, all of the forward contracts have a remaining maturity of up to one year. The notional values represent the aggregate of all purchase and selling amounts for derivatives. The notional values shown are not netted.

If the euro had appreciated by 10% against all currencies as of December 31, 2020, the fair values of the currency forwards recognized directly within the hedging reserves in equity would have increased by €36 million (previous year: €41 million). If the euro had depreciated by 10%, the fair values of the currency forwards recognized directly within the hedging reserves in equity would have decreased by €44 million (previous year: €67 million). An appreciation of the euro by 10% would have increased the valuation of currency forwards not included in a hedging relationship by €14 million within financial result. A corresponding decrease in the value of the euro by 10% would have negatively impacted the financial result by €17 million.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in market interest rates.

Beiersdorf has only a small volume of non-current financial instruments that are not measured at amortized cost and does not have any interest rate derivatives. Changes in fair values are therefore of no more than minor significance for the Beiersdorf Group. These are subject to interest rate risk within the meaning of IFRS 7 for the entire fiscal year.

If the interest rates at the quarter-ends of the fiscal year had been 100 basis points higher (lower) in each case than the yield curve, the financial result would have been €8 million (previous year: €9 million) higher (lower). This would have had no impact on accumulated other comprehensive income within equity.

Default risk

The Beiersdorf Group is exposed to default risk within the scope of its financing activities and in its operations. The maximum default risk can be seen from the carrying amount of each financial asset recognized in the balance sheet. The total carrying amount of the financial assets was €6,411 million as of December 31, 2020 (previous year: €6,254 million).

The simplified process is used for determining impairments on trade receivables under IFRS 9. In this approach, expected credit losses over the entire lifetime of the financial instruments are determined. Expected losses are estimated based on analyses of historical defaults and the age structure of the receivables as well as current economic developments and an assessment of the credit quality of individual customers.

Given that historical and expected default rates are low, the impairments did not have a material impact on assets or equity. We counter the risk of bad debts through detailed monitoring of our customer relationships, active receivables management, and the selective use of trade credit insurance.

Potential default risks relating to the investment of the Group's liquid funds are limited by only making investments with defined-reliable counterparties. Counterparty risk is monitored on the basis of ratings and the counterparties' liable capital, as well as continuously updated risk indicators. These parameters are used to determine maximum amounts for investments with partner banks and securities issuers (counterparty limits), which are compared regularly with the investments actually made throughout the Group. We have invested the majority of our liquidity in low-risk investments (such as government and corporate bonds).

Impairments based on expected credit losses over the next 12 months are recognized on securities measured at amortized cost or at fair value through other comprehensive income. The estimate is based on ratings and continuously updated risk indicators. Current CDS spreads and the issuers' bond spreads are also used in the calculation.

VALUATION ALLOWANCES (IN € MILLION)

	2019	2020
Securities in the "at amortized cost" category	3	4
Securities in the "at fair value through other comprehensive income" category	1	1
	4	5

Financial assets such as cash and cash equivalents include bank balances and very short-term liquid investments. These belong to the "at amortized cost" category. Given the very short terms (e.g. due on demand) and the creditworthiness of our contractual partners, no impairment was identified based on expected credit losses.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting the obligations associated with its financial liabilities. As a result of the large amount of cash and cash equivalents as well as securities held as of the balance sheet date, the Beiersdorf Group is not currently exposed to any liquidity risk. Additionally, in order to ensure the liquidity and financial flexibility of the Beiersdorf Group at all times, liquidity reserves are maintained in the form of credit lines.

Other Disclosures

28 Contingent Liabilities, Other Financial Obligations, and Legal Risks

(IN € MILLION)

	Dec. 31, 2019	Dec. 31, 2020
Contingent liabilities		
Liabilities under guarantees	106	92
Other financial obligations		
Obligations under purchase commitments	354	249
Due within the next year	226	112
Due in 1 to 5 years	128	137

Other financial obligations

The aggregate nominal amount of the other financial obligations was €249 million (previous year: €354 million).

As of December 31, 2020, future undiscounted lease liabilities with a remaining term of up to one year amount to €58 million (previous year: €60 million) and those with a remaining term of more than one year to €112 million (previous year: €132 million).

Lease expenses in 2020 include expenses for short-term leases of €15 million (previous year: €21 million), expenses for leases of low-value assets of €3 million (previous year: €3 million), and expenses from variable lease payments of €4 million (previous year: €11 million). Total cash outflow for leases in 2020 was €86 million (previous year: €99 million).

The future cash outflows from extension options, whose future exercise was not taken into account in the calculation of the lease liabilities due to the lack of reasonable certainty amount to around €95 million (previous year: €95 million).

Legal risks

The claim for damages from the liquidator of Schlecker e. K. with reference to German antitrust proceedings already concluded, which has been pending since 2016, was rejected by the courts of first and second instance. Leave to appeal was denied. The plaintiff has filed a complaint against this decision to deny leave to appeal. The proceedings are also directed against six other companies. The claim for compensation, which involves joint and several liability of all defendants, totals approximately €200 million plus interest. A further claim in connection with these antitrust proceedings was also dismissed in the first instance. This decision is being appealed. A decision is still pending on other claims for damages made in and out of court in connection with concluded antitrust proceedings. Beiersdorf contests these claims.

The state of São Paulo is demanding retroactive tax payments of €77 million (previous year: €109 million) from our Consumer Business Segment's Brazilian affiliates for the years 2005 to 2009. This amount has declined from the previous year owing mostly to changes in the exchange rate. State tax authorities allege that VAT on imports should have been paid in São Paulo state instead of the Brazilian state of landing. All cases are in financial court proceedings. Further retroactive tax payment notices for about half of the amount may be issued for the years 2016 to 2017. Potential claims for back taxes for the years 2010 to 2015 are now time-barred. The Brazilian tax authorities also issued additional, in our view unjustified, VAT demands on at least a similar scale in relation to various matters. Our affiliates are appealing these claims through official processes. The Brazilian courts are not expected to reach a definitive decision in any of these cases for several years. The Group has provisions of €12 million for these cases.

Furthermore, a decision by the Supreme Court in Brazil may make it possible to recover previously paid social security levies (PIS/COFINS) there. As clarification by the court with regard to the calculation basis and period of application, including the possibility for retroactive application, is still outstanding, it is impossible to make a reliable estimate of any possible claim at this time.

Some of our affiliates are currently undergoing tax audits. In accordance with IFRIC 23, disputed tax items have been recognized with their most probable cash outflow. In one case, a liquidation loss that had been recognized was not accepted for tax purposes by the tax authorities in Austria. We filed appeals against the tax notices for the affected years. We are convinced that in legal proceedings our view will prevail. However, a final decision cannot be expected for several years. A final non-recognition of the tax-deductible loss would reduce Group profit by approximately €67 million.

In addition, some of our affiliates are currently undergoing customs audits. As appropriate, provisions were recognized for the risks resulting from these audits.

Assessments of the course and results of legal disputes as well as tax and customs audits are associated with considerable difficulty and uncertainty. Results that differ from our expectations can have an effect on the amount of the recognized costs and provisions or liabilities. As of the balance sheet date, we assume, based on the currently available information, that no further significant charges for the Group are to be expected.

29 Employees and Personnel Expenses

The breakdown of employees by function is as follows:

NUMBER OF EMPLOYEES (AS OF DEC. 31)

	2019	2020
Production, supply chain, and quality management	8,010	7,954
Marketing and sales	7,554	7,378
Research and development	1,453	1,433
Other functions	3,637	3,541
	20,654	**20,306**

AVERAGE NUMBER OF EMPLOYEES DURING THE YEAR

	2019	2020
Production, supply chain, and quality management	7,959	7,975
Marketing and sales	7,508	7,490
Research and development	1,402	1,420
Other functions	3,586	3,573
	20,455	**20,458**

Personnel expenses amounted to €1,491 million (previous year: €1,476 million). This amount breaks down into wages and salaries of €1,195 million (previous year: €1,198 million), social security expense of €173 million (previous year: €167 million), and pension expense of €123 million (previous year: €111 million). A breakdown of employees by Business Segment can be found in the segment reporting.

30 Auditor's Fees

The Annual General Meeting on April 29, 2020, elected Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as the auditors for the annual and consolidated financial statements for fiscal year 2020.

The following table gives an overview of the total fee charged by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft:

FEES PAID TO THE GROUP AUDITORS (IN € THOUSAND)

	2019	2020
Audit services	1,093	1,408
Other assurance services	144	106
Tax advisory services	147	115
Other services	–	158
	1,384	**1,787**

Non-audit services in fiscal year 2020 mainly comprised the voluntary limited assurance engagement on the combined Non-financial Statement, agreed-upon procedures, and other legally prescribed, contractually agreed, or voluntarily requested assurance services.

31 Declaration of Compliance with the German Corporate Governance Code

In December 2020, Beiersdorf Aktiengesellschaft's Executive Board and Supervisory Board issued their Declaration of Compliance with the recommendations of the Government Commission on the German Corporate Governance Code for fiscal year 2020 in accordance with § 161 *AktG*. The Declaration of Compliance was made permanently accessible to shareholders on the company's website at **www.beiersdorf.com/declaration_of_compliance**.

32 Related Party Disclosures – Individuals

The requirements of IAS 24 apply to key management personnel of the company, their immediate family members, as well as the companies they control. In the Beiersdorf Group, the key management personnel are the members of the Executive and Supervisory Boards.

For fiscal year 2020, the members of the Supervisory Board received remuneration totaling €1,451 thousand (previous year: €1,637 thousand) and the members of the Executive Board received remuneration totaling €7,981 thousand (previous year: €17,218 thousand). €600 thousand (previous year: €7,145 thousand) of the Executive Board's total remuneration relates to long-term benefits (additions to the provisions for Enterprise Value Components and possible multi-year bonuses; previous year value adjusted). The short-term benefits (fixed basic remuneration and variable bonus) including ancillary benefits amounted to €7,381 thousand (previous year: €10,073 thousand; adjusted). For information on the principles of the system governing Executive and Supervisory Board remuneration and the amount of members' individual remuneration, please refer to the remuneration report. The remuneration report forms part of the consolidated financial statements and the combined management report. Payments to former members of the Executive Board and their surviving dependents totaled €3,800 thousand (previous year: €4,523 thousand). Provisions for pension commitments to former members of the Executive Board and their surviving dependents totaled €62,072 thousand (previous year: €58,588 thousand).

With the exception of the remuneration disclosed in the remuneration report, there were no material transactions between the members of Beiersdorf AG's Executive Board or Supervisory Board and the companies of the Beiersdorf Group in fiscal year 2020. The same applies to the immediate family members of these persons.

33 Related Party Disclosures – Entities

Since March 30, 2004, maxingvest ag has held more than 50% of Beiersdorf AG's share capital. Accordingly, Beiersdorf AG is a dependent company within the meaning of § 312 (1) sentence 1 in conjunction with § 17 (2) *AktG*. Since no control agreement exists between Beiersdorf AG and maxingvest ag, the Executive Board of Beiersdorf AG prepares a report on dealings among Group companies in accordance with § 312 (1) sentence 1 *AktG*. In fiscal year 2020, as in the previous year, Beiersdorf AG and its affiliated companies as well as maxingvest ag and its affiliated companies pooled purchase volumes to achieve cost benefits and sourced products and services from each other at standard market terms to an extent that is not material. There was also limited collaboration in various areas.

34 Shareholdings in Beiersdorf AG

Beiersdorf AG received the following notifications in accordance with the provisions of the *Wertpapierhandelsgesetz* (German Securities Trading Act, *WpHG*), by the preparation date of the balance sheet (February 16, 2021).* In each case, the disclosures represent the discloser's most recent notification to the company, unless additional notifications are required to be provided for reasons of transparency.

1.

a) Voting right notifications in accordance with § 21 (1) *WpHG* (former version) dated April 2, 2004, April 14, 2004, and April 16, 2004. The persons subject to the disclosure requirement (the "disclosers") listed in the table below notified Beiersdorf Aktiengesellschaft on April 2, 2004, April 14, 2004, and April 16, 2004, in accordance with § 21 (1) *WpHG* (former version) that they had, for the first time, exceeded the 50% threshold and held 50.46% (42,386,400 voting rights) of Beiersdorf Aktiengesellschaft as of March 30, 2004.

   After adjustment for Beiersdorf Aktiengesellschaft's share buyback program, which was implemented on February 3, 2004, and the resulting attribution of the 9.99% (8,393,672 own shares) held by Beiersdorf Aktiengesellschaft in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version), the disclosers in accordance with § 21 (1) *WpHG* (former version) each exceeded the 50% threshold for the first time as of February 3, 2004, and each held a 59.95% share (50,360,072 voting rights) in Beiersdorf Aktiengesellschaft as of this date. This increase was solely the result of the attribution of the own shares held by Beiersdorf Aktiengesellschaft in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version).**

   The disclosers' total share of voting rights as of March 30, 2004, amounted to 60.45% (50,780,072 voting rights) in each case instead of 50.46% (42,386,400 voting rights).**

   All shares of voting rights were attributable to the disclosers, with the exception of Tchibo Holding AG (now renamed to maxingvest ag), in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version). 30.36% (25,500,805 voting rights) was attributable to Tchibo Holding AG in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version); at the time, it directly held 20.10% (16,884,000 voting rights).

* The following disclosures do not reflect the 1 : 3 share split resolved by the company's Annual General Meeting on May 17, 2006, because they were received before this date. As a result of this share split, each no-par-value share of the company with a notional interest in the share capital of €2.56 was split into three no-par-value shares with a notional interest in the share capital of €1.00 each (following the increase of the share capital without the issue of new shares).

** Due to a change in the administrative practice of the *Bundesanstalt für Finanzdienstleistungsaufsicht* (Federal Financial Supervisory Authority, *BaFin*) in December 2014 concerning the attribution of own shares, own shares held by the issuer are no longer counted toward a shareholder's share of voting rights.

The chains of controlled companies are as follows:

Discloser*	Discloser's domicile and country of residence or of domicile	Disclosures in accordance with § 17 (2) *Verordnung zur Konkretisierung von Anzeige-, Mitteilungs- und Veröffentlichungspflichten sowie der Pflicht zur Führung von Insiderverzeichnissen nach dem Wertpapierhandelsgesetz* (Regulation setting out in detail the disclosure, notification, and announcement duties as well as the duty to maintain a list of insiders in accordance with the *WpHG, WpAIV*) (former version) (controlled companies via which the voting rights are effectively held and whose attributed share of the voting rights amounts to 3% or more) at the time of § 17 (1) no. 6 *WpAIV* (former version)
SPM Beteiligungs- und Verwaltungs GmbH (now renamed S.P.M. Beteiligungs- und Verwaltungs GmbH)	Norderstedt, Germany (now with registered office in Hamburg, Germany)	Trivium Vermögensverwaltungs GmbH, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
EH Real Grundstücksverwaltungs-gesellschaft mbH (now renamed E. H. Real Vermögensverwaltungs GmbH)	Norderstedt, Germany (now with registered office in Hamburg, Germany)	Scintia Vermögensverwaltungs GmbH, EH Real Grundstücksgesellschaft mbH & Co. KG, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Scintia Vermögensverwaltungs GmbH	Norderstedt, Germany (now with registered office in Hamburg, Germany)	Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Trivium Vermögensverwaltungs GmbH	Norderstedt, Germany (now with registered office in Hamburg, Germany)	Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Michael Herz	Germany	SPM Beteiligungs- und Verwaltungs GmbH, Trivium Vermögensverwaltungs GmbH, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Wolfgang Herz	Germany	EH Real Grundstücksverwaltungsgesellschaft mbH, EH Real Grundstücksgesellschaft mbH & Co. KG, Scintia Vermögensverwaltungs GmbH, Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
Max und Ingeburg Herz Stiftung	Norderstedt, Germany (now with registered office in Hamburg, Germany)	Tchibo Holding AG, Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft
maxingvest ag (named Tchibo Holding AG until September 12, 2007)	Hamburg, Germany	Tchibo Beteiligungsgesellschaft mbH, Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft

* The following parties have subsequently reduced their voting rights to 0% (0 voting rights): EH Real Grundstücksgesellschaft mbH & Co. KG (Norderstedt, Germany); Agneta Peleback-Herz (Germany); Joachim Herz, represented by the Joachim Herz Stiftung as his legal successor (Hamburg, Germany); Coro Vermögensverwaltungsgesellschaft mbH (Hamburg, Germany); Ingeburg Herz GbR (Norderstedt, Germany). Ingeburg Herz passed away during fiscal year 2015.

To clarify: The own shares held by Beiersdorf Aktiengesellschaft do not bear voting or dividend rights in accordance with § 71b *AktG*.

b) Voting right notification in accordance with § 21 (1) *WpHG* (former version) dated December 29, 2004. The voting right notification issued on December 29, 2004, by Tchibo Holding AG in accordance with § 21 (1) *WpHG* (former version) disclosed that Tchibo Beteiligungsgesellschaft mbH (now renamed to BBG Beteiligungsgesellschaft mbH) exceeded the 50% threshold for the first time when it acquired 20.10% of the voting rights in Beiersdorf Aktiengesellschaft from Tchibo Holding AG, and that it held 50.46% (42,386,400 voting rights) of Beiersdorf Aktiengesellschaft as of December 22, 2004.

After adjustment for Beiersdorf Aktiengesellschaft's share buyback program, which was implemented on February 3, 2004, and the now performed attribution in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version) of the 9.99% (8,393,672 own shares) acquired as part of the buyback program, Tchibo Beteiligungsgesellschaft mbH exceeded the 50% threshold in accordance with § 21 (1) *WpHG* (former version) for the first time as of December 22, 2004, and held 60.45% of the voting rights in Beiersdorf Aktiengesellschaft (50,780,072 voting rights) as of this date.** A total of 40.35% (33,894,477 voting rights) was attributable to Tchibo Beteiligungsgesellschaft mbH. The chain of controlled companies was as follows: Vanguard Grundbesitz GmbH, Beiersdorf Aktiengesellschaft. This increase was solely the result of the attribution of the own shares held by Beiersdorf Aktiengesellschaft in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version).**

c) Voting right notification in accordance with § 21 (1) *WpHG* (former version) dated April 16, 2009. EH Real Grundstücksverwaltungsgesellschaft mbH's voting right notification dated March 11, 2008, has hereby been revoked. EH Real Grundstücksverwaltungsgesellschaft mbH's share of voting rights also exceeded the 3, 5, 10, 15, 20, 25, 30, and 50% thresholds as of January 15, 2007, and continued to do so thereafter and, including the 9.99% held by Beiersdorf Aktiengesellschaft (25,181,016 own shares) after adjustment for the increase of the share capital from retained earnings without the issue of new shares and the 1 : 3 reclassification of the share capital (share split) in 2006, continued to amount to 60.45% in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version) (152,340,216 voting rights).**

** Due to a change in the administrative practice of the *Bundesanstalt für Finanzdienstleistungsaufsicht* (Federal Financial Supervisory Authority, *BaFin*) in December 2014 concerning the attribution of own shares, own shares held by the issuer are no longer counted toward a shareholder's share of voting rights.

2.
During fiscal year 2020 and at the beginning of fiscal year 2021, BlackRock, Inc., Wilmington, DE, United States, submitted several voting rights notifications in accordance with § 33 et seq. *WpHG* through which BlackRock, Inc. – on its own behalf and on behalf of a number of subsidiaries – disclosed on several occasions that the companies listed in the notifications had exceeded or fallen below the threshold of 3% of the voting rights in Beiersdorf Aktiengesellschaft. According to the latest notification dated February 12, 2021, on February 9, 2021, a 3.03% share of voting rights stemming from shares in Beiersdorf Aktiengesellschaft was attributable to BlackRock, Inc. and a number of its subsidiaries in accordance with § 34 *WpHG*. In addition, at this point in time BlackRock, Inc. and a number of its subsidiaries were direct or indirect holders of financial instruments pursuant to § 38 WpHG relating to 0.15% of the voting rights stemming from shares in Beiersdorf Aktiengesellschaft.

3.
In accordance with § 25 (1) sentence 3 in conjunction with § 21 (1) sentence 1 *WpHG* (former version), Beiersdorf Aktiengesellschaft also announced that it had exceeded the threshold of 5% of the voting rights in its own company on February 3, 2004, and that a share of 9.99% has been attributable to it since then. The own shares held by the company do not bear voting or dividend rights in accordance with § 71b *AktG*.

All releases on voting rights notifications in accordance with § 40 *WpHG* that Beiersdorf Aktiengesellschaft has made since January 3, 2018, are available under **www.beiersdorf.com/investors/financial-reports/voting-rights-notifications.**

Report on Post-balance Sheet Date Events

No significant events occurred after the end of the fiscal year.

Beiersdorf AG Boards

SUPERVISORY BOARD

Name	Profession	Memberships
Hong Chow	General Manager, Roche Pharmaceuticals, China	
Reiner Hansert	Business Partner tesa & La Prairie Group Corporate Brand Protection Unit, Beiersdorf AG	
Martin Hansson* Deputy Chairman	Member of the Executive Board, maxingvest ag	Member of the Supervisory Board: – Tchibo GmbH
Michael Herz (until April 29, 2020)	Member of the Executive Board, maxingvest ag	Chairman of the Supervisory Board: – Tchibo GmbH Member of the Supervisory Board: – tesa SE (intragroup)
Wolfgang Herz (since April 29, 2020)	General Manager Participia Holding GmbH	Member of the Supervisory Board: – maxingvest ag – Tchibo GmbH Deputy Chairman of the Supervisory Board: – Libri GmbH Chairman of the Supervisory Board: – Blume2000 AG – TOPP Holding AG
Jan Koltze	Regional Head, Industriegewerkschaft Bergbau, Chemie, Energie	Member of the Supervisory Board: – Aurubis AG – ExxonMobil Deutschland Holding – maxingvest ag
Dr. Dr. Christine Martel	Head of Global Commercial, Head of Special.T Business, Société des Produits Nestlé S.A., Switzerland, Nestlé Group	
Olaf Papier	Chairman of the Works Council, Beiersdorf AG	Deputy Chairman of the Supervisory Board: – Ilume Informatik AG
Frédéric Pflanz	Chief Financial Officer, maxingvest ag	Member of the Advisory Board (*Beirat*): – meridian Stiftung Member of the Board of Directors (*Verwaltungsrat*): – Cambiata Schweiz AG, Switzerland Member of the Board of Directors: – Cambiata Ltd., British Virgin Islands Several intragroup mandates within Aryzta Group (until November 30, 2020)
Prof. Dr. Reinhard Pöllath Chairman	Lawyer, P+P Pöllath + Partners, Munich	Chairman of the Supervisory Board: – maxingvest ag – Wanzl GmbH & Co. KGaA Member of the Supervisory Board: – Wanzl GmbH & Co. Holding KG
Prof. Manuela Rousseau* Deputy Chairwoman	Head of Corporate Social Responsibility Headquarters, Beiersdorf AG Professor at the Academy of Music and Theater, Hamburg	Member of the Supervisory Board: – maxingvest ag
Regina Schillings	Employee, Inventory Accounting, Beiersdorf Shared Services GmbH	Member of the Supervisory Board: – maxingvest ag
Kirstin Weiland	Chairwoman of the Works Council, tesa SE	Member of the Supervisory Board: – tesa SE (intragroup)

* The Supervisory Board's diversity officers.

SUPERVISORY BOARD COMMITTEES

Members of the Presiding Committee	Members of the Audit Committee	Members of the Finance Committee	Members of the Nomination Committee	Members of the Mediation Committee	Members of the Personnel Committee
– **Prof. Dr. Reinhard Pöllath** (Chairman) – **Martin Hansson** – **Michael Herz** (until April 29, 2020) – **Wolfgang Herz** (since April 29, 2020) – **Prof. Manuela Rousseau**	– **Dr. Dr. Christine Martel** (Chairwoman) – **Reiner Hansert** – **Martin Hansson** – **Frédéric Pflanz** (since December 1, 2020) – **Prof. Dr. Reinhard Pöllath** (until December 1, 2020) – **Regina Schillings**	– **Frédéric Pflanz** (since December 1, 2020) (Chairman) – **Reiner Hansert** – **Martin Hansson** (Chairman until December 1, 2020) – **Dr. Dr. Christine Martel** – **Prof. Dr. Reinhard Pöllath** (until December 1, 2020) – **Regina Schillings**	– **Prof. Dr. Reinhard Pöllath** (Chairman) – **Hong Chow** – **Martin Hansson** – **Dr. Dr. Christine Martel**	– **Prof. Dr. Reinhard Pöllath** (Chairman) – **Martin Hansson** – **Olaf Papier** – **Prof. Manuela Rousseau**	– **Martin Hansson** (Chairman) – **Hong Chow** – **Reiner Hansert** – **Olaf Papier** – **Prof. Dr. Reinhard Pöllath** – **Kirstin Weiland**

EXECUTIVE BOARD

Name	Function	Responsibilities	Memberships*
Stefan De Loecker	Chairman	Corporate Development & Strategy Internal Audit Supply Chain & Quality Assurance Research and Development Corporate Communications Germany & Switzerland	
Astrid Hermann (since January 1, 2021)			
Thomas Ingelfinger	Europe	Europe (excluding Germany & Switzerland)	Chairman of the Advisory Board (*Beirat*) (since January 1, 2021): – Tengelmann Verwaltungs- und Beteiligungs GmbH
Zhengrong Liu	Human Resources Greater China/Northeast Asia	Human Resources Sustainability General Services & Real Estate – Labor Director – China, Hong Kong, Taiwan, Korea	
Ramon A. Mirt	Emerging Markets	Latin America, Africa, Asia (excluding Greater China/Northeast Asia), Russia	
Asim Naseer	Cosmetic Brands	Brand Management Category Development	
Dessi Temperley	Finance tesa SE	Finance & Controlling Legal & Compliance IT tesa SE	Deputy Chairwoman of the Supervisory Board (since May 14, 2020): – tesa SE (intragroup) Member of the Board of Directors (since May 27, 2020): – Coca-Cola European Partners plc, United Kingdom (listed company)
Vincent Warnery	Pharmacy & Selective USA / Canada Japan	Derma, Health Care, La Prairie USA / Canada Japan	Member of the Supervisory Board (*Bestyrelse*): – ALK-Abelló A/S, Denmark (listed company)

* In connection with their Group management and supervisory duties, the members of the Executive Board of Beiersdorf AG also hold offices in comparable supervisory bodies at Group companies and other associated companies.

Hamburg, February 16, 2021
Beiersdorf AG

The Executive Board

Attestations

Independent Auditor's Report

To Beiersdorf Aktiengesellschaft

Report on the audit of the consolidated financial statements and of the group management report

Opinions

We have audited the consolidated financial statements of Beiersdorf Aktiengesellschaft, Hamburg, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2020, and the consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity for the fiscal year from January 1 to December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Beiersdorf Aktiengesellschaft, which is combined with the management report of the company, for the fiscal year from January 1 to December 31, 2020. In accordance with the German legal requirements we have not audited the components of the group management report stated in the annex.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) of the German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2020, and of its financial performance for the fiscal year from January 1 to December 31, 2020, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the components of the group management report stated in the annex.

Pursuant to Sec. 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the Group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from January 1 to December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

Recognizing revenue from the sale of goods and products

Reasons why the matter was determined to be a key audit matter

The consolidated financial statements of Beiersdorf Aktiengesellschaft recognize revenue from the sale of goods and products, less discounts, customer bonuses, and rebates, and taking into account returns, when control over the goods and products has transferred to the customer. Considerations payable to trading partners are also deducted from revenue in those cases in which the consideration is not matched by a distinct product or service supplied and its fair value can be estimated reliably. Given the large number of different contractual arrangements and the judgment to be exercised as regards determining rebates, customer bonuses, discounts, and the terms and conditions of returns. there is an elevated risk of material misstatement in the recognition of revenue from the sale of goods and products on an accrual basis.

Auditor's response

As part of our audit, we examined the accounting policies applied in the consolidated financial statements of Beiersdorf Aktiengesellschaft for the recognition of revenue from the sale of goods and products using the criteria defined in IFRS 15. We walked through the process for revenue recognition implemented by the executive directors of Beiersdorf Aktiengesellschaft for the Beiersdorf-Group and the accruals for expected rebates, customer bonuses, discounts, and expected returns using individual transactions from order receipt to recognition in the consolidated financial statements, and tested the effectiveness of controls implemented in this process. Moreover, we performed an examination on a test basis to determine whether the contractually agreed and awarded rebates, customer bonuses, and discounts, actual returns, as well as payments to trading partners without identifiable consideration were deducted from sales revenue on an accrual basis. In addition, we analyzed the calculation of still expected returns of goods and products and their deduction from sales revenue by comparing the plan and actual figures for the assumptions made in previous years, taking into account the contractual agreements made with customers. To prove the existence of sales revenue, we performed, among other things, an examination to establish whether it led to the recognition of trade receivables and whether these receivables were in turn settled by payments received. We examined postings in December which involved large amounts compared with the average for the year in order to identify irregularities in respect of the accruals principle.

Our audit procedures did not give rise to any reservations in respect of the recognition of revenue from the sale of goods and products.

Reference to related disclosures

For the accounting policies applied in relation to the recognition of revenue from the sale of goods and products and for the associated disclosures on the exercise of judgment, we refer to the information in the notes to the consolidated financial statements, section "Significant Accounting Policies" in the chapter of the same name.

Current and deferred income taxes, import sales taxes and customs duties

Reasons why the matter was determined to be a key audit matter

The Beiersdorf-Group operates its business activities in countries with different local tax law, with the associated complexity in relation to the recognition of current and deferred income taxes and the accounting treatment of risks from import sales taxes and customs duties, namely the transfer prices applied, intragroup financing, and changing tax and customs laws. The calculation of provisions for income tax liabilities, the calculation of deferred tax items, and the accounting treatment of risks from import sales taxes and customs duties require the executive directors of Beiersdorf Aktiengesellschaft to exercise significant judgment in evaluating tax- and customs-related matters and to estimate tax and customs law risks as well as the recoverability of deferred taxes.

Given the risks and their potential impact on the consolidated financial statements from current and deferred income taxes and from import sales taxes and customs duties, the complexity of the individual matters and the existing discretion in exercising judgment, auditing the current and deferred income taxes and import sales taxes and customs duties was one of the key audit matters.

Auditor's response

As part of the audit, we obtained an understanding of the Beiersdorf-Group's processes for assessing tax and customs law risks. As part of these processes, the executive directors of Beiersdorf Aktiengesellschaft regularly engage external tax experts to provide professional statements on individual matters. We involved our tax and customs experts with knowledge of the relevant local tax law for the countries in question to evaluate the tax- and customs-related assessments made by the executive directors of Beiersdorf Aktiengesellschaft, taking into account any professional statements from external experts where these had been provided. We also examined the correspondence with the competent tax and customs authorities and the latest status of ongoing appeal proceedings and court cases. We examined the assumptions used to calculate current income tax provisions and deferred taxes and to account for risks from import sales taxes and customs duties, taking particular account of the transfer prices used, on the basis of our knowledge and experience of the current application of the relevant legal provisions by authorities and courts. We examined the assumptions about the recoverability of deferred tax assets on tax loss carryforwards and temporary differences by testing the plausibility of the underlying forecasts using the development of the relevant companies' results over recent years and publicly available information on the expected development of the markets concerned. We also evaluated the information in the notes to the consolidated financial statements of Beiersdorf Aktiengesellschaft on current and deferred income taxes and risks from import sales taxes and customs duties.

Our audit procedures did not give rise to any reservations in respect of the recognition of current and deferred income taxes or the accounting treatment of risks from import sales taxes and customs duties.

Reference to related disclosures

For the accounting policies applied in relation to current and deferred income taxes and the accounting treatment of risks from import sales taxes and customs duties, and for the associated disclosures on the exercise of judgment by the executive directors as well as the sources of estimation uncertainty, we refer to the information in the notes to the consolidated financial statements, section "Significant Accounting Policies" in the chapter of the same name; note 08 in the chapter "Notes to the Income Statement;" and note 28 in the chapter "Other Disclosures."

Legal disputes in connection with concluded antitrust proceedings

Reasons why the matter was determined to be a key audit matter

In October 2016, Beiersdorf Aktiengesellschaft was served with a claim for damages from the insolvency administrator of Anton Schlecker e. K. i.I., Ehingen (Donau), in connection with German antitrust proceedings that were concluded in 2013. Claims have been made against six other companies in addition to Beiersdorf Aktiengesellschaft. The claim by the insolvency administrator of Anton Schlecker e.K. i.I., Ehingen, Donau, which involves joint and several liability of all defendants, totals approximately EUR 200 million plus interest. This claim was dismissed by the court of first instance in fiscal 2018 and by the court of second instance in fiscal 2020 without the possibility of appeal to the Federal Court of Justice in Karlsruhe. The insolvency administrator of Anton Schlecker e. K. i.I., Ehingen (Donau), filed a complaint against the decision by the court of second instance not to permit an appeal at the Federal Court of Justice in Karlsruhe. In connection with the above mentioned already concluded antitrust proceedings mentioned above, other customers of the Beiersdorf-Group in Germany and other countries filed claims for damages against the companies of the Beiersdorf-Group or announced claims out of court in fiscal years 2016 and 2017. Given the uncertainty that exists, accounting for the legal risks from the damages claims filed in the consolidated financial statements requires the executive directors of Beiersdorf Aktiengesellschaft to exercise significant judgment in evaluating whether and to what extent potential damages have arisen and the scale on which claims under joint and several liability may be enforced. In determining the amount of possible damages, there is considerable judgment in relation to the assumptions concerning the amount of the "overcharge" and the level of the "pass-on rate." The overcharge is the percentage difference between the prices actually observed on the market and the prices that would be expected in the absence of a cartel. The pass-on rate is the percentage of the supplier price increases that was passed on to customers.

Given the risks and potential impact on the consolidated financial statements from the legal disputes in connection with the concluded antitrust proceedings, the complexity of the individual matters, and the existing discretion in exercising judgment, auditing the legal disputes in connection with concluded antitrust proceedings was one of the key audit matters.

Auditor's response

We obtained an understanding of the Beiersdorf-Group's processes for assessing legal risks. In assessing these processes, the executive directors of Beiersdorf Aktiengesellschaft commissioned external lawyers to provide professional statements evaluating the legal basis for the claims filed and the potential joint and several liability, as well as reports from external experts calculating the extent of potential damages. With the support of our legal experts, we examined the existing claims for damages, statements of defense, replies to the statements of defense, rulings by the court, and other correspondence to determine whether these had been taken into account in the risk assessment by the executive directors of Beiersdorf Aktiengesellschaft. Furthermore, we obtained an understanding of the calculation of possible damages, and particularly of the assumptions based on econometric models in relation to the amount of the overcharge and the level of the pass-on rate, by evaluating the external expert's methodology with the external expert. We also evaluated the expertise, skills and objectivity of the external expert. In addition, our audit procedures involved assessing the disclosures in the notes to the consolidated financial statements of Beiersdorf Aktiengesellschaft on the legal risks arising from the damages claims filed.

Our audit procedures did not give rise to any reservations in respect of the accounting treatment of the legal risks arising from legal disputes in connection with antitrust proceedings already concluded.

Reference to related disclosures

For the disclosures concerning legal risks in connection with one concluded case of antitrust proceedings, we refer to the information in the notes to the consolidated financial statements, note 28 in the chapter "Other Disclosures."

Impairment of goodwill and other intangible assets

Reasons why the matter was determined to be a key audit matter

The Beiersdorf-Group recognizes significant goodwill and significant other intangible assets. The other intangible assets include, for example, assets that are amortized, such as customer bases and technology, and assets that are not amortized, but instead undergo annual impairment testing, such as purchased trademarks. The executive directors assign goodwill and other intangible assets to the identified cash-generating business units or groups of cash-generating business units within the Beiersdorf-Group. Evaluation of the impairment of goodwill and other intangible assets by the executive directors of the Beiersdorf-Group is based on a complex measurement model. Moreover, measurement depends to a large degree on the assessment of future cash inflows and the discount rate used, with the result that the executive directors of Beiersdorf Aktiengesellschaft exercise significant judgment in evaluating the impairment of goodwill and the significant other intangible assets.

Given the material significance of the goodwill and other intangible assets, the complexity involved in measuring them, and the existing discretion in exercising judgment in measuring them, auditing the impairment of goodwill and other intangible assets was one of the key audit matters.

Auditor's response

As part of the audit, we obtained an understanding of the Beiersdorf-Group's processes for planning expected future cash flows and for testing the impairment of goodwill and other intangible assets. We reviewed the identification and composition of the carrying amounts of the cash-generating business units, in particular using the criteria defined in IAS 36. In addition, we involved internal measurement experts to assess the underlying measurement model and the discount rate applied. We tested the plausibility of the expected future cash flows applied on the basis of past earnings and the information provided to us by the Beiersdorf-Group's executive directors as regards the anticipated development of the respective cash-generating business units. The forecasts for expected future cash inflows were also assessed by a comparison with information from the Company's internal reporting and with the expectations of analysts and industry experts as regards general economic and market-specific trends. We conducted sensitivity calculations in order to assess the potential influence of changes in the calculation parameters used and in the anticipated cash flows on the recoverable amount. We also looked at whether the notes to the consolidated financial statements were complete.

Our audit procedures did not give rise to any reservations in respect of testing of the impairment of goodwill and other intangible assets.

Reference to related disclosures

For the disclosures and accounting policies applied in relation to goodwill and other intangible assets, we refer to the information in the notes to the consolidated financial statements, note 10 in the chapter "Intangible Assets."

Other information

The Supervisory Board is responsible for its own report. The executive directors are responsible for the remaining other information. Other information comprises the components of the group management report stated in the annex, as well as the other components of the annual report, with the exception of the audited consolidated financial statements, the group management report and our related auditor's report, in particular the Executive Board's Responsibility Statement in accordance with Sec. 297 (2) sentence 4 HGB, the report by the Supervisory Board in accordance with Sec. 171 (2) of the German Stock Corporation Act (*AktG*), and the sections "Beiersdorf 2020 – Climate targets for 2025," "We are Beiersdorf," and "Letter from the Chairman," and "Beiersdorf's Shares and Investor Relations" in the annual report. We had obtained a version of this other information by the time this auditor's report was issued.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

If, on the basis of the activities that we have performed, we conclude that there has been a material misstatement of this other information, we are obliged to report that fact. We have nothing to report in this respect.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with the law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the audit of the electronic reproductions of the consolidated financial statements and of the group management report prepared for the purposes of disclosure in accordance with Sec. 317 (3b) HGB

Audit opinion

In accordance with Sec. 317 (3b) HGB, we conducted an audit to determine with reasonable assurance whether the reproductions of the consolidated financial statements and of the group management report contained in the accompanying file [Beiersdorf_AG_KA+KLB_ESEF_2020-12-31] and prepared for the purposes of disclosure (also referred to subsequently as "ESEF documents") comply, in all material respects, with the requirements for the electronic reporting format ("ESEF format") stipulated in Sec. 328 (1) HGB. In accordance with the German legal requirements, this audit only covers conversion of the information from the consolidated financial statements and group management report to the ESEF format and does not therefore cover the information contained in these reproductions or other information contained in the above-mentioned file.

In our opinion, the reproductions of the consolidated financial statements and of the group management report contained in the above-mentioned accompanying file and prepared for the purposes of disclosure comply, in all material respects, with the requirements for the electronic reporting format stipulated in Sec. 328 (1) HGB. Above and beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and accompanying group management report for the fiscal year from January 01 to December 31, 2020 contained in the above "Report on the audit of the consolidated financial statements and of the group management report," we do not express any opinion whatsoever on the information contained in these reproductions or on the other information contained in the above-mentioned file.

Basis for the audit opinion

We conducted our audit of the reproductions of the consolidated financial statements and of the group management report contained in the above-mentioned accompanying file in accordance with Sec. 317 (3b) HGB in compliance with the draft IDW audit standard "Auditing of electronic reproductions of financial statements and management reports prepared for purposes of disclosure in accordance with Section 317 (3b) HGB" (IDW EPS 410). Our responsibilities under these requirements are further described in the section "Responsibility of the auditor of the consolidated financial statements for the audit of the ESEF documents." In conducting the audit, we applied the requirements stipulated for a quality assistance system in the IDW's quality assurance standard "Quality assurance requirements in auditing practice" (IDW QS 1).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The Company's executive directors are responsible for preparing the ESEF documents with the electronic reproductions of the consolidated financial statements and of the group management report in accordance with Sec. 328 (1) sentence 4 no. 1 HGB and for marking up the consolidated financial statements in accordance with Sec. 328 (1) sentence 4 no. 2 HGB.

In addition, the Company's executive directors are responsible for such internal control as they have determined necessary to enable the preparation of the ESEF documents that are free from material violations, whether due to fraud or error, of the requirements for the electronic reporting format stipulated in Sec. 328 (1) HGB.

Furthermore, the Company's executive directors are responsible for submitting the ESEF documents, together with the auditor's report, the accompanying audited consolidated financial statements and audited group management report, and other documents to be disclosed, to the operator of the German Federal Gazette (Bundesanzeiger).

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Responsibility of the auditor of the consolidated financial statements for the audit of the ESEF documents

Our objectives are to obtain reasonable assurance about whether the ESEF documents are free from material violations, whether due to fraud or error, of the requirements stipulated in Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material violations of the requirements stipulated in Sec. 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of such control.

- Assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements relating to the technical specification for this file stipulated in the Delegated Regulation (EU) 2019/815 in the version applicable on the balance sheet date.

- Assess whether the ESEF documents enable reproduction of the audited consolidated financial statements and audited group management report with the identical content in XHTML format.

- Assess whether marking up of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and full machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on April 29, 2020. We were engaged by the Supervisory Board on May 27, 2020. We have been the group auditor of Beiersdorf Aktiengesellschaft without interruption since fiscal year 2006.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Marc Jeschonneck.

Annex to the auditor's report: Components of the group management report that have not been audited

We have not audited the following components of the group management report:
- Non-financial Disclosure
- The Corporate Governance Report

In addition, we have not audited the following disclosures that are not typical of or required in a management report. They are disclosures that are not prescribed by Sec. 315 and 315a HGB or Sec. 315b to 315d HGB.
- Special full-page graph, "Our Beiersdorf Purpose" in the "Business and Strategy" chapter
- The sections on "Product highlights"; "Contribution to sustainability"; "tesa Product and technology development" in the "Research and Development" chapter
- Special full-page graph, "Important cooperations and co-investments" in the "Research and Development" chapter
- "People at Beiersdorf" chapter
- "Sustainability" chapter.

Hamburg, February 16, 2021
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Jeschonneck	**Siemer**
German Public Auditor	German Public Auditor

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, February 16, 2021
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Richter	**Johne**
Wirtschaftsprüferin	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

Responsibility Statement by the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group Management Report, which has been combined with the Management Report for Beiersdorf Aktiengesellschaft, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Hamburg, February 16, 2021
The Executive Board

Stefan De Loecker
Chairman of the
Executive Board

Astrid Hermann
Member of the
Executive Board

Thomas Ingelfinger
Member of the
Executive Board

Zhengrong Liu
Member of the
Executive Board

Ramon A. Mirt
Member of the
Executive Board

Asim Naseer
Member of the
Executive Board

Dessi Temperley
Member of the
Executive Board

Vincent Warnery
Member of the
Executive Board

Additional Information

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Ten-year Overview

(IN € MILLION)
(unless otherwise stated)

		2011[1]	2012[1]	2013[1]	2014[1]	2015	2016	2017	2018[1/5]	2019[1/4/5]	2020
Sales		**5,633**	**6,040**	**6,141**	**6,285**	**6,686**	**6,752**	**7,056**	**7,233**	**7,653**	**7,025**
Change against prior year (nominal)	(in %)	1.1	7.2	1.7	2.3	6.4	1.0	4.5	2.5	5.8	-8.2
Consumer		4,696	5,048	5,103	5,209	5,546	5,606	5,799	5,890	6,274	5,700
tesa		937	992	1,038	1,076	1,140	1,146	1,257	1,343	1,379	1,325
Europe[3]		3,414	3,417	3,390	3,421	3,447	3,461	3,568	3,673	3,757	3,467
Americas		993	1,149	1,092	1,116	1,243	1,252	1,307	1,267	1,372	1,347
Africa/Asia/Australia[3]		1,226	1,474	1,659	1,748	1,996	2,039	2,181	2,293	2,524	2,211
EBITDA		**704**	**850**	**926**	**975**	**1,091**	**1,163**	**1,238**	**1,262**	**1,270**	**1,085**
Operating result (EBIT)[1]		**431**	**698**	**820**	**796**	**962**	**1,015**	**1,088**	**1,097**	**1,032**	**828**
Profit before tax[1/2]		**440**	**713**	**815**	**811**	**968**	**1,040**	**1,022**	**1,048**	**1,037**	**821**
Profit after tax[1/2]		**259**	**454**	**543**	**537**	**671**	**727**	**689**	**745**	**736**	**577**
Return on sales after tax[1]	(in %)	4.6	7.5	8.8	8.5	10.0	10.8	9.8	10.3	9.6	8.2
Earnings per share[1/2]	(in €)	1.10	1.96	2.35	2.33	2.91	3.13	2.96	3.21	3.17	2.47
Total dividend – equity holders		159	159	159	159	159	159	159	159	159	159
Dividend per share	(in €)	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Beiersdorf's shares – year-end closing price		**43.82**	**61.88**	**73.64**	**67.42**	**84.16**	**80.60**	**97.90**	**91.16**	**106.65**	**94.44**
Market capitalization as of Dec. 31		11,043	15,594	18,557	16,990	21,208	20,311	24,671	22,972	26,875	23,799
Research and development expenses		**163**	**159**	**154**	**168**	**183**	**188**	**196**	**211**	**236**	**246**
as % of sales		2.9	2.6	2.5	2.7	2.7	2.8	2.8	2.9	3.1	3.5
Employees as of Dec. 31		**17,666**	**16,605**	**16,708**	**17,398**	**17,659**	**17,934**	**18,934**	**20,059**	**20,654**	**20,306**
Intangible assets[5]		172	185	176	119	119	119	140	200	581	545
Property, plant, and equipment[5]		635	685	785	964	1,054	1,046	1,026	1,239	1,619	1,630
Non-current financial assets/securities		686	712	804	1,059	1,318	1,919	2,554	2,642	2,830	3,462
Inventories[5]		699	734	733	786	772	739	854	986	1,012	1,001
Receivables and other assets[2]		2,142	2,446	2,316	2,426	2,692	2,878	2,730	2,874	2,861	2,563
Cash and cash equivalents[5]		941	834	984	976	918	872	901	919	1,145	1,005
Equity[2]		3,016	3,143	3,405	3,640	4,201	4,677	5,125	5,647	6,093	6,263
Liabilities[2/5]		2,259	2,453	2,393	2,690	2,672	2,896	3,080	3,213	3,961	3,942
Provisions[2]		824	977	997	1,166	1,074	1,242	1,207	1,227	1,478	1,594
Trade payables		946	1,036	973	1,022	1,152	1,244	1,420	1,554	1,660	1,642
Other liabilities[2]		489	440	423	502	446	410	453	443	823	704
Total equity and liabilities[2/5]		**5,275**	**5,596**	**5,798**	**6,330**	**6,873**	**7,573**	**8,205**	**8,860**	**10,054**	**10,205**
Equity ratio[2]	(in %)	57	56	59	58	61	62	62	64	61	61

1 Figures include special factors.
2 The figures for fiscal year 2012 have been adjusted due to the retrospective application of IAS 19 (2011).
3 The figures for fiscal year 2012 have been adjusted due to the reclassification of the Consumer Business Segment's Turkish affiliate from Europe to Africa/Asia/Australia.
4 The figures for fiscal year 2019 have been influenced by the initial application of the leasing standard IFRS 16. This affects especially the following positions: EBITDA (+€64 million), property, plant, and equipment (+€177 million), other liabilities (+€177 million), and key figures derived therefrom.
5 The figures as of December 31, 2019, have been amended due to the finalization of the purchase price allocation for the COPPERTONE business and/or due to an adjustment to the valuation of an acquisition made in 2018 in the tesa Business Segment. Further information can be found in the sections "Finalization of the Purchase Price Allocation" and "Changes in Accounting Policies" of the notes.

Beiersdorf AG's Shareholdings

GERMANY

Name of the company	Registered office	Equity interest (in %)
La Prairie Group Deutschland GmbH	Baden-Baden	100.00
Produits de Beauté Produktions GmbH	Baden-Baden	100.00
Beiersdorf Manufacturing Berlin GmbH	Berlin	100.00
GUHL IKEBANA GmbH	Darmstadt	10.00
Beiersdorf Beteiligungs GmbH	Gallin	100.00
Tape International GmbH	Gallin	100.00
tesa Grundstücksverwaltungsgesellschaft mbH & Co. KG	Gallin	100.00
Beiersdorf Customer Supply GmbH	Hamburg	100.00
Beiersdorf Dermo Medical GmbH	Hamburg	100.00
Beiersdorf Hautpflege GmbH	Hamburg	100.00
Beiersdorf Immo GmbH	Hamburg	100.00
Beiersdorf Immobilienentwicklungs GmbH	Hamburg	100.00
Beiersdorf Manufacturing Hamburg GmbH	Hamburg	100.00
Beiersdorf Shared Services GmbH	Hamburg	100.00
Next Commerce Accelerator Beteiligungsgesellschaft mbH & Co. KG	Hamburg	9.90
Next Commerce Accelerator 2. Beteiligungsgesellschaft mbH & Co. KG	Hamburg	7.03
Phanex Handelsgesellschaft mbH	Hamburg	100.00
T.D.G. Vertriebs GmbH & Co. KG	Hamburg	100.00
T.D.G. Vertriebs Verwaltungs GmbH	Hamburg	100.00
tesa Converting Center GmbH	Hamburg	100.00
tesa Werk Hamburg GmbH	Hamburg	100.00
Ultra Kosmetik GmbH	Hamburg	100.00
W5 Immobilien GmbH & Co. KG	Hamburg	100.00
WINGMAN-STUDIOS GmbH	Hamburg	100.00
tesa nie wieder bohren GmbH	Hanau	100.00
tesa scribos GmbH	Heidelberg	100.00
tesa Labtec GmbH	Langenfeld	100.00
tesa SE	Norderstedt	100.00
tesa Werk Offenburg GmbH	Offenburg	100.00
Brain Trust GmbH	Schwanewede	35.65
Polymount Deutschland GmbH	Waghäusel	100.00
Beiersdorf Manufacturing Waldheim GmbH	Waldheim	100.00

EUROPE

Name of the company	Registered office	Equity interest (in %)
Beiersdorf CEE Holding GmbH	AT, Vienna	100.00
Beiersdorf Ges mbH	AT, Vienna	100.00
La Prairie Group Austria GmbH	AT, Vienna	100.00
Skin Care Emerging Markets GmbH	AT, Vienna	100.00
tesa GmbH	AT, Vienna	100.00
S-Biomedic NV	BE, Berse	16.32
SA Beiersdorf NV	BE, Brussels	100.00
tesa sa-nv	BE, Brussels	100.00
Beiersdorf Bulgaria EOOD	BG, Sofia	100.00
tesa tape Schweiz AG	CH, Bergdietikon	100.00
Swiss Cosmetics Production AG	CH, Berneck	35.00
Beiersdorf AG	CH, Reinach	100.00
La Prairie Group AG	CH, Volketswil	100.00
Laboratoires La Prairie SA	CH, Volketswil	100.00
Beiersdorf spol. s.r.o.	CZ, Prague	100.00
tesa tape s.r.o.	CZ, Prague	100.00
tesa A/S	DK, Birkerød	100.00
Beiersdorf A/S	DK, Copenhagen	100.00
Beiersdorf Manufacturing Argentona, S.L.	ES, Argentona	100.00
tesa tape S.A.	ES, Argentona	100.00
La Prairie Group Iberia S.A.U.	ES, Madrid	100.00
Beiersdorf Holding, S.L.	ES, Tres Cantos	100.00
Beiersdorf Manufacturing Tres Cantos, S.L.	ES, Tres Cantos	100.00
Beiersdorf S.A.	ES, Tres Cantos	100.00
Beiersdorf Oy	FI, Turku	100.00
tesa Oy	FI, Turku	100.00
La Prairie Group France S.A.S.	FR, Boulogne-Billancourt	100.00
Beiersdorf Holding France	FR, Paris	100.00
Beiersdorf s.a.s.	FR, Paris	99.91
SARL Polymount France	FR, Saint Paul en Gatine	100.00
tesa s.a.s.	FR, Savigny-le-Temple	100.00
Beiersdorf UK Ltd.	GB, Birmingham	100.00
FormFormForm Ltd.	GB, London	100.00
La Prairie (UK) Limited	GB, London	100.00
tesa UK Ltd.	GB, Milton Keynes	100.00

EUROPE (CONTINUED)

Name of the company	Registered office	Equity interest (in %)
The Salford Valve Company Ltd.	GB, York	12.35
Beiersdorf Hellas A.E.	GR, Gerakas	100.00
tesa tape A.E.	GR, Gerakas	100.00
Beiersdorf d.o.o.	HR, Zagreb	100.00
Beiersdorf Kft.	HU, Budapest	100.00
Tartsay Beruházó Kft.	HU, Budapest	100.00
tesa tape Ragasztószalag Termelö és Kereskedelmi Kft.	HU, Budapest	100.00
Beiersdorf ehf	IS, Reykjavík	100.00
Comet SpA	IT, Concagno Solbiate	100.00
Beiersdorf SpA	IT, Milan	100.00
La Prairie SpA	IT, Milan	100.00
tesa SpA	IT, Vimodrone	100.00
Beiersdorf Kazakhstan LLP	KZ, Almaty	100.00
tesa tape UAB	LT, Vilnius	100.00
Guhl Ikebana Cosmetics B.V.	NL, Almere	10.00
Beiersdorf Holding B.V.	NL, Amsterdam	100.00
Beiersdorf NV	NL, Amsterdam	100.00
Skin Faculty B.V.	NL, Amsterdam	49.00
tesa Western Europe B.V.	NL, Amsterdam	100.00
tesa BV	NL, Hilversum	100.00
tesa TL B.V.	NL, Nijkerk	100.00
Beiersdorf AS	NO, Oslo	100.00
tesa AS	NO, Oslo	100.00
Beiersdorf Manufacturing Poznan Sp. z o.o.	PL, Poznan	100.00
NIVEA Polska Sp. z o.o.	PL, Poznan	100.00
tesa tape Sp. z o.o.	PL, Poznan	100.00
Beiersdorf Portuguesa, Limitada	PT, Queluz	100.00
tesa Portugal – Produtos Adesivos, Lda.	PT, Queluz	100.00
Beiersdorf Romania s.r.l.	RO, Bucharest	100.00
tesa tape s.r.l.	RO, Cluj-Napoca	100.00
Beiersdorf d.o.o.	RS, Belgrade	100.00
Beiersdorf LLC	RU, Moscow	100.00
La Prairie Group (RUS) LLC	RU, Moscow	100.00
tesa tape OOO	RU, Moscow	100.00
Beiersdorf Aktiebolag	SE, Gothenburg	100.00
Beiersdorf Nordic Holding AB	SE, Gothenburg	100.00
tesa AB	SE, Kungsbacka	100.00
Beiersdorf d.o.o.	SI, Ljubljana	100.00
tesa tape posrednistvo in trgovina d.o.o.	SI, Ljubljana	100.00
Beiersdorf Slovakia, s.r.o.	SK, Bratislava	100.00
tesa Bant Sanayi ve Ticaret A.S.	TR, Istanbul	100.00
Beiersdorf Ukraine LLC	UA, Kiev	100.00

AMERICAS

Name of the company	Registered office	Equity interest (in %)
Beiersdorf S.A.	AR, Buenos Aires	100.00
tesa tape Argentina S.R.L.	AR, Buenos Aires	100.00
Beiersdorf S.R.L.	BO, Santa Cruz de la Sierra	100.00
tesa Brasil Ltda.	BR, Curitiba	100.00
Beiersdorf Indústria e Comércio Ltda.	BR, Itatiba	100.00
BDF NIVEA LTDA.	BR, São Paulo	100.00
Beiersdorf Canada Inc.	CA, Saint-Laurent	100.00
Beiersdorf Chile S.A.	CL, Santiago de Chile	100.00
Beiersdorf S.A.	CL, Santiago de Chile	100.00
tesa tape Chile S.A.	CL, Santiago de Chile	100.00
Beiersdorf S.A.	CO, Bogotá	100.00
tesa tape Colombia Ltda.	CO, Santiago de Cali	100.00
BDF Costa Rica, S.A.	CR, San José	100.00
Beiersdorf, SRL	DO, Santo Domingo	100.00
Beiersdorf S.A.	EC, Quito	100.00
BDF Centroamérica, S.A.	GT, Guatemala City	100.00
tesa tape Centro América S.A.	GT, Guatemala City	100.00
BDF Corporativo, S.A. de C.V.	MX, Mexico City	100.00
BDF México, S.A. de C.V.	MX, Mexico City	100.00
tesa tape México, S.A. de C.V.	MX, Mexico City	100.00
Beiersdorf Manufacturing México, S.A. de C.V.	MX, Silao	100.00
Beiersdorf Manufacturing México Servicios, S.A. de C.V.	MX, Silao	100.00
BDF Panamá, S.A.	PA, Panama City	100.00
HUB LIMITED S.A.	PA, Panama City	100.00
Beiersdorf S.A.C.	PE, Lima	99.81
Beiersdorf S.A.	PY, Asunción	100.00
BDF El Salvador, S.A. de C.V.	SV, San Salvador	100.00
tesa tape inc.	US, Charlotte, NC	100.00
Beiersdorf Manufacturing, LLC	US, Cleveland, TN	100.00
LaPrairie.com LLC	US, Edison, NJ	100.00
La Prairie, Inc.	US, New York City, NY	100.00
Functional Coatings LLC	US, Newburyport, MA	98.67
tesa TL LLC	US, Newnan, GA	100.00
tesa Plant Sparta LLC	US, Sparta, MI	100.00
Sugru Inc.	US, Wilmington, DE	100.00
tesa Functional Coatings Inc. USA	US, Wilmington, DE	98.67
Beiersdorf, Inc.	US, Wilton, CT	100.00
Beiersdorf North America Inc.	US, Wilton, CT	100.00
Beiersdorf S.A.	UY, Montevideo	100.00
Beiersdorf S.A.	VE, Caracas	100.00

AFRICA/ASIA/AUSTRALIA

Name of the company	Registered office	Equity interest (in %)
Beiersdorf Middle East FZCO	AE, Dubai	100.00
Beiersdorf Near East FZ-LLC	AE, Dubai	100.00
Beiersdorf Australia Ltd.	AU, North Ryde, NSW	100.00
Beiersdorf Health Care Australia Pty. Ltd.	AU, North Ryde, NSW	100.00
La Prairie Group Australia Pty. Ltd.	AU, Rosebery, NSW	100.00
tesa tape Australia Pty. Ltd.	AU, Sydney, NSW	100.00
Beiersdorf Hong Kong Limited	CN, Hong Kong	100.00
La Prairie Hong Kong Limited	CN, Hong Kong	100.00
tesa tape (Hong Kong) Limited	CN, Hong Kong	100.00
Beiersdorf Trading (Shanghai) Co., Ltd.	CN, Shanghai	100.00
La Prairie (Shanghai) Co., Ltd.	CN, Shanghai	100.00
NIVEA (Shanghai) Company Limited	CN, Shanghai	100.00
tesa tape (Shanghai) Co., Ltd.	CN, Shanghai	100.00
tesa Plant (Suzhou) Co., Ltd.	CN, Suzhou	100.00
tesa tape (Suzhou) Co., Ltd.	CN, Suzhou	100.00
Beiersdorf Daily Chemical (Wuhan) Co., Ltd.	CN, Wuhan	100.00
Beiersdorf Personal Care (China) Co., Ltd.	CN, Xiantao	100.00
Beiersdorf Egypt for Trading JSC	EG, Cairo	100.00
Beiersdorf LLC	EG, Cairo	100.00
Beiersdorf Nivea Egypt LLC	EG, Cairo	100.00
Beiersdorf Ghana Limited	GH, Accra	100.00
P.T. Beiersdorf Indonesia	ID, Jakarta	80.00
Alpa-BDF Ltd.	IL, Herzeliya	60.00
Beiersdorf India Pvt. Limited	IN, Mumbai	51.00
Beiersdorf India Service Private Limited	IN, Mumbai	100.00
NIVEA India Pvt. Ltd.	IN, Mumbai	100.00
tesa tapes (India) Private Limited	IN, Navi Mumbai	100.00
Beiersdorf Holding Japan Yugen Kaisha	JP, Tokyo	100.00
La Prairie Japan K.K.	JP, Tokyo	100.00
Nivea-Kao Co., Ltd.	JP, Tokyo	60.00
tesa tape K.K.	JP, Tokyo	100.00
Beiersdorf East Africa Limited	KE, Nairobi	100.00
Alkynes Co. Ltd.	KR, Gyeonggi-do	31.43
Beiersdorf Korea Limited	KR, Seoul	100.00
La Prairie Korea Limited	KR, Seoul	100.00
LYCL Inc.	KR, Seoul	24.09
tesa tape Korea Limited	KR, Seoul	100.00
Beiersdorf S.A.	MA, Casablanca	100.00
Beiersdorf (Myanmar) Ltd.	MM, Rangoon	100.00
tesa tape (Malaysia) Sdn. Bhd.	MY, Kajang	96.25
tesa tape Industries (Malaysia) Sdn. Bhd.	MY, Kajang	96.25
Beiersdorf (Malaysia) SDN. BHD.	MY, Petaling Jaya	100.00

AFRICA/ASIA/AUSTRALIA (CONTINUED)

Name of the company	Registered office	Equity interest (in %)
Beiersdorf Nivea Consumer Products Nigeria Limited	NG, Lagos	100.00
Beiersdorf Pakistan (Private) Limited	PK, Lahore	100.00
Beiersdorf Philippines Incorporated	PH, Bonifacio Global City	100.00
Turath Al-Bashara for Trading Limited (Skin Heritage for Trading)	SA, Jeddah	70.00
Beiersdorf Singapore Pte. Ltd.	SG, Singapore	100.00
tesa tape Asia Pacific Pte. Ltd.	SG, Singapore	100.00
Beiersdorf (Thailand) Co., Ltd.	TH, Bangkok	100.00
tesa tape (Thailand) Limited	TH, Bangkok	90.57
NIVEA Beiersdorf Turkey Kozmetik Sanayi ve Ticaret A.S.	TR, Istanbul	100.00
La Prairie (Taiwan) Limited	TW, Taipei	100.00
NIVEA (Taiwan) Ltd.	TW, Taipei	100.00
tesa Vietnam Limited	VN, Hanoi	100.00
Beiersdorf Vietnam Limited Liability Company	VN, Ho Chi Minh City	100.00
Beiersdorf Consumer Products (Pty.) Ltd.	ZA, Umhlanga	100.00

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In consideration of sustainability aspects, the Annual Report will no longer be provided as a printed, but only as an online version.
The online versions of the financial publications of Beiersdorf are available at **www.beiersdorf.com/financial_reports.**

This Annual Report is also available in German.

Financial Calendar

2021

April 1 Annual General Meeting	**April 28** Quarterly Statement January to March 2021	**August 5** Half-Year Report 2021
October 28 Quarterly Statement January to September 2021		

2022

February/March Publication of Annual Report 2021, Annual Press Conference, Financial Analyst Meeting	**April** Annual General Meeting	**April/May** Quarterly Statement January to March 2022
August Half-Year Report 2022	**October** Quarterly Statement January to September 2022	

Beiersdorf

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