p. 54 FOUNDATION OF THE GROUP

- p. 54 Business and Strategy
- p. 60 Research and Development
- p. 72 People at Beiersdorf
- p. 87 Sustainability

p. 88 NON-FINANCIAL STATEMENT

p. 137 ECONOMIC REPORT

- p. 137 Economic Environment
- p. 140 Results of Operations
- p. 150 Net Assets
- p. 151 Financial Position
- p. 152 Overall Assessment of the Group's Economic Position
- p. 153 Beiersdorf AG
- p. 156 Risk Report
- p. 164 Report on Expected Developments

p. 167 OTHER DISCLOSURES

- p. 167 Corporate Governance Statement
- p. 184 Report by the Executive Board on Dealings among Group Companies
- p. 184 Disclosures relating to Takeover Law
- p. 187 Report on Gender Equality and Equal Pay

COMBINED MANAGEMENT REPORT



COMPETITIVE + SUSTAINABLE + GROWTH









LA PRAIRIE CHANTECAILLE

STRENGTHEN OUR BRANDS BY ENRICHING THEIR PURPOSE

GROWTH DRIVERS











FUEL THE GROWTH THROUGH **INCREASED PRODUCTIVITY**

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



Foundation of the Group

Business and Strategy

With a strong, global brand portfolio, Beiersdorf has developed into one of the world's leading companies in the consumer goods industry over the past 140 years - with over 170 international subsidiaries and more than 20,000 employees worldwide. Our business is divided into two separate, independently operating business segments. In both segments, we hold market-leading positions and are confident that we can further maintain and expand our advantage by bringing key innovations with genuine added value to the market.

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

Consumer

Our strategy

The Beiersdorf name has stood for skin care since 1882. This is our core competency - and we want to deliver added value for our consumers in this area and ensure that people all around the world feel good in their skin.

In 2019, we formulated our C.A.R.E.+ business strategy. This describes our strategic priorities and is the means by which we want to secure our competitive, sustainable growth. The strategy focuses on the following areas:

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

We achieved major steps in implementing our C.A.R.E.+ strategy in the reporting year. Below, we briefly introduce the most important progress.

Strengthen our brands with purpose

Brand purpose has become increasingly important in recent years, as today's consumers are interested in more than just product performance. They want to know what a brand stands for and what it is committed to. Our iconic NIVEA, Eucerin, and Hansaplast brands have already been living and communicating their brand purposes for several years now. NIVEA stands for "Care for Human Touch to Inspire Togetherness." With the purpose "WE BELIEVE IN THE LIFE-CHANGING POWER OF DERMATOLOGICAL SKINCARE", we express that Eucerin is committed to sustainably improving people's quality of life - with dermocosmetic solutions for very individual skin problems.

¹ Sections marked with ____ contain information that is part of our Non-financial Statement.

Our Hansaplast brand, which celebrated its 100th anniversary in 2022, promises consumers, "We've got you covered. For a life uninterrupted."

Fast forward digital transformation

To the shareholders

Digitalization in our company and business plays a decisive role in tapping new growth potential. That is why we have long been systematically driving digitalization as part of our C.A.R.E.+ strategy. Our e-commerce business is constantly growing with every year. We also want to engage more strategically with our consumers and fulfill their individual wishes. This means being with them in the digital spaces they already use and sending the right message at the right time. We again invested in digital approaches on a large scale in the reporting year, particularly on our social media channels, and stepped up personalized communication with consumers using precision marketing, including through partnerships with influencers and providers of digital technologies such as MikMak, Google, and Amazon. This way, we want to be close to our target groups, build trust, and improve the effectiveness of our marketing activities.

In addition to our marketing activities and investments in the e-commerce business, we implemented a series of initiatives in 2022 to further accelerate the digital transformation within Beiersdorf. These also form part of our "Digital Fast Forward" strategic program - our vision for 2025 to digitalize our business and improve our consumers' lives in a lasting way. Examples of these initiatives include our use of artificial intelligence (AI), for example in the rapid development of effective, sustainable, and safe formulas, and our large-scale digital skin research study SKINLY. These topics are presented in more detail in the "Research and Development" section. Digitalization is increasingly finding its way into other areas, too. Examples are provided in the "People at Beiersdorf" section under "Digital transformation." To accelerate the digital transformation as a whole, we are also committed to investing in our employees' digital skills. We offer employees a range of ways to keep pace with the rapid changes in technology.

Win with skin care

Our strategic focus "Win with skin care" is another essential element of our success. We want to bring key innovations with genuine added value to the market by developing fewer but bigger and better innovations and implementing global campaigns. This means that, in future, innovations and campaigns will generally take place in all markets relevant for us. In the reporting year, we also began taking NIVEA, our world-leading skin care brand, to the next level. We aim to make NIVEA an even more global, digital, and sustainable brand that excites our consumers all around the world. A good example of the NIVEA potential is the LUMINOUS630® Anti-Dark Spot face care range introduced in 2020, which has since become a global success story and growth driver.

Further progress on our "Win with skin care" strategic objective in the reporting year came from our sustainability commitment. By enhancing existing, particularly popular products, we have made the skin care routines of millions of people around the world more sustainable and achieved a contribution to climate protection. For example, we have improved the composition of our classic NIVEA Soft to reduce the formula-based carbon footprint by up to 40% (compared to the previous formula). Additionally, we bring the product to market with a vegan (without animal derived ingredients), 98% biodegradable (according to OECD or equivalent methods) formula. In addition, we balanced the remaining emissions through certified climate protection projects, thereby "climate-neutralizing" the product. We have also achieved an improved environmental performance by relaunching the packaging for NIVEA shower care products. The range, which has an improved formula since 2021, is now available in a lightweight bottle made from at least 96% recycled plastic and 20% less material than before. This has enabled a 32% reduction in packaging-related CO₂ emissions. Beiersdorf is playing a leading role in the sector in terms of its target setting, performance, and transparency on climate change, forests, and water security. At the end of the reporting year, the non-profit organization

² More information on www.nivea.com/climate.

Carbon Disclosure Project (CDP) awarded Beiersdorf a top score and, as one of only 13 companies worldwide, a place on its "Triple-A list."

We want to win with skin care while also unlocking growth potential. The acquisition of Chantecaille Beaute Inc. in February 2022 has brought us a step closer to this goal. We see Chantecaille as an ideal addition to Beiersdorf's premium skin care range. Whereas La Prairie is positioned as a luxury brand, the globally represented Chantecaille brand serves consumers looking for prestige cosmetics and is therefore aimed at a wider target group.

With the acquisition of S-Biomedic, a life sciences company, which is active in the field of skin microbiome research, Beiersdorf also strengthened its expertise in the field of acne treatment in the reporting year. Further information can be found in the chapter "Research and Development."

Unlock white spot potential

Another element of Beiersdorf's C.A.R.E.+ strategy is tapping into new potential for growth. We are concentrating on "white spots" - markets and business areas where we are not yet present or would like to further expand our presence. In 2022, for example, we entered the world's largest sun care market, the United States, with Eucerin Sun products. With our Chantecaille brand, we want to further accelerate our growth in the prestige cosmetics segment on the North American and Asian markets - and here especially in China.

With the recent launch of La Prairie on the Chinese online platform JD.com, we were also able to tap further growth potential for our e-commerce business in this strategically important market. For several years now, we have been operating with our core brands on China's largest crossborder platform TMall, from Alibaba. Both JD.com and TMall offer us great potential for substantial growth in China.

Both our global production and logistics network and our innovation network form an important basis for future growth potential. The ultra-modern innovation center in New Jersey, USA, which opened in the reporting year, is our first global center of excellence for sun care products outside Hamburg. By developing Eucerin Sun products specially tailored to US regulations and sharpening the Coppertone range, the innovation center will contribute to the growth of our business in this region. We anticipate similar growth impetus in China from the innovation center we opened in Shanghai in 2020.

Fuel the growth through increased productivity

We firmly believe that investment is a prerequisite for growth and innovation. At the same time, we strive to constantly improve our Group's efficiency through strict cost discipline and a focused, lean organization. This is essential to fueling growth through increased productivity, one of the key pillars of our C.A.R.E.+ strategy.

Various measures taken in the reporting year helped us further increase the efficiency, agility, and resilience of our supply chain, allowing us to respond even better to the changing circumstances. At global level, we invested, for example, in expanding our production plants in Poland and Mexico. For us, new production lines and modern technology are the basis for future growth. We are investing almost €200 million to expand our production site in Poland. After completion of the expansion in Mexico in 2024, Beiersdorf Manufacturing Mexico (BMM) will be one of Beiersdorf's three largest production sites.

We have invested heavily in Leipzig, too, in order to create a future-proof, ultra-modern supply chain infrastructure for Central Europe. Almost €300 million are going into the construction of our new production plant, which is due to begin operation in 2023. Up to 450 million cosmetics products will roll off the production line at the 32,000 m² plant every year, including deodorants and shaving

foams for the entire European market and for export further afield. There will be scope to expand capacity further in future depending on market and business development. In close proximity to the new plant, a state-of-the-art hub for the European supply chain network is being created by 2027 with an investment volume of over €200 million. We are striving for the highest sustainability standards in all production buildings. The aim for the new production plants and extensions is to achieve gold certification under the widely recognized rating system for sustainable buildings, LEED (Leadership in Energy and Environmental Design).

We also achieved an important climate protection milestone in January 2022 with our Berlin plant, Beiersdorf Manufacturing Berlin (BMB). Since the start of the reporting year, this has been the first plant in Beiersdorf's production network to achieve virtually climate-neutral operation in terms of Scope 1 and 2 emissions. To enable this, it has switched from natural gas, a fossil fuel, to biomethane. Only parts of the vehicle fleet and the emergency power supply (1%) continue to run on fossil fuels. These residual emissions are offset using high-quality CO₂ certificates.

Building on our strong foundations:

Culture - Core Values - Capabilities - Care Beyond Skin³

Our employees are our most important capital. They make a decisive contribution to our commercial success and noticeably shape our unique corporate culture with its qualities such as openness, trust, honesty, and respect. This culture is underpinned by our Core Values of Care, Simplicity, Courage, and Trust. These values ensure that we act as a team and support each other - always with the aim of fulfilling our consumers' needs and wishes to the best of our ability and meeting our responsibility toward society and the environment.

Our purpose Care Beyond Skin is an expression of what Beiersdorf stands for and what defines us as a company - because our care and concern go far beyond our core competence, skin. We want to make a positive contribution to our society and our planet. By acting in a way that recognizes our social responsibility, for example with emergency aid in crisis situations or through the diverse initiatives of our sustainability agenda, we aim to bring this purpose to life. Detailed information about our sustainability agenda can be found in the Non-financial Statement.

We initiated a change in our corporate culture in the reporting year with the "Behavior Activation Journey," in order to integrate behaviors into our day-to-day work that play an important role in our success. Under the banner "Speak Up," we at Beiersdorf want to promote a culture in which employees have the courage to question things and to form and openly share their own opinions. "Prioritization" is about setting the right priorities that will better enable us to implement fewer yet bigger and better innovations in the future. "Mental health" is also one of the main drivers behind this focal point, as setting the right priorities is intended to reduce employees' workload and encourage them to better set and respect their personal boundaries. More details on this can be found in the "People at Beiersdorf" chapter under "Leadership."

Beiersdorf has also been driving the transformation to the new world of work for several years now. This, too, is part of a comprehensive cultural shift designed to make both the company and its employees fit for the challenges of the future. From hybrid or flexible working to modern workplaces, Beiersdorf is committed to actively shaping the future world of work. And we are bringing our employees with us on this journey. We invest continuously in training our workforce in the firm belief that the skills and expertise of our employees are essential to our sustainable growth and long-term success. We are becoming a learning organization with our global learning strategy, which encourages self-directed, lifelong learning by all, preparing everyone for the working world of the future. Further information can be found in the "People at Beiersdorf" chapter.

 $^{^{3}\,}$ This section of the Combined Management Report is not subject to audit requirements.

tesa

tesa SE (referred to in the following as "tesa") is one of the world's leading manufacturers of self-adhesive products and system solutions for industrial customers and consumers. tesa SE, a 100% owned subsidiary of Beiersdorf Aktiengesellschaft, is managed as an independent subgroup that is the direct or indirect parent company of 61 tesa affiliates (previous year: 61), employs 4,982 people and operates in more than 100 countries.

In fiscal year 2022, tesa sold tesa Labtec GmbH, Germany. In addition, tesa ME FZE, Dubai, has been launched in the United Arab Emirates. The number of affiliates thus remains unchanged.

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

Industry

In the Industry 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.

Along with direct business, the technical retail trade is part of the Industry division. Through retail partners, 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.

Consumer

The Consumer division encompasses those markets in which tesa supplies end consumers with market-driven products via retail partners or retail-like channels. This includes product ranges aimed at private consumers and craftspeople. tesa also uses online business to offer products for sale directly to end customers.

The Consumer business is focused on Europe and Latin America. It sells both long-established and innovative product solutions intended for various applications, including for daily use in offices, at home, and in crafts. Under the tesa® umbrella brand, end consumers find a broad assortment of more than 300 innovative products in DIY stores and superstores as well as in paper goods and stationery shops and online. tesa provides tailor-made ranges for professional craftspeople and designs its marketing concepts for the specific target groups.

Management and Control

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

Information on the remuneration of the Executive and Supervisory Boards as well as on incentive and bonus systems is provided in the Remuneration Report, which can be obtained in the section "Additional information." The Combined Management Report includes the Corporate Governance Statement of Beiersdorf AG and the Group in accordance with §§ 289f and 315d *Handelsgesetzbuch* (German Commercial Code, *HGB*), which is also made publicly available on the company's website at www.beiersdorf.com/investor-relations/corporate-governance/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 growth⁴ 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 development of the relevant key perfomance indicators can be found in the section "Results of Operations."

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

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

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

⁴ For the definition of organic sales growth refer to Significant Accounting Policies ("Notes to the Segment Reporting").

Research and Development

To the shareholders

Research and development is particularly important for an innovation-driven company like Beiersdorf. It is not just the key to our success but part of our corporate DNA.

Trend-setting technologies, sustainable concepts, and digitalization opportunities are essential to Beiersdorf, and we continuously embrace and encourage them. We regularly evaluate our research and development program and define clear focus areas for each business segment:

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

As of December 31, 2022, 1,591 people were employed in research and development at Beiersdorf worldwide (previous year: 1,530). Of this total, 1,007 (previous year: 978) worked in the Consumer Business Segment and 584 (previous year: 552) in the tesa Business Segment.

As in past years, we increased our spending on research and development once again in the reporting year. At the end of the fiscal year, expenditure in this area amounted to \leq 291 million, up 8.3% on the previous year (\leq 268 million). In the Consumer Business Segment, Beiersdorf invested \leq 216 million (+6.8%) and in the tesa Business Segment \leq 75 million (+12.9%) in research and development over the past year.

Consumer

Excellence in Skin Care Research

Beiersdorf has always excelled in skin research. It drives our strength in innovation and boosts our competitiveness. By deciphering the complex processes of the skin, developing effective active ingredients, and making use of the latest technologies, we are always developing new innovations and products that clearly align with consumers' wishes. We want to create skin care products that touch people's lives all around the world.

Our intensive, application-oriented research not only helps us continuously expand our deep understanding of the human skin - it opens up many opportunities in the highly dynamic field of skin biology and, consequently, is an important focus of our work. In the reporting year, we focused on the following areas of research among others:

• A significant part of our research work for almost 40 years has been developing modern, non-animal-based methods to assess safety. We use these to provide evidence of the safety of our ingredients and products. As in the past years, in fiscal year 2022, we continued our intensive collaboration with the worldwide community of safety scientists – especially the Long Range Science Strategy (LRSS) Consortium of Cosmetics Europe, whose program came to an end halfway through the reporting year. As a founding member of the new body International Collaboration on Cosmetics Safety (ICCS), we work with other companies, associations, and NGOs with the goal of promoting global regulatory recognition, expertise, and the comprehensive use of animal-free safety science for cosmetic and skin care products and their ingredients.

Through research, education, targeted training, and regulatory engagement, ICCS wants to improve global awareness and trust in alternative scientific methods to animal testing and thereby to further develop innovation work in the modern era of animal-free research. In our view, the Next Generation Risk Assessment (NGRA) is exposure-led and hypothesis-driven and is based on combining data from in silico, in chemico, and in vitro methods (the new approach methodologies - NAM). Toxicokinetics, with the application of the ADME methods (absorption, distribution, metabolism and elimination), plays an important role for us in enabling a reliable risk assessment. The ADME methods examine how active ingredients enter the body and in what quantities they are found in different body areas. A large number of ADME tools are being developed and used alongside PBPK (physiologically based pharmacokinetic) modeling, forming an important component of next-generation risk assessment. In a presentation at the ESTIV Congress 2022 (Congress of the European Society of Toxicology In Vitro), we highlighted the essential role of modern ADME methods as the next generation of safety assessment, for example for UV filters and preservative agents. We also discussed the use of ADME methods, especially metabolism and PBPK modeling, for assessing the body's potential internal threshold of toxicological concern (iTTC).

- Protection against sun-related skin damage is a major research focus for Beiersdorf. Our skin scientists research the sun's impact on the skin and use the findings to develop pioneering solutions and products for sun-related skin indications. We continued this work in the reporting year. One example of our research activities in this area was a unique cosmetic sun care product that a research team developed specially for a girl with the rare photosensitivity disease EPP (erythropoietic protoporphyria). In this condition, caused by a rare gene defect, the blue light in sunlight causes the formation of free radicals in the skin - a chemical process associated with severe pain. Previous research findings on high-energy visible light showed that the girl needed cosmetic sun protection containing special light-diffusing pigments. These prevent light from penetrating the skin. The protection specially developed by the Beiersdorf researchers enable the girl to come into contact with sunlight for short periods. It cannot cure the disease but helps to improve her quality of life. The cosmetic sunscreen was especially developed for the girl and her individual skin needs, and thus is not part of the Beiersdorf product portfolio or available for sale. We have also achieved progress in our collaboration with the ALT-SPF consortium, which aims to establish sun protection tests that are less invasive, more reliable, and more precise. Various partners, including Beiersdorf, have provided their own samples, which have been blinded by an independent institute and are currently being tested by various laboratories, including our own in Hamburg and New Jersey. The complete test results will be available in the course of 2023.
- In the field of skin research, we continued our work on our patented active ingredient against hyperpigmentation, **Thiamidol**, during the reporting year. We released the results in another scientific publication. Working with the Department of Dermatology at the Côte d'Azur University in Nice, France, we conducted a randomized, double-blind, controlled clinical study on participants with a darker complexion. This tested the efficacy and tolerability of a skin care regimen with Thiamidol over 24 weeks compared with a vehicle control. We performed this long-term study in Mauritius due to the hot, tropical weather conditions there. A continous improvement in hyperpigmentation spots on the face was observed throughout the entire duration of the study. The results show that the treatment is highly effective and well tolerated even under demanding climatic conditions for cosmetics.
- Our scientists also continued our research on the coenzyme Q10. Their efforts helped us achieve
 important new findings on this coenzyme, which occurs naturally in the body, and its role in the
 skin aging process. In cooperation with scientists from the Hamburg-based research center DESY
 (Deutsches Elektronen-Synchrotron), the University of Hamburg, and the Fraunhofer Institute for
 Applied Polymer Research (IAP), we succeeded in the reporting year in visualizing for the first time
 the cellular uptake of the coenzyme Q10 and its pathway within the skin cells. We were thus able to

provide visual evidence that Q10 is absorbed by every single cell. The key element of this research breakthrough was the use of the XRF method (X-ray fluorescence spectroscopy). This is based on the principle of X-ray fluorescence analysis – an imaging method from materials analysis that is generally used to examine solid samples and reveal what is hidden within them. The findings offer considerable potential for further scientific applications in global Q10 research, for example in cancer therapy, and beyond Q10 skin research. Given its importance, the research was evaluated by independent scientists and published in a renowned journal in order to make it accessible to other research groups. In May 2022, Beiersdorf also welcomed renowned international Q10 researchers to the skin research center in Hamburg as part of the 10th Conference of the International Coenzyme Q10 Association (ICQA). Here, they discussed new findings on topics such as Q10 biosynthesis, aging and metabolism, skin care, and dietary supplements, and underscored the continued importance of Q10 research.

 In 2022, we again stepped up our work in microbiome research, which examines the complex communities of microorganisms (e.g. bacteria) in ecosystems such as the skin. We continue to play an important role in this field. In cooperation with the universities in Hamburg and with Aarhus University in Denmark, we succeeded in exploring the complex ecosystem even more closely in order to develop new cosmetic approaches and formulas that work in harmony with the skin's natural processes. In the course of this work, we have developed a new methodology that we patented in the reporting year and are using successfully. This allows scientists to more precisely examine selected bacterial strains - always keeping in mind that the composition and balance of all the microbes living on the skin is pivotal to our skin health. In particular, the researchers gained new insights into the relationship between staphylococci and cutibacteria. These two types of bacteria interact with each other and coexist peacefully in a healthy skin microbiome. If the microbiome becomes unbalanced, this can trigger skin disorders such as acne or eczemas. The results will help us develop new microbiome-based care products, particularly for acne sufferers. We published the main findings of our research work in the reporting year in three academic publications. In addition, at the end of the fiscal year, we announced the acquisition of the Belgian life sciences company S-Biomedic. The company, in which we already invested in 2018 as part of our corporate venture activities, is considered a pioneer in the field of skin microbiome research. S-Biomedic will continue to be managed as a standalone entity under Beiersdorf's existing microbiome program. It will complement the Group's own research activities in this field and therefore strengthen our innovative capacity.

We use **global patents** to protect our intellectual property and the results of our intensive research activities. At the end of the reporting year, our global patent portfolio included some 1,500 active patents (previous year: approximately 1,800). Worldwide, we filed around 50 new patent applications during the reporting year (previous year: 64). As of December 31, 2022, approximately 600 patents were in the ongoing grant procedure (previous year: 900).

Transformation of the F&E organization

We restructured the F&E organization effective June 1 of the reporting year. With the new structure, we want to make the organization fit for the future and respond even better to changing circumstances and consumer expectations as part of the company-wide transformation process. The aim is to focus on fewer innovations but achieve more impact with them (FEWER, BIGGER, BETTER) and bring them to market faster. The move is also designed to enable people to work together in a more integrated way, to learn from each other, and make greater use of synergy effects - between the headquarters, innovation centers, and development laboratories as well as other functions within the organization. The model is built on four pillars: Breakthrough Innovations, Grow the Core, One Global R&D, and Sustainability. The new organizational model follows the three-part strategy Explore, Enable, Exploit. Explore teams work on the early stages of developing innovations - they bring together consumers' wishes with our expertise in skin. Enabling teams are task with easing the transition from idea to product by developing new methods and testing the efficacy of our products. Exploit teams concentrate on product relaunches or additions to the product portfolio for our core

innovations such as Q10. Their role is also to take breakthrough innovations such as Thiamidol or W630 and ready them for the market. This involves efficiently guiding them through the Integrated Innovation Management (IIM) process.

Collaboration promotes innovative strength

For Beiersdorf, collaboration with external partners is an important part of research and development work. We are convinced that by combining our complementary expertise and our strengths, we can increase our joint innovative strength and speed up development of skin care for the future. A large number of research institutes, universities, start-ups, independent scientists, and suppliers belonged to our global collaboration network in the reporting year.

In addition to our specific cooperation agreements, we advocate the principle of open innovation and involve external partners in many of our development projects and in raw material scouting. Since 2016, we have gathered these open innovation activities under the name "Pearlfinders - We Open Innovation." We offer interested parties all around the world access to our confidential scientific research topics via the associated "Trusted Network" online platform. The network, which is based on mutual trust, fairness, and partnership, also invites them to contribute their own ideas and problem-solving approaches.

In addition to this network, Beiersdorf has also had a seat on the Foundation Council of the DESY research center in Hamburg since mid-2022. This not only gives us valuable insights into the latest interdisciplinary, wide-ranging research projects of the DESY research center and partner research institutes – it also allows us to continue to help shape the creation of start-up innovation centers in Hamburg.

In June 2022, staff from the F&E start-up scouting team initiated the Joint Corporate Start-up Pitch Day on Sustainability together with our long-standing partner and specialty chemicals company Evonik. The aim was to step up dialogue with interested start-ups and to find partners with innovative and sustainable raw material and packaging solutions. Fifteen start-ups from various countries were chosen from more than 100 applicants to present their technologies and business models in detail at the event and to jointly evaluate opportunities for partnership. The companies chosen work primarily in sustainable biotechnology, green chemistry, sustainable packaging, and digital solutions.

We also agreed a special partnership in 2022 with the South Korean supplier COSMECCA KOREA. The South Korean cosmetics industry is considered highly innovative. "K Beauty" is the source of numerous product trends that later find their way into the skin care routines of many Europeans. COSMECCA's aim is to set trends by reflecting consumers' needs and collaborating with global partners. The joint launch of a Eucerin product in the East Asian market is an early example of this strong teamwork.

Strong research network

Beiersdorf's research and development has a global presence. Our global research network strengthens our business and makes a substantial contribution to our success. The largest site in our global research and development network is our skin research center in Hamburg, Germany, where we employed 738 (previous year: 741) researchers and developers as of December 31, 2022. Here, we essentially carry out important application-oriented research. This research is helping us to better understand the skin's own (metabolic) processes and, based on this knowledge, to develop new products that meet people's needs – for example with new active ingredients or with the aid of new technologies, such as artificial intelligence. The new "Early Innovation" department we created in 2021 is also helping us to boost our innovative strength and increase public recognition of Beiersdorf as a leading innovator in skin care. The 19-member department (previous year: 16 employees) aims to drive a cross-brand, cross-category long-term innovation roadmap with strong innovation stories. The team acts as a catalyst between all the specialist disciplines that are involved in the innovation

process. One specific measure in the reporting year was the holding of the first Innovation Fair, an internal event focused on current innovation projects that promotes inspiration, dialogue, and strategic discussion.

Since product quality, safety, and compatibility have top priority for Beiersdorf, newly developed products are tested thoroughly by external experts and in Beiersdorf's own test center within the skin research center before being launched on the market. In the reporting period, in Hamburg alone, we carried out 350 studies with 8,000 participants (previous year: 330 studies with 8,500 participants). Externally, in 2022, we conducted another 1,320 studies with 32,000 participants (previous year: 1,300 studies with 33,500 participants).

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

Our **innovation center** in **Shanghai**, **China**, which opened in July 2020 and is the second largest site in our research network at 7,500 m², set three strategic priorities for 2022: digitalization, a faster pace in development, and sustainability. In digitalization, the aim was to integrate artificial intelligence and automation into our work processes, for example with the introduction of the new NIVEA MEN Oil Control range of products. Use of Al and a computer simulation tool minimized risks in the design phase and enabled faster, smoother development and introduction of the packaging. Procuring the world's first desktop injection molding machine for a packaging prototyping lab enabled us to speed up the creation of prototypes using 3D printing within the lab. Using artificial intelligence allows us to better predict long-term stability and considerably reduce the number of test batches required. Our innovation center in Shanghai also recorded another success in 2022 with the introduction of the first 100% food safe PCR HDPE bottles in the NIVEA MEN Oil Control range and of 100% food safe PCR PET bottles for the launch of the NIVEA MEN Sensitive Pro shaving foam. Sustainability is growing in importance for consumers in northeast Asia, too. By implementing the global Beiersdorf sustainability agenda and reducing the use of PCR materials by more than 1,100% compared with 2021, Beiersdorf is meeting the needs of many consumers in Asia.

Further new product launches developed specially for the Asian market in the reporting year can be found in the "Product highlights" section.

Our ultra-modern **innovation center** in Florham Park, **New Jersey**, **USA**, continued its intensive clinical research in 2022 along with the development of local product innovations for the NIVEA, Eucerin, Aquaphor, and Coppertone brands for the North American market. Among other features, the site has a special sensor technology laboratory for increased interaction with consumers and works closely together with the development laboratory in Hamburg, Germany, in the area of sunscreen innovations. Eucerin Sun expanded into the United States in the reporting year with a total of seven sun care products. This is the largest sun care market in the world. With its range of sun care products that cater to individual skin indications and are also good to the skin, Beiersdorf has filled a "white spot" in the North American market. Sun protection products are subject to special regulations in the USA, which meant it was not possible to simply replicate the existing global Eucerin Sun products. Our researchers at the innovation center in New Jersey developed new formulas based on five antioxidants and other ingredients. With these, we not only comply with the legal requirements but also want to meet the needs of the consumers. Further information on product innovations at the Coppertone and Aquaphor brands can be found in the section "Product highlights."

Digitalization and Artificial Intelligence

To the shareholders

Topics such as artificial intelligence (AI) and digitalization are becoming increasingly important in the field of skin research. Beiersdorf was among those driving research activities and progress in these areas in recent months, as indicated by the examples above. In 2022, we continued our AI-based global skin study SKINLY. Launched at the end of 2019, this project is still one of the world's largest skin care studies involving consumers. The special feature of this study is that consumers are actively involved by means of digital tools – a special measurement device (including a moisture sensor and three different light sources) and a complementary app – and send details about their individual skin properties, in other words, skin age, wrinkle depth, skin tone, complexion, and impurities, as well as information about sleep, nutrition, special skin features, menstrual cycle, and climatic conditions, up to twice per day. The results help us to better understand our consumers and their skin as well as the impact of external factors. With machine learning based on artificial intelligence, the unique ecosystem created for the study learns something new with every measurement.

More than 16,000 consumers aged between 18 and 80+ from various countries have already taken part since the end of 2019. Over 600 million data points and more than 80 million high-quality skin images have been measured and generated. The more high-quality data is available, the better our data scientists will be able to translate this into relevant, actionable new knowledge for our research, development, and marketing.

During the reporting year, we also used artificial intelligence to develop and optimize formulas. The Al technology and platform provided by our partner Uncountable enabled us to process complex data volumes faster and, as a consequence, to identify new, more sustainable formulas more efficiently. In addition to this, we began using a formulation robot to develop formulas in the reporting year. This allows us to efficiently study process parameters on a small scale to give our formulas a more sustainable upscaling process. Automation and artificial intelligence are equally important when it comes to researching and developing future efficacy tests on test subjects. This has been shown by our collaboration with the Technical University of Applied Sciences Wildau, which began during the reporting year. Together, we developed a robotics system for automated in vivo measurements to obtain a greater quality and quantity of data. The first feasibility studies have already taken place successfully.

We see enormous potential in artificial intelligence and will therefore continue to utilize its benefits for us in the future and, hence, expand digitalization in research.

R&D sustainability pledge¹

Continuous development of innovative, high quality skin care products over the last 140 years is what has made us one of the world's leading skin care companies. Our claim has always been to continuously bring new innovations to market that offer our consumers added value and best fulfill their needs. One aspect that has become increasingly important to consumers in recent years is the environmental compatibility of our products. This applies equally to product formulas and packaging, both of which we optimize each year, as a matter of conviction, in line with the four sustainability principles: "avoid, reduce, reuse, recycle." That means, for example, that we use ingredients with lower emissions, reduce volumes of materials or waste, integrate recycled materials, and use alternatives to petroleum-based plastics. In this context, we formulated our own claim in our R&D sustainability pledge in 2021. Accordingly, we want to achieve maximum product effect with as few ingredients as possible and, wherever feasible, use sustainable, biodegradable and/or renewable raw materials and packaging. Many of our product highlights demonstrate the progress we are achieving here. These include the new, more climate-friendly NIVEA Soft formula we introduced to the market in the reporting year. The relaunch of the new NIVEA shower care range in 2022 was

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

another important step on the way to more climate-friendly products. The products are introduced in more detail in the section "Product highlights."

In relation to our product packaging, we announced our Plastic Pledge 2025 back in 2019. With this pledge, we plan to increase the share of recycled material in our European plastic packaging to 30% by 2025 and to use recycled materials and a reduction in packaging weight to cut the consumption of new petroleum-based plastic by 50%. Boosting the circular economy is also a top priority for us and is specifically supported. The circular economy involves repeatedly reusing materials without consuming extra new resources. In all our sustainability efforts, we are working with partners throughout the value chain to achieve significant change and drive the transformation forward. We are also involved in various cross-industry bodies, for example to further improve plastics sorting and define a plastic standard for the use of recycled plastic.

A specific example in the packaging context is the "Design4Circularity" initiative in partnership with Clariant, Siegwerk, and Borealis. This aims to bring together different specialist knowledge so as to jointly develop consumer packaging based on 100% post-consumer recyclate (PCR) for cosmetics applications and to create a new industrial standard for genuine recycled packaging. The initiative recently presented its first result: a colorless polyolefin bottle with 100% PCR content, full body-sleeved in a printed deinkable shrink sleeve. All the materials for the NIVEA prototype are technically fully recyclable and can be recovered and used for the same high-value application.

To tap into further new potential for sustainable innovations and the circular economy, Beiersdorf also invested in two venture capital funds for the first time in the reporting year. The partnerships with Emerald Technology Ventures and Revent give us access to many promising founders and innovative start-ups that are creating environmentally friendly technologies and sustainable business models. Emerald Technology Ventures, for example, pre-evaluates start-ups, whom we can then cooperate with and invest in directly. All the start-ups belonging to this fund bring a wealth of global experience that complements our own expertise. We see great potential in both investments to boost our open innovation activities in relation to packaging and the sustainable transformation. This will make an important contribution to achieving our ambitious sustainability goals.

Product highlights²

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

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

- The new NIVEA CELLULAR Expert Lift range is based on a highly effective combination of pure bakuchiol, which in vitro tests show, works like a collagen booster, and two different types of hyaluronic acid. The products define contours, firm the skin, and soften even deep wrinkles - for a toned appearance. The new range comprises NIVEA CELLULAR Expert Lift Anti-Age Day Cream SPF 30, NIVEA CELLULAR Expert Lift Anti-Age Night Cream, and the NIVEA CELLULAR Expert Lift Sculpting Facial Sheet Mask.
- We also strengthened the **NIVEA Essentials Face Care range** in the reporting year with 19 revised products. The day products which come with a choice of sun protection factor 15 or 30 and

² This section of the Combined Management Report is not subject to audit requirements.

our sustainability agenda, the formulas are free from microplastics and use exclusively biodegradable polymers. In addition, the tubes are 89% and the jars and boxes 100% recyclable.

• The new NIVEA Derma Skin Clear face cleansing range cleanses and improves the condition of blemished skin. The vegan-friendly, mild formulas contain no-animal derived ingredients, use a highly effective combination of salicylic acid and niacinamide in the daytime product and salicylic acid, niacinamide, and glycolic acid in the overnight product. This acid complex with exfoliating properties supports the skin's natural renewal process to significantly reduce and prevent the reappearance of skin blemishes. The effective new range comprises the NIVEA Derma Skin Clear Wash Gel, NIVEA Derma Skin Clear Toner, NIVEA Derma Skin Clear Anti-Blemish Scrub, and NIVEA Derma Skin Clear Chemical Exfoliator.

- With the new **NIVEA SUN LUMINOUS630® Dark Spot Control Fluid SPF 50**, we added another UV Face product variant to our sun care range in 2022. The formula with the ingredient LUMINOUS630® is particularly effective against sun-induced dark spots and offers immediate protection against short- and long-term skin damage from UVA/UVB rays and from sun-induced premature skin aging. The sun cream's light, non-greasy texture refreshes the skin and leaves a smooth skin feeling.
- We also improved the sustainability of our bestselling **NIVEA Soft** in the reporting year. The product is now based on an enhanced, more sustainable formula. Enriched with vitamin E and 100% natural jojoba oil, it provides even better skin hydration. The new product contains 95% natural ingredients. The formula is vegan (contains no-animal derived ingredients) and 98% biodegradable (according to OECD or equivalent methods). The carbon footprint of NIVEA Soft has been reduced by up to 40% in terms of ingredients compared to the previous formula. The moisturizing cream is suitable for all skin types as a face cream, foundation, and all-body product. It gives the skin a healthy, radiant appearance.
- The relaunch of the new NIVEA shower gel range in 2022 was another important step on the way to more climate-friendly products: The new formulas with vitamins and oils protect the skin, are free from microplastics, and 99% biodegradable (according to OECD or equivalent methods). The bottles (excluding cap and label) are made from at least 96% recycled plastic and are up to 26% lighter than before, cutting packaging-related CO₂ emissions by 32%. The products are now 100% climate-neutralized and make a positive contribution to our Climate Care mission as part of our CARE BEYOND SKIN sustainability agenda. More information can be found at www.nivea.com/sustainability.
- With the new NIVEA Deo Sticks, we established another sustainable innovation in the market
 during the reporting year. With the help of a new, patented technology, we have been able to use
 emulsion technology for a solid anti transpirant stick. This enables us to market silicone-free deodorant sticks with an overall smaller carbon footprint. In addition to the new formula, the new sticks
 come in a more lightweight, modern packaging that uses 23%/ml less material.
- In June 2022, we launched the **NIVEA MEN "Climate Care Moisturizer"**, an innovative, climate neutralized³ product that makes us the first skin-care manufacturer to obtain and use an ingredient from recycled carbon dioxide: cosmetic ethanol. As a key ingredient, ethanol contributes to a refreshing skin feeling. In addition, the formula is skin-soothing and moisturizes the skin.
- Following the successful launch of the **Eucerin DERMOPURE Triple Effect Serum** on the market for post-acne marks in 2021, we relaunched further products with our patented

³ www.nivea.co.uk/about-us/climate-neutrality

- We launched a total of three sun care innovations with a tint effect in 2022 to add to the Eucerin Sun range. The Eucerin Oil Control Tinted Face Sun Gel-Creme SPF 50+ protects oily and acne-prone skin from sun-related damage and offers 12-hour oil and shine control plus color pigments for an even skin tone. Enriched with hyaluronic acid, the formula of the new Eucerin Photoaging Control Tinted Face Sun Gel-Creme SPF 50+ helps to reduce the first signs of skin aging caused by HEVIS, while the color pigments promote a unified complexion. With the new Eucerin Pigment Control Tinted Face Sun Gel-Creme SPF 50+, we also launched a high-quality facial sunscreen for all skin types during the reporting year. The formula helps to effectively reduce sun-related hyperpigmentation and, with regular use, prevent its recurrence. With this product, too, the color pigments promote an even skin tone. All three products combine UVA/UVB filters for very high UV protection as well as licochalcone A to neutralize the free radicals caused by UV and high-energy visible light.
- With GREEN & PROTECT, we introduced the first climate-neutralized⁴ plaster to the product range under the brands Hansaplast, Elastoplast and CURITAS. All key aspects of the GREEN & PROTECT plasters in terms of sustainability were optimized, combining it with their well-known product performance and reliable wound protection. The wound pad and backing are made from naturally derived fibers and, just as the release liner, from wood types taken from FSC®-certified forests only. Additionally, the plaster packaging is unbleached, 93% recycled and has the lowest weight possible for the material used.
- Under our luxury brand **La Prairie**, we launched the new **White Caviar Essence Extraordinaire** in 2022, a transformative gel-to-water essence. The silky, opalescent lotion glides on to begin its exceptional work. It instantly hydrates for a smoother, more reflective surface and provides a refreshing sensation. Enriched with encapsulated LumidoseTM, the extraordinary illuminating molecule, it targets age spots and dullness making the skin feel more hydrated and plumped.
- Another new launch was the La Prairie Pure Gold Radiance Nocturnal Balm with the exclusive Pure Gold Diffusion System[™], a rich balm that supports the skin's nighttime regeneration process and provides the skin with energy to restore its luminosity. The Pure Gold Diffusion System[™] delivers a three-peak action sequence to the skin. First comes the immediate deposition of gold on the skin's surface to offer instant radiance. An intense infusion of replenishing ingredients follows. Finally, a steady release of the replenishing ingredients linked to the gold particles deposited on the skin's surface completes the sequence. Overnight, the skin is optimally cared for and pampered.
- The third innovation from **La Prairie** is the launch of the **Skin Caviar Harmony L'Extrait**. The packaging of Skin Caviar Harmony L'Extrait follows the codes of the Bauhaus movement. A cobalt blue glass vial encapsulates the formula deep within. Upon application, micro-fluidic beads delicately melt into a surrounding gel, transforming into a light extrait. Facial contours appear resculpted and skin appears lifted in the long-term with continued use.

⁴ www.beiersdorf.com/newsroom/press-releases/all-press-releases/2022/02/08-beiersdorf-strengthens-climate-engagement

As a result of our regional development work, we also launched a series of local innovations on the market in the reporting year:

- The new NIVEA Radiant & Beauty product range was specially developed for consumers with melanin-rich skin and has been tested on this skin type. The products are the result of extensive studies with around 9,000 participants in Sub-Saharan Africa and in Brazil. The formulas contain five vitamins and various oils.
- Reflecting the trend for premium products on the Chinese market, May 2022 saw the release of
 the NIVEA Pro Sensitive Amino Acid face cleansing gel, the first premium face care range. The
 product is available in either a pump dispenser or tube and comes with an appealing packaging
 and mild formula.
- Also developed for the Chinese market was the new **Doukou** body care range, which went on sale
 in July of the reporting year. Its packaging, product colors, and digital add-ons cater to the young
 Asian target group. The products reached the number two spot in the Tmall sales charts within four
 weeks of going on sale.
- Eucerin launched its first Asia-exclusive product in the reporting year with the Eucerin Even
 Radiance range. The range is tailored to the strong regional demand for skin-brightening products
 and the resulting care needs. Alongside moisturizing creams, it includes an eye cream, a sheet
 mask, and ampules.
- The Eucerin Sun products introduced on the US market were another product highlight of the reporting year. A total of seven sun products arrived on the market in the first quarter. They included two dermocosmetic sun protection products for the face for oily and acne-prone skin or for anti-aging and five whole-body products with options for dry or sensitive skin. Five anti-oxidants, the special 5 AOX Shield complex, and other special ingredients defend against free radicals and make the skin feel healthy.
- With the Aquaphor Healing Balm Sticks, we launched another (OTC) innovation on the US market
 in the reporting year: The products come in a choice of baby or adult version and provide effective
 skin protection for healing and immediate relief from irritation in a practical, easy-to-apply stick.
 We developed the balm formula with our strategic partner Weckerle. The new Weckerle production
 center in California was audited and put into operation as part of the project and is now available
 for new ODM projects with a US focus.

tesa

Product and technology development⁵

Tapes replace screws and welding

As in previous reporting years, tesa further expanded the technologies for structural bonding in 2022. This could replace even high-strength joining methods such as screws, rivets, and welding.

tesa developed further new products that cure at low temperatures. These are particularly advantageous for electronic devices. Major customers of tesa could be supplied with new prototypes whose curing mechanisms are precisely tailored to the specific manufacturing processes. The technology is

⁵ This section of the Combined Management Report is not subject to audit requirements.

particularly well proven for joining components to make mobile phone cases, where it provides ideal protection for the sensitive electronic components and reduces the surface area needed for adhesion.

Sustainable product and technology concepts

To the shareholders

Technology development has been consistently aligned with the sustainability strategy (see tesa sustainability report⁶), resulting in a multitude of new products with excellent sustainability.

For the distribution business, tesa has developed prototypes of new bio-based adhesive tapes for packaging. This technology was recently even transferred to superior masking tapes that have both a bio-based carrier and adhesive. For the mobile devices segment, which is technically challenging for adhesives, product solutions whose individual components are made entirely from post-consumer recycled polyester were developed. These also contain largely bio-based carbon. The tapes perform to the same high level as our petroleum-based products. Further projects have been launched to replace petroleum-based components in adhesive tapes. At the tesa Hamburg site, a manufacturing process for adhesive mass polymers using bio-based materials was implemented. These will make a major contribution on the way to climate-neutral production.

To enable tesa customers to manufacture recyclable products, new technology concepts for separating adhesives were developed so that the individual components can be reused when required. First customers were provided with prototypes of the various technologies in the electronics business, and some designs have already been used in product development projects. The technology portfolio is also set to be expanded to cover new applications. The first feasibility studies have been initiated to test further technologies for separating an adhesive bond, and patent applications have already been submitted. The first prototypes have also been developed for the automotive sector. These were well received by global innovation leaders and met the high demands of automotive vehicles for temperature resistance, bonding strength, and longevity.

Further development of solvent-free technologies

tesa continued to develop solvent-free coating technologies in 2022 and consistently aligned their development goals with the sustainability strategy. The ability to use our technology for extrusion of adhesive masses was extended to thinner coatings, which were previously the preserve of solvent coating technology. In future, this will enable us to serve new markets and applications with solvent-free products. By replicating the processes in data-based models, quantitative proof of the positive impact on the energy balance could be obtained. These models will also make it possible to simulate future products.

The technology of water-based adhesive masses to replace solvent systems has also been further enhanced and transferred to new areas of use. These include complex masking applications, new prototypes for cable bandaging, and, in particular, the isolation of battery cells. tesa reduced the carbon footprint of an adhesive mass by 80% by working with external partners to use new biobased materials.

Technologies for displays and glazing

During the reporting period, tesa supplied major customers with numerous new prototypes for foldable and rollable displays for future generations of mobile phones. These highly flexible display tapes have a precisely configured mechanical behavior to withstand the complex movements and stresses in the devices.

tesa has also developed new prototypes that have performed well in tests by global automotive manufacturers. Integrating multiple functions such as light and heat management also meets the demands on the latest generation of displays, which need to work reliably despite rapid and dramatic changes in the vehicle's environment.

⁶ www.tesa.com/en/about-tesa/sustainability/sustainability-report

Digitalization

Global innovation leaders in the automotive and electronics industries are increasingly digitalizing their development processes. This also requires the provision of digital data for the adhesive solutions used. tesa therefore drove further digitalization of product and technology development during the reporting period. For example, digital twins for many products were created. These enable tesa customers themselves to directly simulate the mechanical behavior of the adhesive in their specific application under different temperature conditions and stresses. This cuts development time and minimizes material consumption, while also allowing the products' performance to be improved.

To streamline, accelerate, and refine internal tasks for developing formulations and processes, digitalization was also used, to meet customer-specific requirements even better. This involves the use of artificial intelligence and simulation.

Developments for the energy transition

A new focus of our product and technology development is on solutions for the energy transition. This relates to fuel cells, energy savings, and e-mobility, for example. For the manufacture of modern fuel cells, functional films were developed that enable the fuel cells to be assembled particularly quickly and efficiently. This development was also transferred to pilot-scale production, enabling us to supply customers with prototypes. A first prototype of a multilayer film was recently successfully tested for retrofitting windowpanes. The films allow the amount of light and heat that a window lets through to be controlled at the push of a button, thereby reducing room heating in summer and cutting the energy consumption of air conditioning systems.

For e-mobility, tesa developed new technologies and prototypes that allow particularly efficient and secure bonding and protection of battery components. For the different requirements of global innovation leaders in the automotive sector. Examples included reversible adhesion for lids on battery housings and high-strength bonding of the battery cells themselves.

Further information on product and technology development at tesa can be found at www.tesa.com/en/about-tesa/product-and-technology-development.

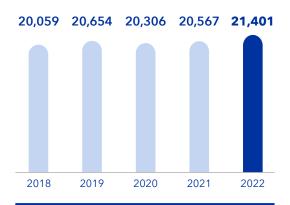
People at Beiersdorf¹

To the shareholders

Beiersdorf's business success is largely based on our employees' dedication and professional expertise. It is thanks to them that our brands and products are appreciated and purchased all over the world. At the same time, we offer our employees an attractive working environment and the opportunity to develop both personally and professionally, to showcase their individual talents, and to systematically acquire skills for the future.

As of December 31, 2022, Beiersdorf had a total of 21,401 employees worldwide, an increase of 4.1% compared with the previous year (20,567). Of this total 6,676 (previous year: 6,593) were employed in Germany, corresponding to a share of 31% (previous year: 32%). A total of 16,419 people worked in the Consumer Business Segment (previous year: 15,740) and 4,982 at tesa (previous year: 4,827).

Group Employees as of Dec. 31, 2022



Group Employees by Region (in %)



Consumer

Working in the new reality - Human Resources in 2022

The demands that HR departments have to meet are becoming increasingly complex. They need to juggle a variety of topics at the same time while simultaneously helping shape the digital transformation. The increasing demand for skilled workers and the war for talent pose further challenges, and the hybrid, modern working environment requires a high degree of flexibility and openness to new ideas. In recent years, our HR department has adapted to the changing conditions, particularly in the wake of the coronavirus pandemic, and we are convinced that a culture of mutual trust, openness to agile forms of collaboration, and a willingness to embrace continuous development and digitalization lay a solid foundation that enables us to keep pace with change and provide employees with the best possible support during the process of change. Investing in the future of HR work, as we are systematically doing within the scope of our C.A.R.E.+ strategy, helps us align our HR work with the requirements of the future and further improve our workplace culture. We believe the top priorities here are topics such as the learning organization, new work, digitalization, and strategies to promote diversity and inclusion (D&I).

Corporate culture

Our employees value Beiersdorf's unique corporate culture, which is based on openness, trust, and an appreciation for cultural diversity and internationalism. We also foster a working environment that

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

values teamwork and mutual respect. We believe it is important to strengthen the emotional bond between people and the company and to support employees at all levels in ensuring that they are always able to cope with the increasingly complex working environment. Our global employee survey "teampulse" has once again revealed the high level of identification with our purpose Care Beyond Skin, and the belief in our four core values: Care, Simplicity, Courage, and Trust. At the same time, we initiated a change in our corporate culture in the reporting year with the "Behavior Activation Journey," in order to integrate behaviors into our day-to-day work that play an important role in our success. For more information, please refer to the "Leadership" section.

Attractive employer and engagement

Employee engagement is one of our top priorities, and in this age of working from home and hybrid work, this is truer than ever. It is important for us to get a real feel for the atmosphere at Beiersdorf and to find out how engaged our employees truly are. This is why we regularly conduct global employee surveys. The aim of these surveys is to promote ongoing dialogue between managers and their teams, address improvement measures, and give employees the opportunity to actively help shape their future working environment.

In the fourth quarter of the reporting year, we once again conducted our well-known "teampulse" engagement survey worldwide. It gives us a quick and straightforward way of directly "taking the pulse" and focusing our attention on issues that are important to our employees around the world. To ensure that the results can be compared with those of the previous year, the survey is based on the same core questions. This year, we added some new questions to take global trends as well as feedback from last year into account. They covered the topics of leadership, strategy and transformation, and culture and purpose, but also "softer" aspects such as diversity and inclusion (D&I), employees' inner drive, and resilience and wellbeing. As in the previous year, a total of 89% of employees responded to our "teampulse" survey. This once again demonstrates our employees' strong desire to share feedback. Confirming the results of previous years, the Beiersdorf culture, meaningful work, and the belief in our four Core Values (Care, Simplicity, Courage, and Trust) again met with a high level of approval at the respective affiliates in this reporting year. In addition, the results indicate that our global D&I activities are perceived as credible, for example through the majority of participants indicating that the company's management visibly demonstrates its commitment to diversity. In addition to the answers in the standardized questionnaire, the management team also received more than 22,200 comments with detailed feedback. This feedback serves as a basis for the respective teams worldwide to enter into dialogue and jointly shape the future working environment at Beiersdorf. The feedback from the survey is discussed year after year in order to subsequently develop and implement ideas and measures at the team level. In addition, survey results that reveal a consistent need for improvements internationally will serve as a basis for initiating changes and measures at the global level as well.

Participation in decision-making and company success

Participation in decision-making and company success as well as transparency and engaging in a dialogue as equals are key factors essential to successfully creating a positive corporate culture at Beiersdorf and are intended to increase our attractiveness as an employer. In addition, the increasing share of employees in hybrid working arrangements at Beiersdorf is further accelerating the use of digital solutions in internal communication. Digital and hybrid town hall meetings and works assemblies, as well as numerous online events with opportunities for dialogue, were once again among the traditional measures used to get all employees around the world engaged and involved in the reporting year. The aim is to strengthen the bond between management and staff and above all the bond between the employees themselves, and to promote a sense of team spirit.

The close involvement of employee representatives is also part of our corporate culture. Working with them in a constructive atmosphere of trust enables us to make and implement important and sometimes difficult decisions together. This was true once again in fiscal year 2022. The European Dialogue, which brings together Beiersdorf's employee representatives from across Europe, continued its work in 2022.

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

Employee participation in the Campus project (the new building for the Group headquarters in Hamburg) also continued in 2022. Virtual tours and on-site visits enabled staff to see the progress for themselves in small groups. The regularly held Campus Kickstarter Sessions helped interested employees learn about tools to establish a (hybrid) team culture or improve their collaboration and share ideas about the Campus project.

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

Leadership

To the shareholders

An open and modern leadership culture forms the basis for an attractive and appreciative working environment in which all employees can give their best. In order to establish it, we formulated our understanding of a good leadership culture in "Leadership the Beiersdorf Way" back in 2017. This leadership culture is based on our Core Values of Care, Simplicity, Courage, and Trust. It aims to develop leaders who are authentic and inspiring and empower their team to outstanding achievements. The idea behind this is that by giving employees more decision-making power, their sense of engagement and accountability will increase. This will lead to better team performances and higher intrinsic motivation. During the reporting year, we already began to work on further refining our understanding of leadership. In 2023, we want to introduce our new "Leadership Commitment" as a pilot project in this context. In preparation for this, we already conducted numerous interviews with managers during the past year. The global rollout of the "Leadership Commitment" is planned for 2024.

To support change processes at Beiersdorf, we want to integrate behaviors into our day-to-day workplace culture that are important to our success. That is why, in October of the reporting year, we launched a "Behavior Activation Journey" - a program designed to help all employees worldwide change their behavior. Through the "Speak Up" lever, we want to foster a culture in which employees feel comfortable having their own opinions, expressing them openly, and questioning things. In this way, we aim to leverage the potential of different perspectives among our workforce. Since the beginning of November, activities have focused on activating the "Speak Up" lever. Starting in the first quarter of 2023, we will also focus on a second important lever: "Prioritization." To instill these behaviors in all employees worldwide, managers worldwide were offered interactive training sessions. It is the responsibility of managers to bring about a fundamental cultural change, to exemplify the right behaviors, and to serve as role models. A comprehensive activation toolkit and customized e-learning sessions for employees are supposed to help bringing the Behavior Activation Journey to life.

Beiersdorf has been relying on what is known as the "Development & Potential Process" since 2021 in order to identify and promote new management talent. In line with the slogan "Develop your way," it focuses on each employee's individual development and consists of three stages: focused

self-reflection, a round of talks between managers (known as development reviews), and an individual development meeting, in which the employee discusses their individually tailored development plan with their manager. This approach is intended to identify talented individuals with leadership potential at an early stage, giving them the opportunity to quickly gain relevant experience and develop their personal skills. To identify an employee's potential, we employ the "learning agility model," which consists of four dimensions: mental agility, people agility, change agility, and results agility. On this basis, we aim to identify potential leaders who have the ability to adapt to new circumstances, learn quickly, including from experience, and continue their personal growth. As such, potential should not be equated with performance, but rather the ability to deal with future challenges in the best possible way. In the past fiscal year, we worked on improving the quality of the process. By providing training to managers, we want to enhance their ability to correctly assess individual potential and implement appropriate development measures.

Our explicit goal is to fill the majority of management positions with talented people from within our own ranks. We prepare future managers for this new role through various measures and programs. In fiscal year 2022, 100% of positions at the first management level (previous year: 100%) and 89% at the second management level (previous year: 88%) were awarded to internal candidates.

To support change processes, we also established three new management programs at the beginning of the fiscal year. They all address the topic of leading/dealing with change and aim to prepare and train our leaders for changes. These include the Lead with Care & Courage program, which was geared toward level 1 and 2 managers, the Lead in Change program, which is aimed at all other managers, and the Base Camp training program, which is aimed at all employees who are taking on a management position for the first time. More than 300 managers worldwide took part in these three training programs. They complement our existing advanced training programs, which also include special management training courses that we make available via our COMPASS Learning online learning platform. Topics covered on this platform include leading virtual teams and resilience.

New working world and the normalcy of hybrid working arrangements

The coronavirus pandemic has accelerated the digital transformation of the workplace. It has also impacted the way we collaborate.

Hybrid working arrangements, i.e. alternating between working remotely and at the office, have become common practice in many areas at Beiersdorf. Beiersdorf has taken a clear position in this regard: we as a company also want to promote hybrid or flexible working arrangements in the future. At the same time, we want to adapt the office environment to today's world and create places where people can meet and work together in ever-changing formats. The basis for this is a collective agreement that we entered into back in 2020 for Beiersdorf AG, Beiersdorf Customer Supply GmbH, and Beiersdorf Shared Services. It grants employees the right to work from a flexible location for up to 40% of their individual planned working hours (since January 2023), provided that their job is suited to remote working. With a regular 60% of working time spent on campus, a conscious effort is made to ensure that the campus is the center of collaboration and togetherness for our employees.

In addition, we are continuously developing tailor-made solutions for modern teamwork at our more than 170 locations worldwide. The most significant example of this is the construction of our future Beiersdorf Campus in Hamburg, which is scheduled to open in summer 2023 after a delay caused by the coronavirus pandemic. We also pooled our resources in the reporting year to create spaces for piloting new, dynamic working environments at our site on Wiesinger Weg in Hamburg. The completely renovated spaces boast a modern look and features a desk-sharing model, state-of-the art, hybrid technology, and various room modules that allow for a mix of collaboration and focused work. Similarly, we also opened a new research building in December of the reporting year. Covering a total

area of more than 10,000 square meters, it is designed to promote cross-functional exchange and facilitate modern, new forms of collaboration. In addition, we created modern, new working environments at our sites in Paris, Brussels, Montreal, New Jersey, Jakarta, and Mumbai in the reporting year that facilitate a new form of collaboration and provide employees with the right setting for a pleasant, modern working atmosphere. We have started preparing for the implementation of new working environments at our sites in Amsterdam and Sofia, and further locations are in the pipeline.

Digital transformation

To accelerate the transformation process at our company, we continued to push ahead with our future-focused "Digital Fast Forward" program during the reporting year. With this program, Beiersdorf aims to automate 20% of all business processes worldwide by 2025. In addition, this is intended to make us more responsive to the changes in consumer behavior brought about by digital media.

As in previous years, our HR activities also supported the digital transformation at various levels in the past fiscal year. Due to the growing flexibility of workplace choice worldwide, the share of hybrid working arrangements is noticeably increasing. Thanks to the support of targeted training measures, more than half of Beiersdorf's workforce now regularly works from outside the office. This is also clearly reflected in the changed communication processes within the company. Microsoft Teams played a central role in this regard in the past fiscal year. For example, Beiersdorf employees now send and receive more than 2.5 million chat messages a month, ensuring that communication between them remains smooth. Yammer has also recently become a well-established business network at Beiersdorf. More than 75% of the workforce actively uses the service on a regular basis to communicate with others or find information. This development shows the extent to which digital communication between employees worldwide has already become commonplace and a part of the "new normal."

In addition, Beiersdorf expanded further its digital transformation using the COMPASS human resources management system during the reporting year. Based on the standardized global master data module Employee Central that was introduced back in 2021, another module was added to the COMPASS system in the form of SimPay. This global salary management tool gives managers the ability to securely conduct global salary planning.

Many of our activities to promote young talent were also implemented digitally in the reporting year. These included, for example, the Virtual Open House Day, which has already been held several times and where Beiersdorf, Tchibo, and tesa jointly introduce themselves to young talent and offer insights into their companies and the various entry-level programs. In addition, we presented key topics that our company is currently focusing on to numerous students and young professionals in a total of five webinars, including sustainability, innovation, digitalization, and diversity & inclusion, as well as a session with our CEO Vincent Warnery, in which he introduced himself and his career path and answered around 200 questions bundled from the students.

Support for our employees

"Care" is a key component of Beiersdorf's corporate culture. Consequently, we implement various measures year after year to care for our employees in different ways. These include, for example, providing technical equipment as well as training courses to prepare the workforce optimally for the new world of work. We also kept our employees informed and up to date via our "Coronavirus Info Hub" and offered them free COVID-19 and flu vaccinations at the Hamburg site via our company medical team. 1,784 employees took advantage of the flu vaccine offer during the past fiscal year, and 2,620 employees the Corona vaccine offer.

Through our health management system, we also do our part to help employees stay healthy and productive, to promote their health in a systematic way, and to actively help them get better in the event

of illness. This system comprises the three teams Medical, Wellbeing, and Social, which are consolidated under the common umbrella GOOD FOR ME. The services offered range from ergonomics consultations, psychological counseling sessions, exercise programs and presentations about health, to regular medical checkups and skin cancer screenings. Through our new "Leadership Meets Health" leadership training program, we provided important support in the area of "healthy leadership" in the reporting year. Through special mental health offerings, the GOOD FOR ME team has brought the topic of mental health to the forefront, thereby playing a key role in raising awareness of mental health and strengthening the culture of health within the company, particularly against the backdrop of hybrid work.

Training and further education

To the shareholders

Our mission also includes creating employment prospects for young people. This is demonstrated by our range of vocational training opportunities and degree-integrated training programs as well as our global trainee program BEYOND BORDERS and the numerous internships we offer to students from all over the world. Beiersdorf offers vocational training in nine different occupations at its Hamburg site alone. At the end of 2022, we had 99 vocational trainees here (previous year: 104), and the retention rate for those who completed their training this year stood at 100% (previous year: 97%). We recruited a total of 34 vocational trainees (previous year: 32) in the reporting year, four of whom started their training under the new degree-integrated vocational training model. Here, the trainees complete a three-year vocational course as an industrial business administrator along with a four-year bachelor's degree in business administration with a focus on industry. A total of 16 young employees were enrolled in the global BEYOND BORDERS trainee program at the end of the reporting year (previous year: 16). Of this total, 11 trainees started in 2022 (previous year: 10).

Knowledge and learning

We are convinced that the skills and expertise of our employees play a crucial role in our sustainable growth and long-term success. For this reason, we continuously invest in training our workforce and pursue the idea of a learning organization through our global learning strategy, which encourages self-directed, lifelong learning by all. In this context, our concept is built on a three-pronged approach:

- Building and maintaining a global learning infrastructure, i.e. a flexible learning management system in which we can create our own learning content
- · Promoting targeted learning, including guidance and providing group-specific learning content
- Enshrining learning in our day-to-day work

During the reporting year, we added new learning content to our COMPASS Learning online learning platform that we introduced in 2019, such as an e-learning program on the topic of sustainability, and also updated and expanded existing content. The majority of these offerings, which are tailored specifically to Beiersdorf, are developed by our Sales, Finance, Procurement, R&D, HR, Quality, and Planning professional academies. Due to the still noticeable impact of the coronavirus pandemic, we also made use of a virtual classroom in the reporting year. This online tool enabled us to implement numerous interactive workshops and training courses for all employees worldwide. In light of the new way we collaborate – the model of flexible working arrangements – we want to continue to offer more and more virtual training in the future.

In addition to our own offerings, we again offered our employees the ability to use LinkedIn Learning's virtual training content, where employees worldwide can choose from more than 15,000 online training courses and over 500,000 videos in different languages. Since Beiersdorf implemented LinkedIn Learning in 2020, employees have shown great interest in this training option, with almost 540,000 training videos watched in full and more than 19,000 courses completed by a total of more than 4,500 active users. Courses on new ways of working, the digital transformation, time management,

communication, Excel and PowerPoint, and strategic thinking are especially popular. Curated learning paths help our employees find the right training content on selected topics. For example, they link to training courses that focus on working in virtual and hybrid teams, digitalization, diversity and inclusion, and resilience. Our online-based Beiersdorf Learning Hub also brings these offerings together in a single location, making them easily accessible. The Learner Experience platform pilot project was tested in the reporting year. This is a global learning ecosystem that includes a learning infrastructure and tools to create instructional content for learners.

Since August 2022, we have also offered a new, external language learning program with standardized language and course offerings for employees through our partner KERN Training. The main reasons for choosing KERN Training as a full-service provider were the flexibility, the simple cost structure, and the fact that KERN Training offers a self-directed learning platform that can be used by employees free of charge.

Our Learning Program Germany, which has been in place for many years, is a flexible and open training offering for all employees in Germany. It includes both pre-curated content from LinkedIn Learning, which we use to promote self-directed learning, and instructor-led, virtual training. To support employees and teams in their transition from working completely from home to a hybrid working model, we offer an e-learning path on the topic of hybrid working.

Diversity & Inclusion

As a company that operates worldwide, we view the diversity of our workforce as both an opportunity and a key factor in our business success. We are convinced that people with different backgrounds bring different perspectives, experiences, and skills to the table and thus contribute to greater creativity, innovative strength, and customer focus. For this reason, we strive to build an organization that reflects the diversity of our global consumers, achieves gender parity at all management levels, and ensures that we foster a culture of inclusion where everyone can unlock their full potential and everyone enjoys equal opportunities. We raise awareness of this important issue among our employees at all levels through various dialogue formats, presentations, and training sessions. We want to highlight the positive contribution that diversity and equal opportunities can make to Beiersdorf and thus promote an understanding and appreciation of diversity within our company.

In order to enhance diversity and inclusion across Beiersdorf as a whole, in 2020 we created the position of Global Director Diversity & Inclusion (D&I), that reports directly to the Executive Board. Together with a small team, this individual leads and coordinates Group-wide D&I initiatives. A core cross-functional D&I team, consisting of members of senior management, and a global network of more than 100 D&I champions at our international subsidiaries are also driving progress in this area. In addition, the Diversity Committee of the Supervisory Board regularly reviews and supports various initiatives.

Through our diversity and inclusion agenda formulated in 2021, our global "D&I Roadmap," we aim to implement a holistic approach to address all aspects of diversity, reduce bias (including unconscious bias), and promote a diverse and inclusive corporate culture. On the basis of this roadmap, we continued to focus on the following three strategic priorities in fiscal 2022:

- Driving leadership diversity
- Fostering an inclusive culture
- Championing consumer representation

In each of these areas, we set important priorities in the reporting year and implemented a wide range of measures to foster an inclusive working environment. Examples of these activities are presented

in more detail in the following sections. At the same time, we have been working on refining this roadmap in recent months, and the new version was launched in December of the reporting year. With this global "D&I Roadmap 2.0," we want to increase our attractiveness as an employer globally. To achieve this, we want to strengthen an inclusive culture of togetherness, expand diversity within our management team and our workforce, and achieve full gender parity at all levels of our management worldwide. Our aim is also to ensure that our diversity goes beyond the issue of gender. Our partnerships to better represent consumers, for example as part of our NIVEA D&I External Expert Panel, and the optimization of our global D&I operating model and governance are particularly important to us.

The Beiersdorf Gender Parity Ambition that we formulated in 2021 is of particular significance. This lays out our goal of achieving equal representation of women and men at management positions in the Consumer Business Segment below Executive Board level by 2025 at the latest. Further details on this ambitious initiative can be found in the "Focus dimension: Gender balance" section below.

In addition to our D&I strategy and our Beiersdorf Gender Parity Ambition, our D&I KPI dashboard, which was developed in the previous year and rolled out globally in the reporting year, helps increase data transparency. It makes changes transparent in the form of semiannual D&I KPI reports, enabling regions and functions to analyze the progress they have made in their D&I work and the remaining untapped potential on the basis of hard data. The aim is to help enshrine D&I ambitions and strengthen D&I governance on the basis of this data and in close collaboration with global, regional, and local stakeholders. The quarterly D&I Champion calls and D&I Council calls that we have established also help to achieve this. In addition to these measures, the Executive Committee is also evaluated on the basis of changes to the KPIs.

In order to expand the knowledge of our workforce around the topic of diversity and inclusion, we introduced a "Global D&I Knowledge Framework" in 2021. It encompasses various training programs for our employees and managers and is designed to help build a sustainable foundation of D&I knowledge within the organization and foster the desired inclusive culture. The offering includes, for example, D&I inclusive language training, which was added to the training catalog in the reporting year, along with other pilot programs. Its goal is to raise awareness among employees worldwide regarding the need to use language in a sensitive, nuanced way in order to avoid subtle discrimination and to respect and honor the perspectives and feelings of others. Through the training courses "Successful on the Job," which is aimed at female employees, and "Opportunities & Risks in Retirement," which is designed for employees over the age of 60, the company continued to offer specific courses for these target audiences. Individual brands are also making efforts to be more proactive when it comes to D&I. NIVEA's "D&I Compass" complements our brand's communication guidelines. It defines how we want to be perceived worldwide and helps to appropriately address local communication challenges and avoid stereotypes and unconscious biases. After initial tips on how to use gender-neutral and inclusive language were shared in German and English in 2021, guidelines for the use of inclusive language were formulated across the company in the reporting year and are already being applied. We also analyzed the recruiting process again in the reporting year in order to identify existing biases and initiate necessary changes in the process.

Focus dimension: Cultural diversity and internationalism

An international workforce that embraces and accepts cultural diversity is a key measure of diversity for us as a company, and we promote it accordingly - because it is important to us that our workforce is representative of our diverse range of consumers around the world.

In the Consumer Business Segment, we employ people from different countries, cultures, and generations, of all gender identities, and with and without disabilities. Employees from 102 countries worked at Beiersdorf as of the end of the reporting year (previous year: 107). At the Group headquarters in

Hamburg, the proportion of international employees increased to 21.7% (previous year: 19.7%). Of our global managers in the top three levels of management, 42% had lived and worked outside of their home countries for at least three years (previous year: 41%).

Focus dimension: Gender balance

To the shareholders

Alongside international and cultural diversity, gender - especially equal career opportunities for all genders - is a particular focus area for us. Our activities around International Women's Day, which we present in more detail later in this section, and our annual Wo*Men in Leadership Convention, which is aimed at all employees worldwide and this time was held under the banner Forward: #StrongerTogether, are further ways in which we promote gender balance at our company. In addition, we have entered into a close partnership with the LEAD Network, the largest European network for diversity and inclusion in the FMCG and retail industry. Like Beiersdorf, the LEAD Network is committed to promoting gender equality and creating a diverse workforce in which all people of all genders can work to their full potential and where people with equal talents are given equal opportunities. The LEAD community within Beiersdorf's workforce already boasts around 240 employees, including CEO Vincent Warnery and our Executive Committee, as well as many managers and employees of all genders. Beiersdorf has also partnered with the Shape Talent organization, which also aims to improve gender equality and offers a range of results-driven solutions, including a program to empower women in the workforce.

In addition, in order to create an inclusive workplace and promote the goal of gender parity, we offer a wide range of flexible working arrangements and opportunities to facilitate a healthy work-life balance at Beiersdorf. 75% of our organizations offer flex time (previous year: 69%), 95% remote work or the ability to work from home (previous year: 98%), 48% part-time work (previous year: 54%), and 35% sabbaticals (previous year: 34%). In addition to individual part-time work, we continue to encourage job sharing. This is an arrangement in which two employees share a position in a job tandem. The job sharing model has been standard practice at our company for several years – including at the top management level since the reporting year (known as "top sharing") or, via the already established joint leadership model, up to the middle management level. In addition, we have also gained experience with the "senior meets junior" model, where job sharing enables part-time study, knowledge transfer between generations, and/or a transition to partial retirement. The aim is to make even greater use of the potential of this working arrangement and to make it clear that it is not only a successful model for returning mothers, but is designed for all employees who want to use their labor in a more flexible manner. We also see it as an important tool for strategic HR work and development.

At the end of the reporting year, there were 42 job sharing tandems at Beiersdorf in Germany (previous year: 34). 22 tandems involve a management role – either part-time or full-time (previous year: 19). In addition to these options, we offer childcare for our employees in Hamburg through our company kindergarten "TroploKids". With its 108 childcare spots and 28 teachers (as of December 31, 2022), this is one of the largest such kindergartens in Germany. In addition, we offer an online portal with information for all expectant parents, as well as two "parental leavers" programs, which we run in collaboration with the start-up MyCollective. One is aimed specifically at managers, while the other is open to all employees. Both programs are based on an online platform that enables employees on parental leave to remain in contact with Beiersdorf throughout this period if they wish, to expand their network, and to take advantage of further training opportunities. The focus here is on providing the right tools to support their return to work in the best possible way. We also continued our partnership with the "conpadres" initiative (formerly VÄTERNETZWERK) in the reporting year. Within the framework of this project, we want to better identify the need to take action on behalf of fathers and, at the same time, help interested fathers connect with each other.

Part-Time Employees by Region

(in %)

	2021	2022
Europe	12	12
Americas	1	1
Africa /Asia /Australia	1	1
	8	7

Gender Distribution by Region

	Male (in %)	Female (in %)	Employees (total)
Germany	50	50	4,193
Europe (excl. Germany)	38	62	4,612
North America	37	63	811
Latin America	46	54	2,409
Africa /Asia /Australia	50	50	4,394
Worldwide	46	54	16,419

Since the introduction of the German law on the equal participation of women and men in leadership positions (FüPoG) in 2015, Beiersdorf AG has been legally required to set targets for the proportion of women in management positions at the two management levels below the Executive Board. At the same time, companies are required to set deadlines for the achievement of these goals. For the period ending June 30, 2022, the targets were 35% for the proportion of women at the first management level below the Executive Board and 50% for the proportion of women at the second management level. At the end of the last target achievement period, the actual figure for the first management level was 32% (as of December 31, 2021: 31%), which means that Beiersdorf fell just short of its target, partly due to the low number of total positions at this level. In contrast, the company met its target for the second management level, with women holding 51% of all management positions at this level as of June 30, 2022 (as of December 31, 2021: 52%). Beiersdorf AG had also aimed to have women comprise 10% of the Executive Board by June 30, 2022. Women made up 38% (as of December 31, 2022) of the Board, meaning the company significantly exceeded this target. At the same time, Beiersdorf AG has thus met the requirement under FüPoG II, which has been in force since August 2021, for the Executive Board to include at least one woman and one man. The company also met the statutory minimum requirement of 30% women and 30% men on the Supervisory Board in the reporting year, with approximately 42% of the members (5 out of 12) being women (previous year: 33%). These figures mean that Beiersdorf is in compliance with the voluntary targets that it set for the Executive Board and the Supervisory Board in the context of its diversity policy (with a target of 30% women on the Executive Board and 33% on the Supervisory Board).

To continue complying with the statutory requirements in the future, Beiersdorf AG has continuously formulated targets for the proportion of women at the different management levels during the reporting year. As part of this process, the management levels were redefined in line with the current organizational structure. As a result, the following targets apply with respect to the proportion of women on the Executive Board and in management positions at the two management levels below the Executive Board:

- Executive Board: women hold at least 30% of seats on the Board (as of December 31, 2022: 38%)
- First management level: women hold at least 35% of the positions by December 31, 2026 (as of December 31, 2022: 31%)

 Second management level: women hold at least 50% of the positions by December 31, 2026 (as of December 31, 2022: 48%)

In addition, in order to increase the proportion of women in management positions at a global level, Beiersdorf also formulated a global target in 2018 for the proportion of female managers in the three highest management groups (MG 1 - 3). According to this, we wanted to have women hold 35% of all positions in management groups 1 - 3 by June 30, 2022. As of the aforementioned deadline, we had achieved this goal, with women holding 37% of all management positions across these groups (previous year: 34%). At the end of the reporting year, the proportion of women on the Board of Directors of La Prairie (excluding the CEO) stood at 50% (previous year: 43%). The proportion of women in top management stood at 64% at the end of the reporting year (previous year: 59%).

In line with our Gender Parity Ambition formulated in 2021, we aim to achieve gender parity across all management positions below the Executive Board (management groups 1 - 4) by 2025 at the latest. As of December 31, 2022, the proportion of women in management positions across all of these groups stood at 48%.

Generational diversity and inclusion of people with disabilities

Alongside internationalism, cultural diversity, and gender balance, we also promote effective collaboration between different generations at Beiersdorf. Our goal is to be mindful of the abilities and needs of every employee and especially those of older members of staff. In the Consumer Business Segment in Germany, the proportion of employees aged over 50 was 32% at the end of the reporting period (previous year: 32%). In contrast, a total of 15% of employees are younger than 30 (previous year: 15%). The average age of employees in Germany as of December 31, 2022 was 42 (previous year: 42). To support our employees over 50, Beiersdorf AG offers internal training courses tailored to the needs of this group. One focus in this context is the learning initiative on digital topics offered through the support of Beiersdorf's affiliate Beiersdorf Shared Services GmbH. In addition, the "New Generation 50+" employee network is committed to questioning age as a career obstacle and to highlighting ways in which employees can advance in their careers regardless of their age. The community is also a partner of the cross-company meta-network "Generationen50PLUS", which was recognized as an Innovative Network 2022" by Germany's Federal Labor Minister Hubertus Heil at the Innovation" Day 2022 event organized by the Germany Federal Ministry of Labor and Social Affairs. Through this network, Beiersdorf initiates events together with OTTO and the "Demography Network" to promote the advancement of age-sensitive corporate cultures at other companies as well. During the reporting year, this included the first nationwide "Change Maker 50+", online conference, which took place on October 27, 2022, at the initiative of the "Generationen50PLUS" network. The network pursues the goal of promoting opportunities for professional development among employees aged 50 and over and increasing their societal standing.

Age Structure in the Consumer Business Segment Germany

(in %)

	2021	2022
≥ 60 years	8	8
50 - 59 years	24	24
40 - 49 years	22	23
30 - 39 years	30	30
20 – 29 years	15	14
≤ 19 years	1	1

As an employer, we are actively committed to the inclusion of people with disabilities. Our workforce includes various individuals with disabilities; in addition, we have been supporting the nationwide "Innoklusio" initiative since 2021. Its goal is to promote inclusion awareness at all levels in order to integrate more people with disabilities into the labor market. The aim is to break down the preconceptions that can lead to exclusion of people with disabilities and to bring about a profound cultural change. At the end of September, our inclusion team met with the creators of the "Innoklusio" model project to kick off the project together with key members of our company and define concrete ways of implementing the "inclusion revolution." "Working hand in hand instead of side by side" is the idea we are using to bring about a global mindset shift at our company and further improve the inclusion of people with disabilities. An internal exhibition will be held in fiscal 2023 to raise awareness of the issue among all employees.

In addition to these activities, we also hired a number of sheltered workshops to provide services in 2022. Beiersdorf's green spaces in Hamburg, for example, have been cared for by Elbe-Werkstätten, the largest sheltered workshop of its kind in Germany, for many years. In addition, we continued our partnership with the *Sozialhelden* initiative in the reporting year. Its team helped us with the preparations for the planned accessible Beiersdorf Campus again this year and provided advice on the accessibility of selected Beiersdorf products - to ensure that our brands meet the needs of people with disabilities even more effectively.

Diverse initiatives, activities, and partnerships

Beiersdorf conducted a wide variety of activities in the reporting year to further boost diversity and inclusion. Due to the outbreak of war in Ukraine, we did not communicate externally on the occasion of International Women's Day on March 8, but offered our employees various internal formats for sharing opinions and ideas as well as learning, all organized under the banner "#BreaktheBias", which the Executive Committee also participated in. The wide range of activities we carried out on International Women's Day were designed to draw attention to stereotypes and prejudices against women and girls and thus promote greater equality. Under the banner of "#NowMoreThanEver", we also initiated the "Global D&I Day" at Beiersdorf on May 31. The multifaceted program included keynotes, panel discussions, best practice sessions, and training seminars. In this context, all of our employees had the opportunity to learn more about how and why diversity and inclusion are practiced at Beiersdorf, either live in the auditorium in Hamburg or virtually via an online stream. Every employee was invited to actively participate in the discussion on the topic of D&I. In response to the question "Are you future ready?", experts discussed, together with the first leadership tandem from our ranks, the extent to which job sharing is a future model for leadership positions.

Beiersdorf was also active on the occasion of Pride Month, on Christopher Street Day 2022 in Hamburg, and beyond, demonstrating its commitment to tolerance and acceptance. We drew attention both internally as well as externally to Beiersdorf's multifaceted activities in support of the LGBTIQ+2 community. In the reporting year, this included the launch of our partnership with the Hamburg-based non-profit initiative WELCOMING OUT, for example. The initiative aims to alleviate fears of coming out among members of the LGBTIQ+ community and communicate the important message to them that they are welcomed just as they are. To this end, the initiative specifically targets heterosexual cisgender people and educates them about the importance of allyship. As one of the first PATRONS OF WELCOMING OUT, Beiersdorf is speaking out for respect, tolerance, and more togetherness. The NIVEA and Labello brands also once again showed their support for the pride movement in the reporting year. The brand sent a clear signal of acceptance with various campaigns and products that featured the slogan "NIVEA is for everyone." The Labello brand also showed its commitment to the LGBTIQ+ community with the Labello Pride Kiss Edition.

² LGBTIQ+ is an abbreviation for lesbian, gay, bisexual, transgender, intergender, queer, and further spectrums of sexuality and gender.

Through our partnership with the Generation Rainbow initiative on Pride Day Germany, July 7, 2022, we also underscored our commitment to equality for the LGBTIQ+ community, especially in the workplace. One part of the initiative was the publication of the book Generation Rainbow - So That Being Different Becomes Normal. The book features rainbow role models who serve as guidance and inspiration to live LGBTIQ+ diversity more fully in the workplace. To complement this, we sent our own Beiersdorf truck to join the colorful parade on Christopher Street Day in Hamburg for the first time on August 6. More than 150 employees and allies were on hand that day, both on and next to the truck, and made a clear statement that everyone should "be proud in your own skin." Participation in the march was organized and managed by the internal employee community "Be You @Beiersdorf".

With the aim of further advancing gender equality at Beiersdorf, we also celebrated the 6th "Wo*Men in Leadership Convention" on November 3. Around 160 participants attended the event in person, and more than 3,000 employees tuned in to the livestream. They all experienced a mix of inspiration, upskilling, and discussions with internal and external role models under the banner "Forward: #StrongerTogether". The common goal of all participants is to create a culture in which everyone enjoys the same opportunities and where talent and potential are the basis for following one's own career path and achieving success. The packed agenda included keynotes, panel discussions, and masterclasses on leadership, as well as jam sessions where employees took over the global stage for ten minutes and spoke very personally. Members of the Executive Board and senior management answered questions from interested employees in small group sessions and shared tips to help employees along their career paths.

Other activities and internal events were initiated by our numerous employee networks dedicated to various aspects of diversity. The "Be You @Beiersdorf" community established back in 2019, which aims to raise awareness of LGBTIQ+ issues and create an even more inclusive environment for all LGBTIQ+ people, has the backing of CEO Vincent Warnery, who personally serves as a "Be You @ Beiersdorf" ambassador. The community supported all of the company's activities surrounding Pride Month in the reporting year. For International Lesbian Visibility Day in April, the team behind "Be You" also debuted a new format called "Closet Talk", which features inspiring people of all genders. As part of a presentation entitled "Why coming out as a queer woman is good business!", three queer women spoke about their experiences and encouraged LGBTIQ+ members to come out as well. In the second installment of the event series, the theme was "Bi+: the invisible dimension." The network already has 230 members worldwide and is supported by numerous allies, i.e. people who show solidarity with the LGBTIQ+ community.

In addition to the "Be You @Beiersdorf" employee network, other employee communities also initiated their own individual activities during the reporting year. The grassroots community #SisterhoodisPower, founded in 2020 to help women empower each other on their career paths, continued its digital #PowerTalk series in the reporting year, which features inspiring women sharing their stories and thoughts on leadership, as well as their personal tips. In addition, the initiative focused on its peer mentoring program #Grow2gether, which was launched the previous year. It is the first inclusive, company-wide mentoring program aimed at all employees worldwide and seeks to foster inspiring relationships based on trust and mutual respect that benefit both mentors and mentees. For International Women's Day, the community also launched a postcard campaign inviting employees to send an e-card to their coworkers to celebrate this special day.

Other active employee communities include the "New Generation 50+" network, which initiated various learning sessions on the topic of digitalization in the reporting year, the employee community "WEnited", which was newly established in 2021 and aims to promote exchange and cohesion among international coworkers with a buddy program and various events, and the fathers' network "DAD. icated", which was established in the reporting year and is a community of fathers, fathers-to-be, and allies who encourage others to make their own idea of life as a father a reality. In July of the reporting

year, the network established a regularly scheduled get-together. In addition, "DAD.icated" became a partner of the "conpadres" initiative, a cross-company network working with employers as partners to improve work-life balance from a father's perspective.

In addition to its many internal activities, Beiersdorf also supports cross-company dialogue within the framework of external partnerships. This includes, for example, our activities in support of the "BeyondGenderAgenda" (BGA) initiative launched in 2021, which aims to enshrine diversity, equity, and inclusion (D&I) in the DNA of public and medium-sized German companies and thus ensure that the German economy remains competitive over the long term. Beiersdorf is also a signatory to the "Diversity Charter" initiative, which aims to advance the recognition, appreciation, and inclusion of diversity across a variety of dimensions in the world of work. Other partnerships with a focus on gender equality include the LEAD Network (Leading Executives Advancing Diversity), which aims to attract, retain, and promote women in the consumer goods and retail sectors in Europe, and the MyCollective and conpadres programs, which focus on parental leave and fatherhood. To strengthen the LGBTIQ+ community, Beiersdorf has also partnered with the Hamburg-based WELCOMING OUT initiative, which aims to ease the fears of members of the LGBTIQ+ community around coming out and to set a clear signal in favor of acceptance. Through our partnership with "Queere Vernetzung", we support efforts to increase acceptance of gender and sexual diversity at Hamburg-based companies, and through the PROUT AT WORK Foundation, we support equal opportunities for LGBTIQ+ people in the workplace.

In order to include people with disabilities more strongly, we also work together with Innoklusio and Sozialhelden.

tesa

To the shareholders

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

Employee development

In 2022, tesa once again invested in training its staff and creating further attractive development opportunities for them. Taking account of the continuing global COVID-19 pandemic, further online learning offerings were added to the development opportunities in the reporting year. We offered development centers and other activities specially for our high potentials, and supported these individuals with tailor-made development measures.

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. That is why tesa began to design a new Management Development Program (MDP) back in 2019. The program aims to impart key management skills in areas such as strategy development, finance and controlling, and supply chain and HR management. The one-year program includes various remote modules and two in-person components. It started in May 2022 and is due to conclude in September 2023.

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

The People Values campaign "Dare to create" in 2021 and 2022 brought all tesa employees closer to the six corporate values with the strong support of the Executive Board members. Workshops also took place at the senior executive level to even more strongly instill the People Values in everyday work. These core values of the company are: "Team up, Set the pace, Challenge yourself, Focus on your customers, Act responsibly", and "Achieve & Improve". The People Values are also reflected in the tools provided by HR, such as the tesa Performance Appraisal, which was conducted in this format for the first time in 2022. Employers and managers have integrated the Values into their day-to-day work and use them as a tool for providing guidance.

Knowledge transfer

To the shareholders

The pandemic continued to present some challenges for the training and professional development of managers and employees during the reporting year. The global training programs could only sporadically be offered face to face in 2022 and were instead held in digital, virtual formats.

Apart from replacement of face-to-face formats by digital learning opportunities, tesa further customized use of the external digital platform LinkedIn Learning to tesa's specific requirements and developed company-specific learning paths tailored to needs.

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

In 2022, a new leadership training series was further adapted to hybrid forms of working. It is divided into a "basics" and an "advanced" training program. Participants in international groups are taught fundamental management skills and how to handle management tasks in the "basics" part. In the "advanced" part, experienced managers acquire competencies in areas such as team development, change management, or coaching. The content of the management training series is focused on the challenges of the current tesa strategy and Leadership@tesa.

The global employee review - tesa Performance Appraisal - takes place throughout the tesa organization. The purpose of this meeting between employee and manager is to discuss feedback on work results and work behavior in a spirit of dialogue and to receive guidance from the manager for the coming year. Under the new process, not only managers, but also all employees are urged to prepare for the appraisal using the questionnaire. Backed by this process, tesa is strengthening individuals' personal responsibility and initiative, as well as awareness of their performance and accomplishments. A further aim is to enable employees and managers to benefit from a stronger culture of feedback and dialogue at tesa.

Attractive working environment

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

Occupational health management

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

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

tesa Young Connection

To the shareholders

The tesa Young Connection face-to-face events were able to take place again in 2022. They included a large annual event held over two days. The days began with workshops on tesa-specific topics such as employer branding and then focused on networking activities to foster cohesion and engagement among tesa's young talent.

tesa Women's Network

In 2022 tesa cooperated with Beiersdorf's new women's network #SisterhoodisPower. Regular online events were held throughout the year as part of this. Internal and external speakers held various keynotes on the subjects of career, family, resilience, and self-empowerment.

Back2Office

tesa invested heavily in IT and communications technology for hybrid working and modernized social spaces such as the canteen and coffee bar. These are inviting settings for meetings and creative collaboration. We are also testing our first desk-sharing concepts to enable even greater individual freedom in the choice of working location and to better reflect working in matrix structures.

Sustainability¹

Sustainability is firmly anchored in our corporate culture and is a core element of our decision-making and business processes. Sustainable action means avoiding pollution or damage to the environment, respecting human rights all along the value chain, and making a relevant social contribution. In 2022, another particularly challenging year, we were passionate and determined about transforming ourselves as a company and contributing to positive global change.

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

In 2022 we were awarded for our outstanding sustainability performance: We received a "Triple A" rating by global environmental non-profit Carbon Disclosure Project (CDP) for excellent scores for target setting, performance and transparency within the areas of climate change, forests and water security. This milestone demonstrates the progress made in recent years towards achieving our ambitious sustainability commitments.

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

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

To the shareholders

Non-financial Statement 2022

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

In accordance with Germany's CSR Directive Implementation Act (CSR-RUG), Beiersdorf reports on material non-financial aspects of its business activities in its Annual Report. These include aspects regarding the environment, employees, society, human rights, and anti-corruption. The following sections of the Annual Report constitute the Combined Non-financial Statement (NFS) for the Beiersdorf Group (Consumer and tesa Business Segments) and Beiersdorf AG, as defined under sections 315b and 289b of the *Handelsgesetzbuch* (German Commercial Code, *HGB*).

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

Due to the different materiality requirements set out in the GRI Standards, United Nations Global Compact (UNGC), and Germany's CSR Directive Implementation Act (CSR-RUG), neither the Beiersdorf Group nor Beiersdorf AG applied any international frameworks in accordance with section 315c(3) of the HGB in conjunction with section 289d of the HGB to prepare the Non-financial Statement. The Consumer Business Segment, however, follows the Global Reporting Initiative (GRI) Standards in its broader sustainability reporting and publishes a separate GRI index.

Both business segments are United Nations Global Compact (UNGC) members and report on their achievements and measures taken in the reporting period in order to implement the ten principles of the UNGC in the areas of human rights, working conditions, environmental protection, and anti-corruption. This Non-financial Statement systematically and comprehensively fulfills the UNGC Communication on Progress (CoP) requirements for the Beiersdorf Group.

Material non-financial topics for the business segments

Both business segments conduct materiality analyses to strategically identify and review sustainability topics. In the Consumer Business Segment, such an analysis was last carried out in 2021. The following material topics were identified during this process: Climate protection, circular economy, sustainable land use and biodiversity, sustainable use of water, diversity and inclusion, education and training, employer attractiveness, occupational health and safety, safeguarding human rights, community engagement, compliance and business ethics, and product safety.

The tesa Business Segment last updated its materiality matrix with members of relevant specialist departments in 2020. The material non-financial topics identified are climate and energy, product sustainability, resource efficiency, water, employee development, diversity and equal opportunities, occupational health and safety, human rights, prevention of anticompetitive behavior, and product safety. For an overview of all material non-financial topics relating to the Consumer and tesa Business Segments, together with section and page references, please refer to our index to the Non-financial Statement.

Statement scope

Disclosures on the material NFS topics are mainly provided separately for the tesa and Consumer Business Segments. In principle, all information is reported jointly for the Beiersdorf Group and Beiersdorf AG. Key figures that are collected separately for Beiersdorf AG are listed in the table "Relevant Key Figures for the Non-financial Statement of the Beiersdorf AG".

The acquired businesses STOP THE WATER WHILE USING ME! (2020) and Chantecaille (2022) are managed as independent business units and are not included in the reported key figures due to their comparatively low sales volumes. Due to the limited data availability with regard to non-financial topics, our NIVEA-KAO business in Japan is also not included in this statement. One exception are the CO₂ figures, the calculation of which has also included NIVEA-KAO¹.

Since fiscal year 2021, we have also been reporting on revenues, capital expenditures, and operating expenses associated with "environmentally sustainable" activities in the NFS in accordance with Article 8 of the EU Taxonomy Regulation. The Consumer and tesa Business Segments report jointly on the EU taxonomy.

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

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

 $^{^1}$ The CO $_2$ data collected for NIVEA-KAO covers Scopes 1 and 2 and, under Scope 3, the areas of packaging and raw materials, and finished goods manufacturing from Category 1: Purchased Goods and Services, upstream transportation from Category 4.

NFS-Index

To the shareholders

Statement to the combined non-financial Statement

Strategy					
Description of Business Model					
Material risks	_				
NFS-Aspect	Material topics Consumer		Material topics tesa		
Environment	Climate protection	p. 92	Climate and energy	p. 92	
	Circular economy	p. 100	Product sustainability	p. 104	
	Sustainable land use	p. 105	Resource efficiency	p. 107	
	Water	p. 108	Water	p. 108	
Employees	Training and education	p. 111	Employee development	p. 112	
	Diversity and inclusion	p. 111	Diversity and equal opportunity	p. 112	
	Employer attractiveness	p. 111			
	Occupational health & safety	p. 113	Occupational health & safety	p. 114	
Society	Community engagement	p. 116			
Human Rights	Safeguarding human rights	p. 119	Safeguarding human rights	p. 119	
Compliance	Compliance & business ethics	p. 121	Prevention of anticompetitive behavior	p. 122	
Further matters	Product safety	p. 124	Product safety	p. 126	
EU Taxonomy Reporting					
	_				

Strategy

Sustainability is a core component of Beiersdorf corporate culture and of fundamental importance in our decision-making and business processes. We strive to reconcile environmental protection, social responsibility and our economic success and are constantly refining and enhancing our commitment and engagement in these areas.

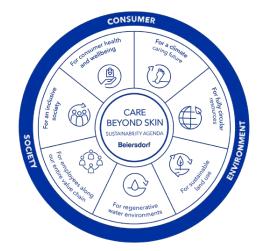
Our Group-wide Corporate Sustainability function is responsible for setting the strategic direction of our sustainability activities and regularly reports to the Executive Board on progress and the need for action. Since August 2022, this function has reported directly to the Chairman of the Executive Board of Beiersdorf AG, who is responsible for sustainability.

We have two cross-functional steering committees in place to oversee the management of key sustainability issues such as climate action: the Sustainability Council for the Consumer Business Segment and the Global Executive Committee for tesa. The directors of all relevant business units headed by the members of the Executive Board are represented on the Sustainability Council. This committee meets at least once every quarter. The Global Executive Committee at tesa is composed of the members of the Executive Board and other executives, such as the Chief Sustainability Officer. The committee meets every two weeks and regularly discusses the topic of sustainability alongside other aspects. In addition, the Chief Sustainability Officer reports directly to the Chairman of the Executive Board of tesa.

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

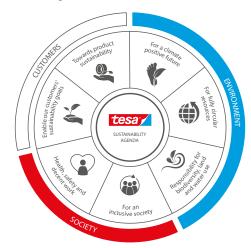
Sustainability Agenda CARE BEYOND SKIN

(Business Segment Consumer)



Sustainability Agenda

(Business Segment tesa)



Consumer

Sustainability is central to our Corporate Purpose, which is why we implemented it in the C.A.R.E.+ business strategy we defined in 2019 as an important cornerstone of our business activities.

Our CARE BEYOND SKIN Sustainability Agenda has been an integral part of C.A.R.E.+ since 2020. It comprises seven focus fields that concentrate on the impact of our activities throughout the entire value chain - from the climate impact of our products and processes, the circularity of the resources we use and their influence on land and water use, through to the health and safety of our employees and consumers, and our commitment to an inclusive society. We have set ourselves ambitious targets in all areas, which we aim to achieve by 2025 and 2030, respectively.

Our efforts are based on the Ten Principles of the United Nations Global Compact (UNGC) and the Sustainable Development Goals (SDGs). Through the implementation of our sustainability agenda, we are contributing to 13 of the 17 SDGs.

During the reporting year, we worked to achieve further progress and move closer to our targets. To drive the issue of sustainability forward internally as well, we launched a special training and engagement program in 2022, our Corporate Sustainability Academy. Within this framework, we introduced an interactive e-learning course in September 2022, for example. This is available to all employees and is intended to familiarize them with our CARE BEYOND SKIN sustainability agenda.

tesa

At tesa, sustainability is firmly enshrined in the business strategy. During the reporting year, we revised the existing sustainability strategy and increased our previous level of ambition, such as through the adoption of new climate targets. Our ambition is now to use all our technological knowhow and passion to develop more sustainable adhesive solutions and products.

The framework for this is formed by five strategic action areas for which tesa has defined long-term targets for the period through 2030. These fields extend across the Business Segment's entire value

chain and are: Reduction of Emissions, Responsible Sourcing, Use of Recycled and Bio-based Materials, Circularity and Reduction of Waste, and Enable Sustainability at our Customers.

The sustainability agenda, which is based on the Ten Principles of the United Nations Global Compact (UNGC) and the Sustainable Development Goals (SDGs) of the United Nations, continues to be a cornerstone of the strategy. We also made slight adjustments to the agenda in 2022. It now reflects our aspiration to view sustainability holistically and thus also includes topics that go beyond the strategic action areas – like occupational safety, for example.

Description of the Business Model

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

Material Risks

To the shareholders

As a company that operates on a global scale, we are aware of our position as a role model and our obligation to conduct our activities in a responsible manner when interacting with the environment, individuals, and society as a whole. If we fail to fulfill our due diligence, it can lead to non-financial risks. These include events and developments that have a negative impact on our business success as well as risks emanating from our own business activities, for example negative effects on the environment.

As part of our Group-wide integrated management system, we therefore regularly evaluate which non-financial risks are relevant to Beiersdorf and where we need to actively manage these. In 2022, for instance, we again identified inadequately disposed plastic packaging as a material risk. The use of plastic packaging can lead to environmental pollution if it is not disposed of properly or if the disposal infrastructure in the country of sale is inadequate. It is therefore classified as a significant risk according to the CSR-RUG. This risk can be seen in changing consumer behavior related to the use of certain materials. We counter these risks through our circular economy strategy, which includes the reduction of fossil-based plastics and the increased use of recycled materials.

Environment

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

Climate protection

We view climate change as one of the greatest challenges of our time. Risks and opportunities arising from climate change therefore influence our business strategy and our company's activities.

We document and manage the risks associated with climate change - for example, effects on raw material prices and material availability or the introduction of new fiscal instruments - as well as the corresponding risk mitigation measures via our integrated risk management system.

In 2021, the Consumer Business Segment carried out an analysis of climate-related physical and transitory risks as well as opportunities in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), and produced a qualitative description of potential risks. Building on these results, during the reporting year we conducted a financial assessment of the physical risks identified and planned the appropriate measures; both were carried out as part of integrated risk management and the Supply Chain Department's resilience program. A summary of TCFD-related information is available in a separate document on our website.

A detailed description of our risk management structure can be found in the "Risk Report" section of the Combined Management Report.

Climate action is a key area of activity in the sustainability strategies of the Consumer and tesa Business Segments. The carbon emissions reduction targets are firmly enshrined in the Executive Board's own objectives. The activities required to achieve our climate goals are also factored into our financial and investment planning. Both the Sustainability Council in the Consumer Business Segment and the General Executive Committee at tesa are responsible for monitoring climate-related decisions. This involves further refining strategies, reviewing progress toward climate goals, and advancing the implementation of climate action. The Executive Committee at Beiersdorf also regularly discusses the plans and progress of the climate strategy.

For the Consumer Business Segment, the Sustainability Council adopted targets in the reporting year that focus on individual product categories. The Sustainability Council is also responsible for monitoring the achievement of targets.

Our climate targets

To the shareholders

Beiersdorf had already committed to ambitious climate targets back in 2020, which apply to both the Consumer and tesa Business Segments: By 2025 we plan to achieve an absolute reduction of 30% in energy-related Scope 1 and Scope 2 emissions¹ compared to the 2018 baseline figure. We also aim to reduce indirect greenhouse gas (GHG) emissions along our value chain (Scope 3 emissions) by 10% by 2025. These climate targets have been recognized by the Science Based Targets Initiative (SBTi) and correspond to the 1.5-degree scenario set out in the Paris Agreement. The Consumer Business Segment has set additional targets to reduce Scope 3 emissions by 30% in absolute terms by 2025 versus a 2018 baseline and achieve climate neutrality in all its production centers by 2030.

During the reporting year, the tesa Business Segment revised its sustainability strategy and simultaneously tightened its climate targets. tesa is aiming for its production to be fully climate neutral by 2030. It also aims to reduce Scope 3 emissions by 20% by 2030 compared to the 2018 baseline.

Furthermore, both the Consumer and tesa Business Segments have signed a long-term voluntary commitment to achieve net zero emissions by 2050 at the latest. During the reporting year, we began working with external consulting firms to develop a net-zero strategy in line with the standard published by SBTi in 2021.

We once again made progress with regard to our climate targets: We reduced absolute Scope 1 and Scope 2 emissions in the Consumer Business Segment by 31% and at tesa by 27% compared with the 2018 baseline. This led to an overall reduction of absolute Scope 1 and Scope 2 emissions of 29%. The Consumer Business Segment reduced its absolute Scope 3 emissions² by 16% over the same period.

¹ Scope 1 includes all emissions that we generate ourselves through the combustion of energy sources at our production sites, for example during power generation. Scope 2 emissions are caused by energy generation, e.g., electricity which we procure externally.

² Scope 3 emissions include the categories purchased goods and services, upstream transport taking into account biofuel certificates and logistics, and business travel.

We also already achieved our goal of sourcing 100% of our electricity from renewable energy sources at all tesa and Consumer office and production sites worldwide back in 2020³.

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

We capture, consolidate, and analyze our energy consumption data to determine our global GHG emissions. Progressively gathering this data continuously helps us to verify the effectiveness of the measures we carry out and identify further potential for energy and emission savings.

We calculate our GHG emissions according to the requirements of the Greenhouse Gas Protocol (GHG Protocol). The GHG Protocol specifies different consolidation approaches for calculating Scope 1 and Scope 2 data. When calculating our emissions, we have adopted the operational control consolidation approach.

These calculations are mainly based on emission factors from the Intergovernmental Panel on Climate Change (IPCC), along with emission factors from our energy suppliers and the International Energy Agency (IEA). Further emissions, such as steam from district heating, are calculated using the emission factors provided by the GaBi database, and the British Department for Environment, Food & Rural Affairs (Defra). The Consumer Business Segment collects energy consumption data at all of its production sites, at the warehouses we operate, and at our offices with 50 or more full-time equivalent employees. tesa collects energy consumption data for all ISO 14001-certified sites. This includes six production sites and the main headquarters.

Since 2022, we have also included the emissions data from our NIVEA-KAO business in Japan in the calculation for Scopes 1 to 3 in accordance with the GHG Protocol's operational control approach. For Scope 3 emissions, the key figures were adjusted retroactively from 2018 onwards. For Scope 1 and 2 emissions, we use primary data from NIVEA-KAO; these are included in the 2022 key figures. However, the Scope 1 and 2 key figures for previous years were not adjusted accordingly.

Key Figures

	Business Area	2018 (Base year)	2020	2021	2022
Scope 1 emissions (t CO ₂ e)	Beiersdorf Group	98,980	93,057	99,693	90,349
	Consumer	43,341	38,929	41,320¹	39,497
	tesa	55,639	54,128	58,373	50,852
Scope 2 emissions (t CO ₂ e) ²	Beiersdorf Group	30,060	1,240	1,569	1,322
	Consumer	15,809	1,228	1,569	1,314
	tesa	14,251	12	0	8
Scope 1 and Scope 2 emissions (t CO ₂ e)	Beiersdorf Group	129,040	94,297	101,262	91,671
	Consumer	59,150	40,157	42,889	40,811
	tesa	69,890	54,140	58,373	50,860
Total energy consumption (GWh)	Beiersdorf Group	668	631	683	671
	Consumer	341	321	339	333
	tesa	327	310	344	338

¹ Retroactive adjustment of data due to data correction of Scope 1 emissions.

 $^{^{\}rm 2}\,$ The Scope 2 emissions reported in this section are based on the market-based method.

³ Beiersdorf purchases green electricity directly from energy suppliers or acquires "International Renewable Energy Certificates" (I-RECs), European Guarantees of Origin, or country-specific certificates when purchasing electricity.

Identifying Scope 3 emissions

Emissions are also generated along our value chain, for example through the procurement of goods and services or transportation activities. These are referred to as Scope 3 emissions.

Since 2018, the tesa Business Segment has gathered data on material emissions throughout the value chain. In this process, we have identified raw materials, finished goods manufacturers, and product transportation as material Scope 3 categories. In the future, we intend to further expand our CO_2 monitoring for Scope 3 emissions.

Based on an input-output model, the Consumer Business Segment began by identifying the most relevant categories of Scope 3 emissions¹. The input-output model evaluates resource consumption and environmental impact throughout the supply chain on the basis of international statistics and databases. The analysis identified the following material areas for the Consumer Business Segment: Packaging materials, raw materials for product formulations, finished goods manufacturers, externally purchased transportation and warehousing services, and business travel. This selection covers more than two-thirds of our total Scope 3 emissions, which meets the requirements of SBTi. The corresponding key figures relating to Scope 3 emissions can be found in the "Consumer" subsection.

Consumer

To the shareholders

Improved Scope 3 calculations

For all defined categories included in our target boundary, we have developed methods of calculation that rely on precise data as far as possible. This enables us to better monitor the progress of our reduction measures. The majority of our Scope 3 emissions are generated by the manufacturing processes of the packaging² and raw materials we need for our products. The calculations of these GHG emissions are based primary data for material consumption, and secondary emission factors derived from life cycle databases. We work together with service providers to consistently improve data on emissions factors for life cycle analyses (LCAs).

Over the course of the reporting year, we implemented numerous analysis tools as part of our comprehensive digitalization activities in the field of sustainability. These allow us to evaluate and make projections for material KPIs during the year, such as Scope 3 emissions or key figures related to plastic packaging.

In order to calculate the emissions from our outsourced production and warehousing operations, we conduct surveys of supplier companies in the finished goods and warehousing sectors³. These surveys collected data on energy consumption as well as emission factors for purchased electricity. This data is allocated based on the quantities of goods produced for us or on goods turnover. The calculation methodology is congruent with the Scope 1 and Scope 2 calculations for our own sites. In 2022, the data we gathered in these surveys covered 86% of our outsourced finished goods production and 95% of our warehousing activities. The values in the following table are extrapolated emission values to cover all our finished goods suppliers and warehousing.

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

¹ All of the following statements regarding our Scope 3 emissions only apply to the mass market and the Consumer Business Segment's dermocosmetics business if not specified.

² We include consumer packaging and secondary packaging in our calculation. Packaging materials that are added as part of packaging processes or during preparation for transport are not included.

³ The data collection period for outsourced production and warehousing (December 2021 to November 2022) differs from the reporting period.

sea freight are 77% of biogenic origin. We ensure this is the case through the purchase of fuel certificates based on the mass balance approach. This does not mean that the ships carrying our products are actually powered by biofuel, however, as this level of traceability is not currently available. Rather the aim is to increase the amount of biofuel used in the global maritime freight industry. Overall, Beiersdorf aims to be part of the transformation toward a greener logistics network.

To quantify our emissions from business travel, information on distance and modes of transportation is either exported from our travel management system or reported directly by our affiliates. For the data collected via our travel management system, we calculate emissions according to the methodology established by the German Association of Business Travel Agents (*Verband Deutscher Geschäftsreiseveranstalter*, *VDR*), taking into account a "radiative forcing index" (RFI) factor of 2 for business flights. In the case of directly reported business travel data, we calculate emissions based on IEA data. The 2021 flight emissions of our German companies were offset in the reporting year 2022 retroactively, and we will do the same for our flight emissions in the upcoming reporting year. Compared to our 2018 baseline, our business travel emissions declined by 47%. This development can be attributed, among other things, to the continuing impact of the COVID-19 pandemic.

We calculate the included Scope 3 emissions from our investment NIVEA-KAO based on the results of life cycle assessments (LCAs) conducted in 2022 for certain reference products. We estimated the emissions generated in previous years on the basis of the quantity of reference products sold. NIVEA-KAO's raw material and packaging emissions are calculated using the reference products' bill of materials and the LCA emission factors. To calculate the upstream transport emissions, we consider the product weight, the average distance transported, and the emission factors of the different modes of transportation. The calculated emissions are included in the respective Scope 3 categories.

In addition to the Non-financial Statement, we disclose our management approaches and data on climate topics as part of an annual survey conducted by the CDP organization. The organization then assesses, among other aspects, our climate-related strategy and its effectiveness on a scale from A to D-. In 2022, we received a score of A and were therefore included on the CDP's "Climate Change A List."

Scope 3 GHG Emissions Consumer¹

(in t CO_2e)

To the shareholders

	Areas	2018 (Base year)	2020	2021	2022
Category 1: Purchased goods and services ²	Packaging	446,579	398,885	402,718	370,734
	Raw materials	575,247	518,559	524,270	508,493
	Finished goods manufacturing	36,945	25,945	16,557	14,232
Category 4: Upstream transportation and distribution ³	Finished goods transport	135,418	130,117	130,906	129,751
	Warehousing	11,705	9,729	2,283	2,087
	Reduction through the purchase of biofuel certificates	-	_	-8,800	-10,600
Category 6: Business travel	Business travel	17,046	3,693	2,677	8,982
Total Scope 3 GHG emissions excl. certificates for biofuels		1,222,940	1,086,927	1,079,412	1,034,279
Total Scope 3 GHG emissions incl. certificates for biofuels		1,222,940	1,086,927	1,070,612	1,023,679

¹ The categories are defined by the GHG Protocol.

² The emissions data for packaging and raw materials for 2018, 2020, and 2021 have been adjusted due to updated master data and the inclusion of NIVEA-KAO. Coppertone is not included in these figures. Data for finished goods manufacturers was extrapolated based on spend, and data for 2021 was adjusted due to a data correction.

³ Transport emissions for 2018, 2020 and 2021 have been updated due to the inclusion of NIVEA-KAO and La Prairie. Warehousing data is extrapolated based on stored pallets.

Transition towards climate neutralization

We have created a climate neutralization plan which will drive forward our transition to net zero emissions. Our "Climate Neutralization Framework" describes the entire neutralization process for our products and brands and was developed based on the principles and requirements of the internationally recognized standard PAS 2060. TÜV Rheinland Energy was engaged during the fiscal year to review the methodology and process to ensure that Beiersdorf follows international standards and a science-based approach.

Our climate neutralization process consists of three steps. The first step is "Measure." All GHG emissions are quantified in accordance with the GHG Protocol. The second step is "Reduce." This is reflected in our ambitious climate targets, which are based on scientific findings to limit global warming to 1.5 degrees Celsius. We are focusing our activities and our resources primarily on achieving these reduction targets. The third step is "Neutralize." In order to leverage additional ${\rm CO_2}$ storage potential while we are still transitioning towards our net zero target, we are investing in certified climate projects to neutralize the remaining GHG emissions. For us to achieve a net-zero state globally, we must neutralize unavoidable emissions by removing greenhouse gases from the atmosphere.

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

Reducing operating emissions

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

In order to operate the sites in a climate-neutral manner, we aim to reduce the use of fossil fuels by 2030. Particularly in light of the geopolitical situation in 2022 and the associated energy crisis, we have set ourselves the goal of no longer being reliant on natural gas in Europe. To achieve this, we are drawing on a number of different alternatives. Some temporary alternative solutions - such as diesel-powered steam generators that we have installed at our production facilities - are used to ensure sufficient capacity is available when there are legally mandated restrictions on natural gas consumption. These systems require other fossil fuels, however, and are therefore not compatible with our efforts to achieve climate-neutral sites in the long term. Beiersdorf is therefore increasingly using more sustainable solutions, including two electric steam generators for the Technical Center at the Group's headquarters and one heat pump system each for the production facilities in Argentona, Spain, and Hamburg, Germany, which will be used to generate cold water and heat the buildings. With the heat pump solution we strive to make the Argentona site our first carbon-neutral production facility in Spain in 2023, and at the same time Beiersdorf's first factory that does not rely on any fuel.

To reduce emissions, we are not only modernizing our technical systems. Energy-saving measures are also helping to reduce fuel and electricity consumption - such as by heating buildings less and dimming the lights.

In addition to purchasing 100% green electricity, we have installed photovoltaic systems at twelve of our production sites and office locations that cover part of our own electricity needs. In the reporting year, these systems generated 3,799 MWh of electricity worldwide. In addition, our Sustainability in Manufacturing initiative, launched in 2020, is helping us achieve our climate, waste, and water targets by 2025. The initiative encompasses all 15 production sites worldwide. The team responsible for the project breaks down the company's targets by production site, analyzes energy consumption, and derives the necessary measures from this data. Locally gained knowledge is exchanged in the form of best practice examples within our international network and, where it makes sense, also applied to other locations.

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

We are also striving to achieve carbon-neutral operations and the relevant sustainability certification for the planned hub in Leipzig. In addition to implementing energy-efficient processes, here we will also be greening the building's facades and roofs and installing solar panels.

In the case of existing facilities, we are also increasingly replacing fossil fuels - the Berlin site has become the first Beiersdorf facility to purchase only biomethane instead of natural gas as of 2022, cutting the site's GHG emissions by 99%. The biogas is produced in Denmark from organic waste and fed into the European gas grid¹. By purchasing biomethane instead of natural gas, the manufacture of our products at our production facility in Berlin has been climate neutral since the reporting year. Our new production site in Leipzig also uses biomethane instead of natural gas, and the aim is to operate the production plant as climate-neutral in Scope 1 and Scope 2.

Reducing emissions along the value chain

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

Packaging

To the shareholders

Most of the emissions from packaging are caused by using plastics and aluminum. We are therefore working on innovative solutions to prevent, reduce, reuse, and recycle our product packaging by 2025. We are striving to use more recycled material in aluminum packaging and to source aluminum with a lower carbon footprint. More on this can be found in the "Circular Economy" section.

However, the prevailing global crises resulted in supply bottlenecks, particularly for recycled aluminum, in previous years. We would now like to close this gap with low-carbon aluminum. To this end, we are in talks with our packaging suppliers in order to work towards the use of a greater percentage of renewable energy in their production systems.

Product formulations

We also plan to make our product formulations more environmentally friendly. To achieve this, we developed an action plan in 2021 that encompasses the following measures:

- Further transitioning to plant-based raw materials with a lower carbon footprint
- Increasing the use of materials from renewable carbon sources, e.g., biobased materials, materials made from chemical recycling, and materials derived from carbon capture and utilization
- Cooperating closely with our main suppliers to introduce renewable energy at their production sites, thus reducing the carbon footprint of our raw materials
- Sourcing further renewable raw materials from sustainable and deforestation-free cultivation. To this end, we are entering into various partnerships, including with the Roundtable on Sustainable Palm Oil (RSPO) (see the "Sustainable land use" section).

¹ The Consumer Business Segment acquires biogas certificates. The certificates prove that a corresponding amount of biogas has been produced and fed into the natural gas grid.

Finished goods manufacturing and third-party warehousing

A key driving force for the reduction of GHG emissions from our products and packaging is to switch over to renewable electricity at our suppliers too. To achieve this goal, we are leading intensive discussions with suppliers and third-party manufacturers to find mutual solutions for switching to renewable energy. In 2022, all third-party manufacturers and third-party warehouse operators included in our data query purchased electricity from renewable energies or their electricity purchases were covered by corresponding energy certificates.

Transportation

To the shareholders

Along with our packaging and formulation emissions, we are exploring ways to reduce and prevent transportation emissions. Wherever possible, we plan to shift the transportation of our goods to rail. This applies in Europe and North America especially, where our largest markets are located. For our global ocean freight shipments since 2021, we have been purchasing mass-balanced biofuels from waste streams via certificates. In addition, our truck transportation service providers used biofuels in the reporting year to transport our products from the "Hub Nordics" to the Scandinavian countries, as well as from two other hubs in France and Italy. In addition, we are investigating possibilities for the use of other alternative fuels, such as the use of trucks powered by electricity or hydrogen. We are working closely with our logistics providers to achieve this goal. In our drive to understand and implement new transportation technologies, we are in close talks with external consultants and scientific experts. One example is our cooperation with EcoTransIT to calculate our transportation emissions. We then share this knowledge with our logistics providers worldwide.

In dialog with suppliers

We engage in dialog with our suppliers through various measures to create a more sustainable, shared future. For example, we call on our suppliers to also participate in the climate data surveys conducted by the CDP organization. The data they disclose will also enable Beiersdorf to improve the quality of its own data analyses. During the reporting year, 99 suppliers participated in the CDP survey. Because we view ourselves as an innovative Group, we also work with our suppliers on new concepts and strategies. In the reporting year, for example, an interdisciplinary team including members from Procurement and a supplier launched a care product with recycled carbon. For this particular ingredient, carbon is captured via the CCU (carbon capture utilization) process and processed into cosmetic ethanol.

Neutralizing remaining emissions

In addition to its efforts to reduce GHG emissions in the value chain, Beiersdorf also systematically invests in climate change mitigation projects and acquires voluntary emissions certificates. Through their efforts, the aim is to build up natural carbon sinks over the long term and curb the accumulation of greenhouse gases in the atmosphere. In this context, we select projects that are certified by internationally recognized organizations such as Verra or the Gold Standard. We also focus on projects that sequester carbon from the atmosphere – through reforestation and soil management, for example – while simultaneously providing additional benefits for biodiversity or local communities. Through these projects, we aim to offset remaining GHG emissions from selected products that have not yet been reduced.

tesa

Company management systems for environmental protection

The tesa Business Segment uses ISO 14001 certified environmental management systems at seven sites for the continuous management and planning of our corporate environmental protection. The ISO 14001 standard is an internationally recognized approach to managing the direct and long-term environmental impacts of products, services, and processes within a company. As part of the matrix certification of ISO 14001 sites, external environmental audits are also carried out annually.

To the shareholders

In addition, the environmental management systems at selected ISO 14001 sites are reviewed during internal audits by specialists at the headquarters.

In addition to the environmental management system, the two largest production facilities with the highest GHG emissions (Hamburg and Offenburg) are certified to the ISO 50001:2018 standard. These two factories account for 65% of GHG emissions of all ISO 14001-certified sites. tesa's head-quarters are also certified to ISO 50001, as it is the site with the largest workforce and has the largest research and development division. The energy management systems form the foundation for further increasing energy efficiency at the respective sites.

Through our internal planning and reporting activities, we identify, assess, and monitor risks and measures that target a reduction in GHG emissions. We review the effectiveness of our activities by tracking the monthly energy consumption at each site. We succeeded in reducing our Scope 1 and Scope 2 emissions by 27% in absolute terms from 2018 to 2022; compared with the previous year, emissions thus fell by 12.8 percentage points. We achieved a reduction in specific emissions of 25% per metric ton of end product compared to 2018.

Identifying energy-saving opportunities and increasing efficiency

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

A further strategic approach for increasing energy efficiency is the use of energy- and resource-saving technologies. This includes generating our own energy efficiently. At several production sites, we utilize combined cooling, heat, and power (CCHP) or combined heat and power (CHP) systems. We not only use the electricity generated but also harness the heat produced by these systems for our production processes and heating. Since 2021, we have covered the energy consumption of the CHP plant at headquarters entirely through biogas certificates. In the reporting year, the sites in Hamburg, Offenburg, and Italy also used biogas certificates to cover the proportionate share of their CHP plant operations. The biogas is produced in England and fed into the European gas grid¹. This means we continue to benefit from the high generation efficiencies of the CHP plant. By using biomethane instead of natural gas, we can also rely on renewable, climate-friendly sources of energy. Overall, in 2022 we were able to produce over 50% of our electricity needs ourselves via energy-efficient CHP systems.

In the reporting period, we continued to work on expanding electricity production through the use of solar power. For example, the sites have initiated feasibility studies and initiated specific investments. For our headquarters, we opted for a rooftop solar power system measuring just under 760 m². The system, with an output of 260 kWp, is scheduled to enter operation in the first half of 2023. Further systems in China and Offenburg are to follow in the near future.

Circular Economy

Consumer

Our products are synonymous with high quality and effective skin care the world over. Our aim is to meet our own high quality standards and the increased sustainability requirements while maintaining consumer trust in our products. To us, this trust also includes the responsibility to

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

optimize the environmental compatibility of our products and to use resources responsibly in order to counteract negative environmental impacts.

The Executive Board is responsible for integrating product sustainability into our C.A.R.E.+ corporate strategy and at brand level. Since August 2022, the Corporate Sustainability Team has reported directly to the Chief Executive Officer. In addition, our Sustainability Council (see "Strategy" section) regularly aligns with senior management from Marketing and Research & Development and reports on ongoing projects and the status of target achievement, for example in the field of emissions reduction. We also leverage the expertise of various departments and external stakeholders such as suppliers and sustainability consulting firms to implement cross-functional and cross value-chain projects.

Holistic view of our products

To the shareholders

It is important to us that we evaluate our products holistically according to their environmental and social impact. Life Cycle Assessments (LCAs) are used to list and summarize all of the environmental impacts for specific products, from raw material procurement to disposal. Based on this analysis, we create a life cycle assessment that shows what impact the product has on the environment and where there is still room for improvement. Beyond the use phase, the environmental impact of our products depends to a large extent on the raw materials and the resource efficiency of our packaging. This is why we focus our sustainability efforts on these areas.

Sustainable packaging

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

Our packaging is largely made of plastics due to it's light weight, high stability, and simultaneous flexibility. This means that we use materials that are mostly based on petroleum, a finite resource, which in many cases are not recycled. As a result, we are going to great lengths to optimize our plastic packaging in line with the sustainability principles of "avoid, reduce, reuse, and recycle," thereby making our contribution to the circular economy. To make our initiatives in this area measurable, we have set ourselves the following global packaging targets by 2025:

- We aim to use 50% less fossil-based virgin plastic in our packaging in comparison to 2019
- We aim to integrate at least 30% recycled material into our plastic packaging
- We aim for 100% of our packaging to be refillable, reusable, or recyclable

In 2022, we made the following progress toward our goals:

- 15% reduction in fossil-based virgin plastics in our packaging (2021: 9%).
- 10% recycled material in our plastic packaging (2021: 7%).

Our third goal, recyclability, relates to the end of the packaging life cycle. To make our progress with respect to recyclability measurable, we introduced a new methodology in 2021 in line with the principles promulgated by the Ellen MacArthur Foundation¹. In 2021, recyclability was calculated on the basis of plastic bottle weight.

¹ As defined by the Ellen MacArthur Foundation (EMA), packaging or packaging components are recyclable if their successful collection, sorting, and recycling can be demonstrated in practice and on a large scale globally.

Both goals, Design for Recycling and global recyclability, were extended in the 2022 reporting year not only to plastic packaging, but to all packaging types and materials used (plastic, metal, glass, and paper).

Global recyclability and Design for Recycling are evaluated digitally based on the methodology of an independent certification body. We then extrapolate the results of the analyses of individual packaging solutions to the portfolio as a whole.

As such, in the reporting year:

To the shareholders

• 80% of all packaging was designed for recycling

In addition, the following share meets the requirements for global recyclability:

• 67% of all packaging was considered globally recyclable

Environmentally friendly product formulations

In order to optimize the recyclability of our product formulations, we have set ourselves goals both for eliminating the use of microplastics as defined by the United Nations Environment Programme (UNEP)², and for the use of biodegradable polymers. In order to track our progress more precisely and quickly, a comprehensive IT infrastructure project was initiated in the reporting year. As a result, data that was linked manually in the past can now be combined via a new user interface. Based on the historical availability of this data, these changes have resulted in an adjustment to the baseline year for the nonbiodegradable polymers target.

In this context, we aim to discontinue the production of Eucerin-brand cosmetic products containing microplastics by the end of 2023 by reformulating corresponding formulations.

That is why we are reporting on metrics that quantify the environmental impact and reflect the transformational status of our product formulas. For the year 2022, we can report the following progress in this regard:

- In terms of raw material volume, we reduced the use of microplastics by 76% between 2018 and 2022.
- At the end of the reporting year, 11 Eucerin formulations still contained microplastics. These are currently being updated and are also expected to be microplastic-free by the end of 2023.

With regard to the NIVEA brand, we already successfully discontinued the production of cosmetics containing microplastics at the end of the 2021 reporting year.

We also aim to use only biodegradable polymers in our European product formulations by the end of 2025. A polymer is a molecule consisting of many repeating subunits and is widely used in cosmetics. Biodegradability refers to the ability of molecules to be degraded by the action of microorganisms such as bacteria or fungi, thus preventing environmental pollution.

² In its definition, the United Nations Environment Programme (UNEP) describes microplastic particles as solid plastic particles with a diameter of less than 5 mm that are neither biodegradable nor soluble in water.

By gradually eliminating the use of nonbiodegradable polymers, we are pursuing the goal of reducing effects on the environment. We evaluate all raw materials with regard to their biodegradability. For this evaluation, we apply Annex XIII of the REACH Regulation and the corresponding guidance on information requirements (section R.11), which also contains the persistence criteria. These criteria describe the nonbiodegradable properties of a molecule over a specific period. The Annex and the guidelines on information requirements are used to identify polymers that are not biodegradable and are therefore to be avoided in our European product formulations by the end of 2025. To achieve this goal, we are not only directly replacing ingredients, but also developing completely new polymer technologies. As part of our continuous, individual raw material assessments, we obtained new evidence for numerous polymers in the reporting year confirming their biodegradability. As a result, we excluded these raw materials from the target achievement calculations. In addition, our assessment has also led to a more nuanced view of the silicones dimethicone and cyclomethicone. Since their classification as nonbiodegradable polymers is still scientifically disputed at present, they are reported separately for the reporting year.

We have already been able to reduce the use of nonbiodegradable polymers by 63% in our European product formulations compared to the 2018 baseline. This means that we reduced their share by a further 12 percentage points compared with the previous year. We were able to reduce the use of silicones by 23% compared to the 2018 baseline.

In addition, our goal is to increase the use of raw materials from renewable sources that are not derived from fossil sources, while at the same time enabling more sustainable sourcing. In this way, we aim to prevent negative environmental impacts caused by increased demand for certain raw materials (see the "Sustainable land use" section).

Partnerships in the field of product sustainability

To reduce the amount of climate-damaging carbon dioxide in our atmosphere, we are breaking new ground - in its new Climate Care moisturizer, NIVEA MEN uses ethanol obtained from recycled CO_2 from the company Lanzatech. In the carbon capture and utilization process, carbon is first collected and fed into a bioreactor. It is then fermented and subsequently processed into cosmetic ethanol and ultimately incorporated into skin care products.

Beiersdorf joined the EcoBeauty Score Consortium in early 2022. The goal of this initiative of more than 60 cosmetics and body care companies and associations is to create an easy-to-understand, globally applicable standard that promotes more sustainable consumption of cosmetics and skin care products. The initiative aims to use a points system to track the environmental impact of various products in a standardized way and communicate this information in a transparent manner to consumers – so that they can immediately see whether products are environmentally sustainable. The score is designed to take into account aspects such as packaging, formula composition, and environmental impact during the utilization phase.

Beyond that, we are supporters of the Ellen MacArthur Foundation (EMA). The EMA is committed to accelerating the transformation to a global circular economy and building a renewable and restorative economy. In this process, it collaborates with companies, academia, politics, and institutions. Within the foundation's network, we discuss and exchange ideas with other members and develop new ones together.

In order to support new ideas relating to the circular economy beyond the influence of its direct business activities, Beiersdorf is a founding investor in the Emerald Technology Ventures Fund. The goal of this fund is to drive the development of advanced materials and industrial technologies to make packaging more sustainable throughout its life cycle. The venture capital firm Emerald Technology Ventures brings start-ups and experienced companies together for this purpose.

In addition, we are also investors in the venture capital fund Revent. This fund supports early-stage startups across Europe that want to use technology to drive systemic change - particularly in the fields of climate, food technology, health, and economic empowerment.

Product Sustainability

tesa

To the shareholders

Innovative solutions for greater sustainability

With our innovative product solutions, we strive to offer our customers technological progress combined with an active contribution to sustainability. To this end, we are increasingly using recycled and bio-based raw materials in our products and packaging. Our goal is for 70% of the materials for our products and packaging to be made from recycled or bio-based materials by 2030. In addition to product development, our understanding of product sustainability also includes the utilization phase by our customers.

Through our "Project Sustainability Assessment," we already established a tool back in 2020 that we use to evaluate projects in the field of product and technology development at an early stage in terms of their contribution to sustainability. During the reporting year, we revised the assessment methodology and adapted it to reflect the strategic action areas included in our sustainability strategy. All new development projects must undergo the assessment. We use the results to further manage our development portfolio.

We have already been offering adhesive rollers, adhesive films, packing tape, glue sticks, and correction rollers, among other products, under the tesa ecoLogo sub-brand since 2010. These are made predominantly from recycled or bio-based materials; the packaging used for these products is also predominantly recycled. This product line is also manufactured without the use of any solvents.

The entire life cycle in focus

The core ideas of the circular economy include reduced material use, increased reuse, and, ultimately, recycling. If the product or individual components can be recycled or reused, resources can in turn be saved elsewhere. To achieve this, we consider the end of the product life cycle at an early development stage and are investing in further research on this topic. One focus here is on removable adhesive bonds.

In addition, we are currently conducting a number of analyses, in particular to determine the carbon footprint of our products. To this end, we set up a database during the reporting period in which all major raw materials and packaging solutions are linked to primary or secondary emission factors. We also regularly discuss this topic with our suppliers to improve the accuracy of our calculations through primary data. We use the compiled data primarily for internal management and reporting purposes.

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

Our understanding of product sustainability goes further, however. Whether in the industrial, electronics, or wind and solar power sectors, selected products can help our customers operate efficiently and drive the adoption and expanded use of sustainable technologies. For example, our adhesive solutions can help save resources and energy as well as make it possible to repair or recycle products. In this way, our customers can reduce the amount of waste they produce and cut their GHG emissions.

Paper products that contribute to sustainability

Since we use large quantities of paper for our products and their packaging, we also pay attention to sustainability in this respect and increasingly source paper certified by the Forest Stewardship Council® (FSC® C148769). tesa SE was FSC®-certified in 2019 and successfully passed its annual monitoring audit in 2022. Our production sites in Offenburg, Suzhou, Concagno, and Hamburg are also FSC®-certified. During the reporting year, we also launched new products with our own certification, such as the paper adhesive tape tesapack® PAPER ULTRA-STRONG ecoLogo®. Looking ahead to the future, we are striving to obtain certification for further sites and to develop more FSC®-certified products.

Optimized packaging

To the shareholders

We aim to make our packaging more sustainable, above and beyond the usual optimization measures. We currently believe paper and plastics offer the greatest potential in this regard. By 2025, we aim to use 50% less virgin fossil-based plastic in our packaging (compared to the 2018 baseline). In this context, we have already made good progress in 2022: We switched all blister caps at our Offenburg facility from non-recycled PET to recycled PET (post-consumer recycled PET, i.e., PCR-PET). In addition, we reduced the thickness of the film, resulting in material savings of 20%. For fiber-based packaging materials such as paper and cardboard, we aim to achieve a share of 80% FSC® certifications by 2025.

Sustainable land use

Consumer

Sustainable cultivation of raw materials

Natural raw materials are a key element in the development of our product formulations. We work hard to avoid environmental pollution or damage caused either by our sourcing or the use of these raw materials. Our goal is therefore to source our main renewable raw materials such as palm (kernel) oil derivatives, soy, and paper from more sustainable sources by 2025. We also want to procure these main raw materials from deforestation-free sources by 2025. To support this objective, "Sustainable Land Use" is firmly anchored in our Sustainability Agenda as a focus field. When it comes to palmbased raw materials and paper-based packaging, we have had sustainability programs in place for many years. Similar programs for soy are currently under development.

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

Palm (kernel) oil derivatives

Palm (kernel) oil derivatives are an important raw material for our cosmetics and body care products; they are processed substances based on palm (kernel) oil. Essential ingredients such as emulsifiers and surfactants are obtained from this and other vegetable or mineral oils and corresponding derivatives. Beiersdorf does not source palm oil directly for production, but uses its derivatives. Our total demand for palm (kernel) oil derivatives was roughly 35,000 tons in 2022.

Palm (kernel) oil is a highly efficient renewable resource, as the oil palm has a yield per unit area that is almost five times higher than that of other plants such as coconut, rapeseed, or sunflower¹.

¹ FONAP https://www.forumpalmoel.org/home.

This makes the cultivation of palm oil attractive, but at the same time usually leads to the progressive destruction of rain forests. Our aim is to prevent this deforestation worldwide.

Through certification, transparency, and long-term change, we aim to identify and minimize environmental and social risks along the supply chain of palm (kernel) oil-based raw materials. Our "Palm Sustainability Roadmap" and "Sustainable Palm Policy" guide our worldwide commitment toward achieving more sustainable raw materials procurement while also improving the working conditions of local farmers, for instance. To achieve our goals, we pursue various approaches:

Sustainable certification

To the shareholders

We have achieved our goal of using 100% sustainably certified palm (kernel) oil and its derivatives by the end of 2020². This means that we only use palm-based raw materials from sustainable sources in our products according to the mass-balance model established by the Roundtable on Sustainable Palm Oil (RSPO).

According to this model, products can be certified that contain both RSPO-certified and non-certified palm oil. In this context, companies must ensure that the processed quantity of RSPO-certified palm oil corresponds to the purchased quantity of certified palm oil. This option is particularly relevant to the use of palm (kernel) oil-based derivatives, as the derivative supply chains are multi-level and therefore highly complex. Therefore, there is no infrastructure for an RSPO-segregated supply chain, i.e., a supply chain in which RSPO-certified and non-certified derivatives are traded separately.

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

Supply chain transparency

The derivatives supply chain involves a large number of different parties. We do not purchase palm (kernel) oil directly, but rather its derivatives from supplier companies and therefore have only limited influence on the upstream supply chain.

Nevertheless, we want to be able to trace the origin of our raw materials back to the level of refineries, mills and plantations, which is why we are a founding member of the cross-industry Action for Sustainable Derivatives (ASD) initiative, which has been in place since 2019. The ASD's aim is to increase the transparency and sustainability of derivatives supply chains. To achieve this, the initiative contacts our direct suppliers and requests information on their upstream supply chain and palm oil quantities, among other things. In this way, the ASD works steadily upwards through the entire palm oil supply chain. The aim of this annual tracking of our raw materials is to increase transparency in our palm (kernel) oil supply chain, identify "hot spots," and provide targeted support for local projects.

Sustainable transformation in cultivation regions

We conduct activities directly in the regions where palm oil is cultivated in order to improve the local working and living conditions of smallholder farmers over the long term and to protect the environment. Our goal is to support these farmers and their cooperatives in transitioning to sustainable oil palm cultivation without further deforestation that can improve both their income and living conditions.

For example, since mid-2018 we have been collaborating with the World Wide Fund for Nature (WWF) on a project in West Kalimantan, Indonesia. Here we are supporting a total of three villages with a population of around 4,500 inhabitants, including 240 smallholder farmers. We completed the first phase of the project in the 2022 reporting year, and have extended it by further four years. The next step is to certify the smallholder farmers according to the RSPO standard by 2026.

We have also been implementing a sustainable landscape project in Sabah, Malaysia together with the WWF and our supplier Evonik since 2020. The goal of this project is to make the production of

² Including La Prairie and STOP THE WATER WHILE USING ME!

palm oil more sustainable and to halt deforestation. The goal here is to have small and medium-sized farmers growing palm oil on a total area of 20,000 hectares of land certified according to the RSPO standard by 2025.

In addition to the aforementioned projects, we are also supporting a project carried out by the Forum for Sustainable Palm Oil (FONAP) in Sumatra, Indonesia.

Shea

To the shareholders

Shea butter is another important ingredient in many of our products, which is why Beiersdorf has been a member of the Global Shea Alliance (GSA) since 2019. We work with the GSA and our shea supply companies in the sometimes very poor rural regions of what is known as the "shea belt" - the main cultivation region in Africa. Our aim is to support a total of 10,000 shea collectors there over the next five years. For example, we are supporting them in Ghana and Burkina Faso and training them in the areas of health, occupational safety, product quality, and business know-how. So far, more than 4,000 women have participated in the training seminars. In this process, shea collectors learn, for example, how to build more energy-efficient cookstoves using local materials such as termite sand to pretreat the shea kernels. They can also use these more economical stoves to cook for themselves. Up until now, the women have mostly used simple three-stone stoves fueled by firewood, which are two and a half times less efficient. The new stoves can reduce the need for firewood and the associated emissions.

In addition, we intend to plant 10,000 shea trees locally by 2024 in order to help fight climate change, because the trees bind carbon dioxide and can counteract desertification.

Paper

We use paper or cardboard for many of our product packaging solutions. We also want to procure this natural resource from sustainable sources. To this end, we established a Sustainable Paper and Cardboard Policy in 2018 with the goal of using 100% recycled or sustainably certified paper and cardboard materials that meet the FSC® standard worldwide by the end of 2020. This goal has been partially achieved, for example in the case of primary packaging materials. Since the end of 2020, we have been sourcing 100% of our folding cartons, which we use, for example, as outer packaging for facial creams, as well as all blister cards we use – such as the cardboard packaging parts for lip balm sticks – and all enclosed information leaflets from FSC®-certified material. We were unfortunately unable to achieve our target for other forms of paper packaging, such as shipping cartons and other sales materials, in all regions by the end of 2020; in these cases, we remain committed to switching to FSC®-certified or recycled paper.

Resource Efficiency

tesa

Using resources efficiently is a top priority at tesa. We are committed to promoting the circular economy and to using materials that can be recycled or otherwise reused at the end of their useful life. At the present time, we have yet to succeed in completely avoiding waste during the production of our products. We are, however, committed to reducing it effectively in order to preserve precious natural resources. We are therefore working to raise all stakeholders' awareness of the need to avoid unnecessary waste and to recycle properly.

Measures to increase resource efficiency are an integral part of our corporate environmental protection efforts. Moreover, we continue to improve our environmental management systems and exchange information with external experts for this purpose.

Avoidance and recycling

To the shareholders

When it comes to managing our waste and raw materials, we base our approach on the "waste pyramid," in which top priority is given to waste avoidance and reduction, followed by various recycling options. Waste is only disposed of where this is unavoidable. Our sites are pursuing the objective of "zero waste to landfill" by 2025, i.e., eliminating the disposal of waste via landfill sites. We have already achieved this status for six out of seven of our facilities.

In order to use materials efficiently and recycle wherever possible, our production plants are committed to minimizing production-related losses of the raw materials we use. This applies equally to adhesives production as well as to coating tapes and cutting rolls. Among other objectives, we want to technically upgrade equipment in which solvents are used by 2030. The aim is to completely recover the solvents at the end of the process - and thus keep them in the cycle.

We are also reducing the quantities of waste we produce through ongoing improvements to our machinery and manufacturing processes. For example, during the reporting period we introduced a new recycling process for release liners at our Hamburg site. This allows us to recycle around 15 tons of carrier material per year. Production waste is collected separately on a site-specific basis according to various waste categories and then the materials are recycled to the greatest extent possible. Waste is divided into categories based on whether it is nonhazardous or hazardous and whether it is disposed of or recycled, and the relevant figures are published in our annual sustainability report. tesa recycles almost all nonhazardous waste as well as hazardous waste containing solvents.

Active involvement of employees

At tesa, we leverage our employees' expertise in developing additional waste-reduction measures. This is why in 2022, we once again continued the successful "Great Ideas - Not Waste" campaign at our site in Offenburg. Driving this campaign is a long-term project through which we intend to continuously reduce energy and resource consumption, with the participation of employees from Production, Process Development, and Technology.

As part of these activities, regular project meetings are held both within and across departments. They serve to coordinate the concrete utilization of improvement potential and to share best practices. Moreover, the project includes communication measures designed to raise awareness of the issue among employees. In 2022, we implemented 15 projects targeting resource efficiency. These projects resulted in savings of € 286,000.

Water

Water is the foundation of all life. However, our planet's water resources are unequally distributed and threatened by a range of factors such as climate change, population increase, pollution, and overuse. Many regions are particularly affected by drought and in parallel, clean drinking water resources are becoming scarcer worldwide. In light of this situation, we consider it vital to use water responsibly. Our aim is to keep water consumption and wastewater generation as low as possible across all areas of the company and processes, as well as along our supply chains.

Managing water risks

The Aqueduct Water Risk Atlas, a reporting tool made available by the World Resources Institute (WRI), is used by the tesa Business Segment to conduct an annual risk analysis for its production sites and main headquarters. This analysis takes a number of different aspects into account, such as water resources, water quality, and how wastewater is managed. In addition, we identify locations with an elevated risk of water scarcity or water stress.

The Consumer Business Segment works with WWF's Water Risk Filter to analyze, evaluate, and respond to water risks prevalent in its operations. For even more detailed analyses, we remain in an ongoing dialogue with the WWF. Furthermore, we consider it vitally important to use water responsibly not only in our direct areas of activity, but throughout the entire value chain. For example, Beiersdorf conducted a commodity risk analysis for palm oil, soy, and coconut to understand the role of water risks in sourcing key ingredients.

Our Consumer and tesa Business Segments submit water management data annually as part of the CDP Water Security program. Consumer received an A rating for the information provided in the water security questionnaire in the reporting year, and tesa received a C rating, each on a scale from A to D. In the coming year, we would like to work more intensively on further improving and maintaining these ratings, respectively.

Consumer

To the shareholders

The Consumer Business Segment uses water in a broad variety of ways. On the one hand, it is needed to manufacture our products and it is a core ingredient in our product formulations. On the other hand, water is used by our consumers when they apply our products. For this reason, we are fully committed to using this precious resource in a responsible manner and to systematically and consistently promoting the sustainable use of water.

Most of the water we use is consumed by our production sites. Beiersdorf is committed to continuously minimizing water consumption in its production processes. Our aim is to reduce consumption per manufactured product by 25% by 2025 (compared to the 2018 baseline). There are experts at each site who are implementing specific measures in line with our global ambition to reduce water consumption. Our Sustainability In Manufacturing (SIM) initiative is driving this forward and has assumed responsibility for coordinating efforts at the individual facilities. In doing so, it takes a bottom-up approach. Progress is monitored and reported to the Sustainability Council on a quarterly basis. This is how we want to ensure that we are on the right track.

In 2022, water consumption per manufactured product remained at the same level as 2018 (base year). In comparison to the previous year, this represents a reduction of 8%.

In addition, we want to go one step further and approach the topic of water from a holistic perspective. To this end, we are cooperating with WWF as part of a long-term, strategic partnership to improve water management within our company and our value chain.

Sustainable water management through state-of-the-art production processes

The importance of sustainable water management is also incorporated into plans to expand our production sites - through our global SIM initiative, we are working intensively to integrate innovative ideas into our production processes. Here we are focused on developing increasingly effective solutions to reduce water loss, determine water consumption at relevant production sites, and implement innovative approaches to treating wastewater so that it can be reused in production processes.

We rely on state-of-the-art equipment and advanced technologies, especially for high-consumption cleaning processes. Any wastewater that is produced is treated using efficient technical processes – usually in the company's own treatment plants – and then used for cooling, irrigation, or sanitation, for example. These measures are frequently implemented at our production sites as part of their LEED certification (see "Climate action" section). Even seemingly small improvements such as modernizing sanitary facilities or systematically measuring consumption in production areas contribute to sustainable water management. In order to continuously improve our water management, we are also in dialogue with water suppliers, local authorities, and neighboring companies.

We also regularly conduct reviews at our production sites to identify potential ways to optimize water consumption and wastewater treatment.

New water roadmap

To the shareholders

In 2022, the Consumer Business Segment developed a new roadmap for its water management. The SIM initiative is responsible for implementing the corresponding global targets and measures at the individual production centers. The water roadmap is based on four pillars under which we have already implemented or launched the following measures in 2022:

1. Continuous improvement and maximum operational performance

Through the "Beiersdorf Global Water & Cleaning Community," water experts at the production sites share best practices and can learn from each other. They also have the opportunity to discuss progress with the SIM team. We continuously look for and test new (digital) approaches to reducing water consumption in cleaning processes, supported by specialist institutes and testing equipment at our factories, where such novel approaches are tested

2. Process optimization

With the help of internal and external experts, we regularly review whether our facilities meet the latest standards and how we can optimize processes. In this context, we focus on wastewater treatment plants, water treatment plants, and purification processes. In addition, we draw on external expertise for training and to optimize operations. We also constantly reassess our own standards and specifications and have, for example, revised our specifications for water quality in order to reduce losses in water treatment (such as during the softening of water)

3. New water treatment technologies

In addition, we are introducing new water treatment technologies, for example via high-recovery reverse osmosis - we are currently testing a program with enhanced cleaning technology at our facility in India; this has the potential to reduce water consumption by up to 28%

4. Exploring circular water management

We are currently conducting a study to transform the water systems at our facilities in line with the closed-loop principle in order to maximize the recovery and reuse of water in production centers. Initial projections show that the savings potential can be as high as 70%, depending on the location and the measured variables

Our water roadmap is an example of how we look to our factories for opportunities to innovate and implement advanced technologies that can reduce the overarching impact on our environment.

tesa

Guidelines and preventive measures

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

We want to reduce risks to water sources resulting from our production process as much as possible, which is why we take preventive measures against 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. We use equipment to measure turbidity and solvent concentration to ensure that contaminated surface water is not discharged into the sewer system. We have emergency plans in place to determine the exact course of action in the event of a leakage of substances hazardous to water. All these measures are regularly reviewed in our external ISO 14001 audits and are a precondition for a successful audit result.

Employees

To the shareholders

Our employees play a key role in the sustainable development of our company. Their expertise, skills, and commitment ensure that we remain competitive and innovative. Our goal is to create an attractive, inclusive workplace that recognizes the individual performance and actively promotes the potential of a diverse workforce.

Consumer

Training and education

The changes in our working world require an agile and dynamic approach to work and thus a high degree of flexibility and willingness to learn. This makes it all the more important to foster our employees' personal strengths and invest in their long-term development. To this end, we offer comprehensive training and development opportunities that also support lifelong learning.

More information on the key topic of training and development, as well as knowledge and learning, can be found in the Combined Management Report in the section entitled "People at Beiersdorf".

Employer attractiveness

We want to be an attractive employer for our employees and offer them a safe, attractive, and inclusive working environment where everyone feels they belong and has the same opportunities to succeed and do their best work. We believe that this includes open dialogue across all levels in the spirit of participation and involvement, the achievement of jointly set goals, and a responsible management culture. It is particularly important to us that our employees form an emotional bond with our company, so we regularly review this using global employee surveys.

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

Diversity and inclusion

We are convinced that a diverse workforce enriches our teamwork enormously. This is because different perspectives and experiences not only make us more innovative, they also boost our competitiveness, make us more creative, and help us to better understand and take into account the needs of our consumers. Diversity and inclusion are thus not only actively promoted but form a core component of our business strategy.

The global D&I roadmap formulated in 2021 and further refined in the reporting year supports us in creating a culture rooted in diversity and inclusion. It encompasses a number of strategic priorities that are presented in more detail in the "People at Beiersdorf" section of the Combined Management Report. This section also contains the relevant key figures, such as the percentage of women in management positions and the number of management vacancies filled internally.

tesa

To the shareholders

Training and education

Competition for employees with scientific and technical 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 wide range of training and development opportunities help to ensure that high potentials enjoy working for us long term.

The tesa Group offers its own training at its production facilities in Hamburg and Offenburg; we are also planning to roll out such a training program for tesa SE's corporate headquarters beginning in 2023. The focus here is on technical professions, for example chemicals technician, electronics technician for industrial engineering, industrial mechanic, machine and plant operator, and mechatronics technician. In addition, we offer cooperative degree programs and vocational training programs in business-related fields, such as plastics and elastomer technology, electrical engineering, and IT systems integration.

Our goal is to hire our trainees upon completion of their training for the long term. This is also reflected in our retention rates: In Hamburg, 79% of the trainees who completed their training in 2022 were retained, while in Offenburg the retention rate stood at 54%.

In order to identify and fully tap our employees' potential, we offer them a wide range of professional and personal development opportunities. Our programs are designed with specific target groups and areas of expertise in mind and include, for example, basic training for new employees. All employees can take advantage of in-person and online training courses, for example on compliance, occupational safety, sales, as well as management and leadership. Since the start of the COVID-19 pandemic, we have expanded the number of online courses offered in order to provide employees with a variety of options, even when they are working from home. In addition, courses from the digital learning platform LinkedIn Learning complement our own programs.

Diversity and equal opportunities

Different perspectives help us to better understand the needs of our customers and at the same time increase tesa's innovative spirit. That is why we are committed to greater diversity and equal opportunities.

When filling new positions, we make a point of hiring employees with different cultural backgrounds. The share of non-German nationals in the workforce increased by 3.1 percentage points to 8.7% between December 2020 and December 2022. We want to consolidate this trend and, for example, advertise all vacancies for certain higher-level positions exclusively in English.

In the coming years, we are going to step up our efforts to promote gender equality within the work-force and in leadership roles. We have set ourselves the target of having women account for 30% of the first level below the Executive Board and 35% of the second level at tesa SE by mid-2027.

Attractive working environment

An appealing environment can contribute to employee well-being. That's why our workplaces are equipped with ergonomic and contemporary furniture and equipment, such as height-adjustable desks and modern lighting and ventilation concepts. In addition, we offer employees a health management program at our corporate headquarters in Norderstedt. This program includes ergonomic counseling, colorectal cancer screenings, a health club, and massages. Company medical care as

well as internal and external psychosocial counseling and support are also part of the health management program.

In addition, our employees at our headquarters in Norderstedt can, among other offerings, take advantage of a cleaning service, visit regular market stalls to purchase regional fruit and vegetables, and utilize various mobility concepts. For example, they have the ability to charge EVs and e-bikes at a company charging point and park rental bikes from Hamburg's "Stadtrad" initiative at a station on site. Employees also have the option of leasing bicycles through a subsidized program.

Occupational health and safety

Beiersdorf bears a great responsibility for workplace safety and the health of our employees. That is why we view the two as a comprehensive, holistic, and preventive management task. Our strategic objective is therefore to reduce the number of accidents at work to zero and avoid work-related illnesses as well as undue physical and psychological stress factors. To achieve this goal, we conduct regular audits to determine how we can make our workplaces even safer and healthier.

Our accident frequency rate (AFR) documents all accidents at work that result in at least one day's absence from work. In the Consumer Business Segment, our AFR sank in 2022 to 0.5 accidents per million hours worked. This represents a 45% reduction in AFR compared to the previous year. We are particularly pleased to report that 73% of our production centers operated completely accident-free throughout all of 2022. At tesa, the AFR of documented accidents resulting in at least one day of absence at ISO 14001 certified sites stood at 3.6 per million working hours worldwide in the reporting year (2021: 4.1).

COVID-19 pandemic

The risks to our employees still associated with the COVID-19 pandemic are integrated into our safety and health management activities. Our local teams continue to monitor the situation, comply with local legislation, and adapt protective measures whenever necessary.

Consumer

To the shareholders

Driven by our Care Beyond Skin business purpose and guided by our core values, we are committed to reducing potential safety risks and incidents. Our Global Occupational Safety Department is responsible for managing safety at the workplace, but we also count on the cooperation of all employees at our sites.

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

As part of our continuous improvement efforts, we focus on reducing the main risks associated with slips, trips, falls, forklift operation, and machine operation. Within the framework of our behavior-based safety program, we encourage all employees to participate and provide feedback. We focus on ensuring that our employees make each other aware of both misconduct and exemplary safety implementation.

Management systems

In 2022, we further increased our global standards and focused on defining work methodologies for technological innovations such as collaborative robots (COBOTs). In addition, we expanded our requirements for key activities such as warehousing and forklift operations. This helps our managers integrate safety and health protection into day-to-day operations.

To ensure that we have a robust safety and health management system that enables continuous improvement, we conduct external audits every three years at each site; these are consistent with our internal Environmental and Safety Management Audit System (ESMAS) (see "Respect for human rights" section). ESMAS is based on the two internationally recognized standards ISO 14001 (environmental management systems) and ISO 45001 (occupational health and safety management systems).

What's next?

We are pursuing the implementation of our strategy and continue to expand the programs that strengthen our health and safety management system. In 2023 we will continue to focus on reducing the number of accidents related to the main risks in our operations, while simultaneously implementing new best practices and programs that are designed to lead to improvements in work permit procedures, machine safety, and the movement of materials.

tesa

To the shareholders

Occupational health and safety management are firmly enshrined in the tesa organization. In addition to statutory regulations, our internal management system in the field of occupational safety is based on our group-wide occupational safety and health policy ("tesa Policy on Occupational Safety and Health"), which was adopted in 2022. This policy encompasses six key areas: crisis and emergency management, health care, risk assessment and evaluation, accident prevention, fire and explosion prevention, and facility safety. The policy replaces the Occupational Safety Guidelines that had previously been in effect.

The occupational safety and health policy is complemented by company regulations and specific directives at each site. They stipulate, for example, that employees must be informed about and made aware of safety risks and potential hazards through instruction and training at regular intervals. The objective is to enable employees to prevent accidents and avoid health hazards through correct, responsible behavior.

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

Systematic approach to occupational safety

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

In 2022, the BG RCI (German Employers' Liability Insurance Association for Raw Materials and the Chemical Industry) audited the tesa sites in Hamburg and Offenburg and awarded them the "Sicher mit System" ("Systematically Safe") seal of approval. This marks another milestone for occupational health and safety at tesa. The seal of approval demonstrates that occupational health and safety has been systematically integrated into the respective site's management system.

We employ our own occupational safety specialists at all ISO 14001-certified sites. At the same time, we specifically promote international dialogue between these specialists. They discuss material occupational safety and health risks at annual in-person meetings or virtual conferences. In addition, they

initiate joint projects, set standards, and share their experiences. This approach contributes to the continuous improvement of accident prevention at tesa.

Ad-hoc risk assessments are also carried out at tesa. These form the basis for selecting or designing work equipment, materials, processes, workplaces and workflows in such a way that technical and organizational deficiencies can be avoided and employees can perform their duties in a safe and healthy manner. But changes to machinery, equipment or workspaces, as well as new acquisitions and process adaptations, can also have an impact on our employees' safety and health. Safety inspections are already carried out when equipment is procured and brought into service, and hazards are systematically identified and risks assessed in consultation with expert employees.

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

We also have detailed regulations in place governing how we handle hazardous substances. Together with the Corporate Regulatory Affairs Department as well as Research & Development and production managers, the Occupational Safety Department designs tesa-specific processes for the handling, labeling, storage, and transportation of hazardous materials. Employees who work with certain hazardous substances undergo routine health examinations. In addition, equipment and tasks are audited at regular intervals for their safety and emissions. Our emergency management procedures define the actions to be taken in the event of an accident with hazardous materials.

Preventive measures

In 2022, we continued to focus on fire safety. For example, we held evacuation and fire extinguishing training sessions for fire safety assistants at our production sites. In addition, a fire extinguishing exercise was held at tesa headquarters. During this exercise, employees had the opportunity to learn about fire safety in the workplace and what to do in the event of a fire under the guidance of an expert.

During the reporting year, tesa Manufacturing Hamburg GmbH held an extensive occupational health and safety day. At this event, all employees were given the opportunity to learn about personal protective equipment, noise exposure, and how to recognize and secure pinch points. Employees were also able to take advantage of colorectal cancer screenings and participate in vein screenings and immunization counseling.

In 2023, we will implement ISO 45001 certifications at the tesa SE Norderstedt and tesa Manufacturing Hamburg GmbH sites in accordance with our roadmap for the occupational health and safety management system.

Society

To the shareholders

Consumer

Community engagement

As a global company, we consider it our duty to take responsibility for our environment and to have a lasting positive impact on our fellow human beings. Through our corporate purpose Care Beyond Skin, we express our passion and ambitions to reach beyond our core business and contribute to greater social cohesion.

To this end, our global Social Commitments team works together with colleagues from the individual local affiliates. These implement the global strategic framework in alignment with local conditions. In addition, at Beiersdorf headquarters we collaborate with colleagues from various specialist departments such as Marketing, Legal, Controlling, Research & Development (R&D), Corporate Communications, and Medical Management. We have been evaluating the social projects we support worldwide on an annual basis since 2013. The project managers at our local affiliates collect all locally relevant data, which we consolidate in order to be able to analyze our activities globally. The results of the analysis serve as an important source of information for internal management, but also form an integral part of our sustainability reporting.

As we pursue a vision of an inclusive society, we focus our activities primarily on people who are affected by social inequality, marginalization, and isolation. We support local initiatives that aim to strengthen and support physical and mental health, a sense of social belonging, and the voluntary social participation of all members of society. This is how we want to make an important contribution towards a cohesive society.

Our commitment in the Consumer Business Segment takes place both at the corporate level and at individual brand level, and goes beyond our own value chain. Globally, the focus of our corporate commitment is on empowering girls and disaster relief. Each brand also provides targeted support in areas that fit with its brand identity and area of expertise, while aligning with the social needs and concerns of the local communities.

We also involve our consumers in our brand engagement. For example, we provide them information on our social initiatives in a continuous and transparent manner via the corporate and brand websites, thereby raising public awareness of key social issues.

Engagement at corporate level

In 2022, we continued the COVID-19 aid program for which Beiersdorf Consumer had already initiated global partnerships in 2020. Through the program, we aim to particularly provide people in the epicenters of the pandemic and in regions and countries with weak public health systems and infrastructures with support appropriate to their situation.

Beyond emergency aid, within these partnerships Beiersdorf is committed to providing medium to long-term support for local people. Many countries are facing long-lasting socioeconomic impacts and challenges in the wake of the COVID-19 pandemic. Above all, girls and young women are affected by the pandemic and its consequences, due to their age and gender. During crises, for example, they are at increased risk of experiencing sexual violence, being married off against their will, and having to leave school permanently. Similarly, girls and young women are more likely to work in fields that put them at higher risk of contracting COVID-19, for example, in the (home) care and healthcare sectors. This is why empowering girls is a particular focus of our COVID-19 aid program.

To the shareholders

To provide the most effective assistance possible, we work in Africa and Latin America with the international non-profit organizations Plan International and CARE, which have the expertise needed to implement projects and can rely on established and stable networks on the ground. They also have many years of experience in impact measurement.

In 2021, Beiersdorf set itself the goal of directly reaching more than 300,000 people by 2023 through its projects to empower girls. In this context, people who are directly reached by one or more project activities are referred to as direct beneficiaries.

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

In partnership with Plan International, Beiersdorf is working to strengthen girls' rights to access education and is helping prevent gender-based violence during the COVID-19 pandemic and beyond. For example, as part of the project in Ecuador, training sessions were held with 625 young people, more than half of whom were girls. The focus was on sexual and reproductive health and rights and gender-based violence. In total, the projects reached 19,944 people in Brazil, Ecuador, and Colombia during the reporting period¹ and 33,309 people in Kenya, Ghana, and Nigeria. The projects are designed to run for a total of two years each, starting from October 2020 (Latin America) and February 2021 (Africa). The duration of the projects in Latin America has been extended until the end of 2022 in order to be able to complete all activities.

In partnership with CARE, Beiersdorf has worked to ensure that particularly vulnerable groups in Africa, such as girls and young women, receive information about COVID-19 and access to appropriate healthcare. In addition, the objective of this two-year project is to mitigate the socioeconomic consequences for these target groups and strengthen their livelihoods. Its geographical focus is Ethiopia, Kenya, Somalia, and Sudan. For example, 3,067 girls and women in Kenya (including 68 participants under the age of 18) participated in group training sessions on Village Savings and Loan Associations (VSLA) methodology during the reporting year. Amongst others, in these groups, they learn about financial processes such as loans and savings rates. This project, which is also designed to run for two years, reached a total of 120,583 people in the reporting period.

As of the end of 2022², Beiersdorf had already reached 231,798 of the more than 300,000 people it is targeting with its projects to empower girls.

In addition, Beiersdorf works closely with Ashoka, the world's largest network of social entrepreneurs, in its efforts to empower girls. October 2021 marked the launch of a one-year social innovation initiative. In 2022, together with Ashoka, Beiersdorf awarded grants to five leading female social entrepreneurs from the United Kingdom, Poland, Italy, Belgium, and Switzerland, whose projects are dedicated to the empowerment of girls and women. In addition, starting in January 2022, we provided assistance to help female European social entrepreneurs connect and network with the goal of strengthening gender equity. After the initiative was successfully completed during the reporting period, Ashoka and Beiersdorf are currently planning a second phase.

Together with the University of Cardiff, the company has also been conducting a three-year psychological study since 2021 that evaluates the impact of the COVID-19 pandemic and similar crises on the well-being of people with skin diseases. The study is examining, among other things, how negative

¹ The organizations' reporting period does not correspond to the calendar year, as they report on a different schedule. Their reporting periods are as follows: Plan International Latin America: July 1, 2021 - June 30, 2022, Plan International Africa: August 1, 2021 - July 31, 2022, CARE Africa: November 1, 2021 - October 31, 2022

² This only includes the figures that were received by December 31, 2022

impacts can be mitigated through the use of digital support tools. A research paper³ highlighting the findings to date was published in the reporting year. In addition, an interview process with affected individuals was launched in order to develop further conclusions that could be a beneficial role in the development of digital aids.

Due to the Russian invasion of Ukraine and the subsequent war, Beiersdorf provided two million euros in emergency aid to the German Red Cross and CARE Deutschland e.V. We have also set up a global donation platform with the United Nations Refugee Agency (UNHCR) for all our employees. UNHCR is using the funds primarily to establish and implement emergency relief activities for Ukrainian families who have fled the country. This includes, for example, the provision of shelter, clean drinking water and sanitation, and healthcare. In addition, our headquarter is also collaborating with the two charitable organizations innatura and Hanseatic Help by distributing targeted product donations. Beiersdorf donated products from NIVEA, 8X4, Hidrofugal, Eucerin, Aquaphor, and Hansaplast throughout Europe during the reporting period.

Engagement at brand level

To the shareholders

The NIVEA and Eucerin brands continued to pursue their own global social missions locally in 2022.

NIVEA launched individual project activities during the reporting period. The goal is to stimulate human touch and more togetherness, thus improving the quality of life of people affected by lone-liness – such as of premature babies, partially sighted individuals, and elderly people suffering from dementia. For example, NIVEA France cooperates with "Petits Frères des Pauvres," an organization that combats the social isolation of older people. In the United Kingdom, the brand is working with UNICEF UK within the framework of the "Baby Friendly Initiative" to support premature baby units in selected hospitals. In the Philippines, NIVEA works with the organization Resources for the Blind Inc., which focuses on providing holistic care for partially sighted people. The goal of these "Human Touch" projects is to have a positive impact on the individual health and well-being of more than 150,000 people by 2025. Currently, the brand is reviewing the thematic focus of its social mission.

Eucerin is committed to promoting the social inclusion of people affected by dermatological conditions. Its projects focus on reducing social exclusion and stigmatization, as well as on improving participation in society.

In Germany, the brand is collaborating with the University Medical Center Hamburg Eppendorf and the German Psoriasis Association. This joint project has the long-term goal of ensuring that people with psoriasis are no longer stigmatized by society.

Eucerin aims to implement local social projects in at least 15 countries by 2023 in order to promote the quality of life of people with dermatological conditions and their social inclusion. As of 2022, projects have already been carried out in seven countries, although concrete activities will not begin in Canada until 2023.

The healthcare brands Hansaplast, Elastoplast, and CURITAS initiated a new global social mission in 2022 with a focus on first aid training for children - and the brands aim for at least 200,000 children to actively participate in trainings by 2025. In the reporting year, the local affiliates began to implement the mission locally. In this context, they focused on finding suitable partners and projects.

³ Hewitt, R. M., Ploszajski, M., Purcell, C., Pattinson, R., Jones, B., Wren, G. H., Hughes, O., Ridd, M. J., Thompson, A. R., & Bundy, C. (2022). A mixed methods systematic review of digital interventions to support the psychological health and well-being of people living with dermatological conditions. Frontiers in Medicine, 9. https://doi.org/10.3389/fmed.2022.1024879

Respect for human rights

Beiersdorf actively promotes compliance with laws, codes of conduct, and human rights. This responsibility is deeply anchored in how we see ourselves, as well as in our core values. This not only applies to our own sites and employees around the world, but also to all employees along the value chain. We do not tolerate any form of corruption, forced labor, child labor, or discrimination – neither at our own locations nor at any point in our supply chain. Furthermore, we support the health and safety of employees in the workplace, employees' right to freedom of association, including collective bargaining, and environmental protection. We are also committed to equal rights and treatment as well as diversity.

Upholding human rights throughout the value chain

We primarily see risks relating to compliance with human rights in purchasing and procurement, for example of raw materials or services - and thus in our supply chains. Our goal is to eliminate or minimize all threats to human rights to the greatest extent possible.

Due to our responsibility as a multinational company that operates across the globe and the legal requirements with respect to human rights due diligence, we reevaluated the risk of human rights violations involving our employees and our supply chain in the reporting year. This was conducted as part of our annual risk management process. If minimum social standards are not met, it may affect the safety, health, and well-being of employees. As a result of Germany's Supply Chain Due Diligence Act coming into force, human rights violations can now result not only in considerable damage to our reputation, but also in substantial fines for companies. We are responding to this risk with, among other measures, a task force that is preparing the company's internal processes for the additional requirements imposed by the law. In addition, we implement numerous preventive measures when it comes to human rights to reduce negative impacts as far as possible.

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

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

We require our business partners to meet our standards and communicate them to their upstream supply chains. This applies both in terms of required product quality as well as transparent, fair, and responsible business practices. In this way, we want to ensure that our business partners live up to their social, environmental, and economic responsibilities – and ultimately manufacture high-quality products.

Consumer

Consumer Business Segment creates binding standards

With our Code of Conduct for Business Partners (CoC), the Consumer Business Segment has committed all our business partners along the supply chain with an annual purchasing volume of more than € 50,000 to comply fully with our standards. The CoC is aligned with our core values and establishes uniform, binding criteria for responsible business activities, 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.

In 2022, we procured more than 90% of our goods and services through partners who have explicitly committed to our CoC; we aim to increase this share in the future. We also revised the CoC in the reporting year to meet the requirements of Germany's Supply Chain Due Diligence Act which came into force on January 1, 2023.

Risk screenings and audits

To the shareholders

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

ESMAS audits verify whether appropriate measures are implemented to guarantee compliance with our globally applicable environmental as well as occupational health and safety standards at our sites. During the reporting year, Beiersdorf's production sites in Hamburg and Berlin (Germany), Argentona (Spain), Sanand (India), Bangplee (Thailand), Malang (Indonesia), Shanghai (China), Itatiba (Brazil), Mexico City (Mexico) and Lagos (Nigeria) were audited in accordance with the ESMAS standard.

In addition to the ESMAS audits, our facilities in Germany (Hamburg and Berlin), Spain (Argentona and Tres Cantos), India, Indonesia, China, Brazil and Nigeria were audited in the reporting year in accordance with the standardized 4-pillar audit protocol of the Sedex Members Ethical Trade Audit (SMETA). All of the audits performed are valid for three years and are therefore repeated every three years.

The Vice Presidents of the functions Sustainability and Procurement are responsible for sustainability in our overall sourcing operations and throughout the supply chain. A risk classification assessment is performed on all of our more than 21,000 direct suppliers; it examines whether more in-depth screening and thus further measures beyond signing the CoC are required. Country-specific risks, the quantity of goods purchased, and the proximity of the respective goods or service companies to Beiersdorf's brands are risks that all play a role in the risk classification process. Direct suppliers with a medium risk rating must submit a comprehensive self-disclosure via the Sedex or EcoVadis platforms. On this basis, we conduct a more detailed risk assessment, which the Responsible Sourcing team then uses to decide whether a subsequent audit is required. Direct supplier facilities with a high risk rating are required to undergo an on-site audit.

To ensure objectivity, the audits are carried out by independent certified auditors according to the standardized SMETA 4-pillar audit protocol. The results of the audits highlight concrete challenges and fields for action and serve as a basis for the joint development of action plans with our suppliers. In extreme cases, audit results may lead to the termination of business relationships. By leveraging international collaboration platforms such as Sedex, EcoVadis, and AIM-PROGRESS, we can continuously improve our sustainability engagement right along the supply chain. In addition, we are currently restructuring the risk classification process. The goal is to integrate even more external insights, indices, and data sources and make our processes even more robust from 2023 onward.

tesa

Designing procurement processes in a responsible manner

We require direct suppliers to the tesa Business Segment to sign our Code of Conduct for Suppliers (CoCS). The CoCS forms the foundation for designing our global procurement processes in a responsible manner and outlines fundamental rules and commitments in the areas of human rights, labor standards, environmental protection and the prevention of corruption. It is based on the ten

To the shareholders

principles of the UN Global Compact, the conventions of the International Labor Organization (ILO), and the OECD Guidelines for Multinational Enterprises. We expect our suppliers to comply with our standards and to remedy any shortcomings. In this context, we are implementing our own auditing process. In light of Germany's new Supply Chain Due Diligence Act, we also expanded the CoCS in the reporting year and thus made the issue of human rights even more relevant. The new CoCS will be valid from 2023.

Our supply chains are global and complex, as we source raw materials, products, and services from all over the world. By working together closely, we aim to establish long-term, trusting partnerships with regular suppliers. Our goal is to ensure that product quality, supply reliability, and our shared commitment to sustainable growth remains on a high level.

The rules for our global procurement processes are defined and described in the Purchasing Compliance Guideline (PCG), which also forms part of our Group-wide Compliance Manual. This policy contains binding rules of conduct for tesa's procurement activities and is reviewed and revised on an ongoing basis.

More transparent supply chains

We not only require our major suppliers to comply with the tesa CoCS, our goal is also to gradually increase transparency and sustainability across our entire supply chain.

In the reporting year, we introduced a systematic assessment process for our approximately 10,000 suppliers. In this process, our Procurement and Sustainability Departments examine whether a more in-depth risk analysis of the suppliers is necessary. This supplier screening process is carried out once a year and as required, for example in the case of new suppliers. In addition to risks specific to individual countries and industries, the quantity of goods purchased also plays a role in classification, which extends across the risk categories very low, low, medium low, medium high, high, and very high. Factors such as strategic relevance are also included, for example if the company is a supplier for an important raw material or a single-source supplier.

We have already been inviting direct suppliers to complete an assessment via the EcoVadis platform since 2020. Suppliers with a good rating can thus demonstrate the extent to which they uphold human rights, maintain fair working conditions, and take environmental aspects into account, as well as responsibly produce and procure their products, raw materials, and services. In the future, these invitations will be linked to risk factors in an even more targeted manner.

At the end of 2022, suppliers that are responsible for 54% (2021: 43%) of our direct purchasing volume had submitted EcoVadis assessments. In the coming years, our aim is to gradually increase this figure, with a goal of having sustainability assessments completed for a total of 80% of our direct purchasing volume by 2025. Furthermore, our goal is that by 2030, 80% of our purchasing volume will be sourced exclusively from suppliers who meet our responsible supply chain standards - this means that, among other things, they have an EcoVadis assessment of at least 45 points.

Compliance

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

Our Core Values for responsible conduct

For us, compliance means observing legal and commercial provisions and rules - and doing so without compromise. Both the Consumer and tesa Business Segments have established a respective Code of Conduct (CoC) to ensure compliance with these standards and to fulfill our social responsibility as a company in the best possible way. As an overarching value framework, the CoC is intended to guide everyone at the company when carrying our business activities. Furthermore, it supports all our employees, managers, and corporate bodies in complying with and living by the core principles and values of the Business Segments. As a directive for our actions, the CoC contributes to affirming our company's status now and in the future as a trusted partner to our customers, business partners, shareholders, and further stakeholders.

Group-wide compliance management

Our Group-wide CMS is based on established standards such as the IDW AsS 980. We follow these guiding principles:

- · Prevent: Preventive measures are anchored in our management system to avoid wrongdoing.
- Detect: We use risk analyses to detect and manage material compliance risks Group-wide. Additional control instruments help reveal noncompliant behavior.
- React and Improve: We penalize any violations of statutory or internal regulations as appropriate
 in each individual case. In addition, we continuously develop improvement measures for the
 entire CMS. We see our compliance management system as an important contribution to acting
 in a sustainable and forward-looking manner and thus living up to our tradition as a reliable and
 trustworthy company.

Prevent

Antitrust law continues to be an important compliance issue for both parts of the Group. The reasons for this are our business models, legal complexity, the continually increasing prosecution activity worldwide, as well as the potential for sanctions by antitrust authorities. In addition to antitrust law, preventing corruption and acting in accordance with privacy laws are two other focal points of our compliance programs. These programs serve to specifically raise the awareness of our relevant employee groups to these topics and to provide them with both the confidence to act and make decisions.

Our Corporate Compliance departments are responsible for defining, developing, and monitoring the minimum standards for these programs, as well as an appropriate CMS in their respective organization.

In our regions and at our affiliates, we have established local compliance officers who are responsible for communicating all elements of the compliance programs to our employees and working to ensure that they are applied locally. The aim is to enshrine all elements of our compliance system in the regions and affiliates and to monitor and improve them on an ongoing basis. A special network of external attorneys specialized in antitrust issues is available to local companies. Practice-oriented training and consulting services as well as various guidelines form the core elements 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 sale prices, as well as fundamental dos and don'ts.
- The anti-corruption guidelines serve as a guide to dealing with 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 Union's General Data Protection Regulation (GDPR) are implemented for the lawful processing of data at our EU companies. These guidelines direct and instruct our employees on how to handle data in a legally compliant manner. In addition, the data protection teams have established internal partnerships with key data protection functions such as Cyber Security and Procurement.

We have implemented a comprehensive, target group-specific training concept. Taking a risk-oriented approach, we train an average of several thousand employees worldwide annually on corruption prevention as well as antitrust and data protection-compliant behavior. This training is delivered face-to-face or in an e-learning format and it serves to raise our employees' awareness of the topic and to show them where to obtain further support. In addition, Members of the Executive Board and Supervisory Board are regularly informed about relevant compliance matters. In the fiscal year 2022, the Consumer Business Segment achieved a total training participation rate of 97% and tesa of 99%. The total participation rate applies to the target and risk group defined in advance for the respective compliance fields of antitrust law, anti-corruption, and data protection. This includes all employees and managers who may come into contact with the respective issues and requirements.

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

These ongoing communication and training measures help us institutionalize the compliance principles at our companies.

Detect

To the shareholders

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

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

In order to operate in a fully compliant manner over the long term and maintain and further promote an open and trusting compliance and communication culture, it is essential that individual employees are personally committed to the issue. This also includes reporting possible compliance violations and other complaints – even anonymously, if they so desire. To this end, we have established and communicated various reporting systems.

For example, the Consumer Business Segment launched the "Speak up. We care." whistleblowing platform that can be accessed from anywhere in the world around the clock. The tesa Business Segment has also been using this platform since this reporting period. Furthermore, external ombudspersons received confidential information on potential compliance violations on behalf of tesa until 31.10.2022.

The whistleblowing platforms are available not only to our own employees but also to customers, consumers, suppliers, and other external stakeholders for the purpose of reporting possible misconduct. Besides the above, we also provide internal options for reporting such as Corporate Compliance email addresses.

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

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

React and improve

To the shareholders

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 document compliance incidents as well as the status of our compliance programs centrally and at affiliates worldwide. We derive further courses of 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, including outside the regular reporting cycles, in order to be able to respond immediately.

We consider the continual and thorough development of our compliance management systems as an integral part of our activities. This is how we take internal adaptation requirements into account, as well as the dynamic changes in legal frameworks and economic conditions. In the reporting year, we developed formalized audit formats for this purpose in the Consumer Business Segment and carried them out at select affiliates. On the basis of the formats, we analyze the effectiveness of antitrust and data protection compliance and improve it on an ongoing basis. At tesa, we revised the data privacy guidelines, the whistleblowing guidelines, and the case management process. We also reviewed the status of local compliance implementation at certain affiliates.

Other Issues

Product Safety

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

Consumer

In this respect, our understanding of quality goes beyond the evaluation and approval of our products. We understand quality as a dynamic process that contributes to continuous improvement and express this understanding in the Beiersdorf Quality Policy. It guides our Executive Board, our management, and all our employees in their daily activities.

It also serves to maintain and build on our consumers' satisfaction and high level of trust, and to ensure that we remain competitive in the future.

Safety evaluation of all raw materials and cosmetic product formulas

To ensure that we meet our own strict requirements regarding the quality of our products, we employ a team of experienced, highly qualified safety assessors. First, this team must perform the legally required evaluation and approval of the raw materials, formulas, packaging materials, and product claims, thereby verifying their safety and compatibility for consumers. Only then do the safety assessors approve the finished products for distribution. This is done primarily in accordance with the

internationally recognized rules set in EU Cosmetics Regulation 1223/2009 for safety assessment, as well as the requirements of the SCCS Notes of Guidance in their 11th revision from 2021, which are applicable EU-wide. In the interests of consumer protection, the safety assessors work closely with related departments such as Research & Development and Product and Packaging Development.

In addition to experience and expertise, evaluating the safety of cosmetic products requires, above all, scientific exchange and knowledge of 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 goal of this professional exchange and training is to ensure that we continue to operate appropriately and responsibly in the future. It is also important to us that we hold our external service providers and suppliers, such as perfume and raw material manufacturers, accountable. We require them to certify their compliance with statutory requirements as well as those that go beyond the legally required scope.

Beiersdorf's global mandatory safety requirements

We have established our detailed safety requirements in the Beiersdorf Product Safety Policy. This policy is globally binding, as we do not differentiate between regions or locations when assessing the safety of raw materials, formulas and products, but set the same standards everywhere. The requirements of the EU Cosmetics Regulation 1223/2009 play a particularly important role for us. On the one hand, the EU Cosmetics Regulation governs the qualification of safety assessors and product safety requirements; on the other hand, it also defines the specifications for correct product labeling and for providing information that ensures safe transportation and product handling.

The legal requirements governing the safety of products - viewed on a global level - are constantly changing. We want to preemptively mitigate the risk of violating current regulations, which is why our central Regulatory Affairs team collaborates with an international network of local regulatory affairs officers. They follow all the regulatory requirements and the latest changes to them in the countries in which our products are sold. This way, we ensure that our products meet all the currently applicable requirements for their respective markets as early as the product development stage.

Animal testing

We are resolutely committed to rendering animal testing obsolete worldwide. We are convinced that animal testing is not necessary to prove the skin tolerability and effectiveness of our cosmetic products. For this reason, we do not conduct animal tests for any of our cosmetic products or their ingredients, and do not have animal testing done on our behalf.

In the EU, animal testing has been completely banned for cosmetic products since 2004, and for all the ingredients used in these products since 2013. Beiersdorf complies with these legal requirements and has also long since refrained from animal testing worldwide whenever local laws permitted it. It is our stated goal to advance research to the point when animal testing can be completely abandoned worldwide.

Consumer safety is our top priority. As one of the leading research-based companies, we have been involved in the development and acceptance of alternative testing methods for almost 40 years. In this context, we have been and continue to be instrumental in the development and validation of key methodologies that are internationally recognized by the OECD (Organisation for Economic Co-operation and Development) and major regulatory bodies.

In collaboration with numerous partners and interest groups, we work to ensure that innovative alternative methods are developed and that existing ones are accepted. We are involved in various working groups in the European umbrella organization of the cosmetics industry (Cosmetics Europe),

cooperate with the European Centre for the Validation of Alternative Methods (EURL ECVAM), and support the OECD by providing scientific findings. We are an active member of the European Society of Toxicology In Vitro (ESTIV) and a founding member of the European Partnership for Alternative Approach to Animal Testing (EPAA), an organization established in 2006 by the European Commission that covers seven industry sectors. In addition, Beiersdorf has established partnerships in the field of cutting-edge research, for example in the study of so-called organ chips, which simulate the interaction of several organs.

Even though great progress has already been made, at the present time there still aren't alternative testing methods available that have been recognized and established by lawmakers for all safety-related issues. As a result, we will also continue to advocate intensively for the development and successful use of alternatives to animal testing.

tesa

To the shareholders

The quality and safety of our products are crucial to the satisfaction of our customers and thus to our economic success. tesa aims to ensure that our products are high-quality and safe through systematic quality management. If products display safety defects, this can have a negative impact - both on us and the people who use them. We aim to continually make products that satisfy the highest quality and safety requirements.

A systematic approach to quality and safety

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

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

Product safety officers

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

Product safety management is an integral part of quality management at tesa and is co-steered by the Executive Board. The Corporate Regulatory Affairs Department is responsible for evaluating materials and substances. For this purpose, it draws on various chemical databases, evaluates scientific findings, and reviews data on safety-relevant substance properties and the safe handling of substances and mixtures. As a rule, a safety data sheet is available for every product that includes comprehensive safety information – for example, on materials and substances, proper storage and correct handling, as well as recommendations for disposal.

Risk analyses ensure quality

Preventing product defects plays an important role for us, which is why Product Development and Production perform 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 determine that a new risk analysis and evaluations are necessary, further or new measures are required - leading to the necessary steps to safeguard the health and safety of our customers and employees.

Internal audits

To the shareholders

tesa owes its safe product solutions not only to its strict quality requirements, but also to the systematic development of expertise within the company.

The Quality Management Department and PSCRs are responsible for our internal audits. Audits of Product Development and Production are carried out both on an ad hoc and annual basis – and, if necessary, in other departments, such as Marketing. The tesa Group's production sites were again successfully audited in accordance with globally recognized quality norms and standards during the reporting year. The IATF 16949 certification process pays special attention to the conformity of all products, processes, parts, and services, as well as product safety.

EU Taxonomy Reporting

Since the EU Taxonomy Regulation came into force, Beiersdorf has been required to provide information on sales, capital expenditures (CapEx), and operating expenses (OpEx) associated with environmentally sustainable economic activities. The EU Taxonomy Regulation contains criteria for determining whether an economic activity qualifies as sustainable with respect to various environmental objectives. The overarching goal is to create a more sustainable financial sector and channel investments into green and sustainable projects, thereby contributing to the European Green Deal.

The following information applies only to the environmental goals "climate change mitigation" and "climate change adaptation," as the EU Commission once again failed to publish any technical screening criteria for the other four environmental objectives in the reporting year.

Taxonomy Impact Analysis Procedure¹

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

Initially, the team identified the taxonomy-eligible activities at Beiersdorf by referencing the activity descriptions and the referenced NACE codes in Annexes 1 and 2 of the EU Taxonomy Climate Delegated Act on climate change mitigation and climate change adaptation. In this context, the team also made use of the "Taxonomy Compass" provided by the EU Commission. At the same time, the team analyzed the definitions of the OpEx, CapEx, and sales revenue figures set out in Annex 1 of the Climate Delegated Act relating to Article 8 of Regulation (EU) 2020/852 and collected the data for the respective benchmarks (denominator of the key figures) based on our financial controlling systems. This particularly involved identifying the relevant cost types relating to OpEx. For the activities identified as taxonomy eligible, approaches were then defined for estimating and gathering data on the corresponding OpEx, CapEx, and sales revenue.

¹ Given the ongoing, dynamic development of the formulations contained within the EU Taxonomy Regulation, uncertainties persist regarding the interpretation of its wording and terms. As a result, we may make changes to our Taxonomy Impact Analysis in the future.

Identified Taxonomy-eligible Economic Activities

The following economic activities have been identified as taxonomy eligible:

Information and Communication

To the shareholders

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

Construction and Real Estate

- Activity 7.4 "Installation, maintenance, and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)" was identified as relevant, as we have vehicle-charging stations on our premises that are operated by a third party.
- Activities 7.3 "Installation, maintenance, and repair of energy efficiency equipment", 7.5 "Installation, maintenance and repair of instruments and devices for measuring, regulation, and controlling energy performance of buildings" and 7.6 "Installation, maintenance, and repair of renewable energy technologies" are part of our building management; they also include the installation, maintenance, and repair of photovoltaic systems as well as measuring systems and energy-efficiency control units.
- We have classified the activities under 7.1 "Construction of new buildings" as not applicable to Beiersdorf. This is because the factory and office buildings we have had constructed on our behalf are not new buildings for the purpose of resale, but are used for our ongoing business operations.
- We have also classified Activity 7.7. "Acquisition and ownership of buildings" as not relevant, as we do not purchase the office buildings we use, but lease them on a medium-term or long-term basis.

Energy

• In this area, Activity 4.25. "Production of heat/cool using waste heat" and Activity 4.30. "High-efficiency co-generation of heat/cool and power from fossil gaseous fuels" were identified as taxonomy-eligible, since we use waste heat for internal heating processes. We have recorded other activities from this area, e.g., with respect to the production of renewable energy, under "Construction and Real Estate" in accordance with the EU Taxonomy Regulation.

Transport

 All of our transport activities are outsourced to service providers, meaning we do not conduct any taxonomy eligible activities in this area either. Only our own fleet of company cars falls under Activity 6.5 "Transport by motorbikes, passenger cars and light commercial vehicles."

Manufacturing Industry/Goods Manufacturing

• The manufacture and sale of products from the Consumer Business Segment do not fall within the scope of taxonomy eligibility. For the tesa Business Segment, only the production of subcomponents for batteries is taxonomy eligible (Activity 3.4. "Production of batteries"). Sales revenue from other categories is not taxonomy eligible; for example, tesa does not manufacture plastics in primary form, but sources them from suppliers.

Turnover Analysis and Calculation

On the basis of our analysis, we have come to the conclusion that only economic activity 3.4. "Manufacture of batteries" at tesa should be included as taxonomy-eligible turnover in the turnover category. This sales revenue amounts to \in 16.1 million and thus represents less than 0.2% of total consolidated sales revenue of \in 8,798.6 million (see Notes to the Consolidated Financial Statements, Income Statement, Note 01).

CapEx Calculation

To the shareholders

With respect to CapEx, we have identified the investments and long-term leases related to the activities identified as taxonomy eligible; these are reported for both business segments. In addition to the investments in intangible assets (\le 5.2 million; see Note 11 to the consolidated financial statements) and property, plant and equipment (\le 542.6 million; see Note 12 to the consolidated financial statements) reported in the annual report, the reference figure of \le 617.8 million for CapEx also includes property, plant, and equipment with long-term rights of use ("right of use assets") amounting to \le 70.0 million (see Note 12 to the consolidated financial statements). A total of 2.7% of this reference value (\le 617.8 million) was identified as taxonomy eligible.

OpEx Analysis and Calculation

The key financial figures for the full year 2022 from Beiersdorf's financial controlling systems were used as the basis for calculating the reference figure for OpEx (denominator). At the same time, detailed queries of the respective Controlling Functions were carried out to ensure data quality. The following were included in the reference value:

- R&D costs
- · Costs in connection with short-term leases
- Maintenance and repair costs, including all direct expenses in connection with the day-to-day maintenance of property, plant, and equipment by the company or third parties

To calculate the percentage shares of taxonomy-eligible items in the total reference value (numerator), data was gathered directly from our financial systems as far as possible. In cases where it was not possible to directly allocate percentage shares, these shares were broken down and, if necessary, allocated using appropriate keys (e.g., personnel keys). A total of 4.2% of this reference value (€ 445.0 million) applies to the activities described above as taxonomy eligible.

Approach and Results of the Alignment Analysis

In addition to the impact analysis, as of 2022 reporting companies are also required to determine the taxonomy alignment of the identified taxonomy-eligible economic activities. This involves assessing whether an economic activity makes a significant contribution to at least one of the six environmental objectives ("substantial contribution" criterion), does not cause significant harm to any of the environmental objectives ("do no significant harm [DNSH]" criterion) and meets minimum social standards ("minimum safeguards" criterion).

The project team analyzed the technical screening criteria outlined in Annex 1 and 2 of the Delegated Act on climate change mitigation and adaptation supplementing Regulation (EU) 2020/852 and compared them to the activities identified above.

The majority of Beiersdorf's taxonomy-eligible activities are products and services purchased from suppliers and service providers. The assessment of the taxonomy alignment of these activities must therefore take place at the level of the partner company. To date, it has not been possible to obtain sufficient information on taxonomy alignment with the significant contribution criteria, the DNSH criteria, and the minimum safeguards criteria to report a taxonomy-aligned share of economic activities for fiscal year 2022.

With respect to Activity 3.4. "Manufacture of batteries", sufficient documentation of a climate risk analysis does not exist to date, meaning that this cannot be classified as taxonomy aligned either.

Beiersdorf will use the findings from the analyses it has performed to prepare and improve individual reporting processes of taxonomy-aligned activities for the coming reporting year.

Key figures EU Taxonomy Reporting

Key figures Turnover

Total A + B	Turnover of Taxonomy non-eligible acitivites (B)	B. TAXONOMY-NON-ELIGIBLE ACTIVITIES	Total A1 + A2	Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	Manufacture of batteries	A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	A.1 Environmentally sustainable activities (Taxonomy-aligned)	A.TAXONOMY-ELIGIBLE ACTIVITIES	Economic activities		
		m 		Y n	3.4				 	aboO	2	
8,798,608	8,784,552		16,086	16,086	16,086		0		KEUR	TevonuT efulosdA	ω	
100.0%	99.8%		0.2%	0.2%	0.2%		0%		, %	Proportion of Turnover	4	
, ,	•	ı		1	ı		0%		, %	Spansde change noitsgitim	5	
							0%		%	egneda etemila noitetqebe	6	Substan
							N A		%	aninem bne rəteW səɔruozər	7	Substantial contribution criteria
							N/A		%	Circular economy	∞	tributio
							N N		%	noitullo9	9	n criteri
							N N		%	Biodiversity and ecosystems	10	۵
									ž	Slimate change noitegitim	==	
									ž	Slimate change noitetqebe	12	(Do r
									ž	eninem bne neteW securoser	13	DNSH o
									ž	Circular economy	14	DNSH criteria (Do no Significant Harm)
									ž	noitulloq	15	larm)
									ž	bns yitereviboid ecosystems	16	
									ž	muminiM sbraugəfas	17	
			0%				0%		%	2022	18	Taxonomy- aligned proportion of Turnover year N
									%	1202	19	Taxonomy- aligned proportion of Turnover year N-1
									т	Category (enabling activity)	20	

Category (transitional activity)

21

$\overline{}$
ey
£.
딕
es
Са
현
×

Production of heat/cool using waste heat	Installation, maintenance and repair of renewable energy technologies	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Installation, maintenance and repair of energy efficiency equipment	A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomyaligned activities)	CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	A.1. Environmentally sustainable activities (Taxonomy-aligned)	A.TAXONOMY-ELIGIBLE ACTIVITIES	Economic activities		-
4.25	7.6	7.5	7.3					әроЭ	2	
4,152	2,866	1,523	2,347		0		kEUR	x3qsD ətulosdA	ω	
0.7%	0.5%	0.2%	0.4%		0%		%	x∃qs⊃ ło noitroqor¶	4	
			'		0%		, %	egnedo etemilO noitegitim	O	S
					0%		%	Climate change adaptation	6	Substantial contribution criteria
					N/A		%	eninem bne neteW seoruosen	7	ial cont
					N/A		%	Circular economy	8	ribution
					N N		*	noitullo¶	9	criteria
					N/A		%	Biodiversity and expertems	10	w
							ž	Spassed change of the change o	1	
							ž	Spined Spine Change noitetque salation	12	(Do n
							ž	Mater and marine securoses	13	DNSH criteria (Do no Significant F
							ž	Circular economy	14	nificant Harm)
							ž	noitulloq	15	arm)
							ž	Biodiversity and ecosystems	16	
							ž	muminiM sbrsugəfss	17	
					0%		%	2022	18	Taxonomy- aligned proportion of CapEx year N
							%	1202	19	Taxonomy- aligned proportion of CapEx year N-1
							т	(enabling activity)	20	
							-	Category (transitional activity)	21	

Consolidated Financial Statements

Key figures CapEx (Fortsetzung)

100.0%	617,770		Total A + B
97.3%	601,194		CapEx of Taxonomy-non-eligible activities(B)
			B. TAXONOMY-NON-ELIGIBLE ACTIVITIES
2.7%	16,576		Total A1 + A2
2.7%	16,576		CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)
0.9%	5,469	8.1	Data processing, hosting and related activities
0.0%	220	7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	Data processing, hosting and related activities	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
		1	8.1	7.4
	16,576	16,576	5,469	220
	2.7%	2.7%	0.9%	0.0%
	0%			
	0%			
	0%			

Economic activities					S	Substantial contribution criteria	ial conti	ibution	criteria	<u> </u>		DNSH (Do no Sig	DNSH criteria o Significant F	d criteria nificant Harm)	arm)			Taxonomy- aligned proportion of OpEx year N	Taxonomy- aligned proportion of OpEx year N-1		
departicipation and devices and tributies as activities as		2	ω	4	л	6	7	00	9	10	1	12	13	14	15	16	17	18	19		20
DMY-ELIGIBLE TEUR % % % % % % % W V/N V/N V/N V/N V/N W/N W W W W W W W W W	Economic activities	эроЭ	X3qO ətulosdA	x3qO ło noitroqorq				Circular economy	noitullo¶		epnsda etsmilD noitsgitim	epneda etemil noitetqebe		Circular economy	noifullo¶			2022	2021		Category
nmentally saligned) 0 0% 0% 0% N/A	A. TAXONOMY-ELIGIBLE ACTIVITIES		tEUR	%	%	%	%	%	%	%	Y/N	Y _N	Ϋ́N	Y/N	Y/N	Y/N	Y/N	%	%	ш	
vironmentally a activities and promphetics (not aligned) (A.1) 0 0% 0% N/A N/A N/A N/A a promphetics (not aligned activities) 3.4 2,512 0.6%	A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
omy-eligible ironmentally a activities (not aligned activities) e of batteries maintenance of energy efficiency 7.3 maintenance and truments and devices fragulation and energy performance energy performance 7.5 261 maintenance and newable energy 3.4 2,512 7.5 261 4.25 717	OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	N/A	N A	N N	N/A								0%			
maintenance maintenance and fremergy efficiency 7.3 903 maintenance and devices ng, regulation and energy performance 7.5 261 maintenance and newable energy 7.6 123 s 903 maintenance and 123 903 maintenance and 123 903 903 903 903 903 903 903 903 903 90	A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
maintenance 7.3 903 maintenance and truments and devices ng, regulation and energy performance 7.5 261 maintenance and newable energy 7.6 123 s 717	Manufacture of batteries	3.4	2,512	0.6%																	
, maintenance and struments and devices ng, regulation and energy performance 7.5 261 , maintenance and newable energy 7.6 123 of heat/cool using 4.25 717	Installation, maintenance and repair of energy efficiency equipment	7.3	903	0.2%																	
7.6 123	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of building	7.5	261	0.1%																	
4.25 717	Installation, maintenance and repair of renewable energy technologies	7.6	123	0.0%																	
	Production of heat/cool using waste heat	4.25	717	0.2%																	

Additional Information

Key figures OpEx (Fortsetzung)

OpEx of Taxonomy-non-eligible activities (B)	B. TAXONOMY-NON-ELIGIBLE ACTIVITIES	Total A1 + A2	OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	Data-driven solutions for GHG 8.2 emissions reductions	Data processing, hosting and related activities 8.1	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) 7.4	Transport by motorbikes, passenger cars and light commercial vehicles 6.5	heat/cool and power from fossil 4.30
426,472		18,499	18,499	148	8,738	24	4,564	511
95.8%		4.2%	4.2%	0.0%	2.0%	0.0%	1.0%	0.1%

Total A + B

426,472 444,971

100.0% 95.8%

Relevant Key Figures for the Non-financial Statement of the Beiersdorf Group

Combined Management Report

Consumer Business Segment	Unit	2021	2022
Environment			
GHG emissions (Scope 1 and Scope 2)	t CO ₂ e	42,889	40,811
GHG emissions (Scope 3) considering biofuel certificates	t CO ₂ e	1,070,612	1,023,679
GHG emissions (Scope 3) not considering biofuel certificates	t CO ₂ e	1,079,412	1,034,279
Absolute reduction GHG emissions (Scope 1 and Scope 2) vs. 2018	% 	26	31
Absolute reduction GHG emissions (Scope 3) vs. 2018 ¹	%	12	16
Reduction of fossil-based virgin plastic vs. 2019 ²	%	9	15
Recycled material in plastic packaging ²	%	7	10
Reduction of nonbiodegradable polymers in European product formulas (based on raw material volume) vs. 2016 ²	%	52	63
Reduction of microplastic ³ in NIVEA products (based on raw material volume) vs. 2016	<u> </u>	100	100
Reduction of microplastic ³ in Eucerin products (based on raw material volume) vs. 2016	%	45	76
Share of mass balance palm (kernel) oil and derivates ²	<u></u>	100	100
FSC-certified paper in folding boxes ²	<u></u>	100	100
Employees			
Share of women management group 1 - 3	%	34	40
Share of internal recruitments management group 1	%	100	100
Share of internal recruitments management group 2	%	88	89
Accident frequency rate (AFR)	Accidents per 1 million working hours	1.0	0.5
Human Rights			
Coverage supplier risk screening	<u></u>	100	100
Coverage code of conduct	<u></u>	92	91
Compliance			
Participation rate compliance training	%	95	97
tesa Business Segment	Unit	2021	2022
Environment			
GHG emissions (Scope 1 and Scope 2)	t CO ₂ e	58,373	50,860
Specific GHG emissions per metric ton of end product	t CO ₂ e	0.80	0.71
Electricity from renewable energy sources	%	52	66
Employees			
Accident frequency rate (AFR)	Accidents per 1 million working hours	4.1	3.6
Compliance			
Participation rate compliance training	%	98	99
Human rights			
Coverage direct spend from suppliers assessed by EcoVadis	%	43	54
Product safety			
tesa plants with quality management certificates	%	100	100

Taking into account the reduction through biofuel certificates
 Not including Coppertone
 According to definition of United Nations Environment Program

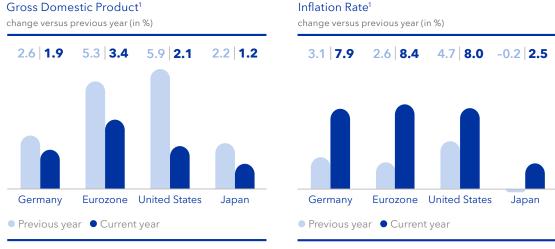
Relevant Key Figures for the Non-financial Statement of the Beiersdorf ${\sf AG}$

Environment			
GHG emissions (Scope 1 and Scope 2)	t CO ₂ e	6,267	5,956
Absolute reduction GHG-emissions (Scope 1 and Scope 2) vs. 2018	%	5	10
Employees			
Share of women in first management level	%	31	31
Share of women in second management level	%	52	48
Share of internal recruitments management group 1	%	100	N/A
Share of internal recruitments management group 2	%	86	100
Accident frequency rate (AFR)	Accidents per 1 million working hours	2.2	2.1
Compliance			
Participation rate compliance training	%	99	97

Economic Report

Economic Environment

General Economic Situation



¹ Commerzbank Research

2022 was a turbulent year for the **global** economy. In particular, geopolitical and economic events created a volatile macroeconomy. While the easing of COVID-19 restrictions at the beginning of the year initially improved the economic situation, optimism quickly subsided again due to the Russian invasion of Ukraine. In summary, the year was marked by a stronger-than-expected economic downturn. This was caused by inflation reaching heights not seen for several decades and interacting with an imbalance of supply and demand. Central banks responded by tightening the monetary policy reins and hiking interest rates. Global inflation rises therefore slowed in the second half of the year, but this came at the price of a more difficult financing environment in many regions. In addition, shortages on labor markets, combined with a loss in purchasing power, put pressure on wage and salary structures. The supply chain problems continued to act as a brake on the global economy in 2022; however, the supply chain situation improved somewhat toward the end of the year.

The **European** economy was particularly affected by the impacts of the Ukraine war in 2022. In economic terms, the Russian invasion resulted in uncertainty around gas supplies and a dramatic rise in energy prices in the eurozone. The energy price situation was also linked to a dramatic rise in the inflation rate, which translated into higher consumer prices. This meant that European consumer spending was low. The service sector was particularly affected by consumer restraint. Industry in the eurozone was additionally hit by the continuing supply chain problems. In particular, a shortage of intermediate products hit the output of European industry. In response to the high rate of inflation, the European Central Bank (ECB) began to hike key interest rates starting from the middle of the year. The difficult financing environment began to make its mark in interest rate-sensitive markets such as real estate and resulted in falling property prices in the eurozone.

As part of the world economy, the **German** economy was also hit by numerous factors in 2022. Dramatic inflation rates, supply shortages, and uncertainty following the Russian invasion of Ukraine put the brakes on economic activity. While Germany's exports suffered, its import spending rose, driven

by expensive energy imports from abroad. However, the relief packages adopted by the German government largely offset the rising cost of imported energy, at least in mathematical terms. Higher interest rates to tackle inflation resulted in a fall in residential property prices in Germany starting from the middle of the year. Manufacturing output rose slightly, and the supply chain problems also eased somewhat toward the end of the year. While the supply situation differs from industry to industry, chemical plants, for example, are again finding it easier to access raw materials and intermediate products.

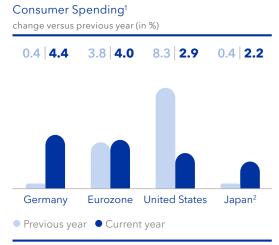
The **United States** started 2022 with negative economic growth, which continued until the middle of the year. In June, inflation reached its highest level for four decades. The Federal Reserve responded throughout the year with sharp interest rate hikes. Inflation slowed as a result; however, it still remained at a high level. Interest rate-sensitive markets such as the real estate sector responded quickly to the rate hikes. From June 2022, this triggered a fall in US property prices. Other sectors were robust to the more restrictive monetary policy of the Federal Reserve. This is partly explained by the release of high pent-up demand in the second half of the year and was also helped by the easing of supply shortages caused by the COVID-19 measures. The automotive sector was a noteworthy example. Overall, after a difficult start to 2022, the US economy recovered in the second half of the year.

Japan was also affected by the global economic situation and faced rising inflation and elevated import and energy costs. This resulted in a slowdown in growth in 2022. Toward the end of the year, however, an upturn in consumer spending was seen. Demand for services, in particular, rose again. The upturn was linked to the reopening of the border and an easing supply chain situation. At the same time, the Bank of Japan decided for the first time in over two decades to move away from its loose monetary policy and raised yields on long-term Japanese bonds.

Although the emerging markets recovered economically from the pandemic, the difficult global economic context put them under pressure again. China's economy was kept stable overall by capital investment in infrastructure and manufacturing. Consumer spending, meanwhile, remained at a reduced level due to the zero-Covid policy. With the difficult global economic situation reducing demand from abroad, the Chinese economy lost an important growth driver. The Middle East economies enjoyed the highest growth rate since 2016. This was largely due to high oil prices; however, growth was also generated in non-oil-extracting sectors. In **India** exports declined significantly relative to imports. Sales fell across the economy, as demand for both durable and non-durable consumer goods was well below the pre-pandemic level. However, industrial output remains on a par with pre-COVID-19 times. In the Southeast Asian emerging markets, inflation peaked at the end of 2022. Border reopenings enabled an economic recovery, especially in the contact-intensive service sector. The economic situation in Brazil was marked by uncertainty. The debate about a change in the constitution, which would enable government spending to exceed the existing cap, triggered a sharp rise in market prices. The uncertainty was further amplified by the lack of appointments to key government posts, including that of finance minister. The **Russian** economy was dominated by the impacts of the Russian invasion of Ukraine in February 2022. According to information from the European Union - based on independent analyses by the World Bank, the International Monetary Fund (IMF), and the Organisation for Economic Co-operation and Development (OECD) - the sanctions imposed were effective. The Russian economy shrank, and trade declined. High inflation rates complicated the economic environment in Russia, too. Economic activity was also hit by the partial mobilization of the Russian population for the war in Ukraine. Wage inflation and increased momentum in services were also observed. Overall, Russia ended the fiscal year with a declining GDP.

Sales Market Trends

The global market environment in 2022 was highly volatile and challenging. Since the outbreak of Russia's war against Ukraine, markets have been confronted with increased commodity prices and substantial supply shortages in energy markets. In many countries, the combination of increased commodity prices and sustained currency depreciation resulted in higher inflation combined with growing fear of recession. The global cosmetics market saw growth despite the volatile environment and challenging circumstances and returned to the levels seen before COVID-19. In particular, the SUN, Lip, and Deo categories achieved year-onyear growth, as did all regions with the exception of Northeast Asia.



- ¹ Commerzbank Research.
- ² Oxford Economics.

The tesa subsidiary's business activities were characterized by high uncertainty in 2022. Hard lock-down measures in the People's Republic of China due to the COVID-19 pandemic temporarily weak-ened the local market, as did the ongoing disruption to global supply chains. The Ukraine war led to a significant increase in energy prices. The continued lack of availability of semiconductors and other industrial materials also contributed to high inflation. However, industrial sales markets proved highly robust in this environment. Global automotive markets in particular saw noticeable year-on-year growth, especially compared with the weaker second half of 2021. There were differences in the impact on distribution to end consumers and industry. While traditional retail rallied since it was now only slightly affected by COVID-19 restrictions, growth in online retail slowed noticeably.

Procurement Market Trends

The year 2022 was marked by continuous supply shortages and significant inflation on most commodity, packaging, and logistics markets. This was partly due to COVID-19-related capacity restrictions affecting many producers and entire supplier countries such as China. In addition to this, energy costs, which had already risen in 2021, were lifted to new heights by the Ukraine war, resulting in a strong increase in production costs for our suppliers.

All this meant that prices for raw materials, packaging, and logistics services were substantially up on the previous year's levels, particularly in the second half of 2022. Our focused, cross-departmental management of supply shortages and preferential position with key suppliers enabled us to limit the negative impact of supply difficulties on our production sites and retail partners.

Overall Assessment of the Economic Environment

The global cosmetics market developed positively in 2022 despite the continued high volatility in the world economy. The main reasons for this included the widespread normalization of everyday life following the restrictions due to the pandemic in the previous years. Both Skin Care and Personal Care (soaps, shower gels) produced strong growth. The focus in the Consumer Business Segment was on Skin Care, in which we made major investment. All Skin Care subcategories achieved growth in 2022 and largely posted strong gains in market share.

In the tesa Business Segment, considerable impacts of the COVID-19 pandemic continued to make themselves felt in 2022 through the still difficult situation in global value chains. In addition, the outbreak of the Ukraine war meant a marked increase in prices for raw materials, logistics, and energy. Despite difficult circumstances, tesa increased sales in both divisions Industry and Consumer, including through necessary price rises.

Results of Operations

Results of Operations - Group

Income Statement

(in € million)

To the shareholders

	2021	2022	Development in %1
Sales	7,627	8,799	15.4
Cost of goods sold	-3,267	-3,842	17.6
Gross profit	4,360	4,957	13.7
Marketing and selling expenses	-2,675	-2,998	12.1
Research and development expenses	-268	-291	8.3
General and administrative expenses	-448	-524	16.9
Other operating result (excluding special factors)	24	14	_
Operating result (EBIT, excluding special factors)	993	1,158	16.7
Special factors	-60	-66	_
Operating result (EBIT)	933	1,092	17.1
Financial result	-26	4	_
Profit before tax	907	1,096	20.9
Income taxes	-252	-325	28.8
Profit after tax	655	771	17.8

¹ Percentage changes are calculated based on thousands of €.

Sales

Group sales increased organically by 10.2% year on year. The Consumer Business Segment recorded an encouraging, double-digit rise in organic sales of 10.5%. The tesa Business Segment achieved organic sales growth of 8.8%. Exchange rates increased nominal growth by 4.3 percentage points. The structural effects of the acquisition of Chantecaille and the sale of tesa Labtec had a positive impact of 0.9 percentage points on sales. Nominal sales for the Group increased by 15.4% year-on-year to \leq 8,799 million (previous year: \leq 7,627 million).

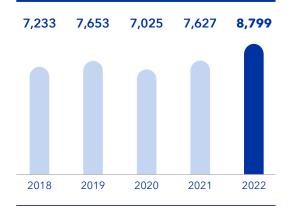
In **Europe**, organic sales were up 5.5% on the previous year. Nominal sales stood at \le 3,900 million (previous year: \le 3,676 million), putting them 6.1% higher than the previous year.

Organic year-on-year growth in the **Americas** hit 21.8%. In nominal terms, sales rose by 39.2% to \in 2,126 million (previous year: \in 1,527 million).

Organic sales in the **Africa/Asia/Australia** region were 9.9% above the previous year's level. Nominal sales climbed by 14.4% to \leq 2,773 million (previous year: \leq 2,424 million).



(in € million)



Group Sales by Regions

(in %)



Expenses/Other operating result

The **cost of goods** sold climbed by 17.6%. As a result of the increased sales volume, costs rose again compared to the previous year. In addition, exchange rates had a negative impact. These were partially offset by price and mix effects. Overall, as a result of increased cost pressure on the procurement markets, **gross profit** as a percentage of sales decreased in the reporting year.

With an increase of 12.1% compared to the previous year, **marketing and selling expenses** developed at a lower rate than sales due to the efficient use of resources and amounted to \in 2,998 million (previous year: \in 2,675 million). This was achieved through optimization of marketing expenditures and focused advertising campaigns. The marketing budget is constantly adjusted to the changing market conditions and especially to the change in consumers' media use. A total of \in 1,883 million (previous year: \in 1,689 million) was spent on advertising and trade marketing.

Research and development expenses also developed at a lower rate than sales. They amounted to €291 million, €23 million higher than in the previous year (€268 million). One focus in this respect was on forward-looking technologies, new digitization options and sustainable concepts. Continuous research, taking into account regional specifics, enables the company to respond to consumer wishes.

General and administrative expenses rose from €448 million to €524 million and were mainly driven by the continuation of numerous digitalization projects. The other operating result (excluding special factors) totaled €14 million (previous year: €24 million). This was mainly due to foreign exchange losses and higher restructuring expenses.

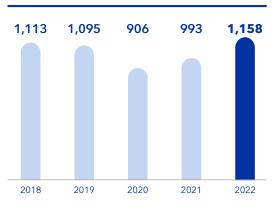
Operating result (EBIT, excluding special factors)

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

EBIT excluding special factors amounted to €1,158 million (previous year: €993 million), while the EBIT margin was 13.2% (previous year: 13.0%). The Consumer Business Segment generated EBIT excluding special factors of €880 million (previous year: €740 million). The EBIT margin was 12.3% (previous year: 12.1%). The tesa Business Segment achieved EBIT excluding special factors of €278 million (previous year: €253 million) and an EBIT margin of 16.7% (previous year: 16.9%).

The Group operating result before special factors in **Europe** was €618 million (previous year: €556 million). The EBIT margin was 15.9% (previous year: 15.1%). The operating result before special

Group EBIT excluding special factors (in € million)



factors in the **Americas** amounted to €140 million (previous year: €91 million). The EBIT margin here was 6.6% (previous year: 6.0%). In **Africa/Asia/Australia**, EBIT excluding special factors amounted to €400 million (previous year: €346 million) with an EBIT margin of 14.5% (previous year: 14.3%).

Special factors

The Group special factors totaled €66 million (previous year: €60 million). The special factors recognized in the reporting year mainly comprised restructuring expenses, primarily in the supply chain organization of €43 million (previous year: €37 million), expenditure from the "Care Beyond Skin" program of €5 million (previous year: €6 million), and other expenditure of €18 million, which was incurred as a result of the integration of the Chantecaille business in the amount of €4 million, as well as expenses of €6 million in connection with the sale of tesa Labtec and the impairment of goodwill for tesa Twinlock in the amount of €8 million.

Operating result (EBIT)

The operating result (EBIT) amounted to €1,092 million (previous year: €933 million). This corresponds to an EBIT margin of 12.4% (previous year: 12.2%).

Financial result

The financial result amounted to €4 million (previous year: €-26 million). The previous year's figure was attributable to losses from financial investments.

Income taxes

Income taxes totaled \le 325 million (previous year: \le 252 million). The tax rate was 29.6% (previous year: 27.8%). Taxes for the special factors amounted to \le 14 million (previous year: \le 16 million).

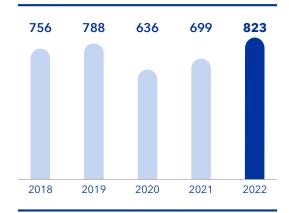
Profit after tax

Profit after tax was €771 million (previous year: €655 million). The return on sales after tax was 8.8% (previous year: 8.6%).

Excluding special factors, profit after tax increased to €823 million (previous year: €699 million). The corresponding return on sales after tax was 9.4% (previous year: 9.2%).

Group Profit after Tax

excluding special factors (in € million)



Earnings per share - Dividends

Earnings per share stood at ≤ 3.33 (previous year: ≤ 2.81). Excluding special factors, earnings per share amounted to ≤ 3.56 (previous year: ≤ 3.00). 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 19 "Share Capital" in the notes to the consolidated financial statements.

Results of Operations - Business Segments

Consumer

Sales - Consumer Business Segment

(in € million)

lan 1 - Dec 31 2022	nominal or		
3d11: 1 DCC: 01, 2022	nominal	organic	
3,104	6.7	5.0	
2,505	6.5	5.3	
599	7.3	3.7	
1,841	41.4	23.2	
900	39.3	17.6	
941	43.4	28.6	
2,186	14.0	10.2	
7,131	16.3	10.5	
	2,505 599 1,841 900 941 2,186	3,104 6.7 2,505 6.5 599 7.3 1,841 41.4 900 39.3 941 43.4 2,186 14.0	

Sales in the **Consumer** Business Segment grew organically by 10.5% in 2022. In nominal terms, sales increased by 16.3% to €7,131 million (previous year: € 6,129 million). Exchange rate effects increased nominal growth by 4.6 percentage points. The structural effect from the acquisition of Chantecaille positively impacted nominal growth by 1.2 percentage points.

All regions and brands contributed to the growth in the Consumer Business Segment. Beiersdorf gained market share on every continent, particularly with the NIVEA brand in Europe, with very strong development in Switzerland, the United Kingdom, and Spain, and with the Derma business unit's Eucerin and Aquaphor brands in the United States, Mexico, and Germany. The Healthcare business also gained market share, particularly in Australia, Mexico, and Indonesia.

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

EBIT excluding special factors was €880 million (previous year: €740 million). The EBIT margin excluding special factors was 12.3% (previous year: 12.1%). Special factors comprised expenditure of €5 million from the "Care Beyond Skin" program, restructuring expenses, primarily in the supply chain organization of €43 million, and expenditure of €4 million in connection with the integration of the Chantecaille business. The operating result for the Consumer Business Segment including special factors therefore stood at €828 million (previous year: €680 million), while the EBIT margin was 11.6% (previous year: 11.1%).

NIVEA grew organically by 9.6% globally in 2022. Nominal sales increased from €4,116 million to €4,652 million. The strong almost double-digit sales growth in percentage terms was based on gains in market share in all regions and almost all main categories. NIVEA saw growth in both volume and price. This was driven especially by the emerging markets region, the introduction of new products, and a strong performance by the basic range. All main categories posted growth in 2022. The main growth drivers were NIVEA Deo, NIVEA SUN, NIVEA Body, NIVEA Lip, and NIVEA Face. In the NIVEA Deo category, existing product lines such as Black & White and Fresh and expanded lines such as Pearl&Beauty were among the key growth drivers. The NIVEA SUN business showed remarkable growth in all regions and almost all ranges, outperforming the pre-COVID-19 sales level. NIVEA also achieved very positive sales performance in the core body care business with ranges such as Essentials. NIVEA Lip grew strongly in almost all product ranges and regions. In the NIVEA Face category, the continued excellent performance of the newly launched NIVEA Cellular LUMINOUS630® contributed to the strong sales growth. The NIVEA hair care category saw a further decline.

The **Derma** business unit performed particularly well, with organic sales growth of 23.9%. Nominal sales were up from €790 million to €1,026 million. Sales growth was achieved in all regions and categories. Strong growth acceleration was achieved in our key market USA, in the South America and MEA region, and in our white spot market China. A positive contribution to growth came primarily from the Eucerin face category, mainly from the subcategories anti-pigment and acne, driven by the further expansion of our Thiamidol range. In addition, our sun category contributed to strong above-average growth, supported by the launch of Eucerin Sun in the USA and the success of our new product launches such as Oil and Pigment Control Tinted. In Body Care, the Eucerin Urea range and Aquaphor recorded particularly strong sales growth. In general, the online sales channel was an important sales driver.

Healthcare recorded organic sales growth of 13.1% and reached a new milestone of €261 million (previous year: €225 million). The double-digit sales growth in percentage terms was based on strong, consistent implementation of brand innovations, including sustainable plasters in the field of wound care. This growth was seen in all major markets. Wound plasters continue to be a strong pillar and growth driver for overall growth.

In the selective cosmetics business unit, our **La Prairie** brand increased organic sales by 1.9%. Nominal sales were up from €599 million to €655 million. This result was mainly due to the recovery of the important travel retail business and the upturn in brick-and-mortar retail in North America, while the local market in China faced major challenges from COVID-19 restrictions. The launches of White Caviar Essence Extraordinaire, Pure Gold Radiance Nocturnal Balm, and Skin Caviar Harmony L'Extrait acted as the growth drivers.

In the **Europe** region, organic sales were up 5.0% on the previous year. Nominal sales climbed by 6.7% to $\le 3,104$ million (previous year: $\le 2,910$ million).

In **Western Europe**, organic sales rose by 5.3%. Healthy growth rates were achieved especially in Great Britain, Spain, Italy, and Denmark. Sales in NIVEA Deo, SUN, and Universal Creams along with the wound care categories in the Healthcare area developed especially positively. The Eucerin Face, Body, and Sun categories also contributed to sales growth. There was a significant impact from the recovery of the travel retail business at the La Prairie brand.

Sales in **Eastern Europe** were up 3.7% on the previous year in organic terms. This trend was partly driven by strong growth in Poland and Romania and by the positive performance in other Eastern European countries. The NIVEA Deo, SUN & Lip Care and Eucerin Face, Sun & Body categories performed especially well in the region. In Russia, business with La Prairie was reduced completely and with other products in the consumer segment significantly. Due to the reduced business activities in Russia and the conflict in Ukraine, growth in Eastern Europe was below average.

In the **Americas** region, the Consumer Business Segment achieved strong organic sales growth of 23.2%. At €1,841 million, nominal sales were up 41.4% on the previous year (€1,302 million).

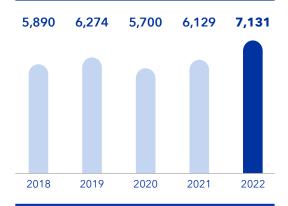
In **North America**, there was positive organic sales growth of 17.6%. The Coppertone, Aquaphor, and Eucerin brands were the key growth drivers.

Very good organic sales growth of 28.6% was also achieved in **Latin America**. Nominal sales in the region rose by 43.4% due to the substantial exchange rate effects. Sales growth was seen in almost all countries. This was particularly strong in Brazil and Mexico. Both NIVEA and Eucerin were strong growth drivers.

Sales in the **Africa/Asia/Australia** region grew by 10.2% in organic terms. In nominal terms, sales rose by 14.0% to €2,186 million (previous year: €1,917 million). Sales trends were especially positive in Indonesia, India, Nigeria, and South Africa. In particular, NIVEA Deo, Face, and SUN all performed very well. Eucerin also achieved strong growth in the region, especially in China.

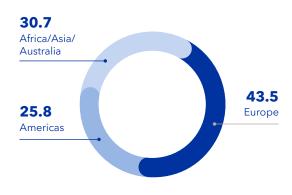
Consumer Sales

(in € million)



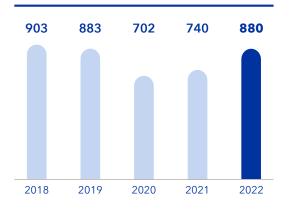
Consumer Sales by Region

(in %)



EBIT Consumer

excluding special factors (in € million)



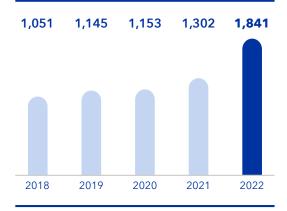
Consumer Sales in Europe

(in € million)

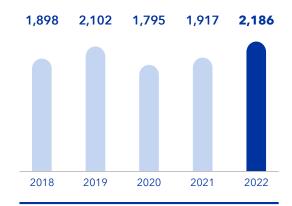


Consumer Sales in America

(in € million)



Consumer Sales in Africa/Asia/Australia (in € million)



Change /in 0/1

tesa

Sales - tesa Business Segment

(in € million)

Total ¹	1,498	1,668	11.3	8.8
Africa/Asia/Australia	507	587	15.8	8.4
Americas	225	285	26.4	13.7
Europe	766	796	3.9	7.6
	Jan. 1 - Dec. 31, 2021	Jan. 1 - Dec. 31, 2022	nominal	organic
		_	Change (In	70)

¹ The total comprises the sales of the tesa Industry, Consumer, and Others divisions.

tesa achieved very healthy organic sales growth of 8.8% in 2022 in a difficult market environment. Positive exchange rate effects impacted this development by 3.3 percentage points. In contrast, the sale of tesa Labtec in the third quarter had a negative impact on sales of 0.8 percentage points. In nominal terms, sales therefore rose by 11.3%, from €1,498 million in the previous year to €1,668 million.

In **Europe**, organic sales were up by 7.6%. The Industry division achieved significant increases in all markets. Price rises were implemented to counter cost pressure from materials, logistics, and energy price inflation. tesa's Consumer division also continued its growth on the back of a healthy prior-year period. In a difficult market environment, sales in the end consumer business, including via digital sales channels, trended upwards. In nominal terms, tesa generated European sales of €796 million (previous year: €766 million). The region's share of Group sales fell to 47.7% (previous year: 51.1%).

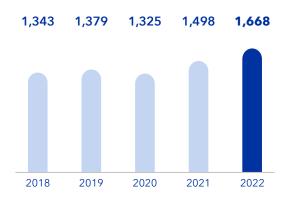
In **North and South America**, tesa achieved a very positive sales trend with organic growth of 13.7%. Sales in the Industry division made a substantial recovery and recorded growth particularly in the automotive market. Sales in the end consumer business in Latin America also developed very positively. The region's sales were up by 26.4% in nominal terms to €285 million (previous year: €225 million). The region's share of Group sales rose to 17.1% (previous year: 15.0%).

In **Asia**, tesa achieved organic sales growth of 8.4%, particularly due to new project business with products for the electronics industry. The recovery in the automotive sector led to additional business in this region, too. In nominal terms, sales in Asia increased by 15.8% to \leq 587 million (previous year: \leq 507 million). The region's share of Group sales rose to 35.2% (previous year: 33.9%).

EBIT excluding special factors increased to a total of €278 million (previous year: €253 million). The EBIT margin excluding special factors was 16.7% (previous year: 16.9%). The special factors in the tesa Business Segment in the amount of €14 million (previous year: €0) mainly involved an impairment loss on the goodwill of tesa Twinlock of €8 million and the loss from the sale of tesa Labtec of €6 million. The operating result including special factors stood at €264 million (previous year: €253 million), while the EBIT margin was 15.8% (previous year: 16.8%).

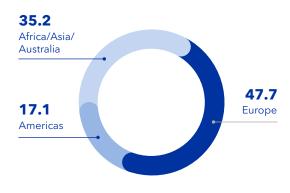


(in € million)



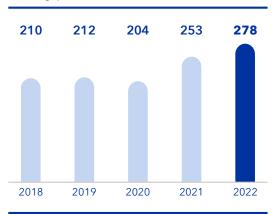
tesa Sales by Regions

(in %)



EBIT tesa

excluding special factors (in € million)



Industry

Sales in tesa **industry** increased considerably. Alongside successful project business in consumer electronics and the recovery in automotive markets, price increases contributed in significant part to this trend. The Industry division recorded organic sales growth of 10.0%. Nominal sales climbed by 13.3% to €1,297 million (previous year: €1,145 million). The share of the Industry division in total sales was 77.8% (previous year: 76.4%).

In **consumer electronics**, tesa once again grew strongly and further enhanced its position as an important provider of innovative products and solutions for the manufacture of smartphones and tablets. The range for assembling front and rear modules and for battery mounting was developed further and translated into bespoke solutions. tesa gained market share in a sharply deteriorating overall market environment.

The **automotive and electrical systems** businesses achieved double-digit growth in 2022. This was partly due to strong market growth in the second half of the year on the back of a weaker prior-year period dominated by shortages in the semiconductor industry. In addition, the automotive business grew through successful project business in e-mobility, particularly with adhesive solutions for components to affix displays, for e-batteries, and for vehicle design. tesa continued its targeted expansion of the product range in close cooperation with automotive manufacturers and suppliers and invested further in research and development in line with the transformation of the automotive industry.

tesa further expanded its activities in the **printing and paper business**. In particular, the strong product portfolio in flexographic printing contributed to this growth. tesa continues to benefit from a growing market in the packaging industry all around the world.

In **building industries**, business activity declined during the reporting year. High real estate prices, the sharply increased cost of building materials, and interest rate hikes dented market performance particularly in the United States, where tesa provides airtight and waterproof adhesives for the construction and building supplies industry.

The **industrial distribution** business grew globally in 2022. This was due to the targeted addition of sustainable adhesive tapes to the product portfolio, an expansion of business with industrial converters, and the implementation of price rises. Business performance in Europe saw a downturn in the fourth quarter.

Until September 30, 2022, tesa's portfolio also included Labtec GmbH with its applications for the pharmaceutical industry. Labtec GmbH was sold to the French company AdhexPharma.

Consumer

To the shareholders

Organic sales in the **consumer** division increased by 5.1%. In nominal terms, this translated to growth of 4.9%, lifting sales to \le 363 million (previous year: \le 346 million). As a result, the Consumer division contributed 21.8% (previous year: 23.1%) of tesa's total sales in the reporting year.

Business with private consumers and professional tradespeople grew moderately in Europe and markedly in Latin America. Significant price adjustments along with product launches and successfully realized customer projects contributed to this.

Sales channels for professional tradespeople and stationery showed particularly strong growth. The hardware store business, which was partly affected by COVID-19 lockdowns in the previous year, contributed to the positive sales growth. E-commerce accounts were unable to escape the negative market trend and fell short of the previous year's figures, which had been bolstered by strong market growth.

Product ranges driving growth chiefly included tesamoll®, packaging tapes and tapes for painters and repairs. For the latter, tesa made changes to the product range and shelf presentation in hardware stores. In the bathroom accessories category, tesa sells products that are quick and easy to mount with the innovative "nie wieder bohren" technology. Newly introduced product options, expanded distribution, and media campaigns enabled tesa to further enhance its market position in 2022.

Net Assets

Net Assets - Group

(in € million)

To the shareholders

Assets	Dec. 31, 2021	Dec. 31, 2022
Non-current assets	6,668	6,806
Inventories	1,144	1,557
Other current assets	2,451	2,905
Cash and cash equivalents	1,036	1,080
	11,299	12,348
Equity and liabilities	Dec. 31, 2021	Dec. 31, 2022
Equity	6,894	7,805
Non-current provisions	935	528
Non-current liabilities	145	254
Current provisions	582	614
Current liabilities	2,743	3,147
	11,299	12,348

Non-current assets increased by €138 million to €6,806 million (previous year: €6,668 million). Long-term securities decreased by €753 million to €3,184 million (previous year: €3,937 million). Capital expenditure on property, plant, and equipment, and investment in intangible assets amounted to €1,137 million (previous year: €413 million). Of this amount, €1,054 million (previous year: €376 million) related to the Consumer Business Segment and €83 million (previous year: €37 million) to the tesa Business Segment. The capital expenditure primarily involved the acquisition of Chantecaille (€532 million) as well as securing the future of the Beiersdorf sites and expanding them, increasing capacity at the production locations, and constructing the new Group headquarters. Depreciation and impairment losses amounted to €287 million (previous year: €287 million). Inventories increased by €413 million to €1,557 million (previous year: €1,144 million). Other current assets increased to €2,905 million (previous year: €2,451 million). This item includes short-term securities of €771 million (previous year: €616 million). The increase in this position is mainly due to repayments at maturity and a simultaneous reclassification from non-current to current securities. Trade receivables increased by €202 million to €1,508 million (previous year: €1,306 million). Income tax receivables amounted to €205 million (previous year: €207 million), while other current assets increased by €41 million to €239 million (previous year: €198 million).

Cash and cash equivalents increased to €1,080 million (previous year: €1,036 million). Net liquidity (cash, cash equivalents, and long- and short- term securities less current and non-current lease liabilities less other financial liabilities) decreased by €589 million to €4,477 million (previous year: €5,066 million). Other financial liabilities increased by €26 million to €367 million (previous year: €341 million). Short-term borrowings continue to be used to support the management of financial assets and liquidity.

Financing Structure

(in %)



Total non-current provisions and liabilities stood at €782 million (previous year: €1,080 million). This item includes provisions for pensions and other post-employment benefits, which decreased to €382 million (previous year: €808 million), mainly due to an increase in the interest rate. There was a related increase in deferred tax liabilities to €137 million (previous year: €38 million). Total current provisions and liabilities rose by €436 million to €3,761 million (previous year: €3,325 million) as a result of an increase in current financial liabilities and a rise in trade payables. The equity ratio was 63% (previous year: 61%). Non-current liabilities accounted for 6% (previous year: 10%) and current liabilities for 31% (previous year: 29%).

Financial Position

Cash Flow Statement - Group

(in € million)

Cash and cash equivalents as of Dec. 31	1,036	1,080
Cash and cash equivalents as of Jan. 1	1,005	1,036
Net change in cash and cash equivalents	31	44
Other changes	24	-6
Net cash flow from financing activities		-345
Free cash flow	148	395
Net cash flow from investing activities	-845	-402
Net cash flow from operating activities	993	797
Change in net current assets	96	-287
Gross cash flow	897	1,084
	2021	2022

Gross cash flow amounted to \leq 1,084 million in the period under review, up \leq 187 million on the prior-year value.

The change in working capital led to an outflow of €287 million (previous year inflow: €96 million). The increase of €396 million in trade payables and current provisions was accompanied by a €395 million increase in inventories and a €288 million increase in receivables and other assets.

The net cash outflow from investing activities amounted to €402 million in the reporting year (previous year: €845 million). Net investments of €583 million in the sale of securities, interest and other financial income received of €76 million, proceeds of €29 million from the sale of intangible assets and property, plant, and equipment as well as proceeds from the sale of subsidiaries of €10 million were offset by capital expenditure of €548 million for property, plant, and equipment and intangible

assets, payments for acquisitions of \in 545 million as well as payments for investments in associated companies and other investments of \in 7 million.

Free cash flow was \le 395 million, up by \le 247 million on the prior-year value (\le 148 million). The net cash outflow of \le 345 million from financing activities (previous year: \le 141 million) comprised the Beiersdorf AG dividend payment of \le 159 million, payments to acquire shares from non-controlling interests without a change in control of \le 72 million and other financial cash outflows in the amount of \le 114 million.

Cash and cash equivalents amounted to €1,080 million (previous year: €1,036 million).

Financing and liquidity provision

To the shareholders

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 29.

Overall Assessment of the Group's Economic Position

Overall Assessment of the Group's economic Position

	Forecast for 2022	Forecast for 2022	Forecast for 2022	
Result in 2021	in 2021 Annual Report	in H1 2022 Report	in 9M 2022 Quarterly Statement	Result in 2022
8.8	in the middle single digit range	at the upper end of the mid-single digit range	9 - 10	10.5
13.6	in the middle single digit range	in the low- to mid- single digit range	7 - 9	8.8
9.7	in the middle single digit range	at the upper end of the mid-single digit range	9 - 10	10.2
12.1	slightly above previous year's level	slightly above previous year's level	slightly above previous year's level	12.3
16.9	noticeably below previous year's level	noticeably below previous year's level	slightly below previous year's level	16.7
13.0	at prior-year level	at prior-year level	at prior-year level	13.2
	8.8 13.6 9.7 12.1 16.9	Result in 2021 Annual Report 8.8 in the middle single digit range 13.6 in the middle single digit range 9.7 in the middle single digit range 12.1 slightly above previous year's level 16.9 noticeably below previous year's level	Result in 2021	Result in 2021 Annual Report Report Quarterly Statement 8.8 in the middle single digit range of the mid-single digit range 13.6 in the middle single digit range in the low- to mid-single digit range of the mid-single digit range 9.7 in the middle single digit range at the upper end of the mid-single digit range of the mid-single digit range 12.1 slightly above previous year's level previous year's level previous year's level 16.9 noticeably below previous year's level

The **Group** generated sales of €8,799 million (previous year: €7,627 million). Organic sales were up by 10.2% (previous year: increase of 9.7%). EBIT excluding special factors reached €1,158 million (previous year: €993 million). The EBIT margin excluding special factors was 13.2% (previous year: 13.0%).

The **Consumer** Business Segment looks back on a strong fiscal year 2022, in which it increased both sales and market share and also continued to invest in the C.A.R.E.+ strategy. A particular focus was on digitalization as an area that will ensure Beiersdorf AG's success over the medium and long term. These efforts already began to pay off in the reporting year, for example with a significant increase in online sales, which are a major growth driver for the Consumer business.

Overall, the Consumer Business Segment recorded organic sales growth of 10.5% (previous year: 8.8%) in 2022. NIVEA's growth was broad-based, with both Skin Care and Personal Care achieving a very healthy expansion. In Skin Care, the sun care subcategory was among those growing strongly, and face care also performed very positively due to strong innovations. The Derma business, too,

continued its success story from 2021 and again recorded double-digit organic growth thanks to innovations and strong online business. Healthcare grew by double digits again and has well exceeded its pre-COVID-19 figures for 2019. Despite a volatile performance at La Prairie during the year 2022 - given its close dependence on political decisions taken to contain the pandemic in China - organic sales growth increased slightly for the full year 2022. The Consumer Business Segment's significant sales growth in Latin America and the United States was particularly noteworthy. The operating result (EBIT, excluding special factors) and corresponding EBIT margin increased slightly, despite significant investment in strategy implementation and sharply increased commodity prices. The Consumer EBIT margin excluding special factors was 12.3% (previous year: 12.1%).

The tesa Business Segment generated organic sales growth of 8.8% (previous year: 13.6%) in 2022 in a difficult global market environment impacted by the repercussions of the Ukraine war and also still by the COVID-19 pandemic. The Industry division, which handles business directly with industrial customers and industry trade, and the Consumer division, which comprises sales to end consumers and tradespeople, both recorded a considerable increase in sales. The electronics and automotive areas in particular continued to show a clearly positive sales trend. The tesa EBIT margin excluding special factors was 16.7% (previous year: 16.9%).

Beiersdorf AG

To the shareholders

Business Activities

Beiersdorf AG is based in Hamburg (Germany) and is the parent company of the Beiersdorf Group. As of December 31, 2022, Beiersdorf AG employed 2,415 people (previous year: 2,412). The number of vocational trainees and trainees not included in this figure was 115 (previous year: 121).

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 200 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 war in Ukraine and the global COVID-19 pandemic, which have brought economic disruption, volatility, and shortages in important procurement, transport, and sales market for us.

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)

	2021	2022
Sales	1,336	1,429
Other operating income	35	47
Cost of materials	-286	-306
Personnel expenses	-332	-331
Depreciation and amortization of property, plant, and equipment and intangible assets	-41	-41
Other operating expenses	-727	-797
Operating result	-15	1
Net income from investments	212	352
Net interest expense	-45	-19
Other financial result	3	1
Financial result	170	334
Profit before tax	155	335
Income taxes	-32	-27
Profit after tax	123	308
Transfer to other retained earnings	_	-132
Withdrawals from other retained earnings	53	_
Net retained profits	176	176

Beiersdorf AG's **sales** increased by €93 million to €1,429 million in the reporting year (previous year: €1,336 million). Product sales for Aquaphor, NIVEA SUN, and Eucerin were particularly encouraging. Sales of €1,023 million (previous year: €988 million) were generated in Germany and €406 million (previous year: €348 million) in other countries.

The **operating result** rose by \le 16 million to \le 1 million due to considerably higher sales and improved other operating income, accompanied by a proportionate increase in cost of materials and marketing expenses.

The **financial result** improved year-on-year by \le 164 million. This increase was due to a significant rise in net income from investments of \le 140 million and a \le 26 million improvement in net interest expense. Meanwhile, other financial result deteriorated by \le 2 million.

Accordingly, **profit before tax** was significantly higher than the previous year at €335 million, with an increase of €180 million.

Profit after tax was €308 million (previous year: €123 million), an increase of €185 million on the previous year.

Net Assets and Financial Position - Beiersdorf AG

Combined Management Report

Balance Sheet - Beiersdorf AG in accordance with HGB

(in € million)

Assets	Dec. 31, 2021	Dec. 31, 2022
Intangible assets	140	110
Property, plant, and equipment	139	193
Financial assets	6,328	5,879
Fixed assets	6,607	6,182
Inventories	4	4
Receivables and other assets	693	896
Securities	82	82
Cash and cash equivalents	1	18
Current assets	780	1,000
Prepaid expenses	6	7
Deferred tax assets	98	102
	7,491	7,291
Equity and liabilities	Dec. 31, 2021	Dec. 31, 2022
Equity	2,764	2,913
Provisions for pensions and other post-employment benefits	656	643
Other provisions	305	329
Provisions	961	972
Liabilities	3,766	3,406
	7,491	7,291

Fixed assets fell by a considerable €425 million year-on-year. This decrease was largely due to the maturity and sale of long-term government and corporate bonds. The additions to property, plant, and equipment of €66 million include €43 million in connection with the completion and commissioning of a building together with outdoor facilities and operating equipment as part of the "New Beiersdorf Campus" project. Investments in property, plant, and equipment were offset by depreciation of €12 million.

Current assets increased by €220 million over the fiscal year to €1,000 million. As in the previous year, this includes short-term securities of €82 million. The sharp increase in this position of €203 million is mainly attributable to higher financial receivables from affiliated companies.

In contrast, **liabilities** decreased by a considerable €360 million year on year to €3,406 million. This was mainly due to a decrease in financial liabilities to affiliated companies.

€2,913 million (previous year: €2,764 million), or 40% (previous year: 37%), of the total balance sheet assets of €7,291 million (previous year: €7,491 million) is financed by **equity**.

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

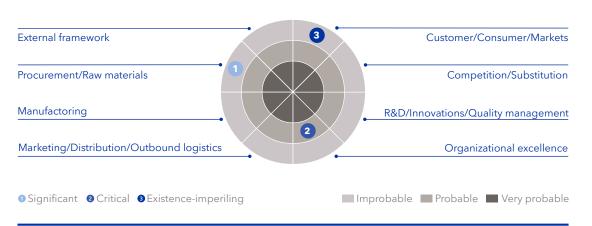
Risk Report

Risks and Opportunities

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

Beiersdorf Risk Radar

Schematic diagram



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 to identify its potential and to analyze and make optimal use of this potential while always taking risks into account. Regularly performing analyses of customers and the competition, for example, enables a swift response to dynamic market developments. Specific market opportunities and risks are derived from the information obtained.

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

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

Beiersdorf Risk Presentation

To the shareholders

	Probability of occurrence	Possible financial effects
	Improbable	Significant
Strategic risks	Probable	Critical
	Very probable	Existence-imperiling
Functional & operational risks	Unlikely (≤ 10%)	Low
	Possible (10% < - ≤ 50%)	Medium
	Likely (50% < - ≤ 90%)	Major
	Almost certain (> 90%)	Severe

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's business model or its business segments. Functional risks are challenges inherent to the business model. The various specialist functions generally work at the global or regional level to counter these risks, with sustainable actions relating to the design of operational and organizational structures as well as with specific individual measures. The opportunities and risks associated with climate change are also particularly integrated into strategic and functional risk management. Operational risks and opportunities are those that may influence short-term sales and profits of our corporate affiliates.

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

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

For each category, the risks are also classified based on their probability and the potential financial and non-financial impact of their occurrence. The likelihood of occurrence and impact of risks are determined on a net basis, assuming risk-mitigation measures have already been implemented or at least specific plans for them exist.

The Executive Board and supervisory bodies are regularly updated on the risk situation at Consumer and tesa Business Segment levels and at Group level. Besides this, direct lines of communication ensure that suddenly occurring material risks are also reported immediately to management.

Continuous information sharing with the Corporate Development function additionally encourages the consideration of risk aspects in the support provided to management. Central risk management is also in constant communication with the task forces on key issues such as the war in Ukraine or the continuing global COVID-19 pandemic.

A new body - the Corporate Risk Board - was created during the reporting period to advise the Executive Board. It consists of the heads of important, mostly globally responsible corporate departments comprising multiple areas of responsibility (Marketing, Quality Management, Internal Audit, Communication, Sustainability, Group Accounting, IT Security, Legal). The task of this body is to collate the various risks - both those already known and those newly identified by the Corporate Risk Board - using a broad-based approach and to analyze them in depth and present them in summarized form. By bringing together many different perspectives, it will provide Beiersdorf with important collective intelligence, further improving and complementing the existing analysis of material risks.

As in the previous year, in analyzing the material risks and opportunities, the Executive Board and Supervisory Board looked in depth at the comparison of the qualitatively and quantitatively aggregated risk portfolio with the also updated total financial risk-bearing capacity. The aim was again to determine whether there was any need for a change in the overall assessment of the risk situation (see below) on this basis.

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

These increases could include, for example, new and/or increased credit lines, the release of hidden reserves, the sale of fixed assets, individual business units, or own shares from our portfolio, the temporary suspension of dividend payments, or the reduction of planned investments in the market or in maintaining/expanding our fixed assets. Lastly, for net liquidity and cash flow, we have used only the average for the last five years rather than the higher recent figures for 2022.

As a result of comparing the risk situation with risk-bearing capacity, it can be concluded that, over the relevant observation period of the next two years, the current risk portfolio, revalued during the reporting year, would still not give rise to a financial situation even remotely endangering the Beiersdorf Group's continued existence, even given the full and simultaneous occurrence of all the individual risks.

Description of the Material Risks and Opportunities

Strategic and functional risks and opportunities

Given the newly emerging and in some cases substantially worsening global economic and political environment in 2022, we comprehensively reviewed our assessments of the strategic risks. As a result of this review, we have refined some of the risk definitions and increased our estimates of the risk levels in quantitative terms compared with the previous year. In addition, in line with our more cautious approach, we have currently completely removed opportunities beyond our medium-term planning from the quantitative net calculation of the risk portfolio. We have also removed some risk aspects, which we regard as part of the day-to-day challenges we continuously face as part of our business model, from the definition of strategic risks, since these are generally already captured by our financial planning. These include, for example, recurring disputes with retailers over pricing and

diverse attacks on our brands and products by competitors, and, in particular, the defense of our trademarks and product claims.

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

As part of the refined classification of strategic risks in this annual report, we have introduced clearer differentiation in relation to the changing behavior of our customers and particularly of consumers. Very different measures are needed to successfully respond on the one hand to growing expectations around digitalization, and on the other hand to the requirements, based on public expectations, that we face in relation to environmental protection, sustainability, and good corporate governance (ESG requirements).

We further expanded contact opportunities in the reporting year, especially with our end consumers. To this end, we use a growing number of e-commerce and social media platforms and address people directly through our own websites. We also use an ever more diverse range of tools, including very well received initiatives enabling direct contact and dialogue with our senior management. In addition, we support our direct retail partners in a variety of ways by continuously expanding options for digital dialogue, combined, for example, with links to each other's websites.

Alongside other sustainability criteria, we particularly follow the debates on avoiding certain packaging and raw materials. This includes closely monitoring the European Green Deal. We are continuing our plastics cycle strategy, announced in 2021, along with our efforts to develop and use sustainable packaging and applications. We are also reinforcing the awareness among our employees and managers through extensive reporting on the varied local and company-wide activities relating to the environment, sustainability, and our clear commitment to diversity and inclusion, from local environmental protection campaigns in various international subsidiaries to a company-wide sustainability summit.

Despite the differences referred to above, we continue to regard **risks from changes in consumer** behavior due to advancing digitalization and constantly growing public expectations of us with regard to environmental protection, sustainability, and our conduct as a corporate citizen as critical and probable.

The management focus on the sustainable success of our market activities ensures that - in terms of brands, products, and regions - we invest in promising markets. To this end, we actively screen new business areas and selectively invest in start-ups (including so-called accelerator programs), allowing us to quickly capitalize on specialist expertise in research and development. However, our concrete planning only includes already tangible results. Here, too, we consider additional **market opportunities** beyond our planning to be possible; however, we have removed them from our calculation of the net risk portfolio as part of a cautious approach.

The **global political situation** further worsened - in some cases majorly - during the reporting period. In particular, the war in Ukraine and the constraints still associated with the effects of the pandemic, supplemented by tensions in the Chinese-European and American-European relationships, are hindering further development in some of the markets where we work. We have included in our planning our best estimates of the specific negative impacts but regard the associated residual risks as critical and very probable.

There are procurement risks relating to the use of services and to the availability and delivery reliability of raw materials, packaging materials and other inputs, natural resources, and energy as well as to their further heavily increased cost in the reporting period. These risks are countered by continuously monitoring our markets and suppliers as well as by using appropriate contract management. We also carefully manage the scope, timing, and frequency of our individual purchases. Strategic partnerships are an important element of actively managing our supplier portfolio, as are internal programs designed to ensure the agility of the supply chain as a whole and its resilience to disruption. In addition, we are intensively seeking potential cost reductions throughout the value chain as part of the continuation of our broad-based "value engineering" project. Aside from the expectations already included in our planning, we regard the additional strategic and functional risks in relation to availability and price trends on the procurement side as critical or major but improbable overall.

As part of the review of our strategic risks, we have now combined the risk from threats to our IT system and the IT systems of our direct business partners with other **unavailability of or problems accessing critical infrastructure**, which have similar repercussions. These include various IT-related issues such as partial or complete failure of the internet as well as, for example, restricted options for physical transport.

We again successfully defended ourselves in 2022 against direct and indirect attacks on our own IT systems by further improving our infrastructure, increasing the use of cloud services while further standardizing our application systems in all areas, and implementing a host of mechanisms for secure mobile working from home. Our IT and production sites relevant to value creation, for example, are also equipped with emergency power generators and autonomous energy generation systems, which can at least partially cushion any power cuts. We categorize risks from this area to Beiersdorf as merely significant rather than critical, but still regard them as probable.

In a further partial overhaul of our risk classification, we have now combined various **external risks from constantly increasing regulatory requirements**. This relates both to tighter rules on the use of certain raw materials and packaging as well as, for example, the development of constantly growing information and documentation requirements in relation to data protection and consumer contacts. We tackle the first of these challenges through research and development work, which we support in an effective and forward-looking way through specialized regulatory affairs functions, enabling us, for example, to respond promptly to a potential sudden ban on certain ingredients by using suitable alternative formulations. Nevertheless, we cannot completely rule out the risk that, despite all the above precautions, we might not be able to replace them in our formulations promptly, and, as usual, we cautiously assess this risk as probable, albeit only significant, in accordance with our classification criteria.

We are also helped by our data protection system, which has already been in successful, Europe-wide use for several years and helps us continuously 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. These efforts are complemented by clear internal rules of conduct, transparent management structures, extensive training and monitoring activities, and, in the case of data protection, further work on global roll-out. We continue to regard these risks as merely significant and as 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** currently do not constitute a material risk for us. Given, among other things, the demographic trend and the general threat of skilled labor shortages, we will monitor the issue very closely and are taking a range of appropriate measures to keep Beiersdorf positioned as an attractive employer.

We counter the **risk of bad debts** through detailed monitoring of our customer relationships and active receivables management. Our trade credit insurance, which was overhauled in the previous year, continues to mean that we can offer protection on a global basis and on very good terms while also making use of high-quality risk assessments. Currency, interest rate, and liquidity risks are subject to active treasury management based on a global directive. They are managed and hedged centrally to a very large extent, considering the specific requirements for the organizational separation of the trading, settlement, and controlling functions. In light of this, there is no significant risk potential in this respect either.

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

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 29 of the notes to the consolidated financial statements, "Additional Disclosures on Financial Instruments, Financial Risk Management, and Derivative Financial Instruments."

Short-term operational risks and opportunities

The **war in Ukraine** and the global **COVID-19 pandemic** have brought economic disruption, volatility, and shortages in important procurement, transport, and sales markets for us. As in many other areas, this remains the main factor when analyzing and quantifying operational risks. In particular, the continued increases in material prices and their still not entirely predictable future development represent a significant challenge for our margins and profitability. However, it is our assumption that the individual Group companies, based on their market observations, have planned for the anticipated key effects in such a way that additional significant risks beyond those already considered can continue to be regarded as improbable from today's perspective.

The general risk of a pandemic has been included in our functional risks for many years along with the corresponding measures. The assessment of potential severe consequences from last year has not changed in the reporting period, and occurrence remains improbable.

The **key net operational risks currently remaining** arise exclusively from legal and tax proceedings and from tax audits, as in the previous period. These risks are prudently quantified by both internal and external experts to the extent possible. Assessing the course and outcome of legal disputes is associated with considerable uncertainty. Based on the information currently available, no material charges are expected for the Group that would be considered probable.

Further information and details on the extent of the risks described here can be found in Note 30 of the notes to the consolidated financial statements, "Contingent Liabilities, Other Financial Obligations, and Legal Risks."

Monitoring of risks and opportunities

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

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

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

Summary of the Risk Situation

Compared with the previous year, there has been no fundamental change in our assessment of the likelihood of occurrence of the material risks, either individually or as a whole. Although we have in some cases appreciably increased our estimates of the potential financial impact should these risks materialize, there is no overall need for qualitative repositioning specifically for strategic risks.

Even considering the updated estimations, there is currently no fundamental change to our assessment of the overall risk situation. As in the previous year, this assessment was substantiated by comparing the current quantitatively and qualitatively aggregated total risk portfolio with the very conservatively calculated risk-bearing capacity of the Beiersdorf Group. Risk-bearing capacity has slightly increased, partly due to the Group's further improved liquidity position. This analysis has confirmed Beiersdorf's view that, at the current time, neither the Beiersdorf Group nor individual segments of the business are exposed to any risks that could endanger their continued existence.

Accounting-related Internal Control System

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

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

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

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

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

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

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

Adequacy and effectiveness of the internal control and risk management systems¹

In addition to the accounting-related processes, risk early warning and monitoring systems, and related controls, all of which are continuously and systematically audited by internal audit, both centrally and locally, Beiersdorf also has extensive internal rules, regulations and processes in all areas (including interdepartmental processes) material to ensuring proper and legally compliant operations (e.g. in R&D, production and logistics, quality management, and marketing and sales, and especially in the innovation process, which involves practically all corporate functions). The rules and regulations are regularly communicated and updated as appropriate. Compliance with them is monitored and training continuously provided. We have also developed data collection and control mechanisms for sustainability aspects. The Executive Board deals with the monitoring and control of these systems on an ongoing basis, also in close consultation with Internal Auditing. The Executive Board is regularly advised and monitored by the Audit Committee of the Supervisory Board on issues relating to the appropriateness and effectiveness of the internal control system, the risk management system and the internal auditing system. This has not recently resulted in any significant need for adjustment or improvement with regard to these systems. Beiersdorf therefore has no reason to believe that there

 $^{{\}small 1\>\>\>} {\small This\>\>} {\small section\>\>} {\small of\>\>} {\small the\>\>} {\small Combined\>\>} {\small Management\>\>} {\small Report\>\>} {\small is\>\>} {\small not\>\>} {\small subject\>\>} {\small to\>\>} {\small audit\>\>} {\small requirements.}$

are inadequate or ineffective internal control and risk management systems in the relevant business areas or in relation to the relevant topics.

Independent Monitoring

To the shareholders

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 reviewing 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 standardized monitoring system was introduced in 2022, enabling implementation of the controls to be globally monitored, initially in the order-to-cash and purchase-to-pay core business processes. Use of the system will be further refined and expanded in 2023.

In accordance with § 317 (4) *HGB* and § 91 (2) *AktG*, the Group auditor also evaluates the effectiveness of the risk early warning and monitoring system. Internal Audit and the Group auditor regularly report the audit results to the supervisory bodies.

The Audit Committee of Beiersdorf AG monitors, in particular, the accounting process and the effectiveness of the internal control system, the risk management system, and the internal audit system. Alongside standard reports, in-depth analyses on fundamental and/or currently relevant issues are regularly used for information purposes.

Report on Expected Developments

Expected Macroeconomic Developments

As in the preceding years, the **global** economy will be subject to high levels of uncertainty again in 2023. A particular risk to the world economy in the year ahead is posed by the potential for political conflicts. Russia's war against Ukraine is already having a negative global economic impact, and it is unclear how this conflict will develop. There is therefore a possibility that the already difficult economic situation could worsen further. Continued tightening of monetary policy is expected around the world. This signals a global recession. However, the downturn is expected to be mild and is unlikely to cause an economic collapse. If the US Federal Reserve and European Central Bank respond to declining inflation by ending the cycle of rising interest rates in the spring, bond yields will fall again. A positive development is China's move away from the zero-Covid policy. Problems in relation to supply chains are likely to ease further.

While continued high inflation and interest rate hikes by the European Central Bank are expected to lead to a mild recession in **Europe**, a deep downturn is unlikely. This is partly because the gas supply, as a key source of energy, appears secure. There will also be government policies designed to help businesses and the public. The easing of supply chain problems will enable the European economy to work through order backlogs. All these factors will mitigate the difficult economic environment. Nevertheless, consumer spending, capital investment, and imports and exports will decline compared with the previous years. Rising pressure on wages and salaries is also expected, as unions will seek to negotiate inflation-proof wage settlements.

In **Germany**, a decline in gross domestic product and a single-digit rate of inflation are predicted for 2023. Energy prices are expected to fall again over the coming year, meaning it will now be food rather than energy costs that are the main driver of inflation. It is also likely that manufacturers have not yet fully passed on higher production costs to consumers, which means further jumps in prices can be expected

for 2023. The typical lag in the effects of monetary policy on the real economy means that weaker activity can generally be anticipated in spring 2023. However, only a mild recession is expected in Germany.

A weaker performance in the **US** economy is expected in early 2023 due to the delayed effect of monetary policy. Although the inflation rate has been lowered, it will remain noticeable in 2023. Interest rate hikes already imposed will only slowly make themselves felt in the real economy. The first cut in key rates by the Federal Reserve is unlikely to be on the horizon until the end of the coming fiscal year. However, the US economy's strong performance in the last quarter of 2022 was striking. Growth was driven particularly by consumer spending. It can therefore be assumed that the looming recession will be on the mild side. Away from real estate, most economic sectors in the USA have withstood the more restrictive monetary policy well.

The **Japanese** economy will see growth just below the prior-year level in 2023. Global inflation is expected to continue to subdue consumer spending. However, falling energy prices can be anticipated, and the Japanese government has also agreed support programs. This could take financial pressure off consumers and positively affect their spending.

The emerging markets, too, continue to be hit by the ailing global economy. However, there are opportunities for them to put themselves in a strong position for the future and reorient their economies. The Chinese government's abrupt departure from the zero-Covid policy may lead to higher infection rates, which could curb economic growth particularly at the beginning of 2023. From the second quarter of 2023, however, China's economic activity can be expected to return to normal. It is also likely that state support measures will mitigate the problems in the Chinese real estate sector in 2023. **Southeast Asian** emerging markets can expect a beneficial trend reversal in the service sector in 2023. While the global economic context remains difficult, slight economic growth can be anticipated. In the **Indian** economy, growth in gross domestic product is forecast to slow, primarily due to the difficult global financing environment and lower demand from abroad. Economic growth in the Middle East is forecast to be impaired by slower expansion in the major economies and the possibility of a recession in Europe. The slower economic growth in the USA and China represents a downside risk, particularly for developing countries that import oil and are more reliant on trade with Europe. In Brazil, the difficult financial conditions will further hit the country's already weak growth. At the same time, we expect the weak fiscal policy course to be loosened even further as President Lula's new government prioritizes social welfare spending. Russia is expected to see a considerable rise in inflation. This, combined with the continued impact of the sanctions against Russia, will likely result in economic contraction.

Procurement Market Trends

The cost of materials will start 2023 at a very high level given the current economic environment. A correction has now begun in the markets for important preliminary raw materials such as aluminum, silicone, and natural oils, which may lead to positive price effects in the second half of the year. However, this will be outweighed by product cost inflation at our suppliers, particularly in connection with energy market trends.

Sales Market Trends

After a challenging year, the environment remains uncertain in light of economic and political volatility. With continued high commodity prices, persistent supply shortages, rising inflation rates, and stretched consumer budgets, the market faces constant challenges. The expectation of an inflationary environment with the growing risk of a global recession remains. For fiscal year 2023 as a whole, we therefore expect the market to grow in terms of value, due to price increases compensating for higher product costs, but to decrease in terms of volume due to the expected sluggish consumer spending. Stronger growth in value is expected principally in the skin care categories, in the emerging markets, and in North America, as well as in online retail.

For tesa, we expect business to remain volatile in 2023. In Europe and North America, we are planning cautiously but expect less positive momentum for our business in 2023 than we saw in the previous year. In Asia, we anticipate moderate growth, which will be coupled very closely to the performance of the Chinese economy. Consumer sentiment, continuing inflation in Europe, the performance of the global automotive market, and our rather modest expectations for the electronics industry will heavily influence developments.

Our Market Opportunities

To the shareholders

The transition from 2022 to 2023 is marked by uncertainty about a looming recession. The significant rise in inflation due to the Ukraine war, raw materials shortages, and logistics bottlenecks are the main drivers in this context. A difficult year for the world economy is therefore predicted for 2023. Nevertheless, we are optimistic about the new year. Thanks to targeted additional investments, particularly in the digital arena, and the large share of everyday products in our portfolio, we believe we are well positioned in the Consumer Business Segment and expect our growth to outperform the market in the year ahead.

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

For tesa, expected growth for the coming year is slightly above the global market trend. This applies to business with both end consumers and industrial customers. The close collaboration with the electronics industry in Asia remains constructive; 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 for innovative products.

Business Development

The described challenges are persisting in large parts of the world. This has resulted in an unusually high degree of uncertainty with regard to the outlook for sales markets and our business development. Therefore, our ability to make a reliable forecast is significantly limited.

Independently from the development of the skin care market, we will continue to achieve above-market sales growth. We expect further improvement of the global skin care market in 2023. Based on this, we expect organic sales growth in the mid-single-digit range in the Consumer Business Segment. The EBIT margin from ongoing operations (excluding special factors) in the Consumer Business Segment will be 50 basis points above the previous year's level.

Subject to the same uncertainty regarding market development in 2023, we also expect sales growth above the market in the tesa Business Segment. Based on this, we expect organic sales growth in the mid-single-digit range. The EBIT margin from ongoing operations (excluding special factors) will be slightly below the previous year's level.

Based on the forecasts of the two business segments, Group organic sales growth is expected to be in the mid-single digit range. We expect the consolidated EBIT margin from ongoing operations (excluding special factors) to be slightly above the previous year's level.

Hamburg, February 6, 2023

Beiersdorf AG

The Executive Board

Other Disclosures

Corporate Governance Statement

The combined Corporate Governance Statement of Beiersdorf AG and the Group (§§ 289f, 315d Handelsgesetzbuch (German Commercial Code, HGB)) contains the Declaration of Compliance (§ 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 policy for the Supervisory Board and Executive Board, and information on the statutory requirements for the equal participation of women and men in leadership positions. 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 (§ 317 (2) sentence 6 HGB).

Declaration of Compliance

In December 2022, the Executive and Supervisory Boards issued the Declaration of Compliance with the recommendations of the German Corporate Governance Code in the versions dated December 19, 2019 and April 28, 2022 as applicable (the Code) in accordance with § 161 AktG. Beiersdorf AG fulfills all the recommendations made in the Code with a small number of exceptions, as well as all the suggestions. There are no Code recommendations that were not applied due to over-riding legal stipulations. The auditor must promptly inform the Supervisory Board of any facts identified during the audit that reveal an inaccuracy in the Declaration of Compliance submitted by the Executive Board and Supervisory Board and must note these in the audit report. The 2022 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 2022, 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 December 19, 2019 and April 28, 2022 as applicable, ("Code"), with the following exceptions:

Recommendation B.3

In accordance with Recommendation B.3, Executive Board members shall be initially appointed for a maximum term of three years.

Effective January 1, 2022, the Supervisory Board appointed Ms. Grita Loebsack as a member of the Executive Board with responsibility for brand management and digital marketing of

NIVEA for a term of four years. Due to the exceptional importance of the NIVEA brand and in order to secure Ms. Loebsack's expertise long term, in the view of the Supervisory Board it was necessary in the interest of the company to extend her initial appointment to a term of office of four years.

In addition, the Supervisory Board has appointed Ms. Nicola Lafrentz as a member of the Executive Board for the period from May 1, 2022 to December 31, 2025, i.e. for three years and eight months. In the view of the Supervisory Board, the duration of Ms. Lafrentz's initial appointment after many years in a managerial role in the same division is in the interests of the company and will enable her term of office to end with the fiscal year.

Recommendations G.1 and Section G.I

In accordance with Recommendation G.1, the remuneration system shall, amongst other aspects, define the amount that the total remuneration must not exceed (maximum remuneration).

The remuneration of the Executive Board members was limited in fiscal year 2022 by such a cap in principle. In particular, the compensation system approved by the Annual General Meeting in April 2021 envisages a defined maximum remuneration in compliance with Recommendation G.1 and § 87a (1) sentence 2 no. 1 AktG. If, under the old compensation system, there was or is still an Enterprise Value Component for individual members of the Executive Board which is based on voluntary personal investment by the Executive Board members concerned (Covered Virtual Units), it participates in positive and negative changes in the enterprise value and is still not capped in respect of increases in value. In this regard, the Supervisory Board has considered it appropriate that those members of the Executive Board who contribute their own money – comparable to an investment – should be allowed to participate in positive changes in enterprise value without restriction.

In addition, Section G.I of the Code includes a number of further recommendations regarding the remuneration of the Executive Board. In response to the statutory amendments under the Act to Transpose the Second EU Shareholder Rights Directive (SRD II), the revised version of the Code, and further factors in the company's interests, the Supervisory Board revised and enhanced the remuneration system for the Executive Board members within the applicable statutory transitory period and submitted it to the 2021 Annual General Meeting for approval. Unless any departure has been expressly explained in this Declaration of Compliance, the new compensation system fully complies with the Code's recommendations. In contrast, the old compensation system that applied before the current compensation system was approved by the 2021 Annual General Meeting did not fully comply with the recommendations in question. That also applies in part to the contracts concluded with Executive Board members before 2021, if they have not yet been adapted to the new compensation system.

Recommendations G.8 and G.12

In accordance with Recommendation G.8, the performance targets or comparison parameters for variable compensation shall not be subsequently amended. Moreover, in accordance with Recommendation G.12, if an Executive Board member's contract is terminated, the disbursement of any remaining variable remuneration components attributable to

the period up until the termination of the contract shall be based on the originally agreed targets and comparison parameters as well as the due dates or holding periods stipulated in the contract.

Effective May 1, 2021, Mr. Vincent Warnery was appointed Chief Executive Officer and his contract of service was amended and extended until January 31, 2027. In this connection, his compensation was realigned with the compensation system approved by the 2021 Annual General Meeting and, among other things, it was agreed that the new long-term bonus ("LTP") aligned with strategic targets will be applied. The previous long-term Enterprise Value Component for Mr. Warnery, which was mainly linked to sales and EBIT targets for his former area of responsibility, was settled and was disbursed early following the 2022 Annual General Meeting. In this regard, the Supervisory Board was of the opinion that aligning his long-term compensation with the company's strategic goals is in the interest of sustainable enterprise performance and that the premature disbursement of the previous Enterprise Value Component associated with this change is appropriate and fair in the context of a uniform incentive and governance.

With the appointment of Mr. Warnery as Chief Executive Officer, the appointment of Mr. Stefan De Loecker was terminated by mutual agreement effective June 30, 2021. In this connection, it was agreed that his long-term Enterprise Value Component would be settled as a lump sum and disbursed early following the 2022 Annual General Meeting. This was done in the interest of a mutually agreed succession to the Chief Executive Officer role. On account of the new long-term compensation linked to the implementation of strategic targets for serving Executive Board members from 2021, the premature settlement of the previous Enterprise Value Component for the former Chief Executive Officer was in the interest of the company, also to ensure a smooth transition to the new incumbent.

Recommendation G.10

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

The variable remuneration for the Executive Board, comprising an annual variable bonus on the one hand and a long-term Enterprise Value Component on the other, will not be invested in shares or share-based instruments but will be paid out solely in cash after the expiry of the applicable bonus period. In this regard, the Supervisory Board believes that, taking due account of the interests of the customers, employees, business partners, share-holders, and other stakeholders, the remuneration system and the financial and non-financial performance criteria underlying the variable remuneration offers sufficient incentive for sustainable and value-oriented development of the company notwithstanding the absence of any share-based component. At the same time, the remuneration system generates incentive for the Executive Board to pursue and achieve the goals defined in the company's business strategy.

In addition, the long-term variable remuneration components are in principle accessible to Executive Board members only after a period of four years. In individual cases, the long-

term variable remuneration within the Enterprise Value Component granted under the old compensation system by a possible increase of Virtual Units during the period of appointment or granted in the form of annually allocated Covered Virtual Units may be accessible prior to the expiry of the four-year period. This applies to those additional Virtual Units or Covered Virtual Units that were only granted/allocated in the final three years before the expiry of the bonus period for the Enterprise Value Component.

Hamburg, December 2022

To the shareholders

For the Supervisory Board

Reinland Bolto

For the Executive Board

Prof. Dr. Reinhard Pöllath

Chairman of the Supervisory Board

Vincent Warnery

Chairman of the Executive Board

Astrid Hermann

Member of the Executive Board

Corporate Governance Practices

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

Corporate Governance

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

The German Corporate Governance Code (the Code) ensures transparency with respect to the legal framework for corporate management and supervision and contains accepted standards for good, responsible, and sustainable corporate management. The Code and its amendments/redrafting did not require any fundamental changes at Beiersdorf. We understand corporate governance as an ongoing process and we will continuously and carefully develop this understanding, above and beyond the Code as well. We give consideration to comments, suggestions, and criticism from investors and proxy advisors and make changes where appropriate to corporate governance and its reporting in this Corporate Governance Statement.

Compliance

For Beiersdorf AG and the Beiersdorf Group (including tesa), compliance with the law and internal guidelines is an essential prerequisite for successful and sustainable business. The Executive Boards of

Beiersdorf AG and tesa SE have issued compliance principles, which can be found at www.beiersdorf.com/investors/compliance/compliance-principles and www.tesa.com/en/about-tesa/sustainability.

Based on our compliance risk analyses, extensive antitrust, anti-corruption, data-protection, and capital market law compliance programs have been implemented among other measures in order to safeguard compliance. Numerous internal guidelines and processes for preventing legal violations in these areas in particular have been issued. Employees and managers receive awareness-raising information and support on these topics through regular training and a wide variety of advisory offerings.

Indications of potential compliance violations are followed up consistently. Appropriate measures are taken to prevent and sanction wrongdoing, taking into account the principle of proportionality. In order to gather information about potential compliance violations, Beiersdorf provides the workforce 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 organization. tesa uses internal and external reporting channels for this purpose and implemented a digital whistleblowing platform in the reporting period. 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

To the shareholders

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

The Beiersdorf and tesa Codes of Conduct are available online at www.beiersdorf.com/investors/corporate-governance/code-of-conduct and www.tesa.com/en/about-tesa/sustainability/sustainability-report.

Sustainability

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

Sustainability is today a core component of Beiersdorf's C.A.R.E.+ business strategy. As part of the strategy, the Consumer Business Segment has been pursuing the CARE BEYOND SKIN sustainability agenda since 2020. This is oriented on the United Nations Sustainable Development Goals (SDGs) and comprises seven focus fields that illustrate our key areas of impact along the entire value chain. We have set ambitious targets in all these areas for 2025 and 2030. Reflecting the strategic importance of this issue, we further reinforced the role of the Sustainability department within our corporate structure starting from August 2022 by having its head, the VP Sustainability, report directly to the CEO. In the reporting year, we continued to successfully implement our sustainability agenda and

also actively increased the awareness of sustainability among all employees, for example with our engagement and training program - the Corporate Sustainability Academy - and other initiatives and events.

The tesa Business Segment is taking responsibility all along the value chain with its own sustainability agenda. The existing sustainability strategy was revised and made more ambitious in the reporting year. Five strategic action areas, for which tesa has set long-term targets for 2030, form the framework for this. One component of the strategy remains the sustainability agenda, which was also slightly adjusted in 2022 and reflects the ambition to understand and approach sustainability in a holistic way.

The tesa and Consumer Business Segments committed to a joint climate target in 2020. This is in line with science-based reduction targets designed to limit global warming to 1.5 degrees Celsius and has been validated by the Science Based Targets Initiative.

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

Human Resources Policies

Beiersdorf's success hinges to a large extent on the hard work, skills, and commitment of its employees. More than 20,000 people all around the world contribute to this success every day by putting their specialist expertise, commitment, and ideas into practice in their field. In doing so, they act as an important stimulus for improvements and innovations.

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

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

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

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

Risk Management

To the shareholders

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

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

Corporate Boards

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

1. Supervisory Board - Composition and Working Practices

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

The Supervisory Board appoints, advises, and supervises the Executive Board in connection with the latter's management of the company, including sustainability, 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. The Supervisory Board also meets regularly without the Executive Board to discuss Executive Board and Supervisory Board matters along with strategy, planning, and business performance. In principle, the auditor's presentations on the audit of the financial statements are also held without the Executive Board. Meetings are regularly discussed in advance, partially by the employee and shareholder representatives separately. The Supervisory Board is informed in a regular, timely, and comprehensive manner about all relevant matters. In addition, the Chairman of the Executive Board informs the Chairman of the Supervisory Board regularly and in a timely manner (including between meetings) about important transactions and liaises with him on important decisions. The bylaws provide rules to ensure the supply of high-quality information from the Executive Board. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board, chairs its meetings, and represents the interests of the Supervisory Board externally. Within reason, he discusses Supervisory Board-related topics with investors.

The Supervisory Board regularly evaluates, including with the help of an external consultant, how effectively the Board and its committees are performing their tasks and decides on measures to improve this performance (efficiency audit and self-assessment). The Supervisory Board recently conducted an efficiency audit with the support of an external consultant. This was completed in mid-2020. An evaluation of responses from the Supervisory Board, Executive Board, and Executive Committee, concerning the work of the full Board and committees and the cooperation between the Supervisory Board and Executive Board, was initially presented and discussed in December 2019. This included a comparison with other companies. Further outcomes, particularly from interviews and feedback meetings between the consultant and everyone involved, were the topic of interim discussions and the Supervisory Board meetings in August and September 2020. The members intensively discussed the main issues concerning, in particular, cooperation within the Supervisory Board and with the Executive Board, the flow of information, and specific practical measures in this context. These measures included stepping up preliminary discussions for Supervisory Board meetings, planning meeting agendas and timings, enhancing the format of reports submitted to the Supervisory Board, and reinforcing particularly important topics for the Supervisory Board's work, such as strategy, innovation, and digitalization. The Supervisory Board will again conduct an efficiency audit in 2023.

The members of the Supervisory Board ensure that they have sufficient time at their disposal to fulfill their duties and are personally responsible for ensuring they receive the necessary training and further education. Reasonable costs for this purpose are reimbursed by the company. The company provides them with support, such as in the form of internal training events on topics relevant to Supervisory Board work and information on changes in legislation and other developments. New members of the Supervisory Board benefit from thorough onboarding meetings and information materials. In particular, these cover Beiersdorf's history, corporate profile and organization (including brands and research and development), the business strategy (including sustainability), business performance and financial reporting, corporate governance, and the rights and duties of Supervisory Board members. The latter are also explained to the members after every new election of the Supervisory Board.

a) Composition, Profile of Skills and Expertise, Diversity Policy, and Implementation Status In December 2021, the Supervisory Board most recently discussed the concrete company-specific objectives and the profile of skills and expertise for its composition. These objectives reflect the company's international activities, potential conflicts of interest, the number of independent Supervisory Board members, regular limits on age and length of membership for Supervisory Board members, and diversity – especially an appropriate degree of female representation. According to its profile of skills and expertise the Supervisory Board members must collectively possess the knowledge, skills, and professional experience required to properly perform the Board's duties. The objectives and profile of skills and expertise form part of the diversity policy for the composition of the Supervisory Board. They apply until the end of 2024 and will be taken into account in future proposals for election as they have been in the past.

International Focus

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

Gender Diversity

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

Regular Limits on Age and Length of Membership

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

Independent Focus

To the shareholders

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

Considering the fact that Beiersdorf AG is a dependent company within the meaning of § 17 (1) AktG, the Supervisory Board considers it to be adequate if at least three of its members on the shareholder side are independent.

Potential Conflicts of Interest

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

Profile of Skills and Expertise

The Supervisory Board ensures that its members collectively have the knowledge, skills, and professional experience needed to properly perform their duties. In addition to the concrete objectives for its composition, the Supervisory Board has prepared a profile of skills and expertise setting out the particular personal and professional skills and expertise required. In terms of their expertise, the members must, in accordance with § 100 (5) AktG, collectively be familiar with the sector in which the company operates; in addition, there must be at least one member with expertise and experience for each of the following areas in particular:

- Familiarity with the business areas and sectors (consumer goods, beauty and skin/body care, international markets (including emerging markets)
- Marketing and sales (brand development and management, distribution and retail, communication and media)
- R&D (innovation management, research and development)
- Supply chain (supply chains and production)

- Human resources and organization (personnel development and management, corporate organization, corporate culture, diversity)
- ESG (sustainability, corporate social responsibility, ethics)
- Law and governance (law, compliance, auditing, regulatory law, corporate governance)
- Digitalization and IT (digitalization, data management, IT and IT security)
- Finance (finance and controlling, accounting, risk management)

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

To the shareholders

Two Supervisory Board members have been appointed as diversity officers in order to develop the targets further and promote diversity on the Supervisory Board: Frédéric Pflanz and Prof. Manuela Rousseau. Their role is to support the Supervisory Board at every intended election of a share-holder 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 and Kirstin Weiland as employee representatives, and Hong Chow, Uta Kemmerich-Keil, and Dr. Dr. Christine Martel as shareholder representatives. The statutory gender quota for the Supervisory Board's composition has therefore been fulfilled. Currently, 42% of Supervisory Board members are women and 58% are men. On the employee side, 33% of members are women and 67% are men, while on the shareholder side women and men each make up 50% of the members. In addition to their particular professional skills, all the shareholder representative members embody the idea of international orientation by virtue of their background or extensive international experience. Currently, at least three of the shareholder representatives on the Supervisory Board are independent. The Supervisory Board assumes, as a precautionary measure, that a Supervisory Board member belonging to the controlling shareholder should not be regarded as independent. Notwithstanding this, the Supervisory Board believes that relationships to the controlling shareholder do not in themselves pose the risk of a material and permanent conflict of interest; rather, it assumes that the company's interests will largely coincide with those of its majority shareholder given that their business activities do not overlap. Among the shareholder representatives, at least the following active members are independent from the controlling shareholder: Hong Chow, Uta Kemmerich-Keil, 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. Dr. Reinhard Pöllath, despite the fact that he has served on the Supervisory Board for more than 12 years. The Supervisory Board believes that the long-standing experience and knowledge gained by the Chairman of the Supervisory Board at Beiersdorf and a series of other companies are conducive to the goals of advising and supervising the Executive Board and coordinating the Supervisory Board's work in a lasting and objective manner. Moreover, given his length of service, there are no circumstances

in his specific case that might cause a material and not merely temporary conflict of interests. Beyond the Code, the Supervisory Board considers all members of the employee representatives to be independent within the meaning of the Code; this applies to Prof. Manuela Rousseau despite her length of service on the Supervisory Board of more than 12 years.

The Chairman of the Supervisory Board and Wolfgang Herz have currently already exceeded the regular age limit of 72. In addition, the Chairman of the Supervisory Board and another Supervisory Board member, Prof. Manuela Rousseau, have exceeded the regular term of office. Given their knowledge and experience, the Supervisory Board has decided to make reasonable exceptions for these members from the regular limits on age and length of membership. The regular limits on age and length of membership and the rules governing potential conflicts of interest were otherwise complied with. All members of the Supervisory Board also fulfill the necessary personal competence requirements for their tasks. Moreover, the Supervisory Board members are collectively familiar with the sector in which the company operates. The current implementation of the profile of skills and expertise is set out in the qualification matrix below; this shows that each area of the profile of skills and expertise is covered by at least one member.

Qualification matrix for the Supervisory Board

To the shareholders

			,									
	Chow	Hansert ¹	Herz	Kemmerich Keil	Koltze ¹	Köhn¹	Martel	Papier ¹	Pflanz	Pöllath	Rousseau ¹	Weiland ¹
General information												
Member since	April 2017	April 2017	April 2020	August 2022	April 2019	April 2019	April 2012	April 2019	April 2019 ²	May 2002	June 1999	April 2019
Independence ³	•	•		•	•	•	•	•			•	•
Gender	f	m	m	f	m	m	f	m	m		f	f
Year of birth	1971	1961	1950	1966	1963	1964	1970	1974	1968	1948	1955	1969
Nationality	German	German	German	German	German	German	French	German	German- French	German	German	German
Skills and expertise												
Familiarity with the business areas and sectors	•	•	•	•	•	•	•	•	•	•	•	•
Marketing and sales	•		•	•	•		•		•	•	•	
Research and development	•	•		•			•			•		•
Supply chain					•	•	•		•			•
Human resources and organization	•	•	•	•	•	•	•	•	•	•	•	•
ESG	•			•			•				•	
Law and governance		•	•	•	•		•	•	•	•	•	
Digitalization and IT				•			•	•	•			
Finance and accounting	•	•	•	•	•		•	•	•	•		

[•] Criterion met, based on a self-assessment by the Supervisory Board. With respect to the skills and expertise this includes at least "good knowledge" and thus the ability to comprehend the relevant issues well and make informed decisions on the basis of existing qualifications, knowledge and experience gained in the course of work as a Supervisory Board member and/or training measures taken.

¹ Employee representatives

 $^{^{2}\,}$ Previously member of the Supervisory Board from September 2015 until April 2018.

³ According to the criteria of the German Corporate Governance Code

b) Committees

To the shareholders

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 resolves - subject to the resolution of the full Board specifying the total remuneration - instead 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), Wolfgang Herz, Frédéric Pflanz, and Prof. Manuela Rousseau.

Audit Committee

The Audit Committee consists of the Chairman of the Supervisory Board, two shareholder representatives, and two employee representatives. At least one member of the Audit Committee is an independent member of the Supervisory Board who has special knowledge, experience, and expertise in accounting (including accounting standards and internal control and risk management systems) and auditing, including sustainability reporting and its audit and assurance. In particular, the Chairwoman of the Audit Committee, Dr. Dr. Christine Martel, has pronounced expertise in these areas given her many years of experience in managerial positions in financial, strategic, and commercial departments of a global consumer goods company and her prior scientific work at the French-German Institute for Environmental Research (DFIU), including on end-to-end life cycle analyses. In addition, her doctorates in engineering and industrial management give her the necessary skills base to effectively evaluate the relevant cross-functional interrelationships in the area of sustainability. In addition, at least one other member of the Audit Committee has expertise in the field of auditing. This requirement is met in particular by Frédéric Pflanz given his long experience as Chief Financial Officer at international companies. 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. In close consultation with the auditors, the Audit Committee works on the assessment of audit risk, the audit strategy, and audit planning. 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. Relevant topics, particularly the progress of the audit, are discussed regularly with the auditors, including outside of meetings, with the Chairwoman reporting back to the Committee as necessary. The Audit Committee advises and supervises the Executive Board on questions relating to accounting, the adequacy and 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 (until July 31, 2022), Uta Kemmerich-Keil (since September 2, 2022), Olaf Papier, and Frédéric Pflanz.

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: Frédéric Pflanz (Chairman), Reiner Hansert, Martin Hansson (until July 31, 2022), Uta Kemmerich-Keil (since September 2, 2022), Dr. Dr. Christine Martel, and Olaf Papier.

Personnel Committee

To the shareholders

The Personnel Committee comprises a total of six members representing shareholders and employees. It regularly discusses long-term succession planning for the Executive Board (including the remuneration structure) and addresses the diversity policy for the Executive Board's composition along with the manner of its implementation. It also proposes a target for the proportion of women on the Executive Board as well as a deadline for achieving this. The members of the Personnel Committee are as follows: Frédéric Pflanz (Chairman), Hong Chow, Andreas Köhn, Reiner Hansert, 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 (until July 31, 2022), Olaf Papier, Frédéric Pflanz (since September 2, 2022), and Prof. Manuela Rousseau.

Nomination Committee

The Nomination Committee is composed of the Chairman of the Supervisory Board and three additional shareholder representatives. In accordance with the objectives for the composition and profile of skills and expertise of the Supervisory Board, the Nomination Committee suggests, after extensive preparatory work and detailed discussion, candidates to the Supervisory Board for proposal for election to the Annual General Meeting. The Nomination Committee has begun preparing for the new election in 2024; it also takes external advice for this purpose. The members of the Nomination Committee are as follows: Prof. Dr. Reinhard Pöllath (Chairman), Hong Chow, Martin Hansson (until July 31, 2022), Dr. Dr. Christine Martel, and Frédéric Pflanz (since September 2, 2022).

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

2. Executive Board - Composition and Working Practices

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

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

The Executive Board develops the corporate goals and the Group's strategy, agrees them with the Supervisory Board, ensures their implementation, and regularly discusses their implementation status

with the Supervisory Board. It is responsible for managing and monitoring the Group, for corporate planning including annual and multi-year planning, and for preparing the quarterly statements, the half-year reports, and the annual and consolidated financial statements. It is also responsible for Group financing. In addition, the Executive Board is responsible for ensuring internal control and risk management that is commensurate with the business activities and risk situation and that also covers the sustainability-related goals relevant to the company. This also includes a compliance management system tailored to the risk situation, through which the Executive Board particularly ensures that statutory provisions and internal corporate guidelines are observed and works toward ensuring that Group companies abide by them (compliance). A description of the principles of this system and a statement on its adequacy and effectiveness can be found in the "Risk Report" section and 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, particularly also regarding sustainability, and explains discrepancies between the actual course of business and the planning and targets. Certain Executive Board measures and transactions that are of particular significance for the company require the approval of the Supervisory Board or its committees.

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

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

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

Diversity Policy 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* (in the version that applied until August 2021), 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 already achieved in July 2018. The Board thus complies with § 76 (3a) *AktG*, which requires an Executive Board with more than three members to include at least one woman and one man In addition, effective July 1, 2022, the Supervisory Board increased the target for the proportion of women on the Executive Board to 30%. The proportion of women on the Executive Board currently stands at 43% (Astrid Hermann, Nicola D. Lafrentz, Grita Loebsack).

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 (currently Frédéric Pflanz 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 2022. 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 2022, the Personnel Committee and Executive Board jointly discussed, among other things, the diversity strategy including KPls for the senior management groups, the current HR planning and forecasting processes including the process for identifying potential, and the management development programs. In practice, succession planning works on the basis of a group of potential successors chosen from the two most senior management levels below the Executive Board by the Executive Board member for Human Resources in consultation with global management teams. In addition, the Diversity & Inclusion Committee, which is made up of the diversity officers from the Supervisory Board, the Chief Human Resources Officer, and other managers from the company, works on the goal of promoting and strengthening a diverse corporate culture, beyond gender diversity and international diversity, using various initiatives and key activities. Succession planning is also incorporated into target-setting for the Executive Board's variable remuneration.

The Executive Board also takes diversity aspects into consideration when appointing senior executives in the company, particularly with regard to ensuring an appropriate degree of female representation. In accordance with § 76 (4) AktG, the Executive Board has set a target of at least 35% for the share of women at Beiersdorf AG's first management level below the Executive Board, and a target of at least 50% for the second management level, both to be achieved by/maintained until December 31, 2026. The same targets also applied until June 30, 2022. At the first management level, the target was just missed (31.7%) due to the relatively small number of available positions at this level; given the small total number of positions at this level, changes in the organizational setup also had a direct impact. At the second management level, the target was exceeded (37.5%). In light of the current targets, the management levels have been slightly redefined and oriented on the existing management groups so as to more accurately reflect the actual management structure at Beiersdorf.

With the global goal of a gender balance at management level, the Executive Board's strategy for promoting women at Beiersdorf aims to have a growing number of female candidates for senior management positions and the Executive Board. Beiersdorf continues to offer special programs for female talents to bring more women into leadership positions and to ensure that we do not lose any woman on the career path. These programs focus on a combination of personal and organizational modules. Beiersdorf works with external partners to integrate relevant expertise and to help create the right climate for sustainable change on this issue.

Above and beyond the statutory requirements that apply to Beiersdorf AG, Beiersdorf has set itself global targets for the share of women internationally in the three highest management groups (MG 1-3) in the Consumer Business Segment. By June 30, 2022, a target of 35% women was to be achieved in MG 1-3. This target was exceeded with a figure of 37.2%. In line with our Beiersdorf Gender Parity Ambition announced in March 2021, Beiersdorf is committed to achieving gender

parity across all management levels below the Executive Board (management levels 1-4) in the Consumer Business Segment by 2025 at the latest.

3. Annual General Meeting

To the shareholders

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

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

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

Against the backdrop of the global coronavirus pandemic, the 2022 Annual General Meeting was held as a virtual meeting without the physical presence of the shareholders or their proxyholders. In accordance with § 26n (1) of the *Einführungsgesetz zum Aktiengesetz* (Introductory Act to the German Stock Corporation Act, *EGAktG*), the Executive Board and Supervisory Board have decided to hold the 2023 Annual General Meeting as a virtual meeting subject to the provisions of § 118a AktG.

Directors' Dealings

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

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

Further Information on Corporate Governance

Detailed information on the work of the Supervisory Board and its committees, as well as on the cooperation between the Supervisory Board and the Executive Board, can be found in the "Report by the Supervisory Board" section of this report. Further information on Executive Board and Supervisory Board remuneration can be found in the "Remuneration Report" section. The remuneration report for the last financial year, including the auditors' report pursuant to § 162 AktG, and the applicable remuneration system pursuant to § 87a (1) and (2) sentence 1 AktG are published on the website at www.beiersdorf.com/investor-relations/corporate-governance/remuneration-of-executive-board-and-supervisory-board; the latest remuneration resolution of the annual general meeting pursuant to § 113 (3) AktG is available at www.beiersdorf.com/investor-relations/annual-general-meeting/archive.

The consolidated financial statements and half-year reports are prepared in accordance with International Financial Reporting Standards (IFRS), 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 14, 2022, elected Ernst & Young GmbH Wirtschafts-prüfungsgesellschaft, Stuttgart, as the auditors for Beiersdorf AG and the Beiersdorf Group for fiscal year 2022 and as the auditors for the review of the half-year report 2022. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft has been auditing the annual and consolidated financial statements of Beiersdorf AG since the 2006 fiscal year. Britta Siemer has been the responsible auditor since fiscal year 2022. There will be a change of auditors starting from the audit for fiscal year 2024; a public invitation to tender was issued in October 2022.

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

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

The Executive Board

Beiersdorf Aktiengesellschaft

Hamburg, February 2023

The Supervisory Board

Report by the Executive Board on Dealings among Group Companies

In accordance with § 312 AktG, the Executive Board has issued a Report on Dealings among Group Companies which contains the following concluding declaration:

"According to the circumstances known to us at the time transactions were executed or measures were taken or not taken, Beiersdorf Aktiengesellschaft received appropriate consideration for every transaction and has not been disadvantaged by the fact that measures were taken or not taken."

Disclosures relating to Takeover Law

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

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

The appointment and removal from office of members of the Executive Board are governed by §§ 84 and 85 *AktG*, § 31 *Mitbestimmungsgesetz* (German Co-determination 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.

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

- 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 pre-emptive 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 pre-emptive 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 pre-emptive rights to the extent that the total proportionate interest in the share capital attributable to the shares issued while disapplying pre-emptive 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 pre-emptive rights during the term of an authorized capital until such time as it is utilized, this must be counted toward the above-mentioned limit

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

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

- 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' pre-emptive rights, including in a way other than via the stock exchange or via a purchase offer to all shareholders, to the extent that these shares are sold for cash at a price that does not fall materially below the market price of the same class of shares of the company at the time of the sale. The Executive Board was also authorized to sell in whole or in part the own shares acquired in accordance with the above mentioned or a previous authorization with the approval of the Supervisory Board against non-cash consideration while disapplying the pre-emptive 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 pre-emptive rights of shareholders, in order to satisfy the subscription and/or conversion rights from convertible bonds and/or bonds with warrants issued by the company or companies in which it holds a direct or indirect majority interest or other claims to the transfer of shares. The Executive Board is further authorized, in the event that own shares are sold to all shareholders, to disapply the pre-emptive 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 pre-emptive rights when utilizing own shares to the extent that the total proportion of shares utilized without pre-emptive 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 pre-emptive rights, this must be counted toward the above-mentioned limit.

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

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

Report on Gender Equality and Equal Pay in Accordance with §§ 21, 22 *Entgelttransparenzgesetz* (Transparency in Wage Structures Act, *EntgTranspG*)^{1,2}

Measures to Promote Equality between Women and Men

For Beiersdorf AG, as a globally operating company, the diversity of our workforce represents an opportunity and the key to our success. Equal pay for women and men performing the same work or work of equal value was already part of our human resources policy before the legal disclosure requirement was created, and forms part of our corporate practice.

Alongside international and cultural diversity, gender - especially equal career opportunities for all genders - has been a particular focus area for us in recent years. Since the signing of our Diversity Charter in 2012, awareness of the gender balance has been improved among all employees, for example through regular events for the whole workforce and particularly our managers. In 2017, the targets for the proportion of women in management roles were updated. By June 30, 2022, the targets required the proportion of women at the first management level below the Executive Board to be at least 35%, and the proportion of women at the second management level to be at least 50%. As of December 31, 2021, the figures for Beiersdorf AG were as follows:

Executive Board: At least 30% women by June 30, 2022 (figure as of the end of December 2021: 14%)

First management level: At least 35% women by June 30, 2022 (figure as of the end of December 2021: 52%).

Second management level: At least 50% women by June 30, 2021 (figure as of the end of December 2021: 52%).

Beiersdorf formulated a global target for the proportion of female leaders in the top three management groups (MG 1-3) back in 2018. This was in addition to the statutory targets applicable to Beiersdorf AG. By June 30, 2022, a target of 35% women was to be achieved in management groups 1-3. As of December 31, 2021, the figure stood at 34%.

Since 2018, Beiersdorf AG has been supporting female employees and managers - for example through the "enCOURAGE" gender diversity initiative - in numerous ways. These have included the "move forward!" mentoring program aimed at talented women wanting to begin or develop a management career. This program was temporarily suspended in 2021 due to the coronavirus situation. "Peer Coaching Circles" have taken place as an extra program of "move forward!" with the aim of learning and growing together. Since 2017, another focus and highlight of the measures has been the annual Women in Leadership Convention, a networking event where successful role models from inside and outside Beiersdorf report on their experiences and inspire participants. Starting in 2020, the Women in Leadership Convention has been streamed digitally, making it accessible to all employees around the world. The event offers a wealth of opportunities for professional development. In 2019, the topic of diversity was integrated into the C.A.R.E.+ strategy and a Diversity Agenda developed for diversity and inclusion. The vision is to create an inclusive working environment in which all employees can realize their full potential. This focuses among other things on gender equality. The grassroots employee community #SisterhoodisPower, for example, which aims to help women empower each other in their careers, is contributing to this through its series of digital #PowerTalk events, in which inspiring women

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

² The reporting period covers the years 2017-2021.

share their stories, thoughts about management, and personal tips. The employee initiative has also been concentrating on the #Grow2gether peer mentoring program it launched in 2021. In addition, a diverse range of options for flexible working arrangements and a better work-life balance are offered.

Alongside standard part-time working, we also encourage job sharing. This is an arrangement in which two employees take on the same position together in a job tandem. At Beiersdorf, the job-sharing model has long been part of our corporate practice - including the joint leadership model at management level and the "senior meets junior" model, where job sharing enables knowledge transfer between generations and/or a transition to partial retirement. At the end of 2021, there were 34 job-sharing tandems at Beiersdorf in Germany. Nineteen tandems enabled the participants to perform a management role, largely on a part-time basis. Long-existing models such as flexible working hours, individual control over working time, and long-term working hour accounts continue to provide the flexibility needed for staff to meet both their own career goals and the demands of their personal lives. Arrangements on flexible working, which enable employees to work from almost any location, also contribute to this. In addition to these options, we offer childcare for our employees in Hamburg through our company kindergarten "TroploKids". With its 100 places and 0 teachers (as of December 31, 2021), this is one of the largest such kindergartens in Germany and dates back to 1937. Employees in Hamburg receive additional support in combining work and family through the offerings of "PME Familienservice". There is also an online portal with information for all new parents and, since 2018, regular lunchtime events for Beiersdorf employees on parental leave to help mothers and fathers stay connected to the company and facilitate their return to work. We additionally began working with the VÄTERNETZWERK (fathers' network) initiative in 2021. We discussed areas for fathers to work on with two core groups of participants and also encouraged dialogue between interested male parents. The three-week summer vacation program for our employees' children was so well received in previous years that it was announced once again in 2021.

In 2020, to further strengthen diversity and inclusion at Beiersdorf, we created the position of "Global Director Diversity & Inclusion (D&I) immediately below the Executive Board and 2020 formulated a new D&I Strategy Roadmap. This aims to help us create a culture together based on diversity and inclusion, in which everyone feels they belong and has the same opportunities to succeed and give their best performance.

The roadmap is based on three strategic priorities:

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

We achieved initial milestones in each of these areas in 2021:

- The gender parity ambition, which aims for an equal proportion of women and men in leadership positions below the Executive Board by 2025. As of December 31, 2021, the proportion of women in the four highest management groups (MG 1-4) was 47.1%.
- To build people's understanding of diversity and inclusion, we piloted our first training course in
 inclusive (and gender-neutral) language in the reporting year and developed expanded communication guides for a sensitive and nuanced use of language to avoid subtle discrimination. In 2022,
 we presented the global D&I Roadmap 2.0, reflecting the further development of our strategy. Our
 goal is to be 100% inclusive, 100% gender balanced, and 100% future-ready embracing diversity
 far beyond the topic of gender equality.

Measures to Create Equal Pay for Women and Men

Equal pay at Beiersdorf AG is ensured through collective agreements as well as internal processes to evaluate positions not subject to collective pay agreements.

Beiersdorf AG is bound by the collective agreements agreed between BAVC (representing employers) and IGBCE (representing employees). This stipulates a pay structure comprising 13 pay groups. The principle of the Germany-wide collective agreement is that employees should be grouped solely according to the job they do (§ 3 Bundesentgelttarifvertrag). Gender or factors such as job title or qualifications not required for the current job do not influence pay.

Outside collective agreements, equal pay is ensured through, among other things, the employer/ works council agreement on the salary system for employees not covered by collective agreements. The process for evaluating functions not covered by collective agreements involves assigning all positions in the company to defined salary bands with the input of the employee representatives. The bands reflect the market practice of the company's peer group. The assignment of functions/positions to the salary bands depends solely on objective factors such as relevance to the organization as a whole, qualifications required, and complexity of the topics for which the function holder is responsible. The positions are evaluated without reference to the position holder, their gender, or individual performance. The evaluation results are also compared across divisions.

If the annual pay agreements for employees not covered by collective agreements overlap with parental leave or other periods of service for which no compensation is paid, the relevant employer/ works council agreement ensures that the employees participate after their return in the budgets for pay agreements that have already expired.

Disclosures in accordance with § 21 (2) no. 1 and no. 2 EntgTranspG

The average numbers of employees at Beiersdorf AG for the year 2021 are as follows³:

	Women	Change since previous report	Men	Change since previous report
Average total number of employees	1,674	129	999	69
of whom full-time	1,107	45	969	68
of whom part-time	567	84	30	1

³ In accordance with the definition of the German Pay Transparency Act (Entgelttransparenzgesetz): Number of employees (persons) as an annual average. Presentation differs from the other employee units used in the Annual Report.