
FORMFORMFORM LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



FORMFORMFORM LTD

COMPANY INFORMATION

Director	D Jacobsen (appointed 1 July 2022)
Registered number	05256222
Registered office	51a Tudor Road London E9 7SN
Independent auditor	CLA Evelyn Partners Limited Chartered Accountants & Statutory Auditor 45 Gresham Street London EC2V 7BG
Bankers	HSBC Bank plc Fore Street Sidmouth Devon EX10 8AA
Solicitors	Bristows 100 Victoria Embankment London EC4Y 0DH

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FORMFORMFORM LTD

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors

The directors who served during the year were:

L Beeckmann (resigned 30 June 2022)

J Delehanty (resigned 31 March 2023)

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, CLA Evelyn Partners Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Dirk Jacobsen

Dirk Jacobsen (May 12, 2023 11:37 GMT+2)

D Jacobsen

Director

Date: 12/05/2023

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORMFORMFORM LTD

Opinion

We have audited the financial statements of Formformform Ltd (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – not a going concern

We draw attention to note 2.3 of the financial statements, which explains that the financial statements have not been prepared on a going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORMFORMFORM LTD (CONTINUED)

Other information

The other information comprises the information included in the Directors' Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Directors' Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORMFORMFORM LTD (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained a general understanding of the Company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the entity's policies and procedures in relation to compliance with relevant laws and regulations.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements and which are central to the Company's ability to conduct its business and where failure to comply could result in material penalties. The Company must abide by the Companies Act 2006 and FRS102 in respect of the preparation and presentation of the financial statements. Aside from this, we did not identify any specific laws and regulations as being of significance in the context of the Company.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- We enquired with the Company's management as to the existence of litigation and no material items were identified; and
- We obtained written management representations regarding disclosure of any non-compliance with laws and regulations.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the Company and association's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were:

- Management override of control; and
- Revenue recognition, specifically the manipulation of revenue through fraudulent journal entries.

These areas were communicated to the other members of the engagement team not present at the discussion. The senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities.

The procedures carried out to gain evidence in the above areas included:

- Testing of a sample of manual journal entries, selected through applying specific risk assessments applied based on the Company's processes and controls surrounding manual journal entries;
- Reviewing and challenging estimates made by management; and
- Substantive work on revenue transactions.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORMFORMFORM LTD (CONTINUED)

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Bond

Andrew Bond (May 12, 2023 13:56 GMT+1)

Andrew Bond (Senior Statutory Auditor)

for and on behalf of
CLA Evelyn Partners Limited

Chartered Accountants
Statutory Auditor

45 Gresham Street
London
EC2V 7BG

Date: 12/05/2023

FORMFORMFORM LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Turnover	1,817,710	3,683,712
Cost of sales	(1,093,655)	(1,744,195)
Gross profit	724,055	1,939,517
Administrative expenses	(3,230,212)	(3,846,395)
Other operating income	1,640,977	2,040,897
Provisions for impairment of investments in and amounts due from subsidiary	(12,855,623)	-
Operating (loss)/profit	(13,720,803)	134,019
Interest payable and similar expenses	(210,284)	(160,324)
Loss before taxation	(13,931,087)	(26,305)
Loss for the financial year	(13,931,087)	(26,305)

There was no other comprehensive income for 2021 (2020 - £Nil).

The notes on pages 10 to 20 form part of these financial statements.

FORMFORMFORM LTD
REGISTERED NUMBER:05256222

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	5	48,738	104,546
Tangible assets	6	521,000	676,366
Investments	7	-	1,467,896
		<u>569,738</u>	<u>2,248,808</u>
Current assets			
Stocks		788,241	533,004
Debtors: amounts falling due within one year	8	408,162	11,833,988
Cash at bank and in hand		1,092,991	519,881
		<u>2,289,394</u>	<u>12,886,873</u>
Creditors: amounts falling due within one year	9	(8,513,587)	(6,859,049)
Net current (liabilities)/assets		<u>(6,224,193)</u>	<u>6,027,824</u>
Net (liabilities)/assets		<u>(5,654,455)</u>	<u>8,276,632</u>
Capital and reserves			
Called up share capital		690,183	690,183
Share premium account		10,550,297	10,550,297
Capital contribution		4,100,314	4,100,314
Profit and loss account		(20,995,249)	(7,064,162)
Shareholders' (deficit)/funds		<u>(5,654,455)</u>	<u>8,276,632</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Dirk Jacobsen
Dirk Jacobsen (May 12, 2023 11:37 GMT+2)

D Jacobsen
Director

Date: 12/05/2023

The notes on pages 10 to 20 form part of these financial statements.

FORMFORMFORM LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Share premium account £	Capital contribution £	Profit and loss account £	Total equity £
At 1 January 2020	690,183	10,550,297	4,100,314	(7,037,857)	8,302,937
Comprehensive income for the year					
Loss for the year	-	-	-	(26,305)	(26,305)
At 1 January 2021	690,183	10,550,297	4,100,314	(7,064,162)	8,276,632
Comprehensive income for the year					
Loss for the year	-	-	-	(13,931,087)	(13,931,087)
At 31 December 2021	690,183	10,550,297	4,100,314	(20,995,249)	(5,654,455)

FORMFORMFORM LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Formformform Ltd is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 05256222). The registered office address is 51a Tudor Road, London, E9 7SN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of a state other than the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.3 Not a Going concern

The Directors intend to liquidate the Company in 2023 and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements.

In the year to 31 December 2021 the Company made a loss of £13.9m (2020 - (£26,305)) and has net current liabilities of £6.2m (2020 - Net current assets £6m). The Company has had a facility agreement in place with the immediate parent company as described in note 10 and has also received a letter of support from its immediate parent company, tesa SE to meet the Group's financial commitments as they fall due until the Company is liquidated, which is expected to be within the next 12 months. The intercompany receivable and investment held in the subsidiary entity have been provided against as that subsidiary is not a going concern. Future costs relating to this decision will be incurred in future periods and have not been provided for.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Research and development

Research and development expenditures are charged to profit or loss in the year in which they are incurred.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Website development	-	33% straight-line
Software	-	20% straight-line

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following basis.

Depreciation is provided on the following basis:

L/Term leasehold property	-	straight-line over remainder of lease
Plant and machinery	-	10% to 20% straight-line
Office equipment and fittings	-	33% straight-line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on standard cost. Work in progress and finished goods include all direct costs and appropriate proportion of fixed and variable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured on initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2.14 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in profit or loss in the same period as the related expenditure.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Employees

The average monthly number of employees, including directors, during the year was 42 (2020 - 42).

4. Taxation

	2021 £	2020 £
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

4. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - *lower than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	(13,931,087)	(26,305)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(2,646,907)	(4,998)
Effects of:		
Fixed asset timing differences	2,748	3,940
R&D expenditure credits	4,142	-
Expenses not deductible for tax purposes	2,442,568	-
Deferred tax not recognised	197,449	1,058
Total tax charge for the year	-	-

Factors that may affect future tax charges

A potential deferred tax asset has not been recognised in respect of trading losses carried forward of £900,624 (2020 - £703,175) due to the inherent uncertainty regarding timing of future profits

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

5. Intangible assets

	Website development £	Software £	Total £
Cost			
At 1 January 2021	462,633	311,933	774,566
Additions	-	12,143	12,143
At 31 December 2021	462,633	324,076	786,709
Amortisation			
At 1 January 2021	454,945	215,075	670,020
Charge for the year	4,224	63,727	67,951
At 31 December 2021	459,169	278,802	737,971
Net book value			
At 31 December 2021	3,464	45,274	48,738
At 31 December 2020	7,688	96,858	104,546

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

6. Tangible fixed assets

	L/Term leasehold property £	Plant and machinery £	Fixtures and Fittings £	Total £
Cost				
At 1 January 2021	450,481	1,183,782	256,051	1,890,314
Additions	37,270	50,988	17,995	106,253
Disposals	(190,059)	(27,801)	-	(217,860)
At 31 December 2021	297,692	1,206,969	274,046	1,778,707
Depreciation				
At 1 January 2021	226,772	751,426	235,750	1,213,948
Charge for the year	66,920	86,033	14,604	167,557
Disposals	(115,985)	(7,813)	-	(123,798)
At 31 December 2021	177,707	829,646	250,354	1,257,707
Net book value				
At 31 December 2021	119,985	377,323	23,692	521,000
At 31 December 2020	223,709	432,356	20,301	676,366

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

7. Fixed asset investments

	Investments in subsidiary companies £	Loans to subsidiaries £	Total £
Cost			
At 1 January 2021	649	1,467,247	1,467,896
At 31 December 2021	649	1,467,247	1,467,896
Impairment			
At 1 January 2021	-	-	-
Charge for the year	649	1,467,247	1,467,896
At 31 December 2021	649	1,467,247	1,467,896
Net book value			
At 31 December 2021	-	-	-
At 31 December 2020	649	1,467,247	1,467,896

Following post balance sheet events, the loan to subsidiary is considered to be no longer recoverable and has been written off.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. Debtors

	2021 £	2020 £
Trade debtors	44,909	241,906
Amounts owed by group undertakings	-	11,340,550
Other debtors	292,089	131,636
Prepayments and accrued income	71,164	119,896
	<u>408,162</u>	<u>11,833,988</u>

Amounts owed by group undertakings have been provided against.

9. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	475,630	350,513
Other loans	7,763,559	5,813,550
Other taxation and social security	40,386	50,420
Other creditors	88,851	28,629
Accruals and deferred income	145,161	615,937
	<u>8,513,587</u>	<u>6,859,049</u>

10. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Loans from group undertakings	<u>7,763,559</u>	<u>5,813,550</u>

On 24 May 2018, tesa SE granted a £10 million credit facility to the Company. Funds are granted in short-term loan tranches with a minimum value of £100k and a minimum tenor of 1 month and a maximum tenor of 1 year less one day. All tranches drawn down as shown above as at 31 December 2021 had an interest rate of 3.23%. The balance above includes accrued interest.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £76,791 (2020 - £74,276). Contributions totalling £13,083 (2020 - £Nil) were payable to the fund at the reporting date.

12. Commitments under operating leases

At 31 December the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	59,046	172,446
Later than 1 year and not later than 5 years	165,235	224,280
	<u>224,281</u>	<u>396,726</u>

13. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

14. Controlling party

The immediate parent undertaking is tesa SE, a company registered in Germany.

The ultimate parent entity is Beiersdorf AG, a company registered in Germany.

The largest and smallest group of undertakings for which group accounts for the year ended 31 December 2021 have been drawn up, is that headed by Beiersdorf AG. Copies of the group accounts are available from their website as follows <https://www.beiersdorf.com/investors/financial-reports/financial-reports>.

The directors do not consider there to be an ultimate controlling party of the Company.

15. Post Balance Sheet Events

After the year end management decided to liquidate the Company and its subsidiary. Future costs relating to this decision will be incurred in future periods and have not been provided for.



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Annual Report

Beiersdorf

Beiersdorf 2021

KEY FIGURES - OVERVIEW

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

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

1

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OUR EMPLOYEES



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

WE ARE
BEIERSDORF.

“

RESPONSIBILITY DOESN'T END WITH OUR OWN PRODUCTS

”

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



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

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

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

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

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

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

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

Vincent: The starting point is our C.A.R.E.+ strategy, which puts a clear focus on innovation, digitalization, sustainability, and growth. We want to set new standards and actively shape the future of skin care. To that end, for example, we have established an "Early Innovation" team to centralize the development of major innovations, so we can bring them to market even faster and more efficiently. In addition, digital transformation is a key factor for success. We have adopted the "Digital Fast Forward" program with the aim

“
**It is more important than
ever that we invest in a
sustainable, inclusive world.**
”

Vincent Warnery
CEO

of further expanding our business in the digital space – from e-commerce to co-innovation platforms and digital service offerings for our consumers. This strategic area is especially challenging because of its fast pace – but it's also incredibly interesting and multifaceted.

And what about the focus areas of growth and sustainability?

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



Beiersdorf is committed to sustainable development not only in terms of products. Which measures are particularly important to you – and why?

Vincent: Our understanding of care has always gone beyond pure skin care. In particular, we believe that our responsibility does not end with our own products. Rather, as a global skin care company, we want to make an active contribution to the environment and to society. This is reflected in our purpose Care Beyond Skin. It is more important than ever that we invest in a sustainable, inclusive world. For example, we are empowering girls who have been particularly affected by the coronavirus pandemic. Since 2020, together with the NGOs Plan International and CARE we have already reached around 58,000 people in Africa and Latin America through our "Empowering Girls" projects. In doing so, we can bring about real changes that target systematic transformation.

Let's look from the pandemic to the future: What do you take away from this extraordinary time? What has changed for Beiersdorf as a company?

Astrid: The coronavirus pandemic has fundamentally changed how people around the world live and work. It showed us what the working world of the future could look like and has accelerated cultural change, especially hybrid working models. It wasn't always easy, but it has helped propel us forward.

Vincent: I can only agree with that. Virtual collaboration has had a major impact on us in the past few months. And despite the physical distance, we have come closer together as a team, even on a global level – and we have successfully driven our business forward in spite of all the challenges. The coronavirus pandemic has shown us that we can overcome difficult times – and emerge even stronger.



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

Astrid Hermann
CFO

CARE BEYOND SKIN OUR PURPOSE

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

C.A.R.E.+ OUR STRATEGY

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



INNOVATIONS THAT TOUCH

LIVES

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



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

Grita Loeb sack
 Member of the Executive Board

Beyond skin care

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

€202

million

invested in research and
development in 2021

1,630

studies

with 42,000 participants
worldwide

7

international
research & development
sites

with 1,530 employees

Ten years of pioneering work

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

An active ingredient takes the market by storm

The original active ingredient, W630, thus became the basis of many products for different applications that quickly gained acceptance in various markets. In 2018, La Prairie, Beiersdorf's luxury skin care brand, took the first step: its skin care products are additionally enriched with high-quality ingredients such as caviar extract. They target age-related discoloration and promote long-lasting skin rejuvenation. Less than six months later, the Eucerin brand launched the first dermocosmetic anti-dark spot products. Launched in 2020, the NIVEA LUMINOUS630® anti-dark spot facial care range is also a global success story: The products are currently available in 38 coun-

tries on all continents and will soon be launched in a total of 45 countries. "The immense demand confirms that we are creating real added value for our consumers with our products and, in doing so, opening up a new market segment for Beiersdorf," emphasizes Grita Loeb sack, member of the Executive Board. The brand further expanded its LUMINOUS630® facial care range in 2021, adding products from the sun care and hand care categories.

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



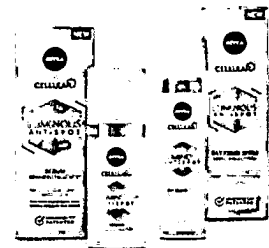
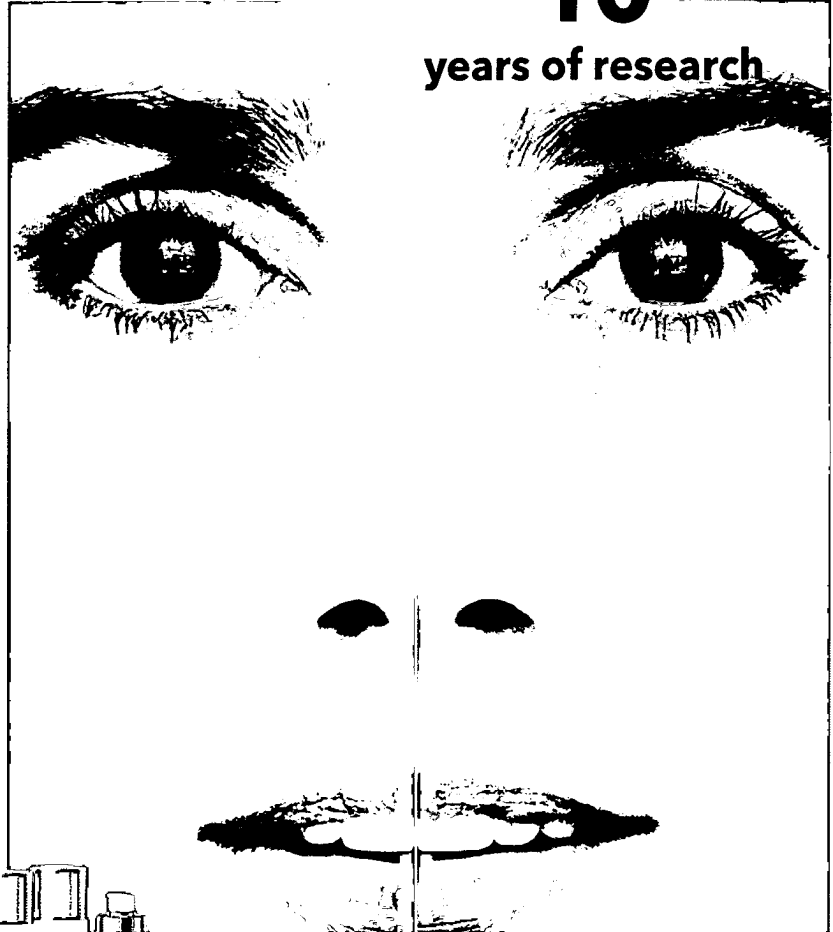
“
**We are very proud that
our products can have
a life-changing impact.**

”

Patrick Rasquinet
Member of the Executive Board

**The active ingredient
W630 is the result of**

**10
years of research**





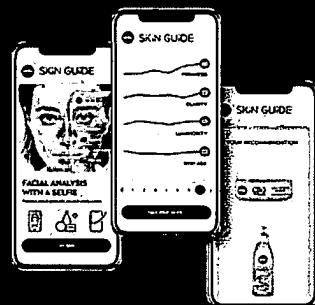
More than
14,500
study participants

between the ages
of 18 and 80
from Europe and Asia



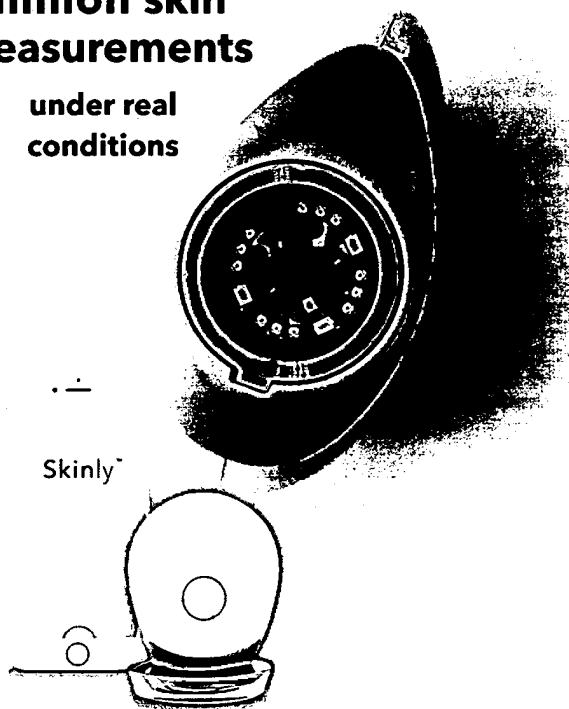
DIGITAL *SKIN CARE INTELLIGENCE*

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



5 million skin measurements

under real
conditions



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

”

Dr. Gitta Neufang
Member of the Executive Committee

Digitalized skin research from home

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

Artificial intelligence meets comprehensive research knowledge

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

Personalized skin care products

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

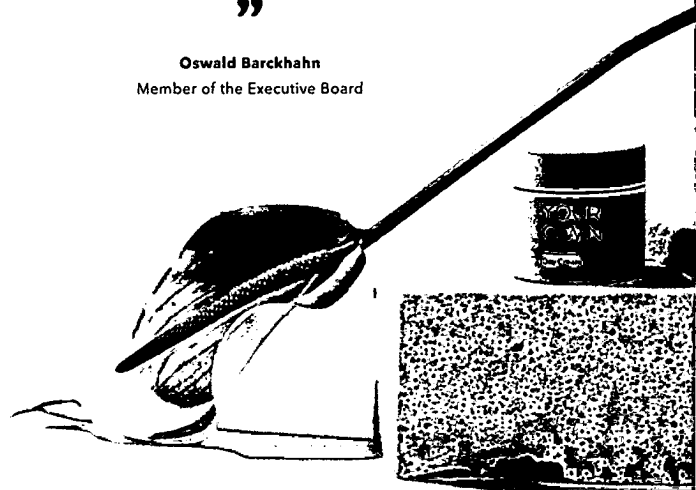
Skin care of tomorrow

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



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

Oswald Barckhahn
Member of the Executive Board



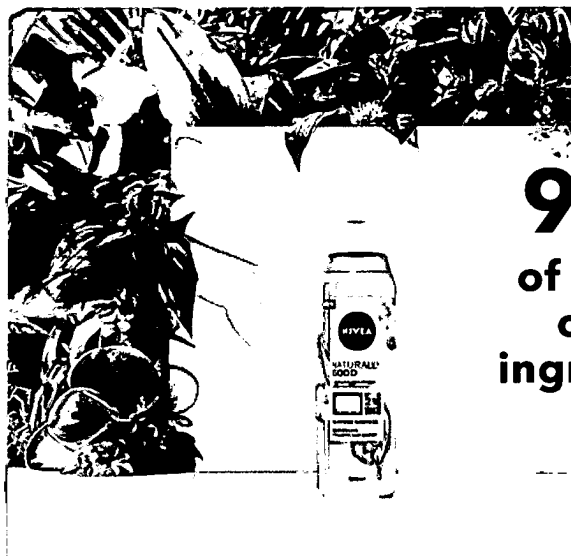
**More than
380,000
unique
formula
combinations**



LOOKING BEYOND THE PACKAGING HORIZON

NIVEA
NATURALLY
GOOD [ANTI AGE]
SOLID CUCURBIT FRUIT EXTRACT FLUORIDE DAY CARE

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



98%
of natural
origin
ingredients



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

Thomas Ingelfinger
Member of the Executive Board

Ambitious sustainability goals

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

Industry pioneer for sustainable packaging

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

50%
reduction
of fossil-based virgin plastic
by 2025 (vs. base
year 2018)

30%
absolute reduction
of greenhouse gas emissions
in scopes 1, 2 and 3
by 2025 (vs. base year 2018)

30%
recycled material
in plastic
packaging by 2025
(vs. base year 2018)

Climate-neutral
production sites by
2030

100%
of packaging
refillable, reusable or recyclable
by 2025

the alternative plastic. It is made from tall oil, which is a by-product from the forestry segment. Its look and feel are basically indistinguishable from conventional plastic, but it conserves fossil resources. Beiersdorf also looked to its broad supplier network to find the right partner for another packaging innovation in the aerosol segment. Together with Salford Valve Company Ltd. (Salvalco), the company developed its first deodorant with a more sustainable spray valve: NIVEA ECODEO. The Eco-Valve technology allows the use of air-derived nitrogen as a propellant instead of butane propellants made from natural gas and oil. This makes it much more climate-friendly to begin with. In addition, the deodorant offers twice the yield thanks to the environmentally-friendly propellant, which further reduces the product's CO₂ footprint.

Environmentally-friendly without compromising on quality

The company is also setting new packaging standards in recycling while maintaining product quality: The starting point was a collaboration between Beiersdorf and Nussbaum Matzingen AG. The idea involved using aerosol cans for deodorants and shaving gels made from 100 percent recycled aluminum. This is because processing the recycled metal consumes up to 95 percent less energy than producing new aluminum. "The idea was promising, but the technology for producing aerosol cans from recycled consumer goods material didn't exist yet," explains packaging expert Alban Bourcier, "so we developed it as we

100%
recycled
aluminium



went along." The result of the cooperation can already be seen: The first aerosol cans made from 100 percent recycled beverage aluminum cans have recently become available in Germany and other European countries will soon follow. Beiersdorf is an industry pioneer in this area. Both the NIVEA MEN deodorant sprays and the NIVEA MEN shaving gels feature the new recycled packaging. "What makes the cans so special is that they use less material than before, because the recycled aluminum is more robust," adds Alban Bourcier. Compared to the previous NIVEA MEN deodorant sprays, the more sustainable successors ensure 28 percent lower CO₂ emissions – without sacrificing quality or safety. The new aluminum cans for shaving gel are even better, causing 35 percent fewer CO₂ emissions than the previous version.

Reducing emissions on all levels

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



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

”

Harald Emberger
Member of the Executive Committee



WE ARE BEIERSDORF

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

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

What are the benefits of having an international team?

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

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

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

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

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

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



“

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

”

Ramon A. Mirt
Member of the Executive Board

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

What exactly is dynamic working?

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

How can dynamic working be implemented successfully?

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

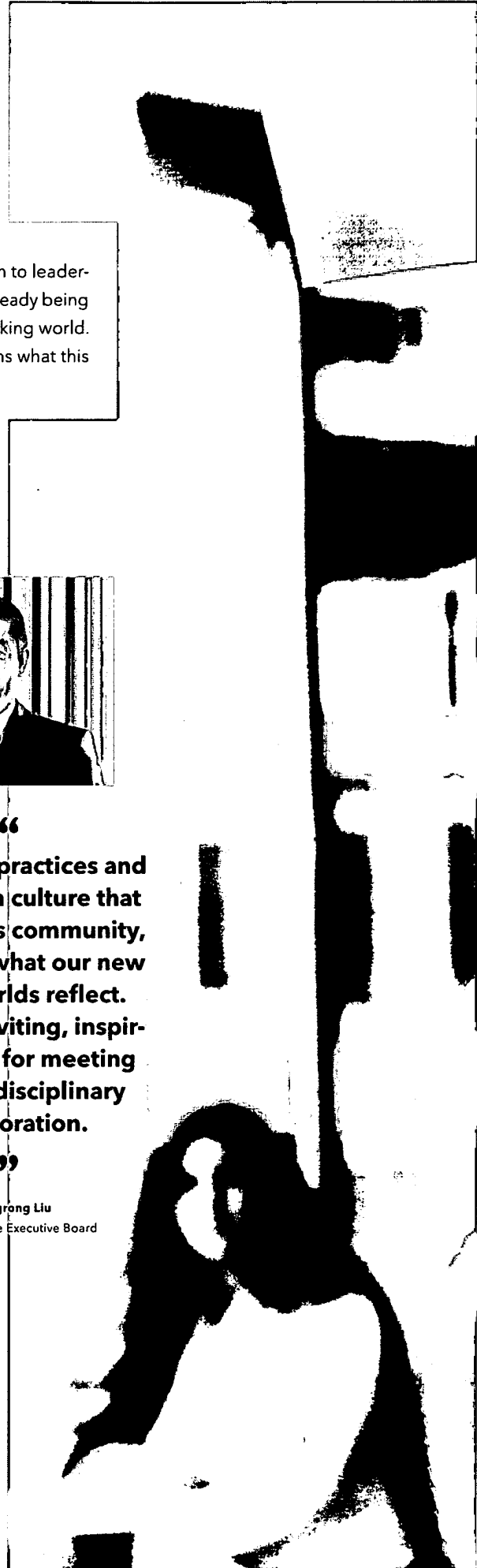
The Beiersdorf Campus is currently being built in Hamburg, where dynamic working will become a reality beginning in 2023. What was particularly important in the planning process?

Marie: We took a collaborative approach right from the start and actively involved our employees in the design through workshops, surveys, and events. This investment is paying off. We will create a place that largely combines work and quality of life - from innovative interior design to a wide range of sports options and various services that improve and simplify employees' everyday lives.



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

Zhengrong Liu
Member of the Executive Board

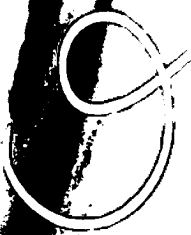




GND

DWIN

Good + Beautiful



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

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

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



Eucerin®

LA PRAIRIE
SWITZERLAND

Hansaplast

Elastoplast

Aquaphor®
HEALING OINTMENT

Coppertone.

CHANTECAILLE

Labello

8x4

atriX

**HIDRO
FUGAL**

Maestro
美秀

tesa®

To Our Shareholders

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Dear Shareholders, dear Readers,

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

Future-oriented investments during the pandemic

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

Strong business performance surpasses pre-crisis levels

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

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

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

Care Beyond Skin as a guiding principle

Care Beyond Skin is our purpose and our responsibility: We care for people, society, and the environment. I'm very proud of the many Care Beyond Skin initiatives we realized in 2021; these included our global vaccination initiative for employees and their families, our joint efforts with the NGOs Plan International CARE and Ashoka to empower girls worldwide, and the launch of the first climate-neutralized NIVEA products. In addition, we are prioritizing, ambitious climate target and a reduction in our CO₂ emissions. Our aim is to cut our Scope 1, 2, and 3 emissions by 30% in absolute terms by 2025 (base year: 2018). We are also making important progress at our production sites: Our Berlin plant, Beiersdorf Manufacturing Berlin (BMB), started nearly climate-neutral production (in terms of Scope 1 and 2 emissions) in January 2022. It is the first plant in Beiersdorf's production network to do so. We are aiming to achieve climate neutrality at all production sites by 2030.

The market demands innovations and digital solutions

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

To Our Shareholders
Letter from the Chairman



Vincent Warnery
Chairman of the Executive Board

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

Strengthening NIVEA as a global brand

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

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

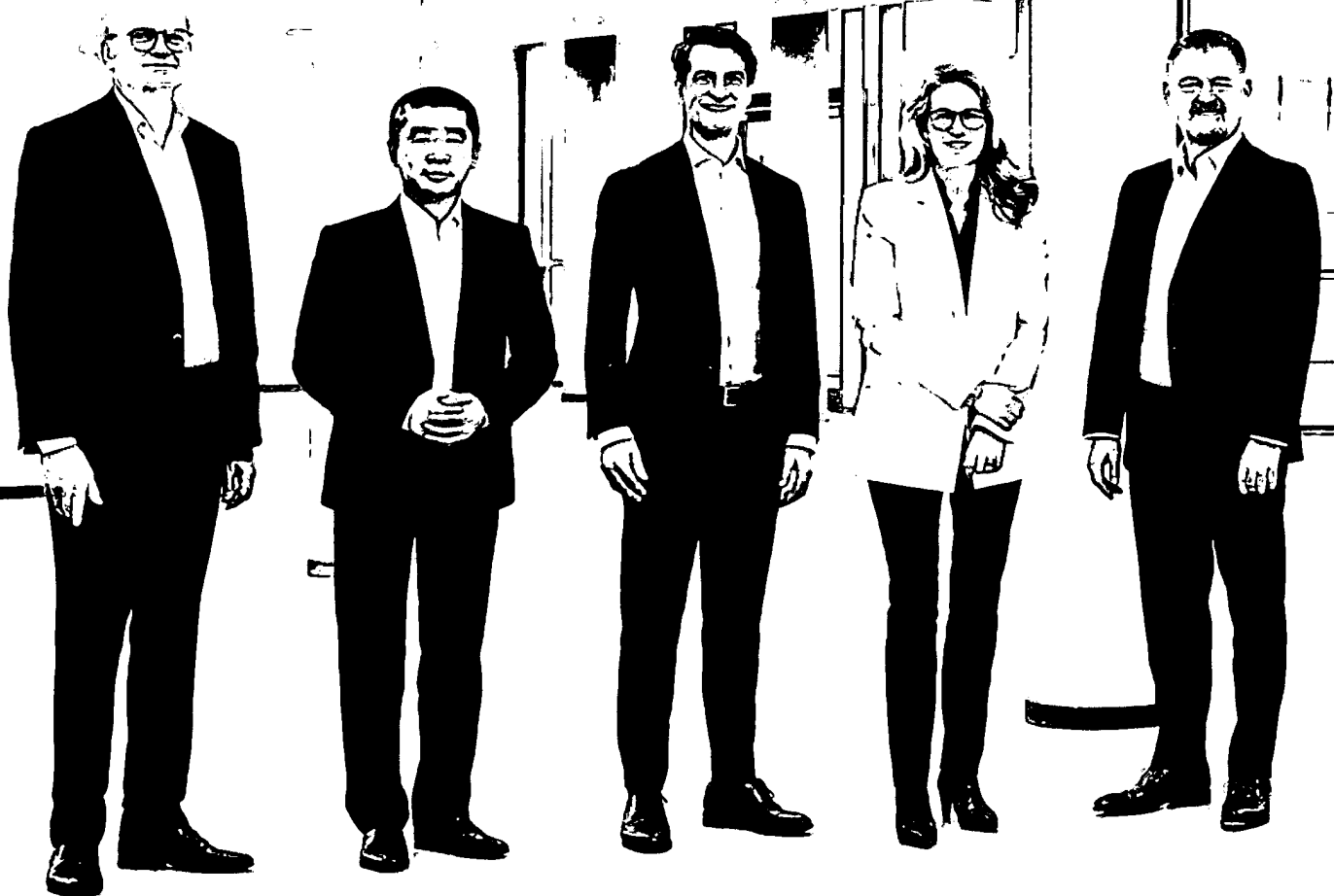
I would like to say a special thank-you on behalf of the Executive Committee Board to our more than 20,000 employees. Their exceptional commitment and expertise are why our consumers place such great trust in us. I also want to thank our consumers, our business partners, and you, our shareholders: Your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

Sincerely,

A handwritten signature in dark ink, appearing to read 'V. Warnery', with a long, sweeping horizontal line extending to the right.

Vincent Warnery
Chairman of the Executive Board

Our Management Team





from left to right

Thomas Ingelfinger // Europe (until December 31, 2021)

Zhengrong Liu // Human Resources

Oswald Barckhahn // Europe, USA & Canada

Grita Loeb sack // NIVEA

Patrick Rasquinet // Pharmacy & Selective

Vincent Warnery // CEO

Astrid Hermann // Finance, tesa SE

Ramon A. Mirt // Emerging Markets

Dr. Gitta Neufang // VP Research & Development

Harald Emberger // VP Supply Chain, Quality Management

Beiersdorf's Shares and Investor Relations

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

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

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

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

Beiersdorf's shares experienced a volatile 2021. With the presentation of the annual results on February 17, 2021, the Executive Board announced additional investments in sustainability, digitalization, and emerging markets as part of the C.A.R.E.+ strategy. The impact of these plans on profitability in the coming years initially met with a guarded response on the capital market. Free-float market capitalization – one of the main criteria for DAX membership – fell during the first quarter, with the result that our shares were

removed from the index of Germany's 30 largest stock market-listed companies, in which they had been included for more than twelve years. By mid-year, however, the good progress of vaccination programs and the prospect that everyday life would return to normal led to a recovery in our business. On the back of strong half year results, our share price recovered and rose well above the 100-euro mark again. As the second half of the year began, however, the focus shifted to global supply chain problems and rising commodity prices. Uncertainty about the impact on margins put the HPC (home and personal care) sector as a whole under pressure. Despite these developments, Beiersdorf was readmitted to the DAX at the end of October in an unscheduled reshuffle, replacing a company leaving the index. In September, the index had been expanded from 30 to 40 companies.

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

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

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

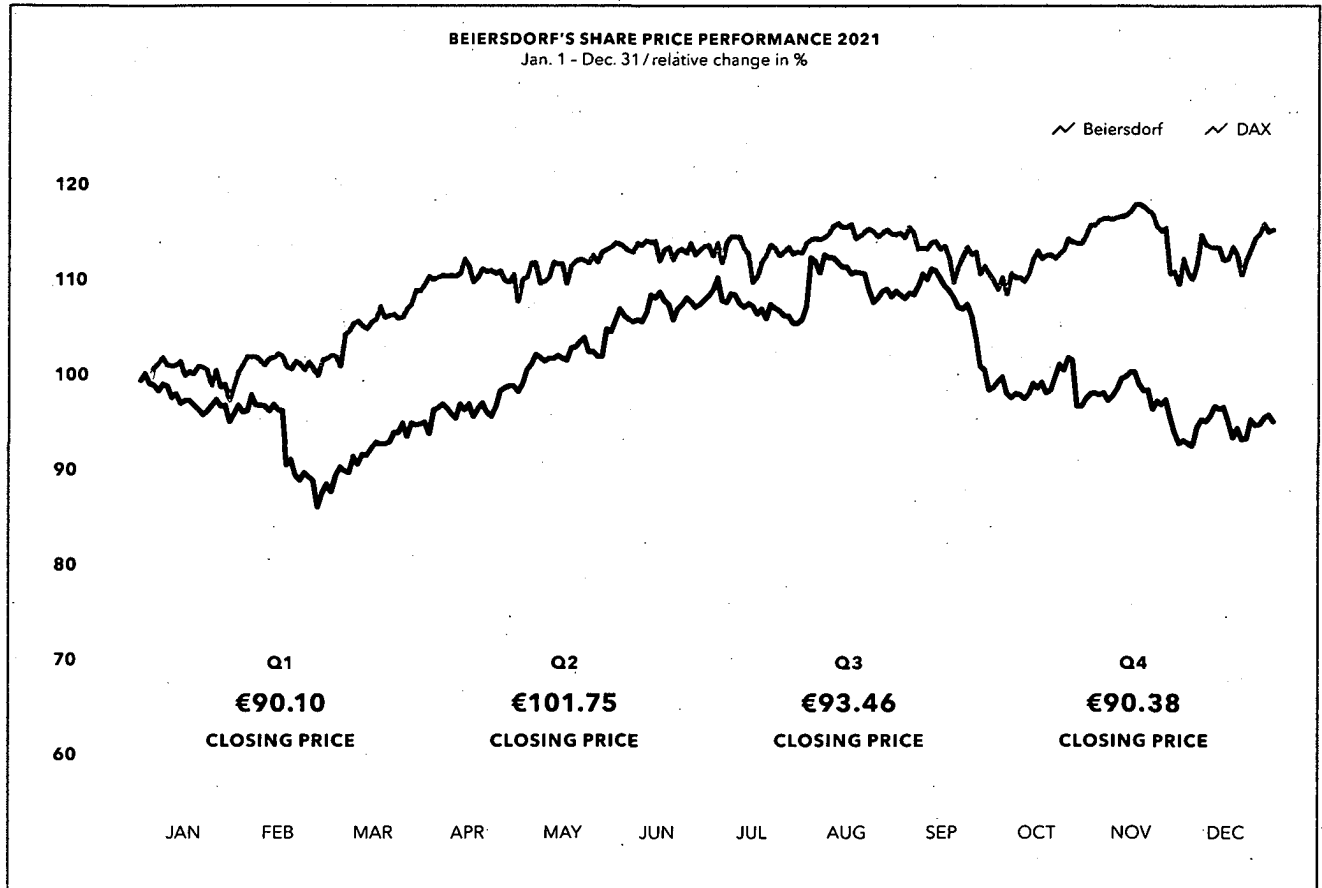
For more information on Beiersdorf's shares please visit www.beiersdorf.com/shares.

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

KEY FIGURES - SHARES

		2020	2021
Earnings per share as of Dec. 31	(in €)	2.47	2.81
Market capitalization as of Dec. 31	(in € million)	23,799	22,776
Closing price as of Dec. 31	(in €)	94.44	90.38
Closing high for the year	(in €)	107.70	106.95
Closing low for the year	(in €)	82.82	81.90

To Our Shareholders
Beiersdorf's Shares and Investor Relations

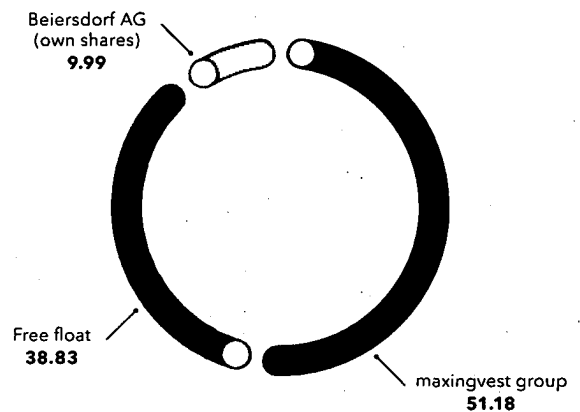


BASIC SHARE DATA

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

SHAREHOLDER STRUCTURE (IN %)

As of Dec. 31, 2021



Report by the Supervisory Board

Dear Shareholders,

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

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

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

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

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

Full Supervisory Board

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

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

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

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

the corporate governance statement. It approved the Supervisory Board's report to the Annual General Meeting and the remuneration report for the 2020 fiscal year. The Supervisory Board approved the agenda and proposals for decision for the online Annual General Meeting on April 1, 2021.

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

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

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

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

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

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

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

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

Committees

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

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

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

To Our Shareholders
Report by the Supervisory Board

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

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

Annual Financial Statements and Audit

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

The Supervisory Board received the 2021 annual financial statements and consolidated financial statements, combined management report for Beiersdorf AG and the Group, including the combined Non-financial Statement for Beiersdorf AG and the Group, the report on dealings among Group companies, and the auditor's reports immediately after their preparation. Prior to this, the Supervisory Board received and discussed drafts of the

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

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

Hamburg, February 22, 2022
For the Supervisory Board



Reinhard Pöllath
Chairman

Combined Management Report

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C.A.R.E.+

COMPETITIVE + SUSTAINABLE + GROWTH



Eucerin®

Hansaplast

LA PRAIRIE
SWITZERLAND

Strengthen our brands by enriching their purpose

Growth Drivers

FAST FORWARD DIGITAL
TRANSFORMATION

WIN WITH SKIN CARE

UNLOCK WHITE SPOT
POTENTIALFUEL THE GROWTH
THROUGH INCREASED PRODUCTIVITYBUILD ON STRONG FOUNDATIONS:
CULTURE - CORE VALUES - CAPABILITIES - CARE BEYOND SKIN

Foundation of the Group

Business and Strategy

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

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

Consumer

Our strategy

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

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

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

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

Strengthen our brands by enriching their purpose

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

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

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

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

Fast forward digital transformation

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

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

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

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

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

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

Win with skin care

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

The NIVEA brand's high-quality LUMINOUS630® face care range – for all consumers who care about facial pigment spots – performed well. With the NIVEA Naturally Good face care range, we brought our first climate-neutralized deodorants¹ to market in some 30 countries during 2021. In addition, we transitioned to a fully climate-neutralized¹ NIVEA shower gel range on the German market and launched the sustainable NIVEA MagicBARs – our first certified natural cosmetics products from NIVEA. With these steps, we aim to reduce our environmental footprint and enhance our transformation toward greater sustainability under our "Care Beyond Skin" sustainability agenda.

In 2021, the patented active ingredient Thiamidol from our dermocosmetics brand Eucerin was used in the DERMOPURE range – Beiersdorf's first set of products for post-acne marks. In addition, Eucerin has launched its first medical device with sun protection factor 100. Eucerin ACTINIC CONTROL^{MD} offers protection from UV rays for people with already sun-damaged skin. The product prevents actinic keratosis (the most common precursor to non-melanoma skin cancer) and non-melanoma skin cancer and can also serve as an adjunctive treatment for actinic keratosis².

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

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

Unlock white spot potential

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

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

¹ Remaining CO₂ emissions are balanced through certified climate projects. More on NIVEA.com/Climate

² cf. S3 Guideline „Aktinische Keratose und Plattenepithelkarzinom der Haut“; an own study with ACTINIC CONTROL^{MD} does not exist.

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

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

Fuel the growth through increased productivity

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

The new production site we are building in Leipzig, with a total investment of €220 million, is leading the way to sustainable growth and an expanded, future-proof supply chain infrastructure in Central Europe. Up to 450 million cosmetics products will roll off the production line at the 32,000 m² plant every year, including deodorants, hair sprays, and shaving foams for the entire European market and for export further afield. There will be scope to expand capacity further in future depending on market and business development. We laid the cornerstone for the new plant at a ceremony in September 2021, and production is due to begin at the end of 2022. In keeping with our sustainability agenda, we are aiming for the new plant to achieve gold certification under the widely recognized rating system for sustainable buildings, LEED (Leadership in Energy and Environmental Design).

In close proximity to the new plant, Beiersdorf is investing €170 million in the construction of a state-of-the-art hub. Together with the €220 million for the new production center, this represents Beiersdorf's largest investment in a single site anywhere in the world. Combining the production center and hub should provide us with long-term options to expand and configure the site as a basis for offering the best possible service to our trading partners and pharmaceutical wholesalers. The new hub also puts the important issue of sustainability center stage: for the new logistics center, we are aiming for CO₂-neutral operation and corresponding sustainability certification.

Our Berlin plant – Beiersdorf Manufacturing Berlin (BMB) – will also play an important role in our climate protection efforts. From January 2022, this will be the first plant in Beiersdorf's production network to become virtually climate neutral in terms of Scope 1 and 2 emissions. To achieve this, it is switching from natural gas, a fossil fuel, to biomethane. Only parts of the vehicle fleet and the emergency power supply (1%) will continue to run on fossil fuels after the switch. These residual emissions will be offset using high-quality CO₂ certificates.

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

Building on our strong foundations:

Culture – Core Values – Capabilities – Care Beyond Skin

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

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

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

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

tesa

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

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

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

Direct Industries

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

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

Trade Markets

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

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

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

Management and Control

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

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

Value Management and Performance Management System

The goal of Beiersdorf's business activities is to sustainably increase the company's market share by achieving qualitative growth and, at the same time, to expand its earnings base. The long-term key performance indicators – organic sales growth¹ in conjunction with market share development, EBIT, and the EBIT margin before special factors (the ratio of EBIT to sales) – are derived from this goal. The aim is to generate internationally competitive returns through continuous investment in growth opportunities, systematic cost management, and the highly efficient use of resources.

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

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

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

Research and Development

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

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

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

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

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

Consumer

Excellence in Skin Care Research

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

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

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

- A significant part of our research work for many years has been developing modern, non-animal-based **methods to assess safety**. With the results of these methods, we can provide evidence of the safety of our ingredients and, hence, of our products. As in the past years, in fiscal year 2021, we continued our intensive collaboration with the worldwide community of safety scientists – especially the Long Range Science Strategy (LRSS) Consortium of Cosmetics Europe. Since the modern Next Generation Risk Assessment (NGRA) primarily considers the level of exposure to a substance, a focus of our research was assessing the risks of ingredients with very little exposure – an area that is increasingly finding its way into general regulations, such as the European SCCS Notes of Guidance. As a result of the collaboration with various stakeholders, considerable progress has been made with regard to the Internal Threshold of Toxicological Concern (iTTC). Another focus was the read across approach. With this approach, the safety data of an existing substance is used to assess the safety of a new, chemically related ingredient. We also carried out research in the fields of digital toxicology and physiologically-based pharmacokinetic (PBPK) models. PBPK modeling is increasingly used in ingredient-specific risk assessments, especially in the field of UV filters. Basically, this is a virtual human being based on artificial intelligence (AI) in which the exposure and metabolism of an ingredient are simulated.
- Since the next generation of risk assessments will require more advanced in-vitro test systems, in the reporting year we also continued our research in the area of microphysiological systems (MPS), also known as “**organ-on-a-chip**” (OoC) technology. In close collaboration with our cooperation partner, TissUse, a biotechnology company based in Berlin, Germany, we trialed this technology for cosmetic purposes and introduced it to the LRSS program of Cosmetics Europe. Based on case studies, it was proved that the new system can make an important contribution to the risk assessment of cosmetics. In collaboration with the University of Hamburg, Germany, we also worked with the computer-supported “**Skin Doctor**” model during the reporting year. With this model, the skin-sensitizing potential of ingredients can be predicted with a high degree of accuracy and reliability. The application is based on the latest technologies of machine learning and was published by us in several publications.
- **Protecting the skin against sun exposure** is an important topic for Beiersdorf. For years, our experts have been researching the sun's impact on the skin in order to develop pioneering solutions for sun-related skin problems.

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

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

- In the field of skin research, we are continuing to work on our active ingredient against hyperpigmentation, **Thiamidol**. In collaboration with the Nelson R. Mandela School of Medicine in Durban, South Africa, we achieved impressive results in two separate studies. Both exhibited benefits of Thiamidol for people of color. In one study, the human epidermal suction blister model was used to trigger hyperpigmentation under controlled conditions and treat it directly. The second study proved the positive effect of Thiamidol treatment for existing post-inflammatory hyperpigmentation (PIH). Thiamidol could therefore become a preferred method of treatment for one of the most important skin problems of people with dark pigmented skin, thus helping them improve their skin condition. Many consumers with dark pigmented skin report that their skin reacts to all types of inflammation, such as acne, with oftentimes long-lasting hyperpigmentation.
- Our scientists also continued their research in the area of the coenzyme **Q10** and acquired new knowledge about the endogenous coenzyme and, as a result, the associated skin aging processes. In cooperation with leading scientists at Marche Polytechnic University in Ancona, Italy, we were able, for the first time, to show in a study that age-related reduction of Q10 in skin cells leads to the biological aging of human skin cells. This can be compensated by the addition of Q10, which strongly underlines its key function for anti-aging research and the importance of our products with the coenzyme Q10 for radiant skin – especially for improving skin elasticity and firmness. Also, within the framework of the research work, it was shown that the coenzyme Q10 has a positive effect on the production of

important components of connective tissue, such as collagen and elastin. When these decline, the skin loses firmness and elasticity. This process already begins when we are about 20 years old. The latest scientific findings, which were published in March 2021 in a Q10 special edition of the trade journal "Free Radical Biology & Medicine," showed just how valuable continued research into key topics is.

- Worldwide, we reached an important milestone in anti-aging research in the reporting year with the development of **Age Clocks** – a key technology that now allows us to accurately predict the biological age of tissue. The special feature is that the model not only predicts biological age but also simulates how certain genes and/or signaling pathways contribute to skin aging. The technology enables us to switch individual genes on and off on the computer to see what effect this has on the biological age of the skin without having to carry out a single experiment in the laboratory. This type of "simulated biology" allows us to gain a better understanding of the complex skin aging process so that we can derive systematic approaches for a new intervention strategy. To develop the new Age Clock, Beiersdorf scientists worked closely together with bioinformaticians and medical practitioners at Greifswald University Hospital in Germany. The research work benefited significantly from the possibilities offered by artificial intelligence and innovative technologies – new approaches for innovation are created at their interfaces.
- In 2021, we also intensified our activities in the area of **microbiome research**, a subject that is currently taking on much greater significance. Microbiome research involves the investigation of complex communities of different microorganisms that colonize almost every ecosystem in a variety of combinations, including the skin. In addition to finding that certain microbiota promote skin disorders or even trigger and worsen them, it would appear that other microbiota are responsible for ensuring that the skin stays healthy. Beiersdorf has taken over a leading role in this field of research. Our researchers are aiming to get to know and understand the microbiome in detail – as this is vital for analyzing different skin conditions, skin disorders, and also various phenotypes of healthy skin. In the reporting year, Beiersdorf scientists, in close collaboration with Professor Brüggenmann from Aarhus University in Denmark, were able to specifically record two significant species of the skin-dominant microbiome genus of staphylococci: *Staphylococcus epidermidis* and *Staphylococcus warneri*. Genome segments were identified for both, which enabled a distinction to be made with regard to subspecies and strains for the first time. The research team not only developed a method that was superior to any existing method at that time, it also shed light on the role of a previously largely underestimated skin bacterium, *Staphylococcus saccharolyticus*.

We systematically protect our intellectual property and our worldwide innovations with **global patents**. In 2021, we also established a stricter patent

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

Collaboration promotes innovative strength

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

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

Strong research network

We are convinced that the global presence of our research and development contributes to our success. The largest site in our global research and development network is our skin research center in Hamburg, Germany, where we employed 741 (previous year: 705) researchers and developers as of December 31, 2021. Here, we essentially carry out important application-oriented research. By acquiring a better understanding of the skin's own (metabolic) processes, we obtain, in our view, the ideal basis to develop new, needs-based products – for example, with new active ingredients or with the aid of new technologies, such as artificial intelligence. To also accelerate our innovative strength and promote the external perception of Beiersdorf as a leading innovator in the field of skin care, in the 2021 fiscal year, we

established the new department "Early Innovation," a 16-person team that pools strengths from various specialist units. The objective of the new unit is to develop a long-term cross-brand, cross-category innovation road map with strong innovation stories. The team acts as a link between all the specialist disciplines that are involved in the innovation process.

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

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

Our innovation center in Shanghai, which opened in 2020, with 7,500 m² the second largest site in our research network, entered two important strategic partnerships in the last fiscal year. The cooperation with TMIC (TMall Innovation Center) was one of them. TMIC is a data analysis and independent research platform based on Alibaba's consumer data. It enables brands to identify segments with promising opportunities, develop innovations based on Chinese consumer's need, find the right target groups, and optimize product launch strategies. 2020 and 2021, in close partnership with TMIC, we developed and launched a series of products tapping into Chinese consumer's needs, such as the first NIVEA MEN Eye Gel and Tone-up Cream in 2020 and the first NIVEA Body Neck Cream in 2021. In the future, new product concepts and innovations will also be tested via TMIC within the defined target group.

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

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

The latest addition to our research network is our ultra-modern innovation center at our new site in Florham Park in New Jersey in the United States. It replaces the previous Coppertone research center in New Jersey as well as the Beiersdorf development laboratory in Wilton, Connecticut. We believe, that the approximately 3,000 m² of laboratory and office space provide us with ideal conditions for intensive clinical research and rapid development of local product innovations for the NIVEA, Eucerin, Aquaphor, and Coppertone brands for the North American market. Among other features, the site has a special sensor technology laboratory for increased interaction with consumers and works closely together with the development laboratory in Hamburg, Germany in the area of sunscreen innovations. Since the United States are the largest market for over-the-counter (OTC, i.e. non-prescription drugs according to the US definition) products, we also want to create the first global center of excellence for OTC products with this new site.

Personalization and Artificial Intelligence

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

this unique ecosystem learns something new with every measurement. Since the end of 2019, more than 14,500 consumers, aged between 18 and 80, from Europe and Asia have taken part, and well in excess of 5 million skin measurements have been carried out. A large volume of high-quality data provides a better understanding of the effects of external influences on the skin and allows conclusions to be drawn in terms of developing new skin care solutions.

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

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

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

R&D sustainability pledge¹

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

In the reporting year, we formulated our own claim in our R&D sustainability pledge. Accordingly, we want to achieve maximum product effect with as few ingredients as possible and, wherever feasible, use sustainable, bio-

degradable and/or renewable raw materials and packaging. In this context, we announced our Plastic Pledge 2025 already in 2019, for example. With this pledge we plan to increase the share of recycled material in our European plastic packaging to 25% by 2025. The circular economy is also top priority for us and is specifically supported.

Product highlights¹

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

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

- After the successful launch of the **NIVEA CELLULAR LUMINOUS630® Anti-Dark Spot** range in 2020, in the reporting year, Beiersdorf launched four new care products from the range on the market. They all contain the patented active ingredient LUMINOUS630®, which visibly reduces existing dark (pigment) spots on the skin and helps prevent the formation of new ones. It is the result of ten years of meticulous research at Beiersdorf. The new products, which also contain hyaluronic acid, include the **NIVEA CELLULAR LUMINOUS630® Anti-Dark Spot Night Cream**, **NIVEA CELLULAR LUMINOUS630® Anti-Dark Circles Eye Treatment**, **NIVEA CELLULAR LUMINOUS630® ANTISPOT Tinted Fluid SPF20 Double Corrector**, and **NIVEA CELLULAR LUMINOUS630® Anti-Dark Spot Hand Cream**.
- The new **NIVEA Hydra Skin Effect** range not only provides the skin with intensive moisture, it contains pure hyaluron. Two different types of hyaluronic acid are used: Long-chain hyaluronic acid binds water in the upper layer of the skin, while short-chain hyaluronic acid penetrates deeper into the skin. The range includes a day and a night cream, an ampoules treatment, and a mask.
- With the **NIVEA Q10 Power Anti-Wrinkle + Firming Day Cream**, we launched our new generation of 100% skin identical Q10 on the market. Produced in a natural fermentation process, the skin-identical, double-action Q10 effectively fights lines and wrinkles and helps to prevent the formation of new wrinkles. The formula protects the skin against free radicals and provides it with the moisture and energy it needs to regenerate better. The vegan cream does not contain animal or animal derived ingredients and contains no microplastics, alcohol (ethyl alcohol), or mineral oils.

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

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

- With the new **NIVEA SUN Kids Mineral UV Protection** products containing organic aloe vera, we have added a sustainable product variant to our product portfolio in 2021 – containing absolutely no chemical UV filters or microplastics in the mass market segment. This new vegan (without animal-derived ingredients), waterproof technology formula provides reliable UVA and UVB protection (SPF 50+) and protects the skin effectively against sunburn and long-term skin damage. In addition, the formula contributes to the continuous improvement of the environmental compatibility of our sunscreen product portfolio.
- The **NIVEA Coffee to Care** range, containing natural coffee oil from recycled coffee grounds, was introduced in 2021 after just five months project work. It includes a facial day cream, a shower gel, and a body lotion and was one of Beiersdorf's most sustainable care ranges at the end of the fiscal year. The vegan formulas do not contain animal or animal-derived ingredients, consist of 98% ingredients of natural origin and are up to 99% biodegradable. They are rich in linoleic acid and flavonoids, strengthen the skin's natural barrier and develop an antioxidant effect – for radiant, beautiful skin. All products in the NIVEA Coffee to Care range are obtainable exclusively online at NIVEA.de. By upcycling ingredients, Beiersdorf is taking a further step towards the circular economy.
- The new **NIVEA ECODEO Naturally Good** features a climate-friendlier spray application that uses nitrogen instead of conventional propellant gases. The new application format lasts twice as long as our standard 150 ml cans and thus saves a complete aluminum can. The can was also optimized with regard to its ecological footprint. The special NIVEA ECODEO Naturally Good formula contains 95% naturally-derived ingredients.
- "Promoting the circular economy" was the basic idea behind the development of the new **NIVEA EcoRefill Hand Soap** range. The products combine a system of refill tabs that dissolve when adding water, dissolve and turn into a liquid hand-soap formula, accompanied by a refillable and re-usable bottle. These bottles are made from 100% recycled material (excluding pump and label); the tabs are packaged in certified, minimalist paper packaging. As a result, the products offer a mild, pleasant, foaming hand-washing experience that considerably reduces CO₂ emissions with each application compared to conventional liquid wash.
- Our new **NIVEA MEN SENSITIVE-PRO ULTRA-CALMING** facial skin care range combines plant-based hemp seed oil and vitamin E. The light formula soothes and hydrates stressed skin and protect against skin irritation. The range includes a vegan moisturizer (formulas do not contain animal derived ingredients), a facial and beard balm, and a shaving foam as well as a new liquid shaving cream that is free of propellant gases. Both shaving products provide a smooth and gentle shave.
- The new **Labello Naturally Vegan** range, which was certified as a natural cosmetic by Ecocert® Cosmos Natural, includes the varieties "Acai Berry & Shea Butter" and "Hemp Oil & Shea Butter." Both care formulas are vegan (without animal-derived ingredients), based on 100% naturally-derived ingredients, and provide the lips with plenty of moisture and enriched care. The outer packaging of the new Labello range contains no plastic and the box is FSC-certified.
- With the new **Eucerin DERMOPURE Triple Effect Serum**, in the reporting year, we launched a new product to the market for all consumers affected by acne. The serum, with the patented active ingredient Thiamidol, lessens stubborn post-inflammatory hyperpigmentation and effectively reduces skin impurities. Used twice per day and in combination with DERMOPURE Protective Fluid SPF 30 for skin that is prone to acne, the DERMOPURE Triple Effect Serum considerably reduces the Acne blemishes (blemishes and pimple marks) in 95 out of 100 consumers after eight weeks of regular use.
- With the new innovation **Eucerin ACTINIC CONTROL^{MD}**, Beiersdorf launched its first certified medical product with SPF 100 in the reporting year. The effective sunscreen prevents actinic keratosis (the most frequent early form of skin cancer) and non-melanocytic skin cancer (i.e., white skin cancer) and can be used as additional protection in combination with medical treatment for actinic keratosis¹. The light fluid is suitable for everyday use and, with its highly effective combination of high UVA/UVB protection and broadband filters, offers very high protection against sun-related skin damage for skin that is sensitive to the sun. For people with a high degree of sun exposure, such as particular occupational groups and athletes, we also recommend Eucerin ACTINIC CONTROL^{MD}.
- We carried out an extensive relaunch of the anti-aging range **Eucerin Hyaluron Filler + 3x Effect** in 2021. The new formulas with long- and short-chain hyaluronic acid, saponin, and enoxolone plump, stimulate, and protect the skin and thus counteract signs of skin aging – for visibly younger looking, smoother, radiant skin. The long- and short-chain hyaluronic acid visibly plumps even the deepest wrinkles. The antioxidant saponin activates the skin's own production of hyaluronic acid and protects the skin against free radicals. Enoxolone reduces the body's natural depletion of hyaluronic acid.

¹ Cf. S3 guideline „Aktinische Keratose und Plattenepithelkarzinom der Haut“; an own study with ACTINIC CONTROL^{MD} does not exist.

- During the past fiscal year, the entire **Hansaplast** range was relaunched and now features the additional **Bacteria Shield** logo. The Hansaplast compresses stop bacteria passing through the carrier material and, as a result, are an outstanding wound dressing that keeps out 99% of bacteria, protects the wound, and keeps it clean. In this way, **Hansaplast Bacteria Shield plasters** create good conditions for the body's own healing mechanism to work unimpeded.
- Under our luxury brand **La Prairie**, we introduced the new anti-aging product **Platinum Rare Haute-Rejuvenation Protocol** to the market in 2021. The product acts upon the skin's most important rejuvenation processes to help minimize signs of skin aging. The one-month intensive treatment consists of three vials – each vial for ten days – which are used day and night. They help restore the skin's volume, promote a feeling of firmness and elasticity, and create a more youthful appearance. In the past fiscal year, the **Skin Caviar Collection** was also supplemented with an innovation: **La Prairie Skin Caviar Nighttime Oil** is based on a unique blend of caviar lipids and caviar-derived retinol to smooth the appearance of fine lines and wrinkles, improve the skin's feeling of elasticity and firmness, and strengthen the skin's barrier. The moisturizing facial oil is especially effective at night, but is also effective at other times.
- With **Coppertone Sport Mineral**, our US sunscreen brand introduced a sport sunscreen line with 100% mineral sun protection based on a zinc oxide active ingredient in 2021. The durable formulas resist sweat, heat, and water. Coppertone Sport Mineral, with naturally sourced zinc oxide, rubs on easily and is water resistant (80 minutes). The **Coppertone Pure & Simple Sunscreen Sprays** provide 100% mineral sun protection based on a zinc oxide active ingredient and are great for the whole family (adults, children, and babies). The formulas are water resistant (80 minutes), provide broad spectrum UVA/UVB protection and contain botanical extracts. Coppertone Pure & Simple Sunscreen Spray, with naturally sourced zinc oxide, is hypoallergenic and gentle, therefore suitable for sensitive skin.
- In the past fiscal year, Beiersdorf addressed the trend of personalized facial skin care with the introduction of the new, innovative skin care brand **O.W.N** (Only What's Needed). Based on the idea that every person's skin is unique, O.W.N provides a care routine tailored to the individual skin needs of consumers in key European markets. This personalization is based on a scientifically evaluated questionnaire and the O.W.N personalization algorithm based on the findings and data from a study involving more than 4,000 consumers. Over time, the products also adapt to take account of various changes, such as changes in the environment, skin needs, and seasonal changes to the skin. The products – including a day cream, a night cream, micellar water, and a gel cleanser – are available only via the www.ownskincare.eu website. The formulas are biodegradable and the jars and bottles can be refilled to reduce plastic waste.

tesa

Product and technology development¹

Tapes replace screws and welding

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

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

Sustainable product and technology concepts

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

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

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

Further development of solvent-free technologies

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

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

Technologies for displays and glazing

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

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

Product solutions for electric mobility

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

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

Looking ahead to the future: the hydrogen fuel cell

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

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

People at Beiersdorf¹

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

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

Consumer

Working in the new reality - Human Resources in 2021

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

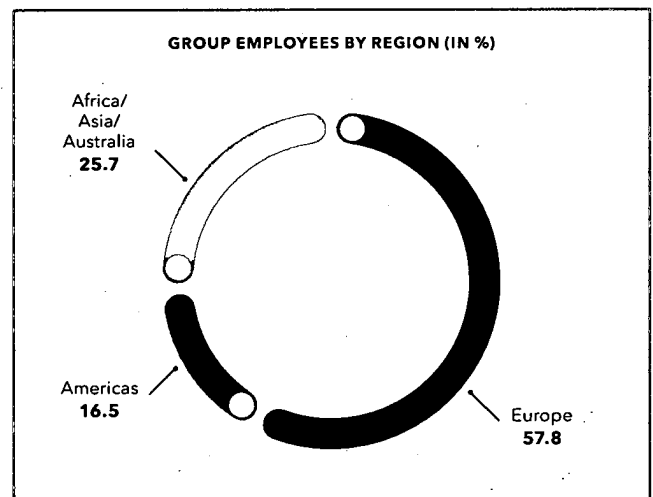
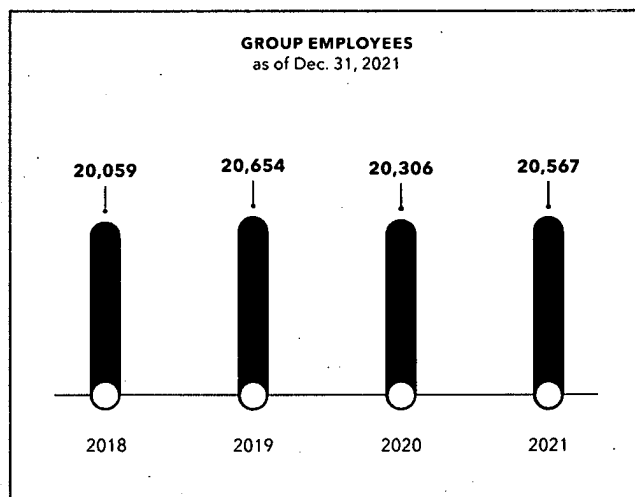
Corporate culture

Our employees value the unique corporate culture at Beiersdorf. We believe in values such as openness, trust, internationalism, and a corporate culture built on honesty. Our role is to promote a working environment in which

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

Attractive employer and engagement

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



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

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

Participation in decision-making and company success

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

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

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

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

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

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

Leadership

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

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

Beiersdorf uses various methods to identify and promote new managerial talent. A key instrument is the Development & Potential Process newly introduced in May 2021 under the slogan "Develop your way." This focuses on the individual development of all employees worldwide and aims to promote greater dialogue between employees and managers. Focused self-reflection, development reviews, and personalized development plans discussed in face-to-face meetings should give everyone the support in their development in a way that is personally tailored to them. This approach should quickly identify young talents with leadership potential and should

give them the opportunity to gather relevant experience from an early stage to help their professional development. To better identify employees' potential, we use the "learning agility model," which consists of four dimensions: mental agility, people agility, change agility, and results agility. The core aim is to identify potential managers who are able to adapt to new circumstances, learn quickly, including from experience, and continue their personal growth. This model thus looks beyond performance by focusing on what employees can bring to future challenges.

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

New working world

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

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

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

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

encounters will, however, always remain an important part of Beiersdorf's working culture in future, as they promote creativity and cross-functional collaboration.

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

Digital transformation

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

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

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

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

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

- The Virtual Open House Day, to which Beiersdorf, Tchibo, and tesa invited young talented people, offering them an insight into their business and various entry programs.
- An online event from Young Entrepreneurs in Science (YES). This gave an insight into the corporate world to students from a wealth of different academic disciplines and discussed the importance of entrepreneurial thinking.

Support for our employees

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

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

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

Training and further education

Our philosophy also involves supporting young people's education and training. Alongside our selection of vocational training places and degree-integrated vocational training, we offer the BEYOND BORDERS global trainee program and a large number of internships for students all around the world. In Hamburg alone, Beiersdorf offers training in nine different occupations. At the end of 2021, we employed 104 vocational trainees (previous year:

110) in the city. The retention rate for those completing their training was 97% (previous year: 81%). We recruited a total of 32 vocational trainees (previous year: 39) in the reporting year, four of whom started their training under the new degree-integrated vocational training model. Here, the trainees complete a three-year vocational course as an industrial business administrator along with a four-year Bachelor's degree in business administration with a focus on industry. The number of young employees in the global trainee program at the end of the reporting year was 16 (previous year: 19). Ten of these trainees joined the program in 2021.

Knowledge and learning

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

- building and maintaining a global learning infrastructure, i.e., a flexible learning management system in which we can create our own learning content;
- promoting targeted learning, including guidance and providing group-specific learning content;
- and finally, anchoring learning in our everyday work.

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

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

developed in the reporting year brings together the full range of training and information in a single place with easy access to the learning paths.

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

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

Diversity & Inclusion

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

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

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

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

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

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

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

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

Focus dimension: Gender balance

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

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- The “move forward!” mentoring program aimed at talented women who want to begin or develop a management career. This program was temporarily suspended during the reporting year due to the coronavirus situation.
- The “Peer Coaching Circles” – an extra program of “move forward!” with the aim of learning and growing together. The coaching circles continued in 2021.
- The annual Women in Leadership Convention, a networking event where successful role models report on their experiences and inspire participants. Due to the pandemic, the fifth Women in Leadership Convention in November 2021 was held in a hybrid format. Since 2020, this event has been livestreamed to make it accessible to all employees around the world.

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

PART-TIME EMPLOYEES BY REGION (IN %)

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

GENDER DISTRIBUTION BY REGION

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

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

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

- **Executive Board:** at least 10% women by June 30, 2022
(figure as of December 31, 2021: 14%; previous year: 14%)
- **First management level:** at least 35% women by June 30, 2022
(figure as of December 31, 2021: 31%; previous year: 30%)
- **Second management level:** at least 50% women by June 30, 2022
(figure as of December 31, 2021: 52%; previous year: 47%)

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

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

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

Diverse initiatives, activities, and partnerships

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

tation, also began an international roll-out in seven countries. It additionally published a playbook to help staff at affiliates establish "Be You" at local level. Together with the NIVEA brand, the community also sent a visible message for more togetherness with the Pride special edition of NIVEA Creme. The launch took place in seven countries and enjoyed remarkable success, especially in Germany.

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

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

Generational diversity and inclusion of people with disabilities

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

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

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

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

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

tesa

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

Personnel development

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

Leadership culture

Managers' ability to offer employees a motivating work environment and encourage them to express their talents is key to tesa's business success and its attractiveness as an employer. Back in 2019, tesa therefore began to design a new Management Development Program (MDP) consisting of two modules: "Essential" and "Advanced." Its aim is to help leaders and manag-

ers to further develop their skills and competencies. The "Essential" program is intended to impart basic internal and interdisciplinary knowledge about management responsibilities, processes, and tasks in every division of the company. The "Advanced" program builds on it and covers various areas of management: from strategy development, finance and controlling, to supply chain and HR management.

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

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

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

Knowledge transfer

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

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

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

A new management training series was also launched in 2021. It is divided into a "basics" and an "advanced" training program. Participants in international groups are taught fundamental management skills and how to handle

management tasks in the "basics" part. In the "advanced" part, experienced managers acquire competencies in areas such as team development, change management, or coaching. The content of the management training series is focused toward the challenges of tesa's newhorizon strategy and the Leadership Model@tesa.

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

Attractive working environment

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

STEM initiative

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

Occupational health management

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

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

tesa Women's Network

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

Back2Office

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

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 2021, another particularly challenging year, we were passionate and determined about transforming ourselves as a company and contributing to positive global change.

Since 2020, our "Care Beyond Skin" sustainability agenda has been an integral part of our C.A.R.E.+ business strategy. We are driving our transformation all along the value chain - from innovative, sustainable product design to sustainable ingredients, efficient production in our factories, and the end of our products' life cycle. We are aware of our major responsibility as a global skin care company and want to make an active contribution to protecting the climate. That is why we have set ourselves one of the most ambitious reduction targets in the industry. Across the Group, we want to cut absolute Scope 1 and 2 CO₂ emissions by 30% by 2025 (base year: 2018) and absolute Scope 3 emissions by 10%. These targets have been approved by the Science Based Targets Initiative (SBTi) and are in line with scientists' calls to limit global warming to 1.5 degrees Celsius. In addition, with the "Business Ambition for 1.5° C," we have signed a voluntary long-term commitment to achieving net-zero emissions by 2050.

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

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

Non-financial Statement 2021

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

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

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

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

Application of international reporting frameworks

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

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

Material non-financial topics for the business segments

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

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

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


Statement scope

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

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

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

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

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

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STATEMENT TO THE COMBINED NON-FINANCIAL STATEMENT

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Strategy

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

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

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

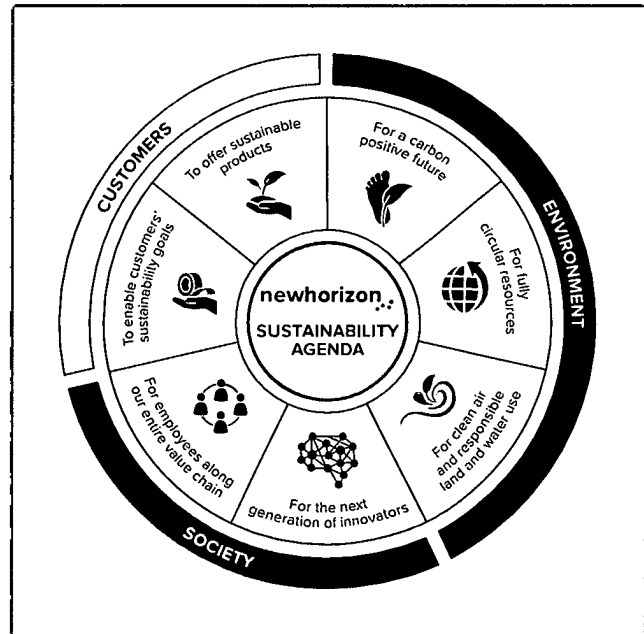
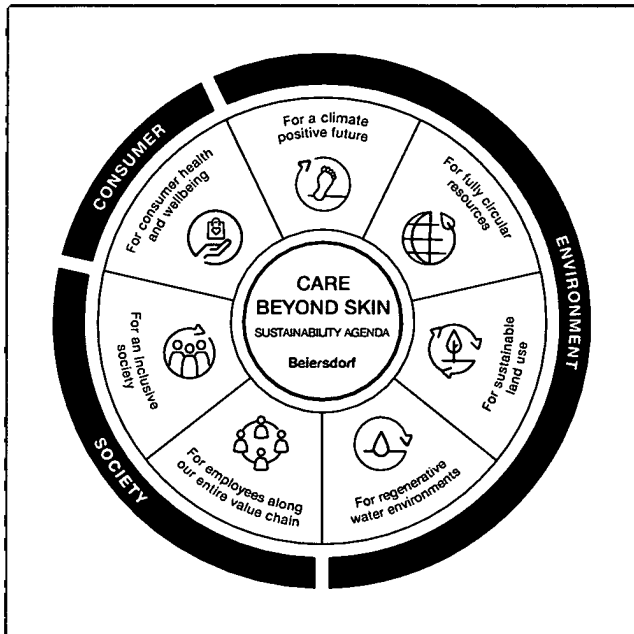
Consumer

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

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

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

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



tesa

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

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

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

Description of the Business Model

Beiersdorf is one of the world's leading companies in the consumer goods industry. Since its foundation in 1882, the company has become well-established thanks to its strong brands and it now employs over 20,000 people. The Beiersdorf business is divided into two segments: The Consumer Busi-

ness Segment which focuses on skin care, and the tesa Business Segment which concentrates on developing high quality self-adhesive systems and product solutions. A detailed description of the business model is provided in the "Business and Strategy" chapter in the Group Management Report from page 37.

Material Risks

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

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

Environment

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

Climate protection

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

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

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

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

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

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

Our climate targets

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

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

We made considerable progress in the reporting year with regards to our climate targets: Absolute Scope 1 and Scope 2 emissions were reduced by 26% versus the 2018 baseline in the Consumer Business Segment, and by 16.5% in the tesa Business Segment. This led to an overall reduction of absolute Scope 1 and Scope 2 emissions of 21%. The absolute Scope 3 emissions² of the Consumer Business Segment were reduced by 12% over the same period, bringing the total reduction across Scope 1 to 3 to 12.7%.

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

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

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

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

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

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

² For Scope 3 emissions we have defined target boundary for purchased goods and services, upstream transport and logistics, and business travel.

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

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The Consumer Business Segment gathers energy consumption data at all its production sites, the warehouses we operate, as well as, offices with more than 50 full-time equivalent employees. tesa collects energy consumption

data for all its ISO 14001-certified sites. That accounts for six production sites and the main headquarters.

KEY FIGURES

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

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

Identifying Scope 3 emissions

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

Since 2018, the tesa Business Segment has gathered data on material emissions throughout the value chain. Through this, we identified raw materials, finished good suppliers, and product transport as material Scope 3 categories. In the future, we intend to expand our CO₂ 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 emissions². This model assesses the resource consumption and environmental impact throughout the entire supply chain, using internationally standardized statistics and databases. The analysis identified the following material areas for the Consumer Business Segment: Packaging materials, raw materials for product formulations, finished goods suppliers, externally purchased transportation and warehousing services, business travel, covers more than two-thirds of our total Scope 3 emissions, which meets the requirements of SBTi. The key figures regarding Scope 3 emissions can be found in the "Consumer" subchapter.

Consumer

Improved Scope 3 calculations

For all defined categories included in our target boundary, we have developed methods of calculation that rely on precise data as far as possible. This enables us to better monitor the progress of our reduction measures. The majority of our Scope 3 emissions are generated by the manufacturing processes of the packaging³ and raw materials we need for our products. The calculations of these GHG emissions are based primary data for material consumption, and secondary emission factors derived from life cycle databases.

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

To calculate emissions originating from our outsourced production and storage, we survey our suppliers of finished goods and storage⁴ providers for their energy consumption data and emission factors for purchased electricity⁴. These data are based on the quantities of goods produced for us or on goods turnover. The calculation methodology is congruent with the Scope 1 and Scope 2 calculations for our own sites. In 2021, the data we gathered in the survey covered 95% of our outsourced finished goods production and 94% of our warehousing activities. The values in the following table are extrapolated emission values to cover all our finished goods suppliers and warehousing.

² In all the following remarks on our Scope 3 emissions, only the mass market and the dermocosmetics business of the Consumer Business Segment are included. The Scope 3 emissions of the premium segment with LA PRAIRIE are not in scope, as LA PRAIRIE's sales volume represents a minor share of Beiersdorf's total business.

³ We include consumer packaging and secondary packaging in our calculation. Packaging materials that are added as part of packaging processes or during preparation for transport are not included.

⁴ For outsourced production and storage, the data collection period (December 2020 to November 2021) differs from the reporting period.

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

To quantify our emissions from business travel, information on distance and modes of transport is either exported from our travel management system or reported directly by our affiliates. For the data collected via our travel management system, we calculate emissions according to the methodology established by German Association of Business Travel Agents (Verband Deutscher Geschäftsreiseveranstalter, VDR), taking into account a "radiative forcing index" (RFI) factor of 2 for business flights. In the case of business

travel data, which is reported directly to us, we calculate emissions based on IEA data. The 2020 flight emissions of our German companies were offset in the reporting year 2021 retroactively, and we will do the same for our flight emissions in the upcoming reporting year. Compared to our 2018 baseline, our business travel emissions declined by 84%. This development can be attributed, among other things, to the continuing impact of the COVID 19 pandemic.

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

SCOPE 3 GHG EMISSIONS CONSUMER (UNIT: T CO₂E)¹

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

¹ The categories are defined by the GHG Protocol.

² The emission data for packaging and raw materials 2018, 2019 and 2020 have been adjusted due to updated emission factors. COPPERTONE is not included in this category.

³ Transport emissions for 2018, 2019 and 2020 have been recalculated due to methodological changes. Warehousing data is extrapolated based on stored pallets.

Transition towards climate neutralization

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

Our climate neutralization process consists of three steps. The first step is "Measure". All GHG emissions are quantified in accordance with the GHG Protocol. The second step is "Reduce". This is reflected in our ambitious climate targets, which are based on scientific findings to limit global warming to 1.5 degrees Celsius. We focus our activities and resources mainly on achieving these reduction targets. The third step is "Neutralize". In order to leverage additional CO₂ storage potentials in the transition phase to our "net-zero" target, we invest in certified climate projects to neutralize remaining GHG emissions.

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

Reducing operating emissions

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

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

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

We are also aiming for CO₂-neutral operations in our upcoming hub in Leipzig, along with relevant sustainability certification. In addition to energy-efficient processes, there will be green facades and roofs and photovoltaic modules will be installed.

Moreover, we are retrofitting our existing plants: Our site in Berlin will be the first Beiersdorf plant to purchase 100% biomethane in 2022, cutting the plant's GHG emissions by 99%. The biogas is produced in Denmark from organic waste and fed into the European gas grid¹.

Reducing emissions along the value chain

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

Packaging

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

Product formulations

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

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

Finished goods manufacturing and third-party warehousing

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

Transport

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

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

Neutralizing remaining emissions

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

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

² tesa SE sold its subsidiary tesa scribos in 2021.

tesa

Company management systems for environmental protection

The tesa Business Segment uses ISO 14001 certified environmental management systems at seven sites² for the continuous management and planning of our corporate environmental protection. The ISO 14001 standard is an internationally recognized approach to managing the direct and long-term environmental impacts of products, services, and processes within a company.

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

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

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

Identify energy-saving opportunities and increase efficiency

Energy consumption is an important management driver for reducing our environmental impact. Within the framework of a continuous improvement process, and based on the environmental program and the environmental audits, we identify energy-saving opportunities and optimize energy-intensive processes, while simultaneously reducing our CO₂ emissions and related costs. tesa corporate management conducts a management review every year as part of this process. The environmental and energy experts at each site bear operational responsibility.

A further strategic approach for increasing energy efficiency is the use of energy- and resource-saving technologies. This includes generating our own energy efficiently. At several production sites, we utilize combined cooling, heat and power (CCHP) or combined heat and power (CHP) systems for climate-friendly cogeneration. We not only use the electricity generated but also harness the heat produced in these systems for our production processes and heating. In the reporting year, we purchased biogas certificates for our CHP plant at Group headquarters for the first time. The biogas is produced

in England and fed into the European gas grid.¹ This means we continue to benefit from the high generation efficiencies of the CHP plant. By using biomethane instead of natural gas we can also rely on renewable, climate-friendly sources of energy. Overall, in 2021 we were able to produce over 50% of our electricity needs ourselves via energy-efficient CHP systems.

In addition, we increasingly rely on electricity production through photovoltaics. During the reporting period, a photovoltaic generator with a total capacity of 964 MWh annually brought onstream at our production site in Suzhou. In contrast to conventional electricity, we save around 900 metric tons of CO₂ per year with this system. At our site in Italy, we have launched a study on the installation of a photovoltaic system.

Circular Economy**Consumer**

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

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

Holistic perspective on products

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

In the year under review, we successfully developed our own system that enables us to calculate the CO₂ footprint of a product as early as the product development phase. This transparency enables us to subsequently make formula changes that result in a lower carbon footprint.

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

Sustainable packaging

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

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

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

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

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

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

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

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

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

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

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

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

Environmentally friendly product formulations

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

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

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

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

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

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

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

Partnerships to achieve our product goals

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

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

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

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

Product Sustainability

tesa

Innovative solutions for greater sustainability

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

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

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

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

The entire life cycle in focus

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

At the moment, our main focus is on understanding the CO₂ footprint of each of our products. To this end, during the reporting period we assigned emission factors to many of our most used raw materials and determined the estimated carbon footprint of roughly 25 products. We also regularly discuss this topic with our suppliers to improve the accuracy of our calculations through primary data.

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

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

Sustainable paper products

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

Sustainable packaging

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

Sustainable Land Use

Consumer

Sustainable cultivation of raw materials

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

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

Palm (kernel) oil derivatives

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

Palm (kernel) oil is a renewable raw material with high cultivation efficiency: The oil palm delivers almost five times the yield¹ per cultivated land area compared to other crops such as coconut, rapeseed or sunflower. This is what makes oil palm cultivation so attractive – and leads to the progressive destruction of rainforests. Our goal is to avoid the deforestation of rainforests worldwide.

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

Sustainable certification

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

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

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

Supply chain transparency

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

¹ FONAP: <https://www.forumpalmoil.org/home>

² Including LA PRAIRIE and STOP THE WATER WHILE USING ME!

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

Sustainable transformation in cultivation regions

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

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

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

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

Shea

Sheabutter is another key ingredient in many of our products; therefore, Beiersdorf has been a member of the Global Shea Alliance (GSA) since 2019. In cooperation with the GSA and our shea suppliers, Beiersdorf is supporting women shea collectors in some of the poorest rural regions of the "Shea Belt", the main cultivation region in Africa. For instance, we support shea collectors in Ghana und Burkina Faso and train them over five years in the areas of health, occupational safety, product quality, and fundamental economic know-how. In addition, as part of the "Clean Cookstoves" project, female shea collectors learn how to make cookstoves from local materials such as termite sand. Furthermore, we intend on planting 10,000 shea trees locally by 2024, thus contributing to fighting climate change, as the trees bind CO₂ and can counteract desertification.

Paper

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

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

Resource Efficiency

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

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

Avoidance and recycling

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

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

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

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

High recycling rate for packaging

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

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

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

Active involvement of employees

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

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

Water

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

Managing water risks

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

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

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

Consumer

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

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

Focus on sustainable water management

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

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

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

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Guidelines and preventive measures

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

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

Employees

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

Consumer

Training and education

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

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

Employer attractiveness

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

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

Diversity and inclusion

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

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

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Employee development

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

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

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

Training

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

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

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

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

Further training programs and open course program

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

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

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

Online training opportunities

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

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

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

Diversity and equal opportunity

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

International workforce

When filling new positions, we attach great importance to hiring new employees with different cultural backgrounds. We want to promote an international workforce, particularly at our Norderstedt headquarters. This increases our ability to better understand and serve the diverse requirements and market conditions of our international customer base. We are pleased to

report our initial successes: The ratio of non-German employees increased by 1.8 percentage points to 7.2% within nine months (December 2020 to December 2021). We want to consolidate and grow this trend further, e. g. by advertising all vacancies above a certain level exclusively in English.

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

Women in management

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

Occupational Health and Safety

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

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

COVID-19 pandemic

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

Consumer

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

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

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

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

Management systems

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

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

What's next?

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

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

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

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

Systematic approach to occupational safety

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

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

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

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

acceptance as well as systematic hazard identification and risk assessment, are carried out at the time of procurement and commissioning of equipment.

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

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

Preventive measures

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

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

Fire protection was once again a focus in the 2021 reporting year. Fire extinguishing training, for example, was held for fire safety assistants at our production plants, observing COVID-19 safety measures. At the tesa Technology Center, the firefighting concept was adapted to increase employees' safety when extinguishing with CO₂ and to prevent accidents.

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

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

Society

Consumer

Community engagement

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

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

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

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

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

Engagement at corporate level

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

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

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

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

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

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

Since January 1, 2021, in partnership with CARE, Beiersdorf has worked to ensure that particularly vulnerable groups in Africa, such as girls and young women, receive information about COVID-19 and access to appropriate healthcare. In addition, the objective of this two-year project is to mitigate the socio-economic consequences for these target groups and strengthen their livelihoods. Its geographical focus is Ethiopia, Kenya, Somalia, and Sudan. In Somalia, for example, 30 girls and young women (up to 25 years old) participated in so-called Village Savings and Loan Associations (VSLAs). In these groups, they acquire knowledge of financial processes such as loans and savings rates. However, the groups also achieve much more: Girls and

young women gain greater self-confidence, pass on what they have learned to their family and their community, participate more actively in society, openly express their opinions, and can take concrete steps towards economic independence. In the reporting period, 41,475 people were reached directly through the project, which is planned to run for two years.

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

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

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

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

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

Engagement at brand level

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

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

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

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

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

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

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

Human Rights

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

Upholding human rights throughout the value chain

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

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

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

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

Consumer

Consumer Business Segment creates binding standards

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

Risk screenings and audits

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

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

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

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

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

tesa

Responsibly designing purchasing processes

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

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

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

Sustainability program for suppliers

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

Compliance

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

Our Core Values for responsible conduct

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

Group-wide compliance management

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

We follow these guiding principles:

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

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

Prevent

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

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

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

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

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

- These antitrust guidelines provide clear directives on antitrust-compliant behavior, requirements for contact and the exchange of information with competitors, guidance for communication with customers, for example, with regard to sale prices, as well as fundamental dos and don'ts.
- The anti-corruption guidelines govern the handling of gifts, product samples, and invitations from and to representatives and employees of other companies or public officials. They also contain information on how to deal with conflicts of interest.
- The data protection guidelines describe in particular how the principles of the European General Data Protection Regulation (GDPR) are implemented for the lawful processing of data in our EU companies. These guidelines direct and instruct our employees on the compliant handling of data. In addition, the data protection teams have established internal partnerships with key data protection functions such as Cyber Security and Procurement.

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

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

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

Detect

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

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

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

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

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

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

React and improve

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

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

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

Further matters

Product Safety

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

Consumer

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

Safety evaluation of all raw materials and cosmetic product formulas

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

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

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

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

Beiersdorf's global mandatory safety requirements

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

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

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

Animal testing

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

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

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

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

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

tesa

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

A systematic approach to quality and safety

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

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

Product safety officers

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

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

Risk analyses ensure quality

Avoiding product errors plays a key role for us, so the Product Development and Production departments conduct risk assessments or failure mode and effects analyses (FMEA) for every new project. This helps them to identify

potential defects in design, production or even usage directions, such as inaccurate instruction manuals, during the development process. Once products are on the market, our business units continue to monitor them. If the units recognize that a renewed risk analysis and evaluation as well as further or new measures are required, they initiate the necessary steps to ensure the health and safety of our customers and employees.

Internal audits and training courses

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

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

EU Taxonomy Reporting

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

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

Taxonomy Impact Analysis Procedure¹

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

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

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

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

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

Taxonomy-eligible Economic Activities Identified

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

Information and Communication

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

Construction and Real Estate

- Activity 7.4 "Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)" was identified as relevant, as we have vehicle-charging stations on our premises that are operated by a third party.
- Activities 7.3 "Installation, maintenance and repair of energy efficiency equipment", 7.5 "Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings" and 7.6 "Installation, maintenance and repair of renewable energy technologies" are part of our building management; they also include the installation, maintenance and repair of photovoltaic systems as well as measuring systems and energy-efficiency control units. We have classified the activities under 7.1 "Construction of new buildings" as not applicable to Beiersdorf. The construction of the factory and office buildings commissioned by us do not represent new buildings for the purpose of resale but serve our ongoing business operations.

Energy

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

Transport

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

Manufacturing Industry / Goods Manufacturing

- The manufacture and sale of products from the Consumer business segment do not fall within the scope of taxonomy eligibility.
- tesa does not produce plastics in primary form but obtains them from suppliers. Therefore, only revenues from the production of subcomponents for batteries are taxonomy-eligible (Activity 3.4 "Manufacture of batteries").

Analysis and calculation to turnover

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

Analysis and OpEx Calculation

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

Included in the reference value were:

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

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

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

CapEx Calculation

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

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