

Non-financial Statement 2022

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

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

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

Application of international reporting frameworks

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

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

Material non-financial topics for the business segments

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

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

Statement scope

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

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

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

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

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

¹ The CO₂ data collected for NIVEA-KAO covers Scopes 1 and 2 and, under Scope 3, the areas of packaging and raw materials, and finished goods manufacturing from Category 1: Purchased Goods and Services, upstream transportation from Category 4.

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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 our economic success and are constantly refining and enhancing our commitment and engagement in these areas.

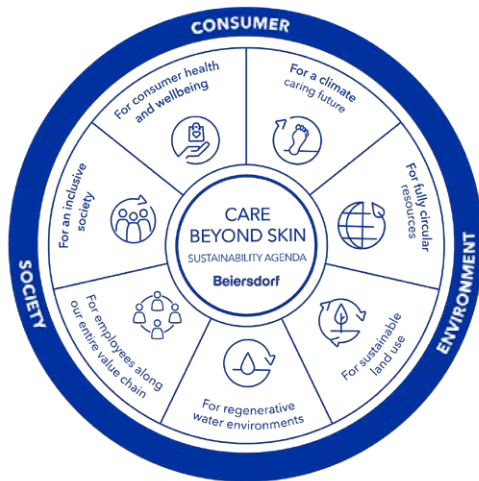
Our Group-wide Corporate Sustainability function is responsible for setting the strategic direction of our sustainability activities and regularly reports to the Executive Board on progress and the need for action. Since August 2022, this function has reported directly to the Chairman of the Executive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

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

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

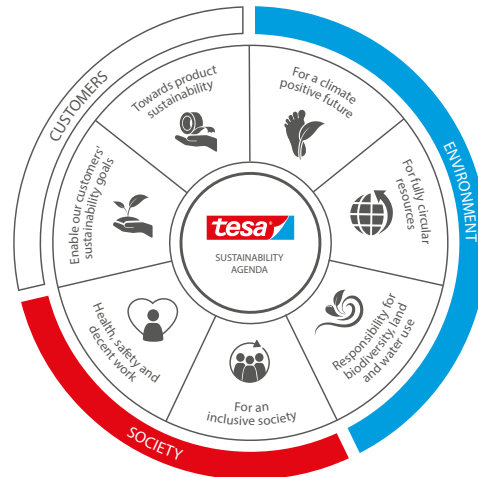
Sustainability Agenda CARE BEYOND SKIN

(Business Segment Consumer)



Sustainability Agenda

(Business Segment tesa)



Consumer

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

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

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

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

tesa

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

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

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

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

Description of the Business Model

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

Material Risks

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

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

Environment

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

Climate protection

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

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

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

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

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

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

Our climate targets

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

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

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

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

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

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

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

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

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

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

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

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

Key Figures

	Business Area	2018 (Base year)	2020	2021	2022
Scope 1 emissions (t CO ₂ e)	Beiersdorf Group	98,980	93,057	99,693	90,349
	Consumer	43,341	38,929	41,320 ¹	39,497
	tesa	55,639	54,128	58,373	50,852
Scope 2 emissions (t CO ₂ e) ²	Beiersdorf Group	30,060	1,240	1,569	1,322
	Consumer	15,809	1,228	1,569	1,314
	tesa	14,251	12	0	8
Scope 1 and Scope 2 emissions (t CO ₂ e)	Beiersdorf Group	129,040	94,297	101,262	91,671
	Consumer	59,150	40,157	42,889	40,811
	tesa	69,890	54,140	58,373	50,860
Total energy consumption (GWh)	Beiersdorf Group	668	631	683	671
	Consumer	341	321	339	333
	tesa	327	310	344	338

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

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

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

Identifying Scope 3 emissions

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

Since 2018, the tesa Business Segment has gathered data on material emissions throughout the value chain. In this process, we have identified raw materials, finished goods manufacturers, and product transportation as material Scope 3 categories. In the future, we intend to further expand our 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 emissions¹. The input-output model evaluates resource consumption and environmental impact throughout the supply chain on the basis of international statistics and databases. The analysis identified the following material areas for the Consumer Business Segment: Packaging materials, raw materials for product formulations, finished goods manufacturers, externally purchased transportation and warehousing services, and business travel. This selection covers more than two-thirds of our total Scope 3 emissions, which meets the requirements of SBTi. The corresponding key figures relating to Scope 3 emissions can be found in the "Consumer" subsection.

Consumer

Improved Scope 3 calculations

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

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

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

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

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

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

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

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

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

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

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

Scope 3 GHG Emissions Consumer¹

(in t CO₂e)

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

¹ The categories are defined by the GHG Protocol.

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

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

Transition towards climate neutralization

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

Our climate neutralization process consists of three steps. The first step is "Measure." All GHG emissions are quantified in accordance with the GHG Protocol. The second step is "Reduce." This is reflected in our ambitious climate targets, which are based on scientific findings to limit global warming to 1.5 degrees Celsius. We are focusing our activities and our resources primarily on achieving these reduction targets. The third step is "Neutralize." In order to leverage additional CO₂ storage potential while we are still transitioning towards our net zero target, we are investing in certified climate projects to neutralize the remaining GHG emissions. For us to achieve a net-zero state globally, we must neutralize unavoidable emissions by removing greenhouse gases from the atmosphere.

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

Reducing operating emissions

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

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

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

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

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

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

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

Reducing emissions along the value chain

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

Packaging

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

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

Product formulations

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

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

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

Finished goods manufacturing and third-party warehousing

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

Transportation

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

In dialog with suppliers

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

Neutralizing remaining emissions

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

tesa

Company management systems for environmental protection

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

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

In addition to the environmental management system, the two largest production facilities with the highest GHG emissions (Hamburg and Offenburg) are certified to the ISO 50001:2018 standard. These two factories account for 65% of GHG emissions of all ISO 14001-certified sites. tesa's 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 form the foundation for further increasing energy efficiency at the respective sites.

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

Identifying energy-saving opportunities and increasing efficiency

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

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

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

Circular Economy

Consumer

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

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

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

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

Holistic view of our products

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

Sustainable packaging

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

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

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

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

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

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

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

As announced in 2021, this reporting year we introduced "Design for Recycling," a further metric that requires packaging to be recyclable in at least one country from the outset, even if this is not yet globally possible given today's infrastructure. This means that all packaging that is already globally recyclable today also meets the Design for Recycling criteria.

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

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

As such, in the reporting year:

- 80% of all packaging was designed for recycling

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

- 67% of all packaging was considered globally recyclable

Environmentally friendly product formulations

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

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

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

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

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

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

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

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

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

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

Partnerships in the field of product sustainability

To reduce the amount of climate-damaging carbon dioxide in our atmosphere, we are breaking new ground - in its new Climate Care moisturizer, NIVEA MEN uses ethanol obtained from recycled CO₂ from the company Lanzatech. In the carbon capture and utilization process, carbon is first collected and fed into a bioreactor. It is then fermented and subsequently processed into cosmetic ethanol and ultimately incorporated into skin care products.

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

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

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

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

Product Sustainability

tesa

Innovative solutions for greater sustainability

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

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

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

The entire life cycle in focus

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

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

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

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

Paper products that contribute to sustainability

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

Optimized packaging

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

Sustainable land use

Consumer

Sustainable cultivation of raw materials

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

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

Palm (kernel) oil derivatives

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

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

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

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

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

Sustainable certification

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

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

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

Supply chain transparency

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

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

Sustainable transformation in cultivation regions

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

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

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

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

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

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

Shea

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

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

Paper

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

Resource Efficiency

tesa

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

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

Avoidance and recycling

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

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

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

Active involvement of employees

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

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

Water

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

Managing water risks

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

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

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

Consumer

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

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

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

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

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

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

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

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

New water roadmap

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

1. Continuous improvement and maximum operational performance

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

2. Process optimization

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

3. New water treatment technologies

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

4. Exploring circular water management

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

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

tesa

Guidelines and preventive measures

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

We want to reduce risks to water sources resulting from our production process as much as possible, which is why we take preventive measures against conceivable accidents. For example, liquids that

pose a threat to water are emptied, refilled, and stored only in areas that are equipped with appropriate retention tanks. We use equipment to measure turbidity and solvent concentration to ensure that contaminated surface water is not discharged into the sewer system. We have emergency plans in place to determine the exact course of action in the event of a leakage of substances hazardous to water. All these measures are regularly reviewed in our external ISO 14001 audits and are a precondition for a successful audit result.

Employees

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

Consumer

Training and education

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

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

Employer attractiveness

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

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

Diversity and inclusion

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

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

tesa

Training and education

Competition for employees with scientific and technical backgrounds is constantly on the rise within our industry. The advance of digitalization and internationalization is also changing work requirements and methods. We are meeting these challenges with comprehensive education and further training programs, as highly qualified, committed, and performance-oriented employees represent a decisive competitive advantage for tesa. In addition, a wide range of training and development opportunities help to ensure that high potentials enjoy working for us long term.

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

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

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

Diversity and equal opportunities

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

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

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

Attractive working environment

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

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

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

Occupational health and safety

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

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

COVID-19 pandemic

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

Consumer

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

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

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

Management systems

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

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

What's next?

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

tesa

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

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

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

Systematic approach to occupational safety

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

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

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

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

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

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

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

Preventive measures

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

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

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

Society

Consumer

Community engagement

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

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

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

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

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

Engagement at corporate level

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Engagement at brand level

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

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

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

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

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

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

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

Respect for human rights

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

Upholding human rights throughout the value chain

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

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

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

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

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

Consumer

Consumer Business Segment creates binding standards

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

corruption, child labor, forced labor, and discrimination as well as promoting occupational health and safety, the right to freedom of association and collective bargaining, and environmental protection.

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

Risk screenings and audits

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

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

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

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

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

tesa

Designing procurement processes in a responsible manner

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

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

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

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

More transparent supply chains

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

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

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

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

Compliance

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

Our Core Values for responsible conduct

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

Group-wide compliance management

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

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

Prevent

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

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

In our regions and at our affiliates, we have established local compliance officers who are responsible for communicating all elements of the compliance programs to our employees and working to ensure that they are applied locally. The aim is to enshrine all elements of our compliance system in the regions and affiliates and to monitor and improve them on an ongoing basis. A special network of external attorneys specialized in antitrust issues is available to local companies. Practice-oriented training and consulting services as well as various guidelines form the core elements of our compliance programs:

- The antitrust guidelines provide clear directives on antitrust-compliant behavior, requirements for contact and the exchange of information with competitors, guidance for communication with customers, for example, with regard to sale prices, as well as fundamental dos and don'ts.
- The anti-corruption guidelines serve as a guide to dealing with gifts, product samples, and invitations from and to representatives and employees of other companies or public officials. They also contain information on how to deal with conflicts of interest.

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

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

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

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

Detect

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

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

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

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

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

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

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

React and improve

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

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

Other Issues

Product Safety

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

Consumer

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

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

Safety evaluation of all raw materials and cosmetic product formulas

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

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

In addition to experience and expertise, evaluating the safety of cosmetic products requires, above all, scientific exchange and knowledge of new findings regarding the compatibility and safety of raw materials, formulas, and packaging materials. Accordingly, our safety assessors attend international conferences, participate in working groups and expert teams, and also take part in specialist international training courses. The goal of this professional exchange and training is to ensure that we continue to operate appropriately and responsibly in the future. It is also important to us that we hold our external service providers and suppliers, such as perfume and raw material manufacturers, accountable. We require them to certify their compliance with statutory requirements as well as those that go beyond the legally required scope.

Beiersdorf's global mandatory safety requirements

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

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

Animal testing

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

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

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

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

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

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

tesa

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

A systematic approach to quality and safety

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

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

Product safety officers

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

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

Risk analyses ensure quality

Preventing product defects plays an important role for us, which is why Product Development and Production perform risk assessments or failure mode and effects analyses (FMEA) for every new project. This helps them to identify potential defects in design, production, or even usage directions,

such as inaccurate instruction manuals, during the development process. Once products are on the market, our business units continue to monitor them. If the units determine that a new risk analysis and evaluations are necessary, further or new measures are required - leading to the necessary steps to safeguard the health and safety of our customers and employees.

Internal audits

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

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

EU Taxonomy Reporting

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

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

Taxonomy Impact Analysis Procedure¹

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

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

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

Identified Taxonomy-eligible Economic Activities

The following economic activities have been identified as taxonomy eligible:

Information and Communication

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

Construction and Real Estate

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

Energy

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

Transport

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

Manufacturing Industry/Goods Manufacturing

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

Turnover Analysis and Calculation

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

CapEx Calculation

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

OpEx Analysis and Calculation

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

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

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

Approach and Results of the Alignment Analysis

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

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

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

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

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

Key figures EU Taxonomy Reporting

Key figures Turnover

1	2	3	4	Substantial contribution criteria						DNSH criteria (Do no Significant Harm)						17	Taxonomy-aligned proportion of Turnover year N	Taxonomy-aligned proportion of Turnover year N-1	20	21
				5	6	7	8	9	10	11	12	13	14	15	16		18	19		
Economic activities	Code	Absolute Turnover	Proportion of Turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	2022	2021	Category (enabling activity)	Category (transitional activity)
		kEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A.TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	N/A	N/A	N/A	N/A								0%			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of batteries	3.4	16,086	0.2%																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		16,086	0.2%																	
Total A1 + A2		16,086	0.2%														0%			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy non-eligible activities (B)		8,784,552	99.8%																	
Total A + B		8,798,608	100.0%																	

Key figures CapEx

1	2	3	4	Substantial contribution criteria						DNSH criteria (Do no Significant Harm)						17	Taxonomy-aligned proportion of CapEx year N	Taxonomy-aligned proportion of CapEx year N-1	20	21
				5	6	7	8	9	10	11	12	13	14	15	16		18	19		
Economic activities	Code	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	2022	2021	Category (enabling activity)	Category (transitional activity)
A.TAXONOMY-ELIGIBLE ACTIVITIES		KEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	N/A	N/A	N/A	N/A								0%			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy- aligned activities)																				
Installation, maintenance and repair of energy efficiency equipment	7.3	2,347	0.4%																	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	1,523	0.2%																	
Installation, maintenance and repair of renewable energy technologies	7.6	2,866	0.5%																	
Production of heat/cool using waste heat	4.25	4,152	0.7%																	

Key figures OpEx

1	2	3	4	Substantial contribution criteria						DNSH criteria (Do no Significant Harm)						17	Taxonomy-aligned proportion of OpEx year N	Taxonomy-aligned proportion of OpEx year N-1	20	21
				5	6	7	8	9	10	11	12	13	14	15	16		18	19		
Economic activities	Code	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	2022	2021	Category (enabling activity)	Category (transitional activity)
A. TAXONOMY-ELIGIBLE ACTIVITIES		tEUR	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	N/A	N/A	N/A	N/A								0%			
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of batteries	3.4	2,512	0.6%																	
Installation, maintenance and repair of energy efficiency equipment	7.3	903	0.2%																	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of building	7.5	261	0.1%																	
Installation, maintenance and repair of renewable energy technologies	7.6	123	0.0%																	
Production of heat/cool using waste heat	4.25	717	0.2%																	

Key figures OpEx

(Fortsetzung)

High-efficiency co-generation of heat/cool and power from fossil	4.30	511	0.1%			
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	4,564	1.0%			
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	24	0.0%			
Data processing, hosting and related activities	8.1	8,738	2.0%			
Data-driven solutions for GHG emissions reductions	8.2	148	0.0%			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		18,499	4.2%			
Total A1 + A2		18,499	4.2%		0%	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES						
OpEx of Taxonomy-non-eligible activities (B)		426,472	95.8%			
Total A + B		444,971	100.0%			

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

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

¹ Taking into account the reduction through biofuel certificates

² Not including Coppertone

³ According to definition of United Nations Environment Program

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

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