

**Corporate Governance Statement in accordance with §§ 289f and 315d  
Handelsgesetzbuch (German Commercial Code, HGB) for fiscal year 2017**

**A. Declaration by the Executive Board and the Supervisory Board in accordance with  
§ 161 Aktiengesetz (German Stock Corporation Act, AktG)**

In December 2017, the Executive Board and Supervisory Board of Beiersdorf AG issued the Declaration of Compliance with the recommendations of the German Corporate Governance Code (the Code) for fiscal year 2017 in accordance with § 161 Aktiengesetz (German Stock Corporation Act, AktG). Beiersdorf AG fulfills all the recommendations made in the Code with one exception, as well as all the suggestions with a small number of exceptions.

The 2017 Declaration of Compliance was also made permanently accessible to the public on the company's website at [www.Beiersdorf.com/declaration\\_of\\_compliance](http://www.Beiersdorf.com/declaration_of_compliance).

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

In fiscal year 2017, Beiersdorf Aktiengesellschaft complied with, and continues to comply with, all recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated May 5, 2015, and February 7, 2017, with one exception:

In accordance with section 4.2.3 (2) sentence 6 of the German Corporate Governance Code, the amount of remuneration of Executive Board members should be capped, both overall and with respect to the variable remuneration components.

The remuneration of the Executive Board members is limited by such a cap. The Enterprise Value Component granted to the members of the Executive Board, alongside the regular, variable remuneration, which is based on voluntary personal investment by the Executive Board members concerned (*Covered Virtual Units*), participates in positive and negative changes in the enterprise value and is not capped in respect of increases in value. The Supervisory Board considers it appropriate that members of the Executive Board who contribute their own money – comparable to an investment – should be allowed to participate in positive changes in enterprise value without restriction. The Supervisory Board and Executive Board have resolved to declare a corresponding deviation from the recommendation of the German Corporate Governance Code.

Hamburg, December 2017

For the Supervisory Board

For the Executive Board

Prof. Dr. Reinhard Pöllath

Stefan F. Heidenreich

Jesper Andersen

Chairman of the Supervisory Board

Chairman of the Executive Board

Member of the Executive  
Board

## **B. Corporate governance practices of Beiersdorf AG and the Group**

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

### ***Compliance***

For Beiersdorf AG and the Beiersdorf Group, compliance with the law and internal guidelines is an essential prerequisite for successful and sustainable business. The Executive Boards of Beiersdorf AG and tesa SE have issued Compliance Principles, which can be found at [www.Beiersdorf.com/investors/corporate-governance/compliance-principles](http://www.Beiersdorf.com/investors/corporate-governance/compliance-principles) and [www.tesa.com/about-tesa/responsibility/strategy-management](http://www.tesa.com/about-tesa/responsibility/strategy-management). Based on our compliance risk analyses, extensive antitrust, anti-corruption, and data-protection compliance programs have been implemented among other measures in order to safeguard compliance. Numerous internal guidelines on how to prevent legal violations in these areas in particular have been issued. Employee and manager awareness of these topics is continuously raised through regular training and a wide variety of advisory offerings.

Indications of potential compliance violations are followed up consistently. Appropriate measures are taken to prevent and sanction wrongdoing. In order to gather information about potential compliance violations, Beiersdorf provides employees with a number of reporting channels. In most countries, these also include a whistleblowing platform for the Consumer Business Segment, which is operated by an independent provider. In some regions, an ombudsperson may also be contacted.

The Compliance functions at Beiersdorf and tesa use a range of tools – not least comprehensive reporting – to support the Executive Board and managers in the continuous control, monitoring, and development of the compliance management system and safeguarding of compliance.

The main features and further detailed information on the compliance management system is available in the Beiersdorf Sustainability Report at [www.beiersdorf.com/sustainability\\_review](http://www.beiersdorf.com/sustainability_review) and in the tesa Sustainability Report at [www.tesa.com/about-tesa/responsibility](http://www.tesa.com/about-tesa/responsibility) .

### ***Code of Conduct***

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

The Beiersdorf and tesa Codes of Conduct are available online at [www.Beiersdorf.com/investors/corporate-governance/code-of-conduct](http://www.Beiersdorf.com/investors/corporate-governance/code-of-conduct) and [www.tesa.com/about-tesa/responsibility/strategy-management](http://www.tesa.com/about-tesa/responsibility/strategy-management).

## **Sustainability**

Sustainability involves managing social and environmental risks and leveraging new market opportunities in such a way that value is generated for the company – not just in the short term, but also and above all in the medium and long term. Beiersdorf recognized at an early stage the importance of taking responsibility and continuously improving on what it has already achieved. Our “We care.” sustainability strategy for the Consumer Business Segment focuses on the areas that contribute to the company’s success and that are relevant to our stakeholders: “Products,” “Planet,” and “People.” In fiscal year 2017, we again made significant progress in making products and processes more sustainable, in getting our employees actively involved, and in further increasing our corporate social responsibility.

The aim of sustainability at tesa is to conserve environmental resources and make a positive contribution to society through social engagement. tesa works proactively and focuses on the four action areas products, environment, employees, and society.

With the entry into force of the *CSR-Richtlinie-Umsetzungsgesetz* (CSR Directive Implementation Act, *CSR-RUG*), we are required in fiscal year 2017 for the first time to supplement our existing financial reporting with information on key non-financial aspects of our business activities in relation to environmental, employment, and social issues, respect for human rights, and combating corruption. We will therefore publish the summarized, separate non-financial report of the Beiersdorf Group (Consumer and tesa Business Segments) and of Beiersdorf AG in accordance with § 289b (3) *Handelsgesetzbuch* (German Commercial Code, *HGB*) in conjunction with § 315b (1), (3) *HGB* (CSR Report), which will be contained in our Sustainability Report, on our website at [www.beiersdorf.com/sustainability\\_review](http://www.beiersdorf.com/sustainability_review) no later than April 17, 2018.

Further information can be found in the “Sustainability” section of the Beiersdorf AG Annual Report and online at [www.beiersdorf.com/sustainability](http://www.beiersdorf.com/sustainability) and [www.tesa.com/about-tesa/responsibility](http://www.tesa.com/about-tesa/responsibility)

### **Human Resources Policies**

At Beiersdorf, viable and robust human resources work with a long-term focus is firstly based on the “Blue Agenda,” which highlights people as a critical factor for ensuring the sustained success of the company. In addition, all Beiersdorf’s human resources decisions are guided by the Core Values, which are shared by all employees across hierarchies, functions, and countries.

In this context, Beiersdorf aims to promote a working environment where existing employees can be deployed and continually developed to make the best possible use of their skills and potential. This encourages employee commitment and helps Beiersdorf establish itself as one of the most attractive employers in the consumer goods industry.

Detailed information can be found under “People” in the Annual Report of Beiersdorf AG.

## **Risk Management**

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

Further information can be found in the “Risk Report” section of the Beiersdorf AG Annual Report and in the Annual Report of tesa SE.

### **C. Information on Executive and Supervisory Board working practices at Beiersdorf AG, as well as on the composition and working practices of their committees**

#### **I. Management Structure**

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

#### **II. Supervisory Board**

Beiersdorf AG’s Supervisory Board consists of 12 members. Half of these are elected by the Annual General Meeting in accordance with the *Aktiengesetz* (German Stock Corporation Act, *AktG*) and half by the employees in accordance with the *Mitbestimmungsgesetz* (German Co-determination Act, *MitbestG*); all members are elected for a period of five years. Their regular term of office expires at the end of the Annual General Meeting resolving on the approval of their activities for fiscal year 2018; one member of the Supervisory Board has stepped down from his post with effect from the end of the 2018 Annual General Meeting.

The Supervisory Board appoints, advises, and supervises the Executive Board as laid down by the law, the Articles of Association, and the bylaws. The Supervisory Board and Executive Board work closely together for the good of the company and to achieve sustainable added value. Certain decisions require the approval of the Supervisory Board.

The Supervisory Board regularly makes decisions at its meetings on the basis of detailed documents. The Supervisory Board meets without the Executive Board when necessary. Meetings are regularly discussed in advance, where necessary and appropriate by the employee and shareholder representatives separately. It is informed in a regular, timely, and comprehensive manner about all relevant matters. In addition, the Chairman of the Executive Board informs the Chairman of the Supervisory Board regularly and in a timely manner about important transactions, and liaises with him on important decisions.

The Supervisory Board regularly evaluates its work and resolves measures for improvement (examination of efficiency), most recently in spring 2016.

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

The work of the Supervisory Board is performed at, and outside of, the meetings of the full Board as well as in the committees. The Supervisory Board has formed the following five committees:

#### ***Presiding Committee***

The Presiding Committee is composed of the Chairman of the Supervisory Board, two additional shareholder representatives, and one employee representative. The Committee prepares meetings and human resources decisions and resolves – subject to the resolution of the full Board specifying the total remuneration – instead of the full Board on the contracts of service and pension agreements for members of the Executive Board and on other issues involving the Executive Board. It regularly discusses long-term succession planning for the Executive Board. Finally, it can make decisions on transactions requiring Supervisory Board approval in those cases in which the Supervisory Board cannot pass a resolution in time.

#### ***Audit Committee***

The Audit Committee is composed of the Chairman of the Supervisory Board, two shareholder representatives, and two additional employee representatives. At least one member of the Audit Committee is an independent member of the Supervisory Board who has expertise in either accounting or auditing. This requirement is met in particular by the Chair of the Audit Committee, Dr. Dr. Christine Martel. The Audit Committee prepares the decisions of the Supervisory Board on the annual and consolidated financial statements, the proposal to the Annual General Meeting on the election of the auditors, and the agreement with the auditors (issuing the audit engagement, stipulating the areas of emphasis of the audit, and agreeing on the fee). Regular discussions with the auditors additionally take place outside the meetings on relevant topics. The Audit Committee also monitors the auditor's independence and looks at the additional services that they provide. It advises and supervises the Executive Board on questions relating to accounting and the effectiveness of the internal control system, the risk management system, and the internal audit system. In addition, it discusses the half-year reports and quarterly statements with the Executive Board before their publication.

#### ***Finance Committee***

The Finance Committee is composed of the Chairman of the Supervisory Board, two additional shareholder representatives, and two employee representatives. It monitors corporate policy in the areas of finance, financial control, tax, and insurance. It decides in place of the Supervisory Board on approval for raising and granting loans, on the assumption of liability for third-party liabilities, and on investment transactions. In addition, the Finance Committee advises and supervises the Executive Board on compliance and on all items assigned to it by the full Board in general or in individual cases.

### ***Mediation Committee***

The Mediation Committee required under codetermination law consists of the Chairman of the Supervisory Board and the Deputy Chairman, as well as one member elected from among the employee representatives and one member elected from among the shareholder representatives. It makes proposals on the appointment of Executive Board members if the requisite two-thirds majority is not reached during the first ballot.

### ***Nomination Committee***

The Nomination Committee is composed of the Chairman of the Supervisory Board and three additional shareholder representatives. It suggests candidates to the Supervisory Board for proposal for election to the Annual General Meeting.

The composition of the Supervisory Board and its committees can be found at [www.Beiersdorf.com/boards](http://www.Beiersdorf.com/boards).

### **III. Executive Board**

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

The members of the Executive Board are appointed by the Supervisory Board. The duties of the Executive Board are broken down by functions and regions. The allocation of areas of responsibility to the individual Executive Board members is set out in the schedule of responsibilities, which constitutes part of the bylaws for the Executive Board.

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

The Executive Board passes resolutions in regular meetings that are chaired by the Chairman of the Executive Board. The members of the Executive Board work together

in a collegial manner and inform one another on an ongoing basis about important measures and events in their areas of responsibility.

Executive Board members disclose potential conflicts of interest to the Supervisory Board without delay and inform their colleagues on the Executive Board. Material transactions between the company and members of the Executive Board and their related parties require the approval of the Supervisory Board and must comply with the standards customary in the sector. Sideline activities also require the approval of the Supervisory Board.

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

Further information about corporate governance at Beiersdorf is available in the “Corporate Governance” section of the [Annual Report](#).

#### **D. Information on targets for the proportion of women on the Executive Board; diversity policy for the composition of the Executive Board**

In accordance with § 111 (5) AktG, the Supervisory Board of Beiersdorf AG sets a target for the proportion of women on the Executive Board. In September 2015, the Supervisory Board set an initial target of 10%, which was not reached by the deadline of June 30, 2017. The Supervisory Board has discussed the diversity of the Executive Board in detail in recent years, both in a general sense and in specific cases. The composition of the Executive Board shows a high level of international diversity. Meanwhile, despite considerable effort, the company has not yet succeeded in achieving the targeted proportion of women. It should, however, be taken into account that there has been only one change in the membership of the Executive Board since the target was first set in 2015.

The Supervisory Board continues to seek appropriate representation of women on the Executive Board in the course of any membership changes and is retaining the target already set. Effective from the end of June 30, 2017, the Supervisory Board has therefore again set a target of 10% to be achieved no later than June 30, 2022. It is planned to support implementation of this target in a variety of ways, for example through clearly communicating a commitment to promoting women in leadership positions, providing systematic personal development measures for women in management (e.g. training courses, coaching, mentoring), changing recruitment and appointment processes, and establishing and promoting networking opportunities for women. Additionally, two Supervisory Board members have been appointed as diversity officers in order to advance and promote diversity on the Executive Board: Before the appointment of an Executive Board member, the diversity officers give their view together with the Chairman of the Supervisory Board after consulting the remaining Supervisory Board members.

Another aspect of the diversity policy is that the Executive Board members should collectively have extensive relevant international experience from their years of working abroad or their special expertise in Beiersdorf’s key international markets. The bylaws for the Executive Board stipulate that the members of the Executive Board

should not normally be aged more than 63 years. All incumbent members of the Executive Board met these criteria in 2017.

Further diversity-related criteria for the composition of the Executive Board have not yet been decided. They will be considered by the Supervisory Board if it regards them as appropriate and expedient.

#### **E. Information on targets for the proportion of women at senior management levels of Beiersdorf AG**

In accordance with § 76 (4) *AktG*, the Executive Board of Beiersdorf AG sets targets for the proportion of women at the first two management level below the Executive Board. These two management levels are determined based on the existing reporting lines at Beiersdorf AG below the Executive Board.

A target of 30% by June 30, 2017, was set for the first management level, and a target of 38% for the second management level. At the expiry of this deadline, the proportion of women was 23.1% at the first management level and 43.5% at the second management level.

Our strategy for promoting women at Beiersdorf aims to have a greater number of female candidates for senior management positions and the Executive Board in future. This strategy has already been successful at the second management level, where we considerably exceeded our target. However, reorganization measures within senior management have led to a displacement of positions within the first two levels of management below the Executive Board. Given the low total number of positions at the first management level, this impacted upon target achievement. We are developing sustainable measures to better highlight the potential and commitment of women at Beiersdorf. This should enable healthy competition for appointment to the small number of senior management positions, meaning that we will also be able to reach our ambitious target at the first management level over the long-term.

Effective from the end of June 30, 2017, the Executive Board has therefore set a new target of 35% for the proportion of women at the first management level and a new target for 50% for the second management level, both to be achieved no later than June 30, 2022.

#### **F. Information on the minimum proportion of women and men on the Supervisory Board of Beiersdorf AG; diversity policy for the composition of the Supervisory Board**

As a listed company subject to codetermination on a basis of parity, Beiersdorf AG must have a Supervisory Board comprised in accordance with § 96 (2) *AktG* of at least 30% women and 30% men. In accordance with § 25 *Einführungsgesetz zum Aktiengesetz* (Introductory Act to the German Stock Corporation Act, *EGAktG*), the statutory gender quota is applicable to elections since January 1, 2016. Existing mandates may continue until their scheduled expiry. Since 2014, the Supervisory Board has consisted of three women (25%) and nine men (75%). One of the three women is an employee representative (17%) and the other two are shareholder representatives (33%).



The diversity policy for the composition of the Supervisory Board is based on the concrete company-specific objectives for its composition and on the profile of required skills and expertise defined by the Supervisory Board in line with the recommendations of the German Corporate Governance Code. The objectives reflect the company's international activities, potential conflicts of interest, the number of independent Supervisory Board members, regular limits on age and length of membership for Supervisory Board members, and diversity – especially an appropriate degree of female representation. The Supervisory Board has also specified in its profile of skills and expertise that it must collectively possess the knowledge, personal skills, and professional expertise required to properly perform its duties.

The Supervisory Board and Nomination Committee took these criteria into account in the candidate proposals for the supplementary elections at the 2017 and 2018 Annual General Meetings. Two Supervisory Board members have been appointed as diversity officers in order to advance and promote diversity on the Supervisory Board.

With the exception of the 30% target it set itself for the proportion of women, and of compliance with the normal age limit in one specific case, the Supervisory Board fulfilled all the objectives for its composition and all the requirements of its profile of skills and expertise in fiscal year 2017.

Further information on the diversity criteria in the Supervisory Board and the results achieved is available in the “Corporate Governance” section of the [Annual Report](#).