

Explanatory report by the Executive Board in accordance with § 176 (1) sentence 1 *Aktengesetz* (German Stock Corporation Act, *AktG*) on disclosures relating to takeover law in accordance with § 289a (1) and § 315a (1) *Handelsgesetzbuch* (German Commercial Code, *HGB*) in the combined management report of Beiersdorf Aktiengesellschaft and the Group for fiscal year 2017

In accordance with § 176 (1) sentence 1 *AktG*, the Executive Board of Beiersdorf Aktiengesellschaft hereby provides the following explanatory report on the disclosures relating to takeover law in the combined management report for Beiersdorf Aktiengesellschaft and the Group under § 289a (1) and § 315a (1) *HGB*.

1. The Company's subscribed capital (share capital) remains unchanged at €252 million. It is composed of 252 million no-par-value bearer shares, each with a share of €1 in the Company's share capital. The no-par-value shares all afford the same rights, particularly equal voting rights. No shareholder or group of shareholders is afforded special rights.
2. The shareholders of Beiersdorf Aktiengesellschaft are not restricted by the Articles of Association with regard to the purchase or sale of shares in the Company. In particular, the purchase or sale of shares does not require the approval of the Company's executive bodies in order to be effective. The Executive Board is not aware of any other restrictions affecting the transferability of the Company's shares.

To the Executive Board's knowledge, the shareholders' voting rights are not subject to any restrictions other than possible statutory prohibitions on voting. The voting rights are not limited to a certain number of shares or a certain number of votes. All shareholders who have registered to attend the Annual General Meeting in due time and proven their entitlement to participate in the Annual General Meeting and exercise their voting right are entitled to exercise the voting rights for all the shares held and registered by them. In accordance with § 71b *AktG*, the 25,181,016 no-par-value shares (totaling approx. 9.99% of the Company's share capital) currently held by Beiersdorf Aktiengesellschaft do not carry voting or dividend rights.

3. The Company has been notified that since 22 December 2004 – after adjustment for Beiersdorf Aktiengesellschaft's share buyback program, which was implemented on February 3, 2004, and the attribution of the 9.99% of own shares held by Beiersdorf Aktiengesellschaft in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *Wertpapierhandelsgesetz* (German Securities Trading Act, *WpHG*) (former version) – Tchibo Beteiligungsgesellschaft mbH, Hamburg, (now renamed BBG Beteiligungsgesellschaft mbH) has held a 60.45% share in the voting rights of Beiersdorf Aktiengesellschaft. In accordance with § 71b *AktG*, the own shares held by Beiersdorf Aktiengesellschaft do not carry voting or dividend rights. In accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version), these voting rights are fully attributed to maxingvest ag, Hamburg.¹

¹ Due to a change in the administrative practices of the *Bundesanstalt für Finanzdienstleistungsaufsicht* (*BaFin* – the Federal Financial Supervisory Authority) in December 2014 concerning the attribution of own shares, own shares held by an issuer are no longer attributed to a shareholder's share of voting rights.

The following individuals and companies disclosed that these voting rights were also fully attributable to them in accordance with § 22 (1) sentence 1 no. 1 in conjunction with sentence 3 *WpHG* (former version) as of March 30, 2004²:

- SPM Beteiligungs- und Verwaltungs GmbH, Norderstedt (now renamed S.P.M. Beteiligungs- und Verwaltungs GmbH with registered office in Hamburg)
- EH Real Grundstücksverwaltungsgesellschaft mbH, Norderstedt (now renamed E. H. Real Vermögensverwaltungs GmbH with registered office in Hamburg)
- Scintia Vermögensverwaltungs GmbH, Norderstedt (now with registered office in Hamburg)
- Trivium Vermögensverwaltungs GmbH, Norderstedt (now with registered office in Hamburg)
- Mr. Wolfgang Herz, Germany
- Max und Ingeburg Herz Stiftung, Norderstedt (now with registered office in Hamburg)
- Mr. Michael Herz, Germany

The Executive Board is not aware of any other direct or indirect interests in the share capital exceeding 10% of the voting rights.

4. The Company has not issued any shares with special rights conferring powers of control.
5. There are no interests held by employees in the share capital under which employees are unable to directly exercise their rights of control.
6. The members of the Executive Board are appointed and dismissed in accordance with § 84 and § 85 *AktG*, § 31 *Mitbestimmungsgesetz* (German Co-determination Act, *MitbestG*), and § 7 of the Articles of Association. Under these provisions, the Supervisory Board appoints the Executive Board members for a maximum term of five years. Members may be reappointed for periods of a maximum of five years in each case. In accordance with § 7 (1) of the Articles of Association, the Executive Board consists of at least three persons; apart from this provision, the Supervisory Board determines the number of members of the Executive Board. Under § 31 (2) *MitbestG*, a majority of at least two-thirds of the Supervisory Board members is required for the appointment of Executive Board members. If such a majority is not achieved, the Mediation Committee of the Supervisory Board shall, in accordance with § 31 (3) *MitbestG*, make a proposal for the appointment within one month of the Supervisory Board vote. The Supervisory Board then appoints the Executive Board members with a simple majority vote of its members. If no appointment is made under this procedure, a new vote takes place in accordance with § 31 (4) *MitbestG*, in which the Chairman of the Supervisory Board has two votes. The Supervisory Board may appoint an Executive Board member to chair the Executive Board in accordance with § 84 (2) *AktG* and § 7 (2) of the Articles of Association. In accordance with § 85 (1) *AktG*, an Executive Board member is appointed by the court in urgent cases at the request of one of the parties if the Executive Board is

² Due to a change in the administrative practices of the *Bundesanstalt für Finanzdienstleistungsaufsicht* (*BaFin* – the Federal Financial Supervisory Authority) in December 2014 concerning the attribution of own shares, own shares held by an issuer are no longer attributed to a shareholder's share of voting rights.

short of a required member. The Supervisory Board may revoke the appointment of an Executive Board member or the Executive Board Chairman in accordance with § 84 (3) *AktG* for good cause. In accordance with § 31 (5) *MitbestG*, the procedure described above for the appointment of Executive Board members also applies to the revocation of appointments to the Executive Board.

Amendments to the Articles of Association are made in accordance with §§ 179 and 133 *AktG* and § 16 of the Articles of Association. In accordance with the statutory provisions, this requires a resolution of the Annual General Meeting that must be resolved by a simple majority of the votes and a three-quarter majority of the share capital represented during the vote on the resolution. In accordance with § 181 (3) *AktG*, an amendment to the Articles of Association takes effect upon its entry in the commercial register. Under § 16 (1) of the Articles of Association, the Supervisory Board is authorized to resolve amendments and additions to the Articles of Association that concern the latter's wording only. Under § 5 (6) of the Articles of Association, the Supervisory Board is authorized in particular to amend and reformulate § 5 of the Articles of Association (Share Capital) following each utilization of authorized or contingent capital.

7. The Annual General Meeting on March 31, 2015, authorized the Executive Board, with the approval of the Supervisory Board, to increase the share capital in the period until March 30, 2020, by up to a total of €92 million by issuing new no-par-value bearer shares on one or several occasions. This authorized capital may be utilized up to an amount of €42 million of the share capital (Authorized Capital I) and up to a further amount of €25 million of the share capital (Authorized Capital II) against cash contributions, and up to a further amount of €25 million of the share capital (Authorized Capital III) against cash or non-cash contributions. The dividend rights for new shares may be determined differently to the provisions of § 60 (2) *AktG*.

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

- (1) to eliminate fractions created as a result of capital increases against cash contributions (Authorized Capital I, II, III);
- (2) to the extent necessary to grant the holders/creditors of convertible bonds or bonds with warrants issued by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, rights to subscribe for new shares in the amount to which they would be entitled after exercising their conversion or option rights, or after fulfilling their conversion obligation (Authorized Capital I, II, III);
- (3) if the total amount of share capital attributable to the new shares for which preemptive rights are to be disapplied does not exceed 10% of the share capital existing at the time this authorization comes into effect or, in the event that this amount is lower, at the time the new shares are issued and the issue price of the new shares is not materially lower than the quoted market price of the existing listed shares at the time when the issue price is finalized, which should be as near as possible to the time the shares are placed. If, during the term of the authorized capital, other authorizations to issue or sell shares in the Company or to issue rights that enable or oblige the holder to subscribe for shares in the Company are exercised while disapplying preemptive rights pursuant to or in

accordance with § 186 (3) sentence 4 *AktG*, this must be counted toward the above-mentioned 10% limit (Authorized Capital II);

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

The Executive Board may only exercise the above authorizations to disapply preemptive rights to the extent that the total proportionate interest in the share capital attributable to the shares issued while disapplying preemptive rights does not exceed 20% of the share capital at the time these authorizations become effective or at the time these authorizations are exercised. If other authorizations to issue or sell shares in the Company or to issue rights that enable or oblige the holder to subscribe for shares in the Company are exercised while disapplying preemptive rights during the term of the authorized capital until such time as it is utilized, this must be counted towards the above-mentioned limit.

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

In addition, the Annual General Meeting on March 31, 2015, resolved to contingently increase the share capital by up to a total of €42 million, composed of up to 42 million no-par-value bearer shares. In accordance with the resolution by the Annual General Meeting, the contingent capital increase will be implemented only if:

- (1) the holders or creditors of conversion and/or option rights attached to convertible bonds and/or bonds with warrants issued in the period until March 30, 2020, by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, choose to exercise their conversion or option rights, or
- (2) the holders or creditors of convertible bonds giving rise to a conversion obligation issued in the period until March 30, 2020, by Beiersdorf Aktiengesellschaft, or companies in which it holds a direct or indirect majority interest, comply with such obligation,

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

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

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

No convertible bonds or bonds with warrants as described above have yet been issued.

The Annual General Meeting on March 31, 2015, also authorized the Company in accordance with § 71 (1) no. 8 *AktG* to purchase own shares in the total amount of up to 10% of the existing share capital in the period up to March 30, 2020. The shares shall be purchased via the stock exchange or via a public purchase offer addressed to all shareholders, or a public invitation to tender shares. The Annual General Meeting authorized the Executive Board, with the approval of the Supervisory Board, to sell in whole or in part the own shares purchased on the basis of the above-mentioned or a prior authorization while disapplying the shareholders' preemptive rights, including in a way other than via the stock exchange or via a purchase offer to all shareholders, to the extent that these shares are sold for cash

at a price that does not fall materially below the market price of the same class of shares of the Company at the time of the sale. The Executive Board was also authorized, with the approval of the Supervisory Board, to sell in whole or in part the own shares acquired in accordance with the above-mentioned or a previous authorization against non-cash consideration while disapplying the preemptive rights of shareholders, particularly to utilize them as consideration or partial consideration in the context of a merger or the acquisition of companies, equity interests in companies (including increases in equity interests), or business units of companies. Moreover, the Executive Board is authorized, with the approval of the Supervisory Board, to utilize these own shares in whole or in part, while disapplying the preemptive rights of shareholders, in order to satisfy the subscription and/or conversion rights from convertible bonds and/or bonds with warrants issued by the Company or companies in which it holds a direct or indirect majority interest. The Executive Board is further authorized, in the event that own shares are sold to all shareholders, to disapply the preemptive rights of shareholders where this is necessary to eliminate any fractions that may arise. The Executive Board may only make use of the above authorizations to disapply preemptive rights when utilizing own shares to the extent that the total proportion of shares utilized without preemptive rights does not exceed 20% of the share capital either at the time of the resolution by the Annual General Meeting or at the time these authorizations are exercised. If, during the term of this authorization to utilize own shares, other authorizations to issue or sell shares in the Company or to issue rights that enable or oblige the holder to acquire shares in the Company are exercised while disapplying preemptive rights, this must be counted toward the above-mentioned limit. Finally, the Executive Board was authorized, with the approval of the Supervisory Board, to retire the own shares acquired in accordance with the above-mentioned or a prior authorization without requiring an additional resolution by the Annual General Meeting.

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

8. There are no material agreements of the Company that take effect in the event of a change of control following a takeover bid.
9. There are no compensation agreements entered into by the Company with the members of the Executive Board or employees for the event of a takeover bid.

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