

## **Report of the Executive Board on Item 10 of the Agenda (Resolution on the authorization to purchase and utilize own shares)**

The Company purchased own shares amounting to approximately 9.99% of its share capital based on the authorization granted by the Annual General Meeting on June 11, 2003, in accordance with § 71 (1) no. 8, AktG) in the course of a public acquisition offer addressed to all Beiersdorf shareholders. No own shares were purchased on the basis of the following authorizations by the Annual General Meetings on June 3, 2004, May 18, 2005, May 17, 2006, April 26, 2007, April 30, 2008, April 30, 2009, April 29, 2010, and March 31, 2015. The authorization to purchase and utilize own shares granted by the Annual General Meeting on March 31, 2015, expires on March 30, 2020. The renewal of this authorization that is therefore proposed in agenda item 10 is intended to continue to enable the Company to purchase own shares if it were to reduce the number of own shares held in the meantime. This is the market standard at nearly all major listed companies. Like the expiring authorization, the proposed authorization is to be granted for the legally permitted maximum duration of five years (i.e., until April 28, 2025) in order to give the Executive Board an appropriate level of additional flexibility when deploying share buybacks for various purposes in the Company's interests.

In accordance with § 71 (2) sentence 1 AktG, the shares purchased pursuant to this authorization, together with other shares in the Company that the Company has already purchased and still holds or that are attributable to the Company in accordance with §§ 71a ff. AktG, may not account for more than 10% of the share capital of the Company.

The law specifies that the own shares purchased by Beiersdorf Aktiengesellschaft can be sold via the stock exchange, via a public purchase offer to all shareholders, or via a public invitation to all shareholders to submit an offer to tender shares. Where the shares are purchased via the stock exchange, the purchase price paid per share must in principle be based on the market price of Beiersdorf's shares immediately preceding the purchase. This means that, in line with standard market practice, the purchase price per share may not be more than 10% higher or 20% lower than the average market price of Beiersdorf's shares in the closing auction in the Frankfurt Stock Exchange's Xetra trading system (or a comparable successor system) on the last five stock exchange trading days preceding the purchase. In the case of a public purchase offer to all shareholders or a public invitation to all shareholders to submit an offer to tender shares, the shareholders can decide for themselves how many shares to tender and – if a price range has been established – at what price they wish to tender them to the Company. The Executive Board will in all cases respect the principle of equal treatment of all shareholders set out in stock corporation law when acquiring own shares. All of the proposed purchase methods – via the stock exchange, via a public purchase offer to all shareholders, or by way of an invitation to submit an offer to tender shares – take this principle into account.

If, in the case of a public purchase offer or in the case of an invitation to submit offers to tender shares, the number of shares tendered or offered exceeds the planned repurchase volume, shares will be accepted by the Company on a proportionate basis. The Executive Board may provide for preferential acceptance of small volumes of up to 100 shares per tendering shareholder in order to avoid notional share fractions when determining the quotas to be acquired and to avoid small residual amounts, and thus facilitate technical settlement overall.

The Executive Board is authorized to utilize the repurchased own shares for all purposes allowed by law, and in particular the purposes described in the following.

The proposed resolution stipulates that the Executive Board can, with the approval of the Supervisory Board, sell the own shares purchased on the basis of the proposed or a prior authorization by the Annual General Meeting in a way other than via the stock exchange or by way of a public offer to all shareholders if the own shares are sold for cash at a price that does not fall materially below the market price of the same class of shares in the Company at the time of sale. This authorization, which effectively disapplies shareholders' preemptive rights, takes advantage of the simplified option for disapplying shareholders' preemptive rights permitted by § 71 (1) no. 8 sentence 5 AktG in conjunction with § 186 (3) sentence 4 AktG, with the necessary modifications. This is intended to serve the interests of the Company in particular by enabling it to offer shares in the Company to institutional investors or other investors and/or to expand the Company's shareholder base. The intention here is to also put the Company in the position of being able to react to favorable stock market situations quickly and flexibly. The interests of the shareholders are taken into account in that the shares may only be sold at a price that does not fall materially below the market price of the shares in the Company at the time of the sale. The fixing of an average price for the applicable market price is intended to ensure that the interests of the shareholders of the Company are not adversely affected by random price events. This authorization to sell own shares for cash consideration is limited to a total of no more than 10% of the Company's existing share capital at the time this authorization comes into effect or, in the event that this amount is lower, at the time the authorization is exercised, including shares for which shareholders' preemptive rights are disapplied in accordance with § 186 (3) sentence 4 AktG when authorized capital is utilized and/or when the authorization to issue convertible bonds and/or bonds with warrants is exercised. Counting these shares toward the limit ensures that purchased own shares are not sold subject to the simplified disapplication of shareholders' preemptive rights in accordance with § 186 (3) sentence 4 AktG if this would lead to shareholders' preemptive rights being disapplied for a total of more than 10% of the share capital as a result of the direct or indirect application of § 186 (3) sentence 4 AktG). This limitation is in the interests of shareholders who wish to retain their proportionate equity interest as far as possible and allows them to do so by purchasing Beiersdorf shares on the stock market.

The Executive Board, with the approval of the Supervisory Board, is also to be authorized to issue the own shares purchased on the basis of the proposed or a prior authorization as consideration or partial consideration for the acquisition of companies, equity interests in companies (including the increase of equity interests), or business units of companies, or as part of mergers, i.e., in return for contributions in kind. This type of financing for acquisitions is increasingly required in competitive international contexts. Against this backdrop, it remains highly important for the continued development and reinforcement of the Company's market position that it has the opportunity to acquire suitable equity interests in the course of its investment strategy, not only by making cash payments but also by way of non-cash consideration, in the form of the transfer of shares in the Company. The aim is to enable the Company to issue these shares from its own shares held as well as from Authorized Capital III. This authorization to acquire equity interests against delivery of Beiersdorf shares is intended to give the Company the flexibility required to take advantage of acquisition opportunities quickly and flexibly as they arise without having to implement a capital increase. As the purchased own shares also generally have to be utilized at short notice and in competition with other potential buyers, and the necessary secrecy requirements have to be observed, the authorization to dispose of purchased own shares by means other than via the stock exchange or via a public offer to all shareholders is necessary. The proposed disapplication of shareholders' preemptive rights is designed to take account of this requirement. The Executive Board will carefully examine in each individual case whether to exercise this authorization as soon as the opportunity to

purchase an equity interest takes shape. It will only disapply shareholders' preemptive rights to the extent that the acquisition is in line with the Company's investment strategy and if the acquisition in return for shares in the Company is in the best interests of the Company and its shareholders. When determining the valuation ratios the Executive Board will ensure that shareholders' interests are safeguarded appropriately and that, as a result, the authorization will only be utilized to the extent that the value of the equity interest to be acquired is in reasonable proportion to the value of the Beiersdorf shares to be exchanged for it. The Supervisory Board will only grant the necessary approval for the disposal of the purchased own shares by means other than via the stock exchange or via a public offer to all shareholders if these preconditions are met.

Moreover, the authorization specifies that, with the approval of the Supervisory Board, the own shares purchased may be utilized on the basis of the abovementioned or a prior authorization, while disapplying shareholders' preemptive rights, in order to satisfy the conversion rights and/or options or conversion obligations under convertible bonds and/or bonds with warrants issued by the Company or companies in which it holds a direct or indirect majority interest, or to satisfy other claims to transfer shares. It may be appropriate, instead of utilizing contingent capital, to utilize own shares in whole or in part to fulfill conversion rights or options, or conversion obligations, or to satisfy other claims to transfer shares.

The Executive Board is also to be authorized to exclude any fractions from preemptive rights in the case that own shares are sold to all shareholders. This is necessary for the technical settlement of such an offer to avoid issuing fractions of shares. The Executive Board will utilize the shares that are excluded from shareholders' preemptive rights as unallotted fractions at the best possible terms for the Company either by selling them via the stock exchange or in another way.

To further limit the total number of shares issued while disapplying preemptive rights and hence minimize the dilution of shareholders' interests as far as possible, the Executive Board may only disapply preemptive rights when utilizing own shares to the extent that the total proportionate interest attributable to these shares does not exceed 10% of the Company's share capital at the time these authorizations to disapply preemptive rights 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 this authorization to purchase and utilize own shares, this must be counted towards the abovementioned limit.

Finally, the own shares purchased on the basis of the abovementioned or a prior authorization may be retired in whole or in part by the Company without an additional resolution by the Annual General Meeting. This is in line with standard practice at large listed German companies. In this context, provision is made for the shares to also be retired without reducing the share capital in accordance with § 237 (3) no. 3 *AktG* (this is known as the simplified approach). Retiring shares without reducing the capital increases the proportionate interest of the remaining no-par-value shares in the Company's share capital. The Supervisory Board is therefore to be authorized in this case to amend the Articles of Association to reflect the change in the number of no-par-value shares.

The Executive Board will report on the exercise of the authorization to purchase and/or utilize own shares in the Annual General Meeting following such a purchase.

Hamburg in February 2020

Beiersdorf Aktiengesellschaft

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