

**Corporate Governance Statement in accordance with § 289a
Handelsgesetzbuch (German Commercial Code, HGB) for fiscal year 2014**

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

At the end of December 2014, the Executive Board and Supervisory Board issued the Declaration of Compliance with the recommendations of the Code for fiscal year 2014 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 a large number of the suggestions.

The 2014 Declaration of Compliance was also made permanently accessible to the public on the company's website at 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 2014, Beiersdorf Aktiengesellschaft complied with, and continues to comply with, all recommendations of the "Government Commission on the German Corporate Governance Code" in the versions dated May 13, 2013, and June 24, 2014, respectively, 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, as a precautionary measure, to declare a corresponding deviation from the recommendation of the German Corporate Governance Code.

Hamburg, December 2014

For the Supervisory Board

Prof. Dr. Reinhard Pöllath

Chairman of the Supervisory Board

For the Executive Board

Stefan F. Heidenreich

Chairman of the Executive Board

Dr. Ulrich Schmidt

Member of the Executive Board

B. Corporate Governance Practices

Beiersdorf Aktiengesellschaft pursues the following key corporate governance practices:

Compliance

For Beiersdorf, compliance with the law and internal guidelines is an essential prerequisite for successful and sustainable business. The Executive Board has issued Compliance Principles, which can be found at www.Beiersdorf.com/Compliance_Principles. In addition, an extensive antitrust and anticorruption compliance program, among other things, has been set up. 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 reinforced by regular training, and a wide variety of advisory offerings is used to help anchor compliance for the long term. In order to find out about potential compliance violations, Beiersdorf provides its employees with a number of reporting channels; in many countries this also includes a platform operated by an independent provider.

The Compliance Management function is responsible for managing the compliance management system. It supports managers in ensuring compliance, issuing and enforcing suitable internal guidelines, and training employees.

Code of Conduct

Beiersdorf's success 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 Code of Conduct lays down these standards in a binding set of guidelines that are to be used worldwide. Its objective is to help employees implement the key corporate principles in their everyday working life and to show how to handle potential issues or difficult situations that affect our business practices or our dealings with each other.

The Code of Conduct is available on the website at [www.Beiersdorf.com/Code of Conduct](http://www.Beiersdorf.com/Code_of_Conduct).

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 focuses on the areas that are relevant to our stakeholders and that contribute to the company's success: “Products,” “Planet,” and “People.”. In fiscal year 2014, we again made significant progress in making products and processes more sustainable and in getting our employees actively involved.

Further information can be found in the “Sustainability” section of the [Annual Report](#).

Human Resources Policy

Beiersdorf’s human resources activities are based on the “Blue Agenda”, which emphasizes our employees’ crucial role in the long-term success of the company. Beiersdorf focuses on promoting a working environment in which existing employees are optimally deployed in line with their skills and potential, and constantly have opportunities to develop further. This encourages employee commitment and helps establish Beiersdorf as one of the most attractive employers in the consumer goods industry.

In fiscal year 2014, we continued our work on the foundations underpinning such a working environment. One example of this is our long-term commitment to further enhancing our corporate culture. We continued this process with the structured, global introduction of our Core Values – Care, Simplicity, Courage, and Trust – and by conducting another global employee survey and following up on the results. Another example is our activities promoting a relationship of trust between employees and line managers. We further improved our performance management and talent management processes in the past year in order to create an even better and more reliable framework for this relationship, which is so important for our company. In addition, we introduced a new global management training structure designed to give our line managers the skills they need to perform the demanding task of managing and developing their employees in the best possible way.

Further information can be found in the “Employees” section of the [Annual Report](#).

Risk Management

Risk management 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 inventories 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 [Annual Report](#).

C. Information on Executive and Supervisory Board working practices, as well as on the composition and working practices of their committees

I. General Information on Beiersdorf’s 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. The Supervisory Board

Beiersdorf AG's Supervisory Board consists of twelve members. Half of these are elected by the Annual General Meeting in accordance with the *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 term of office ends at the end of the Annual General Meeting resolving on the approval of their activities for fiscal year 2018.

The Supervisory Board appoints the Executive Board, advises it on the management of the company, and supervises the conduct of the company's business as laid down by the law, the Articles of Association, and the bylaws. The Supervisory Board and the Executive Board work closely together for the good of the company and to achieve sustainable added value. Certain decisions require Supervisory Board approval in accordance with the law and the bylaws of the Supervisory Board.

As a rule, the Supervisory Board makes decisions at its meetings on the basis of detailed documents. In accordance with the bylaws of the Executive Board, the Supervisory Board 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, most recently as part of the efficiency review in fall 2013.

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, 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 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. These statutory requirements are met in particular by the chair of the Audit Committee, Dr. Dr. Martel, head of the Nescafé Dolce Gusto Nordics business area, Nestlé Danmark A/S. 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 the fee). It verifies the auditors' independence and conducts the preliminary examination for additional services that they provide. It advises and supervises the Executive Board on questions relating to accounting, the effectiveness of the internal control system, the risk management system, and the internal audit system. In addition, it discusses the interim reports with the Executive Board before they are published.

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 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 by a simple majority in each case. It makes proposals to the Supervisory Board 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 on our website at www.Beiersdorf.com/boards.

III. The 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 for the company's business.

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, annual, and consolidated financial statements as well as for Group financing. The Executive Board is also responsible for ensuring adequate risk management and risk control, and for ensuring that all statutory provisions and applicable internal corporate guidelines are observed, and works to ensure that Group companies abide by them (compliance). 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 material significance for the company require the approval of the Supervisory Board.

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 of them. Material transactions between the company and members of the Executive Board and their related parties require the approval of the Supervisory Board; such transactions 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 on corporate governance at Beiersdorf can be found in the "Corporate Governance" section of the [Annual Report](#).