

**Corporate Governance Statement in accordance with §§ 289a and 315 (5)  
*Handelsgesetzbuch* (German Commercial Code, *HGB*) for fiscal year 2016**

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

In December 2016, 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 2016 in accordance with § 161 *Aktiengesetz* (German Stock Corporation Act, *AktG*). Beiersdorf AG fulfills all the recommendations made in the Code with two exceptions, as well as a large number of the suggestions.

The 2016 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 2016, 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 with the following exceptions:

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.

Section 4.2.3 (2) sentence 8 of the German Corporate Governance Code states that performance targets or comparison parameters for the variable remuneration of the members of the Executive Board shall not be changed retroactively.

However, the following adjustments have been made to the remuneration system for active members of the Executive Board for simplification reasons:

- Starting with financial year 2016, the Variable Bonus payable to members of the Executive Board depending on achievement of the performance targets will be paid out in full annually and will no longer be tied to the achievement of further long-term targets. A further purpose of this adjustment is to ensure a reasonable balance between annual and long-term variable remuneration.
- Reaching or exceeding specific market shares in the core skin care categories for the key European markets has been eliminated as one of several performance targets for the Matching Virtual Units, i.e. the virtual Enterprise Value Component granted as part of variable remuneration. This will bring them into line with the other Enterprise Value Components (Virtual Units, Covered Virtual Units).
- For the purposes of calculating the enterprise value for the Enterprise Value Component, EBIT, which is taken into account alongside sales, is adjusted for any deviations from the plan for marketing expenses among other things. This has now been rendered more precise through the stipulation that adjustments are based on deviations from a fixed ratio for marketing expenses.

As a result of the adjustments described above, the Chairman of the Executive Board has, among other things, been awarded a base amount under the Enterprise Value Components granted to him in addition to a once-only payment contingent upon full completion of the period of his contract. This is to make up for the lost possibility of obtaining a higher payout under the Matching Virtual Units granted to him in the event of an increase in market share and to provide reasonable incentive. In the light of the appreciation in enterprise value achieved to date, this base amount is below the value of the Enterprise Value Components currently expected for the payout date.

Hamburg, December 2016

For the Supervisory Board

For the Executive Board

Prof. Dr. Reinhard Pöllath  
Chairman of the Supervisory Board

Stefan F. Heidenreich  
Chairman of the Executive Board

Jesper Andersen  
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 a risk analysis, an extensive antitrust and anticorruption compliance program has 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 reinforced by regular training, and a wide variety of advisory offerings is used to help anchor compliance for the long term.

Indications of potential compliance violations are followed up consistently. Appropriate measures are taken to prevent and sanction wrongdoing where necessary in individual cases. 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.

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.

### ***Codes 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 are relevant to our stakeholders and that contribute to the company's success: "Products," "Planet," and "People." In fiscal year 2016, we again made significant progress in making products and processes more sustainable and in getting our employees actively involved.

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.

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 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 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 markets, 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 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 regular term of office expires at the end of the Annual General Meeting resolving on the approval of their activities for fiscal year 2018.

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. 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. 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). 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 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.

#### ***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 on our website 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 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 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 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 on corporate governance at Beiersdorf can be found in the "Corporate Governance" section of the [Annual Report](#).

#### **D. Information on targets for the proportion of women on the Executive Board and at senior management levels of Beiersdorf AG**

In September 2015, in accordance with § 111 (5) *AktG*, the Supervisory Board of Beiersdorf AG set a target of 10% for the share of women on the Executive Board, to be achieved by June 30, 2017. At present, all members of the Executive Board are male. The Supervisory Board continues to aim for appropriate representation of women as part of any changes in the membership of the Executive Board.

In August 2015, in accordance with § 76 (4) *AktG*, the Executive Board of Beiersdorf AG set a target of 30% for the share of women in the first management level below the Executive Board, and a target of 38% for the second management level below the Executive Board, both to be achieved by June 30, 2017. The two management levels for the purposes of § 76 (4) *AktG* have been defined using the existing reporting lines at Beiersdorf AG below the Executive Board.

**E. Information on the minimum proportion of women and men on the Supervisory Board of Beiersdorf AG**

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. The Supervisory Board currently consists of three women (25%) and nine men (75%). Of the three women on the Supervisory Board, one is an employee representative (17% of employee representatives) and two are shareholder representatives (33% of shareholder representatives). In accordance with § 25 *Einführungsgesetz zum Aktiengesetz* (Introductory Act to the German Stock Corporation Act, *EGAktG*), the statutory gender quota is only applicable to elections since January 1, 2016. Existing mandates may continue until their scheduled expiry.