

PRESS RELEASE

Beiersdorf is Founding Member of the Initiative “Action for Sustainable Derivatives”

- The aim of the cross-industry initiative is to spur action for the sustainable sourcing and production of palm (kernel) oil derivatives in the areas of beauty, home and personal care, as well as oleochemicals
- The collaboration is intended to facilitate the exchange of information and thus speed up transformation of the sector as a whole
- Beiersdorf is pursuing the goal of transitioning all of its own palm (kernel) oil derivatives to sustainably certified sources by 2020; it already hit the 74 percent mark in 2018

Hamburg, November 4, 2019 – The skincare company Beiersdorf is a co-founder of the cross-industry initiative “Action for Sustainable Derivatives (ASD)”, which was established in October 2019 and which is now starting its work. The founding members are aiming for maximum transparency and sustainability throughout the supply chain for palm (kernel) oil derivatives in the areas of beauty, home and personal care products, and oleochemicals. The primary purpose of their cooperation is to achieve the sustainable sourcing and production of palm (kernel) oil derivatives in order to improve the labor and living conditions of farmers in the long term and to protect the environment in the sourcing countries. To achieve this goal, the initiative intends to exchange information transparently, to harmonize requirements, to standardize tools and methodologies, and to promote the accelerated transformation of the entire sector.

The companies are joining forces because the upstream supply chains are extremely complex and often do not allow for any or only limited direct influence. Among other things, they will have access to risk monitoring and evaluation mechanisms as well as grievance procedures. The initiative will be jointly managed by “Business for Social Responsibility” and “Transitions”, two organizations with expertise in the field of sustainable supply chains.

Dorle Bahr, Head of Environmental Sustainability: “Palm (kernel) oil derivatives are important raw materials in the cosmetics and personal care industry. Hence, we need to ensure the sustainable sourcing of palm-based ingredients. By joining forces with our peers and suppliers in analyzing the palm supply chain, we can accelerate our efforts towards deforestation-free supply chains. Co-founding the “Action for Sustainable Derivatives” initiative and committing to collaborate on supply chain transparency and transformation is another important cornerstone of Beiersdorf’s Sustainable Palm Roadmap.”

As a manufacturing company within the personal care industry, Beiersdorf does not source palm (kernel) oil directly, but does use its derivatives. Palm (kernel) oil derivatives are raw materials based on palm (kernel) oil which have undergone further processing. For example, Beiersdorf

uses derivatives in the form of surfactants or emulsifiers in its personal care and cleansing products. Beiersdorf uses around 37,000 tons of palm (kernel) oil a year (2018), which equates to approximately 0.05 percent of the annual global production volume of palm (kernel) oil.¹ The oil palm tree is characterized by high efficiency and has almost five times the yield per hectare compared to other oleaginous plants like coconut, rapeseed, or sunflower.²

Since 2010, Beiersdorf has been engaged in the “Roundtable on Sustainable Palm Oil (RSPO)”, the central organization for sustainable palm oil. The company is also a founding member of the “Forum for Sustainable Palm Oil (FONAP)”, a multi-stakeholder initiative of companies, non-governmental organizations, associations, and the German Federal Ministry of Food and Agriculture (BMEL). Beiersdorf additionally initiated a project to support palm oil smallholder farmers in West Kalimantan, Indonesia, together with the WWF in 2018. The aim of this project is to promote sustainable palm (kernel) oil production on the ground and improve the livelihoods of smallholder farmers. Beiersdorf was honored by the “Carbon Disclosure Project (CDP)”, an international non-profit organization, for its actions against deforestation and was recognized with an A-List ranking in the area of Forest in 2018, among three other companies worldwide.

Beiersdorf has committed itself to the Palm Oil Sustainability Roadmap 2020: the company intends to identify and improve the environmental and social hotspots along the supply chain through certification, transparency, and transformation. Furthermore, Beiersdorf aims to transition all palm (kernel) oil-based ingredients used in its products to sustainably certified raw materials by 2020, i.e. 100 percent of the palm (kernel) oil derivatives will be sustainably certified. At the end of 2018, 74 percent of the derivatives sourced by Beiersdorf had already been transitioned to RSPO Mass Balance certified palm (kernel) oil. The new “Action for Sustainable Derivatives” initiative is another key pillar of this roadmap.

More information on Beiersdorf’s commitment to sustainability is available in its 2018 Sustainability Review, which is available at www.beiersdorf.com/sustainability.

¹ United States Department of Agriculture (2018). *Oilseeds: World Markets and Trade. Strong Brazilian Soybean Sales Expected to Slow Rebound in Argentine Exports.*

² Source: WWF Germany (2016). *Auf der Ölspur. Berechnungen zu einer palmölfreieren Welt.*

About Beiersdorf AG

Beiersdorf AG is a leading provider of innovative, high-quality skincare products and has over 135 years of experience in this market segment. The Hamburg-based company has approximately 20,000 employees worldwide and is listed on the DAX, the German benchmark equities index. Beiersdorf generated sales of more than 7.2 billion euros in fiscal year 2018. The Beiersdorf product portfolio is characterized by strong, globally leading skincare and personal care brands such as NIVEA – the world’s number one skincare brand* – Eucerin, Hansaplast, and La Prairie. They impress millions of people around the world every day with their innovative and high-quality products. The extensive portfolio is complemented by other renowned brands like Labello,

Aquaphor, Florena, 8x4, Hidrofugal, arix, Maestro, and Coppertone. Beiersdorf's wholly owned affiliate tesa SE, another globally leading manufacturer in its field, supplies self-adhesive products and system solutions to industry, craft businesses, and consumers.

³ Source: Euromonitor International Limited; NIVEA as umbrella brand in the categories Face Care, Body Care, and Hand Care; in retail value terms, 2018.

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