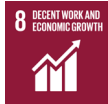




STRATEGY AND GOVERNANCE



BLUE AGENDA

Beiersdorf's strategic program, the [Blue Agenda](#) is focused on strengthening our brands, increasing our innovative power, expanding our presence in the emerging markets, and on our dedicated employees. With 17,000 employees and more than 160 affiliates we are close to our consumers all around the world. In recent years, we have opened new factories in Mexico, India and Nigeria and expanded existing factories. Our 17 production sites are located in the regions Europe, Americas, Near East (including Africa), and Asia Pacific, and produce mainly for their local and regional markets. This helps to promote sustainable economic growth, employment and decent work for people in different regions worldwide.

OPEN INNOVATION

We have opened regional [research and development laboratories](#) in Brazil, China, India, Japan, Mexico and the USA in order to offer consumers in all regions of the world products that are tailored as closely as possible to their needs — culturally, aesthetically or climatically. [Open Innovation](#): We live Open Innovation and want to build strong, long-term relationships with external partners such as universities, research institutes and individual inventors and innovators. These activities are bundled under the term “PEARLFINDERS – We Open Innovation”.

RESPONSIBLE SOURCING

We consider our suppliers as an extension of our own production network. Their activities broaden our social and environmental footprint — and we see the responsible management of the associated impacts as our duty.

Our [Code of Conduct for Suppliers](#) is compulsory and commits supply-chain partners to upholding the same standards throughout their operations that we apply in our own business. We have developed a comprehensive management approach for our entire direct supply base to support our suppliers in ensuring responsible corporate governance.

We strongly believe that when cultivated sustainably, oil-bearing palms can contribute to the improved well-being of local communities. That is why we work to identify opportunities to make a positive impact on the living conditions of communities right along our supply chain. Starting in 2018, we will support smallholder palm-oil cultivators to improve sustainability in their agricultural practice.

PRODUCTS



PRODUCT SUSTAINABILITY

Beiersdorf is a global manufacturer of high-quality skin care products with over 135 years of research expertise. Our objective is to continue providing high-quality, safe and reliable products that are sourced responsibly. Through ongoing product development, we aim to continuously decrease the [environmental impact throughout the entire life-cycle](#) of our products.

With our [2020 Product Sustainability Target](#), we aim to generate 50% of our sales from products with a reduced environmental impact (Base year 2011).

Sustainability as Part of Our Innovation Process: To achieve our “Product” target by 2020 we regularly look at the sustainability performance of our product innovations within their development process. We also anchored the topic of sustainability deeply in all phases of our Integrated Innovation Management (IIM), giving this vital aspect a strong weighting in the development of new products and re-launches.

RAW MATERIALS

We work constantly to maintain **high standards in selecting raw materials** and ensuring the safety and effectiveness of our formulas whilst further reducing our environmental impact and dependency on scarce resources. To achieve this we incorporate sustainability criteria into our research, the procurement of raw materials, and the development of new formulas and applications. We also engage in multi-stakeholder initiatives and ongoing open dialogs on selected raw materials.

We have defined sustainability criteria for our raw materials and are **evaluating their biodegradability and water toxicology**, among other things, in our product development process.

Regarding palm oil, we are consistently driving our transition to sustainably produced palm (kernel) oil derivatives. The goal of our Sustainable Palm (Kernel) Oil program is that by 2020 all Beiersdorf products only contain palm (kernel) oil from sustainable sources.

Care without Microplastics: We continually research innovative product formulations — and at the same time, our constant goal is to make a lasting contribution to protecting the environment. This is why we had already replaced the polyethylene particles in all our skin care products worldwide with [environmentally-friendly alternatives](#) at the end of 2015. By 2020 we plan to completely **eliminate other solid synthetic polymers** from all our rinse-off products.

PACKAGING

We strive to keep the environmental impact of our [packaging](#) as low as possible. To achieve this we work constantly to optimize our packaging and make it more sustainable: We apply the sustainability criteria of “**avoid, reduce, reuse and recycle**” to all of our packaging innovations, explore the use of recycled materials, and invest in the testing and implementation of even more sustainable materials.

For paper based packaging we have developed a clear **responsible sourcing guideline** and we give preference to **FSC-certified or recycled paper**.



CLIMATE & ENERGY

Our [2025 Climate Target](#), based on the method of the Science-based target initiative, will enable us to reduce our CO₂ emissions across all three scopes. We will reduce our energy-related CO₂ emissions per product manufactured by 70% (Base year 2014). The measures defined for the reduction of our energy-related CO₂ emissions (Scope 1 and 2) include energy efficiency measures in our production centers and the switch to renewable energy sources at all our sites worldwide by 2020.

To help us lower emissions caused by the goods and services we procure (Scope 3), we will develop specific CO₂ emission reduction targets and plan detailed measures in the areas of packaging, raw materials, transport, business travel and suppliers of finished products.

With our global [Blue Building program](#) we are pursuing the goal of constructing and operating our own buildings sustainably. Our [Blue Production Center initiative](#) for manufacturing facilities helps us increase onsite energy efficiency while lowering greenhouse gas emissions.

Furthermore, [green electricity](#) is on the rise at Beiersdorf. In 2017, we investigated the framework conditions at all our production sites that still purchase conventionally generated electrical power. All sites except Mexico and Nigeria will be switching over to renewable electricity in 2018. In addition, several of our worldwide production centers and office sites are already using their own photovoltaic power.



WASTE

We consistently pursue a waste strategy of “avoid, reduce, reuse and recycle”. Together with all our stakeholders we are always searching for optimization potentials to reduce our waste volume and identify alternative disposal methods. Furthermore, we take a global [Zero Waste to Landfill](#) target for our production facilities and warehouses, which prioritizes the avoidance, reduction and reuse of different types of waste.

We already achieved the waste target for most of our production centers in 2017: All 16 established production centers now avoid landfill disposal completely, including both non-hazardous and hazardous waste.



WATER

We constantly work on [reducing water consumption](#) in our production processes, in our buildings, and in other areas. We rely on highly modern equipment and innovative technologies to lower our water requirement in production processes, especially in high-consumption cleaning processes.

We apply latest technologies and procedures to purify our water and clean our wastewater and — where feasible — we reuse treated wastewater as for cooling processes, gardening or sanitation.

We have defined a “**Water Risk Approach**” for our production centers, which includes the development of local action plans based on local water risks.



SOCIAL RESPONSIBILITY

With our [2020 People Sustainability Target](#), we aim to reach and improve the lives of one million families (Base year 2013).

By supporting individual family members e.g. through educating children or empowering mothers, our projects contribute to the improved well-being of the whole family. We ensure sustainable impact by focusing on long-term projects with trusted local partners and favoring high-quality over high-quantity projects.

[NIVEA cares for family](#) is the global platform for the social commitment of our biggest brand. NIVEA is strengthening families by fostering competencies for children, supporting mothers and creating occasions for families to spend quality time together. In partnership with local expert partners, we develop locally relevant, long-term projects which deliver sustainable impact.

Under the banner of [Bringing First Aid Home](#) Hansaplast is establishing and maintaining local partnerships with the Red Cross to support first aid in daily life. Together we are focusing on three core fields of action in this effort: awareness, education and prevention.

With our [Humanitarian Refugee Aid program](#), we support refugees in different ways in Germany. Through our job programs at Beiersdorf in Hamburg we provide refugees with initial vocational experience and set an example for their integration in German social and vocational life.

In addition, many of our employees provide tangible hands-on support for specific projects of our local NPO partners through corporate volunteering. This voluntary social engagement by our employees is a win for all parties involved.

[Donating overstocked products](#) contributes both to our environmental and our social sustainability goals, since skin care, hygiene and wound care products are urgently needed in many social projects. In addition, we protect the environment by donating products in perfect condition instead of disposing of them.

PEOPLE



PEOPLE AT BEIERSDORF

Being a good employer everywhere in the world forms the essential foundation of our activities. A good employer provides “Good Work” – from employee benefits and development, through freedom of association, to an open and trustful culture.

In the world of today, our employees’ welfare means a great deal more: In particular, it includes the ongoing ability of our workforce to respond to changes and to actively participate in shaping them.

We recognize our duty to uphold and promote human rights along our entire value chain. To require our employees and our suppliers to uphold human rights and to promote these, we have integrated corresponding binding policies in our [Employee Code of Conduct](#) and our [Supplier Code of Conduct](#). We tolerate no form of corruption whatsoever, no form of forced labor, no child labor, and no form of discrimination in any of our business relationships.

We are also determined to support and promote the [personal and professional growth](#) of our employees in many ways. We therefore offer special programs and services to our employees at global, regional, and national levels, tailored to their personal needs and specific local requirements. These include training and development, childcare, health management, sport, catering, mobility, and, of course, flexible working models.

Furthermore, employee health is important to us, so an effective Health Management system is one of the central components of our human resources policy. Our goal is to sustain the long-term health and well-being of our employees through a broad range of services. With our strategic goal of [Zero Accidents](#) in the workplace we actively survey all our sites for risks and optimization potential, and we continually implement improvements in workplace safety through a broad range of measures.

DIVERSITY

A [diverse and internationally minded workforce](#) is the foundation of competitiveness for Beiersdorf. It gives us access to a bigger talent pool and allows us to gain a better understanding of changing markets and consumers.

For many years, equal opportunities for women and men in their professional development has been a priority for us. In summer of 2017 the Beiersdorf AG Executive Board resolved new five-year targets: 35% women at the first management level, and 50% at the second by 2022. We have implemented comprehensive measures in recent years to achieve our targets, among them flexible working hours, home offices, job sharing, mentoring programs, and the “Women in Leadership” network.

We are signatories of the “German Charter of Diversity”. This initiative aims to ensure that diversity is recognized, valued and included in the German working culture — irrespective of gender, nationality, ethnic origin, religion, disability, age, or sexual orientation.

STAKEHOLDER ENGAGEMENT



MULTISTAKEHOLDER APPROACH

As a global skin care company, it is important for Beiersdorf to build strong, sustainable relationships with our stakeholders. We maintain a [close dialog with our stakeholders](#) and promote **collaborative partnerships**. Through the involvement of all stakeholder groups we can further improve our performance in our sustainability topics along our value chain and embed them even more deeply within our company. This will help us achieve our environmental and social targets faster and more efficiently.

CONSUMERS

We **actively approach our consumers**, report on our sustainability activities, and offer them sustainable product solutions. We also appreciate feedback from our consumers and incorporate this into the ongoing optimization of our products.

EMPLOYEES

We firmly believe that we can only increase sustainability with the help of our employees — their commitment in the workplace plays a key role. We actively **encourage each and every one of our employees to make their working day more sustainable**.

Our “We care.” engagement program focuses on informing our employees about our strategy and targets, actively involving them in the implementation and inspiring them to act independently.

SUPPLIERS

Our **strategic supplier management** ensures that also our suppliers meet our high standards in terms of quality, working conditions and environmental protection. In addition, close and collaborative partnerships with our suppliers strengthen our capacity for innovation and enable us to improve sustainability throughout our value chain.

NON-PROFIT ORGANIZATIONS

We believe that an **active and open dialogue with NPOs** about sustainability is of mutual benefit to define action agendas that drive sustainable development. We engage with NPOs, for example on mitigating the risks associated with the palm supply chain as well as climate change.

In the area of Social Responsibility, our affiliates establish long-term partnerships with local NPOs. By cooperating with experts, we make sure that the projects we support genuinely improve the lives of local families in a relevant and sustainable way.