

**Beiersdorf**

**RESPONSIBLE  
SOURCING POLICY FOR  
RENEWABLE MATERIALS**



# Introduction

Sustainability has always been part of Beiersdorf's company culture and DNA. Our [Sustainability Agenda](#) CARE BEYOND SKIN and our core values are an integral part of our corporate strategy Win with Care and guide our actions to lead in climate care and champion a more inclusive society.

Climate change represents one of the greatest challenges our global society is facing today. We are committed to a climate caring future and to minimize the impact of our business activities on the environment. Influenced by the Paris Climate Agreement to limit global warming to maximum 1.5°C and reduce global greenhouse gas (GHG) emissions to net zero by 2050, Beiersdorf has an ambitious climate target in place, which is in line with 1.5°C pathway and validated by Science Based Targets Initiative (SBTi). Based on this, we are committed to reach net-zero GHG emissions across the supply chain by 2045.

We view forests, especially primary and secondary forests, and other natural ecosystems like grasslands and savannahs, as essential for a healthy planet and environment: they are vital carbon sinks and of critical importance to biodiversity, animal and plant habitats, as well as local populations' livelihoods. Deforestation, degradation and the conversion of forests and other natural ecosystems are a risk in our upstream supply chain and a major driver of climate change. Beiersdorf is therefore committed to responsibly source our high impact commodities responsibly globally by 2030.

Global supply chains also bear social challenges, such as human rights violations and social inequality. We are committed to actively uphold human rights along our supply chain and foster a more inclusive society. Therefore, we have binding policies such as our [Code of Conduct for Business Partners](#) and due diligence processes with our employees and existing business partners.

Considering these challenges, our priority for the past 10+ years has been to build and implement a Responsible Sourcing program, focusing on our main renewable materials for which we have deployed specific sustainability roadmaps. We have since then made significant progress as we utilized a wide range of sustainability approaches, such as sourcing from recognized certification-schemes or supporting smallholder and landscape projects.

This Policy forms a major cornerstone of our overall Responsible Sourcing Program and aims to guide our business partners in achieving compliance along the supply chain. Through this we strive to take a leading role within our industry regarding sustainability.

## Policy Scope



In this Responsible Sourcing Policy, we focus on our main renewable materials that the Beiersdorf Consumer business segment purchases. We chose the materials in scope below based on a risk analysis and their relevance for Beiersdorf's Consumer business segment, as they represent the majority of our renewable material volumes:

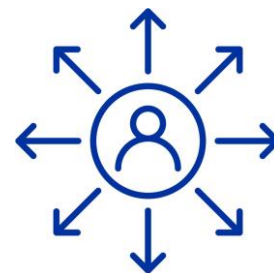
- Key raw materials: Palm (kernel) oil and its derivatives, soybean oil and coconut oil
- Key packaging materials: Paper and cardboard for packaging

This Policy is applicable to all our products manufactured in Beiersdorf's own global operations and in our third-party manufacturing operations. It is applicable to all workers, including employees, contractors, temporary, seasonal, part-time, and other workers.

We encourage our business partners to comply with the requirements mentioned in this Policy throughout their operations and along their supply chains, i.e. including their own upstream suppliers. This Policy is effective immediately and will be updated on a regular basis based on our strategy development and evolving public commitments to ensure continuous progress and to keep Beiersdorf at the forefront in terms of responsible sourcing.

# Responsible Sourcing Definition

For Beiersdorf, 'responsible sourcing' means that environmental, social and ethical standards as well as laws are respected throughout the supply chain. Our main renewable materials are materials made of natural resources that can be replenished, generation after generation. The way in which our renewable materials are produced, grown, extracted, processed or manufactured shall uphold ambitious sustainability criteria to ensure the resilience of production systems and generate positive impact for people and the planet. Sourcing from sustainable sources therefore means either the use of selected and recognized certification or verification schemes and/or the direct sourcing from project areas where we are engaged.



Our definition of responsible sourcing is a supply chain that:

- Complies with international, national and local laws and regulations,
- Respects human rights for all persons and groups along the supply chain,
- Does not contribute to deforestation and conversion of natural ecosystems,
- Mitigates and minimizes climate impacts, and
- Contributes to continuous and positive improvements in key sourcing areas.

## Our Responsible Sourcing Principles



In order to fulfill our Responsible Sourcing definition for our main renewable materials, Beiersdorf has defined various principles in the areas of compliance, environmental conservation as well as social and human rights.

In line with the [Accountability Framework Initiative](#) and the [UN Sustainable Development Goals](#), we encourage our business partners and stakeholders to uphold these following Responsible Sourcing principles throughout their supply chain:

### 1. General Principles

- Compliance with all applicable international, national and local laws, regulations and standards of the countries in which operations are managed or services provided. These include but are not limited to:
  - International Bill of Human Rights (consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights)
  - Fundamental Conventions of the International Labour Organization (ILO)
  - OECD Guidelines for Multinational Enterprises
- Formal acceptance of and compliance with our [Code of Conduct for Business Partners](#) as business prerequisite
- Application of and compliance with global quality management regulations as standards for our cosmetic ingredients to provide high-level consumer protection worldwide
- Existence of an effective, accessible and rights-compatible grievance mechanism



## 2. Environmental Principles

- Compliance with NDPE (No Deforestation, no Peat, no Exploitation) principles, i.e. no deforestation and conversion of primary or secondary forests or natural ecosystems after the EU Deforestation-free Regulation (EUDR) cutoff date of December 31st, 2020 at the latest.
- Protection of High Carbon Stocks (HCS) or High Conservation Value Areas (HCVA) as defined under the High Carbon Stock Approach (HCSA)
- Cessation and prevention of cultivation on peat lands and other areas with a high carbon soil content, regardless of depth
- Prohibition of fires for land clearing
- Usage of agrochemicals only in a way that they do not endanger health or the environment. Highly hazardous pesticides (in accordance with the Rotterdam and Stockholm Conventions, WHO Class 1a and 1b pesticides, and paraquat) shall not be used
- Promotion of good agricultural practices which can include but are not limited to the support of organic agriculture, agroecology, regenerative agriculture.



We furthermore support our business partners to develop science-based targets towards fighting climate change through the reduction of greenhouse gas emissions in accordance with the Paris Agreement and to share their targets in a transparent manner.

## 3. Human Rights and Social Principles



- No exploitation and full respect for human and workers' rights of all people, including migrant and temporary worker rights
- Prohibition of any forms of child and forced or compulsory labour, including human trafficking, as well as any form of physical, psychological or sexual abuse
- Compliance with occupational health and safety standards as well as fundamental employee rights regarding working hours, freedom of association, collective bargaining and fair compensation, including the provision of living wage wherever feasible
- Avoidance of discrimination and promotion of gender equality, diversity and inclusion as well as female worker rights
- Full respect for indigenous peoples', farmers' and local communities' legal and customary land rights in all production and sourcing processes
- Application of the principles of Free, Prior and Informed Consent (FPIC) of indigenous peoples and local communities prior to any activity that may affect their rights, land, resources, territories, livelihoods, or food security
- Support the inclusion and market access of smallholder farmers and their sustainability certification to promote fairer prices in the supply chain
- Protect the security of environmental and human rights defenders, whistleblowers, complainants, and community spokespersons, and protect their confidentiality and (when requested and lawful) their anonymity.

# Our Responsible Sourcing Commitments and Implementation Strategy

This Responsible Sourcing Policy and underlying principles form the basis for achieving our Responsible Sourcing commitments and roadmap by 2030. We aim to achieve:

- 100% of our palm (kernel) oil and its derivatives, soybean oil and coconut oil used for formula production, as well as paper-based materials for primary packaging will come from sustainably certified sources.
- 100% of our palm (kernel) oil, its derivatives and soybean oil used for formula production, as well as paper-based materials for primary packaging will come from deforestation-free sources.

In order to ensure and monitor the achievement of our Responsible Sourcing commitments by 2030, we deploy different implementation strategies for our commodities in scope of this Policy:

1. Annual corporate assessment of environmental and human rights risks of our main renewable materials and business partners
2. Conduct supply chain transparency analyses to understand sourcing regions of our main renewable materials and ensure EUDR compliance for materials in scope of the regulation
3. Sourcing our main raw materials from sustainable sources
4. Engagement with business partners through joint projects, transformative partnerships, multi-stakeholder initiatives and training measures to cascade our sustainability requirements and improve sourcing practices along the supply chain
5. Support of smallholder and landscape projects with non-profit and business partners in key sourcing countries to contribute to more sustainable landscape approach
6. Establishment of a grievance mechanism to monitor and mitigate risks of potential non-compliances
7. Conduct annual internal trainings and audits in accordance with our multi-site certifications (eg. for RSPO)

The Vice President Sustainability and Vice President Procurement share the responsibility for approving and progressing on above mentioned targets.

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## Grievance Process to Report on Breaches

Beiersdorf provides opportunities to raise concerns and report breaches of this Responsible Sourcing Policy to own employees, Business Partners and their employees, and to the general public. In case of breaches of this Policy related to Beiersdorf and our brands, we expect our Business Partners and their employees to report these immediately after learning of the breach. This also includes breaches committed by the Business Partner's subcontractors and suppliers along the supply chain.



Such reports can be made as follows:

- Via e-mail ([Incidents\\_Cases@Beiersdorf.com](mailto:Incidents_Cases@Beiersdorf.com)) and/or
- Via the Beiersdorf anonymous incident reporting platform [Speak up. We care.](#)

The reporting platform provided by Beiersdorf offers the possibility of full anonymity when raising a concern. Moreover, Beiersdorf does not tolerate any discrimination against anyone who reports concerns.



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