

**TASKFORCE
ON CLIMATE-
RELATED
FINANCIAL
DISCLOSURES
(TCFD)
INDEX 2021**

**Consumer
Business Segment**

Beiersdorf

TCFD Index 2021

Beiersdorf supports the TCFD's effort to provide clear, comprehensive and high-quality information on the impacts of climate change for financial markets. Beiersdorf has provided transparent sustainability reporting and has continually engaged for climate protection for many years now. Since as early as 2003 we have reported annually on our strategic approaches, projects and measures in the area of sustainability and climate change. Risks and opportunities arising from climate change influence our business strategy and entrepreneurial actions. In 2021, the Consumer Business Segment carried out an analysis of climate-related physical and transitory risks as well as opportunities according to the TCFD recommendations and produced a qualitative description of potential risks. In the coming years, we plan to analyze the results in greater depth and further improve the integration of climate risks into our existing risk management system.

Topic	Recommended Disclosure	Explanation/References
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GOVERNANCE

<p>Disclose the organization's governance around climate-related risks and opportunities.</p>	<p>a) Describe the board's oversight of climate-related risks and opportunities.</p>	<p>The Beiersdorf Group has two cross-functional management committees to oversee our approach to climate issues. In addition to the group-wide sustainability function, the Consumer Business Segment has established a Sustainability Council and tesa a Sustainability Committee. The directors of all relevant business units are represented on these committees, each of which is chaired by an Executive Board Member. Both committees meet at least every quarter. The "Sustainability Council" is comprised of members on Executive Board, Executive Committee and Vice President level. It gathers key functions involved in achieving Beiersdorf's climate targets, including Supply Chain, Research & Development, Procurement, Marketing and Corporate Sustainability. Climate issues as one of the seven focus fields of Beiersdorf's Sustainability Agenda are reviewed in every meeting of the Sustainability Council, including reviewing and approving major climate action plans, budgets, risks, as well monitoring the progress of these plans and against our climate targets.</p> <p>Beiersdorf's global sustainability commitments in the Consumer Business Segment are directly managed by the member of the Executive Board responsible for HR and Sustainability. At the same time, the entire Executive Board jointly plays an instrumental role in the review, monitoring and further development of the sustainability strategy and its targets. As chair of the Sustainability Council, the Executive Board member responsible for HR and Sustainability is regularly updated with progress reports regarding the achievement of our climate targets, as well as with key initiatives to reduce our CO₂ emissions.</p> <p>See Beiersdorf Annual Report 2021, Non-financial Statement (Page 61)</p>
	<p>b) Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>The "Sustainability Council" and "Sustainability Committee" are comprised of members on Executive Board, Executive Committee and Vice President level. For the assessment of climate-related risks and opportunities, input from various functions is collected. The risks are identified in cross-departmental workshops and then evaluated in terms of their impact. The risk and opportunity management system at Beiersdorf is an integral part of the central and decentral planning, management, and control processes in the individual companies, management units, and regions, at Consumer and tesa Business Segment levels, and at Group level. The Executive and Supervisory Boards are regularly updated on the risk situation at the Consumer Segment level and at Group level. Direct lines of communication ensure that sudden, unforeseen material risks are reported immediately to management. The latest information on risk development is fed into the management and planning systems of the corporate units throughout the year and becomes part of the decision-making and control process.</p> <p>See Beiersdorf Annual Report 2021, Non-financial Statement (Page 61)</p>

STRATEGY

<p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material.</p>	<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p>	<p>Current regulations: Beiersdorf operates globally with more than 160 affiliates all around the world. The compliance to local and national regulations has always been the foundation of our business. Noncompliance to regulations will cause severe impact on our operation, profit and reputation. Especially relevant climate-related current regulations are the various Emissions Trading Schemes and Carbon taxes.</p> <p>Emerging regulation: Emerging regulations in the countries and regions that Beiersdorf operates in will have potential significant risk to our license to operate, sales, profits and reputation. Especially climate relevant emerging regulation are carbon tax and emission trading schemes and plastic tax.</p> <p>Technology: Consumers are increasing interested in lower-carbon products. Beiersdorf as a manufacturer of consumer goods, needs to reduce its GHG emissions, in its operations as well as value chain. Technologies and innovations are essential if Beiersdorf wants to further reduce its greenhouse gas (GHG) emissions and deliver products with lower carbon footprint to the market, otherwise Beiersdorf will loose its competitive advantage, market share and reputation.</p> <p>Legal: Beiersdorf operates globally with more than 160 affiliates all around the world. Violence to climate-related legal requirements will cause severe impact on our license to operate, financial flows and reputation.</p> <p>Market: Beiersdorf as a manufacturer of consumer goods is strongly affected by the changes in consumer behaviors and preference. Moreover, changes in raw material prices and energy prices directly lead to fluctuation in our production cost.</p>
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STRATEGY		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<p>Reputation: Our compliance with high standards regarding the quality, safety and environmental sustainability of our products and packaging is the basis for our consumers' continued trust in our brands. Our responsible environmental, social and governance activities is increasingly a factor to gain our investors' trust. Failing to fulfill our consumers' and investors' expectation in mitigating climate-related risks will break down the trust.</p> <p>Acute physical risk: Extreme weather events like floods and/or droughts in areas of Beiersdorf's production centers could increase Beiersdorf's capital and operational expenditures.</p> <p>Chronic physical risk: Changes in weather conditions and/or physical climate patterns that could disrupt Beiersdorf's value chain, e.g. changes in precipitation patterns, extreme variability in weather Patterns, rising temperatures and water scarcity are deemed as chronic risks. For example, Beiersdorf has production centers in Indonesia, Malaysia and Thailand, which will be subject to flooding risks as global sea levels rise.</p>
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	<p>Risk 1: Emerging regulations / Carbon pricing mechanisms Due to Beiersdorf's worldwide operations, and different carbon pricing initiatives in different stages of development worldwide (e.g. carbon tax and Emission Trading Schemes), an increase in the price on GHG emissions is a transition risk very relevant for Beiersdorf.</p> <p>Risk 2: Market / Changing customer behavior Climate change is a global issue of major importance and stakeholders demand companies to act responsibly and limit their negative impacts on the climate. Especially in the European skin and personal care industry, a growing number of consumers expect companies and brands to have a positive impact on the environment and society. Furthermore, climate change could induce changes in consumer preferences for products. For example, consumers in regions with a high water risk could demand more rinse-off products that need less water during use-phase.</p> <p>Risk 3: Chronic physical / Changes in precipitation patterns and extreme variability in weather patterns Climate change is a looming threat to Beiersdorf's global supply chain and has been identified as a principle risk to Beiersdorf. Increased randomness in weather patterns can increase the incidence of disruption to our production centers and distribution network. Changing weather patterns and natural disasters, mainly driven by climate change, could lead to changes in e.g. palm oil production and thus changes in pricing and supply availability (resource scarcity and supply shortages) of key raw materials for Beiersdorf.</p> <p>Opportunity 1: Development and/or expansion of low emission goods and services This is especially prevalent in the skin and personal care industry, a growing number of consumers expect companies and brands to have a positive impact on the environment and society. There are great potentials to investigate our raw material portfolios and use sustainable sourced naturally derived ingredients. Developing such products with a reduced carbon footprint is a strong driver for innovation and a potential for Beiersdorf's brands to differentiate themselves from competitors.</p> <p>Opportunity 2: Move to more efficient buildings Beiersdorf's scope 1 and 2 emissions arise mainly from the consumption of natural gas, electricity and other purchased energy for production and office facilities. Reducing scope 1 and 2 emissions will open great opportunity to further increase the resource efficiency in our operations and indirectly reducing operational cost in the long run.</p> <p>Opportunity 3: Development of new products or services through R&D and innovation Rising temperatures will increase consumers' demand for personal care products, which Beiersdorf offers. Categories affected are body and face cleansing, hair care and deodorants as consumers will take more frequent showers/baths and apply more deodorant. In addition, increased sun exposure will lead to a higher need for sun protection.</p>
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<p>Beiersdorf has developed a low-carbon transition plan. The organization's low-carbon transition plan is a scheduled resolution item at Annual General Meetings. Beiersdorf uses quantitative climate-related scenario analysis to inform its strategy.</p> <p>Climate-related scenarios and models applied: 2DS Selected scenario and the underlying assumptions: The scenario analysis is based on the scientific projection in the IPCC 5th Report, for example temperature rise, weather patterns and regulations. Following the Paris Agreement, Beiersdorf understands that reduction efforts are needed by all parties in order to limit global temperature rise. Therefore, we follow the SBTi's suggestion (2 degree and 1.5 degree trajectory) to set ambitious science based targets to combat climate change. Beiersdorf's climate target goes beyond the 2 degree ambition level in order to prevent the realization of a 2 degree scenario.</p> <p>Time horizon and relevance to the business: The target year of Beiersdorf's climate target is 2025, this is aligned with the timeframe of our overall business strategy. We have integrated sustainability and climate into our overall business strategy. In addition Beiersdorf is a signatory of the business ambition for 1.5 degrees of the UN Global Compact and is committed to achieve net zero emissions by 2050.</p>

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<p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material.</p>	<p>c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>Areas covered: Our scenario analysis covers all of our consumer segment brands and divisions, including production centers, offices and value chain.</p> <p>Company-specific description summary of the results of the conducted scenario analysis: As a result of the scenario analysis, Beiersdorf will need to reduce absolute scope 1, 2 and 3 emissions by 30% by 2025 from the base year 2018 despite the sales might increase by 20% in the consumer segment. This challenging target requires us to leverage the knowledge and capacity of all functions to transition to a lower carbon value chain. In scope 1 and 2 we are going to reduce our GHG emissions by energy efficiency measures and by switching to renewable energy alternatives, e.g. biogas, green electricity.</p> <p>The results of the climate-related scenario analysis has made it clear that Beiersdorf has to decarbonize the whole value chain, not only our own production. We need to identify further potentials to increase our energy efficiency, investigate and invest in emerging technologies to deploy less carbon-intensive or responsible carbon resources. To mitigate the foreseen risks, climate-related risks are being addressed within our resilience management and investment program for our supply chain. Furthermore, to take the opportunities, Beiersdorf has announced in 2021 to invest an additional 300 million Euro in sustainability, digitalization and growth market.</p>
RISK MANAGEMENT		
<p>Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	<p>a) Describe the organization's processes for identifying and assessing climate-related risks.</p> <p>b) Describe the organization's processes for managing climate-related risks.</p> <p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p>	<p>See Beiersdorf Annual Report 2021, Risk Report (Page 99)</p> <p>Risks associated with climate change, for example, effects on raw material prices and material availability or the introduction of new fiscal instruments, are managed in the integrated risk management system as are the corresponding risk minimization measures.</p> <p>See Beiersdorf Annual Report 2021, Risk Report (Page 99)</p> <p>See Beiersdorf Annual Report 2021, Risk Report (Page 99)</p>
METRICS AND TARGETS		
<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<p>a) Disclosure the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p> <p>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>See Beiersdorf Annual Report 2021, Non-financial Statement (Page 61)</p> <p>See Beiersdorf Annual Report 2021, Non-financial Statement (Page 61)</p> <p>See Beiersdorf Annual Report 2021, Non-financial Statement (Page 61)</p>

Beiersdorf

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