

Report of the Executive Board on Item 8 of the Agenda (Resolution on the creation of Authorized Capital III)

The authorization of the Executive Board to increase the share capital in accordance with § 5 (4) of the Articles of Association (Authorized Capital III) expires on March 30, 2020. In item 8 of the agenda, the Executive Board and the Supervisory Board therefore propose the creation of a new Authorized Capital III, which authorizes the issue of new shares against cash and non-cash contributions and materially corresponds to the existing authorization.

Like Authorized Capital I and II, which are proposed for resolution under agenda items 6 and 7, Authorized Capital III also serves to meet any financing needs of the Company at short notice and with sufficient flexibility. Shareholders are entitled in principle to preemptive rights to new shares issued from authorized capital. However, the Executive Board and the Supervisory Board propose that shareholders' preemptive rights be disappplied in certain cases.

Please refer to the relevant disclosures in the report of the Executive Board on item 6 of the agenda regarding the proposed authorization to disapply shareholders' preemptive rights for fractions and for holders of convertible bonds and/or bonds with warrants.

In addition, the Executive Board is to be authorized under agenda item 8, with the approval of the Supervisory Board, to resolve on the disapplication of shareholders' statutory preemptive rights in the case of capital increases against non-cash contributions. The intention is to put the Executive Board in a position to selectively expand the Company's market position through further acquisitions of companies, equity interests in companies, or business units of companies in order to strengthen Beiersdorf Aktiengesellschaft's competitiveness and to increase earnings and the Company's enterprise value.

In the opinion of the Executive Board, it is in the interests of the Company and of all shareholders to enable capital increases against non-cash contributions for the purpose of acquiring equity interests while disapplying preemptive rights, as proposed. Given international competition and the globalization of the economy, it is absolutely vital for the continued development and reinforcement of the Company's market position that it has the opportunity to acquire suitable equity interests in the course of its investment strategy not only by making cash payments but also by way of non-cash consideration, in the form of the transfer of shares in the Company. Experience shows that mergers and the acquisition of companies, business units of companies, or equity interests in companies often involve the acquisition of relatively large equity interests, and the consideration that has to be paid is often not insignificant. Frequently, this cannot or should not be paid in cash. In particular, in order not to impact the Company's liquidity it may be more convenient if the consideration that the Company must pay consists in whole or in part of new shares in the acquiror. Practice also shows that the provision of shares in the acquiror is often required as consideration for attractive targets on both the international and national markets. For these reasons, Beiersdorf Aktiengesellschaft must be given the opportunity to grant new shares as consideration during mergers or the acquisition of companies, business units of companies, or equity interests in companies, which in some cases may be substantial. The Company is not disadvantaged by this as the issue of shares in return for non-cash contributions always requires the value of the non-cash contribution to be in reasonable proportion to the value of the shares. Where such opportunities become apparent, the capital increase generally has to be implemented at short notice and in competition with other potential buyers, and the necessary secrecy requirements have to be observed; as a result, in the opinion of both the

Executive Board and the Supervisory Board, it is necessary to create authorized capital allowing for the disapplication of preemptive rights.

The Executive Board will carefully examine in each individual case whether to make use of this authorization to increase the capital while disapplying shareholders' preemptive rights as soon as a concrete opportunity to purchase equity interests emerges. It will only disapply shareholders' preemptive rights if the acquisition is within the remit of the Company's investment strategy and if the acquisition in return for shares in the Company is, properly understood, in the interests of the Company. When determining the valuation ratios the Executive Board will ensure that shareholders' interests are safeguarded appropriately and that, as a result, the authorization will only be utilized to the extent that the value of the equity interest to be acquired is in reasonable proportion to the value of the Beiersdorf shares to be exchanged for it. The Supervisory Board will only grant the necessary approval for the utilization of authorized capital if these preconditions are met. The Executive Board will report on the details of all utilizations of authorized capital to the Annual General Meeting following the acquisition of an equity interest in return for shares in the Company.

The authorization to disapply the preemptive rights is limited to just under 10% of the current share capital. In view of the considerable growth potential in the business areas in which the Company is active, the extent of the authorization to disapply preemptive rights is not only appropriate overall, but also necessary to ensure rapid and flexible business decisions in the interests of the Company, and hence in the interests of the shareholders.

The Executive Board is of the opinion that, for the reasons mentioned, the disapplication of preemptive rights is in the Company's interest – including with respect to any potential dilutive effect.

In addition, the Executive Board may only exercise the authorizations granted under item 8 of the agenda to disapply preemptive rights to the extent that the total proportionate interest in the share capital attributable to the shares issued while disapplying preemptive rights does not exceed 10% of the share capital at the time these authorizations become effective or at the time these authorizations are exercised. Furthermore, if other authorizations to issue or sell shares in the Company or to issue rights that enable or oblige the holder to subscribe for shares in the Company are exercised while disapplying preemptive rights during the term of Authorized Capital III until such time as it is utilized, this is counted towards the abovementioned 10% limit. This gives shareholders additional protection against a dilution of their existing shareholdings.

There are no plans at present to utilize Authorized Capital III. The Executive Board will carefully examine in each case whether exercising the authorization to issue new shares and, if appropriate, to disapply preemptive rights, is in the interests of the Company and its shareholders. It will report to the Annual General Meeting on each utilization of the authorization and on the specific reasons for any disapplication of preemptive rights.

Hamburg in February 2020

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