

Progress Report Weleda AG 2011/12

On the Leadership Declaration of the 'Biodiversity in Good Company' Initiative

Leadership Declaration:

All signatory companies acknowledge and support the three objectives of the international Convention on

Biological Diversity:

1. Conservation of biological diversity
2. Sustainable use of its components
3. Fair and equitable sharing of the benefits that arise out of the utilisation of genetic resources.

and commit themselves to:

1. Analysing corporate activities with regard to their impacts on biological diversity;
2. Including the protection of biological diversity within their environmental management system;
3. Appointing a responsible individual within the company to steer all activities in the biodiversity sector and report to the Management Board;
4. Defining realistic, measurable objectives that are monitored and adjusted every two to three years;
5. Publishing activities and achievements in the biodiversity sector in the company's annual, environmental, and/or corporate social responsibility report;
6. Informing suppliers about the company's biodiversity objectives and integrating suppliers accordingly and step by step;
7. Exploring the potential for cooperation with scientific institutions, non-governmental organisations (NGOs) and/or governmental institutions with the aim of deepening dialogue and continuously improving the corporate management system vis-à-vis the biodiversity domain.

To demonstrate ongoing commitment, member companies will provide the Initiative with a progress report every two years.

Foreword

Weleda AG is the world's leading producer of anthroposophic pharmaceuticals and holistic natural cosmetics. Its products are based for the most part on natural plant- and animal-derived raw materials. Weleda is thus dependent to an exceptional degree on unspoilt nature and the maintenance of biological diversity. Through its direct use of biodiversity and other corporate activities, Weleda also sees itself as responsible for maintaining and upholding biological variety. By obtaining raw materials from biodynamic and biological cultivation, it actively honours this obligation within the value creation chain. It is a top priority for Weleda that all its processes and activities, both within the company and along the value creation chain, be focused on the conservation of biological diversity. It is equally important to us to make our employees, customers, suppliers and end-consumers more aware of this issue. Biodiversity is one of Weleda's crucial environmental concerns and is a major pillar of the company's sustainability strategy.

1. Analysis of the effects of corporate activities on biological diversity

The most important factors influencing biological diversity are to be found in the upstream production of agricultural raw materials and packaging. To a lesser degree, they also result from the management of buildings and land, and production and transport operations. This finding is the outcome of simplified qualitative analysis studies. We see climate change as being among the factors having an effect on biological diversity, but our measures in this field are bracketed together with our efforts towards climate protection. In view of the complexity of the subject and the lack at the present time of easily manageable instruments and methods, a quantitative measurement of the effects of our activities on biodiversity is not possible. It is much more important to us to contribute actively to the conservation and encouragement of biodiversity than to measure the impact we are having down to the last detail.

Raw materials

Organic and biodynamic cultivation helps to maintain the fertility of the soil and promotes natural animal husbandry. It avoids the use of pesticides, fungicides or chemical-synthetic fertilisers which severely impair the variety of the plant and animal worlds and pollute the water and the soil. Ample proof of this has been provided in various research works, and we are confronted with the evidence in practical situations on a daily basis. For this reason, the proportion of plant raw materials coming from biological cultivation and the land area cultivated by biological methods serve in our view as important indications for the indirect measurement of biological diversity.

Packaging

When it comes to measurement of the impact of packaging, the situation is considerably more complicated. Here we are still in search of effective methods. A rough indication, in Weleda's eyes, is the ratio of packaging to product, based on quantification of the materials used per kilo of product –

seeing that the lower the use of materials, the less, generally speaking, will be the negative impact on the natural world.

Production and transport operations

Here too it is very difficult to quantify the effects. Consequently the main emphasis, in our production operations, is on the efficient use of resources, on minimising water pollution and using operating materials that are environmentally acceptable. The effects of transport activities essentially comprise the segmentation of ecosystems and the dissemination of species into regions where they are aliens. In view of the volume of our shipments, Weleda's impact in this area is extremely low.

Buildings and land

In connection with buildings and land areas we implement various different measures. Our creation of green roofs and ponds, our encouragement of plant variety and beneficial species provides a sure basis for the natural management of the properties under our care. In Switzerland we have received a certificate from the Natur & Wirtschaft [Nature & Industry] foundation for the natural landscaping of our corporate premises.

With a view to improving the understanding of our impact on biological diversity, we are actively seeking new methods within our network and also make use of the knowledge we have acquired in connection with development work.

2. Protection of biological diversity and sustainable use as part of an environmental management system

At its sites in Arlesheim, Switzerland, and Schwäbisch Gmünd, Germany, Weleda has EMAS validation and ISO 14001 certification. It also has ISO 14001 certification at its site in Huningue, France. These three sites produce 99 per cent of Weleda's products for global distribution. This means that corporate activities in this area give rise to the most important factors influencing biological diversity. Weleda Sweden and Weleda Japan likewise have ISO 14001 certification. Weleda's other sites do not yet have a certified environmental management system in place.

Protection of biological diversity is an established first principle of our existing environmental policy and environmental management systems. In the current reworking of Weleda's international environmental manual, protection of biological diversity has been given a central emphasis in that factors have been registered and documented with explicit reference to the divisions concerned. This internal document describes corporate organisation and responsibilities in relation to environmental conservation within the company.

Internal audits review compliance with requirements and performance with regard to the conservation of biological diversity, and define measures for improvement. The success of such measures is assessed with the help of existing indicators and further indicators still to be developed.

For Weleda biodiversity also has a legal aspect. In view of its use of raw materials derived from protected species, the company is subject to the Washington Convention on International Trade in Endangered Species (CITES) as well as to national species protection regulations. In order to ensure compliance with these legal requirements, Weleda has set up an internal process establishing and documenting responsibilities in the different divisions. This checks compliance with legal requirements in connection with the import and export of raw materials and products.

The signing off of an international biodiversity policy has established a framework for the protection of biological diversity for all Weleda companies. The goals of the Convention on Biological Diversity (CBD) and of the Leadership Declaration form the basis for this policy.

Through our membership of the Union of Ethical Biotrade (UEBT) and the certification of our management system to this standard, we extend the protection of biological diversity, sustainable use and Access and Benefit Sharing (ABS) to our suppliers of raw materials. Questions are put to existing and new suppliers, and the returned questionnaires assessed with an internal scoring system and subjected to risk analysis. In future, critical suppliers will be audited and appropriate contingency plans drawn up.

3. Establishment of a responsible authority in the company to control all activities in connection with biodiversity and report back to management

Integration of biodiversity with our environmental management system has defined the responsibility for coordination of biodiversity protection as resting with sustainability management. Alongside this, species protection officers also function as responsible authorities for compliance with species protection law. Under the auspices of sustainability management, corporate management receives reports on a regular basis.

4. Definition of measurable and realistic goals for improving the protection of biological diversity and sustainable use of the biosphere, which are reviewed and adapted every two to three years

With protection of biological diversity enshrined as an essential part of sustainability management, this goal is subject to the continual improvement process. Based on the typical PDCA cycle, new goals and measures are determined and defined at regular intervals.

Current targets

One of our essential strategic targets is to raise the proportion of raw materials coming from biological cultivation to at least 80 per cent by the year 2015. The ratio has already grown from 68.7 per cent in 2009 to 77 per cent in 2012.

All suppliers of raw materials will be obliged to conform with UEBT standards by 2015. In 2012 we collected and evaluated the necessary data from 60 per cent of our suppliers.

The continuous cultivation, above all, of protected plants in our own medicinal plant gardens is another target. Currently we are running a project to take *Hydrastis Canadensis* into cultivation.

Regular information on biodiversity is issued in the form of events, articles in the employee magazines and customer media.

A strategy for palm oil and associated guidelines are currently being developed (to be implemented by 2015).

Following completion of the construction work on the adjoining B29 in Schwäbisch Gmünd, cultivation will be resumed in the part of the corporate grounds on the Möhlerstrasse. There are plans for the planting of various tree species along the boundary.

We are playing an active part in the Landesgartenschau [Baden-Württemberg Horticultural Show] scheduled to take place in Schwäbisch Gmünd in 2014. Under the title of 'Weleda – the Garden', visitors will be given the opportunity of experiencing the company, biodynamic agriculture and biological diversity at close quarters.

In France, following the completion of building work on the new office and production block, the surrounding grounds will be designed on natural principles.

5. Publication of all activities and successes in connection with biological diversity in the annual, environmental or sustainability report

Our Annual Report includes a Sustainability Report, in which we give an account every year of our activities, problems and successes in the area of biological diversity. Selected indicators serve to make developments in this field transparent. The Annual- and Sustainability Report, for 2012 can be downloaded here: <http://www.weleda.com/90years/language=en/11211>.

6. Informing suppliers of their biodiversity targets and involving them in the process step by step

Biodiversity protection in the supply chain also includes sharing our knowledge with suppliers.

We organise agricultural projects for the changeover from conventional to biological farming methods, where we advise our farming partners on the principles of ecological agriculture (including the protection of biodiversity) and give them appropriate training. The consulting service offered includes for example measures for improvement of the soil and for the encouragement of beneficial species. In

projects for sustainable collection from the wild, the collectors are instructed in the appropriate collection methods.

All our suppliers of raw materials will be progressively engaged and obliged to obtain UEBT certification, thus sharing our responsibility for the protection of biodiversity.

7. Investigation of cooperative schemes with potential partners (such as nature conservation organisations and scientific or government institutions) with a view to deepening our specialist knowledge and improving our management system

At Weleda cooperative partnerships are almost exclusively connected with concrete research projects. In the past we have carried out various projects on the properties of the effective ingredients of plants, on biological plant protection, on composting and on the cultivation of wild plants in partnership with universities and scientific institutes. We have a partnership with the NGO El Ceder for the cultivation of vine leaves, and we are also working with the Gesellschaft für Internationale Zusammenarbeit (GIZ) [the German Society for International Cooperation] on a project for the collection of *Strophantus kombé* from the wild.

Since 2011 we have been involved in a sponsoring partnership with the NGO La Petite Carmargue Alsacienne for the Petite Carmargue Alsacienne nature conservation area. The aim is the encouragement of biodiversity and further development of this nature conservation reserve.

Together with other companies, Weleda supports the breeding of a biological, renewable high oleic sunflower variety, the flowers of which remain open as they fade. This represents an alternative to the maximum of five conventional hybrid types currently available on the market. We also cultivate cooperative partnerships with producers worldwide for the changeover from conventional to biological farming methods. More information on Weleda's many and varied partnership schemes may be found on our website www.weleda.com as well as in the publication 'Heilpflanzenforschung der WELEDA' ['Medicinal Plant Research at Weleda'].

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