



Progress Report Weleda AG 2013/14

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.



Weleda is the world's leading manufacturer of certified natural and organic cosmetics and anthroposophic pharmaceuticals. Its products provide people with healing impulses and convey well-being and vitality. Its portfolio comprises more than 1,000 pharmaceuticals and a variety of extemporaneous pharmaceutical preparations, as well as 120 natural and organic cosmetics. Since it was founded in 1921, Weleda has placed great importance on social, environmental and economic responsibility.

Weleda obtains the ingredients in its pharmaceuticals and natural and organic cosmetics directly from nature. The products include almost 650 natural raw materials, primarily plant-based, derived-natural and animal-based. To ensure the high quality of the raw materials, unspoilt nature and the preservation of biodiversity are essential. Weleda takes responsibility for the preservation and support of biodiversity. With the sourcing of raw materials from biodynamic and organic cultivation, this responsibility is actively assumed within the supply chain. The alignment of all processes and activities within the company and throughout the supply chain towards the protection of biodiversity is a key focus. It is just as important to make our employees, customers, suppliers and end consumers aware of this topic. Biodiversity is one of the key environmental aspects for Weleda and a cornerstone of its sustainability strategy.

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

As already set out in the Progress Report 2011/2012, 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. 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. For Weleda it is much more important to contribute actively to the conservation and encouragement of biodiversity than to measure the impact we are having down to the last detail.

Products

Pharmaceuticals and cosmetic products can primarily affect biodiversity through the water cycle. As a matter of principle, Weleda pharmaceuticals contain no antibiotics or endocrine disrupters which can enter the water cycle after use and then have a negative effect on living organisms and thus biodiversity. For natural and organic cosmetic products that enter the water cycle after use, easy biodegradability is tested according to OECD. 70 per cent of the products are easily biodegradable. For the remainder, biodegradability within a longer period can be assumed. The use of microplastics as an exfoliant, filler, binding agent or antistatic agent in products has been and will continue to be excluded. Instead, natural materials will be used, such as for example, tiny wax pellets for exfoliation or mineral abrasives in toothpaste. Weleda does not conduct animal testing on its natural and organic cosmetics.



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 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

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. Ecological balance sheets are created to compare packaging options. The results are taken into account during the process of selecting packaging solutions. New packaging indicators for the measurement of sold packaging materials, the proportion of recycling material used and the packaging intensity of the range have been compiled. These indicators help in setting objectives for, maintaining and measuring improvement measures.

Production and transport operations

It is difficult to quantify the effects of production and transports to biodiversity. 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 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. In 2013, one of our company sites in Germany was the subject of a case study as part of the "NATURWERT" project. The aim of the case study was to investigate how company premises that are designed to be nature-oriented can contribute to promoting biodiversity. The authors of the study confirmed that most of the available options for nature-oriented design had been identified and used as widely as possible, and thus, that the current situation is desirable and exemplary. The study will be published during 2015.



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

As set out in the Progress Report 2011/2012, Weleda is validated according to EMAS and certified to ISO 14001 at its sites in Arlesheim (Switzerland) and Schwäbisch Gmünd (Germany). These two 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 France, Sweden and Japan likewise have ISO 14001 certification. Weleda's other sites do not yet have a certified environmental management system in place, but are implementing various measures to continuously improve environmental performance.

Weleda's biodiversity policy, which is valid for all Weleda companies, provides the framework for the protection of biodiversity. The objectives of the CBD and the Leadership Declaration form the basis of the policy.

The protection of biodiversity has been embedded in Weleda's environmental policy, which was revised in 2014, and the environmental management system from the outset. In addition, for the creation of a new environmental handbook for the Weleda sites in Switzerland and Germany, all departments were explicitly investigated with regards to their influence on biodiversity. The results were documented and now form the basis for employee training, internal audits and improvement measures. The environmental handbook is an internal document. It describes the organisation and responsibility with regard to environmental protection within the company.

The success of such measures is assessed with the help of existing indicators and further indicators still to be developed. Environmental controlling with balance sheet and key figures provides an overview of the effects on the environment in different categories.

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.

Weleda has been a member of the UEBT since 2011 and implements its standards for biodiversity-promoting and socially fair procurement practices. The UEBT assesses its members' compliance with criteria after three years. Weleda was successfully reaccredited in 2014. With this management system, the protection of biodiversity, sustainable use and "Access and Benefit Sharing" (ABS) are integrated in the supply chain. New suppliers are only accepted if they meet the requirements of UEBT. All

existing raw material suppliers have been surveyed using questionnaires and evaluated using an internal points system and a risk analysis. High-risk suppliers are audited and, if necessary, measures are implemented. According to the criteria of the UEBT, the transformation of rainforest into arable land is prohibited, native species must be protected and traditional knowledge must be rewarded.

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

The responsibility for biodiversity is regulated in the same way as previously. 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.

Objectives from the Progress Report 2011/2012

- Increase in the proportion of organically produced plant-based raw materials to at least 80 per cent by 2015:
We were able to increase the proportion of organic raw materials from 68.7 per cent in 2009 to 84 per cent in 2014. This strategic objective has thus been achieved one year early.
- All suppliers of raw materials will be obliged to conform with UEBT standards by 2015:
All existing raw material suppliers have been surveyed using questionnaires and evaluated using an internal points system and a risk analysis. New suppliers are only approved if they meet the requirements.
- Cultivation of the protected plant species *Hydrastis canadensis*:
In spite of various problems, including the special growth conditions and the predilection of voles for the plant roots, the plant has been cultivated successfully. The first harvest should take place in autumn 2015.
- Regular information on biodiversity is issued in the form of events, articles in the employee magazines and customer media:
Topics related to biodiversity are continuously communicated to employees and customers in the customer magazines. Several times a year, employees can take part in plant observations of different plants in the show garden. Since 2014, employees have been introduced to a different medicinal plant each week via a detailed e-mail entitled "Was wächst denn da im Heilpflanzengarten?" ["What's growing in the medicinal plant garden?"], which is sent out every Monday. The magazine



Werde was launched in 2013, with the first issue entitled “Zauber der Gärten” [“The Magic of Gardens”]. The new magazine focuses on different aspects of biodiversity in each issue. It can be purchased via a subscription or in retail outlets.

To raise awareness among Weleda employees of the importance of biodiversity and its beauty, biodiversity days were held in Switzerland and France in summer 2014, with tours and lectures. In Arlesheim, an excursion was led through the Reinach heath (Reinacher Heide), a conservation area close to the company’s premises, which is home to 700 species of animal and plant. In Huningue, employees could test their knowledge on an interactive biodiversity trail.

- Development of a strategy and guidelines on the subject of palm oil. Implementation by 2015:
A palm oil strategy was approved in 2013. Since then, work has been carried out on its implementation. Weleda already only obtains pure palm oil of the highest quality from a certified organic plantation. By the end of 2015, the aim is to ensure that palm kernel oil-based raw materials, such as tensides and emulsifiers, are also only sourced from sustainable supply chains. Over 60 per cent of these raw materials already meet these criteria and there is close cooperation with the relevant suppliers. Weleda is actively represented in the Forum for Sustainable Palm Oil (FONAP, www.forumpalmoel.org), which campaigns against the destruction of the rainforests and slash-and-burn farming in Indonesia and Malaysia, for example, and for careful cultivation.
- 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:
This part of the corporate grounds has been recultivated. Several tree species and climbing plants have been planted and a juniper copse laid.
- 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:
Weleda was involved in the co-design of the Baden-Württemberg Horticultural Show in close collaboration with the city and the horticultural show organisers. Guests at the Weleda medicinal plant garden and experience centre were offered a wide variety of impressions of nature, tours, as well as artistic and cultural events. More than two million people visited the State Horticultural Show – an absolute record in the more than 50-year history of the event. The majority of these visitors got to know and value Weleda and thus the topic of biodiversity.
- In France, following the completion of building work on the new office and production block, the surrounding grounds will be designed on natural principles:
After completion of the new building, a near-to-nature concept was applied to the exterior areas in 2013. The renaturation helped to promote biodiversity and make the site more attractive. A biodiversity path was created in collaboration with an environmental agency and extends over the entire site. The nature trail encompasses 13 different biotopes in which information boards have been



erected. Flora and fauna are clearly explained and illustrated. A hanging garden was also created inside the building.

Additional measures implemented in 2013/2014

Biodiversity

- In 2014, the Weleda Brazil medicinal plant garden was awarded Demeter certification. Around 50 different species of medicinal plant are cultivated there for pharmaceutical production, including *Avena sativa* (oat), *Bryophyllum* and eucalyptus. Fruit-bearing trees such as avocado and papaya also provide a habitat and food for various species of animal.
- At the Baden-Württemberg State Horticultural Show in Schwäbisch Gmünd, Germany, apprentices from Weleda, memo AG and Neumarkter Lammsbräu designed and created the “Erlebniswelt 4 Elemente” [“4 Element World”] as part of a cross-company project on the topic of biodiversity. A pavilion was created, surrounded by a flower meadow, in which visitors could spend time and observe biodiversity in connection with the elements. The future of this area of the State Horticultural Show is still under discussion. A further project of this type is not currently planned.
- In 2014, standardised recycled paper with Der Blaue Engel certification was introduced throughout the company in Marketing and Communication.

Packaging

- The launch of plastic packaging for shampoos in 2013 improved the ratio of product to packaging by increasing the volume from 100 to 190 millilitres. Forgoing the folding box led to a reduction in weight of 33 per cent per product.
- A reduced-weight cap for 150 and 200 millilitre shower tubes was introduced in 2013. This led to a weight reduction from 9.4 to 7.1 grams per cap.
- Weleda aims to use as much PCR (post-consumer recycled) material as possible in plastic packaging. Shower tubes with PCR material were introduced in 2013, accounting for a share of at least 28 per cent.
- The weight of all folding boxes was reduced by a total of 15 per cent in 2014. In addition, folding boxes for organic and natural cosmetics are FSC-certified (Forest Stewardship Council) or are made of recycled material.
- As a partner of the Association of Ecological Food Producers (AöI, www.aeel.org), Weleda was involved in a two-year project on “bio-based plastics” during 2013/2014. We shared our requirements for packaging made from plant-based plastics here. Manufacturers of the source materials in particular were made aware of the requirements when cultivating the plants, e.g. refraining from using genetic engineering. This project resulted in a web-based platform (<http://www.aeel.org/index.php?id=23>) on which bioplastics can be assessed for use in packaging.



- In 2014, a student from Alanus University published a term paper developing the foundations for further indicators to enable more detailed measurement and control of the environmental aspects of natural and organic cosmetics packaging. The next step is to improve the data base in 2015 in order to enable valid statements.

Support

- Weleda supported the UEBT Conference and the Biodiversity Barometer 2014. This gives insights into the development of consumer awareness as well as reporting by the cosmetics industry on biodiversity (<http://ethicalbiotrade.org/biodiversity-barometer>).
- Since 2014, Weleda has supported Swiss bee and bee-keeper projects. The young bee-keepers of the "Bee Club" learn how to keep and care for bees.

New objectives for 2015

- Introduction of ecological criteria for indirect suppliers (non-raw material suppliers, such as technology and stationery suppliers) by 2015.
- Weleda Switzerland is working as a partner with the FOEN (Swiss Federal Office for the Environment) in a test project for drawing up a national biodiversity strategy. Guidelines with best-practice examples should be created by 2015.
- Creation of a biodiversity trail at the Arlesheim site in Switzerland by 2015.

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 2014 can be downloaded here: <http://www.weleda.com/90years/language=en/11705>

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 continuously 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 sustainable collection methods.

As already stated in Chapter 2, Weleda has been a member of the UEBT since 2011 and implements its standards for biodiversity-promoting and socially fair procurement practices. All of our raw material



suppliers are bound by the certification in accordance with the UEBT standard and are also responsible for protecting biodiversity. The management system was successfully recertified at the end of 2014.

As far as possible, Weleda wishes to buy only socially and environmentally compatible goods and services. The requirements are documented in the purchasing handbook. The handbook stipulates the criteria for non-raw material suppliers and service providers such as toll manufacturers. The criteria are varied and include social and environmental standards.

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, on the cultivation and sustainable collection of wild plants in partnership with universities and scientific institutes.

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 has supported the cultivation of an organic, open-pollinated, non-hybrid, high-oleic variety of sunflower since 2010. These plants have a higher oleic acid content than conventional sunflowers. Sunflower oil from high-oleic seeds has a longer shelf life and is ideal for compositions containing other cosmetic oils. The new variety was field-tested for the first time in 2013. Through this project, Weleda is contributing to organic farming and supporting organic farmers, who previously had to resort to conventionally farmed seeds.

Since 2008, Weleda has been a member of the association "HORTUS OFFICINARUM - an association for the protection and cultivation of organic seeds for medicinal plants". The association is dedicated to the protection of the genetic diversity of medicinal plants, the improvement of seeds for the cultivation of organic medicinal plants as well as the exchange of information on the availability of organic seeds.

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 'Heilpflanzenfor-



schung der WELEDA' ['Medicinal Plant Research at Weleda']. (http://www.business-and-biodiversity.de/fileadmin/user_upload/images/pages/companies/WELEDA_AG/Forschungsband.pdf).

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