



WELEDA

Since  1921

Annual and Sustainability Report 2019
The Weleda Group and Weleda AG

The prickly pear cactus – moisturiser from the desert

We started with plant observations. In the search for a lead plant for our new moisturiser series (see page 12), we came across the prickly pear cactus – *Opuntia ficus indica*. It grows in a dry environment and is excellent at surviving dry periods. It has the ability to store moisture in this kind of hostile environment, thereby compensating for and harmonising the imbalance in the environment.

But would the analysis of the substance show that the plant could live up to its promise? Yes – we were right. We found that a product made from prickly pear would have a remarkable moisturising effect on human skin. We developed a specially adapted process for our own production, and we have applied for a patent for this process.

We're also delighted that the plants are grown in a controlled organic environment and the growing conditions meet our requirements for a respectful supply chain.

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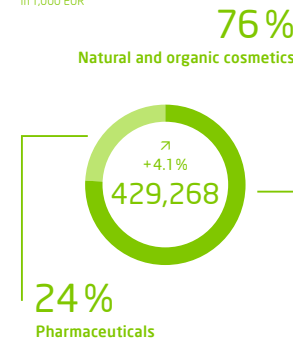
106 ADDRESSES

PUBLICATION DETAILS

Selected key figures

Net sales

in 1,000 EUR



EBIT

in 1,000 EUR

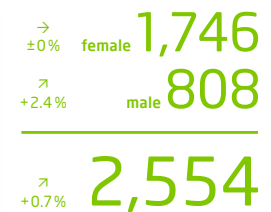


Result for the year

in 1,000 EUR



Employees



Weleda is represented on all five continents and in over 50 countries.



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Investments

in intangible assets and property, plant and equipment
in 1,000 EUR

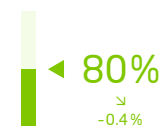


Equity ratio

+1.8 percentage points



Organic proportion of plant-based raw materials



Proportion of renewable energy (electricity)



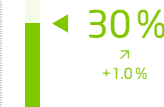
Switzerland, Germany, France
For production facilities of cosmetics and pharmaceutical products: 100 %

All regional companies: 94 %

Recycling proportion of primary packaging (cosmetics)



Changed calculation: based on the weight of all packaging produced including the closure system



Proportion of waste that is reused



Reuse through composting, reuposing, recycling, recovery, thermal use or other utilisation

Financial key figures

Economy

	2019 in 1,000 EUR	2019 in 1,000 CHF ¹	2018 in 1,000 EUR	2018 in 1,000 CHF ¹	Change in % 2019/2018 based on EUR values
Weleda Group – key figures					
Net sales	429,268	477,548	412,272	476,120	+ 4.1
Net sales natural and organic cosmetics	326,981	363,757	307,620	355,260	+ 6.3
Net sales pharmaceuticals	102,287	113,791	104,652	120,859	- 2.3
Operating result (EBIT)	15,906	17,695	21,051	24,311	- 24.4
EBIT in % of net sales	3.7 %		5.1 %		
Consolidated result for the year	12,980	14,440	14,310	16,526	- 9.3
Cash flow from operating activities	26,626	29,621	9,133	10,547	+ 191.5
Net assets ²	47,689	51,838	35,794	40,336	+ 33.2
Investments in intangible assets and property, plant and equipment	14,454	16,080	10,942	12,637	+ 32.1
Full-time equivalents (FTE) as at December 31 ^{1*}	2,181		2,151		+ 1.4
Balance sheet total	277,955	302,138	262,051	295,305	+ 6.1
Shareholders' equity	146,992	159,781	133,951	150,949	+ 9.7
Equity ratio	52.9 %		51.1 %		
Weleda AG – key figures					
Result for the year		223		- 506	- 144.1
Shareholders' equity		84,584		84,857	- 0.3
Distribution in % of nominal value		7.0 % ³		7.0 %	

¹ At balance sheet date or average rates for the year

² Cash and cash equivalents and securities less current and non-current interest-bearing liabilities

³ Pursuant to the proposal made by the Board of Directors to the General Shareholders' Meeting on June 5th 2020

Key figures at a glance



Value added statement

	2019 in million EUR	2019 in %	2018 in million EUR	2018 in %	Change in % 2019/2018
Origin					
Revenue (sales, other income and interest income)	432.2		416.3		+ 3.8
Input (cost of materials, changes in inventory, depreciation and amortisation and other inputs)	- 249.5		- 241.2		+ 3.4
Value added	182.7		175.1		+ 4.3
Distribution					
To employees (employee income, as well as social contributions and Pension Fund)	164.4	90.0	152.3	87.0	+ 7.9
To public authorities (taxes)	2.5	1.4	5.6	3.2	- 55.4
To charitable organisations (donations), pursuant to paragraph 2(3) of the articles of incorporation	2.6	1.4	2.3	1.3	+ 13.0
To lenders (interest expense)	0.2	0.1	0.6	0.3	- 66.7
To shareholders (distribution)	0.9 ¹	0.5	0.9	0.5	+ 0.0
To the company (retained earnings)	12.1	6.6	13.4	7.7	- 9.7
Value added	182.7	100.0	175.1	100.0	+ 4.3

All information based on average rates for the year. Comments to the value added statement: see page 50

¹ Pursuant to the proposal made by the Board of Directors to the General Shareholders' Meeting on June 5th 2020

Brief profile

Weleda is the world's leading manufacturer of certified natural cosmetics and anthroposophic pharmaceuticals. The product portfolio comprises more than **1,000** pharmaceuticals worldwide and a wide range of extemporaneous pharmaceutical preparations, as well as **120** natural and organic cosmetics. They are developed based on a unique understanding of people and nature. For decades, nearly **1,000** substances from nature have formed the foundation of our products, which contribute holistically to the health and well-being of people.

Weleda products are available in more than **50** countries. The company employs **2,554** people¹ worldwide to develop, produce and market its products. The Swiss stock corporation has its headquarters in Arlesheim (Switzerland) and its largest branch in Schwäbisch Gmünd (Germany). The Group furthermore includes **24** companies in **20** countries.

Anthroposophy inspires the view of the human being and understanding of nature that is at the heart of Weleda's vision: contributing to a world in which the health and beauty of human beings and nature continually unfold.

Group structure and shareholders

33.7 per cent of the capital and 76.7 per cent of the voting rights of Weleda AG are held by two principal shareholders: the General Anthroposophical Society (AAG, Dornach, Switzerland) and Klinik Arlesheim (KA, Arlesheim, Switzerland), formerly Ita Wegman Klinik AG. The remaining voting and non-voting shares are publicly floated. Under the company's articles of incorporation the registered shares of Weleda AG may be transferred only with the written permission of the Board of Directors of Weleda AG. Acquirers must be members of the General Anthroposophical Society, Dornach. In order to be valid, the transfers have to be registered in the company's share register.

Capital structure of Weleda AG²

	Number of shares	Nominal capital in CHF
Nominal registered voting shares CHF 1,000	3,478	3,478,000
Nominal registered voting shares CHF 112.50	6,880	774,000
Nominal registered voting shares CHF 125	3,984	498,000
Nominal registered non-voting shares CHF 500	19,000	9,500,000
Total nominal capital		14,250,000

¹ Number of persons including trainees, apprentices, marginally employed staff, volunteers

² The share capital is fully paid. As at December 31st 2019, there is neither authorised nor contingent share capital. Every registered voting share entitles the bearer to a single vote in the General Shareholders' Meeting.

Dear Readers,

Although we faced some challenges, such as the ban on the previous production method in France, we achieved a lot in 2019. With courage and dedication, our employees have accepted these challenges and sought solutions. This is not only about the application of skills and abilities, but also about the way in which they are used. From which stance do I make my contribution? Am I aware of the importance of my contribution to the business practice and the brand of Weleda? These are questions that have to do with the formation of an appropriate corporate culture.

The figures for our business activities can be found on the inside cover page and in the financial statements from page 63 onwards. We do not regard the figures as a target, but as the result of our work. We work for our customers and with the help of nature for health in the world. Because we see a purpose in our work, we can do our work with love. This, among other things, is what this Annual and Sustainability Report is all about: in each chapter we will tell a story about what love and devotion to working at Weleda look like and what is important to us. In accordance with our purpose: inspired by anthroposophy, we follow our path.

So much for the concept behind this report.

I am writing these lines at the end of March 2020. We are all affected by the spread of the COVID-19 virus in Europe and in the world. The last few weeks have changed our lives fundamentally. Social life has been considerably restricted everywhere in order to slow down the development of the pandemic. Of course, Weleda is also affected by this.

The good news for Weleda: we were able to continue manufacturing and delivering our products up to the time of writing this report. How things are when the report reaches you, we cannot assess today. We very much hope that the situation will have improved by then.

Our thoughts are with the victims of this pandemic and the many people whose livelihoods are threatened by this virus and the closure of public life.

My sincere thanks go to all employees of Weleda for their prudent handling of the exceptional situation and to you for your interest and trust in Weleda.
Yours,

Paul Mackay
Chairman of the Board of Directors of Weleda AG



The Board of Directors of Weleda AG

1

Paul Mackay

Chairman of the Board of Directors

"At Weleda, we incorporate the substances gifted to us by nature into our products and working methods, thus creating a culture of love that can work wonders both in and on people and between them."

2

Dr Andreas Jäschke

Head of Organisational Culture at
Klinik Arlesheim

"There is as much healing power in every product as love has been worked into it. You only see good with your heart – and you create the good from genuine devotion. We want to work at Weleda from this ideal."

3

Monique Bourquin

Member of the Board of Directors

"I experience how the Weleda brand has much further reach, greater wholeness and energy in natural cosmetics than comes across to our current consumers. This indicates great potential."

4

Ueli Hurter

Co-Leader of the Section for Agriculture at the Goetheanum and Demeter farmer

"Good products are the result of the harmony of head, heart and hand – in every employee, in every team, throughout Weleda."

5

Elfi Seiler

Pharmacist by training and co-owner of the St Peter Pharmacy in Zurich

"A courageous commitment to anthroposophic medicines, characterised by goodwill and love, will lead Weleda safely into the future."

6

Prof. Dr Harald Matthes

Senior doctor at Havelhöhe Community Hospital in Berlin

"Only the love of spiritual scientific cognitive work and observation of nature will be able to inspire us in the development of substances at Weleda and show us the future."



The Executive Board of Weleda AG

1

Nataliya Yarmolenko
Chief Commercial Officer

"Love of action for me means to recognise the meaning in the situation and connect with it. From this grows courage and strength to do what is necessary. This stance is expressed in our purpose."

2

Dr Aldo Ammendola
Chief Research and Development Officer

"Our staff research and develop our products with pronounced care and attention that can be directly experienced by patients and consumers."

3

Michael Brenner
Chief Financial Officer

"I experience dedication to entrepreneurial activity in the company where the creative will can be active. Collegial Leadership and collaboration create the necessary framework for this."

4

Alois Mayer
Chief Operations Officer

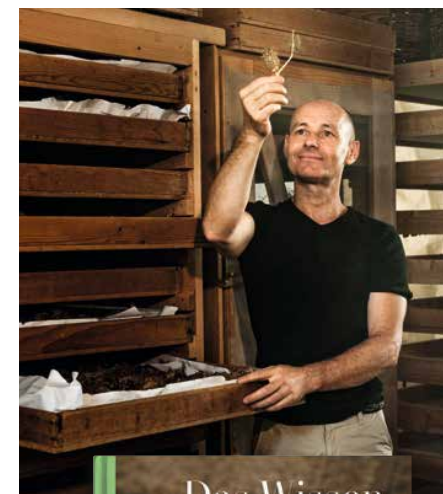
"Caring for people and nature is the basis of our work at Weleda. You can't do it without love."

The knowledge of the Weleda gardeners

Weleda's international team of gardeners has compiled valuable knowledge in a book about the biodynamic cultivation of medicinal plants. They provide personal insights into their work and into the complex interplay between the human being and nature.

For the first time, readers can participate in the wealth of experience of the Weleda gardeners: how they promote soil health, produce their own seeds and work with the rhythms of nature. In a loving way the gardeners present their work and understanding as well as the art of keeping the garden organism in balance. In very personal interviews they show what it means to be a gardener and to work and live with nature: "In spring, when everything begins to sprout, this is life at its purest. It's an incredible feeling to stand in the middle of a field of St John's wort in summer and feel the power of the sun. And in autumn, when everything ripens, you feel like you've matured a bit yourself." This is how Michael Straub puts it. He is an agricultural engineer and has managed the Weleda medicinal herb garden in Germany for over 20 years.

The eight Weleda medicinal plant gardens are spread all over the world: in Europe, South America and New Zealand our gardeners cultivate precious plants for natural cosmetics and medicines. The gardens were created to provide the company with plant-derived raw materials that meet Weleda's high quality criteria. Because only healthy and strong plants can provide people with vital strength and curative powers. All gardens have one thing in common: the medicinal plants are biodynamically farmed.



The book is enjoyable to read, a guidebook and photo book in one. More than 130 atmospheric photos show how human beings can work in harmony with creation: *Das Wissen der Weleda Gärtner*, Verlag Ulmer 2019, 250 pages.

Weleda sustainability programme

Our sustainability programme follows a global approach. It is geared towards the entire Weleda Group and is valid for the years 2018 to 2022. In all seven areas of action – from which the structure of the present report is also derived – we continued to pursue our goals consistently in 2019. This year, 2020, we will add another focus: climate protection, including mobility and logistics.

Attractive and sustainable packaging

Weleda developed a new long-term packaging vision in 2019: "Zero Waste. Zero Harm. 100% Consumer Relevance". Weleda packaging should not cause any problems in the world but at the same time it should be attractive and easy to use. We will align our medium- and long-term packaging development with this vision.

Weleda still has a long way to go before this vision becomes reality. On the positive side, a start has already been made: by 2022, the proportion of recycled material in packaging will more than double from 29 per cent (in 2018) to at least 65 per cent. We will achieve this goal primarily by using more green glass and plastics with a high recycling content. For example, in 2020 the bottles for Calendula body lotion and Calendula baby oil will be converted to 100 per cent recycled plastic.

Together with other industrial and trading companies, Weleda is involved in the Recyclate Forum to strengthen the recycling economy and increase the market share of recycled packaging. It is our wish that one day our vision "Zero Waste. Zero Harm. 100% Consumer Relevance" is the industry standard. You can read more about our vision on page 13 in an interview with Dr Bernhard Irrgang, responsible for research and development in the natural and organic cosmetics segment.

Healthy soils

We support soil resilience, biodiversity and local to regional ecosystems worldwide through our eight biodynamically managed Weleda medicinal herb gardens and around 50 raw materials projects. In the Weleda medicinal herb gardens, our gardeners maintain a resilient ecosystem that is able to keep itself in balance on its own and becomes more species-rich. So despite the drought in the summer of 2019, our harvest results were good. Weleda promotes biodynamic and organic cultivation around the globe. Together with our partners, we ensure that soil quality is improved. Healthy soils are the foundation of all Weleda products and the key to intact ecosystems, healthy people, a healthy climate and thus our health in general.

Weleda becomes B-Corp

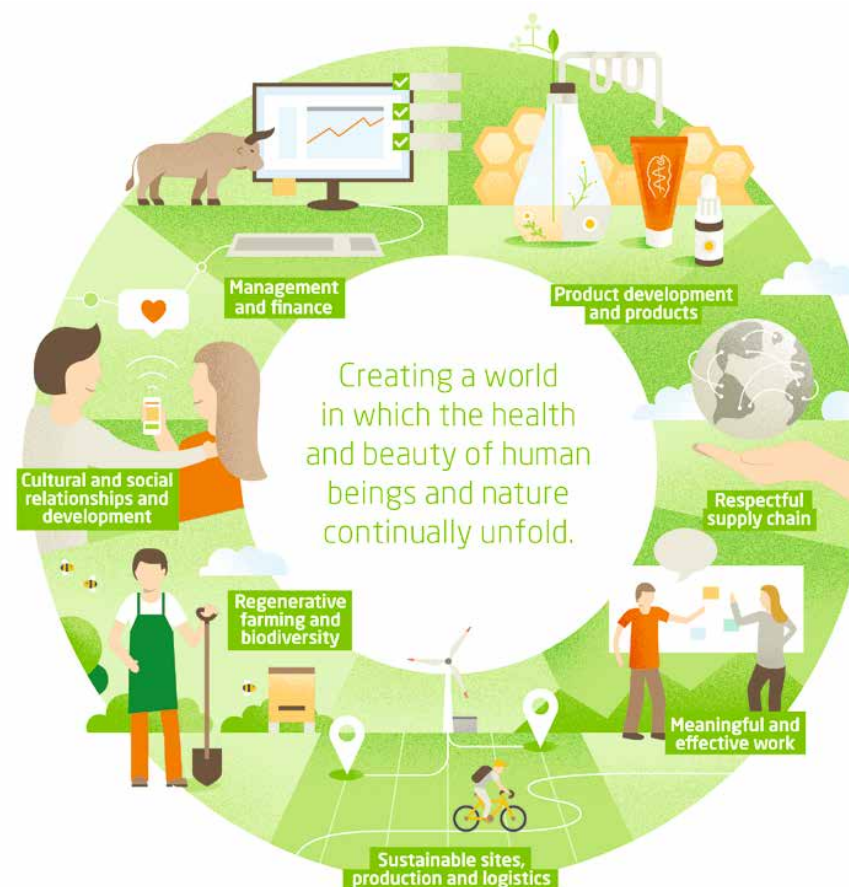
By 2022, the entire Weleda Group is to become a certified B-Corporation (B-Corp for short). B-Corp is an international sustainability certification for companies. Certified companies provide transparent proof that they meet very high social and environmental standards in order to reconcile financial and ethical value creation. There are around 3,000 certified companies worldwide. In autumn 2019, we successfully completed the first project phase of the preliminary review. More information about B-Corp can be found at www.bcorporation.net

New: climate protection

We also want to become even better at climate protection, including logistics and mobility. We already know that, for example, our gardens and our cultivation partners have many positive effects on the climate – but we will now look at this area of action more systematically. In 2020, a climate balance will be prepared for the entire Weleda Group, covering all dimensions: direct own emissions (Scope 1), energy received from external sources (Scope 2) and other indirect emissions (Scope 3), for example from global agricultural supply chains and logistics. On this basis, we are developing a tailor-made climate protection programme that we will present in the 2020 Annual and Sustainability Report.

What does sustainability really mean?

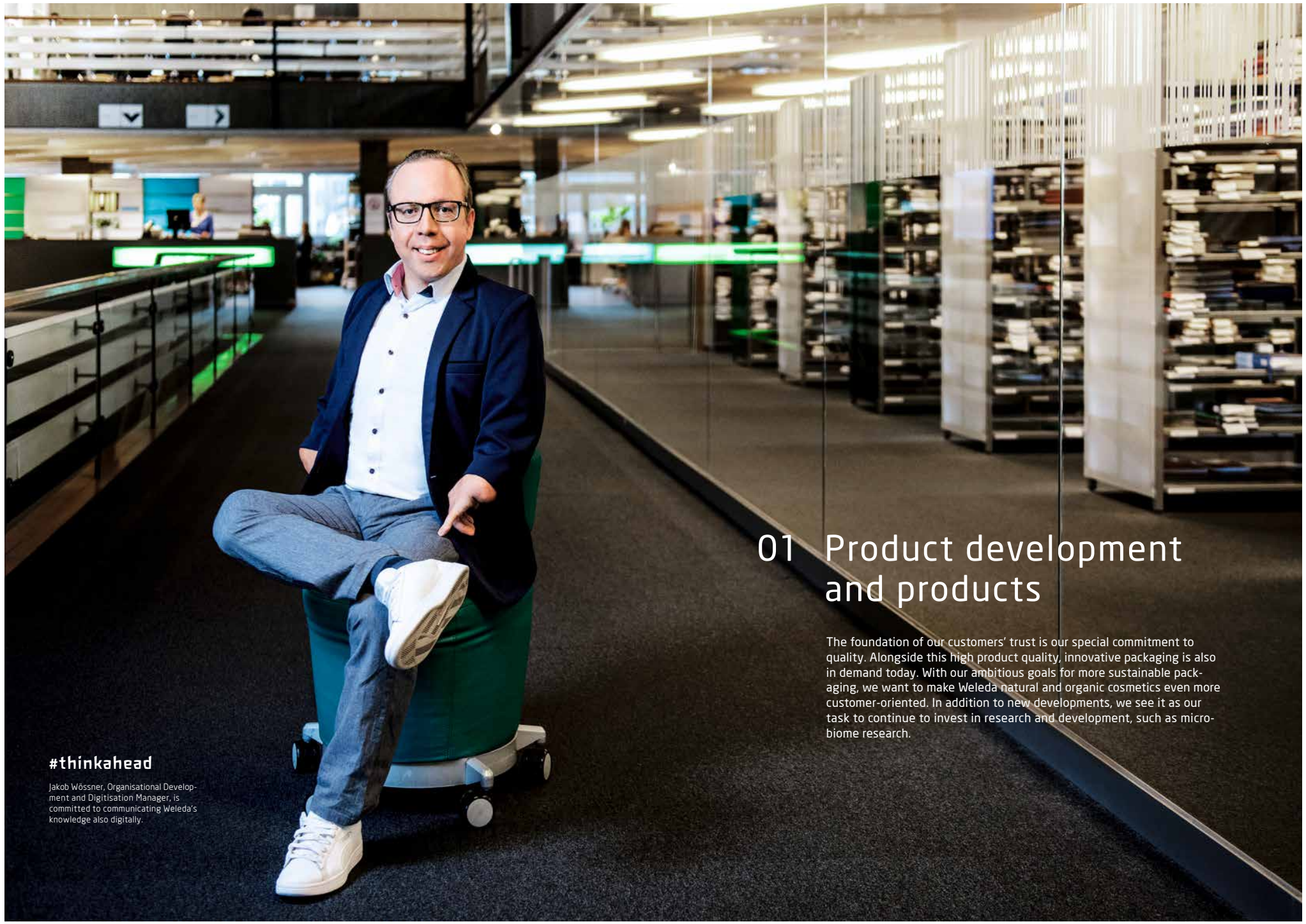
If we continue to optimise ourselves and become more and more efficient, we will certainly become "less bad" as a result. But is it enough to reduce emissions or increase the recycling rate of our packaging? We think not. It is essential, but in a finite world with limited resources and billions of people who have a right to an intact nature and a dignified life, we need a paradigm shift as defined by the Cradle to Cradle movement: from "less bad" to "more good". The crucial question is: is a world with Weleda worse or better than a world without Weleda? We know that there are many examples where a world with Weleda is better. But there are also other examples. We will do our utmost to ensure that the overall balance becomes less and less negative and instead more and more positive.



Goodprint

In the following seven chapters, we present our "goodprints". These are employees and people connected with Weleda who make the world a better place through

their professional actions: in distinction to the so-called ecological footprint, we have coined the term "goodprint" for their commitment to a good cause.



#thinkahead

Jakob Wössner, Organisational Development and Digitisation Manager, is committed to communicating Weleda's knowledge also digitally.

01 Product development and products

The foundation of our customers' trust is our special commitment to quality. Alongside this high product quality, innovative packaging is also in demand today. With our ambitious goals for more sustainable packaging, we want to make Weleda natural and organic cosmetics even more customer-oriented. In addition to new developments, we see it as our task to continue to invest in research and development, such as microbiome research.



The Digital Academy is intended for a specialist audience such as doctors and pharmacists.



Rita Wirtz and Jakob Wössner are driving the project forward.

Digital Academy: the knowledge of Weleda

Developing professional skills, personal development: for the first time, Weleda AG is presenting a digital learning platform. From summer 2020, it will be available to pharmacists, PTAs and non-medical practitioners.

Society's interest in complementary medicine is growing steadily. Weleda has a wealth of knowledge in this field. One year before its 100th birthday it is making it accessible with a new tripartite training programme inspired by the image of the human being of anthroposophy. The first topic of the Digital Academy is digestion and stress. Pharmacists, PTAs and non-medical practitioners will first receive basic knowledge about anthroposophic medicine and pharmacy and corresponding products from Weleda. Whoever wants to go further can additionally book professional content for therapeutic use. In a third step, participants receive suggestions for personal development. "We are thus offering unusual added value," says Jakob Wössner, Organisational Development and Digitisation Manager. "In addition to a classic further training, the individual learns how to reduce stress in everyday life, for example." The innovative concept itself is also intended to contribute to this: content is conveyed in a playful manner, the time for learning can be freely chosen. In the future, personal meetings with speakers, for example, could supplement the virtual offer. "There is an unbelievable amount of potential in this," says Jakob Wössner, who helped develop the platform. "The extent to which good things can be achieved is unlimited."

Our commitments and goals for sustainability

Contribution to the Sustainable Development Goals of the United Nations



More about Weleda and the Sustainable Development Goals of the United Nations on page 101.

Our commitments	Milestones 2019	Trend	Assessment
100% Natrue certification for all cosmetic products	New products: ► Skin Food Body Butter, Skin Food Light and Skin Food Lip Balm ► Naturally Clear Clarifying Wash Gel, Mattifying Fluid, S.O.S. Spot Treatment, Spot Cover Cream ► Summer Garden Shower Limited Edition ► Forest Harmony Limited Edition	↗	●
High vertical integration (fragrance development, quality control and tincture production)	Strengthening of vertical integration, for example in tincture production: ► Significantly increased volumes of <i>Viola tricolor</i> (pansy) extract (for Skin Food line extension 2019)	↗	●

Trend: ↗ rising → unchanged ↘ falling

Assessment: ● Promise fulfilled ● Promise not fulfilled

New targets for 2022	Status quo 2019	Trend	Assessment
Attractive and sustainable packaging Natural and organic cosmetics primary packaging (based on the weight of all packaging produced, including closure systems): ► At least 65 % recycled materials or bioplastics ► At least 75 % recyclability or compostability	► Share of recycled materials or bioplastics 30 % ► Recyclability percentage: approx. 85 % ► Activities in 2019: slight increase in the proportion of recycled material. Preparation of new packaging solutions from 2020	→ →	● ●
Natural cosmetics packaging (folding boxes, package inserts): ► 100 % sustainable paper or cardboard (e.g. recycled material, FSC label) ► 100 % recyclability or compostability	Share of sustainable paper or cardboard: ► 100 % (FSC-certified and/or recycled material) ► Recyclability percentage: 100 % ► Activities in 2019: test of folding boxes with a higher recycled content (> 85 %), which will be on the market from 2020	→ →	● ●
Natural cosmetics transport packaging: ► 100 % sustainable paper or cardboard (e.g. recycled material, FSC label) ► 100 % recyclability or compostability ► Increase in the proportion of cardboard boxes and ecologically sound filling and packaging material (reduced use of shrink film, bundle film, etc.)	► Percentage of sustainable paper or cardboard: 100 % (FSC-certified and/or recycled material) ► Recyclability percentage: 100 % ► Activities in 2019: Further optimisation of transport packaging (e.g. lighter, more efficient) to be used from 2020	→ → ↗	● ● ●

Trend: ↗ rising → unchanged ↘ falling

Assessment: ● Target easy to reach ● Target difficult to reach ● Target very difficult to reach



PHARMACEUTICAL STRATEGY: IT'S COMPLEX

Successes, challenges and intensive work: in 2019, Weleda made progress with its strategy for a sustainable pharmaceutical business. But it also became clear that there is still a long way to go before we reach our goal.

To reduce complexity, transparency is needed. This makes it possible to weigh up the financial implications of decisions much more comprehensively and to act accordingly. For example, in the price increase that was implemented, which led to a deliberate loss of reimbursement for some medicines in Switzerland. Weleda is thus taking a necessary step towards an economically viable product range without limiting the availability of important anthroposophic medicines. The first successes of the pharmaceutical strategy in Germany and Switzerland are accompanied by the challenging situation in France: the cancellation of the eligibility of homeopathic medicines for reimbursement in two stages by January 2021 directly affects Weleda.

A VIEW FROM OUTSIDE



“I very much like to prescribe Weleda products. I am convinced by the high quality from the raw material to the final product and my patients benefit from it during their recovery.”

Dr Fabricio Dias, Brazil
Anthroposophic doctor and general practitioner

Intense moisture with prickly pear cactus

Dry skin? Nature knows what to do: four new Weleda products with prickly pear cactus extract provide natural, long-lasting moisture.

The unique extract from Mexican organic prickly pear cactus, for which a European patent is pending, has a high content of water-binding substances and thus supports the skin's own ability to store moisture. We use this property for our new moisturising care series:

24h moisturising cream

The light texture is quickly absorbed and strengthens the natural skin barrier.

24h moisturising fluid

The matting fluid with babassu oil provides long-lasting moisture.

Refreshing moisturising eye gel

The unscented gel is quickly absorbed, cools and revitalises the sensitive skin around the eyes.

Refreshing moisturising spray

The spray revitalises tired skin and refines the pores.

All four new products are Natrue-certified. They also bear the new UEBT seal for raw



Four times intensive moisture: the new moisturising care series with prickly pear cactus

material procurement with respect for people and nature.

The power of a drop of oil

The successful pomegranate care series will grow in 2020: Weleda has composed the Pomegranate Firming Face Oil from pomegranate seed oil, argan oil, apricot seed oil and six other precious vegetable oils. The intensively nourishing oil is quickly absorbed and reduces wrinkles. Just a few drops of the oil are enough – either in combination with a day or night cream or pure as intensive care.

Microbiome: protective shield of the skin

Our skin is beautiful when it is healthy. And in order to stay healthy, the microorganisms on our skin have to thrive. Because they form our protective shield.

As humans, we are never alone. Countless microorganisms live in our body and on our skin. This is completely natural, because microorganisms originated long before humans in the history of evolution. To survive in this environment, we had to learn to live in symbiosis with them: we offer them a habitat and they help us.

On the skin, the good, i.e. useful, representatives of the so-called microbiota – popularly also known as microbiome – ensure that

the ubiquitous harmful germs do not get the upper hand and cannot harm us. They thus form a protective layer and contribute to the barrier function of healthy skin. Microbiome-friendly products promote the protective function of the skin. “We start from the premise that our natural cosmetics products are microbiome-friendly,” says Dr Gerald Künstle, who, together with his team, is researching how Weleda natural cosmetics affect the microbiome. “We want to be able to prove this for our existing portfolio and in the future we want to incorporate it more strongly into the development of new products.”

A vision for the best possible packaging

The consumer goods industry is currently facing a major challenge: less packaging that is more environmentally friendly. In an interview, Dr Bernhard Irrgang, responsible for research and development of natural and organic cosmetics, explains why really good solutions take time. Weleda has therefore formulated a packaging vision for the years until 2030 and beyond.



Dr Bernhard Irrgang heads the research and development department for natural and organic cosmetics and thus also the packaging development team.

ever, different definitions of recyclability apply in the countries in which we operate and the quality of recycling varies greatly.

What does the most ecological packaging look like?

It should consist of only one type of material to be, then it is easier to recycle. This is the case with our PET bottles, and glass is also a pure material. It is important to manufacture the packaging in the most environmentally friendly way possible as well.

What goals does Weleda set itself for the next few years?

By 2022, 65 per cent of our primary packaging will come from recycled sources. To this end, we will increase the proportion of recycled PET and, in the case of glass, switch completely to glass with a very high recycling content. By 2030, we aim to achieve closed cycles for packaging, either through take-back systems or orderly recycling cycles. Secondly, we must ensure the quality of the recycled material. Thirdly, the packaging must of course meet the expectations of our customers.

How does Weleda achieve these goals?

There are no easy solutions. I understand the desire for faster progress, but we must proceed carefully. We are currently testing whether it is possible to offer certain products in zero-waste shops without any packaging and without any loss of product quality. Also solid products, such as hair soaps, require little packaging. Or aluminium: there is hardly any better protection for our products, but the extraction of aluminium is very energy-intensive. We will therefore have to find other solutions for this as well.

What requirements must product packaging fulfil?

DR BERNHARD IRRGANG: It must protect the product from oxygen, light and impurities. This is a central aspect because Weleda uses particularly sensitive and valuable raw materials. Then, of course, the packaging must be easy to handle and be as ecological as possible. The biggest challenge at present is to strike a balance between adequate product protection and ecology.

How ecological is our packaging?

Some of our packaging materials are already highly recyclable, and we are also increasingly using recycled material. Unfortunately, how-

“By 2022, 65 per cent of our primary packaging will come from recycled sources.”

Dr Bernhard Irrgang
Head of Research and Development for Natural and Organic Cosmetics



02 Regenerative farming and biodiversity

The quality of our raw materials is particularly important to us. Our goal for organic plant-based raw materials is to increase the biodynamic proportion to 30 per cent by 2022. We are confident that this type of farming is the most sustainable. This is the cultivation method that gives back more to our environment than it takes, thanks to closed cycles with natural humus formation.

#responsibility

Weleda is committed to the reforestation of cleared rainforests in Borneo and to sustainable sources of income for the local population. Annette Piperidis, who initiated the project and is responsible for sustainable procurement at Weleda, makes her very personal contribution to reforestation.



66,000 trees for a new rainforest

Barren land to the horizon: an abandoned rice cultivation project has destroyed one third of the peat bog rainforests in the Mawas Conservation Area in central Borneo. Since 2019, Weleda AG has been committed to reforesting them and protecting the biodiversity in the region.

Where until 25 years ago dense rainforest grew on damp peat bog soil, 66,000 plants are now stretching their delicate green shoots towards the sun again, enough for 55 hectares. "That sounds like a lot, but it isn't," says Annette Piperidis, Manager for Sustainable Raw Materials Procurement at Weleda AG in Schwäbisch Gmünd. "Our dearest wish would be to restore the entire area of 100,000 hectares. At least a start has been made. To this end, Weleda AG cooperates with the non-profit organisation Borneo Orangutan Survival (BOS) Germany, which has been working for the endangered orangutans in Borneo and the preservation of their natural habitat since 1991. "BOS is an ideal partner for pursuing our own sustainability goals," says Annette Piperidis, who sees her work as a calling. "In doing so, we not only want to be donors, but also to improve the living conditions on site." The project, which is endowed with 100,000 euros, gives 100 village families work in planting and trains locals to become fire fighters, as the cleared peat bog soil is easily ignited. It also provides knowledge about the value of the forest – and of patience: only in many years' time will the trees be big enough to provide a home for orangutans again.



Helping the villagers, reforesting the rainforest and thus helping the orangutans, these are the cornerstones of the project.

Our commitments and goals for sustainability

Contribution to the Sustainable Development Goals of the United Nations



More about Weleda and the Sustainable Development Goals of the United Nations on page 101.

Our commitments	Milestones 2019	Trend	Assessment
Minimum average organic proportion of 80%, based on certifiable raw materials	Current status: 80 % ► Organic requirement implemented for new raw materials ► UEBT standard: new partnerships comply with organic requirements and fulfil social and ecological demands.	→	●
Commitment to a more sustainable palm industry	Participation in the Forum for Sustainable Palm Oil (FONAP), cooperation with BOS Germany (Borneo Orangutan Survival)	↗	●
Eight own medicinal herb gardens worldwide (Germany, largest biodynamic garden in Europe; Switzerland; France; England; Netherlands; Brazil; Argentina; New Zealand)	Medicinal plant garden in Germany: ► In 2019, it was possible to harvest all crops despite the severe drought. ► New in cultivation: <i>Hydrastis canadensis</i> (Canadian turmeric)	→	●

Trend: ↗ rising → unchanged ↘ falling

Assessment: ● Promise fulfilled ○ Promise not fulfilled

New targets for 2022	Status quo 2019	Trend	Assessment
Initiative for biodynamic agriculture	Exploratory talks for alliances with external partners Priorities: ► Expansion of biodynamically farmed areas (together with Demeter) ► Enhanced communication on the advantages of regenerative agriculture, new projects and alliances for the conversion to biodynamic raw materials, as in the case of lavender cultivation in Moldova	↗	●
Increase in the proportion of raw materials from biodynamic agriculture to 30 %	Conversion from organic to Demeter quality for the following raw materials: ► Cane and beet sugar, olive oil, sunflower oil, jojoba oil	↗	●
Promotion of biodiversity in projects and with stakeholders	► Participation in the Union for Ethical BiTrade (UEBT) (chair, representation on several committees) ► Since mid-2018, Weleda has been certified according to the UEBT Ethical Sourcing System. The supply chain management system is thus greatly intensified. Since the end of 2018, 34 supply chains in 27 countries have been audited according to the standard. The UEBT logo is displayed on our new cosmetics packaging. ► Increased communication about biodiversity/UEBT and Demeter, including in trade	↗	●
Seed strategy and seed initiative	► Seed strategy to preserve seed diversity and promote alternative seed initiatives ► Support for organisations such as Initiative Biosaatgut Sonnenblume (IBS), Hortus officinarum and Zukunftsstiftung Landwirtschaft which, like Weleda, are committed to freedom from GMOs, the promotion of hybrid-free seeds and transparency in organic supply chains	↗	●

Trend: ↗ rising → unchanged ↘ falling

Assessment: ● Target easy to reach ○ Target difficult to reach ● Target very difficult to reach

Building bee hotels for biodiversity

Preserving biodiversity is a central concern for Weleda. Wild bees play an important role as pollinators of native plants. In order to protect this endangered species, Weleda Australia provides construction kits for bee hotels for schools. In this way children are taught the importance of biodiversity in a playful way.



The concept follows a playful approach. Not with frontal teaching but with practical outdoor work the pupils learn about the importance of wild bees and their function for the local ecosystem. Weleda pro-

“
The bee hotel enriches our school garden. The pupils have also planted special plants to attract bees near to the hotel. It was amazing how much they learned.
”

Alison Bath
Headmistress of the Tuntab Creek Public School

vides interested schools with a kit for a bee hotel, including instructions and information material, free of charge. The pupils then assemble the bee hotel under the supervision of a teacher and observe the bees throughout the summer. In this way, the children not only learn about the habits and preferences of the wild bee, but also recognise the importance of plant pollination and its effects on biodiversity.

The concept is well received. “We have worked with over 650 schools across the country, providing them with a free bee hotel and curriculum,” said David Johnston, Managing Director of Weleda Australia. He estimates that more than 120,000 children have been taught the importance of biodiversity.



The pupils playfully explore the nature of the wild bee.



Sowing a future for high biodiversity

A thick oak tree was also once a seed: since 2019, Weleda has been engaged for the first time in its own strategy for organic seeds which makes farmers independent of large corporations, maintains biodiversity and secures natural materials.

Three corporations currently own 60 per cent of the world's seeds. These are mostly hybrid or even genetically modified breeds that cannot be propagated. At the same time, the diversity of useful plant species is declining significantly. Today, 70 per cent of the vegetable varieties that were once grown in Germany have already disappeared. “This topic is becoming increasingly relevant to society,” says Annette Engel, Head of Raw Materials Purchasing at Weleda AG. “With our seed strategy,

which is initially set to run for four years, we want to help ensure that organic seed will continue to be available to farmers in the future as well. To this end, the company supports, for example, the “Save our Seeds” initiative and the seed funds of the “Zukunftsstiftung Landwirtschaft” foundation, as well as the “Kernel Power? Yes, please!” initiative of the organic food retailer Dennree.

In 2012, Weleda was already one of the founding members of the “Initiative Bio-Saatgut Sonnenblumen” (IBS), an initiative that aims to rebreed hybrid seeds into reproductive organic seeds. It takes persistence: the variety will be available in a few years at the earliest.

A VIEW FROM OUTSIDE



“
I admire the holistic approach taken by Weleda, which includes everything: the preservation of the soils, the promotion of the farming projects through to the search for the best packaging solutions.
”

Alexx Stuart, Australia
Author and blogger
www.lowtoxlife.com

Counting insects and creating jobs in Albania

Promoting biodiversity is one of Weleda's sustainability goals. This is why we intensified our partnership with the company Agro-Map in 2019. In eastern Albania, in the middle of the Shebenik-Jablanica nature reserve, they carefully cultivate various plants such as calendula according to the guidelines of organic farming or obtain them from controlled wild collection.

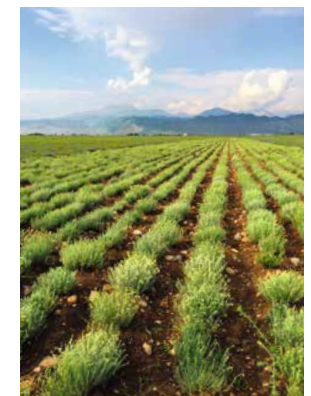
The varied landscape and the biodiversity at an altitude of over 1,000 metres are the main attractions of the production area. Otherwise, the sparsely populated region, whose population can hardly live on agriculture, is structurally weak. This makes it all the more important to provide the villagers with a secure and regular income through work in the fields. Agro-Map was founded by two former students of the University of Hohenheim. It is important to both of them not to engage in highly productive plant cultivation, but to preserve and promote biodiversity. This is another

reason why Weleda is convinced of the partnership. Bees are responsible for preserving biodiversity, which is why colonies have been established that are developing well so far. Biodiversity also means observing the number of insects in the area. Therefore Agro-Map started so-called in-

sect monitoring. The aim is to take a critical look at the effects of cultivation on biodiversity. Will the number of insects remain the same or even increase as a result of agriculture? These are important questions that move us at Weleda.



Regard for biodiversity: the cultivation project in Albania is no threat to bird's nests.



03 Respectful supply chain

Weleda products are based on thousands of substances from nature. We source many natural raw materials and valuable medicinal plants from suppliers around the globe. We cooperate with more than 50 cultivation partners worldwide. The ethical procurement of raw materials is important to us – for people and nature. Since 2018, we have been the first European brand to be certified by the Union for Ethical BioTrade.

#respect

Bas Schneiders, Head of International Strategic Purchasing at Weleda, thanks harvest workers in Moldova. Weleda supports lavender cultivation locally and thus offers the local population a secure income.





The lavender is still harvested by hand in Moldova, with workers bringing the collected lavender flowers to the distillery in small tractors. Bees also contribute to biodiversity.

How villagers become experts with lavender oil

Weleda obtains fragrant lavender oil not only from the South of France, but also from Eastern European Moldova. The successful cooperation with villagers will now be converted to biodynamic agriculture by the end of 2021.

"Without the lavender our villages would be completely deserted," says Victor Cracea, flashing his many steel teeth when he smiles. The 78-year-old lives in the small upper village, in Mincenii de Sus. The mobile phone network is almost without gaps, but many inhabitants fetch their water from the village well, as in the past. Some 90 kilometres north of the Moldovan capital Chisinau, those who stayed have been making a living since 2003 because Weleda has concluded long-term leases with its local partner, the company Resendjer. On a total of 220 hectares, villagers cultivate lavender and extract the plant's valuable oil. Seasonal helpers also earn well during the harvest season. Since 2019, their prospects have again improved significantly: a three-year project with the German Development Company, endowed with 400,000 euros, trains local people to cultivate the fields according to biodynamic criteria and to cultivate new plant species. Weleda and Resendjer are investing about half of this sum. For the first time, a tractor and a compost turner were also purchased. Hedges are planted to increase local biodiversity. "In this way we are taking a big step towards regenerative agriculture and at the same time can inspire new social momentum," says Bas Schneiders, Head of International Strategic Purchasing, happily. "In the future, we hope to have a reach beyond the region."



Our commitments and goals for sustainability

Contribution to the Sustainable Development Goals of the United Nations



More about Weleda and the Sustainable Development Goals of the United Nations on page 101.

Our commitments

Cultivation projects (approx. 50 worldwide)

UEBT management system for the entire supply chains of natural raw materials in the natural and organic cosmetics area.

Trend: ↗ rising → unchanged ↘ falling

Milestones 2019

- Support of social and ecological initiatives and projects:
 - Moldova – lavender cultivation: conversion to biodynamic agriculture, with support from the German Development Company (see page 22)
 - Albania – cultivation of calendula, viola and sunflower: financing of beehives and insect monitoring (see page 19)
 - Honduras – cultivation of *Nux vomica* and *Ipecacuanha*: support for a botanical garden
 - Romania – arnica wild collection: renovation of a village school
 - Germany, Bulgaria and Czech Republic – calendula and lavender cultivation: advice on biodynamic cultivation
 - Mexico – sesame cultivation: medical support (financing of antiserum against scorpion bites)
 - Peru – ratanhia wild collection: testing of new areas for controlled biological wild collection

See area of action 02:
Regenerative farming and biodiversity

Assessment: ● Promise fulfilled ● Promise not fulfilled

Trend



Assessment



New targets for 2022

Transparency regarding true costs

Transparency regarding the true costs for all essential plant-based raw materials (true cost accounting)

Trend: ↗ rising → unchanged ↘ falling

Status quo 2019

Preparation (for example app programming) of the next stage with 15 additional raw materials, which will be evaluated in 2020

Assessment: ● Target easy to reach ● Target difficult to reach ● Target very difficult to reach

Trend



Assessment





Our active involvement in the supply chain

As the first European brand, we have been allowed to use the UEBT seal of approval since 2018. UEBT stands for Union for Ethical Biotrade and is a non-profit association that promotes the respectful procurement of natural ingredients.



The very strict UEBT standard promotes sustainable local development and the protection and careful use of biodiversity. UEBT certification is based on the testing of our processes for all natural raw materials used in our natural and organic cosmetics products. We thus guarantee that biodiversity is optimally preserved and sustainably used in the cultivation of the plant, the harvest and further processing. We are also committed to treating all partners in the supply chain fairly, respecting human and labour rights and promoting community development.

Our current UEBT certification is valid until June 2021 and will then be extended by a new audit. In the meantime, we train all the

OUR GOALS FOR 2020

- ▶ Audits of all remaining prioritised supply chains
- ▶ Follow-up of supplier actions and completion of verification audits
- ▶ The corrective measures of last year's audit are mainly adjustments in our process descriptions and internal training. These measures will be implemented in 2020.
- ▶ Further internal training courses on communication

departments involved internally, for example research and development and marketing.

In 2019, external UEBT audits of our suppliers were also required. We successfully completed most of the planned audits. However, we had to postpone some audits until 2020. The main reason for this is the great organisational effort (availability of auditors, suppliers and operators on site, coordination, language, different structures of the supply chains and all this in connection with the complex UEBT control process).

How an audit is carried out

Olive oil: an important ingredient for our arnica massage oil. We obtain a part of it from a cooperative in the Andalusian mountains in Spain.

Olive trees are organically grown on more than 8,000 hectares. In 2019, we conducted an audit to check whether the cooperative meets the criteria for UEBT certification. The auditor Annette Piperidis checked, among other things, whether there is social security for employees, whether biodiversity is protected locally and whether hygiene requirements are met. Especially pleasing: the cooperative passed the audit with very good results. "The head of the cooperative is exemplary in his commitment to biodiversity. The prickly pear is endangered by a plague of lice on site. Juan Antonio Caballero is now looking for insects that eat the lice.



Organic olive oil is produced on more than 8,000 hectares in Andalusia, Spain.

This way, the existence of the prickly pear can be secured," explains Piperidis. Together with the farmers she defined further measures after the audit to meet all requirements. Implementation is then regularly monitored by Weleda.

Melodious Christmas donation

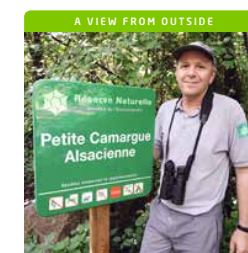
Making music promotes the concentration and development of children. For this reason we have given the pupils of the Sekem school in Egypt new musical instruments with our Christmas donation.

ment of each child. Weleda and Sekem have already had a close partnership for many years which goes far beyond the jojoba oil that Weleda obtains from Sekem in biodynamic quality.

In this way we want to support the children in gaining new learning experiences. The Sekem school was founded in 1989 northeast of Cairo. It is open to children of all religions and encourages them to live in harmony and respect each other's religious practices. Today the Sekem school comprises a primary, a preparatory and a secondary school for 300 pupils. The children come to the Sekem school from rural, village and urban areas: from underprivileged and privileged families – Egyptians and foreigners alike. The Sekem school is based on the Egyptian state curriculum. By combining traditional educational methods with innovative learning experiences, it is possible to promote the social, cultural and educational develop-



When making music, children learn much more than just notes: it improves their communication skills and concentration.



“Recognising nature as a source of benefit for humankind is what distinguishes Weleda. I also appreciate the conscious use of resources and the inclusion of all environmental parameters.”

Philippe Kniebly, France
Deputy Mayor of Saint Louis
and Director of Petite Camargue
Alsacienne

#future

To give penguins a future, Weleda in Great Britain donates ten pounds sterling to the Global Penguin Society for every ten kilograms of recycled plastic.

04 Sustainable sites, production and logistics

For Weleda, environmental protection is one of the central corporate tasks. With the help of our environmental management we control and improve the consumption of resources and the environmental impact caused by the company. How well we succeeded in doing this in 2019 can also be seen in the consolidated environmental data on page 96.





How Skin Food also does penguins good

In Great Britain, Weleda has had soft plastic packaging processed by TerraCycle since 2019. In addition, for every ten kilograms, ten pounds sterling are donated to the Global Penguin Society to save endangered penguin species.

It's not always easy to do the right thing. This includes, at a time when the disadvantages of plastic packaging are rightly becoming apparent, switching to it nevertheless, also for ecological reasons. This sounds contradictory at first. Weleda's Skin Food skin care has been available in plastic tubes since the end of 2018 instead of aluminium tubes. The reason: extracting new aluminium is very polluting and energy-intensive. Recycled aluminium, though, is too brittle. On the other hand, there are still no suitable bioplastics for all ingredients. Although Weleda plastic packaging can also be recycled in principle, the process is more complicated if it is made of polypropylene and ethylene at the same time – such as the soft tubes for Weleda shower or sunscreen lotion products. Because there is no dual recycling system in Britain as there is in Germany, Weleda decided to cooperate in Britain with TerraCycle, which is regarded as a specialist in this field worldwide. Customers can collect their tubes and send them to TerraCycle for free. Or they drop off empty packaging at Weleda in Ilkeston and at recycling centres which send them to TerraCycle. "It is important to us that all these tubes are recycled in the country," says Jayn Sterland, Managing Director of Weleda UK. The costly TerraCycle process is also used by other manufacturers, but "only Weleda is investing additionally in a sustainable project and is constantly striving to develop better packaging".

Pablo García Borboroglu, founder and president of the Global Penguin Society, has been researching and protecting penguins for over 30 years. Pictured below (from left to right): Annette Negus, Ellen Tobin, Charlotte Coleman, Beverley Hendrick and Jayn Sterland of Weleda UK with the TerraCycle container into which customers can drop their empty packaging.



Our commitments and goals for sustainability

Contribution to the Sustainable Development Goals of the United Nations



More about Weleda and the Sustainable Development Goals of the United Nations on page 101.

Our commitments

Waste recycling rate $\geq 98\%$

100% own production with electricity from renewable sources in CH, D and F

Environmental management system: ISO 14001 and EMAS in CH and D

Trend: \nearrow rising \rightarrow unchanged \searrow falling

Milestones 2019

Rate is 98 %

In Switzerland, we have improved the ecological quality of electricity.

► 10% of the green electricity used is newly procured in accordance with the Swiss "naturemade Star" standard, obtained from new regional renewable energies such as water and sun.

Monitoring audits successfully completed in D/CH

Assessment: ● Promise fulfilled ● Promise not fulfilled

Trend

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Assessment

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New targets for 2022

Improvement of the environmental footprint

100% electricity from renewable sources in all associated companies as well as contract manufacturers and packaging manufacturers

Renewable energy share of at least 80% for our own buildings and production facilities

100% emissions transparency for Scope 1, 2 and 3 and reduction programme

Reduction of energy intensity by 2.5% per year

Reduction of potable water intensity by 2.5% per year

Reduction of waste intensity by 2.5% per year

Increase in waste recycling rate by 2.5% annually

Sustainable and future-oriented logistics and mobility concept

Trend: \nearrow rising \rightarrow unchanged \searrow falling

Status quo 2019

► Associated companies: 88 %

► Contract and packaging manufacturers: not fully known

► Approximately 50 %

► Various countries are planning to increase quality.

Measurement of CO₂ emissions:

► for Scope 1 and Scope 2 in the eco-balance analysis (annual)

► for Scope 3 (in pilot project)

► Balancing of the global carbon footprint in 2020

Not achieved: +2.1 % in CH, D, F, but overall on target

Achieved: -12.5 % in CH, D, F

Achieved: -2.8 % in CH, D, F

Creation of coordination capacity in D/CH to reduce the volume of waste in 2019

Achieved: +5.4 %

Bicycle repair stations at both locations, charging stations for electric cars in Ariesheim right next to the main entrance, own website for annual worldwide bicycle promotion programme

Development of a mobility concept for the Ariesheim site

Assessment: ● Target easy to reach ● Target difficult to reach ● Target very difficult to reach

Trend

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News on the construction of the logistics centre

It is one of Weleda's largest projects: the new construction of the logistics centre. The building concept is currently being revised with specialist planners. In the meantime, the city of Schwäbisch Gmünd has procured all the necessary plots so that nothing any longer stands in the way of Weleda purchasing the land.

The new building is now to be realised in an industrial area in the east of Schwäbisch Gmünd. It will be located on a plateau and will be designed in such a way that the employees who work there will be able to look directly at the three Kaiserberge mountains of Hohenstaufen, Rechberg and Stuifen while packaging goods for dispatch. The wishes and suggestions of the employees are being included in the planning. In the run-up to the event, they had the opportunity to draw designs for meeting rooms, for example. In the long term, a Weleda Campus is to be built here. We see the new building as a place that can make Weleda values visible in a variety of ways.



A special industrial location with a view of the Schwäbische Alb. The sketch shows the current planning status of the new logistics building.

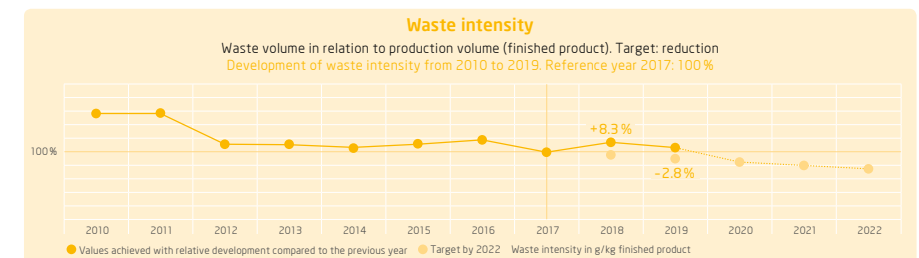
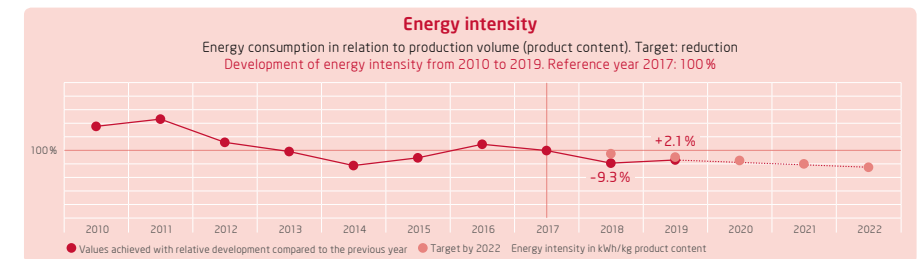
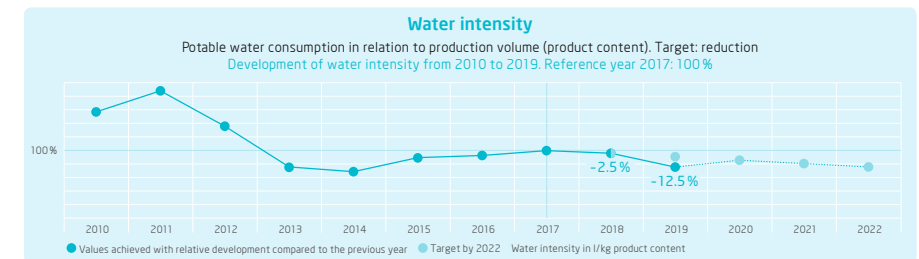


Development of environmental indicators

Our goal is to reduce the energy, water and waste intensity with which we manufacture our products by 2.5 per cent annually. We thus aim to continuously reduce the use of resources and the volume of waste generated so as to protect the environment and save on costs.

Intensity is strongly affected by the capacity utilisation of our facilities: the more products the facilities produce within the operating times, the lower the intensity (improved efficiency). Capacity utilisation depends primarily on the order situation, over which we have only limited influence. We do have a direct influence on the technical facilities (energy-efficient production facilities), process control in production (lean workflows and smooth operation), formulations (cold or hot production of product content) and the avoidance of waste during production and distribution.

The following environmental indicators are essential for Weleda: the consumption of potable water and energy as well as the amount of waste in relation to the production volume of finished products and product content. The charts below show the successes to date, the current status and our targets up to 2022. The key figures relate to the manufacturing countries of France, Germany and Switzerland. The largest quantities are produced at these locations.





New solar plant in the Netherlands

Weleda Benelux has built a carport at its headquarters in Zoetermeer, the Netherlands, whose roof supplies the company with energy.

400 solar collectors sit close together on the new carport roof next to the company building. Since the beginning of 2020 they have been converting the incident light into electricity. Almost 60 per cent of Weleda Benelux's energy requirements can be covered by the collectors. The company wants to lead by example and show other compa-

nies that there are sustainable solutions because, according to the government's timetable, all enterprises in Holland should reduce their energy requirements by 49 per cent by 2030. There are temporary tax benefits for this. Since it was not possible to install solar modules on the company roof, the only option left was to build a carport. In the first place, the new carport serves to generate electricity. In this way, Weleda Benelux has successfully managed to generate its own electricity and reduce its carbon footprint.



Optimisation of the transport capacity utilisation

Around 2,700 pallets, and thus 80 truck journeys, are to be saved each year by making greater use of transport packaging for natural and organic cosmetic products at a comparable sales volume.

In the classic sense, corrugated cardboard boxes are used as transport packaging, so-called tertiary packaging. These boxes, also known as trays, have important tasks and have an effect in many areas: on the stability of the pallet load, on transport safety, even on the well-being of the employees when they have to pull a tray

out of a pallet layer. As simple as a tray may be, the system is complex because there are many dependencies to consider. A project to optimise tertiary packaging materials was already launched at the end of 2017. Analyses have shown that trays of various product groups are not being used to their maximum possible capacity. Since the beginning of 2020, a new concept has been tested in production batch sizes. Other positive effects: packaging material can be saved, costs for transport and parking space can be reduced and CO₂ emissions can be cut.

IN BRIEF

Renewal of ultrapure water treatment

Water plays a decisive role in the production of natural cosmetic products and pharmaceuticals.

At Weleda we use purified water. Mineral salts and other unwanted substances are removed from drinking water by ion exchange and reverse osmosis. The ultrapure water produced in this way can be reused for the manufacture of various Weleda products. However, it is mostly used for cleaning the production equipment. The demand for ultrapure water in Germany was determined at the beginning of 2020, as a new water treatment plant is planned. The future plant will have a greater efficiency than the previous one. In the long run, water can therefore be saved.

A VIEW FROM OUTSIDE



“
In ten years' time,
we will see more clearly
what problems arise
from climate change and
species extinction.
Ideally, Weleda products
should actively contribute
to solving these
problems.”

Dr Arthur Braunschweig,
Switzerland
President of öbu –
Swiss Association for Sustainable
Business

Next target: 1,000 days without an accident at work



With almost 1,500 accident-free days or four years without an accident, Weleda Brazil had set an in-house record for laboratory work up until 2015.

Due to absences and stand-in situations, this high figure could no longer be achieved. By 2019, at least 500 accident-free days were recorded again – supported by intensive discussions, the “Weekly Dialogue on Safety”. Further measures are now being planned, such as safety control points. Because in the next stage Weleda Brazil is trying to achieve 1,000 accident-free days.

Combined line for natural and organic cosmetics

A new filling and packaging line was designed for the Schwäbisch Gmünd site in 2019.

It replaces two old lines and can fill both aluminium and plastic tubes in different sizes. The machine is designed for a higher number of cycles and relieves the burden on employees as additional processes are automated. In addition, the production capacity can be expanded flexibly. The combined line will be put into operation at the beginning of 2021.



Innovative shipping packaging

Weleda France dispatches natural and organic cosmetics products in a small house. The brilliant packaging format provides joy and gives the transport carton a second life.

Since January 2020, some customers of Weleda France have been receiving their ordered goods in eye-catching transport packaging. The small cardboard house is decorated with lovingly drawn pictures for colouring in and thus looks quite different from ordinary tertiary packaging. There is no question that customers accept the little house with enthusiasm and place it in the shop for children to play in. Others want to present the unique packaging at events and show users how recycling and environmental protection can be innovatively combined. The new transport carton has many advantages that go beyond playful recycling and benefit the environ-

ment. For example, the packaging material is made from 100 per cent waste paper. The production company is located in the region, barely 60 kilometres from Weleda France. Due to the short distance to the place of use, the CO₂ footprint in the eco-balance can be reduced. The new closure system also has a positive effect on the eco-balance: the transport carton is glued with parcel tape made of paper and no longer wrapped with stretch film. Three tons of plastic film can be avoided per year. But why the format of a house? The main purpose of the pointed roofs is to prevent further cartons from being stacked on top of fragile products. This reliably reduces the rate of damaged articles. The small cardboard house thus protects sensitive goods and allows the cardboard a continued existence – to the delight of many children.



Not only protects our products, but also delights children: the new shipping packaging.

#getexcited

In 2015, Marcel Locher launched the "Bike to Weleda" campaign with the aim of promoting the journey to work by bike. In 2019, the campaign was supported by the state of Baden-Württemberg with 10,000 euros.

05 Meaningful and effective work

Weleda is a business enterprise and at the same time a place of human development based on common tasks. People want to engage in meaningful activities. That's our experience. And it is our belief that all individuals wish to grow and develop in the course of their lives. In order to promote this, we will also continue on our path to collegial leadership in 2019.



Twice around the world with colleagues worldwide

Cycling to work is healthy. But Marcel Locher of Weleda in Arolesheim was concerned with more than that when he wanted to combine national programmes into a world-wide movement. Employees from 11 countries are meanwhile participating in Bike to Weleda.

In the beginning there was an e-mail. In 2015 Marcel Locher wrote to colleagues in France and Germany: wouldn't they like to share their enthusiasm, at least virtually cycle with each other and thus even do something good for the planet? You bet! The idea of the "bicycle freak", as he calls himself, developed into a summer campaign in which a total of 228 colleagues from Argentina to New Zealand and Switzerland took part in 2019. This can be seen on a new website which last year was financed with 10,000 euros from the "RadKULTUR" programme of the German state of Baden-Württemberg. All the Weleda locations taking part are listed along one route, along with the most eager cyclists and the record that was pedalled last year: twice around the globe. What is coming in 2020? "Hopefully one or two new additions!" Across oceans, "a completely different kind of solidarity" has already developed, says Marcel Locher, for whom appreciation for others is just as important in his work in the Sustainability team as it is in his voluntary work, which is supported by many helpers. "Nobody gets paid, but they get a smile and wonderful stories." Like from some colleagues from the Brazilian metropolis of São Paulo for whom cycling there is too risky. They're nevertheless still in it. On foot.

More information can be found at www.bike-to-weleda.de



More international than ever: tyres were mended in Switzerland while colleagues busily pedalled away in Russia and celebrations took place in Germany to mark the completion of the challenge.

Our commitments and goals for sustainability

Contribution to the Sustainable Development Goals of the United Nations



More about Weleda and the Sustainable Development Goals of the United Nations on page 101.

Our commitments

Promotion of the Weleda culture and personal and professional development

Promotion of work-life balance, health and diversity at the main sites

Active involvement by and for employees

Milestones 2019

A wide range of offers and initiatives, such as:

- ▶ Weleda Biography Days for all interested employees
- ▶ Resilience training
- ▶ Mindful self-management
- ▶ Appreciative communication

▶ Health marketplace for information and encouragement "Healthy living in focus" (CH, D)

- ▶ Intercultural coaching
- ▶ Company eurhythm

A wide range of provisions and initiatives, such as:

- ▶ Choir (CH)
- ▶ Yoga (CH, D)
- ▶ Meditation (CH, D)
- ▶ Massage (CH, D)

Trend



Assessment



Trend: ↗ rising → unchanged ↘ falling

Assessment: ● Promise fulfilled ● Promise not fulfilled

New targets for 2022

Place for human development based on shared tasks

Introduction of a Global Leadership Programme

Worldwide development of Weleda culture and identity

Talent management

Promotion of a work-life balance, health and diversity worldwide

Status quo 2019

Successful implementation of four training events in Dornach (CH)

Successful implementation of the international compact curriculum Weleda Identity and Core Values

Introduction of the Talent Management 2.0 programme

International exchange between colleagues in HR Group Conference "People at Weleda"; presentation of the workshop provision Weleda Biography Days as a contribution to personal development and resilience

Trend



Assessment



Trend: ↗ rising → unchanged ↘ falling

Assessment: ● Target easy to reach ● Target difficult to reach ● Target very difficult to reach



The German version of our self-image

Two years ago, we put our corporate purpose into new words. Now we have developed a German variation from the English version.

With the sentence, "We dare to care. Inspired by anthroposophy, we dare to make a difference," we have reformulated the Weleda purpose. The majority of our employees work in German-speaking countries. So that everyone can connect with the meaning of the sentence, we have therefore created a German version:

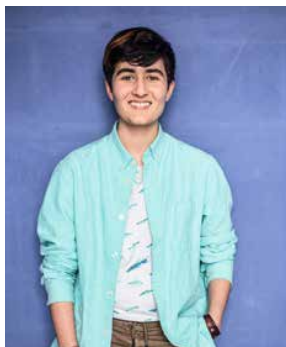
► **Inspiziert durch Anthroposophie, gehen wir mit Liebe mutig neue Wege.** (literally in English: Inspired by anthroposophy we courageously take new paths with love.)

The focus was not on literal translation but on meaning. "The sentence should be filled with life," says Dr Isabella Heindinger, responsible for culture and identity at Weleda. What does the word "love" mean in this context? "Love is not meant here as a nice feeling, but as an attitude: respectful, interested, caring, responsible."

"Associative collaboration is more than cooperation"

Collaboration beyond company boundaries: this is what associative togetherness is all about.

"Associative collaboration is more than cooperation," explains Dr Isabella Heindinger, also responsible for human resources development at Weleda. "We are trying to make company boundaries more elastic in order to work together on big issues that we cannot solve alone."



Robin Saffarian is happy to work for two companies.

THREE QUESTIONS TO ROBIN SAFFARIAN, FIRST ASSOCIATIVE STUDENT AT WELEDA AND GLS BANK

How did it come about that you are doing your training at two companies at once?

I applied to Weleda. Then I was asked whether I would also like to do practical phases at GLS Bank. I think this is a wonderful opportunity and I get to be the first to do it – that's great.

How has the training been going so far?

I started my studies at Alanus University in September 2019. From January to the end of February I was in the human resources department at Weleda. I will then spend the practical phase in summer at GLS Bank.

What are you looking forward to in your studies?

I am delighted to work for two companies that are so concerned about sustainability. I also find it exciting to live in three different cities in one year – Bochum, Bonn and Schwäbisch Gmünd. I am looking forward to meeting different people, seeing different places, getting involved in different areas.

A VIEW FROM OUTSIDE



“My wish is that Weleda becomes more committed to supporting women, babies and families and that it will become more involved in maternal care.”

Sheena Byrom, Great Britain
Midwife, author and speaker

Twice a year we meet with other companies like VAUDE, Lilly Pharma, GLS Bank and Systelios Klinik. We think about the experiments we can tackle together."

What are we working on together?

► **An associative course:** In 2019, together with GLS Bank, we launched the experiment Associative Studies in Business Administration. We expect this to lead to a new quality in training – formed in different cultures, with broadened horizons and unique opportunities for personal and professional development. In September 2019, the first associative student started (see interview in the middle). In 2020 we plan to allocate further associative study places.

► **Associative leadership training:** In September 2019, the first joint management training course took place – a new format that we developed together from four companies. A number of managers from each of the companies involved took part. The response was so encouraging that we are planning the second module together.

How work can function without a manager

People who can identify with their work get more involved and are more successful. Olga Böhme, Managing Director of Weleda Russia, was able to experience this at first hand. Since 2018, she and her team have been testing cooperative leadership with self-managing teams and greater freedom of decision-making. She tells us what that looks like in an interview.

What were the first steps like?

OLGA BÖHME: First we had to prepare ourselves as a management team, because this change only works if you are willing to cede control and place your trust in others. We then changed the recruitment process and paid more attention to whether the applicants represented our values. In the marketing team we then started the first experiment of a self-managing team.

What did this experiment look like?

The six people on the team started to manage themselves. This means that although they coordinate the strategic marketing plan with me, they decide everything else

“The team is highly motivated. You can feel the enthusiasm. The employees have grown through the responsibility and trust.”

Olga Böhme

Regional Director Northern,
Central and Eastern Europe
and Managing Director Weleda
Russia

themselves or as a team. They also distribute the tasks within the team itself. Sometimes this works well, sometimes not so well. Here it is my role to coach the team.

Have there ever been setbacks?

The whole thing is a process – with each month you understand better how it can work. We have worked out rules together. We always adjust them after three months. Then we see what works and what doesn't.

What successes have been achieved since the changeover?

The team is highly motivated. You can feel the enthusiasm. We also receive feedback time and again that the employees have grown through the responsibility. Joint activities are also an important component: yoga, Cross Fit and English lessons. In addition, we are all reading *Reinventing Organizations* by Frederic Laloux. One of us prepares a chapter and we discuss it together. It welds us together and is fun.

What are the next steps?

Our vision is to build up the entire organisation in circles and thereby reduce hierarchies. I am often asked what such a structure can look like. I can't tell yet. But we already have ideas and are trying them out and then adapting them. There's no other way. I don't think there's any catch-all solution.



#promotingculture

Over the years, the European Church Music Festival has developed into a cultural event of distinction. Weleda has been a sponsor from the very beginning. Klaus Stemmler (Director, left), Katharina Lampe (Organisation) and Theo Stepp (Weleda) are looking forward to the festival.

06 Cultural and social relationships and development

We support our shared social life in many different ways, for example by promoting art and culture. Through our active involvement we make a contribution to the cohesion of our society and to the improvement of the essentials of life. Through our publications and action days we inspire people to lead sustainable and healthy lives.



Siyou Isabelle Ngnouamdj and Hellmut Hattler gave a thrilling concert in the Münster at Schwäbisch Gmünd.



Concert for choir and large orchestra at the Cathedral of the Holy Cross in Schwäbisch Gmünd

How music inspires us to ask about the questions of life

Concerts, church services and master classes form a complete package during the three-week Schwäbisch Gmünd European Church Music Festival, which is almost unique in Europe. Weleda has been one of the main sponsors for 20 years.

A misty nave. Dancers dressed in white, moving between standing visitors – there has never been anything like this in the 800-year history of the Romanesque Church of St John on the market square in Schwäbisch Gmünd. On August 6th 2020, however, the Moritz Ostruschnjak company will be here to give their "Boids" performance, one of the highlights of the festival. For the 33rd time, internationally renowned artists are being invited to make sacred music a tangible experience in 12 churches in the city and the surrounding area and "to shed light on existential questions," as artistic director Klaus Stemmler says. "Boids" is a perfect illustration of this year's motto "I and We", with its focus on the behaviour of individuals in a group. At the opening concert on July 15th in the Church of St Augustine, in contrast, countertenor Philippe Jaroussky will perform baroque "celestial music" as a soloist with the L'Arpeggiata ensemble. "All this is made possible by a great team and of course by supporters like Weleda AG," says Klaus Stemmler, who himself was a cathedral chorister for many years. "We are all inspired by this task and our success encourages us to continue." In 2019, around 15,000 festival-goers took advantage of the opportunity to be deeply touched by music and personal encounters.

More information can be found at www.kirchenmusik-festival.de

Our commitments and goals for sustainability

Contribution to the Sustainable Development Goals of the United Nations



More about Weleda and the Sustainable Development Goals of the United Nations on page 101.

Our commitments	Milestones 2019	Trend	Assessment
Commitment to anthroposophic medicine	<ul style="list-style-type: none"> Attracting scientific staff for the Anthroposophic Pharmacy Competence Centre Commitment to a pharmaceuticals business that balances shared responsibility for the system of anthroposophic medicine with economic considerations 	→	●
Inspiring people	<p>Weleda publications:</p> <ul style="list-style-type: none"> <i>Weleda Nachrichten</i> (D-A-CH), magazine for customers and users (print run: 34,000, two issues per year) <i>PTA-Wissen</i> (D), trade magazine to support the PTA (print run: 29,000, two issues per year) <i>Hebammenforum</i> (D), specialist magazine to support midwifery work (print run: 20,500, two issues per year) <i>Werde</i> (D-A-CH), consumer magazine (print run: 33,000, four issues per year) – support for the BioBoden and proBiene initiatives <p>Social media (CH, D, A):</p> <ul style="list-style-type: none"> Facebook fans: 235,920 Instagram followers: 93,362 <p>Experience Centre (D):</p> <ul style="list-style-type: none"> Number of visitors in 2019: 28,000 	↘	●
Programme "Diversity wins! Prospects for people who have experienced displacement"	<ul style="list-style-type: none"> Implementation of orientation internships in Germany Initiation of a series of events with external partners with lectures and discussions about life in Germany Start of regular volunteer "Bicycle workshop with discussion" meetings in Germany Continuation of the "lunches" for associative discussion with partners in Switzerland Implementation of company tours for young people with experience of displacement aimed at professional orientation in Switzerland 	→	●

Trend: ↗ rising → unchanged ↘ falling

Assessment: ● Promise fulfilled ● Promise not fulfilled

New targets for 2022	Status quo 2019	Trend	Assessment
Sustainable and healthy lifestyle			
Communication of at least 777 Weleda "goodprints", which highlight the good deeds of Weleda and Weleda employees and inspire people to lead sustainable lives	<p>Preparatory work</p> <ul style="list-style-type: none"> Summary of the existing "goodprints" Internal communication 	→	●

Trend: ↗ rising → unchanged ↘ falling

Assessment: ● Target easy to reach ● Target difficult to reach ● Target very difficult to reach



IN BRIEF



Green Beauty Days

How can I work for more sustainability and biodiversity every day?

Green Beauty Days were held in Berlin and Vienna in September 2019 to enable users to explore this issue. Weleda experts explained Weleda's quality standards and care philosophy in experience workshops. They showed the positive influence that sustainable care products have on the skin. A panel discussion inspired guests to think about how they can integrate closeness to nature into their everyday lives.



Donate instead of throwing away

At events there are often samples left over that are still perfectly usable but no longer suitable for retail sale. We want to prevent these valuable products from becoming waste.

At the Schwäbisch Gmünd site, such sample packs from the midwifery department are being sent to a social cause: they are being donated to the food sharing project carried out by the youth culture initiative Esperanza. The initiative distributes food and donations of goods from commercial partners free of charge.

Seeds for high-quality medicinal plants

Complementary medicine and natural cosmetics require high-quality medicinal plants. In the association Hortus officinarum we are making a contribution to the availability of biodynamic medicinal plant seeds.

The basis for high-quality medicinal plants is suitable seeds. Since 2008 the independent non-profit association Hortus officinarum has been improving and maintaining the seed quality of many medicinal plant species. Its tasks include safeguarding proven sources and the propagation and cultivation of species for which the seeds are not available in organic or biodynamic quality. The association also strives to preserve the genetic diversity of medicinal plant seeds and to protect them from privatisation and patenting. Among the 200 members of the association are medicinal plant nurseries, doctors, pharmacists, manufacturers of pharmaceuticals and natural and organic cosmetics – including Weleda. All those involved benefit from the cultivation work and the exchange of knowledge.

In the Weleda medicinal plant gardens at the Schwäbisch Gmünd and Arlesheim sites, Hortus representatives cultivate and document numerous medicinal plant species for seed cultivation. In Schwäbisch Gmünd, for example, a comparative cultivation of three seed sources of (garden) valerian

(*Valeriana officinalis*) was carried out to determine whether the typical characteristics, such as growth form, smell and root growth, are present and whether the requirements of the pharmacopoeias for the ingredients are met. A source with optimal morphological characteristics and ingredients is now being further propagated. Over 30 species are currently being cultivated for conservation. Hortus returns some species, such as the Alpine edelweiss (*Leontopodium nivale subsp. alpinum*), to the wild in the Engadine. In this way the association contributes to the strengthening of biodiversity.

More information can be found at www.hortus-officinarum.ch



The association wants to preserve seeds of medicinal plants such as pansies (above) and edelweiss.



Greenfleet climate protection project

On the day of the global climate strike, September 20th 2019, Weleda Australia along with its customers supported climate protection.

Customers of the Australian online shop were invited to take part in a climate protection campaign. All of the sales proceeds from September 20th went to Greenfleet, one of the largest non-profit environmental protection organisations in Australia. Since 1997 Greenfleet has been initiating

projects to compensate for CO₂ emissions. To this end, it has specialised in reforestation and the protection of biodiversity. The organisation has planted over 9.4 million trees and created more than 500 species-rich woodland areas. Over time, more than 3.4 million metric tonnes of carbon dioxide emissions have been offset. At the same time, soil erosion is reduced, water quality is improved and new habitats for flora and fauna are created.

Weleda has contributed to these practical climate protection measures with 361 native trees. That is the number of native trees that have been planted using the sales proceeds from September 20th. Greenfleet uses the donations to offset CO₂ emissions in both Australia and New Zealand and to combat the consequences of climate change. At its Australian location, Weleda is looking for further options to protect and regenerate biodiversity in the region – especially after the devastation caused by the bush fires.

More information can be found at www.hortus-officinarum.ch

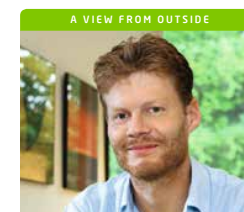
Working with schools

In order to create awareness of sustainability and environmental protection, we invest in the environmental education of pupils in Eastern Europe.

With the support of the environmental movement ECA in Russia, we began working with Eastern European schools in the year under review. A total of 2,150 teachers and 43,000 pupils took part in the collaboration with Weleda in 2019. The schools are located in 77 Russian regions and seven other countries, including Kazakhstan, Georgia and Ukraine. For primary and middle school pupils, materials that were both fun and educational were developed on the subjects of ecology and sustainability. To make it easily accessible to teachers, the teaching material is available on a web portal:

guidance for lesson planning, attractively animated presentations and other materials for interactive games and tasks. The teachers taking part welcome the opportunity to integrate environmental topics into their lessons: "The project is very relevant. It is so important to make every effort to improve the environmental situation," commented a biology teacher from the southern Russian city of Rostov-on-Don.

A primary school teacher from Moscow reported that the children found many uses for old, unnecessary things in class: "We were very surprised that things can be given away, exchanged or borrowed for a while." The collaborative work will be continued.



"I would like Weleda to support ideas and initiatives for a health system that is oriented towards the common good, for example solidarity in financing and paying for health instead of for medicines and equipment."

Christian Felber, Austria
Economist specialising in the common good and dance performer



#growth

Daniel Kugler and Eileen Smith are managing our first global brand campaign which has the motto "YOU ARE NATURE." We presented the campaign to people in the trade at Vivantes, the world's largest trade fair for natural and organic cosmetics in Nuremberg.

07 Management and finance

A company is commercially successful when customers truly value its service and enable it to strengthen its financial resilience as a result. We regularly receive awards for our work. We are constantly working to improve the range of products we offer: with a customer-focused strategy and a high degree of commitment in our agencies around the world.





"YOU ARE NATURE."

For the first time, Weleda AG is setting out its stall worldwide with a global brand campaign. This unified identity was launched in the first markets, the UK and Germany, in autumn 2019. Austria and Switzerland followed at the beginning of 2020. The campaign aims to show how deeply the human being is rooted in nature – as are the diverse products of Weleda.

How did the company's first joint brand campaign come about?

DANIEL KUGLER: Products are becoming increasingly interchangeable. Consumers are finding it more difficult to make purchasing decisions. This makes brands that people can trust because they know what they stand for more important. With our global brand campaign we want to highlight what sets us apart as a brand and makes our products so unique.

What sets Weleda apart?

EILEEN SMITH: What makes us special, in essence, is our deep understanding of the inseparable connection between people and nature: nature with its medicinal plants and natural raw materials is as alive as we are. With "YOU ARE NATURE." we express it very clearly. Weleda has stood for this since 1921.

Can you give a specific example?

DANIEL KUGLER: Because of this affinity between people and nature, it is important to us to bring the right product to the right person, tailored to his or her individual needs. For example, the skincare range for sensitive skin contains almond oil. Just as the almond protects its kernel with a shell, the oil gently and protectively wraps itself around the skin.

All Weleda branches used the campaign for their marketing, as here Weleda South Korea in Seoul.



What other aims does the campaign have?

EILEEN SMITH: It is intended to make Weleda better known on a global level and at the same time increase the profile of the brand, especially among younger consumers. In addition, major conventional brands are currently pushing into the growing natural and organic cosmetics sector and we want to position ourselves more clearly vis-à-vis them as well.

"YOU ARE NATURE." is the name of the campaign, four models are its "face"

DANIEL KUGLER: As a global company, diversity is a major issue for us. That's why we decided for the first time to choose four models from different cultural backgrounds. They can be seen in the video, the main tool of the campaign.

What was it like developing the campaign?

EILEEN SMITH: "YOU ARE NATURE." is the result of close collaboration between different departments, with the markets and our agency, all of which share the same strong passion for the brand. So it was fun!

📺 Campaign video:
www.youtube.com/watch?v=fqzvX_BkdMo

Our commitments and goals for sustainability

Contribution to the Sustainable Development Goals of the United Nations



More about Weleda and the Sustainable Development Goals of the United Nations on page 101.

Our commitments	Milestones 2019	Trend	Assessment
Value added statement	Ongoing continuation in 2019 (see page 50 and inside cover)	↗	●
Financial resilience through corresponding equity ratio and liquidity	<ul style="list-style-type: none"> ► Further increase in the equity ratio, resilience and independence of the company ► As in 2018, no interest-bearing financial liabilities at year-end ► Further increase in cash and cash equivalents by EUR 12 million to EUR 48 million in 2019 	↗	●
Ensuring future viability through investment in the development of the company	<p>In 2019 Weleda continued to undertake projects for the ongoing development of Weleda. The four most important of these are:</p> <ul style="list-style-type: none"> ► Opening of three Weleda City Spas in the Netherlands ► Continuation of the planning (planning phase 2) for a new logistics centre in Schwäbisch Gmünd with production expansion plan ► Investment in a new glass filling line in Schwäbisch Gmünd for pharmaceutical and natural and organic cosmetics products ► Various projects to increase the proportion of raw materials from biodynamic agriculture 	↗	●
Definition of sustainability criteria for investment of the endowment fund of the Swiss pension fund	Adoption of the draft sustainability criteria	↗	●

Trend: ↗ rising → unchanged ↘ falling

Assessment: ● Promise fulfilled ● Promise not fulfilled

New targets for 2022	Status quo 2019	Trend	Assessment
Global B Corp	Weleda has successfully passed the preliminary examination of the B Impact Assessment (pre-screen) for its main sites (Germany, Switzerland, France)	↗	●

Trend: ↗ rising → unchanged ↘ falling

Assessment: ● Target easy to reach ● Target difficult to reach ● Target very difficult to reach



Value added statement

We will secure our company's future viability by means of prudent, ethical business practices.

By conducting our business in a responsible way, we improve Weleda's ability to manage risk – from behaviour in the market, through environmentally relevant aspects, to relationships with employees and exchanges with all other key interest groups and stakeholders. In this way sustainable value added is created that can be distributed to our employees (income), to providers of capital (distribution, interest), to non-profit institutions (donations) and to the public (taxes).

The value added statement (inside cover page) illustrates how the economic activities of our company generate value for society: unlike the income statement, which is based on the viewpoint of the owners, the value added statement sets out the contribution made by the Weleda Group to private and public income. The value added statement shows the expenditure with which Weleda achieved its company performance and how the added value generated was distributed.

Business performance

in million EUR
↑
+3.8 %
432.2
The business performance increased mainly because of the growth in sales.

Value added

in million EUR
↑
+4.3 %
182.7
After deduction of inputs

Value added per employee

in million EUR
↑
+1.8 %
84,260
Value added per Weleda Group employee in a full-time position

Donations

in million EUR
↑
+13.0 %
2.6
Of this, EUR 2.2 million went to the School of Spiritual Science in Dornach and various anthroposophic institutions.

Employees

in million EUR
↑
+7.9 %
164.4
The added value generated was sufficient to cover the income of our employees. Our employees are co-entrepreneurs who are involved in the performance process. Supporting and promoting a sense of personal responsibility and the way that each individual conceives of themselves are important to the company.

Shareholders

in million EUR
→
±0 %
0.9
For 2019 the Board of Directors proposes making a distribution of 7 per cent to shareholders.

Lenders and creditors

in million EUR
↓
-66.7 %
0.2
Lenders received less interest owing to the repayment of financial liabilities.

Taxes

in million EUR
↓
-55.4 %
2.5

IN BRIEF

All information on a single website

The new Weleda specialist portal brings together a wide range of information, knowledge and services from Weleda for medical professionals and retailers on a modern, mobile-optimised website.

After logging in, our customers will find expert knowledge and downloads on Weleda pharmaceuticals or natural and organic cosmetics products, among other things. You can also register directly for Weleda seminars via an events calendar or access the training provided by the Weleda Online Academy.

www.weleda.de/fachportal



Pharmaceuticals directory as an app

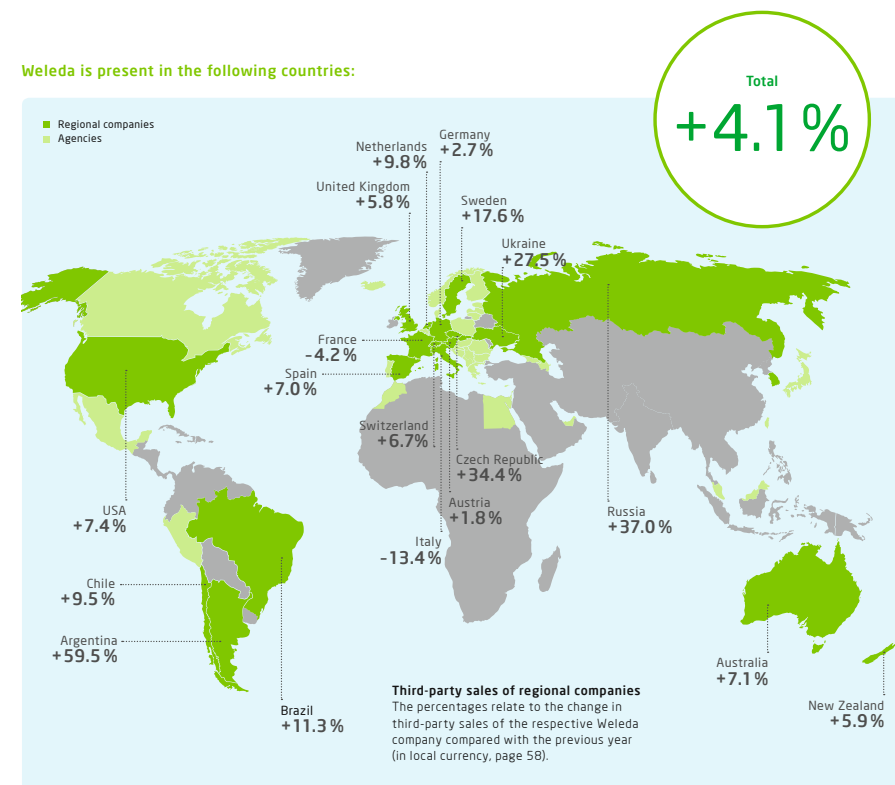
Our pharmaceuticals directory, which was previously only available in printed form, can now also be accessed as an app.

This saves resources and the digital directory can also be updated more quickly. The app is intended for professionals, i.e. doctors, non-medical practitioners, pharmacists and midwives, and can be installed on a tablet or smartphone like any other app. It is activated by means of individual DocCheck access. Since its release in April 2019, around 2,000 users have been taking advantage of the app.

Development in the markets

Our total sales exceeded EUR 429 million in 2019. As in previous years, the distribution of growth rates demonstrates how important our internationalisation is. The movements in the markets balance each other out and thus ensure stable development.

Weleda is present in the following countries:



America

Argentina, Brazil, Canada, Chile, Mexico, Peru, USA

Europe

Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Macedonia, Malta, Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Ukraine, United Kingdom

Africa

Egypt, Morocco

Asia

China, Hong Kong, India, Israel, Japan, Malaysia, Singapore, South Korea, Taiwan, United Arab Emirates

Australia

Australia, New Zealand



Weleda in the markets

The new Skin Food range became a growth driver in all markets. Internationalisation once again proved to be the right strategy, as strengths and weaknesses in the different markets balanced each other out.

D-A-CH region

In our region with the highest sales we can look back on a very successful 2019. Sales in natural and organic cosmetics grew by more than 3 per cent compared to 2018. We were also able to increase our market share slightly. The growth drivers were primarily the new Skin Food products. The baby care range also recorded significant growth and here we now have a market share of almost 20 per cent. In the shower category, we held our own in the market with the two limited editions Summer Garden Shower and Forest Harmony in particular.

We see our efforts in terms of sustainability and brand positioning rewarded once again: Weleda is the most sustainable cosmetics brand from the perspective of consumers in Germany. This was the finding of the Cosmetics 2019 sustainability study compiled by Facit Research. And according to the Brand Relevance Index, we ranked 17th among the most relevant brands in Germany, far ahead of our competitors.

#1

Weleda is the most sustainable cosmetics brand in Germany.



The reception area at the new offices of Weleda Italy

France, Southern Europe and South America region

France

In France, we are facing a difficult market environment due to the tense political situation. The negative news in the press and social media about homeopathy and about the discontinuation of reimbursement for homeopathic medicines is having a negative effect on the sale of our medicines. In natural and organic cosmetics, Weleda remains the market leader in the organic cosmetics segment and has gained market share in the pharmacy trade despite increasing competition. We also attribute this to the Skin Food range and the Baby Liniment Calendula cream, which were successfully launched in spring. The reimbursement for homeopathic medicines has been reduced from 30 per cent to 15 per cent and will be discontinued from 2021. We expect a further negative impact on our sales. For this reason, a strategy has

been developed for building a sustainable business model for the future.

Italy

The successful launch of Skin Food is having a positive effect on sales. In addition, we were able to increase the demand for our products through online offers. After restructuring in distribution, which led to a slight decline in sales, we expect a positive impact on sales in 2020. Sales declined in the pharmaceuticals business, also because of negative public opinion towards homeopathy.

Spain

We increased sales of natural and organic cosmetics despite strong competition. Distribution in perfumeries was strengthened and is having a positive effect. We also opened our own online shop which boosted business via the Internet. In addition to the increase in our market share as a mother and baby brand, consumers

3.5%

growth in sales of natural and organic cosmetics in 2019 in our key region D-A-CH.

have shown great interest in the expansion of the Skin Food range which has become a real growth driver for the company. In June 2019, the distribution of pharmaceuticals was discontinued as low demand in Spain meant maintaining the segment could no longer be justified in business terms.

Brazil

The business in over-the-counter medicines continued to grow at double-digit rates. We gained market share through our flagship product Anisodoron. In natural and organic cosmetics we recorded stable sales growth. Overall, the demand for natural and organic cosmetics products and over-the-counter herbal medicines is increasing in Brazil.

Chile

The national crisis with violent riots throughout the country had a negative impact on our sales. Until October, however, we recorded a very positive sales trend in natural and organic cosmetics and pharmaceuticals, mainly owing to successful social media campaigns and effective measures in retail.

Argentina

The political situation is tense and business has suffered as a result. After the sharp depreciation of the currency in August 2018, the market recovered at the beginning of 2019. However, price increases and inflation led to a drop in sales. Thanks to our experience in crisis management, we continue to look to the future with optimism.

North America and Western Europe region

North America

The trend reversal in North America continued in 2019 with strong growth well above the overall expansion in the market. The introduction of the new Skin Food range was a great success. This strong growth made Skin Food the best-selling hand and body lotion in natural and organic cosmetics retail. Growth was achieved through several channels, in particular through the customers Whole Foods and Amazon.

United Kingdom

Despite the difficult economic situation caused by Brexit, we recorded stable growth in natural and organic cosmetics and expanded sales. Various marketing measures boosted sales of the new Skin Food products and strengthened brand awareness. Pharmaceuticals sales also grew through new distribution channels. Profitability increased by 50 per cent thanks to excellent cost control and growing revenues.

Skin Food – a success story

It has been around since 1926 – the skin cream or simply just Skin Food. In 2019, three products were added to this popular universal cream and it quickly became a worldwide success.

The launch of the Skin Food range was the biggest product innovation since the 2009 Pomegranate range. Years of testing and market research preceded the launch. An interdisciplinary and international team of marketing specialists and research and development experts worked closely together to launch Skin Food Light, Skin Food Body Butter and Skin Food Lip Balm in addition to the classic Skin Food. That the effort was worthwhile was shown in February 2019 at Vivanesse, the world's largest trade fair for natural and organic cosmetics in Nuremberg, where the new Skin Food products won the Best New Product Award for the most innovative new product. Worldwide, the new Skin Food products were the main growth drivers in 2019 and won many prizes from Australia to the USA. The expansion of the Skin Food range is a good example of how to modernise a product with roots going back to the very beginnings of Weleda and make it fit for the future.



Modernised and fit for the future: the successful Skin Food range



Growth driver: the new Skin Food products generated significant sales growth in all markets.

Benelux

2019 was a very strong year for the Benelux countries with growth of almost 10 per cent and a sharp increase in profitability. Growth was evident in both the Netherlands and Belgium and in all major product categories, including pharmaceuticals. The main growth drivers were the new Skin Food products and the expansion of sales in Belgian pharmacies. The City Spas also made a significant contribution to total sales.

Northern, Central and Eastern Europe region

Russia

Weleda Russia remained on a growth trajectory and recorded a very successful year in 2019. This was due to sales growth through various channels, including perfumery, pharmacies and online. Successful 360-degree marketing campaigns did much to raise brand awareness and, as a result, led to significant sales growth.

Ukraine

Weleda Ukraine continued its double-digit growth in 2019. We attribute this to healthy growth for the baby and pregnancy products and a general increase in brand awareness. Increased sales in online retail were also a success factor.

Growth in a difficult market environment

The uncertain political and economic situation in Russia is weakening purchasing power. It is therefore all the more pleasing that Weleda's sales are constantly on the rise.

Within three years, the Weleda Russia team has managed to double sales. And this despite the fact that competition in Russia is fierce – many global players are meanwhile trying to enter the market with their natural products and want a slice of the cake. Weleda products are now an established feature of chemists and pharmacies and sales in online distribution also grew rapidly in 2019.



Looking back on a successful 2019: the team at Weleda Russia

Scandinavia

In Sweden, after years of only moderate growth, sales increased by a gratifying 20 per cent. This was primarily due to the new Skin Food products. There has also been a lot of change in other areas: a new organisational structure was put in place and a channel strategy for natural and organic cosmetics was developed. In Denmark and Norway, the new Skin Food products likewise generated sales growth. The Weleda pharmacy in Järna was closed owing to changes in government regulations for anthroposophic medicines.



Increased sales in online retail were a success factor in 2019.



Just one of many marketing measures: Skin Food advertising on a tram in Prague

Czech Republic

Once again our team achieved double-digit growth in the Czech Republic and Slovakia. The expansion of the Skin Food range and the strong focus on baby care contributed most to this. Our marketing and sales team orchestrated campaigns in all channels for both product lines, including a tram with a Weleda Skin Food look in Prague.

Exports to Central and Eastern European countries

In 2019, we again recorded stable growth for our export markets in Central and Eastern Europe, especially in the Balkans and Georgia, while Israel registered double-digit growth rates in its market and was able to further expand its market position.

Asia/Pacific region

Asia

In 2019, the Asian region again showed double-digit growth. The new subsidiary in South Korea made a major contribution to this. The export country with the strongest growth was once again China, although we can only supply a partial range here because of import regulations – animal testing is required that is unacceptable for us. Japan, still Weleda's largest Asian market, likewise recorded double-digit growth.

Australia and New Zealand

The strong double-digit growth in natural and organic cosmetics continued in both countries. Skin Food is now the number one seller in New Zealand, surpassing the mother and baby and facial care lines. The pharmaceuticals business was unfortunately affected by a recall of baby powder products due to packaging defects. However, the trend remained positive and sales are picking up again.



In 2019, the natural and organic cosmetics business grew at double-digit rates in Australia and New Zealand.

In October 2019, Weleda South Korea introduced itself to the press and business partners at the Swiss embassy in Seoul.





Weleda City Spa opened in Hamburg

After successfully opening four City Spas in the Netherlands, Weleda added its first German location in Hamburg-Blankenese in January 2020. Project Manager Rita Wirtz tells us how the Spa got started and what next steps are planned.



Already planning the next steps:
Project Manager Rita Wirtz

great importance to high-quality and sustainable materials in warm and restrained colours.

What is the long-term goal of Weleda City Spas?

Our dream is to open a network of Weleda City Spas in Europe to support people in their well-being. Up to now we have had our products for this purpose. In the Spa we come into direct contact with our users. We learn a great deal about their needs and in return receive a lot of affirmation and trust for the effort we make together at Weleda.

The market for massages and cosmetic applications is growing rapidly. Why?

Today we communicate ever more quickly and intensively through digital means. That this is stressful is undisputed. A massage reduces the stress hormone cortisol and lowers the heart rate. Regular massages have a positive effect on the immune system. The neuronal centres of the reward system are stimulated.

What specific steps are planned now?

The next City Spa in Stuttgart will follow in late summer 2020. Despite the tight real estate market, we have found a spot in the middle of the city with assistance from the Stuttgart local authority. The Spa will also include a room for workshops. In principle, Weleda sees opportunities to develop a third business segment with its Spas, alongside natural and organic cosmetics and pharmaceuticals.

Why open a City Spa in Hamburg in particular?

RITA WIRTZ: We conducted market research for the whole of Germany which told us where our potential customers live. Hamburg and Stuttgart were top of the list, yet the two cities are very different. We want to learn from this in order to further develop the project.

How is the Spa doing so far?

When I see people before and after treatment, I am proud of what our products achieve in combination with professional application. The people are radiant and at peace. We are the intermediary between people and the power of nature. As with the City Spas in the Netherlands, we attach

“

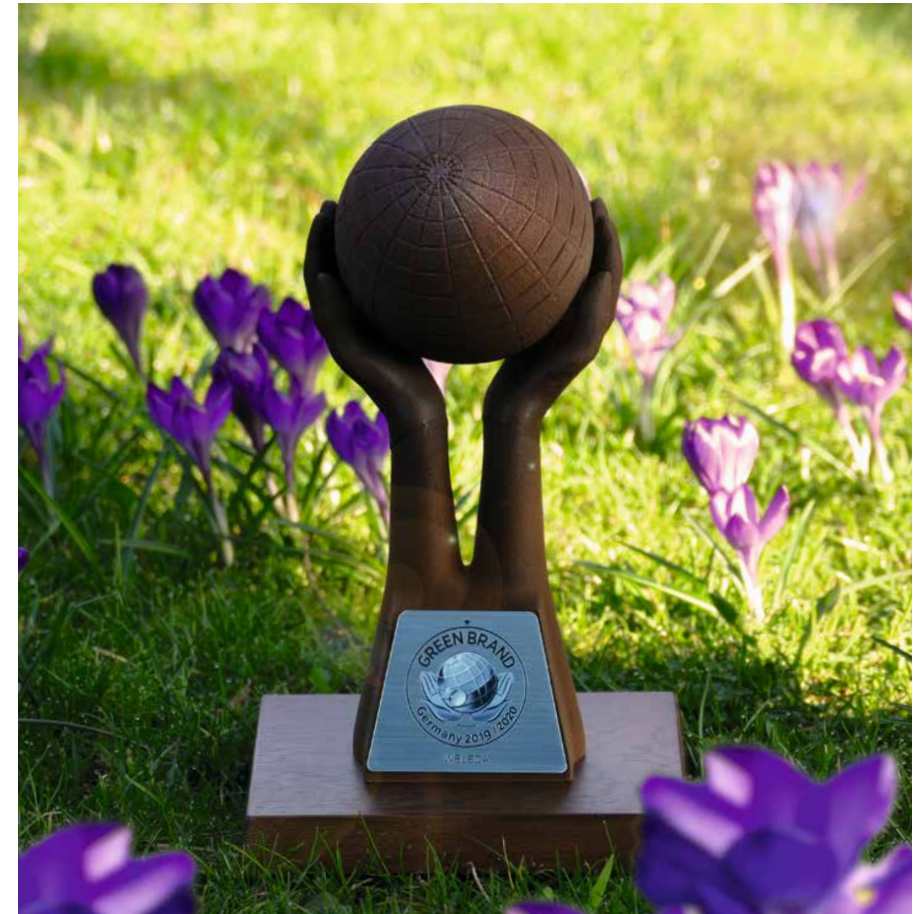
When I see people before and after treatment, I am proud of what our products achieve in combination with professional application.

”

Rita Wirtz
Project Manager

Excellent!

In 2019, we won numerous awards worldwide for our commitment. We consider these awards to be a significant recognition of our work. They motivate us to continue on our path: for healthy nature, responsible management and effective products.



A selection of the prizes we received in 2019

Green Brand Award for Germany, Austria, Hungary and the Czech Republic for their significant contribution to the environment, climate and nature conservation +++ **Best Natural Face Product Award** in New Zealand for Skin Food with over 410,000 consumers voting +++ **Free From Skincare Award** in the UK for Skin Food Body Butter +++ **Best Skin Product** of the Year in Denmark for Skin Food Body Butter +++ **Glamour Beauty Award** in Russia for Skin Food Light +++ **Elle Magazine Genius Award** in the USA for Skin Food 2020: Elle Beauty Award for Skin Food Light +++ **Prix du Meilleur** for Skin Food Light and Calendula Liniment selected by an independent jury and over 100 product testers



Third-party sales of regional companies

	Currency in 1,000	Third-party sales per company		Structure of third-party sales per company		Employees (Full-time employees)	
		2019	Change from previous year in local currency	Pharmaceuticals	Natural and organic cosmetics	2019	2018
Switzerland Weleda AG, Arlesheim	CHF EUR	39,898 35,865	+ 6.7 %	36 %	64 %	339	329
Germany Weleda AG, Schwäbisch Gmünd	EUR	177,823	+ 2.7 %	20 %	80 %	776	766
France Weleda S.A., Huningue	EUR	89,432	- 4.2 %	35 %	65 %	379	390
Netherlands Weleda Benelux SE, Zoetermeer	EUR	19,909	+ 9.8 %	12 %	88 %	82	86
United Kingdom Weleda (UK) Ltd., Ilkeston	GBP EUR	9,387 10,701	+ 5.8 %	15 %	85 %	71	65
Italy Weleda Italia S.r.l., Milan	EUR	8,689	- 13.4 %	31 %	69 %	39	39
Austria Weleda Ges.m.b.H. & Co KG, Vienna	EUR	10,541	+ 1.8 %	18 %	82 %	20	20
Sweden Weleda AB, Stockholm	SEK EUR	74,990 7,084	+ 17.6 %	7 %	93 %	24	23
Spain Weleda S.A.U., Madrid	EUR	9,462	+ 7.0 %	1 %	99 %	49	53
Czech Republic Weleda spol. s r.o., Prague	CZK EUR	131,558 5,126	+ 34.4 %	0 %	100 %	19	18
Russia Weleda East GmbH, Moscow	RUB EUR	626,991 8,659	+ 37.0 %	1 %	99 %	39	40
Ukraine Weleda Ukraine LLC, Kiev	UAH EUR	42,119 1,484	+ 27.5 %	0 %	100 %	15	15
Germany Weleda Services GmbH, Schwäbisch Gmünd	EUR	0	-	-	-	3	0
USA (North America) Weleda Inc., Irvington NY	USD EUR	21,843 19,511	+ 7.4 %	3 %	97 %	31	29
Argentina Weleda S.A. Argentina, Buenos Aires	ARS EUR	134,769 2,577	+ 59.5 %	51 %	49 %	44	46
Brazil Weleda do Brasil Ltda., São Paulo	BRL EUR	48,745 11,054	+ 11.3 %	79 %	21 %	150	138
Chile Weleda Chile SpA, Santiago de Chile	CLP EUR	2,409,454 3,108	+ 9.5 %	41 %	59 %	45	42
New Zealand Weleda (NZ) Ltd., Havelock North	NZD EUR	4,728 2,783	+ 5.9 %	50 %	50 %	32	31
Australia Weleda Australia Pty Ltd, Warriewood	AUD EUR	5,075 3,151	+ 7.1 %	6 %	94 %	16	17
Korea Weleda Korea Ltd., Seoul	KRW EUR	3,014,098 2,309	-	0 %	100 %	8	4
Total	EUR	429,268	+ 4.1 %	24 %	76 %	2,181	2,151

General economic development in 2019 and outlook for 2020

As the Weleda Group is very closely linked with Weleda AG, this management report describes both the financial position of the Weleda Group and that of the individual company Weleda AG.

Business performance

The Weleda Group increased total sales to over EUR 429 million in 2019. The distribution of growth rates as well as the absolute increase in sales indicates that internationalisation continues to develop well. Above all, the increase in sales in Central and Eastern Europe including Russia and Ukraine, the USA, and the company established in South Korea in the previous year contributed significantly to the increase. Weleda opened or set up further City Spas in Amsterdam and Hamburg in the fourth quarter of 2019. The opening of a Spa in Stuttgart is being planned. The Spas, which are aesthetically and sustainably equipped, offer massages and facial treatments in accordance with Weleda's holistic philosophy.

Net result decreased slightly compared to 2018 mainly due to a lower operating result. The profit generated, coupled with stable net working capital, further increased the equity ratio and thus the resilience of the company. Pioneering decisions about the future are only possible on the solid basis which was established in the last years. Some of the most important strategic decisions for the next years are the renewal of our infrastructure with the core element of a new logistics site in Germany, investments in research and development, the implementation of the natural and organic cosmetics and the pharmaceuticals strategy, the further development of our range of services offered, the continuation of the digital transformation, the implementation of collegial leadership and the Sustainability Programme 2018–2022.

Employees

The Weleda Group had an average of 2,168 full-time employees in 2019 (previous year: 2,116). Weleda AG had an average of 1,103 full-time employees (previous year: 1,091).

Risk assessment

Risks are an integral part of business operations. A risk management system that enables the identification, analysis, control and monitoring of significant risks in the corporate environment is therefore particularly important for Weleda. In order to identify risks in good time and determine the appropriate action, our management regularly assesses, at Group level and at the level of Weleda AG, any significant internal and external risks that may impact the entire corporate environment. The Board of Directors discusses and approves the results of the risk assessment and any measures every year.

Development of sales

The net sales of the Weleda Group for the 2019 financial year amount to EUR 429.3 million (previous year: EUR 412.3 million). This corresponds to a growth rate of 4.1 per cent, or EUR 17.0 million, compared with the previous year (adjusted for exchange rate effects: 3.9 per cent, or EUR 16.3 million). This means that Weleda held up well in 2019 despite an intensely competitive market. The net sales from the individual company Weleda AG decreased by 1.5 per cent or CHF 4.6 million year-on-year, mainly driven by the translation of the German branch into CHF.

Sales at respective year-end exchange rates

in million EUR (change from previous year)



Sales adjusted for exchange rate effects

in million EUR (change from the previous year adjusted for shift in exchange rates as at December 31st 2019)



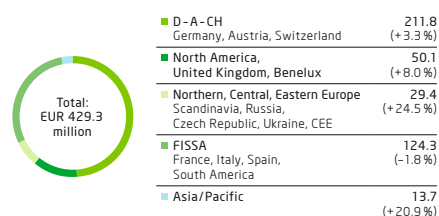


Development of sales by markets and regions

Around 49 per cent (previous year: 50 per cent) of sales were generated in the D-A-CH region (Germany, Austria, Switzerland). Sales in this region increased by 3.8 per cent to EUR 211.8 million (previous year: EUR 204.0 million). Sales in France decreased by 4.2 per cent and amounted to EUR 89.4 million (previous year: EUR 93.4 million). Sales in the other regions increased by a total of 11.4 per cent to EUR 128.1 million (previous year: EUR 115.0 million). The positive exchange rate impact on sales was EUR 0.2 million.

Market performance of the Weleda Group by region

in million EUR (exchange rate-adjusted changes from the previous year)



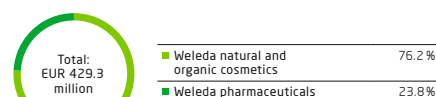
Development of sales in the business segments

Natural and organic cosmetics accounted for EUR 327.0 million or 76.2 per cent of global sales (previous year: EUR 307.6 million or 74.6 per cent). The sales generated by pharmaceuticals decreased to EUR 102.3 million (previous year: 104.7 million), corresponding to 23.8 per cent (previous year: 25.4 per cent) of total sales.

Global sales of the pharmaceuticals business segment decreased by 2.3 per cent in 2019 (previous year: decrease of 3.6 per cent). Sales in the D-A-CH region, which generated about 48 per cent of sales, increased by about 5.0 per cent compared with the previous year. In addition, growth impulses came from the South America region with growth in sales of 18.1 per cent (adjusted for exchange rate effects). In France, the year-on-year decline in sales was 12.4 per cent. Sales in the other markets decreased by 10.8 per cent (adjusted for exchange rate effects) compared to the previous year.

Global sales of the natural and organic cosmetics business segment grew by 6.3 per cent compared with the previous year (5.2 per cent sales growth in 2018). The growth regions of Western Europe, North America, Asia and Pacific as well as Central and Eastern Europe, including Russia and Ukraine, were primarily responsible for the improvement. Sales increased by 3.5 per cent in the D-A-CH region. Sales growth in all other countries totalled 9.2 per cent.

Natural and organic cosmetics and pharmaceuticals Weleda Group

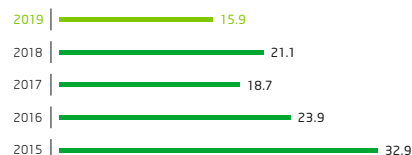


Operating result

Compared to the previous year, the consolidated operating result (EBIT) of the Weleda Group decreased by EUR 5.2 million to EUR 15.9 million (previous year: EUR 21.1 million) mainly due to the development in France. The EBIT margin decreased to 3.7 per cent (previous year: 5.1 per cent). The operating result (EBIT) in the separate financial statements of Weleda AG decreased, compared to the previous year, by CHF 0.8 million to CHF 3.6 million.

Operating result (EBIT)

in million EUR



Result for the year

The consolidated result for the year decreased by 9.3 per cent to EUR 13.0 million compared to the previous year. The financial result amounted to EUR -0.5 million and was up on the previous year (previous year: EUR -1.1 million). Mainly due to lower results within the Group and a tax refund in France, income taxes decreased to EUR 2.5 million (previous year: EUR 5.6 million). Germany accounted for the biggest share of income taxes with EUR 1.8 million (previous year: EUR 3.4 million).

The separate financial statements of Weleda AG showed a gain of CHF 0.2 million (previous year: loss of CHF 0.5 million).

Result attributable to shareholders

in million EUR



Financial and assets situation

The equity ratio of the Weleda Group again increased and amounts to 52.9 per cent (previous year: 51.1 per cent) due to the net result for the year.

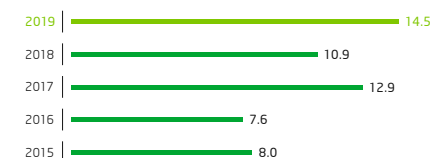
Consolidated cash flow from operating activities amounted to EUR 26.6 million (previous year: EUR 9.1 million). Cash flows from investing activities increased, compared with the previous year, by EUR 3.1 million to EUR 14.3 million (previous year: EUR 11.2 million). Of the gross investments of EUR 14.5 million, EUR 1.9 million were invested in intangible assets and EUR 12.6 million in property, plant and equipment. Around three-quarters of the investments in property, plant and equipment or intangible assets were made at the two main production sites in Schwäbisch Gmünd and Arlesheim. Cash flow after investing activities amounted to EUR 12.3 million (previous year: EUR -2.0 million).

Cash and cash equivalents increased by EUR 11.9 million to EUR 47.7 million at year-end. This resulted in a net financial credit balance of EUR 47.7 million (previous year: EUR 35.8 million).

Cash flow from operating activities for Weleda AG amounted to CHF 26.0 million (previous year: CHF 3.9 million) in the year under review and, after the deduction of net investments of CHF 16.5 million (previous year: CHF 16.5 million), came to CHF 9.5 million (previous year: CHF -12.6 million). Weleda AG repaid CHF 2.7 million (previous year: CHF 9.0 million) in interest-bearing liabilities in the year under review.

Investments in intangible assets and property, plant and equipment

in million EUR



Extraordinary events

In the year under review there were no significant extraordinary events.

Research and development activities

The growth of natural and organic cosmetics was mainly driven by market expansion and innovation. In pharmaceutical research, Weleda has continued to press ahead with the development of competencies. For both segments together, Weleda again invested double-digit millions in research and development this year.

Outlook for 2020

The current COVID-19 situation makes a forecast for 2020 difficult for Weleda as well. In view of the current market conditions, planned innovation, the market presence and the brand strength of Weleda, we see continued good opportunities for growth of natural and organic cosmetics in most of the countries. In countries with particularly severe restrictions, we expect below-average growth or even declines. At Group level, we anticipate a decline in sales of pharmaceuticals, mainly due to developments in France. Overall, we expect that the decisions taken for the future, such as investments in research and development, the implementation of the pharmaceuticals strategy, the product-mix strategy for natural and organic cosmetics and the further market development outside Europe will have a positive effect on the operating result. On the other hand, the COVID-19 situation particularly affects productivity and sales in some countries. Overall, we therefore expect stable overall sales and a less positive result than in 2019.

Consolidated Annual Financial Report 2019 Weleda Group

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Balance sheet of the Weleda Group

Assets

in 1,000 EUR

	Notes	31.12.2019	31.12.2018
Current assets			
Cash and cash equivalents		47,689	35,794
Trade receivables	1	66,536	64,655
Other current receivables	2	11,135	16,412
Inventories	3	68,241	63,787
Prepaid expenses and accrued income		5,428	5,179
Total current assets		199,029	185,827
Non-current assets			
Financial assets	4	1,677	1,808
Investments in non-controlling interests	4	1,019	850
Property, plant and equipment	4	72,599	69,966
Intangible assets	4	3,631	3,600
Total non-current assets		78,926	76,224
Total assets		277,955	262,051

Liabilities and shareholders' equity

in 1,000 EUR

	Notes	31.12.2019	31.12.2018
Liabilities			
Current liabilities			
Trade payables	5	20,176	18,468
Other current liabilities	6	11,552	12,184
Current provisions	7	3,362	5,575
Accrued expenses and deferred income		21,580	18,386
Total current liabilities		56,670	54,613
Non-current liabilities			
Other non-current liabilities		2,289	2,230
Non-current provisions	7	72,004	71,257
Total non-current liabilities		74,293	73,487
Total liabilities		130,963	128,100
Shareholders' equity			
Share capital		3,800	3,800
Non-voting share capital		7,600	7,600
Capital reserves		8,716	9,600
Retained earnings		126,715	112,749
Treasury voting and non-voting shares	8	- 520	- 540
Shareholders' equity excl. non-controlling interests		146,311	133,209
Non-controlling interests		681	742
Shareholders' equity incl. non-controlling interests		146,992	133,951
Total liabilities and shareholders' equity		277,955	262,051

Income statement of the Weleda Group

in 1,000 EUR

	Notes	2019	2018
Net sales of goods and services	9	429,268	412,272
Other income	10	2,787	3,786
Change in inventories of finished goods and work in progress		2,457	6,968
Total operating income		434,512	423,026
Cost of materials		- 96,809	- 97,096
Employee income and social expenditure	11	- 164,399	- 152,344
Other operating expenses	12	- 146,108	- 143,254
Depreciation, amortisation and impairment losses on non-current assets	13	- 11,290	- 9,281
Total operating expenses		- 418,606	- 401,975
Operating result (EBIT)		15,906	21,051
Financial expenses	14	- 650	- 1,413
Financial income	15	188	264
Ordinary result for the year		15,444	19,902
Income taxes	16	- 2,464	- 5,592
Consolidated result for the year		12,980	14,310
Attributable to shareholders of Weleda AG		13,018	14,267
Attributable to non-controlling interests		- 38	43

Cash flow statement of the Weleda Group

in 1,000 EUR

	2019	2018
Consolidated result for the year	12,980	14,310
Depreciation, amortisation and impairment losses on non-current assets	11,290	9,281
Changes in provisions	-2,900	2,098
Gain/loss from the disposal of non-current assets	181	-38
Changes in trade receivables	-1,294	-3,779
Changes in inventories	-4,175	-10,749
Changes in other current receivables and prepaid expenses/ accrued income	5,056	-3,090
Changes in trade payables	1,572	-6,270
Changes in other current liabilities and accrued expenses/ deferred income	2,399	6,434
Other non-cash items	1,396	161
Currency and valuation influences not affecting liquidity	311	838
Share of result of associated companies	-190	-63
Cash flow from operating activities	26,626	9,133
Investments in property, plant and equipment	-12,563	-9,429
Divestments of property, plant and equipment	21	56
Investments in financial assets	-32	-457
Divestments of financial assets	115	172
Investments in intangible assets	-1,891	-1,513
Cash flow from investing activities	-14,350	-11,171
Distribution/dividend payments to shareholders/ non-controlling interests	-884	-832
Cash flow from change in current interest-bearing liabilities (net)	0	-9,917
Sale of treasury voting and non-voting shares	538	1,585
Purchase of treasury voting and non-voting shares	-98	-9
Cash flow from financing activities	-444	-9,173
Total cash flow	11,832	-11,211
Cash and cash equivalents at start of reporting period	35,794	47,306
Total cash flow	11,832	-11,211
Currency translation effect on cash and cash equivalents	63	-301
Cash and cash equivalents at end of period	47,689	35,794

Statement of shareholders' equity of the Weleda Group

in 1,000 EUR

	Company capital ¹	Capital reserves (agio)	Accumulated currency difference	Other retained earnings	Treasury voting and non-voting shares	Total excl. non-controlling interests	Non-controlling interests	Total incl. non-controlling interests
Shareholders' equity as at January 1st 2018	11,400	9,600	-2,861	100,867	-1,102	117,904	718	118,622
Result for the year				14,267		14,267	43	14,310
Dividends				-832		-832		-832
Change in treasury voting and non-voting shares including gain/loss from sale				1,014	562	1,576		1,576
Currency translation effect/Other ²			283	11		294	-19	275
Shareholders' equity as at December 31st 2018	11,400	9,600	-2,578	115,327	-540	133,209	742	133,951
Result for the year				13,018		13,018	-38	12,980
Distribution		-884				-884		-884
Change in treasury voting and non-voting shares including gain/loss from sale			71	349	20	440		440
Currency translation effect/Other ²			532	-4		528	-23	505
Shareholders' equity as at December 31st 2019	11,400	8,716	-1,975	128,690	-520	146,311	681	146,992

¹ Company capital is broken down as follows:
6,880 registered voting shares at CHF 112.50
3,984 registered voting shares at CHF 125.00
3,478 registered voting shares at CHF 1,000.00
19,000 registered non-voting shares at CHF 500.00
There was no change in the company capital versus the prior year.

² The item Other retained earnings includes under Other a goodwill/badwill on the buyout of non-controlling interests.

Notes to the consolidated financial statements of the Weleda Group

General

Due to rounding, individual figures in this report may not add up exactly to the reported sum. Key figures and changes are calculated based on the exact amount and not the reported rounded amount.

Consolidation principles

Accounting principles

This Annual Financial Report has been prepared in accordance with uniform accounting standards (Weleda Accounting Manual). These accounting standards comply with the provisions on commercial accounting of the Swiss Code of Obligations (article 957–963b OR).

The consolidated financial statements of the Weleda Group comply with the law and the articles of incorporation. Certain items of the balance sheet as well as the income statement are summarised in order to provide the reader with a better overview. These items are explained in detail in the notes.

Scope of consolidation

In addition to Weleda AG Arlesheim and its branch Weleda AG Schwäbisch Gmünd, 23 subsidiaries are fully consolidated within the Weleda Group statements. These companies are, without exception, Group companies and controlled by Weleda AG Arlesheim. Weleda AG has direct or indirect investments of more than 50 per cent in these companies. In the year under review Weleda Services GmbH was incorporated and added to the scope of consolidation. The non-controlling interest in Japan is consolidated using the equity method. The consolidated companies are listed in the notes.

Consolidation method

The consolidated financial statements are based on the annual statements of the Group companies as at December 31st 2019, which are prepared in accordance with the provisions of the Weleda Accounting Manual. The consolidation period is the calendar year. Capital consolidation is carried out in accordance with the Anglo-Saxon purchase method. For the fully consolidated companies, assets, liabilities, expenses and income are stated at 100 per cent. Non-controlling interests in consolidated shareholders' equity and profit/loss for the year are disclosed separately.

The carrying amounts of the parent company's investment are offset against the current shareholders' equity of the subsidiary companies. In accordance with the full consolidation method, assets and liabilities as well as expenses and income also of those companies in which a third party is involved are included in full in the Group accounts. Third-party shares of shareholders' equity and of the results of consolidated companies are disclosed separately.

Currency translation

The financial statements of consolidated companies in foreign currencies are translated as follows: current assets, non-current assets and liabilities are translated at year-end rates (rate on balance sheet date), shareholders' equity at historical rates. The income statement and the cash flow statement are translated using average rates for the year. The resulting currency translation effects are booked directly in retained earnings without impacting profit and loss. The following currency exchange rates are applied:

YEAR-END RATES in EUR

	2019 Rates on balance sheet date	2019 Average rates	2018 Rates on balance sheet date	2018 Average rates
1 CHF (Swiss franc)	0.920	0.899	0.887	0.866
1 USD (US dollar)	0.891	0.893	0.875	0.847
1 GBP (pound sterling)	1.180	1.140	1.114	1.130
1 BRL (Brazilian real)	0.221	0.227	0.226	0.233

Intragroup transactions, balances and intercompany profits

All intragroup transactions and balances are eliminated, as were all intercompany profits stated in the balance sheet.

Balance sheet and valuation principles

In general, assets and liabilities are valued on an individual basis in so far as they are material and cannot be treated together as a group as is customary due to their similarity.

Sales recognition

Sales are recognised on the transfer of risks and benefits to customers or upon provision of the service. This generally corresponds to delivery of the products.

Current assets

Receivables and other current assets are reported at their nominal values. The general risk of loss and individual credit risk have been accounted for on the basis of value adjustments. The valuation of inventories is conducted on the basis of acquisition or production cost while observing the principle of lower of cost or market.

Non-current assets

Acquired intangible assets are recognised at the cost of acquisition, less amortisation. Property, plant and equipment is recognised at acquisition or production cost minus depreciation. Small-value intangible assets and property, plant and equipment with a value of less than EUR 1,000 are depreciated in full in the year they are added.

Financial assets are recognised at the cost of acquisition. Equity holdings are consolidated using the equity method.

Where there are indications of non-current assets being overvalued, carrying values have been reviewed and, where necessary, adjusted.

Liabilities

Liabilities are recognised based on their nominal value. Provisions for pension plans and similar obligations are determined based on actuarial principles. The remaining provisions cover all recognisable risks for undetermined obligations. Liabilities are recognised at the respective amount at which they are to be repaid.

Treasury voting and non-voting shares

Treasury voting and non-voting shares are recognised at cost at the time of acquisition. The holding of treasury voting and non-voting shares is disclosed as a negative item in equity. Upon resale, the profit or loss is allocated directly to the voluntary retained earnings.

Leasing transactions

Leasing and rental contracts are recognised on the basis of legal ownership. Accordingly, expenses as lessee are recognised on an accrual basis, whereas the leased or rented objects themselves are not recognised. The total amount of outstanding non-current rental and leasing obligations is included in the notes.

Notes to the balance sheet and the income statement**1 Trade receivables**

in 1,000 EUR

	31.12.2019	31.12.2018
From third parties	65,862	64,162
From companies in which a non-controlling interest is held	511	350
From shareholders	163	143
Total trade receivables	66,536	64,655

2 Other current receivables

in 1,000 EUR

	31.12.2019	31.12.2018
From third parties	11,128	16,399
From companies in which a non-controlling interest is held	7	13
Total other current receivables	11,135	16,412

3 Inventories

in 1,000 EUR

	31.12.2019	31.12.2018
Raw, auxiliary and operating materials	17,862	17,755
Unfinished products	11,201	10,637
Finished products and trade goods	41,506	38,097
Value adjustments on inventories	-2,328	-2,702
Total inventories	68,241	63,787

4 Non-current assets

in 1,000 EUR

	Financial assets	Investments in non-controlling interests	Property, plant and equipment	Intangible assets	Total non-current assets
as at January 1st 2018	1,437	806	67,418	3,670	73,331
Currency translation effect	8	4	1,117	8	1,137
Equity valuation	0	63	0	0	63
Additions	457	0	9,429	1,513	11,399
Disposals	-172	0	-253	0	-425
Reclassification within non-current assets	0	0	-8	8	0
Depreciation, amortisation and impairment losses	78	-23	-7,737	-1,599	-9,281
as at December 31st 2018	1,808	850	69,966	3,600	76,224
Currency translation effect	4	2	1,009	36	1,051
Equity valuation	0	190	0	0	190
Additions	32	0	12,563	1,891	14,486
Disposals	-164	0	-1,454	-117	-1,735
Reclassification within non-current assets	2	0	251	-253	0
Depreciation, amortisation and impairment losses	-5	-23	-9,736	-1,526	-11,290
as at December 31st 2019	1,677	1,019	72,599	3,631	78,926

Financial assets include non-current amounts due from third parties, securities and investments of less than 20 per cent.

Investments in non-controlling interests include investments in companies in which the Weleda Group holds between 20 and 50 per cent. Increases are due to equity valuation.

Increases in intangible assets mainly comprise software. The increase in property, plant and equipment consists primarily of investment projects as well as investment in replacements in Germany, France and Switzerland.

The largest share of the amount under Property, plant and equipment, totalling EUR 26 million (2018: EUR 25 million), relates to Switzerland. The branch in Germany accounts for EUR 18 million (2018: EUR 16 million) and Weleda France has property, plant and equipment totalling EUR 12 million (2018: EUR 13 million).

5 Trade payables

in 1,000 EUR

	31.12.2019	31.12.2018
To third parties	20,076	18,413
To the Group auditor Ernst & Young	100	55
Total trade payables	20,176	18,468

6 Other current liabilities

in 1,000 EUR

	31.12.2019	31.12.2018
To third parties	11,520	12,111
To shareholders	32	22
To the Group auditor Ernst & Young	0	51
Total other current liabilities	11,552	12,184

7 Provisions

in 1,000 EUR

	Pension provisions	Tax provisions ¹	Other provisions ²	Total provisions
as at January 1st 2018	32,778	231	41,095	74,105
Increase	3,255	0	6,306	9,561
Utilisation	-3,761	-5	-3,105	-6,871
Decrease	-415	0	-177	-592
Currency translation effect	-45	-23	697	629
as at December 31st 2018	31,812	203	44,816	76,832
Increase	3,729	69	792	4,590
Utilisation	-1,743	-4	-1,806	-3,553
Decrease	-400	0	-3,538	-3,938
Currency translation effect	241	-5	1,199	1,435
as at December 31st 2019	33,639	263	41,463	75,366
Of which current provisions	957	0	2,405	3,362
Of which non-current provisions	32,682	263	39,059	72,004

¹ The Item Tax provisions includes only provisions for deferred taxes.

² The Item Other provisions includes, inter alia, currency provisions, provisions for strategic projects and procurement for replacements following the sale of Iscador, provisions for legal cases and provisions for jubilee and other long-service bonuses.

8 Treasury voting and non-voting shares

in 1,000 EUR

	2019	2018
Stock of treasury voting shares as at January 1 st (in number: 198/prior year: 195)	383	378
Addition of treasury voting shares (in number: 23/prior year: 4)	98	9
Disposal of treasury voting shares (in number: 2/prior year: 1)	-5	-4
Cumulated currency differences	2	-
Stock of treasury voting shares as at December 31 st (in number: 219/prior year: 198)	478	383
Stock of treasury non-voting shares as at January 1 st (in number: 195/prior year: 715)	157	724
Addition of treasury non-voting shares (in number: 0/prior year: 0)	0	0
Disposal of treasury non-voting shares (in number: 160/prior year: 520)	-184	-567
Cumulated currency differences	69	-
Stock of treasury non-voting shares as at December 31 st (in number: 35/prior year: 195)	42	157
Total treasury voting and non-voting shares as at December 31 st	520	540

2019, 160 non-voting shares were sold at an average transaction price of EUR 3,308. Furthermore, 18 treasury voting shares (nominal value CHF 1,000 each) were acquired at an average transaction price of EUR 5,221, five treasury voting shares (nominal value CHF 112.50 each) were acquired at an average transaction price of EUR 327 and two treasury voting shares (nominal value CHF 1,000) were sold at a transaction price of EUR 2,247.

9 Net sales of goods and services**PRODUCT GROUPS**

	2019 in 1,000 EUR	2019 in %	2018 in 1,000 EUR	2018 in %
Natural and organic cosmetics	326,981	76.2	307,620	74.6
Pharmaceuticals	102,287	23.8	104,652	25.4
Net sales	429,268	100.0	412,272	100.0

REGIONS

	2019 in 1,000 EUR	2019 in %	2018 in 1,000 EUR	2018 in %
D - A - CH (Germany, Austria, Switzerland)	211,781	49.3	203,957	49.5
North America, UK, Benelux	50,121	11.7	45,379	11.0
Northern, Central and Eastern Europe (Scandinavia, Russia, Czech Republic, Ukraine, CEE)	29,390	6.8	23,564	5.7
FISSA (France, Italy, Spain, South America)	124,322	29.0	128,125	31.1
Asia/Pacific	13,654	3.2	11,247	2.7
Net sales	429,268	100.0	412,272	100.0

10 Other income

in 1,000 EUR

	2019	2018
Total other income	2,787	3,786

Other income mainly comprises rental income, insurance compensations, service revenues from the showroom Espace Weleda Paris as well as refunds from suppliers. As of 2019, license income from third parties is now also included; until 2018 this was still included in financial income.

11 Employee income and social expenditure

in 1,000 EUR

	2019	2018
Employee income	127,557	117,752
Social expenditure	36,842	34,592
Total employee income and social expenditure	164,399	152,344

12 Other operating expenses

in 1,000 EUR

	2019	2018
Sales and distribution costs	93,809	89,912
Operating costs	23,315	20,707
Administrative costs	21,542	20,799
Contributions, levies, property and capital taxes	3,161	3,210
Other expenses	4,281	8,626
Total other operating expenses	146,108	143,254

Other operating expenses includes, but is not limited to, sales and distribution costs such as advertising and market communication, sales documents, material costs of sales representatives and all postal costs. Operating and administrative costs include costs for building and machine maintenance, legal and consulting costs, IT expenses and costs for third-party research as well as non-operating expenses. The item Other expenses includes donations to the School of Spiritual Science in Dornach as well as to other different anthroposophic institutions with a total amount of EUR 2.2 million (2018: EUR 1.9 million) as well as in the previous year the creation of provision for strategic projects of EUR 5.5 million.

13 Depreciation, amortisation and impairment losses on non-current assets

in 1,000 EUR

	2019	2018
Financial assets	28	33
Property, plant and equipment	9,736	7,649
Intangible assets	1,526	1,599
Total depreciation, amortisation and impairment losses on non-current assets	11,290	9,281

14 Financial expenses

in 1,000 EUR

	2019	2018
Interest and similar expenses	- 223	- 557
Realised and unrealised foreign currency result, net	- 427	- 856
Total financial expenses	- 650	- 1,413

15 Financial income

in 1,000 EUR

	2019	2018
Interest and similar income	188	264
Total financial income	188	264

16 Income taxes

Income taxes occurred mainly in Germany and Switzerland.

Other information**Full-time equivalents**

The annual average number of full-time equivalents for the reporting year, as well as the previous year, exceeded 250. Changes in full-time equivalents are stated in the management report.

Contingent liabilities and other financial obligations

in 1,000 EUR

	31.12.2019	31.12.2018
Contingent liabilities	266	271
Fair value of derivative financial instruments	78	121

The derivative financial instruments relate to interest hedges (variable to fixed rate) in France for existing leasing obligations.

Non-current rental and leasing obligations

in 1,000 EUR

	31.12.2019	31.12.2018
Residual maturity up to 5 years	15,575	15,272
Residual maturity over 5 years	2,468	3,009
Total non-current rental and leasing obligations	18,043	18,281

There are rental and leasing obligations for computer hardware, vehicles and production machinery as well as buildings.

Fee for the Group auditor Ernst & Young

in 1,000 EUR

	2019	2018
Auditing services	259	217
Other services	214	276
Total fee	473	493

Restricted cash

in 1,000 EUR

	31.12.2019	31.12.2018
Within current assets	277	270
Total restricted cash	277	270

Significant events after the balance sheet date

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

Overview of Group and holding companies

Consolidated companies	Registered office	Function	Currency	Company capital in 1,000	Capital share 2019 in %	Capital share 2018 in %
Weleda AG	CH – Arlesheim/ D – Schwäbisch Gmünd	Headquarters: incl. production, trade and services	CHF	4,750	100.0	100.0
Weleda Benelux SE	NL – Zoetermeer	Production and trade	EUR	2,269	100.0	100.0
Weleda Ges. m.b.H.	A – Vienna	No operative function	EUR	36	100.0	100.0
Weleda Ges. m.b.H. & Co KG	A – Vienna	Trade	EUR	1,100	100.0	100.0
Weleda Trademark AG	CH – Arlesheim	Services	EUR	920	100.0	100.0
Weleda Inc.	USA – Irvington, N.Y.	Trade	USD	8,525	100.0	100.0
Weleda Italia S.r.l.	I – Milan	Trade	EUR	500	100.0	100.0
Weleda do Brasil Ltda.	BRA – São Paulo	Production and trade	BRL	27,140	100.0	100.0
Weleda Naturals GmbH	D – Schwäbisch Gmünd	Services	EUR	25	100.0	100.0
Weleda East GmbH	RUS – Moscow	Trade	RUB	10	100.0	100.0
Weleda S.A.U.	E – Madrid	Trade	EUR	685	100.0	100.0
Weleda (NZ) Ltd	NZL – Havelock North	Production and trade	NZD	169	100.0	100.0
Weleda Australia Pty Ltd	AUS – Warriewood	Trade	AUD	800	100.0	100.0
Weleda AB	S – Stockholm	Trade	SEK	2,000	100.0	100.0
Weleda (Australasia) Ltd	NZL – Havelock North	Services	NZD	1,139	100.0	100.0
Weleda Chile SpA	CHL – Santiago de Chile	Production and trade	CLP	491,321	100.0	100.0
Weleda F+E AG	CH – Arlesheim	Services	CHF	3,000	100.0	100.0
Weleda Ukraine LLC	UA – Kiev	Trade	UAH	500	100.0	100.0
Weleda Korea Ltd.	KR – Seoul	Trade	KRW	130,000	100.0	100.0
Weleda Services GmbH	D – Schwäbisch Gmünd	Services	EUR	200	100.0	–
Weleda spol. s r.o.	CZ – Prague	Trade	CZK	19,684	99.6	99.6
Weleda UK Ltd	GB – Ilkeston	Production and trade	GBP	1,495	98.4	98.1
Weleda S.A.	F – Huningue	Production and trade	EUR	3,400	98.2	98.1
Weleda S.A.	ARG – Buenos Aires	Production and trade	ARS	7,622	95.0	95.0
Weleda Japan Co., Ltd.	JP – Nagoya	Production and trade	JPY	10,000	35.0	35.0

The share of voting rights corresponds to the capital share.

Report of the statutory auditor

To the General Meeting of Weleda AG, Arlesheim

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Weleda AG, which comprise the balance sheet, income statement, cash flow statement, statement of shareholders' equity and notes (pages 64 to 79), for the year ended December 31st 2019.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with the requirements of Swiss law and the consolidation and valuation principles as set out in the notes. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31st 2019 comply with Swiss law and the consolidation and valuation principles as set out in the notes.



Report on other legal requirements



We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Basle, April 17th 2020
Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert
(Auditor in charge)

Karina Gawron
Licensed audit expert

Annual Financial Report 2019 Weleda AG

Consisting of Arlesheim headquarters and
branch office Schwäbisch Gmünd

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Balance sheet of Weleda AG

Assets

in 1,000 CHF

	Notes	31.12.2019	31.12.2018
Current assets			
Cash and cash equivalents		16,795	10,785
Trade receivables	1	51,567	53,652
Other current receivables	2	11,272	16,207
Inventories		57,404	57,287
Prepaid expenses and accrued income		1,526	1,428
Total current assets		138,564	139,359
Non-current assets			
Financial assets	3	16,736	14,624
Equity investments	4	10,004	14,669
Property, plant and equipment		48,201	46,152
Intangible assets		2,371	3,475
Total non-current assets		77,312	78,920
Total assets		215,876	218,279

Liabilities and shareholders' equity

in 1,000 CHF

	Notes	31.12.2019	31.12.2018
Liabilities			
Current liabilities			
Trade payables	5	13,585	12,497
Other current liabilities	6	25,445	26,431
Current provisions	8	4,176	6,380
Accrued expenses and deferred income		8,436	6,636
Total current liabilities		51,642	51,944
Non-current liabilities			
Non-current interest-bearing liabilities	7	28,513	32,259
Non-current provisions	8	51,137	49,219
Total non-current liabilities		79,650	81,478
Total liabilities		131,292	133,422
Shareholders' equity			
Share capital		4,750	4,750
Non-voting share capital		9,500	9,500
Statutory capital reserves		11,016	12,000
Statutory retained earnings		3,400	3,400
Voluntary retained earnings		56,483	55,871
Treasury voting and non-voting shares	9	-565	-664
Total shareholders' equity		84,584	84,857
Total liabilities and shareholders' equity		215,876	218,279

Income statement of Weleda AG

in 1,000 CHF

	Notes	2019	2018
Net sales of goods and services		305,269	309,860
Other income		11,217	12,432
Change in inventories of finished goods and work in progress		3,232	5,007
Total operating income		319,718	327,299
Cost of materials		-103,117	-108,557
Employee income and social expenditure		-116,279	-110,851
Other operating expenses		-83,334	-90,571
Depreciation, amortisation and impairment losses on non-current assets		-13,420	-12,970
Total operating expenses		-316,150	-322,949
Operating result (EBIT)		3,568	4,350
Financial expenses	10	-1,487	-1,167
Financial income	11	187	216
Result for the year before tax		2,268	3,399
Income taxes		-2,045	-3,905
Result for the year		223	-506

Cash flow statement of Weleda AG

in 1,000 CHF

	2019	2018
Result for the year	223	-506
Depreciation, amortisation and impairment losses on non-current assets	13,420	12,970
Changes in provisions	2,512	1,609
Gain/loss from the disposal of non-current assets	187	5
Changes in trade receivables	508	-3,134
Changes in inventories	-2,096	-4,086
Changes in other current receivables and prepaid expenses/accrued income	4,498	-5,009
Changes in trade payables	1,411	-2,584
Changes in other current liabilities and accrued expenses/deferred income	1,127	2,454
Other non-cash items	1,511	256
Currency and valuation influences not affecting liquidity	2,661	1,956
Cash flow from operating activities	25,962	3,931
Investments in property, plant and equipment	-10,499	-6,783
Divestments of property, plant and equipment	0	1
Investments in financial assets	-4,661	-12,047
Divestments of financial assets	100	3,434
Investments in intangible assets	-1,409	-1,143
Cash flow from investing activities	-16,469	-16,538
Distribution/dividend payments to shareholders	-984	-961
Cash flow from changes in current interest-bearing liabilities (net)	0	-9,013
Additions of non-current interest-bearing liabilities	0	14,249
Repayments of non-current interest-bearing liabilities	-2,700	0
Sale of treasury voting and non-voting shares	594	1,816
Purchase of treasury voting and non-voting shares	-106	-10
Cash flow from financing activities	-3,196	6,081
Total cash flow	6,297	-6,526
Cash and cash equivalents at start of reporting period	10,785	17,656
Total cash flow	6,297	-6,526
Currency translation effect on cash and cash equivalents	-287	-345
Cash and cash equivalents at end of period	16,795	10,785

Statement of shareholders' equity of Weleda AG

in 1,000 CHF

	Company capital	Statutory capital reserves (agio)	Statutory retained earnings	Voluntary retained earnings	Treasury voting and non-voting shares	Total shareholders' equity
Shareholders' equity as at January 1st 2018	14,250	12,000	3,400	56,166	-1,298	84,518
Dividends to shareholders				-961		-961
Result for the year				-506		-506
Change in treasury voting and non-voting shares including gain/loss from sale				1,172	634	1,806
Shareholders' equity as at December 31st 2018	14,250	12,000	3,400	55,871	-664	84,857
Distribution to shareholders		-984				-984
Result for the year				223		223
Change in treasury voting and non-voting shares including gain/loss from sale				389	99	488
Shareholders' equity as at December 31st 2019	14,250	11,016	3,400	56,483	-565	84,584

¹ Company capital is broken down as follows:
6,880 registered voting shares at CHF 112.50
3,984 registered voting shares at CHF 125.00
3,478 registered voting shares at CHF 1,000.00
19,000 registered non-voting shares at CHF 500.00
There was no change in the company capital versus the prior year.

Notes to the financial statements of Weleda AG

General

Due to rounding, individual figures in this report may not add up exactly to the reported sum. Key figures and changes are calculated based on the exact amount and not the reported rounded amount.

Accounting principles

This Annual Financial Report has been prepared in accordance with uniform accounting standards (Weleda Accounting Manual). These accounting standards comply with the provisions on commercial accounting of the Swiss Code of Obligations (article 957–963b OR).

The Annual Financial Report of Weleda AG complies with the law and the articles of incorporation. Certain items of the balance sheet as well as the income statement are summarised in order to provide the reader with a better overview. These items are explained in detail in the notes.

Currency translation

The accounts of the German business establishment are stated in euro and translated at year-end as follows: current assets, non-current assets and liabilities are translated at year-end rate (rate on balance sheet date), shareholders' equity at historical rate. The income statement and the cash flow statement are translated using the average rate for the year. The resulting currency translation effects are booked directly in the income statement. The following currency exchange rates are applied:

YEAR-END RATE in CHF

	2019 Rate on balance sheet date	2019 Average rate	2018 Rate on balance sheet date	2018 Average rate
1 EUR (euro)	1.087	1.112	1.127	1.155

Balance sheet and valuation principles

In general, assets and liabilities are valued on an individual basis in so far as they are material and cannot be treated together as a group as is customary due to their similarity.

Sales recognition

Sales are recognised on the transfer of risks and benefits to customers or upon provision of the service. This generally corresponds to delivery of the products.

Current assets

Receivables and other current assets are reported at their nominal values. The general risk of loss and individual credit risk have been accounted for on the basis of value adjustments. The valuation of inventories is conducted on the basis of acquisition or production cost while observing the principle of lower of cost or market.

Non-current assets

Acquired intangible assets are recognised at the cost of acquisition, less amortisation. Property, plant and equipment is recognised at acquisition or production cost minus depreciation. Small-value intangible assets and property, plant and equipment with a value of less than CHF 1,080/EUR 1,000 are depreciated in full in the year they are added.

Financial assets are recognised at the cost of acquisition. Equity investments are also recognised at acquisition values and depreciated over five years. Additions to equity investments of less than CHF 100,000 are fully depreciated in the year of acquisition.

Where there are indications of non-current assets being overvalued, carrying values have been reviewed and, where necessary, adjusted.

Liabilities

Liabilities are recognised on the basis of nominal value. Provisions for pension plans and similar obligations are determined based on actuarial principles. The remaining provisions covered all recognisable risks for undetermined obligations. Liabilities are recognised at the respective amount at which they are to be repaid.

Treasury voting and non-voting shares

Treasury voting and non-voting shares are recognised at cost at the time of acquisition. The holding of treasury voting and non-voting shares is disclosed as a negative item in equity. Upon resale, the profit or loss is allocated directly to the voluntary retained earnings.

Leasing transactions

Leasing and rental contracts are recognised on the basis of legal ownership. Accordingly, expenses as lessee are recognised on an accrual basis, whereas the leased or rented objects themselves are not recognised. The total amount of outstanding non-current rental and leasing obligations is included in the notes.

Notes to the balance sheet and the income statement

1 Trade receivables

in 1,000 CHF		
	31.12.2019	31.12.2018
From third parties	33,234	35,342
From associated companies	18,156	18,149
From shareholders	177	161
Total trade receivables	51,567	53,652

2 Other current receivables

in 1,000 CHF		
	31.12.2019	31.12.2018
From third parties	7,688	13,298
From Group companies	3,584	2,909
Total other current receivables	11,272	16,207

3 Financial assets

in 1,000 CHF		
	31.12.2019	31.12.2018
Loans to Group companies	16,225	14,051
Other financial assets	511	573
Total financial assets	16,736	14,624

4 Equity investments

in 1,000 CHF		
	31.12.2019	31.12.2018
Investments in Group companies with an interest of more than 50 per cent	9,926	14,565
Other equity investments	78	104
Total equity investments	10,004	14,669

5 Trade payables

in 1,000 CHF		
	31.12.2019	31.12.2018
To third parties	13,277	10,867
To associated companies	229	1,598
To the statutory auditor Ernst & Young	79	32
Total trade payables	13,585	12,497

6 Other current liabilities

in 1,000 CHF		
	31.12.2019	31.12.2018
To third parties	3,309	2,935
To Group companies	22,101	23,423
To the statutory auditor Ernst & Young	0	48
To shareholders	35	25
Total other current liabilities	25,445	26,431

7 Non-current interest-bearing liabilities

in 1,000 CHF		
	31.12.2019	31.12.2018
To equity investments	28,513	32,259
Total non-current interest-bearing liabilities	28,513	32,259

MATURITY

in 1,000 CHF		
	31.12.2019	31.12.2018
Residual maturity 1 to 5 years	17,643	20,989
Residual maturity over 5 years	10,870	11,270
Total non-current interest-bearing liabilities	28,513	32,259

All financial liabilities due within the following 12 months are disclosed in current interest-bearing liabilities.

8 Provisions

in 1,000 CHF		
	31.12.2019	31.12.2018
Pension Fund	27,071	25,448
Other provisions	28,242	30,151
Total provisions	55,313	55,599
Of which current	4,176	6,380
Of which non-current	51,137	49,219

Other provisions comprise, among other things, currency provisions for unrealised exchange rate gains on non-current financial positions, reserves for strategic projects, restructuring liabilities for the Weleda UK Pension Fund and provisions for jubilee and other long-term service bonuses.

9 Treasury voting and non-voting shares

in 1,000 CHF		
	2019	2018
Stock of treasury voting shares as at January 1 st (in number: 198/prior year: 195)	420	414
Addition of treasury voting shares (in number: 23/prior year: 4)	106	10
Disposal of treasury voting shares (in number: 2/prior year: 1)	-5	-4
Stock of treasury voting shares as at December 31 st (in number: 219/prior year: 198)	521	420
Stock of treasury non-voting shares as at January 1 st (in number: 195/prior year: 715)	244	884
Addition of treasury non-voting shares (in number: 0/prior year: 0)	0	0
Disposal of treasury non-voting shares (in number: 160/prior year: 520)	-200	-640
Stock of treasury non-voting shares as at December 31 st (in number: 35/prior year: 195)	44	244
Total treasury voting and non-voting shares as at December 31st	565	664

2019, 160 non-voting shares were sold at an average transaction price of CHF 3,680. Furthermore, 18 treasury voting shares (nominal value CHF 1,000 each) were acquired at an average transaction price of CHF 5,808, five treasury voting shares (nominal value CHF 112.50 each) were acquired at an average transaction price of CHF 364 and two treasury voting shares (nominal value CHF 1,000) were sold at a transaction price of CHF 2,500.

10 Financial expenses

in 1,000 CHF		
	2019	2018
Interest and similar expenses relating to Group companies	-800	-736
Interest and similar expenses relating to third parties	-13	-155
Realised and unrealised foreign currency losses, net	-674	-276
Total financial expenses	-1,487	-1,167

11 Financial income

in 1,000 CHF		
	2019	2018
Interest from loans to Group companies	186	214
Interest and similar income from third parties	1	2
Total financial income	187	216

Other information

Full-time equivalents

The annual average number of full-time equivalents for the reporting year, as well as the previous year, exceeded 250. Changes in full-time equivalents are stated in the management report.

Contingent liabilities and other financial obligations

in 1,000 CHF

	31.12.2019	31.12.2018
Non-current rental and leasing obligations	3,153	3,496

Weleda AG has leasing and rental obligations for vehicles and production machinery as well as for buildings.

Restricted cash

in 1,000 CHF

	31.12.2019	31.12.2018
Restricted cash	185	185

Fee for the statutory auditor Ernst & Young

in 1,000 CHF

	2019	2018
Auditing services	213	175
Other services	209	273
Total fee	422	448

Significant events after the balance sheet date

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

Investments

	Registered office	Function	Currency	Company capital in 1,000	Capital share 2019 in %	Capital share 2018 in %
Weleda Benelux SE	NL – Zoetermeer	Production and trade	EUR	2,269	100.0	100.0
Weleda Ges. m.b.H.	A – Vienna	No operative function	EUR	36	100.0	100.0
Weleda Ges. m.b.H. & Co KG	A – Vienna	Trade	EUR	1,100	100.0	100.0
Weleda Trademark AG	CH – Arlesheim	Services	EUR	920	100.0	100.0
Weleda Inc.	USA – Irvington, N.Y.	Trade	USD	8,525	100.0	100.0
Weleda Italia S.r.l.	I – Milan	Trade	EUR	500	100.0	100.0
Weleda do Brasil Ltda.	BRA – São Paulo	Production and trade	BRL	27,140	100.0	100.0
Weleda Naturals GmbH	D – Schwäbisch Gmünd	Services	EUR	25	100.0	100.0
Weleda East GmbH	RUS – Moscow	Trade	RUB	10	100.0	100.0
Weleda S.A.U.	E – Madrid	Trade	EUR	685	100.0	100.0
Weleda (NZ) Ltd	NZL – Havelock North	Production and trade	NZD	169	100.0	100.0
Weleda Australia Pty Ltd	AUS – Warriewood	Trade	AUD	800	100.0	100.0
Weleda AB	S – Stockholm	Trade	SEK	2,000	100.0	100.0
Weleda (Australasia) Ltd	NZL – Havelock North	Services	NZD	1,139	100.0	100.0
Weleda Chile SpA	CHL – Santiago de Chile	Production and trade	CLP	491,321	100.0	100.0
Weleda F + E AG	CH – Arlesheim	Services	CHF	3,000	100.0	100.0
Weleda Ukraine LLC	UA – Kiev	Trade	UAH	500	100.0	100.0
Weleda Korea Ltd.	KR – Seoul	Trade	KRW	130,000	100.0	100.0
Weleda Services GmbH	D – Schwäbisch Gmünd	Services	EUR	200	100.0	–
Weleda spol. s r.o.	CZ – Prague	Trade	CZK	19,684	99.6	99.6
Weleda UK Ltd	GB – Ilkeston	Production and trade	GBP	1,495	98.4	98.1
Weleda S.A.	F – Huningue	Production and trade	EUR	3,400	98.2	98.1
Weleda S.A.	ARG – Buenos Aires	Production and trade	ARS	7,622	95.0	95.0
Weleda Japan Co., Ltd.	JP – Nagoya	Production and trade	JPY	10,000	35.0	35.0

The share of voting rights corresponds to the capital share.

Proposed appropriation of the result for the year

Board of Directors' proposed appropriation of the result for the year in CHF

	31.12.2019
Voluntary retained earnings (without result for the year)	56,259,560.42
Annual result for 2019	222,958.25
Total voluntary retained earnings	56,482,518.67

Since the statutory capital reserves and the statutory retained earnings have reached 50 per cent of the share capital, there will be no further allocation.

Provided the proposal is accepted the following distribution will be made out of the statutory capital reserves:

in CHF	per voting share	per voting share	per voting share	per non-voting share
Voting share/non-voting share (nominal)	112.50	125.00	1,000.00	500.00
Distribution (7 per cent) ¹	7.90	8.75	70.00	35.00

¹ Free of Swiss withholding tax distribution out of the statutory capital reserves

Repayments out of reserves from capital contributions (statutory capital reserves) of a corporation are not liable for withholding tax (article 5 [1bis] VStG). Hence the distribution is made gross.

in CHF	
Statutory capital reserves before distribution	11,016,274.00
Distribution on voting share capital of CHF 4,750,000.00	332,500.00
Distribution on non-voting share capital of CHF 9,500,000.00	665,000.00
Statutory capital reserves after distribution	10,018,774.00

Distribution payment out of statutory capital reserves

Provided the General Shareholders' Meeting approves the proposed distribution, we will pay the distribution in calendar week 26. No distribution will be paid for voting shares and non-voting shares held directly by the company at the time of distribution payment.

Weleda AG, Arlesheim, April 17th 2020
On behalf of the Board of Directors

Paul Mackay

Paul Mackay
Chairman

Dr. Andreas Jäschke

Dr. Andreas Jäschke
Deputy Chairman

Report of the statutory auditor

To the General Meeting of Weleda AG, Arlesheim

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Weleda AG, which comprise the balance sheet, income statement, cash flow statement, statement of shareholders' equity and notes (pages 82 to 94), for the year ended December 31st 2019.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31st 2019 comply with Swiss law and the company's articles of incorporation.



Report on other legal requirements



We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Basle, April 17th 2020
Ernst & Young Ltd

Daniel Zaugg

Daniel Zaugg
Licensed audit expert
(Auditor in charge)

Karina Gawron

Karina Gawron
Licensed audit expert

Resources used to produce Weleda natural and organic cosmetics and pharmaceuticals

Energy consumption

in megawatt-hours

	2019	2018	Change in %
Consumption within the organisation			
Total renewable energy	16,715	16,401	+1.9
Total non-renewable energy	18,509	18,594	-0.5
Total	35,224	34,995	+0.7
Consumption of non-renewable fuels			
Natural gas	15,876	15,471	+2.6
Heating oil	495	522	-5.1
Fuels	974	1,045	-6.9
Total	17,345	17,038	+1.8
Consumption of renewable fuels			
Biogas	988	980	+0.8
Energy consumption of electricity, heating and cooling			
Non-renewable			
Electricity	787	1,342	-41.4
Heating and cooling	150	157	-4.7
Nuclear energy	224	48	+370.0
Other forms	3	9	-63.5
Total non-renewable	1,163	1,555	-25.2
Renewable			
Solar energy	2,543	2,445	+4.0
Wind energy	677	726	-6.7
Geothermal energy	0.4	1	-61.3
Hydropower	10,354	10,654	-2.8
Biomass-based intermediate energy	2,034	1,458	+39.5
Total renewable	15,608	15,285	2.1
Total	16,771	16,840	-0.4
Energy sources produced			
Electricity	143	144	-0.9
Thermal heat	11	30	-63.0
Energy sources sold			
Electricity	34	38	-10.1

Emissions

in tonnes of CO₂ equivalents

	2019	2018	Change in %
Direct emissions			
Emissions from production of hot water, heat and steam ¹	3,710	3,577	+3.7
Fugitive emissions ¹	70	107	-34.5
Indirect emissions			
Electricity ¹	1,198	1,232	-2.7
Total	4,979	4,916	+1.3

¹ Values for 2018 updated compared to previous year (extended database)

Water consumption

in cubic metres

	2019	2018	Change in %
Water withdrawal			
Water from public water supply	89,374	103,438	-13.6
Ground water	83,872	81,555	+2.8
Rainwater, collected directly and stored	4,214	4,507	-6.5
Total	177,460	189,500	-6.4

¹ Values for 2018 updated compared to previous year (extended database)

Purchased materials

in tonnes

	2019	2018	Change in %
Raw materials¹			
Renewable	4,726	5,071	-6.8
Non-renewable	305	304	+0.3
Total	5,031	5,375	-6.4
Packaging¹			
Renewable	2,287	2,225	+2.8
Non-renewable	3,287	4,359	-24.6
Total	5,574	6,584	-15.3
Advertising material¹			
Renewable	821	1,129	-27.3
Non-renewable	84	263	-68.0
Total	905	1,393	-35.0
Operating material²			
Renewable	61	65	-5.9
Non-renewable	74	96	-23.2
Total	135	161	-16.2

Purchased materials

in tonnes

	2019	2018	Change in %
Semi-finished products and bulk goods²			
Renewable	50	53	-6.6
Non-renewable	3	2	+23.7
Total	53	56	-5.2
Trade goods²			
Renewable	432	359	+20.4
Non-renewable	455	376	+20.9
Total	886	735	+20.6
Proportion of renewable materials³	8,377	8,901	-5.9
Proportion of non-renewable materials	4,208	5,401	-22.1
Total	12,584	14,303	-12.0

¹ Predominantly determined by direct measurement (invoices and ERP system). In case of doubt, classification as non-renewable

² Estimates based on purchases and their material composition. In case of doubt, classification as non-renewable

³ The drinking water used as raw material is not taken into account here as the water input is already included in the water consumption. Otherwise, the share of renewable materials would be significantly higher.

Waste quantities

in tonnes

	2019	2018	Change in %
Normal waste			
Composting	20	39	-48.1
Reuse	37	46	-19.5
Recycling	740	772	-4.1
Recovery	18	8	+140.6
Incineration or use as fuel	350	424	-17.4
Landfill	29	24	+23.4
Other disposal	25	46	-44.4
Total	1,221	1,358	-10.1
Hazardous waste			
Recycling	17	7	+132.7
Recovery	16	13	+25.7
Incineration or use as fuel	55	51	+7.4
Landfill	1	0	+100.0
On-site storage	2	0	+100.0
Other disposal	29	43	-32.3
Total	120	115	+5.2
Total	1,341	1,473	-8.9

Employees of the Weleda Group

Employees of the Weleda Group at a glance

as at December 31st 2019

	Region D-A-CH ¹	Western Europe ¹	Northern, Central and Eastern Europe ¹	North America ¹	South America, Italy, Spain ¹	Asia/Pacific ¹	Total
Number of female employees	930	418	88	22	233	55	1,746
Number of male employees	506	150	16	9	109	18	808
Total number of employees	1,436	568	104	31	342	73	2,554
Total number of managers	226	93	21	15	56	13	424
Nature of employment							
Full-time employees	861	386	89	30	303	25	1,694
Part-time employees	575	182	9	1	39	48	854
Of whom female part-time employees	505	164	9	1	33	40	752
Of whom male part-time employees	70	18	0	0	6	8	102
Employment by age group							
Up to 30 years of age	219	91	19	²	65	²	404
31 to 50 years of age	770	305	80	²	223	²	1,436
51 to 60 years of age	366	144	2	²	41	²	581
Over 60 years of age	81	28	2	²	13	²	132
Total number of newborns	53	11	9	1	14	2	90

¹ Explanation of regions:
D-A-CH: Germany, Austria, Switzerland
Western Europe: France, UK, Benelux (Netherlands, Belgium)
Northern, Central and Eastern Europe: Sweden, Russia, Czech Republic (incl. Slovakia), Ukraine
North America: USA
South America, Italy, Spain: Argentina/Chile, Brazil, Italy, Spain
Asia/Pacific: Australia, New Zealand, South Korea (excluding Japan, as minority holding)

² Employment by age group cannot be disclosed for legal reasons.

Differences in the total values result from different data sources and legal bases in the respective countries.

GRI indicators index

In our reporting on corporate responsibility, we also refer to the internationally recognised guidelines of the Global Reporting Initiative (GRI, Sustainable Reporting Standards 2016) and thus make our performance transparent. The following table shows where information on the indicators can be found in the previous chapters.

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The Global Reporting Initiative was founded in 1997 by the Coalition of Environmentally Responsible Economies (Ceres) and the United Nations Environmental Programme (UNEP).

Detailed information can be found online at www.globalreporting.org

Our contribution to the Sustainable Development Goals

We have aligned the actions we have taken so far with the Sustainable Development Goals published in 2015 by the United Nations. This enhances transparency and traceability as well as safeguarding nature and the needs of our cultivation partners. The Sustainable Development Goals were compiled by the United Nations and aim to transform the world by 2030. They include 17 global goals with 169 subsidiary targets.

	<ul style="list-style-type: none"> Compliance with social criteria along our raw material supply chains (e.g. annual negotiations on cost-based prices, supplements for organic cultivation, guaranteed minimum income pursuant to the UEBT standard) Planning security for smallholders through long-term contracts Financial support for individual social projects within the raw material supply chains 		<ul style="list-style-type: none"> Products do not contain microplastics and other persistent or water-polluting substances Production: investing greatly in effective and efficient water management and highly efficient equipment in production facilities Avoidance of contributing pesticides to ground water by making maximum possible use of raw materials from organic cultivation Social projects such as building a well in Uganda In regions with water scarcity, seeking options for resource-conserving irrigation in cultivation Access to clean drinking water for all involved along our raw material supply chains pursuant to the UEBT standard 		<ul style="list-style-type: none"> Sustainable products for the good of people, in harmony with nature Nature certification of all natural and organic cosmetics products manufactured in Switzerland and Germany Increasing the proportion of recyclate in natural cosmetics packaging Effective and efficient use of resources and reduction of waste in production, deployment of environmental management systems at main sites Circular economy in our own biodynamic medicinal plant cultivation
	<ul style="list-style-type: none"> Preserving rural life by supporting small enterprises Promotion of site and soil quality with raw materials from organic farming, biodynamic agriculture and controlled wild collection Use of non-GMO seeds only Social projects with raw material suppliers Guaranteeing food security in cultivation and collection regions pursuant to the UEBT standard 		<ul style="list-style-type: none"> Effective and efficient energy management in production (e.g. switch to LED) Manufacturing our products using renewable energy and own photovoltaic system Construction of new buildings according to sustainable standard (e.g. new build in Arlesheim) Sustainable planning of the logistics centre in Schwäbisch Gmünd 		<ul style="list-style-type: none"> Our biodynamic garden as an example of resistant, sustainable agriculture and closed material cycles Transparency regarding company emissions and measures for reduction The prudent use of natural resources along raw material supply chains in cultivation and wild collection pursuant to the UEBT standard Through our supply partnerships, biodynamic agriculture and UEBT certification, we support the increase of soil organics, which bind carbon directly from the atmosphere.
	<ul style="list-style-type: none"> Promoting anthroposophic medicine and therapeutic diversity as well as medicine free from antibiotics Variety of programmes for employees to strengthen resilience Educating customers on health through publications and events Ensuring health and safety along our raw material supply chains pursuant to the UEBT standard 		<ul style="list-style-type: none"> Ensuring compliance with internationally recognised social and environmental standards in the supply chain pursuant to the UEBT standard Progressively increasing financial resilience and future viability of the company Weleda as a "place of human development based on shared tasks" with wide range of measures and offers for employees Guided by our vision and mission for the benefit of people and nature 		<ul style="list-style-type: none"> Products without microplastics and other persistent or water-polluting substances
	<ul style="list-style-type: none"> Social projects to support education in our raw material supply chains Various programmes for employees and trainees/students Cooperations with universities and other institutions of higher education Voluntary Ecological Year Ensuring equality between men and women along our raw material supply chains pursuant to the UEBT standard Award of contracts to Haus Lindenhof for the employment of people with disabilities 		<ul style="list-style-type: none"> Supporting growers in establishing local infrastructure Promoting the independence of our suppliers Start-up and failure financing for individual suppliers Investment in own infrastructure 		<ul style="list-style-type: none"> Organic or biodynamic farming or certified wild collection account for >80 per cent of raw materials Active efforts to improve both soil fertility and biodiversity in projects with farmers Support for seed initiatives; no use of GMO seeds Active and political engagement on the topic of palm oil
	<ul style="list-style-type: none"> Promotion of equal rights among both our suppliers and our employees High proportion of women and women in management positions 		<ul style="list-style-type: none"> Ensuring compliance with ILO standards through supply chain management system pursuant to the UEBT standard The "Diversity wins! Prospects for people who have experienced displacement" programme and the active promotion of diversity 		<ul style="list-style-type: none"> Respectful dealings through the supply chain management system pursuant to the UEBT standard Global governance guidelines As an anthroposophically inspired company, supporting and promoting the guiding principles as a contribution to a fair, diverse and peaceful world
			<ul style="list-style-type: none"> Actively working with the communities in which Weleda is based Promotion of rural living within the supply chain 		<ul style="list-style-type: none"> Active member of numerous health and sustainability initiatives and associations Global cooperations with manufacturers and farmers

Certifications of Weleda countries

Weleda actively pursues environmental management and works to improve social and working conditions. Independent experts have confirmed compliance with internationally recognised standards by awarding the following certifications.

Switzerland

Weleda AG
Dychweg 14
4144 Arlesheim
Switzerland
Tel. +41 61 705 21 21
www.weleda.ch

Certified in accordance with
ISO 14001 and EMAS/Verified
Environmental Management



Germany

Weleda AG
Möhlerstr. 3-5
73525 Schwäbisch Gmünd
Germany
Tel. +49 7171 91 90
www.weleda.de

Certified in accordance
with ISO 14001 and EMAS/
Verified Environmental
Management, D-135-00032,
certified in accordance with
audit berufundfamilie



Italy

Weleda Italia S.r.l.
Via Albani 65
20148 Milan
Italy
Tel. +39 02 487 70 51
www.weleda.it

Certified in accordance
with SA8000 (Social
Accountability Standard)



France

Weleda S.A.
9, rue Eugène Jung
68331 Huningue Cedex
France
Tel. +33 38 969 68 00
www.weleda.fr

Certified in accordance with
ISO 14001

Since 2018

UEBT certification for our
management system
for raw material sourcing of
natural raw materials

Weleda was among the first two brands worldwide to receive the new UEBT certification "Sourcing with respect" in 2018. This label guarantees that biodiversity is preserved and used sustainably in the cultivation, harvesting and further processing of the plants. Weleda is also committed to treating all supply chain participants fairly and paying fair prices.



Ethical sourcing commitments

Since 2012 we have been a member of the Union for Ethical BioTrade (UEBT). The non-profit association promotes the respectful procurement of natural raw materials.

The ambitious standard for ethical procurement promotes sustainable economic growth, local development and the protection and sustainable use of biodiversity.

In accordance with our vision "Creating a world in which the health and beauty of human beings and nature continually unfold" and our mission "Weleda sustainably develops its business in harmony with nature and the human being", we have implemented the UEBT standard as a sustainability management system along all our natural raw material supply chains.

In 2018, UEBT offered a certification programme for ethical procurement (ESS). UEBT certifies procurement systems of companies that respect people and biodiversity.

As a UEBT member, we are committed to innovation and procurement practices that contribute to a world in which people and biodiversity can thrive. With this in mind, and as part of our sustainability strategy, we have decided to go one step further in our commitment and introduce the certification of our Ethical Sourcing System (ESS) for all our natural raw materials used in our natural and organic cosmetics products. A subsequent risk analysis will help us to identify the need for lasting improvements and to determine what measures must be taken.

As a next step, and as part of the certification programme, we are committed to taking further action along defined, so-called prioritised supply chains. This will allow us to reach even more actors and areas for cultivation and wild collection to improve ethical sourcing wherever necessary.

We achieved the first certification in 2018 and had a second successful audit in June 2019.

Certification scope in figures

2019

- We had 657 approved supply chains, which means that 100 per cent of the raw materials used were evaluated.
- In 2019 we purchased 279 natural raw materials from 150 suppliers for natural and organic cosmetics.
- 50 of our supply chains are defined as prioritised for verification. Verification means that we confirm the information we have received from our suppliers for evaluation through on-site audits.
- Of these 50 prioritised supply chains, 34 audits were carried out in 2019, with all other audits to be carried out in 2020. Reasons for delays in audits are mainly of a time-related nature.

2020 target

- Verification of all remaining prioritised supply chains
- Follow-up of supplier measures and completion of verification audits
- The corrective measures from last year's audit are mainly adjustments in our process descriptions and internal training. These measures will be implemented in 2020.
- More internal training on communication

Observation

Not all audits were carried out in 2019 as planned. There were difficulties with time planning (availability of auditors, suppliers, operators on site), coordination, language, but also with the different structures of the supply chains which require a more precise specification of the UEBT standard and its application.

Internal training measures with all relevant departments were necessary to better explain the requirements of the certification and their importance in day-to-day work. This training was conducted for R&D, marketing and project management and may be repeated regularly.

The current certification is valid until June 2021.

What are the guiding principles of the UEBT standard?

- Biodiversity conservation
- Sustainable use of biodiversity
- Sharing of benefits between companies and communities through the use of biodiversity
- Traceability to identify the origins of the natural ingredients
- Compliance with national and international regulations
- Adequate working conditions for employees and ensuring local food security
- No "land grabbing", instead measures to prevent illegal use

What is the UEBT?

The Union for Ethical BioTrade (UEBT) provides a globally recognised standard for ethical trade in natural resources. The non-profit organisation is an offshoot of the UN Convention on Biological Diversity (CBD) and the UN Conference on Trade and Development (UNCTAD).

Transparent and solid business management

Weleda places great value on a transparent management structure and an open communication culture. The rules for good corporate governance are laid down in the company's articles of association and organisational regulations.

Control and risk management

The primary objective of risk management is to ensure the long-term survival of the company – as a basis for further development. Risk reporting to the Audit Committee and the Board of Directors takes place half-yearly. The material content and elements of Weleda's Group-wide risk policy have been documented and described in a comprehensive control and risk management system (KuRS).

The Audit Committee is a fundamental element of the management structure, with responsibility for compliance with Weleda's corporate governance.

Audit Committee

Members

Two members of the Audit Committee, Dr Jürg Galliker (Chairman) and Monique Bourquin, are also members of the Board of Directors. With Dr Patrick Scarpelli, partner at cctm AG in Basel, an external specialist is also represented.

Tasks

The function of the Audit Committee is to provide effective support to the Board of Directors in monitoring corporate governance. This includes:

- monitoring the integrity of financial reporting and the Group's internal control system as well as monitoring compliance with legal and internal regulations
- monitoring the independence and performance of the independent external auditors (auditors and Group auditors) and the internal auditing department

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