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Cover design: In our Report we introduce you to seven people. They are connected to Weleda as employee or partner and fill the vision of Weleda with life in their work and leisure time.

Annual and Sustainability Report 2017
The Weleda Group and Weleda AG

Selected key figures



Dear Readers,

We are pleased to once again present an integrated Annual and Sustainability Report this year. Sustainable business activities are a matter close to our heart that ensure we play our part in creating a world in which the health and beauty of human beings and nature continually unfold.

Over the past year, we have fundamentally reworked our sustainability strategy, and this has now been adopted. In developing this strategy, we identified seven areas of action on which we will be particularly focusing over the next few years. The three pillars of sustainability – economic viability, environmental protection and social responsibility – are implicitly included in every area of action. In line with the new strategy, the report is divided into seven chapters:

- ▶ Product development and products
- ▶ Ecological farming and biodiversity
- ▶ Respectful supply chain
- ▶ Sustainable sites, production and logistics
- ▶ Meaningful and effective work
- ▶ Cultural and social development and relationships
- ▶ Management and finance

The performance of Weleda is above all attributable to the efforts of our 2,440 employees. Each of the seven chapters begins with the short story of an employee or someone who works with Weleda, sharing what they do in and for the company and beyond. We are calling these contributions they make “goodprints” – as opposed to footprints.

I would like to take this opportunity to express my warm thanks to all employees for their dedication. In 2017 they played a crucial part in enabling us to once again conclude the year successfully. On this basis, we on the Board of Directors have made the following strategic decisions: to renew our infrastructure with the core element of a new production and logistics building in Schwäbisch Gmünd, to develop the new pharmaceuticals strategy, to revise the range strategy for natural and organic cosmetics, to carry out additional investment in research and development, and to formulate concepts for Weleda Treatment Studios.

I look forward to continuing to work with you for our customers and a humane society.
Yours,



Paul Mackay
Chairman of the Board of Directors of Weleda AG

Board of Directors of Weleda AG



“
A successful, cooperative leadership at Weleda is reliant on an effective organisation and good corporate governance¹. It is to this that I am personally committed.
”

Dr Jürg Galliker, Deputy Chairman of the Board of Directors and independent lawyer in Basel



“
Medicine and cosmetics come from the same source. There are still many treasures to be found. By discovering these, we open the door to a successful future at Weleda.
”

Elfi Seiler, pharmacist by training and co-owner of the St Peter Pharmacy in Zurich



“
It is a matter close to my heart to take Weleda in a direction in which it can make a unique and lasting contribution to society, the people associated with the company, and nature.
”

Paul Mackay, Chairman of the Board of Directors



“
The research and development of anthroposophic pharmaceuticals is a cause that I particularly care about. I am devoting my efforts to making them available worldwide in a cost-effective way.
”

Prof. Dr Harald Matthes, senior doctor at Havelhöhe Community Hospital in Berlin

“
The contribution that Weleda makes to people, society and the environment is extremely important for us as owners. Creating premium innovative products for healing and care with passion and love – that is my goal.
”

Dr Andreas Jäschke, Managing Director of Klinik Arlesheim



The Executive Board of Weleda AG



“
I am responsible for the areas of research and development as well as production. Scientifically tested, innovative pharmaceuticals and natural and organic cosmetics with the classic Weleda signature as well as a forward-looking production environment are my guiding principles.
”

Dr Aldo Ammendola, Chief Research and Development Officer/Chief Operations Officer



“
As the person with responsibility for the markets, I take the view that we must never lose sight of our customers in all decisions we take. In addition, the internationalisation and entrepreneurialism of Weleda are particularly important to me.
”

Andreas Sommer, Chief Commercial Officer

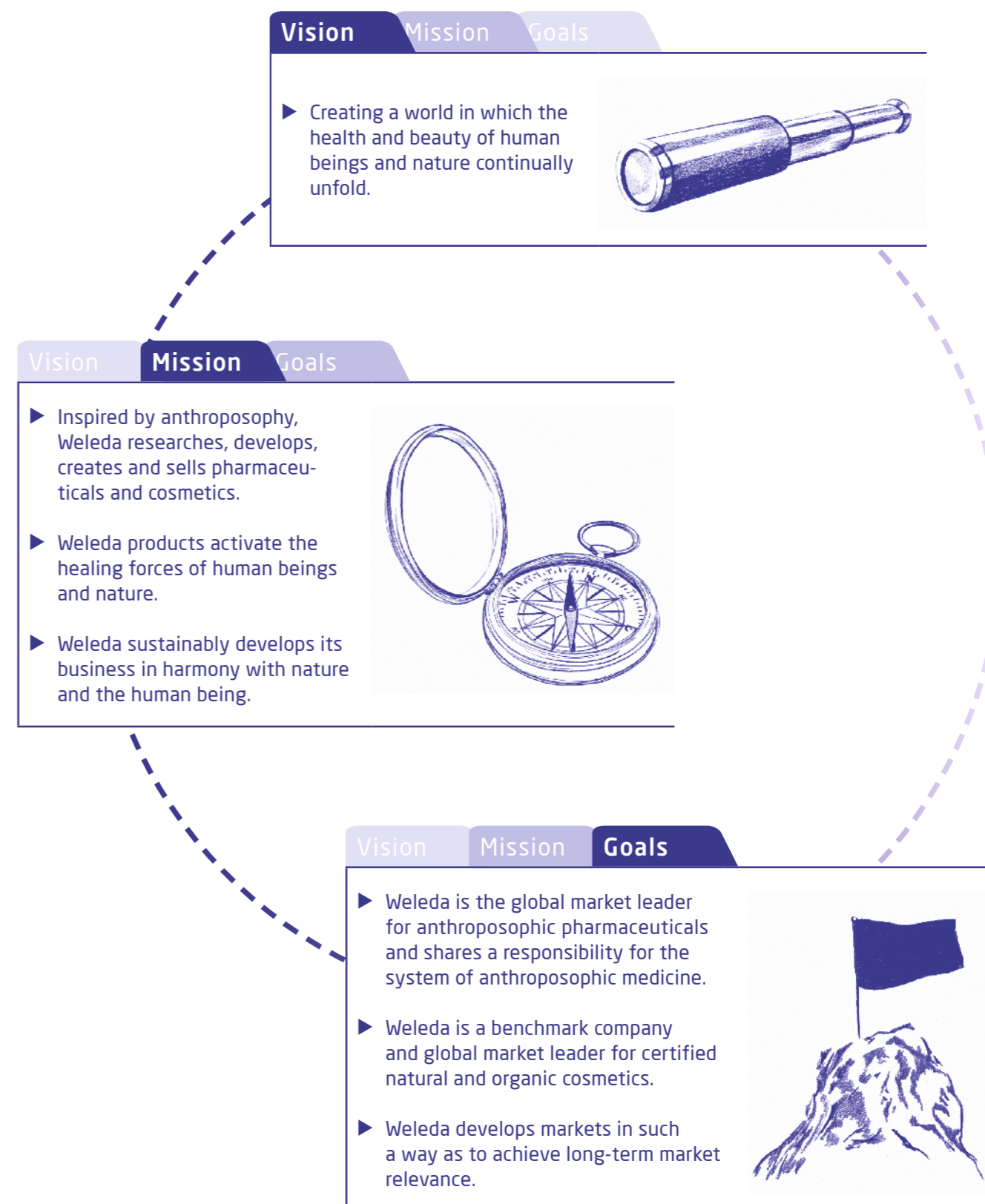


“
My aim is to strengthen the financial resilience of Weleda in the long term, structuring the value chain as efficiently as possible and distributing this value in line with our vision.
”

Michael Brenner, Chief Financial Officer

Mission, Vision, Goals

Why does Weleda make a difference for the world? How do we want to realise our vision? When doing so, what is the specific goal or material requirement that we are aiming for? The declaration on our Mission, Vision and Goals is our guiding star for the work we do as a company.



Development of the Weleda Sustainability Programme

In the reporting year, we revised and further specified our Sustainability Programme in order to map out the value chain of Weleda in a traceable way and present our actions more clearly. It is now divided into seven areas of action, which will each be presented in the following chapters: with our commitments, targets and achievements as well as news from 2017.

Until now, the focus of our sustainability management had been on the three dimensions of sustainability: economic, environmental and social. Our reporting was structured accordingly. However, this categorisation meant many aspects were artificially separated, such as the topic of supply chains, for example, which spans all dimensions. Our objective was therefore to map out the Weleda value chain so that it can be clearly and effectively communicated.

Seven areas of action

The Weleda sustainability flower with dimensions and action fields enabled us to draw contextual connections between areas of action – with the corporate vision always at the centre (see page 5). The seven areas of action (see diagram on page 7) correspond to the core sustainability considerations at Weleda. In all areas, the activities are aimed at being socially responsible, environmentally friendly and commercially successful.

What Weleda stands for

The areas of action include commitments by which Weleda is already bound today. These are initiatives and achievements, and voluntary undertakings and promises, in relation to our business activities. In addition, we have defined commitments for the future which strive dynamically to support the Weleda vision and contribute to the sustainable development of the company. A few of the topics that are of particular importance to us are presented briefly here; others, such as packaging to name but one, can be found in the following pages.

Ecological farming and biodiversity

Healthy soil plays an important role in enabling sustainable agriculture to thrive in the long term. It is essential for the health and beauty of flora and fauna, so is ultimately a prerequisite for all Weleda products. As a company, we are inextricably linked with organic farming. The organic share of our plant raw materials already stands at more than 80 per cent now.

We are especially closely aligned with biodynamic agriculture. It is our conviction that biodynamic cultivation is the most sustainable form of farming.

For this reason, we have set ourselves the target of significantly raising the percentage of raw materials sourced from biodynamic cultivation over the next five years: to 30 per cent of the organic share. In addition, we intend to launch initiatives for biodynamic farming in collaboration with our partners to raise awareness of issues such as biodiversity, insects and healthy soil in local and global campaigns.

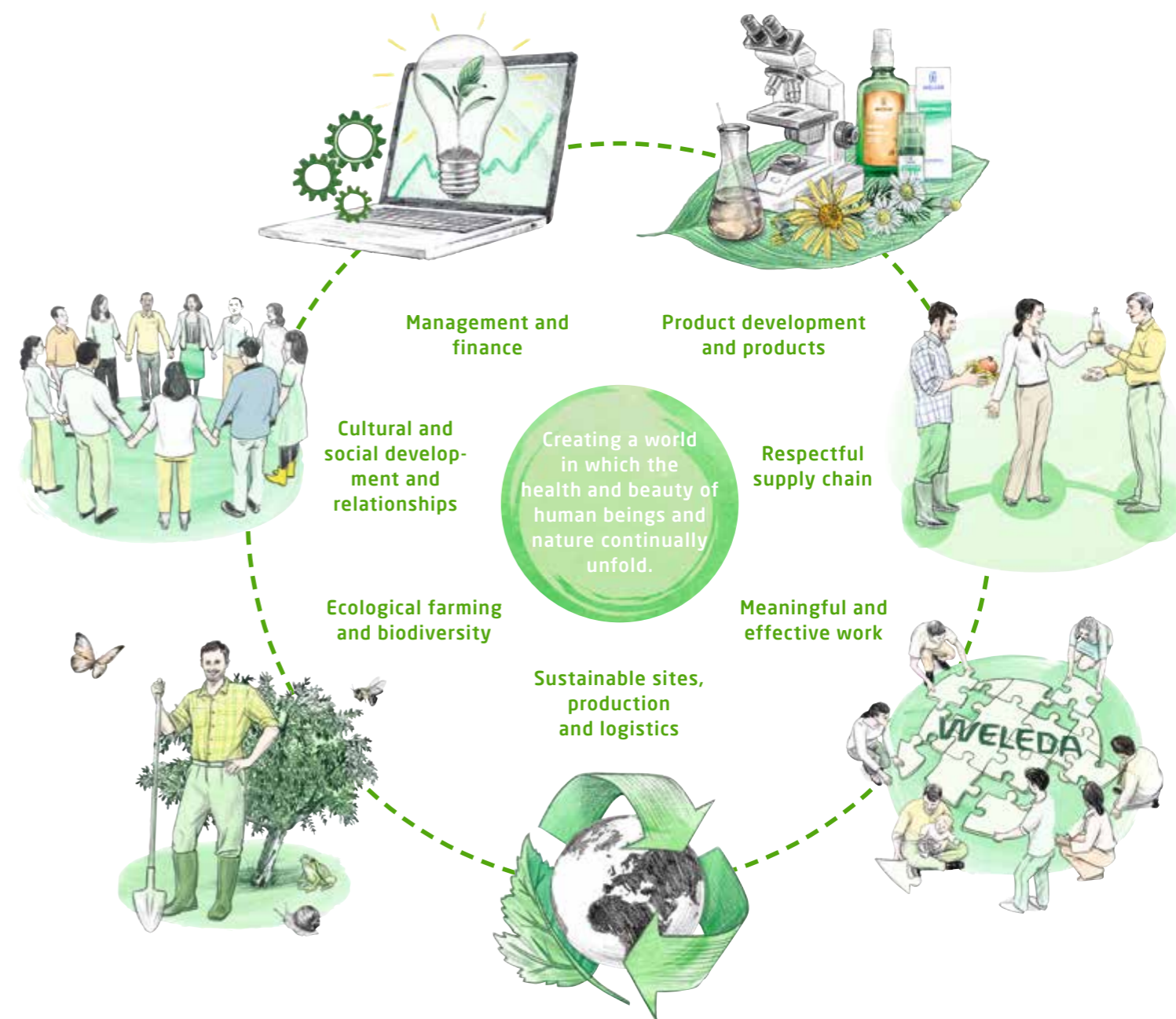
Respectful supply chain

We strive to deliver comprehensive and measurable transparency and fairness within Weleda's supply chains. Further, we want to prove that organic farming and biodynamic agriculture are beneficial to humans and nature alike. For this reason, we have decided to launch pilot projects for calculating the true cost of some lead plants (true cost accounting).

Sustainable management and finance

Transparent business management with high ecosocial aspirations has been important for Weleda since the very start. In future, we will be involving our associated companies throughout the world even more strongly in order to reach ambitious ecosocial targets. Both internally and as a group we want to be more intensively connected to the world so that we as a company can positively influence people and the planet.

We will also be supporting the B Corp initiative, a global network of companies that has redefined what it means to be successful in business. "B" stands for benefit, having a positive impact. This is interwoven with a management approach comprising tools that offer guidance on how to consistently enhance this beneficial impact. Part of this is our efforts to further improve sustainability reporting and increase transparency on the impact and achievements of Weleda (www.bcorporation.net).



Goodprint

The next chapters on our areas of action will each introduce an individual. These are people from the world of Weleda who are doing good and consequently helping to make the world a better place – through their pro-

fessional work or with voluntary activities in their spare time. We have coined the term "goodprint" for this positive work, as opposed to the already familiar concept of an ecological footprint.

1 Product development and products

Weleda has stood for a very special promise of quality since the start and this is also the foundation of our customers' trust. Alongside high product quality, there is great demand for resource-efficient packaging today. Our research and development team have been working hard in this area for many years. They make a vital contribution to the future of Weleda, in natural and organic cosmetics as well as pharmaceuticals.

What we have achieved so far – our commitments

- ▶ Weleda's commitment to quality:
 - NATRUE certification of natural and organic cosmetic products
 - Products based on natural, nature-identical and derived natural substances
 - No use of parabens, paraffins, synthetic fragrances, colourings or preservatives, gelatine, aluminium salts, phthalates, genetically modified raw materials or microplastics; and no animal testing for natural and organic cosmetics
- ▶ High quality requirements for raw materials according to Weleda's specifications: testing for pesticides, testing of all raw materials in our own analysis section
- ▶ Raw materials are processed fresh and immediately: generally by in-house tincture manufacturing according to pharmaceutical methods.
- ▶ In-house fragrance development: pure natural essential oils
- ▶ Involvement in palm oil (see pages 16 and 18)
- ▶ Packaging:
 - Around 50 per cent of primary packaging materials are recycled
 - Certified 100 per cent: paper, cardboard and package inserts of natural and organic cosmetic products
 - Transport packaging made up 100 per cent of recycled fibres
 - Made in Europe

Targets set for 2017

- ▶ Further development of environmentally friendly, recyclable packaging for natural and organic cosmetics

- ▶ Concept to redesign transport packaging (cardboard)

Achievements 2017

- ▶ Optimised screw cap for aluminium tubes in 2016 and 2017
- ▶ Introduction of the harmony bottle (body oil with pump) that is 85 per cent recycled glass
- ▶ Definition of sustainability criteria for new product development
- ▶ First mineral oil-free colour printing on folding boxes

- ▶ Started process for concept development

Targets 2018

- Continuation of targets:
- ▶ Baby PET bottle with 50 per cent recycled polyethylene terephthalate (PET)
 - ▶ Roll-on deodorant container with 50 per cent recycled high-density polyethylene (HDPE)
 - ▶ Sustainable materials for folding boxes and package inserts
 - ▶ Projects to replace aluminium tubes containing Coex plastic film with recycled HDPE
 - ▶ Development of concept for transport packaging

“Sustainability must also be practical: new mothers want to be able to open and close baby oil bottles with one hand.”

Murat Haner,
Head of Packaging Development
at Weleda Switzerland

Goodprint



Murat Haner (39) is Head of Packaging Development at Weleda AG in Arlesheim and Schwäbisch Gmünd. He has worked for the company since 2016 and hopes soon to be able to manufacture food-grade packaging directly from the disposal of recyclable waste.

Overcoming boundaries. Perhaps sometimes finding a way to square the circle: what do tubes and bottles for Weleda's natural and organic cosmetics need to be made of to ensure they protect their contents for three years, but are easily compostable on expiration? "This is what we are currently researching," says Murat Haner, as well as how packaging could perhaps find a "second life", as a decorative piece, for example. The Head of Packaging Development and his small team are constantly working on new solutions that will make the Company's packaging for natural and organic cosmetics as well as medicinal products even more sustainable: "Our vision is modern, functional, sustainable packaging that customers love and also simplifies our processes." The graduate in chemical engineering has been at Weleda for just under two years and much has already been achieved in that time (see column on right). This year, the calendula baby care range will become available with a practical flip-top on a plastic bottle that is made of 50 per cent recycled material. "In the natural cosmetics sector, half is a lot," Murat asserts. This does not make it cheaper but is consistent with the original mission of 1921 to be responsible in the use of resources. Murat Haner is also personally invested. He first discovered Weleda products in Vienna when he moved from western Turkey to work for an international company, first in Austria and later in Dusseldorf, before Weleda offered him a job. He now lives near Arlesheim, 2,500 kilometres from Izmir, with his wife Sebnem and their two-year-old daughter. The family prefers to buy fruit and vegetables locally at the market where it is fresh and comes without all the unnecessary packaging.

IN BRIEF

Successes in packaging development in 2017

4t

of material was saved by optimising the weight of the screw cap for aluminium tubes.



85 %

of each green glass bottle used for body oils is recycled material – the highest share of recycled glass possible. A pump dispenser also dispenses the oil more easily.

250,000

fewer package inserts were printed following the switch to dual labels on body oils: the removable bottle label now features the product information on the reverse side.

Further achievements

- For the first time, mineral oil-free ink was used to print on folding boxes.
- Aluminium barrier laminate (ABL) tubes were used for the new beauty balms: the plastic tubes contain a thin aluminium layer which effectively protects the product and at the same time improves ease of use.
- The foam pump was optimised for the new cleansing foam.
- Skin Food skin cream has been sold without a package insert since September 2017.

New people in key positions



Chemist **Bernhard Irrgang** has been Head of Research and Development for Natural and Organic Cosmetics at Weleda since July 2017. This area comprises the teams in Galenic Development, Packaging Development, Active Substance Development and Fragrance Development as well as the Regulatory Affairs and Scientific Information departments. Bernhard Irrgang can look back on many years of experience in the development of natural and organic cosmetics.

It is my aim to ensure that Weleda regains its role as trendsetter in natural and organic cosmetics.

My goal is to underline the efficacy of Weleda medicinal products with scientific facts and make them commercially successful as a result.

As of July 2017, biologist **Gerald Künstle** has headed up the newly established Preclinical Development Unit. His role is to collect scientific data and facts for selected pharmaceuticals and consequently support the marketing of these products.



New products

We introduced 12 products in 2017 and early 2018. Weleda was also repositioned in two new market segments: sun care and care for children.



KIDS 2 IN 1 SHOWER & SHAMPOO
With three different Kids 2 in 1 Shower & Shampoo options with fun designs, we now offer care products for children alongside our baby care range.



EDELWEISS SUN CREAM
Weleda sun cream previously had to be withdrawn from the market in 2008 but in 2018 we launched five new sun protection products. They use mineral non-nano UV filters.



BEAUTY BALM
After the successful introduction of tinted lip balm, two face creams have been on the market since the start of 2018: Beauty Balm 5 in 1 Tinted Day Cream in the shades of nude or bronze.



GENTLE CLEANSING FOAM
Since the start of 2018, the Weleda facial cleansing line has been enhanced with a cleansing foam.



FEEL GOOD SHOWER LIMITED EDITION
Spicy ginger to feel great: this limited edition shower gel has been available exclusively in Austria, France, Germany and Switzerland since spring 2018.

“Research is essential for our survival”

Dr Aldo Ammendola took on the new role of Executive Board member with responsibility for Research and Development (R&D) in 2016. He talked to us about the challenges of researching complementary medicine and the further development of Weleda's pharmaceuticals range.



“
Research is always initially an investment in the future. The findings of our current research activities will only be evident in a few years.
”

What does research mean for Weleda?

ALDO AMMENDOLA: For a company like Weleda, R&D is essential for survival. Especially in the area of pharmaceuticals, innovative research forms the basis of being able to offer patients proven effective and safe products. In addition, R&D makes a fundamental contribution to the financial stability of Weleda. Anthroposophy has served as our inspiration. It is the driving force behind the development and research of new medicinal products drawing on the latest scientific methods.

How has pharmaceuticals research changed since you took over the unit?

ALDO AMMENDOLA: For a long time Weleda drew on the rich pool of traditional knowledge and above all concentrated on managing and securing its very large existing range. About a year ago, we shifted our focus more towards the scientific research of selected products and innovation. The aim is to reconcile therapeutic variety with cost-effectiveness.

What do you think are the challenges for research in complementary medicine?

ALDO AMMENDOLA: In contrast to the pharmaceutical giants, medium-sized companies such as Weleda have a limited availability of financial resources for the development of medicinal products. Conversely, it is important that the wealth of traditional knowledge from herbal medicine and anthroposophic medicine is brought into line with the demands of modern, evidence-based medicine and a clearly describable mode of action in terms of natural science.

How does Weleda benefit from the research?

ALDO AMMENDOLA: Research is always initially an investment in the future. The findings of our current research activities will only be evident in a few years. For totally new medicinal products, the time horizon is even longer owing to the higher development effort that is required. The new spirit of research has already noticeably revived the working atmosphere – after years of stagnation during the restructuring phase, a spirit of excited optimism is now in the air. To the outside world, innovative research has enabled Weleda to position itself as a future-oriented and sustainable company. And as a company that recognises gaps in pharmaceutical and complementary medicine for the treatment of diseases and aims to plug these through effective and safe medicinal products.



Galenic Development in Arlesheim: this is where research on the composition of substances is conducted.

What type of research does Weleda conduct?

ALDO AMMENDOLA: The focus of research in complementary medicine is on the aspects of quality, efficacy and safety. Specifically, Weleda carries out pharmaceutical research (further development of manufacturing methods), preclinical research (investigation of innovative therapies in non-clinical testing) and clinical research (pharmaceutical trials with healthy subjects and patients).

Who decides the area for research?

ALDO AMMENDOLA: The Company's own experts and expert panels determine and quantify gaps in the pharmaceuticals market and identify the necessity for the research and further development of medicinal products. The medical need of patients and the predicted commercial success play an important role in this respect. Ultimately, the Executive Board and the Board of Directors decide whether research will be conducted in this field.

What is the current focus of your research?

ALDO AMMENDOLA: At present, our research activities are concentrating on eye diseases and skin disorders as well as stress and sleep problems.

Which goals are you pursuing in the Research department?

ALDO AMMENDOLA: In the medium term, we want to achieve first tangible successes and gradually expand the research at the same time. We are therefore on course to make some of our pharmaceuticals marketable at an international level. Furthermore, we are developing our range in close cooperation with anthroposophic doctors.

>100
More than
100 employees work in
the area of R&D.

Dr Aldo Ammendola in discussion with Christine Holzschuh, who works in the Analysis department in Schwäbisch Gmünd.

Investment in the
double-digit millions
is planned over
the next few years.



2 Ecological farming and biodiversity

The organic proportion of plant raw materials used in Weleda products is more than 80 per cent. By cultivating an area of just under 248 square kilometres worldwide in accordance with organic cultivation guidelines, which is the equivalent of almost 35,000 football pitches, we nurture biodiversity, soil health and the protection of water quality together with our partners. This results in humus-rich and fertile soils as well as healthy and strong plants – the basis for healthy products.

What we have achieved so far – our commitments

- ▶ Organic share of at least 80 per cent
- ▶ Largest biodynamic medicinal plant garden in Europe as well as other own gardens
- ▶ Involvement in palm oil:
 - Chair of the Executive Board of FONAP (Forum for Sustainable Palm Oil) and member of RSPO (Roundtable on Sustainable Palm Oil)
 - Pure palm oil of the highest quality: certifications include RSPO IP (Identity Preserved¹), Bio (organic), Fair Trade and more
 - Palm derivatives are 100 per cent certified as RSPO MB (Mass Balance²) and Book & Claim³ by our suppliers.
- ▶ Cultivation area of around 248 square kilometres for organic raw materials (including certified wild collection)
- ▶ Involvement in seed initiatives: Organic Seeds Sunflower Initiative (IBS) and Hortus Officinarum association
- ▶ Endangered and protected species from sustainable and organically certified sources (e.g. arnica)

Targets set for 2017

- ▶ Consistent organic proportion of 80 per cent
- ▶ Continuation: projects for the protection of biodiversity

Achievements 2017

- ➔ Organic standards implemented for new raw materials; new partnerships in compliance with organic standards
- ➔ Status report on biodiversity in three supply chains; project to plant hedges

Targets 2018

- ▶ Continuation of target
- ▶ Global launch of further projects to protect and maintain biodiversity in cultivation and collection regions

New targets

- ▶ Publication of a Weleda garden book
- ▶ Purchase of 1 square metre of organic land for every *Werde* magazine sold at the newsstand

➔ Target achieved ➔ Target partially achieved ➔ Target not achieved

¹ Palm oil is verifiably derived 100 per cent from a single certified plantation. Traceability from the end product to the palm oil plantation can be guaranteed at all times.

² Mass Balance supply chain model

³ The palm oil used in the end product is not physically certified, but the same volume of certificates is bought to offset use. Further information can be found at www.forumpalmoil.org/certification/trade-options

“
In the stillness of our medicinal gardens I feel how strongly we are all connected with nature. It's the essence of our medicines.
”

Claire Hattersley, Head Gardener,
Weleda medicinal plant garden, at Weleda UK



Goodprint

Dorothanthus bellidiformis. Claire Hattersley rather tenderly whispers the Latin name which she already learned from her father as a child. "The pink and orange mesembryanthemums in our garden are like little gemstones sparkling in the sunshine," says the Head Gardener of the Weleda medicinal plant garden in the East Midlands, though this plant is in fact native to the warm climes of South Africa. Her grandfather was also green-fingered and with this heritage Claire Hattersley together with her team is able to bring flowers to bloom in the heavy, moist soil of the garden north-west of Nottingham which include 50 medicinal plants such as calendula (marigold), camomile, oats and St. John's wort for pharmaceuticals: "The biodynamic preparations help, but we also have to keep coming up with clever ideas." Draining the ground is an option, "but we don't want to battle the land, we want to work with it". So wild flower meadows which like wet ground were created alongside flowerbeds, fields and ponds. As a result, the five hectares boast a wide variety of plants, butterflies, insects and birds all contributing to the biodiversity. Claire is delighted that "we also have a nature conservation organisation mowing our meadows and in turn improving the biodiversity of its own land with seeds from this mowed material". A beekeeper has set up hives and reveals their secrets to groups of schoolchildren. In summer, workshops in biodynamic gardening will be held for the first time for Weleda Wellbeing Advisors, a role currently unique to England – so they can convey the inner value of the products to users even more effectively. In 2019, they will also be open to amateur gardeners. Claire Hattersley was once one herself. But after passing her exams in fine art and working in museum exhibition design for ten years, she found the call of her childhood love of gardening growing ever stronger. So, Claire applied at Weleda, fearing she would not stand a chance without any qualifications as a gardener. However, what counted was her passion and skilled interaction with the plants – and the rest is history.

Claire Hattersley (55) manages the Weleda medicinal plant garden in Ilkeston, in the UK. She has worked for Weleda UK since 1996. Pumpkins are also grown in the garden and used in soups served to colleagues in the office, which is five minutes away: "This brings the garden to them."

Further information on the Weleda garden is available at www.weleda.co.uk/natural-ingredients/quality/weleda-gardens



IN BRIEF



Bee hotels in Australia

Since 2016, 500 schools have received a Weleda Bee B&B Hotel. This has enabled 100,000 children to learn about the importance of biodiversity and the role that pollinators and insects play in agriculture. A further 500 nesting aids are currently being distributed across the country.

€ 6,000

Donation for bird protection

Weleda Spain extended international Earth Day on April 22nd into an Earth Month and donated one per cent of all sales proceeds to SEO/BirdLife which is the biggest bird conservation charity in the country. This money will be used to renaturalise the banks of the Manzanares river in central Spain.



Involvement in palm oil

Weleda has once again been elected to the Executive Board of the Forum for Sustainable Palm Oil (FONAP) and now holds the chair. Weleda is also chair of the Derivatives working group which has full traceability in the supply chain as its aim.

www.forumpalmoel.org

Medicinal plant garden is UN Decade project

In recognition of its commitment to biodiversity, Weleda's medicinal plant garden in Schwäbisch Gmünd was selected as a project of the UN Decade on Biodiversity in September 2017.

Europe's largest biodynamically cultivated medicinal plant garden provides a habitat for countless plant and animal species. Each year, the medicinal plant garden welcomes an average of 25,000 visitors and carries out around 700 tours. This is a chance for them to gain an insight into Weleda's corporate concept, see the abundance of species in the garden as well as learning more about anthroposophic medicine and pharmacy. Since 2016, the medicinal plant garden has included an intercultural garden in which Weleda staff and people who have experienced displacement come together regularly to work on some of the land.

"We see the garden as a living organism," says Head Gardener Michael Straub, adding: "Diversity stabilises the ecosystem and thwarts the proliferation of pests."



Biodynamic cultivation in the medicinal plant garden functions in accordance with this principle. The preponderance of flowering plants is essential for the survival of many beneficial organisms. Hedges and flower strips offer a place for innumerable beneficial insects to live and feed, including Ichneumon parasitoid wasps, green lacewings and ladybirds. Weleda cultivates seven medicinal plant gardens around the world.

Our medicinal plant garden is a living and breathing organism in which everything is interconnected.

Further information is available at www.undekade-biologischevielfalt.de

Rich diversity

The medicinal plant garden in Schwäbisch Gmünd was established in 1959. More than 1,000 different species of plant grow on 23 hectares and 120 plants are used freshly picked in tinctures for our pharmaceuticals and natural and organic cosmetics. The 4 kilometres of hedges are home to around 50 different types of bird, more than 30 species of wild bee and many other animals. Ponds provide a habit for 3 newt species, river and painter's mussels, European crayfish and native fish, including the rare pond loach.

81%

is the organic share of plant raw materials



30%

of the organic share will be cultivated in accordance with biodynamic guidelines over the next few years.

Controlled organic and biodynamic cultivation are all about the responsible production of natural raw materials, without chemicals or genetic modification.

Preservation of seeds

As part of our commitment to biodiversity,

we support the Hortus Officinarum association in the biodynamic cultivation and propagation of medicinal plants. Hortus has been nurturing seed cultures of aromatic and medicinal plants at Weleda's medicinal plant garden in Switzerland, the Bruderholz, since 2010. Backed by the Swiss Federal Office for Agriculture, the aim is to regenerate the seeds of medicinal plant species that are stored in the Swiss gene bank. To date, this has been successful for 20 species, and seeds could be harvested from four species in 2017, of which centauri was one.



3 Respectful supply chain

Weleda products are based on thousands of substances from nature. Many natural raw materials and precious medicinal plants are sourced from suppliers all over the globe, and we work with more than 50 cultivation partners in organic farming and certified wild collection worldwide. We support them as they make the changeover from conventional to organic cultivation methods as well as in measures for the protection of biodiversity.

What we have achieved so far – our commitments

- ▶ Around 50 cultivation projects and partnerships with social and/or environmental promotion
- ▶ Management programme according to Union for Ethical BioTrade (UEBT) standards (www.ethicalbiotrade.org) along the entire supply chain of natural raw materials:
- ▶ global standard on social and environmental aspects as well as the protection and the sustainable use of biodiversity
- ▶ Greatest possible transparency and traceability within supply chains: regular on-site audits

Targets set for 2017

Supply chain management system based on the Union for Ethical BioTrade (UEBT):

- ▶ Adopting a standard questionnaire and assessment tool
- ▶ Auditing four suppliers

Palm oil:

- ▶ Membership of the Roundtable on Sustainable Palm Oil (RSPO)
- ▶ Continuing to participate actively in FONAP (Forum for Sustainable Palm Oil)
- ▶ Ongoing conversion to certified quality in order to achieve the 100 per cent target
- ▶ Conducting an additional evaluation of alternative raw materials as a replacement for derivatives

- ▶ Providing annual support for two social projects

- ▶ Introduction of a concept on social and environmental criteria for all Weleda suppliers

Achievements 2017

- ➔ Selection of tools and amendment of questionnaire enabled introduction in 2018; audited two supply chains, two further audits were not possible owing to the political situation

- ➔ Member of the RSPO since 2017
- ➔ Elected as chair of Executive Board and continued to serve as chair of the Derivatives working group in FONAP
- ➔ The pharmaceuticals sector remains problematic as there are no certified goods being offered on the market.

- ➔ Renovation of a village school in Romania
- ➔ Funded sanitary facilities and equipment of a school in Madagascar

- ➔ Indirect procurement: successful process implementation
- ➔ Packaging and contract manufacturers: no implementation

Targets 2018

- ▶ Evaluation of certification of our UEBT management system
- ▶ Introduction of a standard questionnaire and assessment tool

- ▶ Continuation of targets

- ▶ Continuation of target

- ▶ Social and environmental criteria: test phase and implementation of a process to evaluate suppliers in the area of packaging and contract manufacturers

New targets

- ▶ Pilot project to ascertain true cost in the supply chain

➔ Target achieved ➔ Target partially achieved ➔ Target not achieved

“It is great to see that we are now able to source plant oils from biodynamic cultivation in large volumes.”

Markus Weidner, Strategic buyer at Weleda Germany

Goodprint

It was only supposed to be a short holiday back home: Ibrahim Abouleish had studied chemistry in Austria and was still living there with his family. However, when the dedicated anthroposophist saw how the agricultural industry was harming the environment in Egypt, he decided to return and found the Sekem enterprise. Around 40 years ago, he started biodynamic cultivation in the desert. "I was speechless when I saw everything this includes today," says Markus Weidner, buyer for vegetable oils: several farms, a school for employee children and a university in Cairo. Products are supplied by 250 contract farmers in the country. They are also involved in the first major cooperation between Weleda and Sekem: in 2017, Weleda signed a preliminary agreement with Helmy Abouleish, son of the company founder and the current boss, for the supply of 58 tonnes per year of biodynamically cultivated cold-pressed jojoba oil from the desert. "In the Bahariya oasis around El-Bawiti, a day's drive from Cairo, the first young plants are growing on eight hectares of sandy soil. The intention is to expand this to 50 hectares, with the first harvest in three years," explains Markus Weidner. "Until then, we will already be procuring around ten tonnes from a number of Sekem contract farmers." This cooperation has initially been agreed for ten years and secures the investment of Sekem as well as uncoupling the farmers' income from the fluctuating world market price. For Weleda, the nutrient-rich oil of the jojoba shrub is used as the basis of many creams and body lotions. "Up to now, the majority of our oil of Demeter quality has come from the Argentinian desert," says Markus, "but now we will have two major sources of supply if a harvest were ever to fail." Especially sustainable: the long-term supplier in Argentina is acting as an advisor and passing on their unique jojoba expertise to Sekem.

Further information on Sekem is available at www.sekem.com



Markus Weidner (36) has been in International Strategic Sourcing at Weleda in Schwäbisch Gmünd since 2014. The agronomist with a major in sustainable resource management previously worked in an organic certification body for African smallholders.

IN BRIEF

Awards

CSR Award of the German Federal Government

We received the special award for Responsible Supply Chain Management at the start of 2017. The jury was impressed by Weleda's entire supply chain for natural raw materials being guided by the standard of the Union for Ethical Biotrade (UEBT).



Responsible Business Award

In 2017, Jayn Sterland from Weleda UK accepted this award in the Supplier Engagement of the Year category. The jury said their decision was in recognition of the supply chain management structure and the commitment to sustainable raw material procurement. The accolade is bestowed by the Ethical Corporation in the UK.



Sustainable in Export Award

Weleda New Zealand was crowned as Most Sustainable in Export by ExportNZ ASB Awards Hawke's Bay. The company impressed with its biodynamic medicinal plant garden, including goats and cows, as well as its many economic, environmental and social initiatives.

Harvest volume 2017: thirty tonnes of fresh arnica blossoms – generates five tonnes of dried flowers from which oil is extracted for use in arnica massage oil and stretch mark massage oil.



Before and after: a new roof for the school building, a new insulated façade and totally new sanitary facilities.

When asked what they most wished for, the school-children responded: "A room for our PE lessons!"



Creating a future to stop rural depopulation

The 35 children run towards their school in eager anticipation. In time for the start of winter, the building was fitted with a new roof and a porch to protect the entrance steps from snow, ice and rain.

The winters are long and cold in the Western Romanian Carpathians. We funded the renovation of this small school in 2017 as a further step towards securing the future of the Apuseni mountain region. Arnica blossoms have been collected in the heart of these mountains for more than 30 years. To preserve this precious treasure of nature, Weleda has been supporting a "protection through care" project. Farmers and collectors receive ongoing training and have formed local cooperatives. Drying facilities have also been built to make it much easier to dry out the blossoms. The project offers incentives for the extensive cultivation of species-rich arnica meadows and safeguards the future livelihood of this mountain population. The best news is that rural depopulation has already slowed significantly.

4 Sustainable sites, production and logistics

We also set high standards with regard to the responsible use of environmental resources in our own company. Our aim is to increase the recovery and recycling rates so that a closed system is created. Through our environmental management, we are continually improving environmental protection and biodiversity. The consolidated environmental data can be found on pages 78 to 80.

What we have achieved so far – our commitments

- ▶ Reuse of waste ratio of over 98 per cent (including thermal recovery)
- ▶ Electricity for production in own buildings¹ is 100 per cent from renewable sources.
- ▶ Recycling and composting ratio of 61 per cent (excluding thermal recovery)

Targets set for 2017

Definition of targets for resource use and intensities:

- ▶ Energy use and emissions
- ▶ Water and waste water
- ▶ Other resources and waste

- ▶ Climate impact of the main sites in Switzerland and Germany

Achievements 2017

- ▶ Specific targets determined in drawing up the Sustainability Programme

- ▶ Climate impact assessment carried out for both sites




Targets 2018

- ▶ Implementation of targets

- ▶ Continuation of target

New targets

- ▶ Advancement of site mobility

 Target achieved
  Target partially achieved
  Target not achieved

¹ Sites in France, Germany and Switzerland

Goodprint

“
I am impressed by how seriously Weleda takes sustainability and how anthroposophic principles are followed in day-to-day activities.
”

Rainer Saner, Interior Designer at Doppler und Saner GmbH in Switzerland



Goodprint

There was this moment where one last thing was fundamentally changed. “Can it be that Weleda employees are walking around on a synthetic floor?” asked a member of staff. Interior designer Rainer Saner had selected carpet tiles for the new build that were “manufactured from recycled fishing nets and fully certified” – he had been impressed. “But essentially, they were still made from oil (petroleum) and this material cannot be returned to the system,” comments Rainer, who says he learned a valuable lesson from this to “always look very carefully at seals and certifications”. That the focus is on people at Weleda was reflected in the fact that around 50 employees helped design “their” new workplace. “We integrated four meeting rooms as peninsulas on two of the floors so that the new open plan offices are not too loud,” Rainer explains, “this softens the acoustics.” And it adds a pop of colour: the glass-walled rooms feature pastel tones of blue, pink, yellow and orange on the inside, but are otherwise dominated by light beech and birch plywood, white varnished walls and off-white furniture, which employees helped choose. “Everything was to be as light as possible,” he recalls. Through the giant window panes, daylight dictates when the lights come on with their warm-toned LEDs. Geothermal probes and heat pumps provide heat, or cool the office in summer. The entire concept corresponds to the high Swiss standards for energy efficiency and value preservation, Minergie-P and Minergie-ECO. The plant nursery that had to make way for the new build was integrated in the building while the show garden was retained. Nature appears to continue within the offices themselves because employees walk on green linoleum that has a cork layer for sound absorption. This will later decompose 100 per cent.

Further information on interior designers Doppler und Saner GmbH is available at www.dopplerundsaner.ch



FACTS

Eco-building Arlesheim

Addition to the Company’s site in Switzerland: a building created in accordance with the specifications of **Minergie-P** and **Minergie-ECO**, offering employees a great level of comfort. It includes offices and workspaces for medicinal plant cultivation.

Why is this new building so special? Along the entire lifecycle, the detrimental effects on health and the environment are being reduced to a minimum with materials such as the window and flooring systems all being recyclable.

We used **recycled concrete**, which is a resource-efficient construction material that enables a **circular economy**. The building itself is **80 per cent certified Swiss wood**, while the exterior is clad in **regional FSC wood**.

Minergie-P stands for maximum energy efficiency. Our **energy** is sourced 100 per cent **from non-fossil fuels**. A proportion is generated via the **photovoltaic system** on the roof of the building. Hot water, heating and air conditioning are all regulated by **geothermal energy**. The end result is a **lowest energy building** certified in accordance with Minergie-P.

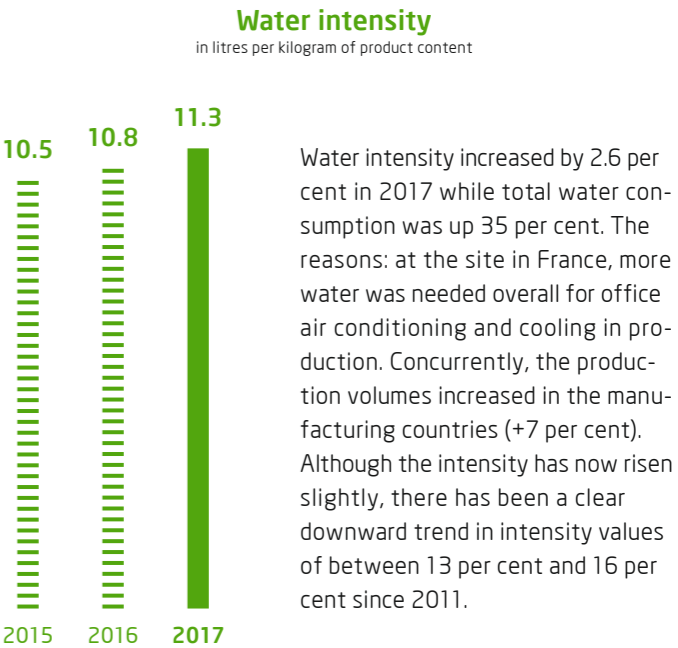
To earn Minergie-P status, the specifications for the building shell must be at least 30 per cent better than required by Swiss law.

Progress in intensities

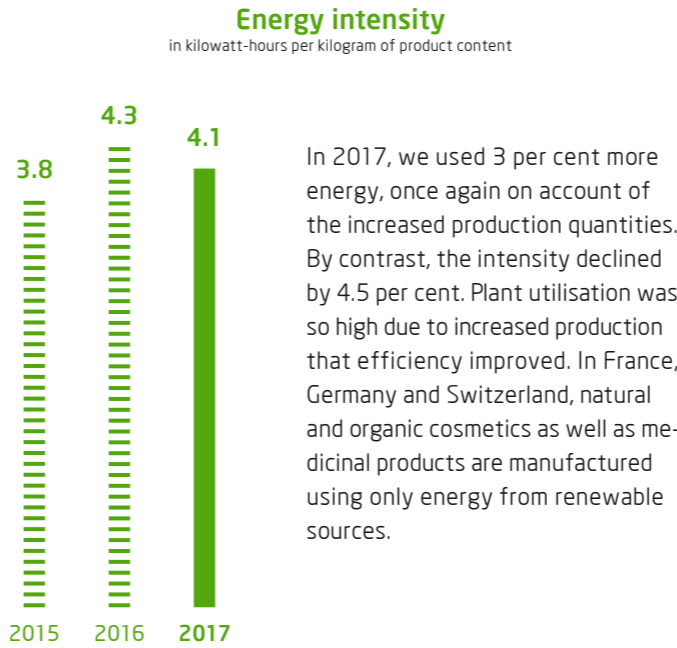
How efficiently companies make use of natural resources is reflected in the environmental key figures. All intensities relate to the largest manufacturing countries of France, Germany and Switzerland.



This key figure shows the weight of packaging in grams per kilogram of finished product, relating to the manufacturing volumes and consumption in France, Germany and Switzerland.



This key figure shows the amount of water consumed from the public water supply in litres per kilogram of product content manufactured at the production sites in France, Germany and Switzerland.



This key figure shows the amount of energy consumed in kilowatt-hours per kilogram of product content manufactured at the German, French and Swiss production sites.



This key figure shows the amount of waste that was generated per tonne of finished product manufactured at the German, French and Swiss production sites.

5 Meaningful and effective work

Weleda is a business enterprise and at the same time a place of human development based on common tasks. In our experience, people want their work to be meaningful. It is also our conviction that everyone wishes to continue to progress throughout their life. Meaningful and effective work, training and individual development opportunities all have a mutually reinforcing effect.

What we have achieved so far – our commitments

- Promotion of Weleda culture and identity (including work seminars, "Identity and core values" curriculum, identity workshop) as well as personal and professional development (Weleda Academy for Employee Development)
- Commitment from and for employees: Bike-to-Weleda, healthy activities, staff parties, employee garden
- Weleda offers outstanding training with a comprehensive curriculum.
- Promotion of a favourable work-life balance, health and diversity¹

Targets set for 2017

- Support programmes for employees
- "Diversity Wins! Weleda creates prospects for people who have experienced displacement" programme
- Establishing an associative think tank of ethically oriented companies

Achievements 2017




- Changes to the maternity/paternity regulations in Switzerland:
 - Introduction of mother-child time
 - Paid maternity leave beginning six weeks before birth
- Offer of internships and entry qualifications, mentoring programme, intercultural project choir, intercultural gardening project in Germany
- First associative workshop in May 2017, opening of the Weleda Academy for Employee Development to external persons

Targets 2018

- Ensuring and enhancing the quality of the programmes
- Ensuring the quality of the programme, expanding Diversity Wins! to Switzerland
- Further meetings planned, associative work on future-oriented questions; associative shadowing

New targets

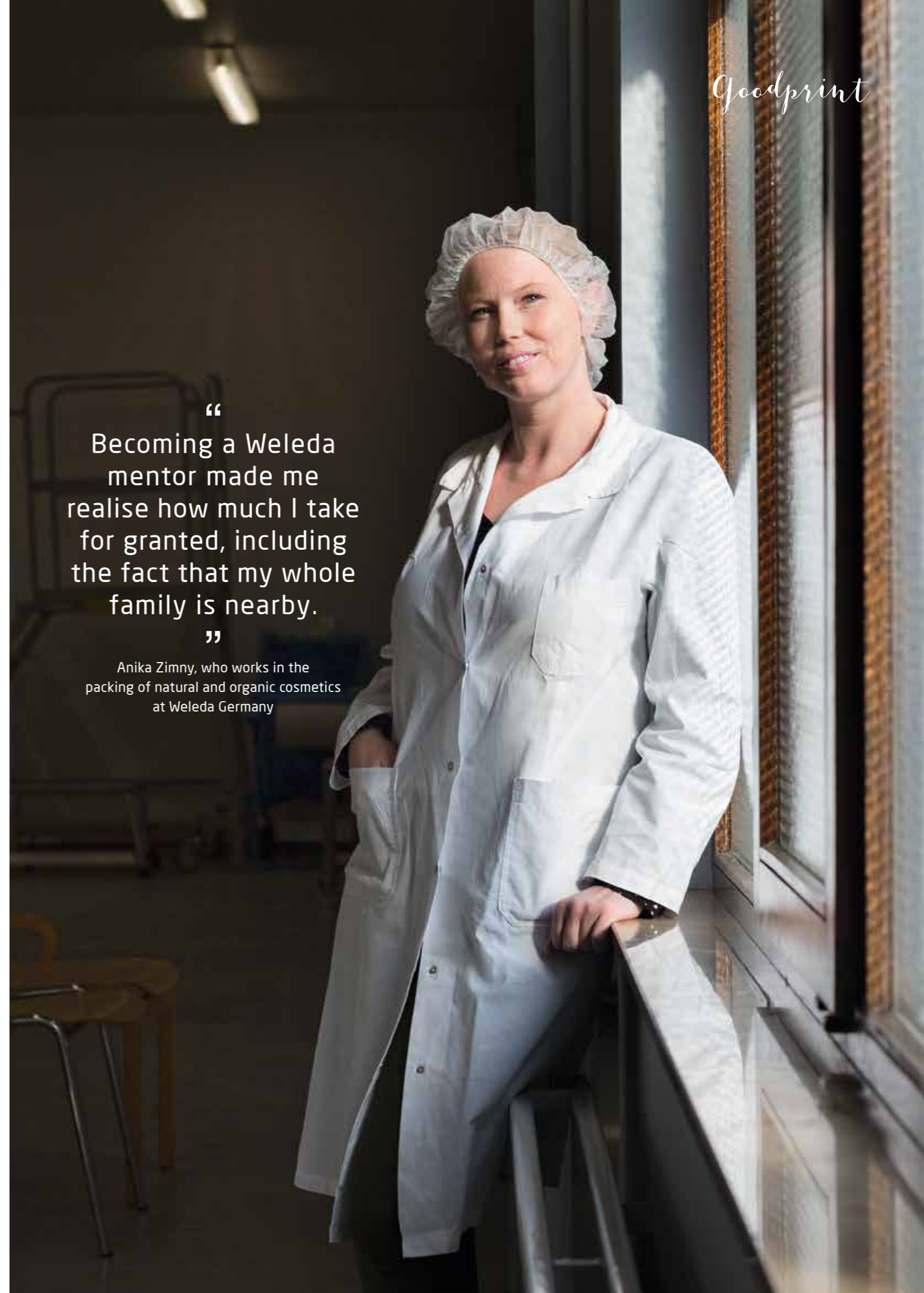
- Pilot project for biography days in Germany to boost individual resilience and independence
- Compact international "Identity and core values" curriculum
- Insights Weleda international media library: pilot film with subtitles in nine languages for work seminars worldwide

 Target achieved
  Target partially achieved
  Target not achieved

¹ Sites in Germany and Switzerland

“
Becoming a Weleda mentor made me realise how much I take for granted, including the fact that my whole family is nearby.
”

Anika Zimny, who works in the packing of natural and organic cosmetics at Weleda Germany



Goodprint

Anika Zimny (33) (left) works in the production area at Schwäbisch Gmünd. The bakery sales assistant joined Weleda Germany in 2010, thus venturing into totally new professional territory. As a mentor, she shares her experience of “still being allowed to learn everything at your own pace”.



Starting from scratch in a totally new place – Anika Zimny knows how that feels. After the fall of the Berlin Wall, she and her parents moved from near East Berlin to Schorndorf in Baden-Württemberg. The family lived in a sports hall for months before they were able to find a flat. “I was six years old at the time,” she recalls, “and aside from the language, everything was different. I had to make new friends and find my way in a new school, but my father luckily already had a job.” She therefore did not need to think twice when asked last year if she would become a mentor: for 19-year-old Amira¹ from Syria who was starting a three-week internship at Weleda. The company has been offering this career guidance opportunity to refugees since 2015 as part of its Diversity Wins! programme.² While she was looking forward to it, there were also a few nerves: what would it be like, with the language, with the cultural differences? “Amira could already speak German,” says Anika, “and if we struggled with a term, my colleague from Lebanon was more than happy to translate into Arabic.” There was quite a lot of specialist terminology to get her head around, as Anika works in the packaging of natural and organic cosmetics, bottling oils and bath products. She explained the work on the various machines to Amira and took her to the raw materials warehouse. She could offer reassurance that men and women had separate changing rooms. They were also able to find a way for Amira to keep on her headscarf, which she wears for religious reasons. Instead of the lab coat and cap that have to be worn for hygiene and workplace safety, Amira wore a full-body overall like the colleagues in pharmaceutical production, which had enough space in the hood for a headscarf. There is one thing Anika Zimny would do differently: she loves bringing in home-baked goodies for her colleagues and she would leave the dash of alcohol out of the Black Forest cupcakes next time. Amira had not been able to try one because of this addition.

Further information is available at www.wir-zusammen.de/patenschaften/weleda

¹ Name has been changed

² Full name of programme: Diversity wins! Weleda creates prospects for people who have experienced displacement

IN BRIEF

Mindfulness coaching

For eight weeks, staff at Weleda Australia had the chance to take part in internal training for stress reduction. The training sessions always took place one evening each week and were run by a mindfulness coach. This came about because employees and the management expressed the wish for more clarity and focus in a world that is increasingly perceived as restless. The practical exercises have become a part of everyday working life: many employees now consciously take the time to meditate for ten minutes every day. Group meetings also begin in this way.

“When I have too many thoughts racing round in my mind, these exercises really help. They help me return to a place of calm and clarity.”

Ben Clarke,
Warehouse Manager at
Weleda Australia



Creating value by being valued

Respectful conduct towards one another has a significant impact on personal satisfaction and on how we are able to work together – in both professional and private life. How can we learn to be open and candid with each other? In an interview, Antonia Jeismann, Training Manager at Weleda, explains how internal workshops on the topic of appreciative communication can help.

Why should we learn to communicate in a more appreciative way?

ANTONIA JEISMANN: Anger often crops up following misunderstandings and conflict which can cost us valuable energy. The way we speak and listen is strongly linked to our inner attitude towards ourselves, others and our environment. Empathy and awareness are important skills for appreciative cooperation.

How can appreciative communication help us improve working relationships?

ANTONIA JEISMANN: Communicating appreciatively means taking note of your own feelings and needs, while at the same time not losing sight of the interests of the other

person. The combination of clear language with an appreciative attitude is important for resolving matters of conflicts together.

What is the aim of these workshops?

ANTONIA JEISMANN: In the workshop, employees learn to distinguish between observation and interpretation as well as how to clearly formulate their own needs and concerns. A central aspect is also being able to take responsibility for oneself and recognising that there are always many different possible courses of action, in line with the motto: I could get annoyed right now, but I don't have to.



16 workshops on appreciative communication have already taken place with 172 participants in Germany and Switzerland.

Making friends in the vegetable field

Voluntary, environmental, social. These three words describe the WELED'Agit initiative, which translates as “Weleda takes action”, at the Huningue site in France. Employees spend one working day each year doing something for others or the environment.

A field of celery as far as the eye can see. Between the rows of young seedlings, people are weeding. They are employees of the Alsace-based company ICARE. Here the focus is not on the plants but the people. People who have been unemployed for a long time owing to all manner of reasons. ICARE provides them with paid employment in a community that currently includes around 100 individuals. In this way, they not only learn how to grow vegetables but also receive recognition and help in finding permanent employment. The fact that 500 paying customers have signed up for these organic vegetable boxes leaves them in no doubt that their work is meaningful. In June 2017, the ICARE employees were joined by staff from Weleda France as they raked the weeds. At the end of a hot day working in the celery, beans and carrots, with many conversations, the encounter between ICARE and Weleda was rounded off with the preparation together of salad and vegetable soup.



WELED'Agit initiative in France: Weleda's staff support ICARE employees in returning to the job market.

6 Cultural and social development and relationships

Preserving biodiversity is not least a social obligation. Keeping nature intact is the very foundation of all our lives. For Weleda it is also the foundation of pharmaceuticals and natural and organic cosmetics. For this reason, we think it is important to support environmental education initiatives and firmly enshrine the conservation of nature in cultural heritage. We are making a contribution to this with our publications *Werde* magazine and the *Weleda Nachrichten* newsletter.

What we have achieved so far – our commitments

- ▶ Commitment to anthroposophic medicine
- ▶ Source of inspiration: Weleda's medicinal plant gardens, Weleda events, Weleda publications
- ▶ "Diversity wins! Weleda creates prospects for people who have experienced displacement"¹ programme

Targets set for 2017

- ▶ Involvement of stakeholders (dialogue partners)
- ▶ Make sustainability achievements visible to the outside world
- ▶ Reconcile commitments with the UN Sustainable Development Goals
- ▶ Revise and refine the sustainability reporting in alignment with the specific objectives for the next several years
- ▶ Define new sustainability targets

Achievements 2017

- ➔ Conducted numerous stakeholder dialogues¹
- ➔ Won the CSR Award of the German Federal Government and the Responsible Business Award; medicinal plant garden selected as project for UN Decade on Biodiversity and Weleda named a Green Brand Germany
- ➔ See page 83
- ➔ Changed structure of report
- ➔ Sustainability Programme 2018 to 2022

Targets 2018

- ▶ Continue with the target
- ▶ Potentially submit additional applications
- ▶ Regular reviews
- ▶ Further improve the level of reporting
- ▶ Implementation, control and further development

New targets

- ▶ Publication of *Werde* magazine in the UK

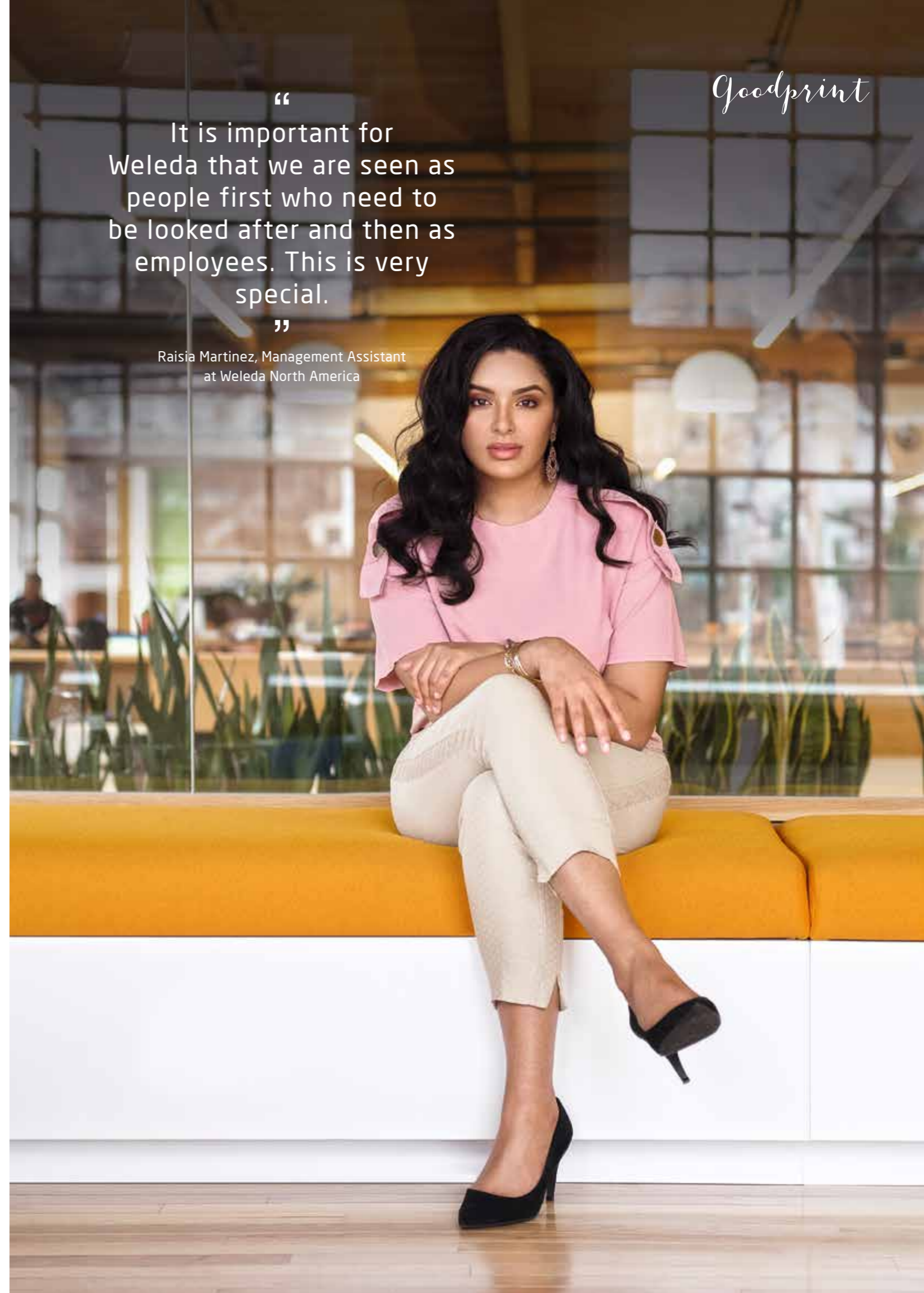
➔ Target achieved ➔ Target partially achieved ➔ Target not achieved

¹ Sites in Germany and Switzerland

Goodprint

“It is important for Weleda that we are seen as people first who need to be looked after and then as employees. This is very special.”

Raisia Martinez, Management Assistant at Weleda North America



Goodprint

When speaking to Raisia Martinez, even over Skype, you notice a slight sideward head movement adding emphasis to her words. This is something she might well have picked up from her Indian grandmother who worked on a farm in British Guyana, now Guyana. "She was neither able to read nor write but was always there for everyone," shares Raisia, who also cares about helping others and visited Alzheimer's sufferers while at university. On completing her bachelor's degree in criminal law, she worked in the superior court probation and as a child support enforcement specialist. "This never seemed quite the right fit for me. I love doing yoga and meditation." She gave notice and moved to New York where she applied to join Weleda. "I know of no other company in which people care about each other to such an extent," comments Raisia. She was very excited last year on getting involved in the project to spread joy at Christmas. The chosen beneficiary was Friends of Karen, a charity that supports through donations around 100 families caring for a child suffering from cancer – with voluntary helpers so that the family can have more precious hours together; financially if they are struggling to pay the rent after paying all the medical bills; with Christmas presents (for siblings, too), for which there might be neither time nor money. "I sent an email around and everyone donated," reports Raisia, "and Weleda then matched that sum." More than USD 600 was raised and benefitted five families – the wish lists not only included toys, but also coats and heat pillows. One child simply asked for a Christmas card to give to his mother.

Further information on Weleda North America is available at www.weleda.com



Raisia Martinez (29) has been a management assistant at Weleda North America in New York since 2016. In 2017, she organised a fundraising campaign to help families caring for a child with cancer: "They were incredibly grateful for the time they could spend together because of our efforts."

IN BRIEF

Working for anthroposophic medicine

Weleda took part in the World Congress Integrative Medicine & Health in Berlin. Executive Board member Dr Aldo Ammendola gave a talk on the anthroposophic medical approach to the treatment of insomnia, other stress-related complaints and ADHD.

Alnatura Experience Garden

Together with the company Lebensbaum, Weleda is creating a herb and sensory garden in Darmstadt at the new headquarters of Alnatura which operates organic supermarkets in Germany and Switzerland. The garden is expected to open in 2019, allowing visitors to explore the varied plant world of the two suppliers.

Further information is available at <https://www.alnatura.de/en/ueber-uns/alnatura-campus>

A thousand billboards ...

...featuring the slogan "Vielfalt wertschätzen. Nachhaltig handeln" (Value diversity. Act sustainably) were displayed on railway stations throughout North-Rhine Westphalia in October 2017. In this way, Weleda and One World Net NRW, an umbrella organisation of development associations, demonstrated their commitment to preserving the diversity of nature and the fair treatment of suppliers.



Discover the world as a naturalist

Children and teenagers are increasingly afraid of contact with nature – this was a finding of the *Jugendreport Natur 2016* report initiated by independent experts.



Damp is how snails like it best. Children can experience on their own skin what this feels like with the fine spray from a water atomizer.

Placing a small slimy snail on their hand: a brave step for many a child.



When it senses danger, a snail withdraws into its shell, produces slime and pushes so much air out that lots of little bubbles form. Children learn how this works and recreate it themselves with a straw and water.

With our free environmental education programme Weleda's Nature Workshop, we aim to introduce children to the plants and animals they can find in their own natural biosphere. This provision is above all aimed at nurseries and primary schools. On exciting safaris across the land around our medicinal plant garden in Schwäbisch Gmünd, the young naturalists have fun discovering their surroundings.



Observe and be amazed: there are even some sheep on our site.

7 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 have achieved a great deal and have set ourselves new targets to establish Weleda as a strong brand worldwide in the long term.

What we have achieved so far – our commitments

- ▶ Weleda's value added statement
- ▶ Financial resilience through corresponding equity ratio and liquidity
- ▶ Ensuring future viability through investment in the development of the company
- ▶ Management systems on sustainability:
 - NATRUE certification (certification for natural and organic cosmetics)
 - Member of the Union for Ethical BioTrade (UEBT) and application of its standard to the entire supply chain of natural raw materials
- ISO 14001 international standard on environmental management and the EU Eco-Management and Audit Scheme (EMAS)¹
- ▶ GMP (Good Manufacturing Practice): guidelines for quality assurance of production processes and environment in production
- ▶ Multiple awards received: products and the company

Targets set for 2017




- ▶ Implementing international pharmaceuticals product range
- ▶ Defining the strategy for the pharmaceuticals product range for Germany and Switzerland
- ▶ Further increasing the equity ratio to improve the resilience and independence of the company
- ▶ Reviewing the sustainability of investments in current pension funds

Achievements 2017

- ▶ Developed strategy for the international pharmaceuticals product range
- ▶ Pharmaceuticals range for Germany and Switzerland determined in consultation with doctors
- ▶ Equity ratio at 46.7 per cent
- ▶ Examined and developed a concept to improve the investment guidelines of existing pension funds regarding their sustainability

Targets 2018

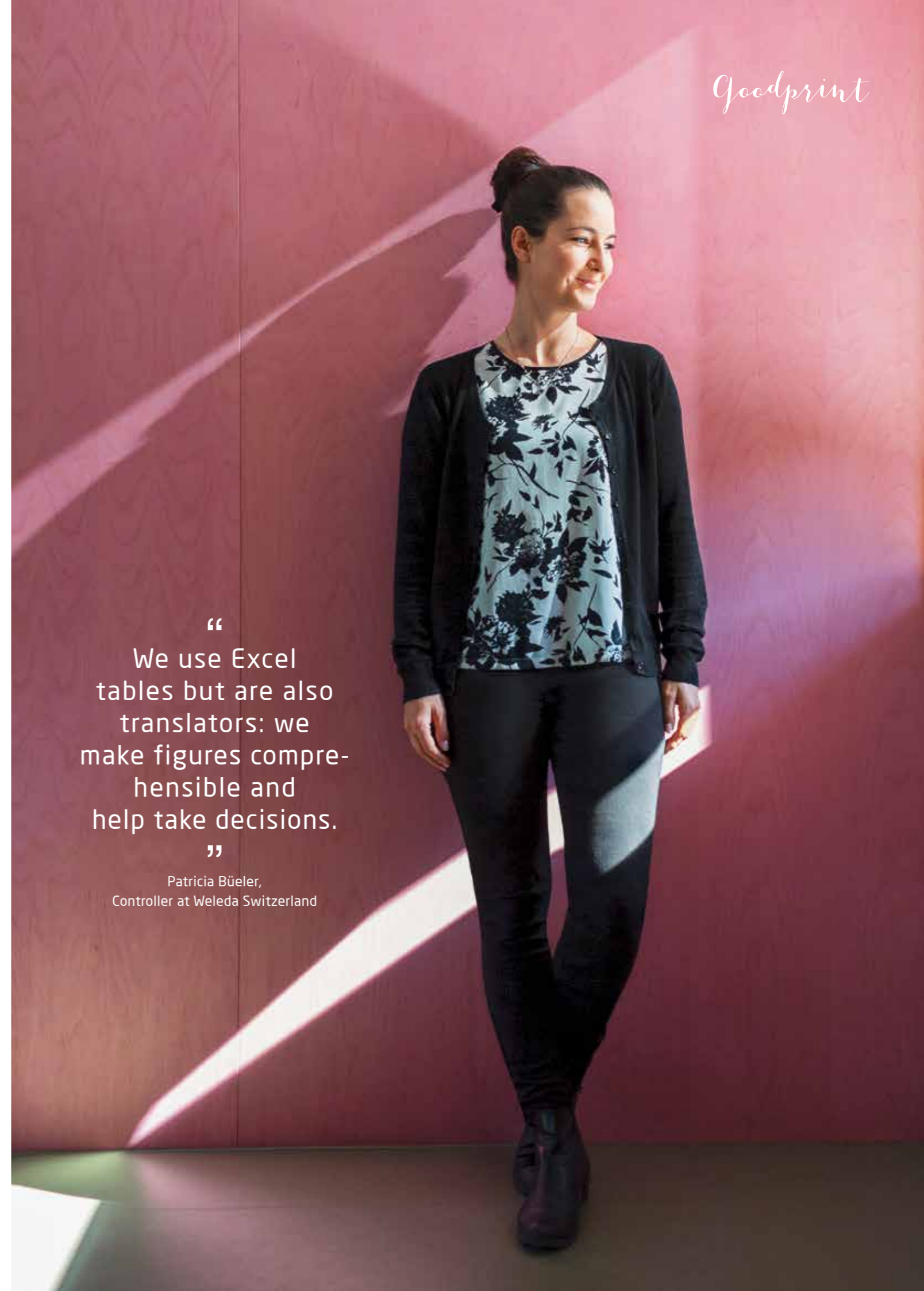
- ▶ Implementing both points
- ▶ Continuing with the target
- ▶ Defining criteria for investment as well as improving sustainability of investments in current pension funds

 Target achieved
  Target partially achieved
  Target not achieved

¹ Sites in Germany and Switzerland

“
 We use Excel tables but are also translators: we make figures comprehensible and help take decisions.
 ”

Patricia Büeler,
 Controller at Weleda Switzerland



Goodprint

Patricia Büeler sometimes looks at the world from above at the weekend. Her partner is a fully licenced pilot and they fly high above the Jura Mountains in Switzerland in a Cessna aircraft over meadows, ridges and villages. There is much to see from afar and this is something she also loves about her job: "Controlling gives me a bird's eye view of things as well, and then I dive down to immerse myself into everyday work." A colleague is responsible for Austria, Germany, Italy, Spain and Switzerland plus South America, while she deals with the "rest of the world", which means around 20 Weleda subsidiaries in total. Perfect for someone who describes herself as "very inquisitive". She not only looks at whether sales targets are being met for both natural and organic cosmetics and medicinal products but also why they were perhaps even exceeded, as was the case in Russia in 2017. Or conversely, identifies where sustained investment might be required. Patricia explains: "By preparing the figures, we help our colleagues become better at identifying opportunities and risks in the market." The Swiss native also likes to act as the middle person in her leisure time while herself keeping an overview: she only works 90 per cent to enable her to also volunteer on the school council for the municipality of Aesch, where she lives, representing the interests of both pupils and parents to the schools. "The first thing I did was introduce rules of procedure and ensured that everyone is always informed about everything," she explains. "This made us more efficient." Not everything is sociopolitical, though. Patricia helped organise a music festival a few years ago, for example. There are so many different exciting sides to life.

Patricia Büeler volunteers on the school council of a municipality in the Canton of Basel-Landschaft.



Patricia Büeler (28) has worked in the Finance and Controlling department at Weleda in Ariesheim since 2015. She believes neither age nor gender should influence recruitment and that the best person for the job should be selected based on merit alone.

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. This generates sustainable added value which can be distributed to employees (income), capital providers (dividends, interest) and charitable organisations (donations), and 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.

In the 2017 financial year, business performance increased due to a growth in received revenues of EUR 10.5 million to EUR 403.5 million. After deduction of inputs, the added value of the Weleda Group amounted to EUR 169.1 million. Added value per Weleda Group employee amounted to EUR 82,222 per full-time employee and was thus 0.7 per cent higher than in the previous year.

A total of EUR 2.5 million was spent on donations and similar contributions in 2017, with EUR 2.1 million of this amount going to the School of Spiritual Science in Dornach and to other different anthroposophic institutions.

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 is important to the Company.

Public authorities received EUR 4.6 million of the created added value in the form of taxes. A further EUR 1.3 million was attributable to interest to lenders.

Pursuant to the proposal of the Board of Directors, a dividend of 7 per cent will be distributed to shareholders for 2017.

Weleda in the markets

The planned reduction in our dependence on the D-A-CH region of Germany, Austria and Switzerland is making progress. In natural and organic cosmetics we generated more than 80 per cent of our growth outside the German-speaking countries. The pharmaceuticals picture is similar: the current growth region is South America. Below is an overview of the developments in the individual countries and particular highlights.

South America and Southern Europe region

Brazil

The first year of implementing the investment plan of our growth project was successful. The sales trend in OTC pharmaceuticals is very good. In September, the Board of Directors and Executive Board held a meeting in Brazil which enabled them to get to know the enthusiastic team in São Paulo.

Chile and Argentina

Weleda Argentina continues to achieve double-digit growth. In Chile, construction has started on the new building which will expand the compounding pharmacy.

Italy

A major first step has been taken in the pharmaceuticals registration project, with 120 pharmaceuticals dossiers submitted to the authorities. The validation process is ongoing. There has been a change at management level: Stefano Riva has been succeeded by Edoardo Ruffinengo.



Spain

The launched growth strategy is making good progress. Concentrating the marketing and sales activities on pharmacies has confirmed that this sales channel harbours the greatest potential. Brand awareness has been significantly enhanced by means of a continuous ad campaign for the pomegranate range. There has also been an increase in the market share of OTC pharmaceuticals.

North America and Western Europe region

USA

After many years of stagnation in the market, the new growth strategy has started to take effect. It is based on three pillars: the intensive development of the organic retailing sales channel, the generation of profitable growth through e-commerce (www.weleda.com) and the prudent expansion into new sales channels.

Spain: An ongoing ad campaign for the pomegranate range has boosted brand awareness, which has a positive spillover effect on other product lines.

UK: Weleda Advisor Network. Around 500 ambassadors for Weleda, enthusiastic men and women who have found paid and meaningful work with Weleda.



UK

The Weleda Advisor Network was founded in 2013. Around 500 ambassadors were trained to promote and sell Weleda cosmetics and OTC pharmaceuticals at events or in their naturopathy practice. Every ambassador is carefully selected. Many have a background in holistic care. In 2017, the Advisor Network reached the milestone of EUR 1 million in sales. Our aim is to recruit

and train Weleda ambassadors in every postcode area of the UK by 2022, which means 2,800 in total.

France

On the French market, double-digit growth has once again been realised in natural and organic cosmetics. The pharmaceuticals business remained stable in our largest market for medicines. In November 2017, Weleda put on a unique show online. The dancer Isabelle Pollet Villard was filmed during a performance in the Éléphant Paname, a former Parisian mansion house, against a background of flowers and in front of an audience of specially invited journalists and influencers. The video has been seen by three million people on social media.

Further information is available at www.youtube.com/watch?v=r68hXxha520



Eleven countries and once around the world

Australian blogger Lauren Doolan from Melbourne was crowned the winner when in autumn last year Weleda invited users from all around the globe on a Weleda world trip: the Global Garden Tour. This competition was special because it was not the company but the users worldwide who selected the 16 contenders from 16 countries for the final to win the big trip. The hunt was on for individuals who were interested in Weleda, nature and sustainability as well as having the skills to present topics interestingly and vividly (www.weledaglobalgarden.com). The journey is not over yet for the winner Lauren Doolan: in March 2018, she headed off from Australia to discover the Weleda world.

USA: Prominent displays at Ridgewoods and Wholefoods. The ramped-up marketing efforts are beginning to bear fruit.



Benelux

Weleda Benelux proved stable. In Belgium, the switchover to selling in pharmacies was completed successfully: 370 pharmacies were able to offset the sales decline on the mass market. Market shares were gained in the Netherlands and brand awareness raised, not least on account of various cooperations.

Asia/Pacific region

Overall, Weleda was able to post year-on-year growth in the double-digit range for this region. Australia was one of the key growth drivers. To tap future growth potential, we are currently in the process of moving to larger premises there. In Japan, the development of our own Natural Care Studios (NCS) was a great success. There are now seven Weleda Natural Care Studios in the country, three of which offer face and body treatments.

Northern and Central Eastern Europe (NCEE)

For the fourth consecutive year, double-digit and profitable growth was achieved

in this region. All subsidiaries as well as most of the 19 export markets in the region contributed to this trend with sales expansion and successful marketing measures, above all digital ones. The opening of the new branch in Kiev, Ukraine, was also a success and marks a strategic step for the future orientation of the region.

D-A-CH region:

Germany, Austria, Switzerland

Sales improved slightly in the fiercely competitive market of the D-A-CH region. Pharmaceuticals suffered some decline but natural and organic cosmetics were up by 1.4 per cent (in the largest market of Germany: 2.1 per cent). A particular highlight was the launch of the Global Garden campaign in the visitor's centre in Schwäbisch Gmünd (see box). Lovely award: Weleda is now one of the 2017/2018 Green Brands in Germany. At the ceremony in Frankfurt, we once again received recognition for our environmentally friendly and sustainable practices and can now officially call ourselves a "green brand".

A new portfolio strategy for Weleda natural and organic cosmetics

An Driessens has been responsible for global marketing at Weleda since June 2017. In our conversation, she talked about how she intends to boost awareness of the Weleda brand worldwide and her plans to position the product portfolio accordingly.



“We have a real mission at our core, whereas others try to find a philosophy and make it fit. This is our opportunity.”

Why do we need a new portfolio strategy?

AN DRIESSENS: The natural and organic cosmetics market is constantly growing. Weleda is growing as well, but not as quickly. We need a clear strategy up to 2022 that will enable us to grow at that pace.

What measures are you considering?

AN DRIESSENS: We have formulated our “natural beauty” vision and identified the greatest growth prospects on which the organisation will focus, but equally importantly, we compiled a list of things we should not be doing anymore. This process was carried out together with the markets and research and development. We were very quickly able to come up with a shared vision of our potential opportunities.

This alone will surely not be enough?

AN DRIESSENS: Certainly not. We realised that growth potential is higher in some categories than others. So, we asked ourselves – where do we want to invest? Where should we call it a day? Our portfolio is too complex. We need to concentrate our efforts and decide where to stay in the game and where not.

Is that a particular challenge for Weleda?

AN DRIESSENS: It is not easy to realise, because our competitors are generally not operating in as many countries as Weleda. This means they can focus on one or just a few select markets. In all countries, it is more important than ever before that we specifically focus our range on the customers there.

What does that mean exactly?

AN DRIESSENS: There are a few countries, such as France, Germany and Switzerland, where the Weleda brand is already extremely well known, but this is not the case in most other countries. There, consumers are not so aware of why they should be buying a Weleda product. We have to give them a reason by ensuring our origins, our story and our quality are clearly communicated. This has to be made truly relevant for them.

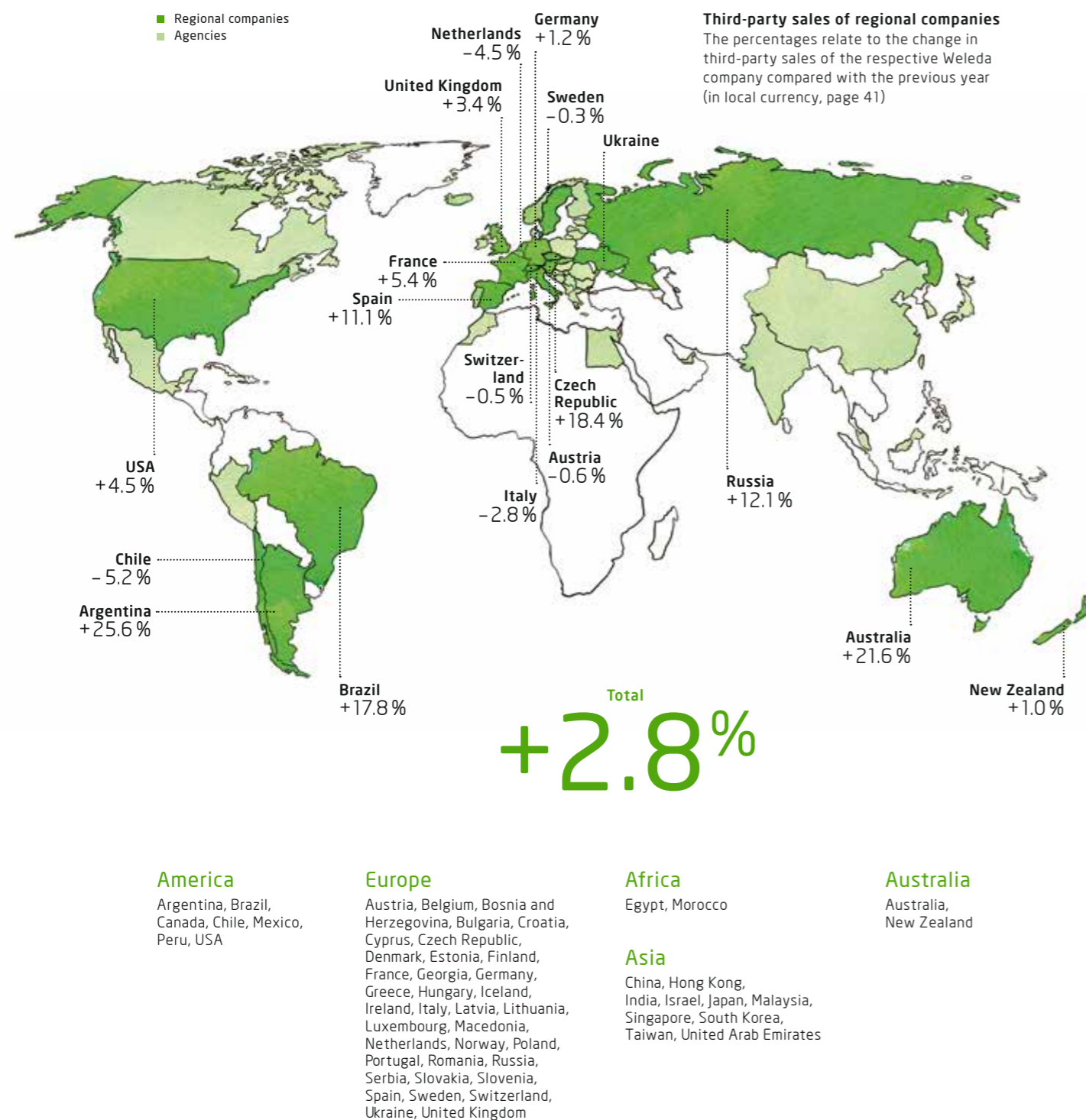
What are your plans to bring this about?

AN DRIESSENS: The anthroposophically inspired values on which we are based is what makes us unique. These should always be conveyed in such a way as to be clear to all. With the right stories and a smart branding campaign, we can raise awareness. We have a real mission at our core, whereas others try to find a philosophy and make it fit. This is our opportunity. People need to know why they are buying Weleda. We are not so presumptuous as to think that this will work with everyone, but for many it can – and I see this is a truly great opportunity.

Development in the markets

Our total sales exceeded EUR 400 million for the first time in 2017. The distribution of growth rates shows how important internationalisation is. The movements in the markets balance each other out and thus ensure stable development.

Weleda is present in the following countries:



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)	
		2017	Change from previous year in local currency	Pharmaceuticals	Natural and organic cosmetics	2017	2016
Switzerland Weleda AG, Arlesheim	CHF EUR	36,862 33,162	-0.5 %	36 %	64 %	326	313
Germany Weleda AG, Schwäbisch Gmünd	EUR	171,700	+ 1.2 %	20 %	80 %	762	769
France Weleda S.A., Huningue	EUR	90,734	+ 5.4 %	41 %	59 %	370	371
Netherlands Weleda Benelux SE, Zoetermeer	EUR	15,869	-4.5 %	14 %	86 %	70	68
United Kingdom Weleda UK Ltd., Ilkeston	GBP EUR	7,388 8,428	+ 3.4 %	21 %	79 %	58	59
Italy Weleda Italia S.r.l., Milan	EUR	10,730	-2.8 %	38 %	62 %	41	40
Austria Weleda Ges.m.b.H. & Co KG, Vienna	EUR	11,105	-0.6 %	17 %	83 %	20	21
Sweden Weleda AB, Stockholm	SEK EUR	60,180 6,245	-0.3 %	9 %	91 %	20	22
Spain Weleda S.A.U., Madrid	EUR	8,469	+ 11.1 %	4 %	96 %	49	46
Czech Republic Weleda spol. s.r.o., Prague	CZK EUR	83,102 3,159	+ 18.4 %	0 %	100 %	17	13
Russia Weleda East GmbH, Moscow	RUB EUR	352,790 5,362	+ 12.1 %	1 %	99 %	35	28
Ukraine Weleda Ukraine LLC, Kiev	UAH EUR	18,906 639	-	0 %	100 %	12	-
USA (North America) Weleda Inc., Irvington N.Y.	USD EUR	14,860 13,163	+ 4.5 %	5 %	95 %	29	27
Argentina Weleda S.A. Argentina, Buenos Aires	ARS EUR	52,627 2,827	+ 25.6 %	49 %	51 %	45	44
Brazil Weleda do Brasil Ltda., São Paulo	BRL EUR	39,378 10,928	+ 17.8 %	76 %	24 %	138	134
Chile Weleda Chile SpA, Santiago de Chile	CLP EUR	2,142,334 2,956	-5.2 %	43 %	57 %	41	39
New Zealand Weleda (NZ) Ltd, Havelock North	NZD EUR	4,033 2,538	+ 1.0 %	59 %	41 %	29	29
Australia Weleda Australia Pty Ltd, Warriewood	AUD EUR	4,254 2,888	+ 21.6 %	15 %	85 %	15	14
Total	EUR	400,902	+ 2.8 %	27 %	73 %	2,077	2,037

General economic development in 2017 and outlook for 2018

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

For the first time, the Weleda Group increased total sales to over EUR 400 million in 2017. The distribution of growth rates indicates the importance of internationalisation. For example, the pharmaceuticals business segment in Brazil achieved double-digit growth. Additional expenditures for infrastructure, market investments, and research and development led to a decrease in the operating result. But the net result improved significantly compared to 2016 mainly due to lower taxes. Further reduction in debt plus the generated profit led to a higher equity ratio, further improving the resilience of the Company. Pioneering decisions about the future are only possible on the solid basis which was established in the last five years. Some of the most important strategic decisions for the next years are a renewal of our infrastructure with the core element of a new production and logistic site in Germany, investments in research and development, further development of the pharmaceuticals strategy, the revision of the product-mix strategy for natural and organic cosmetics and the sustainability program 2018–2022.

Employees

The Weleda Group had an average of 2,057 full-time employees in 2017 (previous year: 2,028). Weleda AG had an average of 1,084 full-time employees (previous year: 1,074).

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 six months.

Development of sales

The net sales of the Weleda Group for the 2017 financial year amount to EUR 400.9 million (previous year: EUR 389.8 million). This corresponds to a growth rate of 2.8 per cent, or EUR 11.1 million, compared with the previous year (adjusted for exchange rate effects: 3.0 per cent, or EUR

11.7 million). This means that Weleda held up well in 2017 despite an intensely competitive market.

The net sales from the individual Company Weleda AG increased by 2.7 per cent or CHF 7.5 million year-on-year.

Development of sales by markets and regions

Around 51 per cent (previous year: 52 per cent) of sales were generated in the D–A–CH region (Germany, Austria, Switzerland). Sales in this region increased slightly by 0.4 per cent to EUR 203.4 million (previous year: EUR 202.6 million). Sales in France increased by 5.4 per cent and amounted to EUR 90.7 million (previous year: EUR 86.1 million). Sales in the other regions increased by a total of 5.6 per cent to EUR 106.8 million (previous year: EUR 101.1 million).

Development of sales in the business segments

Natural and organic cosmetics accounted for EUR 292.4 million or 72.9 per cent of global sales (previous year: EUR 280.8 million or 72.0 per cent). The sales generated by pharmaceuticals decreased slightly to EUR 108.5 million (previous year: 109.0 million), corresponding to 27.1 per cent (previous year: 28.0 per cent) of total sales.

Global sales of the pharmaceuticals business segment decreased by 0.5 per cent in 2017 (previous year: decrease of 4.8 per cent). Sales in the D–A–CH region, which generated about 44 per cent of sales, decreased by about 2.7 per cent compared with the previous year. Growth momentum came primarily from the South America region with growth in sales of 29 per cent. Sales in the other markets decreased by 3.1 per cent compared to the previous year.

Global sales of the natural and organic cosmetics business segment grew significantly by 4.1 per cent compared with the previous year (2.0 per cent sales growth in 2016). The growth regions of Western Europe, South America, Asia and Pacific as well as Central and Eastern Europe, including Russia and Ukraine, were primarily responsible for the improvement. Sales increased by 1.4 per cent in the D–A–CH region. Sales growth in all other countries totalled 5.6 per cent.

Operating result

The consolidated operating result (EBIT) of the Weleda Group fell, despite higher sales compared to the previous year, by EUR 5.2 million to EUR 18.7 million (previous year: EUR 23.9 million). The EBIT margin decreased to 4.7 per

cent (previous year: 6.1 per cent). The reduction in the operating result in comparison to 2016 was mainly due to planned market investments relating to internationalisation (USA, Brazil, Ukraine and Korea), a general and planned increase in marketing expenses as well as costs associated with intensifying research and development activities. The operating result (EBIT) in the separate financial statements of Weleda AG decreased, compared to the previous year, by CHF 20.1 million to CHF –0.4 million. Since the year under review, the investments stated in the individual financial statements of Weleda AG are amortised over five years, leading to an additional burden of CHF 4.7 million.

Result for the year

The consolidated result for the year increased by 12.4 per cent to EUR 13.0 million compared to the previous year. The financial result improved by EUR 1.1 million and amounted to EUR –1.1 million (previous year: EUR –2.2 million). The main reason for the improvement was a further repayment of financial liabilities. Due to the decreased business performance and different profit distribution within the Group, income taxes decreased to EUR 4.6 million (previous year: EUR 10.2 million). Germany accounted for the biggest share of income taxes with EUR 1.7 million (previous year: EUR 7.8 million).

The separate financial statements of Weleda AG showed a loss of CHF 2.5 million (previous year: profit of CHF 8.1 million).

Financial and assets situation

The equity ratio of the Weleda Group again increased and amounts to 46.7 per cent (previous year: 43.8 per cent) due to the improved net result for the year and the repayment of financial debt.

Consolidated cash flow from operating activities amounted to EUR 29.3 million (previous year: EUR 19.4 million). Cash flows from investing activities increased, compared with the previous year, by EUR 2.3 million to EUR 12.8 million (previous year: EUR 10.5 million). Of the gross investments of EUR 12.9 million, EUR 1.3 million were invested in intangible assets and EUR 11.6 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 16.5 million (previous year: EUR 8.9 million).

Financial liabilities decreased, adjusted by exchange rate effects of EUR 11.0 million, to EUR 10.2 million (previous year: EUR 21.2 million). Cash and cash equivalents increased by EUR 3.6 million to EUR 47.3 million at the end of the year. This resulted in a net financial credit balance of EUR 37.4 million (previous year: EUR 22.4 million).

Cash flow from operating activities for Weleda AG amounted to CHF 30.7 million (previous year: CHF 12.1 million) in the year under review and, after the deduction of net investments of CHF 15.3 million (previous year: CHF 8.7 million), still came to CHF 15.4 million (previous year: CHF 3.4 million). Weleda AG repaid CHF 10.3 million (previous year: CHF 17.2 million) in interest-bearing liabilities in the year under review.

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.

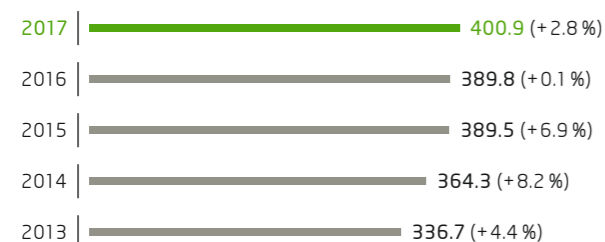
Outlook for 2018

In view of the current market conditions, planned innovation and the market presence of Weleda, we see continued good opportunities for double-digit percentage growth of natural and organic cosmetics in the USA, France, the Netherlands, the United Kingdom, Sweden, Spain, the Czech Republic, Russia and Ukraine. We expect lower but positive average growth in the other countries. With regard to pharmaceuticals, we also expect to see stable sales.

Due to decisions made about future developments such as further investments in research and development, expansion of the pharmaceuticals strategy, the product-mix strategy for natural and organic cosmetics, and market development outside Europe, we expect no increase in the operating income in the coming year despite the growth of sales.

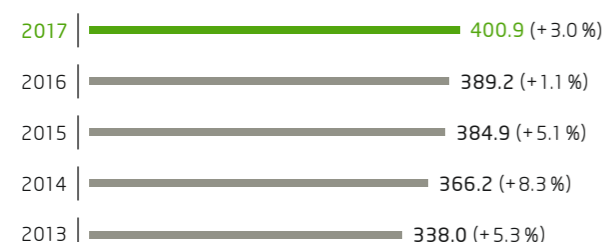
Sales at respective year-end exchange rates

in million EUR (change from previous year)



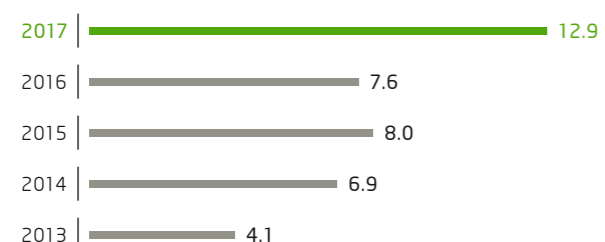
Sales adjusted for exchange rate effects

in million EUR (change from the previous year adjusted for shift in exchange rates as at December 31st 2017)



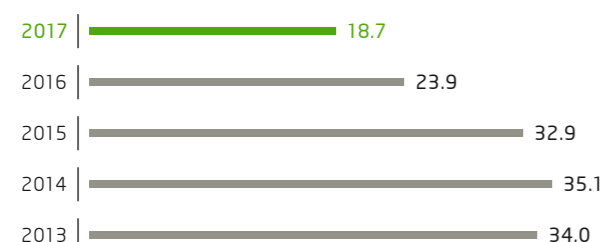
Investments in intangible assets and property, plant and equipment

in million EUR



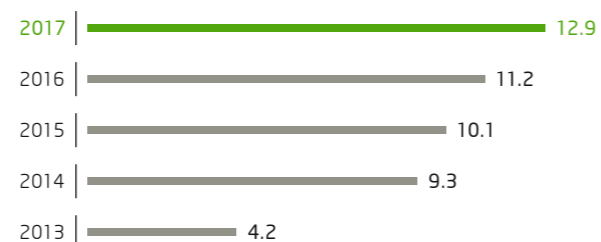
Operating result (EBIT)

in million EUR



Result attributable to shareholders

in million EUR



Natural and organic cosmetics and pharmaceuticals Weleda Group



■ Weleda natural and organic cosmetics	72.9 %
■ Weleda pharmaceuticals	27.1 %

Market performance of Weleda Group by region

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



■ D-A-CH Germany, Austria, Switzerland	203.4 (+0.7 %)
■ Western Europe France, United Kingdom, Benelux	115.0 (+3.7 %)
■ Northern, Central, Eastern Europe Scandinavia, Russia, Czech Republic, Ukraine, CEE	21.3 (+9.0 %)
■ North America	13.2 (+4.5 %)
■ South America, Italy, Spain	35.9 (+7.8 %)
■ Asia/Pacific	12.1 (+12.2 %)

Consolidated Annual Financial Report 2017

Weleda Group

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Basel, Switzerland

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Contact person for shareholders

Paul Mackay, Chairman of the Board of Directors

Secretariat and share register

Sabine Lexen
Tel. +41 61 705 22 02

Balance sheet of the Weleda Group

Assets

in 1,000 EUR

	Notes	31.12.2017	31.12.2016
Current assets			
Cash and cash equivalents		47,306	43,715
Trade receivables	1	61,265	61,699
Other current receivables		14,003	5,497
Inventories	2	53,329	53,192
Prepaid expenses and accrued income		4,554	7,110
Total current assets		180,457	171,213
Non-current assets			
Financial assets	3	1,437	4,327
Investments in non-controlling interests	3	806	731
Property, plant and equipment	3	67,418	67,541
Intangible assets	3	3,670	4,787
Total non-current assets		73,331	77,386
Total assets		253,788	248,599

Liabilities and shareholders' equity

in 1,000 EUR

	Notes	31.12.2017	31.12.2016
Liabilities			
Current liabilities			
Trade payables	4	24,766	19,983
Current interest-bearing liabilities		9,867	11,247
Other current liabilities	5	10,692	10,378
Current provisions	6	8,511	5,285
Accrued expenses and deferred income		13,790	15,439
Total current liabilities		67,626	62,332
Non-current liabilities			
Non-current interest-bearing liabilities	7	0	10,027
Other non-current liabilities		1,947	1,667
Non-current provisions	6	65,593	65,763
Total non-current liabilities		67,540	77,457
Total liabilities		135,166	139,789
Shareholders' equity			
Share capital		3,800	3,800
Non-voting share capital		7,600	7,600
Capital reserves		9,600	9,600
Retained earnings		98,006	85,541
Treasury voting and non-voting shares	8	-1,102	-1,079
Shareholders' equity excl. non-controlling interests		117,904	105,462
Non-controlling interests		718	3,348
Shareholders' equity incl. non-controlling interests		118,622	108,810
Total liabilities and shareholders' equity		253,788	248,599

Income statement of the Weleda Group

in 1,000 EUR

	Notes	2017	2016
Net sales of goods and services	9	400,902	389,811
Other income	10	2,385	3,006
Change in inventories of finished goods and work in progress		3,189	-3,103
Total operating income		406,476	389,714
Cost of materials		-91,647	-92,107
Employee income and social expenditure	11	-147,743	-139,008
Other operating expenses	12	-138,317	-125,016
Depreciation, amortisation and impairment losses on non-current assets	13	-10,078	-9,655
Total operating expenses		-387,785	-365,786
Operating result (EBIT)		18,691	23,928
Financial expenses	14	-1,356	-2,421
Financial income		249	241
Ordinary result for the year		17,584	21,748
Income taxes	15	-4,624	-10,220
Consolidated result for the year		12,960	11,528
Attributable to shareholders of Weleda AG		12,907	11,200
Attributable to non-controlling interests		53	328

Cash flow statement of the Weleda Group

in 1,000 EUR

	2017	2016
Consolidated result for the year	12,960	11,528
Depreciation, amortisation and impairment losses on non-current assets	10,078	9,655
Changes in provisions	6,772	-4,723
Gain/loss from the disposal of non-current assets	42	30
Changes in trade receivables	-986	-8,434
Changes in inventories	-1,962	12,800
Changes in other current receivables and prepaid expenses/accrued income	-3,644	-4,083
Changes in trade payables	5,301	689
Changes in other current liabilities and accrued expenses/deferred income	-272	1,558
Other non-cash items	812	620
Currency and valuation influences not affecting liquidity	287	10
Share of result of associated companies	-85	-202
Cash flow from operating activities	29,303	19,448
Investments in property, plant and equipment	-11,637	-5,962
Divestments of property, plant and equipment	97	9
Investments in financial assets	-16	-2,975
Divestments of financial assets	79	89
Investments in intangible assets	-1,307	-1,623
Divestments of intangible assets	0	11
Cash flow from investing activities	-12,784	-10,451
Dividend payments to shareholders/non-controlling interests	-865	-647
Cash flow from change in current interest-bearing liabilities (net)	-8,640	-17,659
Repayment of non-current interest-bearing liabilities	-2,351	0
Disposal of treasury voting and non-voting shares	0	23
Addition of treasury voting and non-voting shares	-23	-90
Cash flow from financing activities	-11,879	-18,373
Total cash flow	4,640	-9,376
Cash and cash equivalents at start of reporting period	43,715	52,928
Total cash flow	4,640	-9,376
Currency translation effect on cash and cash equivalents	-1,049	163
Cash and cash equivalents at end of period	47,306	43,715

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 2016	11,400	9,600	-1,693	76,029	-1,012	94,324	3,092	97,416
Result for the year				11,200		11,200	328	11,528
Dividends				-630		-630	-17	-647
Change in treasury voting and non-voting shares					-67	-67		-67
Currency translation effect/Other ²			738	-103	0	635	-55	580
Shareholders' equity as at December 31st 2016	11,400	9,600	-955	86,496	-1,079	105,462	3,348	108,810
Result for the year				12,907		12,907	53	12,960
Dividends				-865		-865		-865
Change in treasury voting and non-voting shares					-23	-23		-23
Currency translation effect/Other ²			-1,906	2,329		423	-2,683	-2,260
Shareholders' equity as at December 31st 2017	11,400	9,600	-2,861	100,867	-1,102	117,904	718	118,622

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, 21 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 F+E AG and Weleda Ukraine LLC were 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 2017, 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 parties' 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

	2017 Rates on balance sheet date	2017 Average rates	2016 Rates on balance sheet date	2016 Average rates
1 CHF (Swiss franc)	0.855	0.900	0.933	0.917
1 USD (US dollar)	0.833	0.886	0.948	0.904
1 GBP (pound sterling)	1.127	1.141	1.172	1.225
1 BRL (Brazilian real)	0.251	0.278	0.291	0.261

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.

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

	31.12.2017	31.12.2016
From third parties	60,596	61,164
From companies in which a non-controlling interest is held	529	477
From shareholders	140	58
Total trade receivables	61,265	61,699

2 Inventories

in 1,000 EUR

	31.12.2017	31.12.2016
Raw, auxiliary and operating materials	16,119	15,409
Unfinished products	10,284	11,166
Finished products	5,835	6,071
Trade goods	22,928	22,180
Value adjustments on inventories	-1,837	-1,634
Total inventories	53,329	53,192

3 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 2016	1,983	527	69,266	5,046	76,822
Currency translation effect	-128	2	432	62	368
Equity valuation	0	202	0	0	202
Additions	2,975	0	5,962	1,623	10,560
Disposals	-498	0	-402	-11	-911
Reclassification within non-current assets	0	0	-433	433	0
Depreciation, amortisation and impairment losses	-5	0	-7,284	-2,366	-9,655
as at December 31st 2016	4,327	731	67,541	4,787	77,386
Currency translation effect	-114	-10	-2,756	-148	-3,028
Equity valuation	0	85	0	0	85
Additions	16	0	11,637	1,307	12,960
Disposals	-2,783	0	-929	-282	-3,994
Reclassification within non-current assets	0	0	-214	214	0
Depreciation, amortisation and impairment losses	-9	0	-7,861	-2,208	-10,078
as at December 31st 2017	1,437	806	67,418	3,670	73,331

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. In 2017, around EUR 4 million of all investments in property, plant and equipment was allocated to the new administration building in Switzerland.

The largest share of the amount under Property, plant and equipment, totalling EUR 24 million (2016: EUR 23 million), relates to Switzerland. The branch in Germany accounts for EUR 15 million (2016: EUR 15 million) and Weleda France has property, plant and equipment totalling EUR 12 million (2016: EUR 13 million).

4 Trade payables

in 1,000 EUR

	31.12.2017	31.12.2016
To third parties	24,680	19,935
To the Group auditor Ernst & Young	86	48
Total trade payables	24,766	19,983

5 Other current liabilities

in 1,000 EUR

	31.12.2017	31.12.2016
To third parties	10,663	10,368
To shareholders	13	10
To the Group auditor Ernst & Young	16	0
Total other current liabilities	10,692	10,378

6 Provisions

in 1,000 EUR

	Pension provisions	Tax provisions ¹	Other provisions ²	Total provisions
as at January 1st 2016	31,716	332	42,981	75,029
Increase	1,021	0	1,449	2,470
Utilisation	-265	-8	-6,541	-6,814
Decrease	-53	0	-327	-380
Currency translation effect	-1,235	42	1,936	743
as at December 31st 2016	31,184	366	39,498	71,048
Increase	2,226	0	6,188	8,414
Utilisation	-290	-95	-1,112	-1,497
Decrease	0	0	-146	-146
Currency translation effect	-342	-40	-3,333	-3,715
as at December 31st 2017	32,778	231	41,095	74,105
Of which current provisions	4,168	0	4,343	8,511
Of which non-current provisions	28,610	231	36,752	65,593

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. Of a total utilisation of EUR 6.5 million, EUR 5.4 million was reclassified to deferred income in 2016.

7 Non-current interest-bearing liabilities

in 1,000 EUR

	31.12.2017	31.12.2016
Bank loans	0	8,712
Funds and trustee loans	0	1,315
Total non-current interest-bearing liabilities	0	10,027

MATURITY

in 1,000 EUR

	31.12.2017	31.12.2016
Residual maturity 1 to 5 years	0	10,027
Residual maturity over 5 years	0	0
Total non-current interest-bearing liabilities	0	10,027

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

8 Treasury voting and non-voting shares

in 1,000 EUR

	2017	2016
Stock of treasury voting shares as at January 1st (in number: 177/prior year: 139)	355	265
Addition of treasury voting shares (in number: 18/prior year: 38)	23	90
Disposal of treasury voting shares (in number: 0/prior year: 0)	0	0
Stock of treasury voting shares as at December 31st (in number: 195/prior year: 177)	378	355
Stock of treasury non-voting shares as at January 1st (in number: 715/prior year: 735)	724	747
Addition of treasury non-voting shares (in number: 0/prior year: 0)	0	0
Disposal of treasury non-voting shares (in number: 0/prior year: 20)	0	-23
Stock of treasury non-voting shares as at December 31st (in number: 715/prior year: 715)	724	724
Total treasury voting and non-voting shares as at December 31st	1,102	1,079

Additions and disposals are purchases, sales as well as exchange of treasury voting and non-voting shares. Purchases were executed at 250 per cent of the nominal value. No sales were made either in the reporting year or in the previous year.

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

	2017 in 1,000 EUR	2017 in %	2016 in 1,000 EUR	2016 in %
Natural and organic cosmetics	292,385	72.9	280,757	72.0
Pharmaceuticals	108,517	27.1	109,054	28.0
Net sales	400,902	100.0	389,811	100.0

REGIONS

	2017 in 1,000 EUR	2017 in %	2016 in 1,000 EUR	2016 in %
D – A – CH (Germany, Austria, Switzerland)	203,370	50.7	202,607	52.0
Western Europe (France, UK, Benelux)	115,030	28.7	111,499	28.6
Northern, Central and Eastern Europe (Scandinavia, Russia, Czech Republic, Ukraine, CEE)	21,346	5.3	19,117	4.9
North America	13,163	3.3	12,848	3.3
South America, Italy, Spain	35,910	9.0	32,924	8.4
Asia/Pacific	12,083	3.0	10,816	2.8
Net sales	400,902	100.0	389,811	100.0

10 Other income

in 1,000 EUR

	2017	2016
Total other income	2,385	3,006

Other income mainly comprises rental income, service revenues from the showroom Espace Paris as well as refunds from suppliers.

11 Employee income and social expenditure

in 1,000 EUR

	2017	2016
Employee income	114,711	108,671
Social expenditure	33,032	30,337
Total employee income and social expenditure	147,743	139,008

12 Other operating expenses

in 1,000 EUR

	2017	2016
Sales and distribution costs	85,199	79,623
Operating costs	20,170	20,912
Administrative costs	26,644	18,130
Contributions, levies, property and capital taxes	2,890	2,557
Other expenses	3,414	3,794
Total other operating expenses	138,317	125,016

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 2.1 million (2016: EUR 2.4 million).

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

in 1,000 EUR

	2017	2016
Financial assets	9	5
Property, plant and equipment	7,861	7,284
Intangible assets	2,208	2,366
Total depreciation, amortisation and impairment losses on non-current assets	10,078	9,655

14 Financial expenses

in 1,000 EUR

	2017	2016
Interest and similar expenses	-1,314	-2,007
Realised and unrealised foreign currency result, net	-42	-414
Total financial expenses	-1,356	-2,421

The item Interest and similar expenses includes interest in the amount of EUR 0.5 million (2016: EUR 0.9 million) for the GLS fund in Germany and the Swiss trustee loans.

15 Income taxes

Income taxes occurred mainly in Germany, Switzerland and France.

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

	31.12.2017	31.12.2016
Guarantees	100	100
Contingent liabilities	301	350
Fair value of derivative financial instruments	377	694

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

Non-current rental and leasing obligations

in 1,000 EUR

	31.12.2017	31.12.2016
Residual maturity up to 5 years	14,946	15,565
Residual maturity over 5 years	4,574	6,280
Total non-current rental and leasing obligations	19,520	21,845

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

	31.12.2017	31.12.2016
Auditing services	202	213
Other services	181	127
Total fee	383	340

Total amount of assets pledged or assigned to secure own liabilities and assets under reservation of ownership

in 1,000 EUR	31.12.2017	31.12.2016
Weleda Group	26,032	28,574

Restricted cash

in 1,000 EUR	31.12.2017	31.12.2016
Within current assets	2,954	233
Within non-current assets	0	2,812
Total restricted cash	2,954	3,045

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 2017 in %	Capital share 2016 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	0	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	-
Weleda Ukraine LLC	UA - Kiev	Trade	UAH	500	100.0	-
Weleda spol. s.r.o.	CZ - Prague	Trade	CZK	19,684	99.5	99.4
Weleda UK Ltd	GB - Ilkeston	Production and trade	GBP	1,495	98.1	97.2
Weleda S. A.	F - Huningue	Production and trade	EUR	3,400	98.1	90.0
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 46 to 61), for the year ended 31 December 2017.



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 31 December 2017 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 14th 2018
Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert
(Auditor in charge)

Karina Kamella
Licensed audit expert

Annual Financial Report 2017

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	31.12.2017	31.12.2016
Current assets			
Cash and cash equivalents		17,656	12,563
Trade receivables	1	52,172	47,362
Other current receivables	2	11,111	5,858
Inventories		55,194	48,156
Prepaid expenses and accrued income		1,911	3,213
Total current assets		138,044	117,152
Non-current assets			
Financial assets	3	8,487	5,391
Equity investments	4	18,793	23,171
Property, plant and equipment		46,067	41,529
Intangible assets		4,913	6,808
Total non-current assets		78,260	76,899
Total assets		216,304	194,051

Liabilities and shareholders' equity

in 1,000 CHF

	Notes	31.12.2017	31.12.2016
Liabilities			
Current liabilities			
Trade payables	5	15,497	8,176
Current interest-bearing liabilities		9,073	10,196
Other current liabilities	6	22,363	2,325
Current provisions	8	9,739	4,352
Accrued expenses and deferred income		8,768	11,502
Total current liabilities		65,440	36,551
Non-current liabilities			
Non-current interest-bearing liabilities	7	18,992	25,860
Non-current provisions	8	47,354	43,624
Total non-current liabilities		66,346	69,484
Total liabilities		131,786	106,035
Shareholders' equity			
Share capital		4,750	4,750
Non-voting share capital		9,500	9,500
Statutory capital reserves		12,000	12,000
Statutory retained earnings		3,400	3,400
Voluntary retained earnings		56,167	59,637
Treasury voting and non-voting shares	9	-1,298	-1,271
Total shareholders' equity		84,518	88,016
Total liabilities and shareholders' equity		216,304	194,051

Income statement of Weleda AG

in 1,000 CHF

	Notes	2017	2016
Net sales of goods and services		288,287	280,759
Other income		9,696	7,518
Change in inventories of finished goods and work in progress		2,577	-1,341
Total operating income		300,560	286,936
Cost of materials		-93,614	-90,581
Employee income and social expenditure		-103,937	-96,371
Other operating expenses		-88,345	-71,991
Depreciation, amortisation and impairment losses on non-current assets		-15,066	-8,291
Total operating expenses		-300,962	-267,234
Operating result (EBIT)		-402	19,702
Financial expenses	10	-1,442	-3,435
Financial income	11	1,240	348
Result for the year before tax		-604	16,615
Income taxes		-1,905	-8,556
Result for the year		-2,509	8,059

Cash flow statement of Weleda AG

in 1,000 CHF

	2017	2016
Result for the year	-2,509	8,059
Depreciation, amortisation and impairment losses on non-current assets	15,066	8,291
Changes in provisions	2,591	-6,104
Gain/loss from the disposal of non-current assets	56	9
Changes in trade receivables	-1,261	-5,435
Changes in inventories	-2,816	7,559
Changes in other current receivables and prepaid expenses/ accrued income	-3,509	-989
Changes in trade payables	6,538	-1,170
Changes in other current liabilities and accrued expenses/ deferred income	15,911	245
Other non-cash items	1,244	436
Currency and valuation influences not affecting liquidity	-647	1,170
Cash flow from operating activities	30,664	12,071
Investments in property, plant and equipment	-9,972	-3,265
Divestments of property, plant and equipment	47	3
Investments in financial assets	-4,840	-4,278
Divestments of financial assets	337	77
Investments in intangible assets	-907	-1,194
Cash flow from investing activities	-15,335	-8,657
Dividend payments to shareholders	-962	-688
Cash flow from changes in current interest-bearing liabilities (net)	-7,844	-17,173
Repayment of non-current interest-bearing liabilities	-2,432	0
Disposal of treasury voting and non-voting shares	0	25
Addition of treasury voting and non-voting shares	-27	-97
Cash flow from financing activities	-11,265	-17,933
Total cash flow	4,064	-14,519
Cash and cash equivalents at start of reporting period	12,563	27,176
Total cash flow	4,064	-14,519
Currency translation effect on cash and cash equivalents	1,029	-94
Cash and cash equivalents at end of period	17,656	12,563

Statement of shareholders' equity
of Weleda AG

in 1,000 CHF

	Company capital ¹	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 2016	14,250	12,000	3,400	52,266	-1,199	80,717
Dividends to shareholders				-688		-688
Result for the year				8,059		8,059
Change in treasury voting and non-voting shares					-72	-72
Shareholders' equity as at December 31st 2016	14,250	12,000	3,400	59,637	-1,271	88,016
Dividends to shareholders				-962		-962
Result for the year				-2,509		-2,509
Change in treasury voting and non-voting shares					-27	-27
Shareholders' equity as at December 31st 2017	14,250	12,000	3,400	56,167	-1,298	84,518

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.

Consistency

As of January 1st 2017, the net book value of all equity investments is depreciated annually on a straight-line basis of 20 per cent. In previous years, equity investments were not depreciated on an annual basis but only value-adjusted as necessary. This amendment in 2017 has an impact on the income statement of CHF 4.7 million in depreciation. Without this adjustment in consistency, the result for the year would have been CHF 4.7 million higher.

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

	2017 Rate on balance sheet date	2017 Average rate	2016 Rate on balance sheet date	2016 Average rate
1 EUR (euro)	1.170	1.112	1.072	1.090

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 (see paragraph Consistency on page 68). 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.

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

	31.12.2017	31.12.2016
From third parties	33,521	32,679
From associated companies	18,487	14,621
From shareholders	164	62
Total trade receivables	52,172	47,362

2 Other current receivables

in 1,000 CHF

	31.12.2017	31.12.2016
From third parties	8,453	1,588
From Group companies	2,658	4,270
Total other current receivables	11,111	5,858

3 Financial assets

in 1,000 CHF

	31.12.2017	31.12.2016
Loans to Group companies	8,408	5,318
Other financial assets	79	73
Total financial assets	8,487	5,391

4 Equity investments

in 1,000 CHF

	31.12.2017	31.12.2016
Investments in Group companies with an interest of more than 50 per cent	18,663	23,041
Other equity investments	130	130
Total equity investments	18,793	23,171

5 Trade payables

in 1,000 CHF

	31.12.2017	31.12.2016
To third parties	14,435	8,158
To associated companies	1,009	7
To the statutory auditor Ernst & Young	53	11
Total trade payables	15,497	8,176

6 Other current liabilities

in 1,000 CHF

	31.12.2017	31.12.2016
To third parties	2,577	2,305
To Group companies	19,752	9
To the statutory auditor Ernst & Young	19	0
To shareholders	15	11
Total other current liabilities	22,363	2,325

7 Non-current interest-bearing liabilities

in 1,000 CHF

	31.12.2017	31.12.2016
Bank loans	0	7,051
Funds and trustee loans	0	1,410
To equity investments	18,992	17,399
Total non-current interest-bearing liabilities	18,992	25,860

MATURITY

in 1,000 CHF

	31.12.2017	31.12.2016
Residual maturity 1 to 5 years	0	8,461
Residual maturity over 5 years	18,992	17,399
Total non-current interest-bearing liabilities	18,992	25,860

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

8 Provisions

in 1,000 CHF

	31.12.2017	31.12.2016
Pension Fund	24,092	20,394
Other provisions	33,001	27,582
Total provisions	57,093	47,976
Of which current	9,739	4,352
Of which non-current	47,354	43,624

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

	2017	2016
Stock of treasury voting shares as at January 1 st (in number: 177/prior year: 139)	387	290
Addition of treasury voting shares (in number: 18/prior year: 38)	27	97
Disposal of treasury voting shares (in number: 0/prior year: 0)	0	0
Stock of treasury voting shares as at December 31st (in number: 195/prior year: 177)	414	387
Stock of treasury non-voting shares as at January 1 st (in number: 715/prior year: 735)	884	909
Addition of treasury non-voting shares (in number: 0/prior year: 0)	0	0
Disposal of treasury non-voting shares (in number: 0/prior year: 20)	0	-25
Stock of treasury non-voting shares as at December 31st (in number: 715/prior year: 715)	884	884
Total treasury voting and non-voting shares as at December 31st	1,298	1,271

Additions and disposals are purchases, sales as well as exchange of treasury voting and non-voting shares. Purchases were executed at 250 per cent of the nominal value. No sales were made either in the reporting year or in the previous year.

10 Financial expenses

in 1,000 CHF

	2017	2016
Interest and similar expenses relating to Group companies	-685	-672
Interest and similar expenses relating to third parties	-757	-1,432
Realised and unrealised foreign currency losses, net	0	-1,331
Total financial expenses	-1,442	-3,435

11 Financial income

in 1,000 CHF

	2017	2016
Dividends and licence income from Group companies	0	167
Realised and unrealised foreign currency gains, net	1,062	0
Interest from loans to Group companies	176	145
Interest and similar income from third parties	2	36
Total financial income	1,240	348

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.

Pledged or assigned assets

in 1,000 CHF		
	31.12.2017	31.12.2016
Total amount of assets pledged or assigned to secure own liabilities and assets under reservation of ownership	23,379	23,831

Contingent liabilities and other financial obligations

in 1,000 CHF		
	31.12.2017	31.12.2016
Guarantees	7,723	7,075
Non-current rental and leasing obligations	3,428	3,576

Guarantees mainly consist of a hedge for mortgages granted to Weleda Naturals. Weleda AG has leasing and rental obligations for computer hardware, vehicles and production machinery as well as for buildings.

Restricted cash

in 1,000 CHF		
	31.12.2017	31.12.2016
Restricted cash	185	200

Fee for the statutory auditor Ernst & Young

in 1,000 CHF		
	2017	2016
Auditing services	169	180
Other services	184	124
Total fee	353	304

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 2017 in %	Capital share 2016 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	0	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	–
Weleda Ukraine LLC	UA – Kiev	Trade	UAH	500	100.0	–
Weleda spol. s.r.o.	CZ – Prague	Trade	CZK	19,684	99.5	99.4
Weleda UK Ltd	GB – Ilkeston	Production and trade	GBP	1,495	98.1	97.2
Weleda S.A.	F – Huningue	Production and trade	EUR	3,400	98.1	90.0
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

	31.12.2017
Voluntary retained earnings (without result for the year)	58,675,880.18
Annual result for 2017	-2,508,638.32
Total voluntary retained earnings	56,167,241.86
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
Voluntary retained earnings after dividend distribution	55,169,741.86
Voluntary retained earnings as at December 31 st 2017	56,167,241.86
Voluntary retained earnings after appropriation of result	55,169,741.86

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.

Dividend 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
Annual dividend (7 per cent)	7.90	8.75	70.00	35.00
minus 35 per cent Swiss withholding tax	-2.75	-3.05	-24.50	-12.25
Net dividend per voting share/ non-voting share	5.15	5.70	45.50	22.75

Dividend payment

Provided the General Shareholders' Meeting approves the proposed appropriation of result, we will pay the dividend in calendar week 24. No dividend will be paid for voting shares and non-voting shares held directly by the Company at the time of dividend payment.

Swiss federal withholding tax of 35 per cent will be deducted from the gross dividend amount. This can usually be reclaimed via tax returns. This applies to shareholders resident in Switzerland or a country with which Switzerland has concluded a double tax agreement. For this reason, the relevant banking receipt should be safely stored and enclosed with the final tax return.

Weleda AG, Arlesheim, April 14th 2018
On behalf of the Board of Directors

Paul Mackay
Chairman

Dr Jürg Galliker
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 64 to 76), for the year ended 31 December 2017.



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 31 December 2017 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 14th 2018
Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert
(Auditor in Charge)

Karina Kamella
Licensed audit expert

Resources used to produce Weleda natural and organic cosmetics and pharmaceuticals

Energy consumption

in megawatt-hours

	2017	2016	Change in %
Consumption within the organisation			
Total renewable energy	15,674	15,606	+0.4
Total non-renewable energy	18,237	17,171	+6.2
Total	33,910	32,777¹	+3.5
Consumption of non-renewable fuels			
Natural gas	16,090	14,980 ¹	+7.4
Heating oil	400	443 ¹	-9.8
Fuels	65	83	-21.3
Total	16,554	15,506¹	+6.8
Consumption of renewable fuels			
Biogas	1,035	1,006	+2.9
Energy consumption of electricity, heating and cooling			
Non-renewable			
Electricity	1,415	1,420	-0.4
Heating and cooling	201	174	+15.9
Nuclear energy	57	62	-7.5
Other forms	9	9	-2.4
Total non-renewable	1,682	1,665	+1.0
Renewable			
Solar energy	1,948	1,988	-2.0
Wind energy	565	687	-17.7
Geothermal energy	2	6	-68.1
Hydropower	10,603	10,535	+0.6
Biomass-based intermediate energy	1,521	1,383	+10.0
Total renewable	14,638	14,599	+0.3
Total	16,321	16,264	+0.3
Energy sources produced			
Electricity	111	118	-6.3
Energy sources sold			
Electricity	111	118	-6.3

¹ Values deviating from the previous year's report due to the conversion to GRI 2016

Emissions

in tonnes of CO₂ equivalents

	2017	2016	Change in %
Direct emissions			
Emissions from production of hot water, heat and steam ¹	3,987	3,494	+14.1
Fugitive emissions	4	31 ²	-85.6
	3,991	3,525	+13.2
Indirect emissions			
Electricity, etc.	1,417	1,415	+0.1
Total	5,408	4,940³	+9.5

¹ Excluding emissions from natural gas consumption in Switzerland (direct compensation when purchasing)

² Too high in previous year's report due to transmission errors

³ Values deviating from the previous year's report due to the conversion to GRI 2016

Water consumption

in cubic metres

	2017	2016	Change in %
Water withdrawal			
Water from public water supply	96,880	86,117	+12.5
Ground water ¹	90,418	51,599	+75.2
Rainwater, collected directly and stored	5,541	5,178	+7.0
Total	192,839	142,894	+35.0

¹ Groundwater is used for thermal purposes in France.

Purchased materials

in tonnes

	2017	2016	Change in %
Raw materials¹			
Renewable	4,977	4,214	+17.9
Non-renewable	296	260	+18.1
Total	5,274	4,474	+14.0
Packaging¹			
Renewable	2,194	1,841	+19.2
Non-renewable	3,791	4,216	-10.1
Total	5,985	6,057	-1.2
Advertising material¹			
Renewable	724	434	+66.8
Non-renewable	214	377	-43.2
Total	938	811	+15.7
Operating material²			
Renewable	54	58	-6.8
Non-renewable	103	74	+40.80
Total	157	131	+19.9

¹ Values deviating from the previous year's report due to the conversion to GRI 2016

² Values deviating from the previous year's report due to the conversion to GRI 2016

Semi-finished products and bulk goods ²			
Renewable	40	32	+ 25.9
Non-renewable	2	2	- 13.2
Total	42	34	+ 23.4
Trade goods ²			
Renewable	227	234	- 2.9
Non-renewable	239	244	- 1.9
Total	467	478	- 2.4
Proportion of renewable materials ³			
Proportion of renewable materials	8,216	6,812	+ 20.6
Proportion of non-renewable materials	4,646	5,172	- 10.2
Total			
	12,862	11,985	+ 7.3

¹ Predominantly determined by direct measurement (invoices and ERP system)

² Estimates based on purchases and their material composition

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

	2017	2016	Change in %
Normal waste			
Composting	46	40	+ 14.7
Reuse	51	33	+ 54.3
Recycling	695	722	- 3.7
Recovery	6	6	+ 0.5
Incineration or use as fuel	381	442	- 13.7
Landfill	22	27	- 17.4
Other disposal	33	26	+ 26.1
	1,235	1,297	- 5.0
Hazardous waste			
Recycling	9	1	+ 871.3
Recovery	7	11	- 38.0
Incineration or use as fuel	78	58	+ 34.5
Landfill	0	2	- 80.4
Other disposal	16	3	+ 432.3
	111	75	+ 47.0 ¹
Total			
	1,346	1,372	- 1.9

¹ Due to a legal reclassification in France from non-hazardous to hazardous waste, this has increased.

Employees of the Weleda Group

Employees of the Weleda Group at a glance

as at December 31st 2017

	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 male employees	928	379	81	20	238	54	1,700
Number of female employees	462	144	13	10	97	14	740
Total number of employees	1,390	523	94	30	335	68	2,440

Total number of female managers, in per cent	46 %	62 %	53 %	75 %	56 %	50 %	57 %
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Total number of managers	199	99	15	16	52	6	387
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Nature of employment							
Full-time employees	863	356	76	29	295	17	1,636
Part-time employees	527	167	14	1	40	53	802
Of whom female part-time employees	467	145	14	1	37	42	706
Of whom male part-time employees	60	22	0	0	3	9	94
Total number of trainees ²	41	32	1	0	7	0	81

Employment by age group							
Up to 30 years of age	250	55	24	³	79	³	
31 to 50 years of age	744	304	61	³	215	³	
51 to 60 years of age	336	136	5	³	30	³	
Over 60 years of age	60	28	4	³	12	³	

Number of nationalities ⁴	31	12	8	1	12	8	49
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Total number of newborns	52	14	3	0	10	1	80
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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 (excluding Japan, as minority holding)

² State-certified training or studies

³ Employment by age group cannot be disclosed for legal reasons.

⁴ Refers to the employees' country of origin (country issuing the passport). Employees with two passports have selected a country. The following countries are represented: Algeria, Angola, Argentina, Australia, Austria, Belgium, Bosnia, Brazil, Cameroon, Congo, Croatia, Czech Republic, Denmark, Ecuador, Finland, France, Germany, Greece, India, Iraq, Italy, Ivory Coast, Kosovo, Liechtenstein, Montenegro, Morocco, Netherlands, Nigeria, Philippines, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Syria, Thailand, Tunisia, Turkey, UK, Ukraine, Uruguay, USA.

GRI indicators index

We base our corporate responsibility reporting on the internationally recognised guidelines of the Global Reporting Initiative (GRI). In this report we have adapted the indicators used so far to GRI Standard 2016. As a result, some of the previous indicators are no longer used, and new ones have been added.

Standard disclosures

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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.



- 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



- 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



- 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



- 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
- 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



- Promotion of equal rights among both our suppliers and our employees
- High proportion of women and women in management positions



- Products do not contain micro-plastics and other persistent or water-polluting substances
- Production: invested 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



- 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)



- 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



- Supporting growers in establishing local infrastructure
- Promoting the independence of our suppliers
- Start-up and failure financing for individual suppliers
- Investment in own infrastructure



- Ensuring compliance with ILO standards through supply chain management system pursuant to the UEBT standard
- The "Diversity wins! Weleda creates prospects for people who have experienced displacement" programme and the active promotion of diversity



- Actively working with the communities in which Weleda is based
- Promotion of rural living within the supply chain



- Sustainable products for the good of people, in harmony with nature
- Effective and efficient use of resources and reduction of waste in production (e. g. recycling around 98 per cent of waste), deployment of environmental management systems at main sites
- Circular economy in our own biodynamic medicinal plant cultivation
- Inspiration through visitor's centre and gardens, events and publications



- 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



- Products without microplastics and other persistent or water-polluting substances



- 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 pursuant to the UEBT standard
- Support for seed initiatives; no use of GMO seeds
- Active and political engagement on the topic of palm oil
- Prevention of deforestation for paper and cardboard products



- Respectful dealings with suppliers and increasing transparency 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



- 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 Environ-
mental 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 del Ticino 6
20153 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

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 Dr Andreas Jäschke, 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

Weleda institutes new management structure

Effective September 1st 2017, the Board of Directors decided to replace the existing management model of a Chief Executive Officer (CEO) with a cooperative management system. This change has wide-ranging consequences for the structure of Weleda.

In the course of the restructuring, the organisational regulations, the rules of procedure of the Executive Board and Board of Directors, the Audit Committee regulations as well as the remuneration and expense regulations of the Board of Directors have been completely revised. The new management model also requires amendment of the communication, collaboration and decision-making processes which must now be developed, tested and implemented. A challenging, though extremely exciting task for our employees, and above all our management bodies (Board of Directors and Executive Board).

New strategic framework conditions

On the basis of the Company's articles of association, the principles and guidelines adopted by the principal shareholders (previously: Owner's strategy), the vision and mission as well as the new organisational regulations of Weleda AG, the Board of Directors and Executive Board together developed the new strategic framework conditions. Guided by these framework conditions, the Executive Board conceived various strategic initiatives for the future of Weleda which were adopted by the Board of Directors at their meeting of December 8th 2017.

Code of Conduct confirmed. Internal control system expanded to include all companies worldwide

In the course of the fundamental restructuring of Weleda, the Board of Directors confirmed the Code of Conduct 2017 that was adopted in 2011 and which applies worldwide. The Code includes the fundamental rules of conduct that apply to all members of staff. This includes the handling of information and company assets, the prevention of conflicts of interest, interaction with third parties and business partners, as well as issues of occupational health and safety, fire safety and environmental protection.

Lastly, Weleda expanded the internal control system – which already applies in France, Germany and Switzerland – to include all Weleda companies worldwide. These steps have once again improved the risk and controlling processes at Weleda.

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Involvement in organisations

We are committed to issues that align with our values. These include integrative medicine, fair trade, biodiversity and the promotion of intercultural understanding. Below is an overview of the most important associations and initiatives Weleda is working with in Germany and Switzerland.

Assoziation ökologischer Lebensmittelhersteller (Association of Organic Food Processors – AöL)

Participation in the sustainability working group; engagement for organic, humane and sustainable foodstuffs

B.A.U.M.

Member since 2002; the largest corporate network for sustainable business in Europe, with well over 500 members

Biodiversity in Good Company

Active board member; consortium of companies from numerous sectors which collaborate to promote the protection and sustainable use of global biodiversity

Cancún Business and Biodiversity Pledge

Signatory of the Declaration of Commitment to the Convention on Biological Diversity (CBD) for the protection and sustainable use of biodiversity; signatory of the Convention on Biological Diversity at the 13th Conference of the Parties (COP 13)

Charta der Vielfalt (Diversity Charter)

Signatory of the corporate initiative to promote diversity in companies and institutions which has already been signed by over 2,750 companies and public bodies; patron: German Federal Chancellor Angela Merkel

Dachverband Anthroposophische Medizin in Deutschland (Umbrella Association for Anthroposophic Medicine in Germany – DAMiD)

Active member; joint platform for professional associations in anthroposophic medicine and manufacturers of anthroposophic pharmaceuticals

Dachverband Komplementärmedizin (Umbrella Association for Complementary Medicine – DAKOMED)

Active member; engaged in promoting the political recognition of complementary medicine in the Swiss healthcare system

Demeter Germany and Demeter Baden-Württemberg

Active member; cultivation association for biodynamic agriculture

European Coalition on Homeopathic & Anthroposophic Medicinal Products – ECHAMP

Active board member; active involvement in European manufacturer's association and commitment to the development and availability of homeopathic and anthroposophic medicinal products

Forum for Sustainable Palm Oil – FONAP

Chair of the executive board; objective: to significantly increase the proportion of segregated, certified palm oil and palm kernel oil or their respective derivatives in the German, Austrian and Swiss markets

Getreidezüchtung Peter Kunz (Peter Kunz Cereal Cultivation – GZPK, Association for Crop Development)

Active member; financial and analytical support for the cultivation of open-pollinated self-reproducing sunflowers; cultivation of suitable varieties for sustainable agriculture

Hortus officinarum, Association for Biodynamic Seeds of Medicinal Plants

Financial support and provision of infrastructure for the biodynamic breeding and propagation of medicinal plants; board member

Hufelandgesellschaft, Umbrella Organisation of the Medical Associations for Naturopathy and Complementary Medicine

Sponsoring member; engages with policymakers, public authorities and science and research institutions on behalf of natural and complementary medicine

Kneipp-Bund (Kneipp Association)

Member; federal association for the promotion of health and the prevention of diseases

NATRUE

Founder member of the international, non-profit association of natural cosmetic manufacturers; mission: to protect and promote natural and organic cosmetics for the benefit of consumers worldwide. Working at political level for the promotion of natural cosmetics

Netzwerk Kräuter (herb network)

Founding member and CFO; association to promote the cultivation of medicinal, aromatic and cosmetic plants. Information platform for the exchange of information on cultivation, processing, research and advice

Netzwerk Unternehmen integrieren Flüchtlinge (network of companies to integrate refugees)

Involvement in the Germany-wide network; initiative of the Association of German Chambers of Commerce and Industry (DIHK), supported by the German Federal Ministry for Economic Affairs and Energy, to integrate refugees in German enterprises

öbu – Swiss Business Council for Sustainable Development

Member and supporter of political initiatives; counts around 360 companies, organisations and institutions among its members and supports them to further develop their sustainability management

Runder Tisch der Charta der Vielfalt zur Flüchtlingshilfe (Round Table of the Diversity Charter to assist Refugees)

Involvement in the German nationwide company network

Schweizer Initiative für Anthroposophische Medizin (Swiss Initiative for Anthroposophic Medicine – SIAM)

Active member; joint platform for professional associations, foundations, clinics, training centres and pharmaceutical manufacturers of the anthroposophic medical movement

Schweizer Verband für komplementärmedizinische Heilmittel (Swiss Association for Complementary Medicinal Products – SVKH)

Active board member representing the interests of manufacturers of complementary medicines and plant-based pharmaceuticals in Switzerland; involvement in appropriate legislation relating to these pharmaceuticals

Sustainable Leadership Forum (SLF)

Founding member of the work and discussion platform for pioneers of sustainable corporate development together with B.A.U.M. and the Leuphana University of Lüneburg's Centre for Sustainability Management (CSM)

Union for Ethical BioTrade (UEBT)

Full member and chair of the board of directors; strengthening fair trade and maintaining biodiversity in raw materials sourcing

Wir zusammen (We together)

Signatory of the initiative of German industry to support the integration of refugees in Germany