



# Annual and Sustainability Report 2011

Weleda AG and the Weleda Group

In harmony with nature and the human being  
Since 1921

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< Front page: Ripening yellow organic lemons from Weleda partner Salamita in Sicily.  
The cooperative has held the Demeter certificate for biodynamic agriculture since 1976.

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# The 2011 financial year

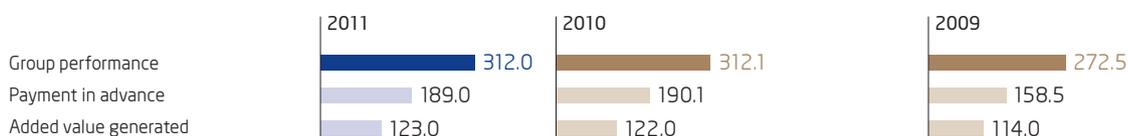
	2011 in 1,000 EUR	2011 in 1,000 CHF <sup>1</sup>	2010 in 1,000 EUR	2010 in 1,000 CHF exchange rate 0.80	Change in % 2011/2010 based on EUR values
<b>Weleda Group - key figures</b>					
Turnover	307,458	379,391	308,271	385,339	-0.3
Operating result (EBIT)	1,339	1,679	9,147	11,433	-85.4
EBIT in % of turnover	0.4%			3.0%	
Loss for the year	-8,338	-10,299	-3,766	-4,708	
Cash flow from operating activities	1,464	1,807	8,933	11,166	-83.6
Investments in intangible assets and property, plant and equipment	18,898	23,319	16,450	20,563	14.9
Liquid funds on balance sheet date, including securities	9,940	12,066	5,412	6,765	83.7
Number of employees on balance sheet date <sup>2</sup>	2,039		1,965		3.8
Balance sheet total	261,682	216,512	247,417	309,270	5.8
Shareholders' equity	76,358	92,770	84,385	105,481	-9.5
Equity ratio	29.2%		34.1%		
Net debt	122,469	148,664	100,976	126,220	21.3
Funds, debenture bonds and trustee loans	40,557	49,232	32,856	41,070	23.4
<b>Weleda AG - key figures</b>					
Loss for the year		-11,188		-3,735	
Shareholders' equity		87,077		98,286	-11.4
Dividend in % of nominal value		0.0% <sup>3</sup>		0.0%	

<sup>1</sup> At balance sheet date, year-end or historical rates <sup>2</sup> In full-time equivalents (FTE)

<sup>3</sup> Pursuant to the proposal made by the Board of Directors to the General Shareholders' Meeting on June 1<sup>st</sup> 2012

Value-added statement 2011	2011 in million EUR		2010 in million EUR		Change 2011/2010 in %	2009 in million EUR		Change 2010/2009 in %
Employees	125.1	101.7%	118.4	97.1%	+5.5	106.0	93.0%	+11.8
Public authorities	1.4	1.1%	2.7	2.2%	-47.0	1.4	1.2%	+92.3
Operating result	-8.4	-6.8%	-3.5	-2.9%	+136.4	2.9	2.5%	-222.1
Shareholders	0.0	0.0%	0.0	0.0%	-	0.4	0.4%	-
Lenders	4.9	4.0%	4.4	3.6%	+12.5	3.3	2.9%	+33.9
<b>Total added value</b>	<b>123.0</b>	<b>100.0%</b>	<b>122.0</b>	<b>100.0%</b>	<b>+0.9</b>	<b>114.0</b>	<b>100.0%</b>	<b>+7.0</b>

All information given at the prevailing rates at the time specified. Notes to the value-added statement: see page 62.



## Dear Reader,

At the Extraordinary General Shareholders' Meeting on March 23<sup>rd</sup> 2012, the members of the Board of Directors who are responsible for the 2011 financial year stepped down at the request of the representatives of the two main shareholders (the General Anthroposophical Society and the Ita Wegman Klinik) to enable the election of a new Board of Directors of Weleda AG. What triggered this event?



2011 was not only the year in which we celebrated the 90th anniversary of Weleda AG; it was also the year in which it became clear to both of our main shareholders that fundamental reflection was required on the continued existence of the company. In a letter to the Board of Directors of Weleda AG on September 29<sup>th</sup> 2011, the two main shareholders expressed their concern in this regard, in particular in relation to the fundamental direction and strategy of Weleda AG, the business plan for the next three to five years, CEO succession and the composition of the Board of Directors.

A meeting was held between the Board of Directors of Weleda AG, the Board of Directors of the Ita Wegman Klinik and the Executive Council of the General Anthroposophical Society on December 8<sup>th</sup> 2011. At this meeting, the Board of Directors of Weleda AG addressed the critical situation of the company. A loss of CHF 10 million for 2011 became apparent for the first time. In light of this, it was proposed that a taskforce or working group be set up, comprising two representatives of the Board of Directors of Weleda AG and representatives from the Board of Directors of the Ita Wegman Klinik and the Executive Council of the General Anthroposophical Society. It was also requested that both main shareholders be represented on the Board of Directors of Weleda AG. The proposal was taken up immediately by the two main shareholders, meaning that the working group was able to set to work on January 9<sup>th</sup> 2012. It was made up of Georg Fankhauser and Barbara Schneider from the Board of Directors of Weleda AG; Philipp Schneider,

Andreas Jäschke and Christoph Kaufmann from the Board of Directors of the Ita Wegman Klinik; and Paul Mackay from the Executive Council of the General Anthroposophical Society. Philipp Schneider was asked to chair the working group. An intensive working phase followed.

It soon became evident to both main shareholders that Weleda's critical situation quickly required a Board of Directors capable of taking action, but that this was not the case to a sufficient degree with the current composition of the Board. Recognising this, the representatives of the main shareholders requested at the meeting of the Board of Directors on February 16<sup>th</sup> 2012 that the members call an Extraordinary General Shareholders' Meeting as soon as possible, at which the Board members would announce that they were stepping down and a new Board could be elected.

It was up to the representatives of the main shareholders to seek out new candidates for election to the Board. The candidates had to be independent, and it was also important to take into account the type of composition the Board of Directors of Weleda required in the current situation. The main shareholders did not wish to evade their responsibilities and put forward two representatives, Andreas Jäschke and myself, for election. Weleda is closely linked with the drive for anthroposophic medicine; it was therefore important for the representatives of the Ita Wegman Klinik in particular for both a doctor and a pharmacist to have a seat on the Board of Directors. This has been achieved in the form of Harald Matthes and Elfi Seiler, respectively. It was also important to Philipp Schneider, the chairman of the working group, that one of the members of the Board had fundamental expertise in the areas of Swiss corporate law, auditing systems and corporate governance. We found this expertise in Jürg Galliker. We believe that there may be further appointments to the Board of Directors, but that in its current form, the Board is in the position to take the upcoming, strategically important decisions.

At its inaugural meeting on March 23<sup>rd</sup> 2012, the Board of Directors elected myself as Chairman and Jürg Galliker as Deputy Chairman. The Audit Committee comprises Jürg Galliker,

Andreas Jäschke and myself. The Board of Directors' first important decision was to appoint Ralph Heinisch as the new CEO of Weleda AG with effect from April 1<sup>st</sup> 2012. Ralph Heinisch is an experienced CEO and has proven in many situations that he is able to set companies that are in a critical phase of their development back on track. We are confident that he will also succeed in achieving this at Weleda AG. In doing so, he will work closely with the Board of Directors. You can find brief biographies of the new members of the Board of Directors on pages 14 and 15, while those of the new CEO and members of the Weleda Executive Board can be found on page 16.

The priority for the Board of Directors now is to improve the profitability of the company. After a thorough diagnosis, it is important to redefine the main direction and strategy of Weleda. This will be done in light of Weleda AG's social mission to promote human health by manufacturing and marketing pharmaceuticals and natural and organic cosmetics. These are both based on a single source: the anthroposophical view of the human being and the world. We believe that Weleda has an important duty in this context, and can cater to the needs of many people in this area. It will be a challenging process, but we are confident of success with the help of the commitment

of our employees, because Weleda has a strong brand and quality-conscious, enthusiastic customers.

For the first time, you hold in your hands an integrated Weleda Annual and Sustainability Report for our anniversary year 2011. The new Board of Directors was only able to acknowledge this report. The principle of operating for the good of nature and the human being is, as it were, the core of our identity – and has been since the company was founded 90 years ago. The implementation of the Weleda sustainability strategy, which was introduced in 2010, made good progress in the year under review. A great deal of committed work is taking place at both Group level and in the countries to achieve the goals that have been set. You can find details on pages 28–29, in the section on ecological and social activities from page 30 onwards, and in the country reports from page 46 onwards.



Paul Mackay  
Chairman of the Board of Directors of Weleda AG

## Group structure and shareholders

Around 40 per cent of the capital and approx. 80 per cent of the voting rights of Weleda AG are held by two main shareholders, General Anthroposophical Society (AAG, Dornach, Switzerland) and Ita Wegman Klinik AG (IWK, Arlesheim, Switzerland). Ownership of the other registered shares and non-voting shares is widely distributed; only members of the AAG are entitled to entry in the share register.

Capital structure of Weleda AG <sup>1</sup>	Number	Nominal capital in CHF
Nominal registered shares CHF 1,000	3,478	3,478,000
Nominal registered shares CHF 112.50	6,880	774,000
Nominal registered shares CHF 125	3,984	498,000
Nominal non-voting shares CHF 500	19,000	9,500,000
<b>Total nominal capital</b>		<b>14,250,000</b>

<sup>1</sup> The share capital is fully paid. As of 31.12.2011 there is neither authorised nor conditional share capital. Every registered share has a single vote in the General Shareholders' Meeting.

January 2011

# 01

## Neurodoron

The Weleda pharmaceutical Neurodoron, which is used to treat stress and nervous exhaustion, is now available in Germany in a handy blister pack. The tablets are individually and hygienically packed and can be removed one at a time. The new form of packaging, with colour coding based on indication, also ensures better orientation and visibility at the point of sale.



## wellcome

Weleda Germany doubles the prize money from the Demography Excellence Award it received in 2010, and donates the total sum to the non-profit wellcome initiative, which provides support for young families after the birth of a child. In her welcoming address, the Baden-Württemberg Minister for Social Affairs, Dr Monika Stolz, praises Weleda as being an exemplary company from both a corporate and a human perspective.



## Umbrella logo

As in the founding years, our anniversary year 2011 begins with all Weleda pharmaceuticals and natural and organic cosmetics bearing a common umbrella logo. By gradually introducing a uniform visual image, the Weleda Group is strengthening its global presence as a manufacturer of anthroposophic pharmaceuticals and holistic natural and organic cosmetics.



February 2011

# 02

## Newsletter

Weleda Germany launches the first issue of the Weleda Newsletter. More than 22,000 people and rising receive information by e-mail on a lively mix of topics including family, gardens, Weleda products and, of course, the company's 90th anniversary. The newsletter is complemented by interactive communication via internet social media.



March 2011

# 03

## Infarma 2011

At Spain's most important pharmaceutical trade show, Infarma in Barcelona, Weleda presents itself to the more than 23,000 visitors on an attractive and inviting stand – with great success, as proven by numerous customer and sales contacts and the overall positive feedback on the trade show and our brand image.



## Anniversary donation

Weleda Austria supports an aid organisation in Cali, Columbia, donating a share of the sales revenues from anniversary campaigns. The partnership has existed for four years. The organisation enables street children to attend school and offers them Waldorf educational support. The official cheque presentation takes place at the Weleda anniversary celebration in Vienna at the end of October.



## Exemplary

Weleda Italy is the first supplier in the area of natural and organic cosmetics to receive certification to international standard SA8000, developed by the not-for-profit organisation Social Accountability International (SAI). SA8000 defines guidelines for ethically and socially responsible working conditions and human rights in companies.

## Best of green beauty

At the world's largest beauty and cosmetics trade show, Cosmoprof in Bologna, Weleda organises a podium discussion on the topic "Natural health and real beauty", and receives the international public at a special anniversary stand. Green is beautiful: Weleda is presented the renowned Best of Green Beauty award for its outstanding commitment to sustainability, particularly biodynamic agriculture, protection of biodiversity and short delivery distances.



SA8000  
**ORGANIZZAZIONE  
CERTIFICATA**



April 2011

04

**Top product**

Weleda Pomegranate Firming Face Serum is selected by Austrian retailers as the top product 2010/2011 and number one product in the facial care category. The awards are presented by the renowned specialist journal for brand name products *Regal* for the best product launches in 2010; consumers and traders throughout the country were surveyed.



**Orchid walk**

In partnership with the environmental protection organisation Natuurpunt, Weleda is committed to protecting wild orchids and thus biodiversity in Belgian conservation areas. An exclusive guided walk is held in spring 2011, on which readers of the Weleda magazine experience the beauty of wild orchids up close.

May 2011

05

**Discoveries**

At the "Discoveries 2011" health exhibition on the island of Mainau in Lake Constance, Weleda Germany offers an insight into anthroposophic medicine. In the Weleda pavilion, visitors learn how the body's rhythms can affect our thoughts, feelings and behaviour, and are able to experience directly the effect of medicinal plants in an interactive simulation.

**Prix du Public**

Weleda is awarded the Prix du Public by sustainability organisation Sun21 for the construction concept for the company crèche Cœur d'Enfants, in Huningue, France, which opened in 2010. The building, which was constructed according to strict anthroposophical principles, was selected from among 15 projects in Switzerland, Germany and France for its high environmental standards.



June 2011

06

**Solar power**

Weleda Germany installs new photovoltaic systems on the roofs of company buildings in Schwäbisch Gmünd in early summer 2011. They cover a total of 800 square metres and generate around 100,000 kilowatt-hours of green electricity per year. With a view to the Weleda Group's target of climate neutrality by 2015, this is another important step towards reducing greenhouse gas emissions.



July 2011

07

### 90 years of Weleda

Weleda celebrates the company's 90th anniversary together with customers, partners and media representatives. Celebrations, lectures and symposia are held at various international sites in the first months of the anniversary year. The discussions focus primarily on shaping the future, in which responsible sustainable actions will become increasingly important for human beings and the environment.

You can read more on the anniversary events on pages 12 and 13.

### Diversity Charter

As a high point of the anniversary celebrations in Schwäbisch Gmünd, Erk Schuchhardt, manager of the Weleda Germany locations, signs the Diversity Charter together with eleven other companies on July 21<sup>st</sup>. The charter is a commitment to tolerance, fairness and appreciation in the workplace and to promoting diversity in companies.

### Green fingers

For one day, 27 employees of Weleda North America volunteer in a community garden in the Bronx district of New York. In doing so, they support the environmental and educational organisation GrowNYC, which is involved in raising ecological and health awareness among young people through various initiatives. You can find out more about the volunteer day on page 45.

August 2011

08

### Climate campaign

Weleda relies increasingly on renewable energies internationally: Weleda North America and UK obtain all of their electricity from wind power or other renewable sources. In Switzerland, the new woodchip heating from a local electricity supplier provides heating, and Weleda France takes advantage of renovating the company building to install sustainable outer insulation.



September 2011

09

### La Parisienne

More than one hundred Weleda employees from France, Switzerland and Germany take part in the 15th "La Parisienne" women's race in the heart of the French capital on September 11<sup>th</sup>. By participating, the more than 26,000 female runners send out a sporting message to combat breast cancer. Weleda France is the event's main sponsor for the sixth time in a row.



### Victoire de la Beauté

Natural beauty triumphs: Weleda is presented the famous French Victoire de la Beauté award in the regenerating facial care category for its Pomegranate Firming Day Cream. Weleda also beats products from conventional competitors in the consumer evaluation, which was conducted on an entirely neutral basis.



September 2011

09

**Annual conference**

The annual conference of the Medical Section of the General Anthroposophical Society is held from September 14<sup>th</sup> to 19<sup>th</sup> 2011 in Dornach, Switzerland. The event focuses on specialist further training and the further development of anthroposophic medicine, accompanied by a special programme of lectures for the company's anniversary. More than 750 people from 40 countries attend this inspirational and successful gathering.

October 2011

10

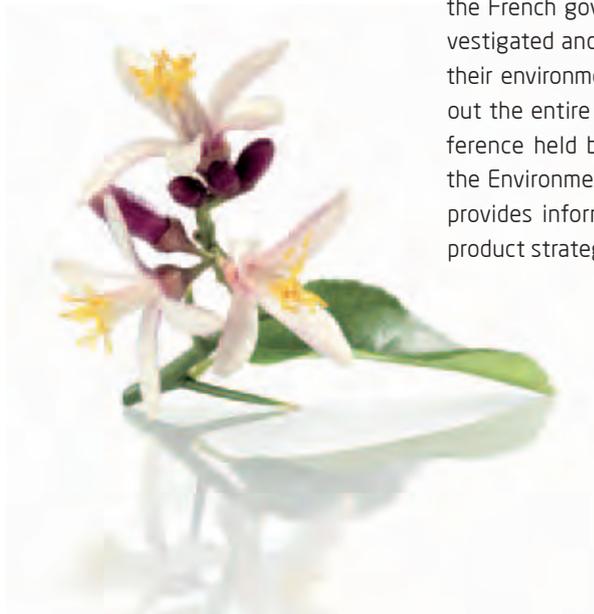
**Ethical business**

The Weleda Group becomes a full member of the Union for Ethical Biotrade (UEBT) – an important step in the context of Weleda's sustainability strategy. The non-profit association UEBT supports a globally recognised standard for sustainable sourcing and use of raw materials and fair profit sharing along the supply chain.



**Pilot project**

Weleda participates in a pilot project by the French government. Products are investigated and evaluated with regard to their environmental friendliness throughout the entire life cycle. At a media conference held by the French Ministry of the Environment on October 5<sup>th</sup>, Weleda provides information on its sustainable product strategy.



**Premio Vendor**

In Italy, Weleda receives the Premio Vendor award in the small to medium-sized company category. The prize, which is awarded by the Italian sustainability forum Compra Verde ("buy green"), recognises outstanding company efforts in the area of ecological, social and economic sustainability.



**Medical conference in Florence**

At the end of October, Weleda Italy organises a two-day conference in Florence together with the Italian Society for Anthroposophic Medicine (SIMA) around the topic "Weleda pharmaceuticals in practice". Specialists offer lectures, presentations and discussion panels on the possibilities and successes of anthroposophic treatment.



November 2011

11

### Most sustainable brand

The success story continues: for the second time in a row, Dutch consumers vote Weleda the most sustainable brand in the country. Votes were cast via the sustainability portal [www.allesduurzaam.nl](http://www.allesduurzaam.nl), where only companies examined according to sustainability criteria are listed. A total of more than 7,800 people voted.



### Birch grove

As every spring and autumn, the Career and Family team at Weleda Naturals GmbH near Schwäbisch Gmünd plant a small birch for every newborn child of an employee, together with the child's parents. The birch grove now numbers more than 130 trees and is a living reminder of the importance of families and parenthood to our corporate culture.



### Numerous awards

Weleda UK receives a number of significant awards in the course of the year. These include two golds for Weleda babycare products at the Prima Baby & Pregnancy Reader Awards, and the Pure Beauty award for Wild Rose Smoothing Day Cream. The readers of premium magazines *Sublime* and *Essentials* award Weleda Best Skincare Brand and Best Natural Beauty Range, respectively.



December 2011

12

### Order of Merit

A high honour for Patrick Sirdey, Weleda CEO until mid-January 2012: in his native France, he is awarded the Chevalier of the National Order of Merit for his services to Weleda. The order recognises outstanding commitment in public service and in the civil sector. This is the first time in the 90-year history of Weleda that a manager has been awarded such an honour.

### Very good

The December issue of German consumer magazine *Öko-Test* gives Weleda Calendula Lotion the rating "very good" in the baby lotion category. A total of 17 products were tested. *Öko-Test* previously awarded Weleda Pomegranate Firming Serum the best mark in December 2010.



## Sustainability in the future

We celebrated our company anniversary throughout the world in 2011 under the slogan "90 years of Weleda – 90 years of sustainability". This was reason enough to focus on our values, and turn our gaze towards the future.

What were once visionary ideas, such as responsible practices towards nature and the human being, have now long been a matter of course. But what does sustainability mean in a world where the term is used in an increasingly inflationary way? And what can a company like Weleda, that virtually has sustainability "in its genes", according to Dr Claude Martin, former Director General of WWF International, do better in the future? These issues were discussed in early July by a top-class panel in front of 150 invited guests in Riehen near Basel, Switzerland. Alongside Dr Claude Martin, the panel included Professor Götz E. Rehn, founder, sole proprietor and Managing Director of Alnatura; Claudia Langer, Managing Director of the German consumer platform Utopia; Dr Michaela Glöckler, Head of the Medical Section of the General Anthroposophical Society; Bob Ethrington, Weleda partner and Head of the lavender sourcing and development aid project in Moldova; and Georg Fankhauser, Chairman of the Board of Directors to March 23<sup>rd</sup> 2012. According to Georg Fankhauser, Weleda's aim is to jointly develop the company further, and in doing so to implement its particular, positive vision of a future world.

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"Weleda, a pioneer in social commitment and responsibility, is one of those exceptional companies for whom people's well-being really is at the heart of everything they do. The company serves as an important model for the future in its work for our health and our planet."



Anne Ghesquière, book author and founder of the health and sustainability magazine *FemininBio.com*, France

### Diversity

The anniversary celebration in mid-July in Germany was also attended by high-calibre guests from the world of politics and business, and centred on the theme of diversity. Only those who recognised the wealth of skills and needs of colleagues, customers and partners and knew how to handle them could be commercially successful, said Erk Schuchhardt, manager of the Weleda Germany locations, demonstrating the relevance of diversity as a link between social and economic sustainability. Together with representatives from eleven other companies, he signed the German Diversity Charter. The charter stands for an affirmation of tolerance, fairness and appreciation in the workplace and stresses the commercial importance of diversity.

### Sustainability throughout the world

All around the world, we took our anniversary as an opportunity to thank our partners for their trusting relationship with us. Sustainability as the basis of our business was the focus at all events.

At a reception for media representatives in Paris, we recalled the impulse for renewal in medicine and healthcare from which Weleda arose in 1921. Uncompromising quality, ethical business and value creation as well as cooperative interaction with customers, suppliers and employees have always been central to what we do. To introduce even the youngest people to the world of Weleda, a children's day was held at Espace Weleda. Interested parents were able to find out about the spectrum of and philosophy behind our care products in baby massage workshops. The organic kitchen workshop, a craft workshop using natural materials and a guessing game to discover Weleda fragrances delighted both children and parents.

As part of the Cosmoprof beauty and cosmetics trade show in Bologna, Weleda Italy organised a panel discussion on "Natural health and real beauty". Alongside Irene Spreafico, midwife and Weleda ambassador, the panel comprising Dr Mauro Alivia, cardiologist and member of the Italian Society for Anthroposophic Medicine (SIMA); Antonella Ratti, President of



"What can a company that virtually has sustainability in its genes, do better in the future?" This question and others were discussed on the occasion of the company's anniversary in Riehen near Basel with top-class guests. Left to right: Professor Götz E. Rehn, Claudia Langer, Monika Schärer (moderator), Dr Claude Martin, Dr Michaela Glöckler, Georg Fankhauser.

the Amazzoni association; Stefano Riva, Managing Director of Weleda Italy; Giovanna Cosenza, Professor at the University of Bologna; and Mirja Kloss, Head of International Marketing, Natural and Organic Cosmetics, Weleda, discussed the state of the world. "Weleda shares values such as humanity, passion and quality with the rest of the world, in the service of life and health – this makes Weleda unique", according to Irene Spreafico, who provides healthcare to women before, during and after birth as part of the Esmeraldas project in Ecuador. As part of the company's anniversary, Weleda Italy held a two-day conference together with SIMA around the topic "Weleda pharmaceuticals in practice". The possibilities and successes of anthroposophic treatment were discussed in front of a specialist audience at a Jesuit monastery, which was used as a hospital in the 14th century.

### Creating transparency

On Earth Day in April, Weleda North America held a dinner for media representatives in an organic restaurant. Jasper van Brakel, President and CEO of Weleda North America, stressed the importance of being informed of the origin of ingredients.

He said that this applied not only to food, but also to cosmetics. Weleda North America therefore supports the drafting of the Safe Cosmetics Act, which seeks regulatory controls on ingredients in personal care products – with the aim of legally prohibiting the use of harmful chemicals in such products.

The presentation topics at the anniversary event at the end of May in Sweden included biodynamic agriculture, collaboration with our farming partners around the world, natural and organic cosmetics, and essential oils. The facial treatments and massages that followed were an opportunity for the guests, including journalists and web editors, to experience Weleda products themselves and find out more about our corporate philosophy in one-to-one discussions.

Unlike 90 years ago, public opinion now does not dispute the fact that all of our actions should be sustainable, meaning with a long-term focus and in respectful harmony with nature and the human being. Alongside social and environmental aspects, this also includes economic aspects. Our values therefore continue to be extremely relevant. This reinforces us in our continued aim to consciously realise our responsibility, and thus make an important contribution to the future – because sustainability is the future.

## A year of transformation: new Board of Directors since March 23<sup>rd</sup> 2012

At the request of the main shareholders of Weleda AG, a new Board of Directors was elected on March 23<sup>rd</sup> 2012 at an Extraordinary General Shareholders' Meeting at the Goetheanum, Dornach. The reasons behind this are explained in the Editorial (pages 4 and 5) by Paul Mackay, who was elected by the Board as Chairman.

The new Board of Directors comprises the following persons:



### 1 Paul Mackay

studied economics in Rotterdam and business administration in Fontainebleau. After working for several years in international banking, he became interested in and studied anthroposophy in England and Germany (1974–1977). From 1977 to 2012 Paul Mackay worked in anthroposophic banking, among other things as Co-founder and Managing Director of Triodos Bank in the Netherlands and as Executive Director of GLS Bank, where he served as Chairman of the Supervisory Board until March 16<sup>th</sup> 2012. Paul Mackay has been on the Executive Council of the General Anthroposophical Society since 1996.

### 2 Dr Jürg Galliker

studied law and was admitted to the bar in 1991. He obtained his doctorate in 1994 at Basel University. After working in the corporate law service of a Basel pharmaceutical company and in the legal department of a private bank in Basel, Jürg Galliker moved to an international consultancy and auditing firm, where he became a partner in 2001. In 2006 he completed his training as a mediator at the University of Applied Sciences and Arts Northwestern Switzerland (FHNW). Since October 2009 Jürg

Galliker has worked as a freelance lawyer in Basel, advising and supporting companies, organisations and private individuals in legal and corporate matters. Since October 1<sup>st</sup> 2011 he has served as President of the Wegwarte Foundation, a hostel and half-way house for women and their children in Basel.

### 3 Dr Andreas Jäschke

studied mathematics, philosophy and music at the universities of Bielefeld and Athens, Georgia (USA). After working in research and teaching he obtained his doctorate in mathematics. He undertook leadership training at MIRA in Germany in 1998 and trained as a DAS Controller at the University of Applied Sciences and Arts Northwestern Switzerland (FHNW) in 2007. Andreas Jäschke has worked at the Ita Wegman Klinik in Arlesheim since 1993. He became a member of the clinic management in 1998, Chief Financial Officer and Controller and member of the Board of Directors of Ita Wegman Klinik AG in 2008, and Managing Director in 2011. Andreas Jäschke has been a Board member of the International Association of Anthroposophic Clinics since 2005.

**4 Dr med. Harald Matthes**

attended the Rudolf Steiner School and studied human medicine in Berlin. He worked as a research assistant in internal medicine and gastroenterology at Benjamin Franklin University Hospital (Charité), Berlin, where he earned his doctorate in 1987. Residencies followed in London (UK) and Stanford (USA). Harald Matthes is a specialist in internal medicine, gastroenterology/oncology and psychotherapy. He has been Head of the Department of Gastroenterology at Havelhöhe Community Hospital since 1995, which he co-founded and where he is also Medical Director. In 2011 he received his habilitation at Charité Berlin in internal medicine. Harald Matthes is a member of Commission C and the Pharmacovigilance Committee of the German Federal Institute for Drugs and Medical Devices (BfArM) as well

as a member of the Medical Committee of the German Hospital Organisation (DKG) and the National Cancer Council AG5. He is also a Board member of the Hufeland Society, the German Association of Comprehensive Cancer Centres (ADT) and the Tumour Centre Berlin (TZB and TZKB).

**5 Elfi Seiler**

is a pharmacist by training and has worked at the St Peter Pharmacy in Zurich for 23 years. She has been the manager of the pharmacy for 15 years and is Chairwoman of the Board of Directors. She has been a co-owner for ten years. Elfi Seiler is Chairwoman of the Support Association of Paracelsus Hospital Richterswil and is currently still a member of the Hospital Association Board.



Georg Fankhauser

Barbara Schneider

Paola Ghillani

Dr med. Giancarlo Buccheri

Prof. Götz Werner

Stefanie Gräfin Wolff Metternich

The following members of the Board of Directors stepped down: Georg Fankhauser, management consultant (member of the Board of Directors since 2001, Chairman since 2009); Barbara Schneider, lawyer and former member of the government of the Canton of Basel-Stadt (Deputy Chairwoman and member since 2009); Paola Ghillani, management consultant (member since 2009); Dr med. Giancarlo Buccheri, general practitioner in Milan (member since 2007); Professor Götz Werner, founder, co-owner and a member of the Supervisory Board of the "dm-drogerie markt" chain (member since 1986); and Stefanie Gräfin Wolff Metternich, financial graduate, tax consultant and business mediator (member since 2011).

The new Board of Directors would like to thank them for their commitment and contribution to the company, in some cases over many years.

## New CEO for the Weleda Group

At its inaugural meeting on March 23<sup>rd</sup> 2012, the new Board of Directors appointed German business graduate Ralph Heinisch CEO and Chairman of the Weleda Executive Board as of April 1<sup>st</sup> 2012. His predecessor, Patrick Sirdey, stepped down in mid-January.

Ralph Heinisch, who specialises in corporate restructuring and development, worked for the German plastics company Frank Plastic as interim CEO from 2009 to the end of February 2012, a period in which he successfully restructured the company. From 2007 to 2009 Ralph Heinisch was Managing Director of the anthroposophically oriented Paracelsus Hospital in Bad Liebenzell. All in all he brings nine years' experience at an international auditing firm and almost 20 years as a business executive, managing director and management consultant into his new role. "So far I have never worked in the same industry twice," commented Heinisch following his appointment. He went on to say that he was particularly looking forward to his new role at Weleda because, among other things, in its focus on people and nature the brand contributes to securing the basis of our existence.

### Resignation of Patrick Sirdey as CEO

Patrick Sirdey stepped down as CEO and Chairman of the Weleda Executive Board at his own request on January 13<sup>th</sup> 2012. He will remain a member of the Weleda Executive Board and continue to lead the management teams of the Schwäbisch Gmünd, Huningue, Arlesheim and Vienna sites until May 31<sup>st</sup> 2012.

Patrick Sirdey joined the company in 1981 as member of executive management at Weleda France. He was appointed CEO of Weleda AG in 2008 after having worked as Deputy Chairman of the Executive Board since 2000, and will be leaving the company after over 30 years of dedicated service. In addition to many other initiatives, he worked with great dedication to help establish anthroposophic medicine in Europe – setting up the AEFMUTA (European Association of Pharmaceutical Manufacturers for Anthroposophic Therapy), for example. In recognition of his services to the company Patrick Sirdey was awarded the Ordre national du Mérite, France's highest order of merit, in November 2011, making him the first Weleda manager to receive such an award in the company's 90-year history.

From January 13<sup>th</sup> to March 30<sup>th</sup> 2012, Peter Braun, member of the Weleda Executive Board and Director Business Unit Pharma, additionally performed the function of CEO ad interim. The new Board of Directors express their thanks for his support.

### Patrick Kersting steps down as CFO

Patrick Kersting, CFO and member of the Weleda Executive Board since 2007 and employed by Weleda since 1997, left the company on March 31<sup>st</sup> 2012. Heinz Stübi, external management consultant, took on the function of CFO ad interim on April 1<sup>st</sup> 2012 and will continue until a successor is found. He is responsible for Financial Services Weleda AG, Finance, Controlling, Risk Management and IT. Heinz Stübi will sit on the Weleda Executive Board during this interim period.

During his longstanding career at Weleda, Patrick Kersting provided a great deal of positive input and implemented a series of projects that were essential to the company's development, including the establishment of finance management and international controlling.

As of April 1<sup>st</sup> 2012, the Weleda Executive Board comprises the following persons:



Ralph Heinisch,  
CEO and Chairman  
of the Weleda  
Executive Board

Patrick Sirdey,  
Director Sites  
D, CH, F, A  
(until May 31<sup>st</sup> 2012)

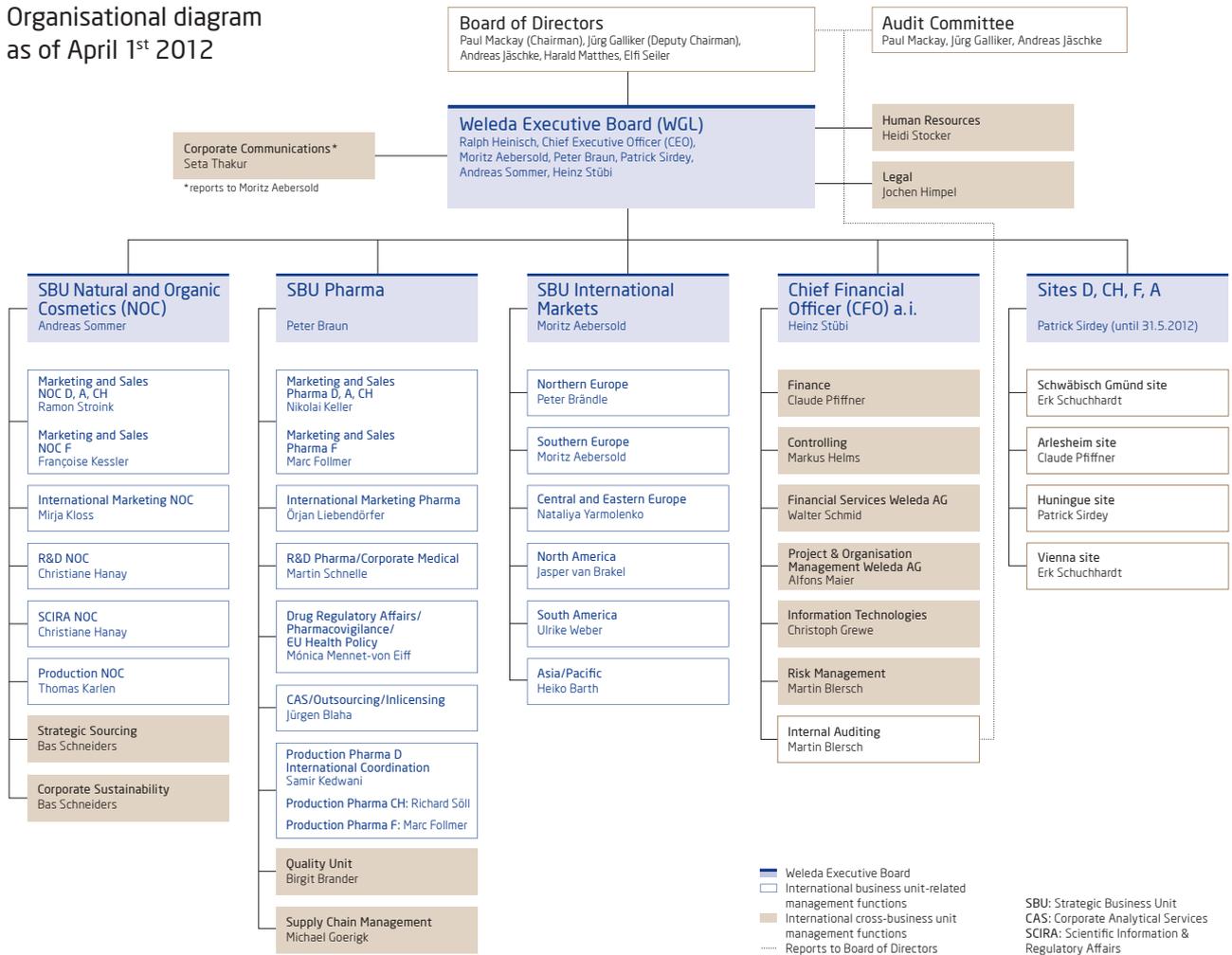
Moritz Aebersold,  
Director Business Unit  
International Markets

Peter Braun,  
Director Business Unit  
Pharma

Andreas Sommer,  
Director Business Unit  
Natural and Organic  
Cosmetics

Heinz Stübi,  
CFO ad interim

Organisational diagram  
as of April 1<sup>st</sup> 2012



## Integrity and transparency

Again in 2011, Weleda developed and formally established principles and instruments for corporate transparency, safety and ethical behaviour – both internally and externally.

### Code of Conduct

The Weleda Group Code of Conduct developed in 2010 and approved by the Board of Directors was published and implemented in 2011. It forms a basis for fair and correct interaction with all external stakeholder groups, as well as between management and staff. In addition to basic legal and ethical standards, the Code also comprises binding Group-wide rules of conduct involving the prevention of conflicts of interest, the handling of information and company assets and interaction with business partners and third parties. It also deals with the issues of occupational health and safety, fire safety and environmental protection. Every member of staff has received the Code, which will be introduced successively at the various locations via the Business Unit Heads.

### Control and risk management

The fundamental content and elements of Weleda's Group-wide risk policy were documented and described already in 2010 in a comprehensive Control and Risk Management system (KuRS). In addition to a central risk management process for early and ongoing identification and evaluation of relevant fundamental corporate risks, this system also comprises, at the process level for example, specifications for the design and documentation of an internal controlling system. The organisational implementation of the Weleda KuRS continued in 2011.

The introduction of risk management software aimed at improving efficiency in administration and control is planned for 2012. In addition to IT-based support of existing processes, the aim is to facilitate the monitoring of relevant risks and to promote a sustainable risk culture within the company.

### New financial reporting standard

In accordance with a resolution by the Board of Directors, the Weleda Group's financial reporting will gradually switch over to

the latest Swiss GAAP FER standard up until the 2013 annual report (published for the 2014 General Shareholders' Meeting). According to the transparency principle of the "true and fair view", financial accounting as per GAAP FER presents a real picture of the asset, financial and earnings situation of the company. Preparations proceeded apace in 2011, and are already reflected in the newly structured financial statements for the 2011 financial year. With a view to providing support in practice, a Group manual has also been produced summarising the relevant valuation criteria in accordance with Swiss GAAP FER. This manual was approved by the Board of Directors in December 2011.



The timeless values of the company are laid down in the Weleda Group Code of Conduct.

## Unity in diversity

Coming together to grow together – this idea is the central element of our strategy for International Markets. Despite challenging conditions, our Group-based approach and the process of professionalisation continued to be implemented systematically and successfully in 2011.

### Market environment 2011

The global financial and economic crisis, unstable political conditions and not least, devastating natural catastrophes in countries such as Japan and New Zealand, all combined to create a harsh environment for the countries of the International Markets Business Unit. Cautious consumers and high cost pressure in healthcare provision presented a challenge for Weleda's subsidiaries and its distribution partners in the export markets. However, thanks to in-depth analysis and the rapid implementation of professionalisation and cost-cutting, the business achieved an increase of around 5 per cent in sales and a positive operating result.

### Strategic orientation

The focus in 2011 was on the implementation of the Group strategy and the unified organisational structure in the markets, the introduction of established standards in management and dedicated measures aimed at improving efficiency. This challenging change process benefited significantly from the new management structure, introduced in 2010 with great commitment, with regional heads for the Northern Europe, Central and Eastern Europe, Southern Europe, North America, South America and Asia/Pacific markets.

### Regional developments

Positive developments were seen in North and South America in particular, with the systematic pursuit of the growth strategy for North America having secured solid sales growth in a difficult consumer climate. Following the successful introduction of the turnaround process in Brazil, sales were increased and a positive operating result was achieved for the first time, and results in Argentina and Chile were also higher than forecast. Despite the difficult economic conditions, the Southern Europe and Central and Eastern Europe regions

posted positive sales growth, which, however, only partially offset the poorer business performance and negative results in the UK, Scandinavia and the Netherlands. In the Northern Europe region, therefore, measures were initiated already in mid-2011 to reorganise and professionalise marketing activities in preparation for 2012. A Weleda Code of Conduct (see page 18) was introduced in all Weleda subsidiaries as an expression of common values.



A Moroccan woman gathers argan fruits for Weleda's natural and organic cosmetics. A total of 38 kilograms of fruit are required to produce a litre of the precious, highly effective argan oil.

## Strategy bears fruit

Weleda's strategy of focussed market cultivation and the ongoing restructuring of Business Unit Pharma, both of which were introduced in 2010, achieved their first positive results in the year under review. Taken as a whole, the measures made their first significant contribution to improving the Business Unit's profitability, which, however, still remains an issue.

### Above-market growth in self-medication

Demand continues to come from many doctors and patients for natural medicinal products, which are free of side effects, for medical therapy and self-medication. Against this backdrop, Weleda succeeded in 2011 in increasing awareness of selected products in all markets within a few areas of competence that were promoted intensively and in a targeted approach. With double-digit growth rates, developments in these "lead products" were well above the general growth of the pharma markets in the core markets of Germany, Switzerland and France, which in turn had a positive effect on the total contribution margin of the Pharma Business Unit. In terms of sales, Weleda now has a market share of around 4 per cent in its base markets. These positive developments are being driven primarily by innovations and successful product enhancements – such as Neurodoron in the treatment of stress, which has been available on the German market in a consumer-friendly blister pack since the beginning of 2011, and the well-established Euphrasia eye drops, now available in single doses.

In this context we will be launching two products in the area of stress treatment in Switzerland and Austria in 2012 – Neurodoron and the calmative Calmedoron (*Avena sativa*). In several markets there is also a further focus on prescription medicines in the cardiovascular (Cardiodoron) and colds (Erysidoron) categories.

In addition to this, focussed market cultivation is aiming to achieve growth in high-volume and profitable products with a view to keeping a large number of unprofitable but therapeutically significant medicines on the market.

In order to continue exploiting market potential in the future and working towards a sustainable improvement in profitability within the pharmaceuticals segment, thereby supporting the ongoing development of anthroposophic therapy, in 2011 Weleda defined its strategic measures for product preservation and development and market cultivation in the coming years.

These measures comprise both a growth strategy for selected existing products and forward-looking innovation planning in the individual categories. A further increase in awareness of the Weleda brand is being facilitated by a solid product mix, intensified international marketing measures, a harmonised image with standardised and modern packaging and, last but not least, intensive dialogue with all target groups.

### Promotion of anthroposophic individualised medicine

The individualised medicine segment (basic range) accounts for more than 90 per cent of Weleda's overall range of pharmaceuticals. There is great potential in this treasure trove of remedies – both for expansion in anthroposophic medical practice and for the development of new Weleda products. A Corporate Medical department was therefore created within research and development (R&D) in 2011, with a view to coordinating the corresponding promotional and training measures at the international level in ongoing dialogue with medical associations.

### Oncology

Due to the contracting mistletoe market and ongoing political uncertainty, developments in oncology (Iscador) declined at the Group level. With a view to ensuring appropriate market cultivation measures in German-speaking regions, strategic and operational responsibility was decentralised and shifted to the individual national companies at the end of 2011.

### Successful restructuring

Various restructuring and efficiency enhancement measures introduced in 2010 were continued during the year under review, resulting in tangible operational synergies and significantly improved business results on the previous year in the pharmaceuticals segment. The concentration of the majority of industrial pharmaceutical production in Schwäbisch Gmünd should be completed by the end of 2012. Manufacturing at the

new location commenced at the beginning of the year with optimised planning and production cycles. At the same time, a competence centre for the manufacture of ointments opened in Arlesheim. A standardised glass bottle range (with two instead of the previous five sizes) and extensive international standardisation of outer packaging and package inserts support efficiency in overall procedures in the Pharma Business Unit.

Furthermore, against this backdrop the areas of licensing and analysis were reorganized in March 2011, with all licensing departments in the larger countries being brought under the one roof of the centrally run Weleda Drug Regulatory Affairs (WDRA) department. Analytical laboratories in Germany, France and Switzerland will now also be run centrally. This reorganisation will reduce duplication and facilitate improvements in process efficiency.

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“Based on the fundamental concepts of anthroposophy, anthroposophic medicine recognises that human evolution interacted very closely with the kingdoms of nature. Steiner’s research shows that man carries in himself these kingdoms, in a different way. There is no doubt that Weleda applies all this knowledge in pharmaceutical practice. The fact of working with this knowledge contributes decisively to the quality and excellence of its products, fully recognised by our physicians.”



Dr Bernardo Kaliks Litvak, general practitioner, Clínica Tobias, Brazil



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The treasure trove of pharmaceuticals at Weleda comprises both OTC and prescription medicines, with products for individualised medicine accounting for 90 per cent of the range.

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## A gift for the heart

While the “heart plants” cotton thistle, henbane and primrose could not be more different in their appearance and characteristics, as ingredients in Weleda’s Cardiodoron they combine to form an important product in the anthroposophic pharmacopoeia.

The exceptional trio also has something else in common: these three medicinal plants are cultivated using biodynamic methods by Weleda in Europe’s largest medicinal garden in Schwäbisch Gmünd.

### Early-morning harvest

The fields and beds of the Weleda Medicinal Plant Garden lie bathed in gentle morning light. It is just seven o’clock on this July morning, which promises to develop into a glorious summer day. Ideal conditions for harvesting the cotton thistle, with the warmth of the preceding days and the early light having coaxed open many of the luminous purple flower heads. One after the other is snipped off by the gardeners with their shears and collected in buckets. The spherical flower buds the size of a child’s fist are covered in prickles, making thick gloves essential for protecting the hands of the picker. “Cotton thistle blooms repeatedly over an extended period. We go through the field four or five times and harvest only the fully open flowers,” explains Michael Straub, agricultural engineer and Director of the Weleda Medicinal Plant Garden.

### Tree or thistle?

At the time of harvesting, the biennial cotton thistle has reached a height of almost three metres and a spread of almost one-and-a-half, making the silvery green plant more of a tree among the thistles. Its energy and dynamism are reflected directly in its majestic stature, its spiny, sharp-edged leaves and its broad spread, and ultimately in its artichoke-like flower heads that consist of countless individual tubular purple flowers. This vitality makes cotton thistle one of the central medicinal plants of anthroposophic medicine. The pharmaceutical extraction process of the digestion combines the extract from the flowers of the cotton thistle with the effects of two other traditional medicinal plants that also thrive in the Weleda garden: henbane and primrose, which belongs to the genus *Primula*.

### A history that stretches back millennia

Henbane, belonging to the family of *Solanaceae* (nightshade), first forms ample foliage before offering forth flower after flower right up until late autumn, in precisely symmetrical sequence at the top of the main shoot. These flowers transform rapidly into the typical fruit capsules. “Henbane is one of the oldest and most widely used medicinal plants,” explains Michael Straub. “The ancient Egyptians were already familiar with the pain-relieving and mind-altering effects of this plant.” Its extreme toxicity is clearly suggested by the appearance of its sulphur-yellow, violet-veined flowers. Another feature that makes this plant stand out is its damp, mouldy smell.

### Sun-yellow herald of spring

Just a few metres to one side was a springtime sight that could not have been more different: a carpet of bright green leaves dotted with countless sun-yellow umbels covering a





Harvest at the Weleda Medicinal Plant Garden in Schwäbisch Gmünd. The vitality of the cotton thistle makes it a central element in anthroposophic medicine.



field of several hundred square metres and exuding a gentle scent of honey. Now, in July, the primrose – as is only proper for a true herald of spring – has all but disappeared, except for a few brown leaves. “Nowadays the primrose often only survives in nature reserves. We began cultivating them here in the Weleda Medicinal Plant Garden in order to ease the burden on locations in the wild,” says Michael Straub.

By now it is ten o’clock, the sun is high in the cloudless sky and the summer heat is gradually intensifying. The cotton thistle harvest is over for today as the flowers wilt rapidly in the heat, causing the quality of their ingredients to suffer. The ball-shaped flowers are therefore already well on their way for further processing in Weleda’s neighbouring tincture production facility, and will soon help many a heart as a revitalizing pharmaceutical ingredient.

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“As physicians, we appreciate nothing more than being able to help our patients by using Weleda products with problems for which often no other straightforward treatment exists.”



Molly and Quentin McMullen, physicians,  
Ann Arbor, Michigan, USA

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## A basis for sustainable development

With a view to securing Weleda's position as a leading provider of high-quality natural and organic cosmetics over the long term, a dedicated market strategy for the Natural and Organic Cosmetics Business Unit was approved and implemented in 2011.

In this context, innovation and communication are the strategic cornerstones of future growth in an environment of increased competition.

### From niche to mainstream

Developments in 2011 illustrated once again that natural and organic cosmetics have become a global mass market with a demanding clientele. While there are significant growth opportunities in this environment for Weleda as a pioneer brand with unique credibility, competition is intense. All large providers of conventional skincare products have by now introduced natural and/or organic cosmetics, with new products being launched frequently and large sums of money being invested in communication and advertising.

Profitable growth is not achievable without investment in innovation and communication, as demonstrated by the business performance of Weleda's natural and organic cosmetics in 2011. End consumer sales were highly encouraging thanks to the popularity of Weleda's products among consumers. Due to large order volumes by trading partners the previous year and accordingly smaller follow-up orders, however, a lack of new products led to a decline in the overall result. This was set against structural adjustment and strict cost management with a view to making the organisation of the Business Unit more efficient.

### Sustainable market strategy

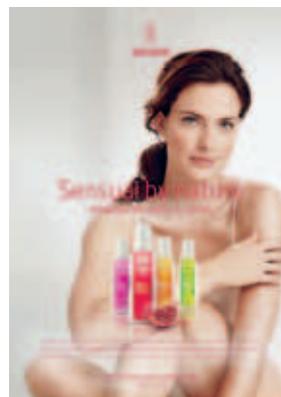
The strategy for natural and organic cosmetics, which is an integral component of the corporate strategy with a broad base across all cross-departmental functions, was approved by the Board of Directors in June 2011. Sustainable profitable growth is the basis for securing the future of Business Unit Natural and Organic Cosmetics as the company's main economic pillar. The core goals are therefore to ensure the regular launch of competitive product innovations and to increase the visibility of the Weleda brand through attention-grabbing and internationally coordinated communication measures. What is also essential is to ensure that the funds generated remain within the Natural and Organic Cosmetics Business Unit with a view to facilitating the necessary investments in ongoing development and thereby guaranteeing the economic sustainability of the company as a whole.

### Holistic growth

In addition to its significance for the company, sustainable growth also has a social dimension for Weleda. With increasing



The new packaging received the renowned iF award for environmental sustainability and contemporary design.



Increased visibility in international competition: the first globally coordinated advertising concept for the new body lotions.

numbers of well-informed consumers consciously using high-quality organic skin care products, this development is making a significant contribution to global organic land cultivation, and to a responsible approach to nature and social progress in the countries of origin. The essence of this holistic understanding of health and growth is already rooted in Weleda's concept of humankind and in our company philosophy.

### Innovation as a driver of growth

The innovation plan was completed as a strategic guideline to help secure competitive product launches in the coming years. In addition, the newly established Project Management Office within International Marketing established the necessary structures for effective innovation management, and the merger of the research and development teams at the Arlesheim site, initiated in 2010, also made successful progress. Thanks to constructive collaboration, the laboratory expansion was able to continue without interrupting operations, and encouraging economies of scale were already visible in production by the end of the year.

### Brand management and communication

International harmonisation of the image of Weleda's natural and organic cosmetics began in 2010 and continued in 2011, with the first milestone coming in the form of advertising for the new Weleda body lotions launched at the beginning of 2012. The four-part line, which includes a pomegranate lotion, is being introduced with completely revised formulations in a user-friendly dispenser and newly designed packaging. The lead plants have been integrated as an element of the new design, and all outer packaging is made from FSC-certified

cardboard. What is more, for the first time, Weleda has used a common photo subject in Group-wide communication. Together with a new agency for global communication, strategic brand management for natural and organic cosmetics is now controlled centrally from Basel by the Brand Equity & Communication department and coordinated with the countries. This professional organisation creates synergies in marketing that will help secure lasting visibility for the Weleda brand in international competition.

“Thank you, Weleda, for helping us with so much passion and solidarity in this wonderful project that protects the lives of young mothers and newborn children. Your humanity is as beautiful as new motherhood.”



Irene Spreafico, midwife,  
Project Esmeraldas (aid organisation  
Mangiagalli Life), Ecuador

### For transparency and quality assurance in the market for natural and organic cosmetics



Again in 2011 the NATRUE organisation worked intensively at EU level to secure the establishment of binding quality standards, primarily against a backdrop of the increased presence on the market for natural and organic cosmetics of conventional providers who are using their weight in the regulatory environment. With its represen-

tation on the Board (two members) and on the scientific and regulatory committees, Weleda contributes significantly to both the external and internal initiatives of the organisation.

The NATRUE label is now in use by over 60 companies on more than 2,300 products.

## Visiting the spirit of dreams

From Egypt's fertile Nile Delta, the millennia-old birthplace of scent, comes the valuable jasmine extract for the fine aromatic compositions of Weleda's natural and organic cosmetics. Weleda's cultivation partner uses exclusively organic methods and contributes to the livelihoods of thousands of people.

The magic of the early morning hangs over the lush fields near the village of Shoubra Beloula, in the heart of Egypt's Nile Delta. People move quietly between the fragrant jasmine bushes with their fine, luminous white flowers, deftly plucking blossoms from the twigs and collecting them in woven baskets. It is harvest season for the organic jasmine grown by Weleda's cultivation partner A. Fakhry & Co., manufacturers of plant-based oils since 1955.

The working day begins at around three o'clock in the morning, as the "spirit of dreams", after which the plant takes its ancient Persian name, is at its best at night. Because jasmine is pollinated by moths not bees, its flowers open when it is dark, and picking them before sunrise preserves most of the precious indole, the compound they contain that gives the plants their characteristic aroma.

### Every flower counts

Slowly the baskets are filled with white jasmine flowers. Every one counts, as the harvesters are paid per kilogram of flowers. With their wages from the jasmine harvest, which lasts from May to November, families can secure their livelihoods for some six months. To supplement their incomes, many of them also help in the harvesting of other plants, which begins in March. A. Fakhry & Co. believes in paying a fair wage, and harvest workers receive their income in cash in their hands every 14 days, or it is paid in advance for a season and then worked off.



The local herons are constant companions in the fields and serve as useful helpers, picking pests off the plants with their long beaks.

### An intact ecosystem

The jasmine seedlings are nurtured for a year in a greenhouse and then planted into the ground; they need a good four years to develop into bushes that are 80 centimetres tall and ready to be harvested. After the harvest season the jasmine bushes are cut back – doing so allows one jasmine bush to be used for up to 20 years. The twigs that have been cut off are broken up and used to surface pathways, or they are used in the company's own composting plant and reapplied to the fields as a natural fertilizer. This closes the organic material cycle, which can exist without the need for any synthetic substances. A network of irrigation channels runs through the fields. Their main channel can be said to be the lifeline of the facility, through which a pump is used to fill the countless small channels that supply the fields with groundwater on a weekly basis.

### The finest aromatic oil for Weleda

The main season for jasmine processing runs from July to September. In the production hall, experienced workers place the fresh jasmine flowers into large metal boilers. In a two-stage extraction process, a solid substance known as the "concrete", almost half of which consists of wax, is first extracted from the flowers. The "absolute", the purest jasmine extract, is extracted next: the finest, pure jasmine extract with a velvet-like scent that has been enveloped by legend. Queen Cleopatra is said to have exploited the bewitching scent of jasmine in order to seduce her lover Mark Antony. Every year, around 30 kilograms of this valuable ingredient are set aside for Weleda, so that after strict quality controls it can be incorporated into essential oil blends for various facial and body care products.

### More than a business partner

Weleda and A. Fakhry & Co. have been working in partnership for almost four years. In addition to outstanding product quality,



Each individual jasmine flower is picked carefully by hand.

the total commitment of the raw material partner to sustainable cultivation methods is an essential factor. The company has been practising biodynamic cultivation since 1997 and is internationally certified according to the strict requirements of Ceres and Demeter, among others. The employer is directly involved in ensuring the well-being of the people at the Shoubra Beloula cultivation and production site. A health centre is being developed there in cooperation with doctors.

### Responsibility with foresight

In addition, Hussein Fakhry and his wife Chérifa have established a national network of certified organic farmers in the last ten years. They use their farms as a training environment for small-scale farmers who wish to convert from conventional to organic cultivation. They regularly develop new initiatives to teach the local population how to treat the earth and the environment – and therefore how to protect their livelihood. Overall the company contributes via its supplier network to the livelihoods of more than 50,000 people.

### Jasmine: sensual and precious

Jasmine extract is considered to be one of the most valuable aroma raw materials in the perfume and cosmetic industry. More than 2.5 million jasmine flowers – or around 400 kilograms – are needed to produce one kilogram of “concrete”, from which the pure extract is obtained. Weleda processes jasmine extract as a sensual note in essential oil blends for Weleda Rose Soap and the Wild Rose Facial and Body Care range.

## Practicing sustainability throughout the world

The international implementation of Weleda's sustainability strategy progressed well in 2011. Weleda is working with great commitment to implement the defined goals at Group level and in the countries.

Accompanied by intensive communication with staff, customers, suppliers and media representatives during the anniversary year, the Weleda sustainability strategy was presented and introduced in further countries including the UK, North America, Austria, New Zealand and Australia. The Weleda Group's entry into the Union for Ethical Biotrade (UEBT) in October 2011 was a major step. Weleda and the UEBT, which represents a globally recognised standard for sustainable procurement and fair trade, are united by common values.



Sandalwood seedlings slumber in the half-shade. Plans are underway in Sri Lanka to cultivate this precious and increasingly rare commodity agriculturally.

### Sustainable procurement and biodiversity

Weleda developed and implemented a Group-wide biodiversity guideline in 2011, and binding environmental standards for supplier evaluation will be introduced gradually from 2012 onwards. As a member of the company network Biodiversity in Good Company, Weleda remains committed to the further development of instruments aimed at protecting biological diversity.

### Use of resources

The stated aim of the Weleda Group is to be completely climate-neutral by 2015, and all Weleda companies are working dedicatedly to reduce greenhouse gas emissions and switch to renewable energies. Approaches for reducing emissions along the supply chain have been identified in an analysis of potential. A water footprint model, which was first tested in 2011 and will be implemented gradually from 2012 onwards, is intended to determine and reduce total water consumption. In addition, the continued evaluation of sustainable packaging and concepts for the environmentally friendly handling of waste and hazardous substances are helping to optimise our material cycle on an ongoing basis.

### Social sustainability

To promote ongoing development in a fair and cooperative approach – this goal is reflected both in our interactions with our partners and suppliers and in the way we deal with each other at Weleda. In 2001, for example, sourcing staff were trained in the principles of "access and benefit sharing", the fair distribution of income from the use of biological raw materials between users and countries of origin. From 2012, a new, Group-wide HR strategy will bring ideas, responsibilities and people even more closely together for the sake of a sustainable corporate culture.

### Holistic value creation

For Weleda, responsible company management also means putting the income generated back into the value creation cycle, and thereby facilitating ongoing development both internally and externally. Please refer to page 62 for the comment on the value-added statement of the Weleda Group.

Further information about our measures and partner projects can be found in the chapters from page 30 and the country reports from page 46.

## The goals and measures of the Weleda sustainability strategy

The sustainability strategy introduced in 2010 forms the basis for sustainability management both at Group level and in the international subsidiaries.

Below is an overview of the core goals together with the status of measures in the various areas of action.

Social sustainability	Goal	2011
Certification of all suppliers as per the Weleda Fair Trade Standard	2014	?
Additional certification of selected suppliers as per the official Fair Trade Standard	Annually	+
Support for two social projects per year	Annually	+
Definition of area-specific sustainability issues as a basis for the personal involvement of employees	2012	?
Introduction of an ideas management programme for operational improvement processes	2011	+
Support/reward for voluntary activities	Annually	-
Equal career and earnings opportunities for men and women	2014	?

Environmental sustainability	Goal	2011
Meeting all the requirements of the international Business and Biodiversity Leadership Declaration	2011	+
Evaluation of all raw material suppliers in line with Weleda environmental standards	2014	?
Increasing the organic proportion of plant-based raw materials to a minimum of 80 per cent	2015	?
Analysis of the potential for reducing greenhouse gases	2011	/
Zero-emission standard for new buildings	2011	-
Reduction of energy intensity by 5 per cent each year	Annually	+
Increasing water efficiency by 5 per cent each year	Annually	/
Implementation of a water footprint model with suppliers	2012	?
Projects with suppliers in water-poor countries	2013	?
Eco-balance analysis for existing packaging	2011	+
Investigation of environmentally friendly, recyclable packaging for natural and organic cosmetics	2012	?
Reduction of overall waste quantity by 5 per cent each year	Annually	+

+ Goal met

/ Goal partially met

- Goal not met

? Goal achievement not yet known



Ecological sustainability

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## Diversity – for the benefit of nature and the human being

Ethical business practices – guided by a sense of social and environmental responsibility – are a central component of Weleda's business policy. This commitment was reinforced throughout the company in 2011 with the introduction of binding standards aimed at protecting biodiversity and promoting fair trade.

- < Sandalwood tree in Uva Province, Sri Lanka. Sandalwood oil is used as a perfume in the Sea Buckthorn and Pomegranate ranges, and boosts the skin's ability to regenerate.

### Protecting and promoting natural biospheres

A newly implemented and internationally valid biodiversity guideline provides a framework of conventions to be followed by all Weleda companies with a view to protecting biodiversity. The specifications set out in the Business and Biodiversity Leadership Declaration signed by Weleda in its anniversary year have also continued to be implemented successfully, and Weleda remains an active member of the initiative ([www.business-and-biodiversity.de](http://www.business-and-biodiversity.de)). Weleda joined the Union for Ethical Biotrade (UEBT) in October 2011 with a view to reinforcing its commitment to the sustainable sourcing of raw materials and fair trade at the Group level. Please refer to page 41 for further details of Weleda's UEBT membership.

Again in 2011 Weleda did not own any land located directly within protected habitats. Weleda currently operates and uses a total of 418,890 square metres of land, of which almost 68,000 square metres border on protected areas. Some 1,500 square metres of this land in turn have a high biodiversity value in their own right, while a total of 2,000 square metres border on an area with a high biodiversity value. One example of the wide range of local initiatives is the involvement of Weleda France in the Petite Camargue Alsacienne nature reserve, a partnership that was strengthened in 2011 through a sponsorship collaboration with the Alsatian environmental association Ariena. The environmental impact of deforestation in the tropics for the extraction of palm oil is a common topic of discussion. Weleda uses only palm oil from guaranteed organic cultivation in its products, and in the case of palm oil derivatives, substitution with other oils or at least RSPO (Roundtable on Sustainable Palm Oil) certification is required from our suppliers.

### Transparency through networking

The Green Supply Chain project was approved together with the logistics department in 2011 and launched in January 2012 with a view to investigating the areas of transport and logis-

tics from an environmental perspective. Changes in production had an impact on environmental figures in 2011: the production of body washes was switched from an external facility to the Arlesheim site, resulting in higher resource consumption and waste volumes. The positive effects of this move included the increased use of regenerative energies, which was not the case with the contract manufacturer. Weleda's production facilities in Germany, Switzerland and France, as well as Weleda Sweden, were again audited and certified in accordance with ISO 14001. In addition, Weleda Germany and Switzerland also have EU EMAS certification.

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*"Weleda's concern for and contribution to the social welfare of the small communities that rely on our plantations for their livelihoods demonstrate the highest standards of corporate responsibility."*



Bob Ethrington, Resendjer, cultivation partner for organic lavender in Moldova

“Weleda promotes organic cultivation worldwide through long-term cooperations with raw materials suppliers.”

Loss of soil fertility is becoming an increasing problem worldwide, and is perceived as an important topic for the future. The changeover from conventional to organic cultivation methods is undoubtedly a step in the right direction, helping to improve the fertility of the soil through the use of compost and organic materials as fertiliser, while also leading to an increase in biodiversity. Weleda promotes organic cultivation worldwide through long-term cooperations with raw materials suppliers. Together with proprietary cultivation, more than 15,000 hectares of land are also managed organically and biodynamically for the production of strategic raw materials. Over the last ten years,

efforts by Weleda and its partners have resulted in a change in cultivation methods on over 10,000 hectares of land. The proportion of plant-based raw materials produced organically was 73.4 per cent in 2011, just below the previous year's level of 73.9, due primarily to the significant decline in the production of elixirs and juices, which consist exclusively of organic raw materials. As a result of this development, almost 60 tonnes less of organic juices and over 40 tonnes less of organic sugar were purchased in 2011. At the same time, however, the organic component of animal-based raw materials more than doubled from 7 to 19 per cent.

Raw materials in tonnes	2010			2011		
	Conventional	Organic, organic/ biodynamic	Organic component in %	Conventional	Organic, organic/ biodynamic	Organic component in %
Plant-based raw materials <sup>1</sup>	604.8	1 710.7	74	592.1	1 632.6	73
Animal-based raw materials <sup>2</sup>	144.8	11.3	7	135.9	32.1	19
Minerals <sup>3</sup>	35.3			42.9		
Near-natural raw materials <sup>4</sup>	398.0			580.0		
Inorganic raw materials and metals <sup>5</sup>	196.3			184.1		
Fossil raw materials <sup>6</sup>	4.8			4.4		

<sup>1</sup> With plant-based bulking materials, starches, emulsifiers, etc.

<sup>2</sup> Honey, lactose (for solid pharmaceutical forms), beeswax, lanolin, etc.

<sup>3</sup> Clay, talc, salt, etc.

<sup>4</sup> Surfactants, glycerol, etc.

<sup>5</sup> Siliceous bulking materials, chalk, metals for production of pharmaceuticals, etc.

<sup>6</sup> Petroleum jelly and paraffins for specific medicinal creams

### An overview of current projects

**Hungary:** cooperation with the supply partner for sunflower oil was reinforced via a long-term agreement.

**Ethiopia:** Weleda now receives its beeswax from Ethiopia, thereby securing the long-term sourcing of pesticide-free and organically certified beeswax. This beeswax is obtained primarily from traditional forest-based beekeeping.

**New Caledonia:** sandalwood is extracted with the involvement of the local population, while support from the European Union helps to secure livelihoods and ensure sustainable forest management. In addition, a new steam distillation plant ensures that the oil is extracted in accordance with traditional practice.

**Uganda:** sesame oil from our supplier has again been fair-trade-certified from 2012, and retroactively for 2011, thanks to a long-term contract with Weleda.

## Where the future grows: sandalwood from Sri Lanka

Sandalwood extract is one of the most precious natural aromatic substances. With a view to securing a sustainable supply for Weleda's natural and organic cosmetics, sandalwood is now being grown in a reforestation project in the central Sri Lankan highland – a forward-looking undertaking that will not see any harvest for a further two decades.

### A new idea with enduring benefits

The Weleda reforestation project in Uva Province is being implemented by the Sri Lankan distiller Kumar Devi and the cultivation partner Rajiv Kulatungam, and Weleda is already making its own contribution via a higher, contractually agreed kilo price for sandalwood oil. What is new about this project is the idea of mixed cultivation of sandalwood with other crops such as tea, tree fruits and cinnamon, which provides farmers with a guaranteed regular basic income. Further important features of the project include the development of a training centre to promote organic agriculture and the payment of fair wages – around 6 euros a day, approximately one-quarter more than the usual daily wage for an agricultural worker.

### The scent of warmth and security

Distiller Kumar Devi explains the principle of sandalwood oil extraction. The wood from controlled sources in state forests is cut into small pieces using axes and saws, before being processed into rough shavings by machine. The steam distillation process takes two to three days – a litre or so of sandalwood essential oil can be produced from 100 kilograms of wood, and at Weleda the oil is used primarily to fragrance the Sea Buckthorn and Pomegranate series. In addition to the inspiring effect of its fine, balmy warm fragrance, sandalwood also boosts the skin's ability to regenerate.

### Combining social and environmental concerns

Bas Schneiders, responsible for sustainability and the strategic sourcing of raw materials at Weleda, summarises the idea as follows: "For us this reforestation project is a long-term commitment to securing transparency in the supply of sandalwood oil, combining both social and environmental concerns." The 500 or so naturally grown sandalwood trees on the 40-hectare farm of Rajiv Kulatungam are to be harvested over the next ten years. Some 250 trees per hectare will be replanted in parallel in an initial phase, with a view to enabling sustainable harvesting to begin within just a few years depending on the progress of the young plants.

Not the easiest to grow: tree nursery owner Rajiv Kulatungam spent several months researching sandalwood cultivation methods.



## Take care and look ahead

The stated aim of the Weleda Group is to be completely climate-neutral by 2015, and again in 2011 a wide range of measures were launched or continued with the goal of ensuring the careful use of the resources at our disposal.

As part of the ongoing implementation of the company's sustainability strategy, the scope of consolidation for 2011 has been extended to include details of the Weleda sales offices in Austria, North America, New Zealand and Australia. Figures for 2011 are presented in two forms in order to allow for transparent comparison with the figures published in the 2010 Sustainability Report, which included figures for Germany, Switzerland,

France and Weleda Benelux (the Netherlands and Belgium). The figures relating to energy, water, packaging and waste intensity on the coming pages refer exclusively to production locations in Germany, Switzerland and France. Further information about local initiatives can be found in the country reports from page 46 onwards. The following table shows the total input of materials at Weleda.

Input in tonnes	2009	2010	2011 <sup>1</sup>	2011 <sup>2</sup>
Raw materials	3,201	3,107	3,199	3,205
Semi-finished products, bulk goods	37	21	25	25
Trade goods	1,885	1,604	1,251	1,251
Packaging	4,463	4,585	3,818	3,827
Advertising material	755	816	781	825
Operational materials	42	73	156	167

<sup>1</sup> Data for Weleda Germany, Switzerland, France and Benelux

<sup>2</sup> Data for Weleda Germany, Switzerland, France, Benelux, Austria, North America, New Zealand and Australia

“Weleda is outstanding in working for sustainable development at all levels in the company. For a sustainable bank like Ekobanken it is natural to have Weleda as a customer and cooperation partner.”



Kristoffer Lüthi, Deputy Managing Director, Ekobanken, Sweden

## Energy consumption and emissions

All Weleda companies continue to work on further reducing greenhouse gas emissions and the consumption of fossil fuels, for example through the increased use of solar power at the Schwäbisch Gmünd site in Germany.

Since 2009 the locations in Switzerland and Germany have switched to certified green electricity from water power. Weleda France also obtains its electricity from water power, while in the Netherlands wind energy is used, and Weleda Naturals GmbH generates electricity from its own solar facility. Between 2007 and 2010, Weleda Germany succeeded in improving operational energy efficiency by 11 per cent through around 20 measures in the areas of building and installation engineering. Greenhouse gas emissions were even reduced by 67 per cent. In 2011, additional photovoltaic units with an area of 750 square metres and annual generation of over 100,000 kilowatt-

hours were brought into use at the Schwäbisch Gmünd site. Weleda achieved a slight reduction in its total energy consumption in 2011. In regard to direct energy sources, this was attributable primarily to lower production volumes in Germany and France, while optimisation of technical facilities also led to improved energy efficiency. Despite an increase in production volumes in Arlesheim, the energy-saving cold production of the body wash range helped to minimise the impact on gas consumption. The expansion of production in Arlesheim and the commissioning of a new building in both France and Switzerland resulted in an increase in indirect energy consumption.

Direct energy consumption in gigajoules	2009	2010	2011 <sup>1</sup>
Total	49,164	50,357	44,445
Non-renewable energy sources	49,164	50,357	44,445
Natural gas	47,052	49,090	43,384
Heating oil	2,112	1,267	1,061
Fuel			232

<sup>1</sup> Data for Weleda Germany, Switzerland, France, Benelux

There is no direct energy consumption at the sites in Austria, North America, New Zealand and Australia.

Indirect energy consumption in gigajoules	2009	2010	2011 <sup>1</sup>	2011 <sup>2</sup>
Total	36,213	37,106	42,795	46,530
Non-renewable energy sources	54	374	2,299	4,597
Electricity	21	145	949	2,600
Heating and cooling	0	0	0	647
Steam	0	0	558	558
Nuclear energy	33	229	721	721
Other forms of imported energy	0	0	71	71
Renewable energy sources	36,159	36,732	40,875	41,933
Solar energy	0	0	249	251
Wind energy	1,243	1,391	445	732
Water power	34,916	35,340	39,356	40,493
Biomass-based secondary energy	0	0	445	457

<sup>1</sup> Data for Weleda Germany, Switzerland, France and Benelux

<sup>2</sup> Data for Weleda Germany, Switzerland, France, Benelux, Austria, North America, New Zealand and Australia

“We are proud to be associated with such an exceptional company as Weleda here in Schwäbisch Gmünd. Social and environmental responsibility and a self-image based on sustainability and partnership in all areas also serve as a model for many other areas of our society.”

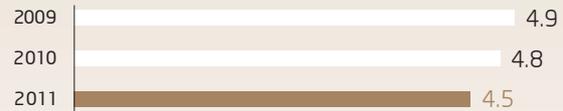


Richard Arnold, Mayor of Schwäbisch Gmünd, Germany

### Performance figure: energy intensity

This performance figure shows the amount energy consumed per kilogram of product content produced.

Energy consumption in kilowatt-hours per kilogram of product content produced



Energy intensity fell by 7 per cent in 2011, a drop much greater than Weleda's target of 5 per cent (the deviation in the chart is due to rounding).

### Reduction of greenhouse gas emissions

As set out in the sustainability strategy, in 2011 Weleda initiated an analysis aimed at identifying possible approaches to reducing CO<sub>2</sub> emissions along the supply chain. Transport emissions will continue to be recorded as part of the Green Supply Chain project, which was launched at the beginning of 2012 together with the Logistics department.

Heat generation in Switzerland was switched during the course of the year to climate-neutral district heating

provided by a biomass power plant in Arlesheim, and the gas consumption prior to the changeover was offset. While direct emissions declined on the previous year overall due to lower gas consumption, this development was qualified by an increase in oil consumption. Indirect emissions were higher due to a rise in the proportion of green electricity, which is also attributed with a low emission factor. The consumption of conventional electricity also increased due to the use of external service areas throughout the year, as opposed to only part of the year in 2010.

Emissions in tonnes CO <sub>2</sub> equivalents	2009	2010	2011 <sup>1</sup>	2011 <sup>2</sup>
Total emissions	3,356	3,396	3,506	3,760
Direct emissions	2,830	2,844	2,730	2,730
Emissions for heating and steam production <sup>3</sup>	2,830	2,844	2,730	2,730
Emissions for transport				
Fugitive emissions				
Indirect emissions	526	552	776	1,030
Electricity	526	552	776	1,030

<sup>1</sup> Data for Weleda, Germany, Switzerland, France and Benelux

<sup>2</sup> Data for Weleda Germany, Switzerland, France, Benelux, Austria, North America, New Zealand and Australia

<sup>3</sup> France was inadvertently excluded from emissions figures for 2009 and 2010 in the 2010 Sustainability Report. This has been corrected here.

## Sustainable improvement in the water footprint

In view of the fact that water is used as a main raw material not only in the manufacture of our products but also in the production of raw and packaging materials, in 2011 Weleda initiated analyses aimed at documenting and optimising the total consumption of “virtual water”.

A study by the Dutch company Soil & More that investigated the water footprint of a sample Weleda natural and organic cosmetics product concluded that over 95 per cent of the water consumption was attributable to the production of raw materials. The most significant potential for improvement therefore lies along the supply chain, and Weleda will work together with its main raw materials partners in order to identify possibilities for reduction.

An initial pilot study has been carried out for suppliers in water-poor countries using the water footprint model devised by the World Business Council for Sustainable Development (WBCSD). The results reveal an increased need to support our partners on the ground. In 2012, therefore, a specific water footprint model will be developed for Weleda in cooperation with an external institution, and a pilot project will be launched in 2013 with ten selected suppliers.

With the problem in water-rich countries lying less in availability and more in pollution, Weleda commissioned an analysis of the biodegradability of its bath and shower products in the year under review. The results confirm that the majority of our products are highly biodegradable, with the only exception being products with a high essential oil content.

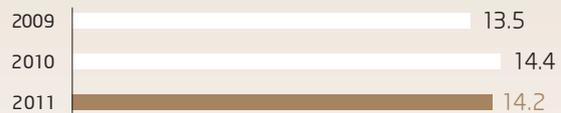
Water consumption rose by around 6,000 cubic metres in 2011 due to increased use of water by Weleda Naturals GmbH and at the Arlesheim site in Switzerland, in the latter case as a result of higher production volumes. The stated aim

of the sustainability strategy is to reduce water intensity by 5 per cent every year up to 2015. With a decline of 1.4 per cent on the previous year, however, this goal was unfortunately not achieved in 2011. As a result, all Weleda companies will now, wherever possible, intensify the efforts already in place for a number of years with a view to reducing water consumption. In Germany, for example, fresh water consumption was lower in 2011 thanks to increased capacities for rainwater collection.

### Performance figure: water intensity

This performance figure shows the amount of water consumed in litres per kilogram of product content produced.

Water consumption in litres per kilogram of product content produced



Water consumption in cubic metres	2009	2010	2011 <sup>1</sup>	2011 <sup>2</sup>
Total	67,534	73,861	80,243	81,117
Water from public water supply	64,576	70,903	75,403	76,914 <sup>3</sup>
Rainwater	2,958	2,958	4,840	4,840

<sup>1</sup> Data for Weleda Germany, Switzerland, France and Benelux

<sup>2</sup> Data for Weleda Germany, Switzerland, France, Benelux, Austria, North America, New Zealand and Australia

<sup>3</sup> Value for Australia estimated

## Packaging and waste management

In 2011, in close coordination between the marketing, R & D and corporate sustainability departments, Weleda approved the criteria for the development of sustainable packaging and integrated them in a binding strategy.

The defined criteria flow into the innovation process, and are given equal consideration to strategic marketing aspects, enabling Weleda to promote the holistic development of consumer and environmentally friendly product packaging.

Against this backdrop, and in collaboration with the German research institute EPEA, two plastic packaging systems were analysed for their recyclability (cradle-to-cradle principle). This analysis will continue in 2012 with the addition of one further system, and the results will serve as a basis for optimising packaging with a view to environmental sustainability.

A further measure from the Weleda sustainability strategy involved the preparation of environmental balance sheets for existing packaging systems, based on comparisons between existing and possible new packaging systems. One of the results was implemented directly, with the tested packaging used for the new Weleda skin lotions proving to be more environmentally sustainable than the previously used blue glass bottles. As a result, the lotions are now available exclu-

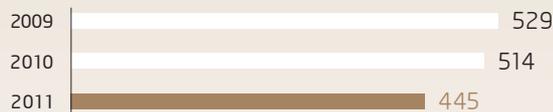
sively in their new, more sustainable format – a modern, user-friendly pump dispenser.

On the basis of the results of the eco-balance analysis, Weleda is examining further options for improved, more environmentally friendly forms of packaging. One example would be to offer Weleda natural and organic cosmetics in their primary packaging with no outer carton. In comparison with a folding box, the use of a protective plastic shrink wrap rates much more highly.

### Performance figure: packaging intensity

This performance figure indicates the weight of the packaging used in grams per kilogram of all finished products produced in 2011.

Packaging in grams per kilogram of finished products produced



Proprietary production of the Bath & Shower range facilitated an improvement in packaging intensity for 2011 due to the lighter-weight plastic tube without the folding box and packaging insert.



More sustainable: the environmentally friendly lotion dispenser with FSC-certified outer carton.

## Fifty-five tonnes less waste

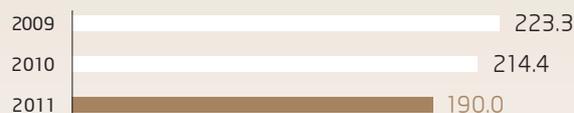
The calculated total amount of waste fell by 55 tonnes on the previous year, with 99 per cent of the waste generated being recycled.

This reduction was attributable both to lower production volumes and to a decline in the number of rejected products. The category of non-hazardous waste primarily comprises paper and cardboard from the delivery of product packaging, as well as residual waste, wood and rejected products. Compost volumes fell again during the year under review due to the year-round operation of the compost facility in the medicinal plant garden at the Schwäbisch Gmünd site. A reduction of 13 tonnes was recorded in substances classed as hazardous, which include alcoholic tinctures from pharmaceutical production, other chemical additives required for quality assurance and rejected products.

### Performance figure: waste intensity

This performance figure shows the amount of waste generated per tonne of product content produced.

Waste quantity in kilograms per tonne of product content produced



Waste intensity fell by an encouraging 11 per cent in 2011 – a reduction more than double the targeted value of 5 per cent.

Waste volumes in tonnes	2009	2010	2011 <sup>1</sup>	2011 <sup>2</sup>
<b>Total</b>	1,045	1,075 <sup>3</sup>	1,020	1,037
<b>Non-hazardous waste</b>	991	1,020	978	995
Composting	112	69	40	41
Reuse	20	23	18	18
Recycling	503	542	539	553
Recovery	70	67	25	25
Incineration or use as fuel	281	309	345	345
Landfill	5	10	11	14
Other disposal	0	0	0	3
<b>Hazardous waste</b>	54	55	42	42
Recycling	0	0	3	3
Recovery	1	1	0	0
Incineration or use as fuel	53	54	38	38

<sup>1</sup> Data for Weleda Germany, Switzerland, France and Benelux

<sup>2</sup> Data for Weleda Germany, Switzerland, France, Benelux, Austria, North America, New Zealand and Australia

<sup>3</sup> A correction to data for 2010 resulted in an increase of 40 tonnes.



Social sustainability

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## Promoting sustainable development

As a socially oriented company, Weleda attaches great importance to providing both its employees and its suppliers and partners with a secure environment and scope for development. One of the most significant steps in 2011 was the company's entry into the global sustainability organisation, the Union for Ethical Biotrade (UEBT).



< A Berber woman in Essaouira, Morocco, where Weleda supports the traditional cultivation of argan fruits. Great skill is necessary to remove the fruits from their shells for the extraction of the valuable oil. The work is carried out by women.



Five pupils in Uva Province, Sri Lanka, close to Weleda's sandalwood reforestation project.

## Ethical business

Since October 2011 Weleda has been a full member of the UEBT, a non-profit organisation that represents a globally acknowledged standard for the sustainable sourcing and use of raw materials. This move sees Weleda reinforce its principles of ethical business practices and undertake to implement the UEBT standard in the sourcing of raw materials. The values embedded in this standard, namely the preservation and sustainable use of biodiversity and the fair remuneration of all partners along the supply chain, correspond fully to the principles on which Weleda has always based its practices. Here again the goal is to agree minimum prices wherever possible with a view to securing a sufficient basic income for supply partners. The basis of the three-year audit process carried out by the UEBT is a task schedule that requires the gradual inclusion of all suppliers from 2012 onwards. Long-term supply agreements have always been a goal for Weleda, facilitating reliable planning for both sides and enabling supply partners to achieve further fair-trade certification to help in the marketing of their products.

## Combining ideas, assignments and people

The approval of a Group-wide HR strategy and the appointment of a central HR head in 2011 also placed the newly formulated sustainability targets within a new framework for Weleda as an employer. In a close collaboration between HR and sustainability staff, divisional targets will be defined and new measures initiated from 2012 onwards. One example includes ideas management in Germany and Switzerland, where input from the workforce with regard to operational improvements can be evaluated by an expert committee and rewarded with a bonus. Please refer to pages 43 onwards for further details of the wide range of measures in the Weleda countries.

Weleda again supported various social projects throughout the world in 2011, including the expansion of a day nursery in Turkey for the children of farm workers, the construction of a health centre with our lavender cultivation partner in Moldavia and a medicinal plants project in the South Indian village of Sevapur (see report on page 42).

The year under review was accompanied by numerous internal presentations, training courses and workshops relating to the sustainability strategy, as well as external events such as press conferences and supplier days.



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Weleda has been a full member of the UEBT since October 2011.

## Helping both the land and the locals to flourish

The village of Sevapur in South India, which was created in the 1960s as part of an aid project, provides over 140 families with a home, land of their own and a place of community. Supported by Weleda Benelux<sup>1</sup>, it is home to a thriving biodynamic garden with a forward-looking medicinal plants project.

### In the service of the community

Sevapur came into being in 1968 as a result of efforts by the Belgian Mother Lea Provo and her aid organisation Inba Seva Sangam, a name that means “in the joyful service of the community”. She received 120 hectares of uncultivated land from surrounding landowners, and relocated a number of impoverished families from the region into the new village of Sevapur. With financial aid from abroad, wells were built with a view to cultivating the land in an environmentally sustainable approach. Houses were built for the families, together with prayer rooms, schools, training and day-care centres, and medical care was also secured. Promoting people’s independence – with self-help groups for women and adolescents, for example – was always an important aim.

### A lively learning environment

Since 2005, Weleda Benelux has been supporting the botanical garden in Sevapur, where over 250 regional plants and medicinal herbs are cultivated in accordance with biodynamic methods. Every year, the Annai Genetic Garden performs the role of a floral classroom for children from 140 schools in the region. Here they experience the beauty and diversity of plant life and learn about sustainable techniques for plant propagation, soil management and composting. Fertiliser for the garden, for example, comes from sources including a newly built compost toilet facility close to the visitor centre.

Development cooperation rooted in the company’s core business, in Sevapur, South India: the production of natural remedies serves to benefit both the health and the incomes of inhabitants.

### Help towards self-sufficiency

With additional donations from Weleda Benelux, 2010 saw the beginning of the large-scale cultivation of initially ten selected medicinal plants, with a view to producing natural remedies under the leadership of a traditional Siddha doctor. These remedies are intended both for use in local medical care and for independent sale on the Indian market. The aim of the project is, by 2012, to establish a stable income basis and thereby provide sustainable support towards self-sufficiency for the inhabitants of Sevapur.

<sup>1</sup> Netherlands and Belgium



## Doing good together

“Weleda sees itself as a place of human development based on common tasks.”  
This principle shapes our corporate culture, and is applied in numerous initiatives.  
In 2011, a new Group-wide HR strategy was approved.

### Focus on people

Cooperative interaction between management and employees, cultural diversity as an inspirational force, ethical business practices and value creation in our day-to-day contact are the values we live by at Weleda. The Weleda Group’s HR strategy integrates existing activities into a new framework of action, and defines initiatives up until 2015 on topics such as talent promotion and management development, as well as occupational health, culture and demography management. The strategy will be implemented gradually from 2012 onwards, initially in the core countries of Germany, Switzerland and France. Heidi Stocker, Head Human Resources of the Weleda Group, is now responsible for central coordination at Group level in a newly created function.

The measures presented below are an example of activities underway in the countries.

#### 1 Leadership and development

In the area of individual basic and advanced training, Weleda operates a series of management courses and seminars on anthroposophic and personal development issues, such as the “Intercultural Communication” workshop aimed at international employees in the areas of Weleda’s core markets where the three countries of France, Germany and Switzerland come together. The “Anthroposophy at Work” programme has been launched at the Group level. Structured according to target groups, it comprises both an in-depth introduction to anthroposophic corporate culture and more technical content, and includes a series of open lectures entitled “Anthroposophy in Dialogue” on selected aspects of the teachings of Rudolf Steiner.

#### 2 Work and family

Weleda has received several awards as a social employer, particularly in view of its family-friendly culture. Flexible arrange-

ments regarding working hours and place of work, childcare facilities and paid leave to care for relatives, help employees to find a balance between their private and professional lives. With its three-part parental leave programme, Weleda Germany encourages fathers as well as mothers to take time out for their family. At the end of 2011 the new “We care – accommodating work and childcare” programme was launched in association with the Weleda Generation Network, with retired Weleda employees helping their active colleagues with home care. At a ceremonial occasion in France in November 2011, former Weleda CEO Patrick Sirdey signed the Company Parenting Charter. Weleda received the Prix du Public of the sustainability organisation Sun21 for the anthroposophic concept of the Cœur d’Enfants crèche at the Huningue site.

#### 3 Integration and diversity

In July 2011, in Germany, Weleda, together with eleven other companies, signed the Diversity Charter as a sign of its commitment to tolerance, fairness and respect in the workplace. At Weleda Netherlands, individuals with a disability already accounted for 7 per cent of the workforce the previous year, and in 2011 the Weleda Huningue site hosted two disabled trainees for a taster week as part of an integration project. Weleda also signed a legal agreement in France aimed at securing sexual equality in the workplace. Weleda Germany received a special award at the beginning of 2012, the “Logib-D-tested” label (Wage Equality at Work – Germany) from the Federal Ministry for Families which rewards commitment to performance-based payment and sexual equality.

#### 4 Health and safety

The goal of maintaining and promoting health lies at the core of Weleda's identity. This principle of "salutogenesis" is also experienced by the employees at our production facilities, where they find emission-free areas, ergonomic workstations, environmentally friendly water coolers and canteens serving organic food. Weleda Germany, in collaboration with external partners in certain areas, offers sport and relaxation programmes as well as stress-prevention workshops. Weleda Benelux employs an internal prevention expert and also took on a specialist in occupational health and safety in 2011. The Salus – Integrated Safety project was concluded at the end of 2011 in Switzerland. This project was initiated in 2010 together with the Swiss accident prevention organisation SUVA, and comprised a series of analyses and training sessions on topics such as safety and emergency organisation. The production sites in Arlesheim, Huningue and Schwäbisch Gmünd work closely together on developing uniform standards and processes in the handling of hazardous substances with the support of standardised software.

#### 5 Raising awareness and motivation

All Weleda companies are making a wide range of efforts to increase awareness among the workforce of the importance of personal initiative and social and environmental responsibility. At Weleda Benelux employees will receive five paid working days for voluntary work from 2012 onwards, while in Switzerland Weleda has already been supporting the Bike to Work mobility initiative for some years now. Good ideas are rewarded in Schwäbisch Gmünd: under the leadership of Ideas Manager Simone Mezger, proposals for the optimisation of work procedures, savings and social, environmental and safety aspects can be submitted. The ideas are evaluated by a committee of experts and a bonus is paid to the most creative submission.

Employees as of 31.12.2011	Weleda Germany	Weleda Switzerland	Weleda France	Weleda Benelux <sup>1</sup>	Weleda Austria	Weleda North America <sup>2</sup>	Weleda New Zealand <sup>2,3</sup>
Total number of employees	1,000	372	390	116	37	46	53
Number of male employees	308	142	118	39	10	12	14
Number of female employees	692	230	272	77	27	34	39
<b>Nature of employment</b>							
Full-time employees	703	265	297	37	27	35	23
Part-time employees	297	107	93	79	10	11	30
of which trainees, apprentices, marginal employees, volunteers	73	20	9	0	0	2	2
<b>Employees by age group</b>							
up to 30 years of age	212	79	74	11	1		
31 to 50 years of age	598	217	257	64	33		
51 to 60 years of age	161	60	57	30	3		
over 60 years of age	29	16	2	11	0		

<sup>1</sup> Netherlands/Belgium

<sup>2</sup> The nature of employment cannot be disclosed by age group for legal reasons.

<sup>3</sup> Including Weleda Australia

## New York volunteers lead the way!

Volunteering has a long tradition at Weleda, a tradition regularly filled with new life through the enthusiasm of our employees.

Lending a hand for a sustainable cause – this was also the motto of the exercise carried out by the Weleda teams in a New York community garden.

The volunteer day held by Weleda North America could be said to have focussed entirely on growth – both literally and metaphorically speaking. On July 26<sup>th</sup> 2011, the team spent a day volunteering at a community garden in the New York Bronx. Community gardens have a long tradition in NYC, stretching back to the 1970s when residents began joining forces to create more than 800 green oases in gloomy concrete neighbourhoods, with the aim of providing space to relax and enjoy each other's company.

### Learn it, grow it, eat it!

Weleda chose to support the non-profit organisation GrowNYC that strives to create a clean and healthy future for New York's communities. The "Learn it, grow it, eat it!" initiative is oriented particularly towards promoting health and personal responsibility among teenagers in the neighbourhoods. Its activities include community garden work, nutrition classes, personal advice and market stalls selling products from the gardens.

### Green fingers and helping hands

The Weleda team worked in two groups together with five teenagers and two members of GrowNYC at the Jacqueline Denise Davis (JDD) Garden. While some members helped to build a cold frame – a kind of mini-greenhouse that protects the plants in the colder months – their colleagues assisted with planting seedlings, spreading mulch and compost and tidying up the garden. Weleda provided the materials for the cold frame and the healthy food enjoyed by the volunteers on the day.

### At the end of a good day

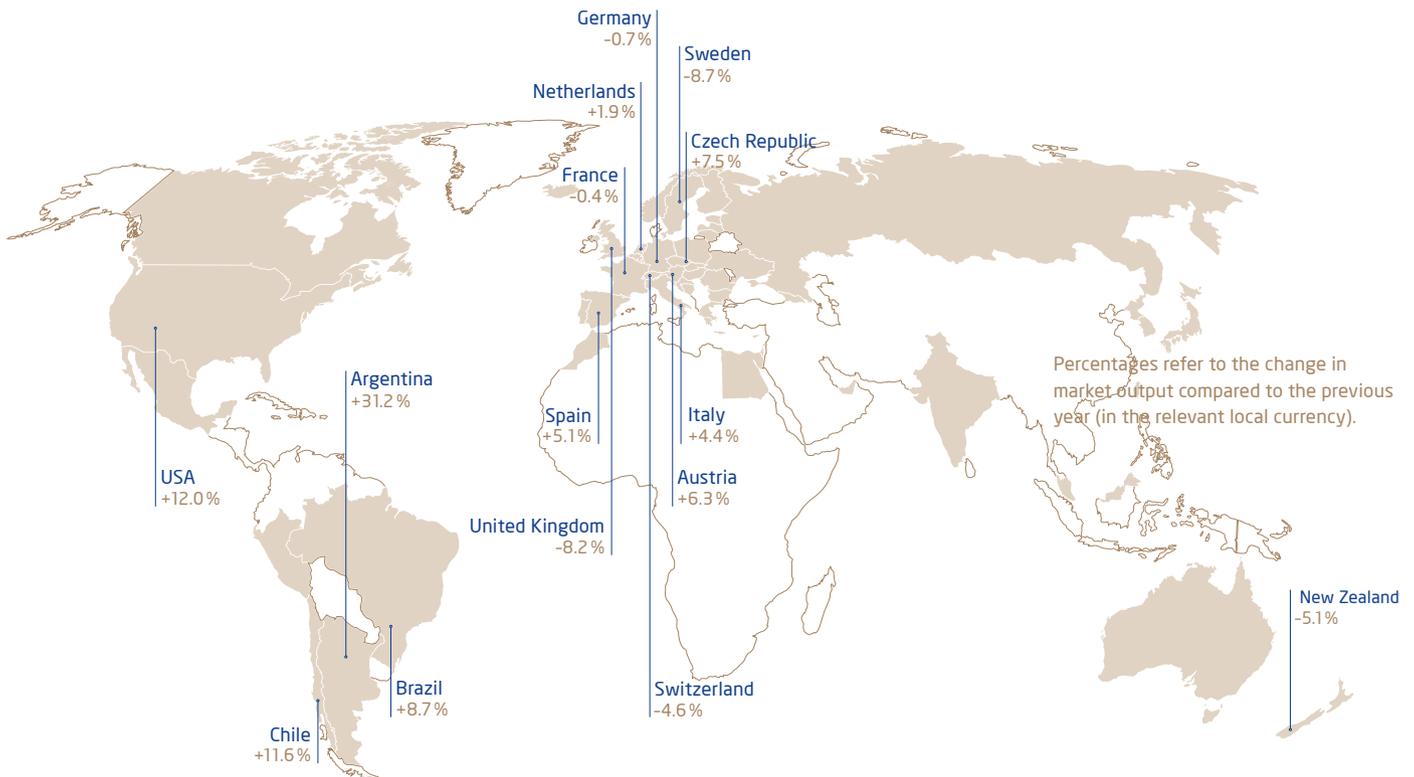
This day not only saw new friendships formed with the neighbourhood's residents – it also helped the members of the Weleda team to get to know each other in a new way. Or, in the words of Silvia Henry from the Weleda sales team: "Our volunteer day was really inspirational. We witnessed how change can be transformational when we start from a place of helping others and improving our environments. I admired the creativity and talent of my co-workers and friends, and I was both inspired and happy to be among such loving, caring people." All those involved were in agreement that the day had been a special teamwork experience, and a valuable contribution to a good cause.



"Learn it, grow it, eat it!": volunteering to help promote health and personal responsibility among New York's teenagers.

## Activities of the Weleda countries

Our anniversary year 2011 was notable for cross-border collaboration to leverage synergies within the company and to ensure more effective market cultivation.



Weleda is present in the following countries: **EUROPE** Austria, Belgium, Bosnia, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Spain, Sweden, Switzerland, Ukraine, United Kingdom **AFRICA** Egypt, Morocco **ASIA** Georgia, Hong Kong, India, Israel, Japan, Malaysia, South Korea, Taiwan, United Arab Emirates **AMERICA** Argentina, Brazil, Canada, Chile, Mexico, Peru, USA **AUSTRALIA** Australia, New Zealand

Strategic professionalisation under the umbrella of the Weleda Group in the international markets was continued with great commitment (see report on page 19). In the key markets of Germany and Switzerland, Weleda was able to maintain its position as the leading provider of natural and organic cosmetics, not least due to the continuing success of the Pomegranate Facial Care range. An exclusive presale of the new Weleda body lotions, which was distributed at the end of 2011 via our client partner

network, generated extremely positive results. Market cultivation was supported by a uniform image for communications and a range of successful presentations and workshops for media representatives, contributing to high-frequency, cross-media reporting.

In the Pharma Business Unit, the development of common structures and processes in Germany and Switzerland enabled us to achieve initial cost savings and increased market momentum. One of our focuses was on synchronised market

cultivation, supported by networked communication for selected products. The entire range of Weleda training courses, which were attended by some 7,000 participants, also formed an important platform for dialogue with all relevant target groups.

International implementation of Weleda's sustainability strategy also progressed further in 2011, and was accompanied by a variety of environmental and social initiatives.

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## Weleda AG, Schwäbisch Gmünd, Germany

Location Management: Erk Schuchhardt, Dr Samir Kedwani; Pharma Management: Nikolai Keller;

Natural and Organic Cosmetics Management: Ramon Stroink

Sales of Weleda natural and organic cosmetics to both client partners in retail and in volume markets grew again in 2011. The distribution base in Germany expanded by 13 per cent to 3,200 client partners. We further broadened our expertise in facial care, and consolidated our leading position in the natural and organic cosmetics market. In the mother and child area, we created an additional tool for internet communication in the form of our new baby newsletter.

In the Pharma Business Unit, Weleda continued with its strategy in relation to areas of expertise (nervous system, colds, cardiovascular diseases), successfully supported by cross-media communication for selected focus products. Integrated sales and marketing activities for all relevant target groups led to increased

distribution of Weleda pharmaceuticals in German pharmacies. We were therefore able to generate clear growth, well above the market average, in a stagnating and highly competitive market. For example, we exceeded our target sales for our lead product, Neurodoron, indicated for stress, and with Cardiodoron, for cardiovascular indications, on which our medical sales force focused more heavily. In oncology, Weleda was able to maintain market share with Iscador, despite difficult conditions and a shrinking market for mistletoe preparations.

We initiated and developed wide-ranging sustainability initiatives in 2011. We continued the switch to renewable energies with the commissioning of a number of solar energy systems at the Weleda AG and Weleda Naturals GmbH

locations. Further energy measures, including purchasing biogas, are planned in 2012. In the Weleda medicinal plant garden, new foil houses were fitted with a water-saving irrigation system. With regard to social issues, Weleda entered into a collaboration with the not-for-profit company wellcome, which provides support for young families in Germany after the birth of a child. Weleda also supported a range of activities in 2011 around the 150th birthday of Rudolf Steiner, including the "Alchemy of the Everyday" exhibition in Stuttgart, Vienna and Weil am Rhein. A sustainability handbook is currently being compiled, led by Weleda Germany. This will serve as an internal manual and training tool at international level.

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**"We continued the switch to renewable energies with the commissioning of a number of solar energy systems at the Weleda AG and Weleda Naturals GmbH locations."**

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## Weleda AG, Arlesheim, Switzerland

Location Management: Mónica Mennet-von Eiff, Peter Braun (until December 31<sup>st</sup> 2011), Claude Pfiffner (since January 1<sup>st</sup> 2012);  
Pharma Management: Nikolai Keller; Natural and Organic Cosmetics Management: Ramon Stroink

At the Arlesheim production site, technical capacities and processes for manufacturing natural and organic cosmetics were adapted to future requirements. A new production line for lotions and shower products means that we have a powerful infrastructure available to manufacture this range entirely ourselves, while also ensuring sufficient manufacturing capacity for product innovations. To ensure uniform external communication, Weleda Switzerland's image was harmonised with that of the German market. We were also able to expand distribution in Switzerland, where Weleda is perceived as a competent brand in the area of facial care. The difficult market environment and the strong Swiss franc led in general to price sensitivity and falling turnover.

In the Pharma Business Unit, Weleda can look back on a pleasing year in Switzerland. We implemented the focus on defined areas of competence and ended the year with successful growth in turn-

over compared to 2010. The general price adjustments in the over-the-counter (OTC) range of pharmaceuticals contributed to this result. Thanks to increased market cultivation efforts, we were able to maintain sales of Iscador at the prior-year level in the oncology segment. Applications for marketing authorisation were submitted in Switzerland for a new cough syrup, for Calmedoron Globuli (*Avena sativa* comp) and for Neurodoron tablets. A central laboratory database system, which is also used by colleagues in Germany and France, is creating additional synergies in Research & Development.

Weleda Arlesheim also committed itself to improving energy efficiency, reducing the impact on the environment, healthy mobility and promoting biodiversity in 2011. The energy supply for the production and office buildings sourced from a combined heating/power system with the municipality of Arlesheim lowers greenhouse gas emissions from op-

erations by some 200 tonnes per year. At our Basel location, Weleda has been sourcing electricity exclusively from renewable sources and voluntarily offsetting emissions from our use of natural gas since 2011.

The Swiss Foundation for Nature and the Economy has now renewed certification of the company's site in Arlesheim for its close-to-nature design, which has been enhanced by the expansion of the biodynamic show garden. In the Grison Alps, Weleda launched a project for controlled wild cultivation of edelweiss, for uses including our own tincture production. We continued our commitment under the Bike to Work mobility initiative, as well as our involvement in training by the Swiss Anthroposophic Medical Association (VAOAS) and a range of public projects.



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## Weleda S.A., Huningue, France

Location Management: Patrick Sirdey, Marc Follmer; Pharma Management: Jean Chazarenc;  
Natural and Organic Cosmetics Management: Olaf Maurice (until May 31<sup>st</sup> 2011),  
Andreas Sommer (June 1<sup>st</sup> 2011 until March 31<sup>st</sup> 2012), Françoise Kessler (since April 1<sup>st</sup> 2012)

Weleda Pomegranate Facial Care enjoyed continued popularity amongst French consumers in 2011, and had a positive impact on the overall result thanks to double-digit growth in sales. The range's popularity was also demonstrated through the presentation of the prominent Victoire de la Beauté consumer award in September 2011 for our Pomegranate Firming Day Cream. In a blind test, Weleda prevailed over products from conventional providers. Customers and partners celebrated our 90th anniversary with us throughout the year. Some 450 guests, including numerous media representatives, accepted our invitation during the year to Espace Weleda in Paris. However, the change in turnover was not in line with the growth of the previous year in 2011, due to a strong reduction in communicative advertising expenses.

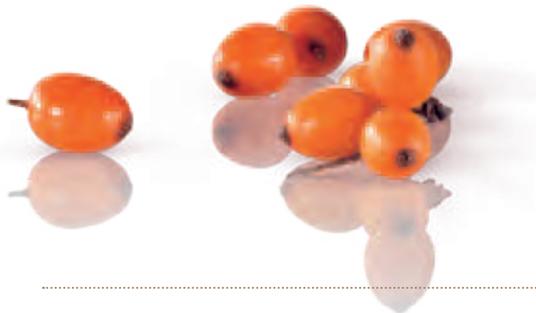
Weleda achieved double-digit growth in sales of pharmaceuticals, in a stagnat-

ing market for complementary medicine. Sales by region and a successful campaign to raise awareness of stress and depression contributed to this result. This also indicates that the realignment of the Weleda pharmaceutical range in France has been well accepted. At the Weleda doctor's colloquium, which was held in Strasbourg in 2011, around 140 participants addressed the issue of chronic fatigue syndrome and fibromyalgia, a musculoskeletal disease.

Weleda France was again certified in accordance with ISO 14001 for a period of three years. We engaged in a range of sustainability activities in 2011 to promote biodiversity, climate protection and eco-friendly mobility. The extension and renovation of the production and administration building at the Huningue location was carried out in line with our sustainable energy concept, for example by using natural insulating material, and heating, ventilation and sanitary sys-

tems that conserve resources. Together with our partner organisation Colibris, a world leader in environmental protection and development aid, Weleda supports public campaigns for conscious consumption and, in the run-up to the French presidential elections in 2012, for the appointment of environmentally and socially responsible representatives of the people.

Weleda promoted anthroposophic medicine and education in France through numerous contributions to Waldorf schools and not-for-profit institutions. We also undertook a number of social initiatives highlighting our commitment to diversity and equal opportunities in the workplace, and to balancing work and family life (see also pages 43 and 44).



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**Weleda S.A. Argentina,  
Buenos Aires, Argentina**

Management: Stefan Niewind,  
Christian KÜng

Weleda Argentina posted a positive result in both the Natural and Organic Cosmetics and Pharma Business Units, despite the difficult economic environment, which continues to be marked by inflation. We succeeded in further expanding both our market presence and nationwide distribution. In order to exploit the growing trend for online shopping for Weleda, an online shop was integrated into the website in spring 2011. At the same time, Weleda Argentina began to use social media to further increase awareness of the Weleda brand. Special promotional offers such as the mini oil box were organised for Weleda's anniversary. As part of the anniversary and environmental activities, Weleda also supported the Banco de Bosque foundation, with the aim of protecting 1,000 square metres of Argentinean forest monthly, and thus also protecting the habitat of endangered animal species. We were able to consolidate contact with doctors in the Buenos Aires area through various training programmes for this key target group.

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**Weleda (NZ) Ltd, Havelock North,  
New Zealand**

**Weleda Australia PTY Ltd, Avalon,  
Australia**

Management New Zealand:

Phillip Melville (until June 30<sup>th</sup> 2011),  
Fred Dryburgh; Management Australia:  
David William Johnston

In New Zealand, Weleda succeeded in having a range of pharmaceuticals as well as facial and skin care products listed by Pharmacybrands Ltd, one of the country's largest pharmacy chains. The collaboration with health store chain Health 2000 also showed positive development – Weleda was ranked 10<sup>th</sup> of 22 listed suppliers in terms of sales. Announcements by the Australian regulatory authorities (Therapeutic Goods Administration, TGA) lead us to hope that

the sale of OTC products will be approved in Australia again in 2012. We recorded an extremely successful campaign in the highly competitive Australian cosmetics market with the Skin Food Display Box in Weleda's anniversary year. In order to exploit opportunities in the growing internet business, we will expand our website with a shop for Australian customers in 2012. Our presence on Facebook since the start of 2011 has produced pleasing results, and is actively used as a communication and marketing tool.

Fred Dryburgh has been sole Managing Director of Weleda New Zealand since Phillip Melville left the company in June 2011. The previous Australian subsidiary became an independent subsidiary of Weleda Switzerland AG on January 16<sup>th</sup> 2012; David Johnston remains the Managing Director there.



Quality assurance with Weleda partners close to Skoura in the Valley of the Roses, southern Morocco.



Southern Morocco: women and men from a cooperative pick flowers from biologically cultivated Damask rose bushes.

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**Weleda Benelux SE, Zoetermeer, Netherlands, with subsidiary Weleda Belgium N.V., Leuven, Belgium**

Management: Martijn Niemeijer (until August 31<sup>st</sup> 2011), Lieve Van der Borght (until September 1<sup>st</sup> 2011, since then: Commercial Director) and Hans Nijjens (still General Manager)

The financial year 2011 was marked by challenging market conditions for Weleda Benelux. Continued growth in the Belgian natural and organic cosmetics market contrasted with stagnating sales in the Netherlands. Weleda Benelux posted a decline in performance overall in 2011, with losses in Pharma. As a result, structural changes have been implemented to increasingly leverage synergies in the organisation and market cultivation in the

future. The two companies were merged to form Weleda Benelux SE from January 1<sup>st</sup> 2012, operational management having consisted of lean co-leadership since September 2011.

Weleda was able to tap further sales channels for natural and organic cosmetics, in organic markets and supermarkets, particularly in Belgium. The first media campaign to be implemented and coordinated in both markets for Pomegranate Facial Care was accompanied by promotional retail offers, and was highly successful.

Weleda also successfully launched its organically certified throat spray in the Belgian OTC market. We were able to launch almost the entire OTC range, which has been revised in line with the market, in new, modern packaging. The regrouping of the pharmaceuticals range

for individualised medicine has been completed.

Weleda Benelux has been climate-neutral since 2008. Our far-reaching commitment to sustainability meant that we were again voted the most sustainable brand in the Netherlands by Dutch consumers. Weleda also worked closely again in 2011 with the Netherlands-based company Soil & More, which advocates biodynamic land management to support the environment and society worldwide. We also supported a biodiversity and social project in the southern Indian region of Sevapur in 2011. At a local level, we continued various initiatives for eco-friendly mobility, lower emissions from operating facilities and flexible working hours.

“I am extremely thankful for anthroposophic medicine and Weleda products. They enable me to treat illness with discretion and respect, and above all sustainably.”



Manuela Eichenberger, pharmacist,  
Binningen, Switzerland

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### **Weleda do Brasil Laboratório e Farmácia Ltda., São Paulo, Brazil**

Management: Mara Pezzotti  
(until February 28<sup>th</sup> 2011),  
Ulrike Weber (since March 1<sup>st</sup> 2011)

Various measures implemented in early 2011 in connection with reorganisation and to improve efficiency led Weleda Brazil to post a positive operating result for 2011. Increased distribution in Weleda franchise pharmacies improved turnover in both pharmaceuticals and natural and organic cosmetics.

Alongside our best-selling OTC product Ansiodoron, indicated for stress, we were also able to relaunch the Globuli range in the OTC segment. This relaunch was possible due to regained marketing authorisation for Globuli. Restructuring in manufacturing and delivery logistics also led to increased product availability.

The launch of the Pomegranate Facial Care range met with a very success-

ful response in the Brazilian market, and was accompanied by a comprehensive campaign, promotional offers and an event for media representatives. Weleda was also one of the main sponsors of the Conference for Anthroposophic Medicine and Therapy in Belo Horizonte, which was attended by over 400 participants.

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### **Weleda Chile Ltda., Santiago de Chile, Chile**

Management: Stefan Niewind,  
Christian Küng

Weleda Chile ended 2011 on target and with a positive result. Thanks to the new store concept of our partner Salcobrand, one of the leading pharmacy and drug-store chains in Chile, we were able to further raise our market presence. In order to further increase awareness of the Weleda brand, staff trained in con-

sultations, product applications and handing out product samples at the point of sale were employed. We also made use of social media, blogs and internet portals to maintain a dialogue with end consumers.

Special offers, sales promotions and reference to Weleda's 90th anniversary in all communications ensured additional attention in the anniversary year. Weleda Chile together with the anthroposophic foundation Cultiva symbolically planted 90 native trees in a suburb of Santiago to send an active signal against severe air pollution. As co-organiser of International Postgraduate Medical Training (IPMT), we were also able to present the basics of anthroposophic medicine to 220 interested doctors and medical students in 2011.

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## Weleda Italia S.r.l., Milan, Italy

Management: Stefano Riva

In a market environment marked by the effects of the financial and economic crisis, Weleda Italy was able to post slight growth in turnover compared to the previous year in both pharmaceuticals and natural and organic cosmetics.

We continued to pursue our integrated marketing approach, which is based on synergies between OTC pharmaceuticals and natural and organic cosmetics. We posted a pleasing performance in Tuscany, where we were able to expand distribution of Weleda pharmaceuticals in pharmacies. In regard to natural and organic cosmetics, we successfully continued our collaboration with paediatricians and midwives under the Cigogna ("stork") project, as well as our partnership with the not-for-profit organisation Mangiagalli Life.

Weleda Italy was also actively involved in the maintenance and further development of anthroposophic therapies and related processes in the areas of healthcare policy and medicine in 2011. Sales opportunities for extemporaneous pharmaceutical preparations were examined and, based on the high level of interest from the Italian medical community, we looked into obtaining marketing authorisation for Iscador as soon as possible.

Weleda was presented the Best of Green Beauty award at the world's largest beauty and cosmetics trade show, Cosmoprof in Bologna, in March 2011, for our outstanding commitment to sustainability, particularly biodynamic agriculture, protection of biodiversity and short delivery distances.



Nile Delta, Egypt: extraction vessels are filled with freshly harvested jasmine flowers for processing.

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## Weleda AB, Järna, Sweden

Management: Henrik Olténg

In a period of muted market development, Weleda strengthened its presence in the online pharmacy market through a key account with Doc Morris. We also expanded our distribution channels through new partnerships with the Swedish pharmacy chain Apoteksgruppen and the tax-free shop at Helsinki international airport. We also increased our collaboration with the Norwegian healthfood store chain Life.

While three pharmaceuticals obtained marketing authorisation as traditional herbal remedies, our pharma distri-

bution licence came up for review; the outcome of this review is as yet undecided.

Weleda Pomegranate Body Oil was awarded Best Bodycare Product by Sweden's largest lifestyle magazine for women over 40. The Weleda sustainability loan, which was launched in autumn 2011, was an extremely successful campaign. The loan was used to sponsor a youth project in Nicaragua.

In addition to the public debate on essential oils in baby products, our collaboration with the local distribution partner in Denmark also proved challenging. A new and highly motivated distribution partnership has been in place in the Finnish market since the start of 2012.



Barcellona Pozzo di Gotto, Sicily: freshly pressed lemon oil is carefully filled into barrels.

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### **Weleda Ges.m.b.H. & Co. KG, Vienna, Austria**

Location Management: Gerald Kaufmann (until March 31<sup>st</sup> 2012), Jöran Moshuber, Erk Schuchhardt (since January 1<sup>st</sup> 2012); Pharma Management: Nikolai Keller (since January 1<sup>st</sup> 2012); Natural and Organic Cosmetics Management: Ramon Stroink (since January 1<sup>st</sup> 2012)

Our strong growth in our areas of competence enabled us to increase turnover in pharmaceuticals by 10 per cent. In natural and organic cosmetics, we increased turnover by 6 per cent year-on-year. The Pomegranate Facial Care range in particular is now well established in the market – as evidenced by the choice of Pomegranate Firming Face Serum as the top facial care product by Austrian retailers. In OTC products, our competence area of the eyes proved to be the growth driver. Euphrasia eye drops, which were launched

in late summer 2010 in single doses, were very popular with consumers. High levels of attendance of our lecture series and weekend seminars indicate strong interest in anthroposophic medicine in Austria.

The focus of our sustainability commitment in 2011 was on preparations and collection of data for our application for membership of the Austrian Climate Alliance. Installation of special skylights to lower energy consumption in pharmaceutical storage is an initial step in this direction.

As part of the implementation of the Group's corporate strategy, the decision was taken to gradually integrate the Austrian market into the D-A-CH structure (D = Germany, A = Austria, CH = Switzerland). Gerald Kaufmann stepped down from management on March 31<sup>st</sup> 2012.

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### **Weleda S.A.U., Madrid, Spain** Management: Miguel Herdin

The Spanish economy continues to be heavily affected by the impact of the financial and economic crisis. This makes it all the more pleasing that the implementation of the Weleda Group strategy is beginning to bear fruit: we generated organic growth in pharmaceuticals by focusing on quarterly campaigns. The positive response to the Pomegranate Facial Care range and the newly launched moisturiser for men also contributed to growth in turnover in natural and organic cosmetics. Our focus in natural and organic cosmetics sales is on expanding distribution in pharmacies and parapharmacies in order to exploit the significant potential in these channels. Increased market cultivation by the newly constituted sales and marketing team made a significant contribution to the results in

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“In my longstanding career as a speaker and trainer in natural cosmetics and anthroposophic pharmaceuticals, I was able to inspire many people through Weleda’s unique product quality and specific understanding of humanity and nature.”



Helga Heller-Waltjen, qualified cosmetologist and natural cosmetics expert, pharmaceutical representative, Schwäbisch Gmünd, Germany

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a difficult and highly competitive market environment.

Weleda Spain has been sourcing exclusively green energy from renewable sources for its offices and storage facilities since the end of 2011. In addition, our partnership with the Spanish Training and Development Centre for Anthroposophic Therapy and Medicine (IFMA) was further expanded.

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### **Weleda spol. s.r.o., Prague, Czech Republic**

Management: Lukas Dostal

In an economically strained environment, Weleda Czech Republic was able to increase turnover slightly year-on-year. This was also possible due to the successful launch of the Pomegranate Facial Care range, which was one of the key

growth factors. In pharmaceuticals, we were able to further expand distribution channels: in addition to Phoenix and Alliance Healthcare, Weleda is now listed by the pharmaceutical wholesalers Gehe Pharma and Pharmos. New sales opportunities also opened up through our close collaboration with the Rossmann drug stores.

Our reception for Weleda’s 90th anniversary was an opportunity to strengthen contacts with media representatives and customers in an enjoyable atmosphere. As part of our sustainability commitment, we continued our long-standing collaboration with Aperio, a not-for-profit association dedicated to healthy parenting. We also assisted with organising the International Postgraduate Medical Training event by the Medical Section of the General Anthroposophical Society, which was held in Cesky Krumlov in August 2011.

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## Weleda UK Ltd, Ilkeston, United Kingdom

Management: Robert Ballard (until April 24<sup>th</sup> 2012) Jayn Sterland (Commercial Director since January 1<sup>st</sup> 2012), Roger Barsby (Operations Director since January 1<sup>st</sup> 2012)

In what was an extremely challenging market environment overall, Weleda UK succeeded in maintaining its position and was able to further expand the distribution network for natural and organic cosmetics. Partnerships were formed with various department stores as well as 150 retailers and pharmacies. The considerable popularity of Weleda natural and organic cosmetics among consumers and the industry is proven by our numer-

ous awards in 2011, particularly for baby and facial care products. Through focused communication via internet social media, we were able to further increase brand awareness in the relevant target groups.

By contrast, sales of pharmaceuticals posted a further weak performance. The continuing debate on effectiveness put serious pressure on the market for complementary medicine; added to this is the ongoing examination of Weleda's distribution licence by the regulatory authorities in the UK.

As part of our sustainability commitment, we successfully settled five bee colonies in an approximately 60,000 square metres garden at our location. Our electricity supply is now fully covered by renewable sources, and the in-

stallation of a reverse osmosis system is reducing drinking water consumption by 200 litres per day.

With effect from January 1<sup>st</sup> 2012, Robert Ballard handed over operational management to Roger Barsby (Operations Director) and Jayn Sterland (Commercial Director); he is taking retirement after 16 years at the company. With the introduction of co-leadership at the company, marketing and sales have also been specifically targeted at customer segments.



At the Kheir women's cooperative in Essaouira, Morocco, women carefully crush the shells of Argan nuts to release the valuable almonds, which contain the oil.

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## Weleda Inc., Palisades, NY, USA

Management: Jasper van Brakel

The implementation of the local growth strategy in the US and Canada, with increased distribution via organic supermarkets and natural food stores as well as initiatives to raise brand awareness, had promising results.

The launch of the facial care ranges was very successful, and was accompanied by sales promotions, a retailer loyalty scheme and an increased presence in the social media. Personal care (internationally known as cosmetics) posted marked growth in the Canadian market in particular. Medicines generated slight growth and were profitable thanks to the efficient use of resources. Using fo-

cus campaigns in social networks, Weleda was able to increase brand awareness, and we were presented with the Heart of Green award by renowned online news magazine *The Daily Green* for our outstanding environmental responsibility.

Various sustainability initiatives were carried out in Weleda's anniversary year. For example, Weleda supported Conservation International, a globally active not-for-profit organisation involved in the protection of biodiversity. With regard to social issues, Weleda employees volunteered in a New York community garden. And we also promoted the political initiative for the Safe Cosmetics Act, which aims to legally prohibit harmful ingredients in personal care products.

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“Weleda is the No. 1 personal care brand at Whole Foods Whole Body in Canada. We believe in the brand, and in turn our customers believe in us. We love Weleda!”



Assistant Team Leader,  
Whole Foods Market, Canada

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## Economic development of the Weleda Group

The annual financial statements of the Weleda Group have been prepared in euros for the first time for the 2011 financial year. To enable comparison with the prior year, the amounts stated in the balance sheet, income statement and cash flow statement are translated into euros as at December 31<sup>st</sup> 2010 and shown in Swiss francs for information purposes.

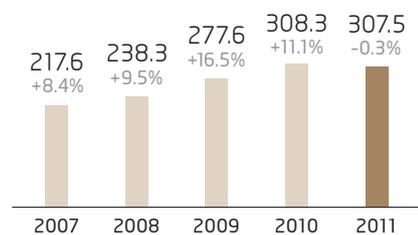
The Weleda Group with 17 subsidiaries achieved a consolidated turnover in the 2011 financial year of EUR 307.5 million (2010: EUR 308.3 million). Due to weaker business development, reported Group turnover thus fell just short of the prior-year result. The change of the consolidated financial statements to the euro has meant that there are now only minimal currency effects, as approximately 75 per cent of busi-

ness volumes are recognised via companies and/or in markets which report in euros. The operating result (EBIT) of the Weleda Group contracted by EUR 7.8 million year-on-year to EUR 1.3 million (2010: EUR 9.1 million). The Group is reporting for the 2011 financial year a loss after tax including the share of non-controlling interests of EUR -8.3 million (2010: EUR -3.8 million). In addition to the financial result, provisions for restructuring measures and an extraordinary provision arising from a pension scheme liability at Weleda UK impacted the Group's results.

The business figures shown in the following are stated in euros. Changes in exchange rates are not detailed, as these would have a merely marginal impact given that the financial statements are prepared in euros.

### Turnover at exchange rates valid on closing date of financial statements

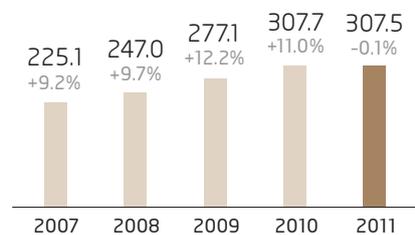
All values in million EUR



Change from the previous year

### Turnover adjusted for changes in exchange rates

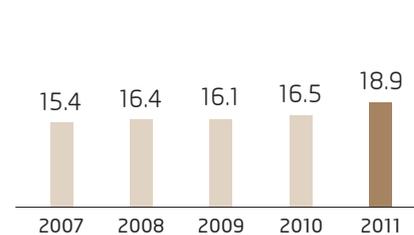
All values in million EUR



At exchange rates valid on 31.12.2011  
Change from the previous year adjusted for changes in exchange rates

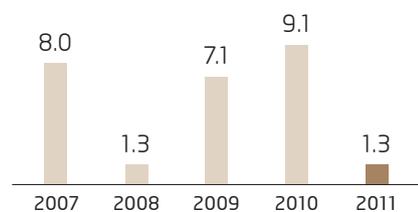
### Investments in property, plant and equipment and intangible assets

All values in million EUR



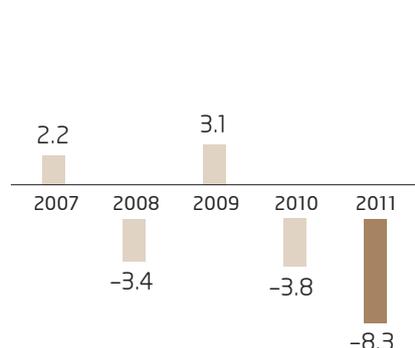
### EBIT

All values in million EUR



### Loss/profit for the year

All values in million EUR

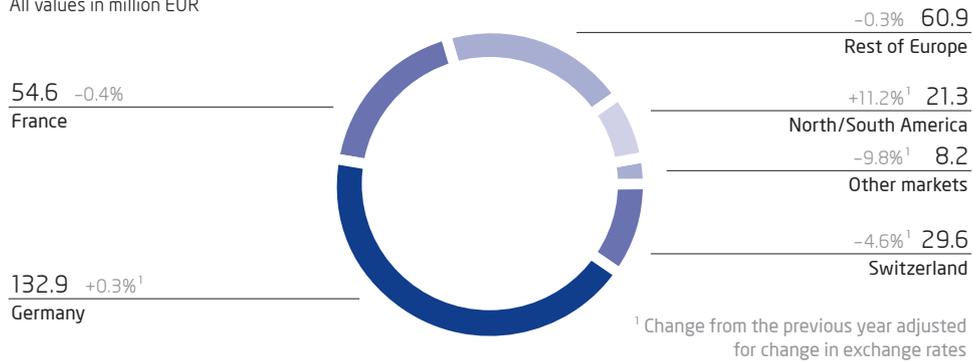


**Natural and organic cosmetics and pharmaceuticals Weleda Group 2011**  
 Total EUR 307.5 million



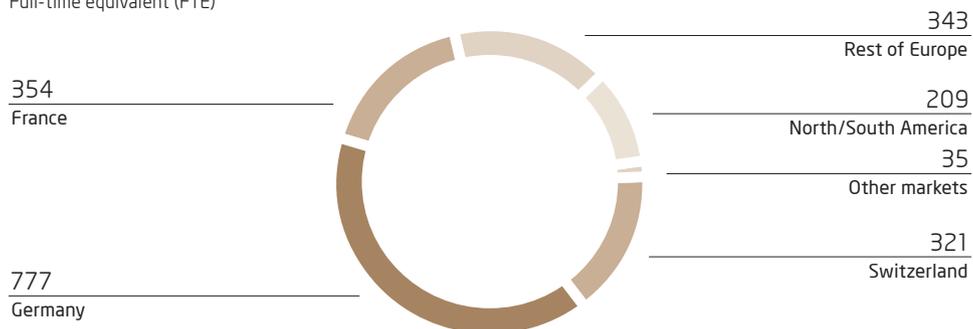
**Market output Weleda Group 2011 by market/region**  
 Total EUR 307.5 million

All values in million EUR



**Employees Weleda Group 2011 by market/region**  
 Total EUR 2,039

Full-time equivalent (FTE)



# General economic development 2011 and forecast for 2012

## Business performance

Difficult and to some degree uncertain economic conditions, particularly in the eurozone, political crises in various parts of the world and the environmental disaster in Japan contributed to the negative performance of the Weleda Group. We were unable to meet expectations for 2011. In terms of turnover and result, we were unable to fully match the previous year's result, which led to a fundamental review of our existing multi-year planning.

## Turnover

No growth in turnover was achieved overall in 2011. We were unable to meet the expectations of building on the positive growth of 2010. The Natural and Organic Cosmetics Business Unit in particular, which was a key growth driver for the entire Group in the previous year, posted a decline in turnover.

Based on the exchange rates valid at the close of 2011, consolidated Group turnover in 2011 totalled EUR 307.5 million. This is a slight decline of EUR 0.8 million compared to the previous year's figure of EUR 308.3 million.

## Changes in turnover by market and region

The importance of the individual markets and regions has hardly changed in structural terms from the previous year. Some 71 per cent of the sales proceeds were generated in our three largest markets: Germany, France and Switzerland, with 90 per cent being achieved in Europe as a whole. A further 7 per cent of sales proceeds were generated in North and South America, and the remaining 3 per cent in other markets.

Turnover in Germany, France and Switzerland declined by 0.3 per cent overall to EUR 217.1 million (2010: growth of 10.7 per cent). Turnover in other European markets was 1.2 per cent below the prior-year level at EUR 60.9 million. In the European market as a whole, turnover declined by 0.4 per cent (2010: growth of 11.0 per cent). Using the exchange rates valid at the end of the year, turnover was EUR 278 million. In the North and South America region, we achieved growth of 6.5 per cent (2010: 12.6 per cent). Turnover increased by EUR 1.3 million to EUR 21.3 million. The growth driver here was the US market.

In other markets, sales proceeds fell by around 10.1 per cent (2010: growth of 12.9 per cent) to EUR 8.2 million. The decline in this region was largely due to the environmental disaster in Japan.

## Turnover development in the business units

The structural distribution of turnover for the two business units changed slightly compared to the prior year in favour of Pharma in 2011. The share of Natural and Organic Cosmetics in global turnover fell slightly to 70 per cent (2010: 72 per cent) while that of Pharma rose to 30 per cent (2010: 28 per cent). This change can primarily be attributed to the decline in turnover for Natural and Organic Cosmetics compared to the prior year.

Global turnover in the Pharma Business Unit was largely in line with expectations. Turnover increased by 6.4 per cent in 2011 to EUR 92.9 million (2010: growth of 2.7 per cent). Turnover in the three main markets of Germany, France and Switzerland, where some 75 per cent of turnover is generated, rose by around 8 per cent. The growth in turnover compared to the prior year can be accounted for by rising sales volumes and price increases. The focus strategy in marketing was also successful in 2011, generating double-digit growth. Sales of Iscador continued to fall.

Overall turnover in the Natural and Organic Cosmetics Business Unit fell by 2.9 per cent, and was significantly below both expectations and the prior year. Growth rates were lower than expected in almost all markets. Growth in turnover in 2010 was around 14.8 per cent.

Turnover in the three main markets of Germany, France and Switzerland fell by 5.2 per cent, largely due to the much greater than expected effects of stockpiling by trade partners in 2010. Facial care products, which were launched in 2010, continued to be a key growth driver in 2011.

## Operating result

The operating result (EBIT) contracted by EUR 7.8 million year-on-year to EUR 1.3 million (2010: EUR 9.1 million). The consolidated EBIT margin fell to below 1 per cent (2010: 3.0 per cent).

The gross profit margin remained structurally the same as the prior year at around 77 per cent, meaning that gross



Sandalwood project in Uva, Sri Lanka. The mixed cultivation of sandalwood and faster-growing tea provides a stable income for Weleda's local partners.

profit declined slightly in relation to turnover year-on-year. Operating expenses increased by 2.9 per cent or EUR 6.8 million year-on-year to EUR 240 million (2010: EUR 233.2 million). The main reason for this was the increase in employee income (+5 per cent). Depreciation and amortisation includes a value adjustment of EUR 0.9 million for the replacement of a software installation. Other operating expenses totalled EUR 101.5 million and were thus around EUR 1 million less than in 2010.

### Net loss before taxes

The net loss before taxes increased by EUR 6.1 million to EUR -7.0 million (2010: EUR -0.9 million) and was negatively impacted by the extraordinary result of EUR -3.6 million. This relates to the creation of a restructuring provision of EUR 2.1 million, and to the creation of a pension fund provision of EUR 1.5 million by Weleda UK Ltd.

The financial result improved significantly compared to the prior year, to EUR -4.7 million (2010: EUR -10.0 million), largely because hardly any exchange rate losses had to be booked in 2011. Interest expenditures rose due to the EUR 0.5 million increase in financial liabilities to EUR 4.9 million (2010: EUR 4.4 million). Taxes on income and earnings fell by EUR 1.3 million to EUR 1.4 million due to the weak business performance (2010: EUR 2.7 million).

### Financial and assets situation

Cash flow from operating activities fell by EUR 7.4 million to EUR 1.5 million (2010: EUR 8.9 million). Cash flow from investing activities increased by EUR 3.4 million year-on-year to EUR 19.5 million (2010: EUR -16.1 million).

Of the gross investment of EUR 19.9 million, around EUR 3.3 million were in intangible assets, and EUR 15.6 million in property, plant and equipment. Some 85 per cent of investments were made in the three main locations in Schwäbisch Gmünd (EUR 6.3 million), Arlesheim (EUR 6.0 million) and Huningue (EUR 4.5 million). The remaining investments totalling EUR 2.7 million were allocated to other subsidiaries. The higher level of investment compared with the prior year is largely a result of backlogs from projects launched in 2010 to renew and expand manufacturing capacities.

Larger individual investments in property, plant and equipment included an investment of some EUR 4.0 million in the construction and expansion of manufacturing and production capacity for natural and organic cosmetics in Arlesheim. Further major investments were made in renovating buildings, such as the pharmaceuticals research building in Schwäbisch Gmünd (EUR 1.3 million), and in replacing machinery such as a new ampoule packaging machine. Investments in immaterial assets mainly concerned new software solutions to optimise the operational work process.

Free cash flow declined to EUR -18.0 million due to the insufficient earnings performance and high levels of investment (2010: EUR -7.2 million). This led to a further increase in levels of debt. Net financial liabilities rose to EUR 22.6 million. This increase was largely in non-current financial liabilities. Additional long-term bank loans and the issue of profit-sharing rights at the start of 2011 (EUR 7.2 million) were used to finance investments. The percentage of current and non-current financial liabilities rose structurally to 44.3 per cent (2010: 37.2 per cent) of the balance sheet total. Cash and cash equivalents rose by EUR 4.5 million to EUR 9.9 million.

Net debt increased by EUR 21.5 million to EUR 122.5 million (2010: EUR 101.0 million). The equity ratio was reduced by 4.9 percentage points to 29.2 per cent (2010: 34.1 per cent).

### Forecast 2012

Due to the company's critical business development in 2011 and the resulting loss totalling EUR 8.3 million, an action plan was drawn up to increase liquidity with immediate effect. The plan aims to secure liquidity such that sufficient positive free cash flow is generated, including for the upcoming repayments of financial liabilities in 2012.

### Value-added statement 2011

The value-added statement (see page 3) shows how our business actions create value for the company; unlike the profit and loss statement, which is based on the viewpoint of the owners, the value-added statement explains the contribution of the Weleda Group to private and public income. It shows the expense at which Weleda achieved its company performance and how the generated added value was distributed.

Company performance remained at the prior-year level of EUR 312.0 million in the 2011 financial year due to the slight decline in turnover. After deducting advance payments, the added value of the Weleda Group was EUR 123.0 million. The added value per employee of the Weleda Group was EUR 60,340 and thus 2.8 per cent lower than in 2010.

A seven-figure amount was spent on donations and similar contributions to associated social institutions in 2011. This amount is included in the advance payments.

The added value was not sufficient to cover the income of our employees. Weleda views its employees as co-entrepreneurs involved in the business process. It is an important aim for us to support and promote the personal responsibility and self-awareness of every individual. The public authorities received 1.1 per cent (EUR 1.4 million) in the form of taxes. Four per cent (EUR 4.9 million) of the added value was allocated to interest to lenders.

Following a suggestion from the Board of Directors, no dividends will be distributed to shareholders for 2011. As a result of the decline in turnover combined with increased expenditure, the Group had to declare a negative result for the 2011 financial year.



# Annual Financial Report 2011

## Weleda Group

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## Balance sheet of Weleda Group

Assets	Notes	31.12.2011 in 1,000 EUR	31.12.2010 in 1,000 EUR	31.12.2010 in 1,000 CHF
Intangible assets	1	7,368	6,799	8,499
Property, plant and equipment	1	102,418	97,788	122,235
Financial assets	1	3,800	3,004	3,755
<b>Total non-current assets</b>		<b>113,586</b>	<b>107,591</b>	<b>134,489</b>
Inventories	2	81,842	77,742	97,177
Trade receivables	3	47,468	48,647	60,808
Other current receivables	4	5,403	4,869	6,086
Deferred charges and prepaid expenses		3,443	3,156	3,945
Marketable securities		113	101	126
Cash and cash equivalents		9,827	5,311	6,639
<b>Total current assets</b>		<b>148,096</b>	<b>139,826</b>	<b>174,781</b>
<b>Total assets</b>		<b>261,682</b>	<b>247,417</b>	<b>309,270</b>
<b>Shareholders' equity and liabilities</b>	<b>Notes</b>	<b>31.12.2011 in 1,000 EUR</b>	<b>31.12.2010 in 1,000 EUR</b>	<b>31.12.2010 in 1,000 CHF</b>
Share capital		3,800	3,800	4,750
Non-voting share capital		7,600	7,600	9,500
Capital reserves		9,600	0	0
Retained earnings		60,430	73,453	91,816
Loss for the year		-8,338	-3,766	-4,708
<b>Shareholders' equity excl. non-controlling interests</b>		<b>73,092</b>	<b>81,087</b>	<b>101,358</b>
Non-controlling interests		3,266	3,298	4,123
<b>Shareholders' equity incl. non-controlling interests</b>		<b>76,358</b>	<b>84,385</b>	<b>105,481</b>
Trade payables	5	22,143	26,277	32,846
Current financial liabilities		27,762	27,655	34,569
Other current liabilities	6	8,952	10,856	13,569
Current provisions	7	19,017	18,496	23,120
Accrued charges and deferred income		2,803	1,015	1,269
<b>Total current liabilities</b>		<b>80,677</b>	<b>84,299</b>	<b>105,373</b>
Non-current financial liabilities	8	88,043	64,312	80,390
Other non-current liabilities	9	866	995	1,244
Non-current provisions	7	15,738	13,426	16,782
<b>Total non-current liabilities</b>		<b>104,647</b>	<b>78,733</b>	<b>98,416</b>
<b>Total liabilities</b>		<b>185,324</b>	<b>163,032</b>	<b>203,789</b>
<b>Total shareholders' equity and liabilities</b>		<b>261,682</b>	<b>247,417</b>	<b>309,270</b>

# Income statement of Weleda Group

	Notes	2011 in 1,000 EUR	2010 in 1,000 EUR	2010 in 1,000 CHF
Net sales	10	307,458	308,271	385,339
Changes in inventories of finished goods and work in progress		314	1,291	1,614
<b>Total sales</b>		<b>307,772</b>	<b>309,562</b>	<b>386,953</b>
Cost of goods sold		-70,757	-70,756	-88,446
<b>Gross profit</b>		<b>237,015</b>	<b>238,806</b>	<b>298,507</b>
Other income	11	4,277	3,587*	4,483*
Employee income incl. social expenditure	12	-125,069	-118,498	-148,122
Depreciation and amortisation	13	-13,424	-12,212	-15,265
Other operating expenses	14	-101,460	-102,536*	-128,170*
<b>Total operating expenditure</b>		<b>-239,953</b>	<b>-233,246</b>	<b>-291,557</b>
<b>Operating result (EBIT)</b>		<b>1,339</b>	<b>9,147</b>	<b>11,433</b>
Financial result	15	-4,693	-10,019	-12,524
<b>Ordinary result before tax</b>		<b>-3,354</b>	<b>-872</b>	<b>-1,091</b>
Extraordinary result	16	-3,600	0	0
<b>Result before tax (EBT)</b>		<b>-6,954</b>	<b>-872</b>	<b>-1,091</b>
Income taxes	17	-1,415	-2,668	-3,334
<b>Result after tax</b>		<b>-8,369</b>	<b>-3,540</b>	<b>-4,425</b>
Non-controlling share of result	18	31	-226	-283
<b>Loss for the year</b>		<b>-8,338</b>	<b>-3,766</b>	<b>-4,708</b>

\* Prior-year figures adjusted; see explanation on page 70.

# Cash flow statement of Weleda Group

	2011 in 1,000 EUR	2010 in 1,000 EUR	2010 in 1,000 CHF
Loss for the year	-8,338	-3,766	-4,708
Non-controlling share of result	-31	226	283
Depreciation and amortisation	13,424	12,140	15,176
Changes in provisions	2,622	3,951	4,938
Gain/loss from the disposal of non-current assets	-32	-99	-124
Changes in trade receivables	1,302	-6,257	-7,822
Changes in inventories	-3,792	-4,670	-5,838
Changes in other receivables and deferred charges/prepaid expenses	-706	15	19
Changes in trade payables	-4,225	2,022	2,527
Changes in other current liabilities and accrued charges/deferred income	-172	-1,340	-1,676
Other items not affecting liquidity	1,266	353	441
Currency and valuation influences not affecting liquidity	207	6,384	7,982
Loss from associated companies	-61	-26	-32
<b>Cash flow from operating activities</b>	<b>1,464</b>	<b>8,933</b>	<b>11,166</b>
Investments in property, plant and equipment	-15,612	-14,635*	-18,294*
Divestments of property, plant and equipment	156	695*	869*
Investments in financial assets	-980	-380	-475
Divestments of financial assets	254	31	39
Investments in intangible assets	-3,286	-1,815	-2,269
Divestments of intangible assets	0	15	18
<b>Cash flow from investing activities</b>	<b>-19,468</b>	<b>-16,089</b>	<b>-20,112</b>
Dividend payments to shareholders	0	-570	-713
Dividend payments to non-controlling interests	-30	-6	-8
Change in current financial liabilities	-165	8,582	10,729
Change in non-current financial liabilities	22,769	-3,930	-4,913
Purchase/disposal of own shares	-56	67	84
<b>Cash flow from financing activities</b>	<b>22,518</b>	<b>4,143</b>	<b>5,179</b>
Currency translation effect on cash and cash equivalents <sup>1</sup>	14	657	-989
<b>Net change in cash and cash equivalents<sup>1</sup></b>	<b>4,528</b>	<b>-2,356</b>	<b>-4,756</b>
Cash and cash equivalents at start of period <sup>1</sup>	5,412	7,768	11,521
<b>Cash and cash equivalents at end of period<sup>1</sup></b>	<b>9,940</b>	<b>5,412</b>	<b>6,765</b>

<sup>1</sup> Including securities

\* Prior-year figures adjusted; see explanation on page 70.

# Consolidated statement of shareholders' equity of Weleda Group

as at December 31<sup>st</sup>

Consolidated statement of shareholders' equity in 1,000 EUR	Company capital <sup>1</sup>	Capital reserves	Cumulated currency difference	Other retained earnings	Total retained earnings	Total excl. non-controlling interests	Non-controlling interests	Total incl. non-controlling interests
Shareholders' equity as at December 31 <sup>st</sup> 2009	9,609	0	0	67,051	67,051	76,660	3,004	79,664
Loss/profit for the year				-3,766	-3,766	-3,766	226	-3,540
Dividends				-570	-570	-570	-6	-576
Exchange rate effect/Other*	1,791			6,972	6,972	8,763	74	8,837
Shareholders' equity as at December 31 <sup>st</sup> 2010	11,400	0	0	69,687	69,687	81,087	3,298	84,385
Shareholders' equity as at January 1 <sup>st</sup> 2011	11,400	0	0	69,687	69,687	81,087	3,298	84,385
Reclassification**		9,600		-9,600	-9,600	0		0
Loss/profit for the year				-8,338	-8,338	-8,338	-31	-8,369
Dividends					0	0	-30	-30
Exchange rate effect/Other			-107	450 <sup>2</sup>	343	343	29	372
Shareholders' equity as at December 31 <sup>st</sup> 2011	11,400	9,600	-107	52,199	52,092	73,092	3,266	76,358

<sup>1</sup> Company capital is broken down as follows:

6,880 registered shares at CHF 112.50

3,984 registered shares at CHF 125.00

3,478 registered 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. Translation into euros is carried out at historical exchange rates.

<sup>2</sup> Value adjustment from Weleda S.A. France not affecting profit

\* Of which exchange rate effect EUR -6,163,000

\*\* Reclassification of premium of EUR 9.6 million from other retained earnings to capital reserves in accordance with capital contribution principle. This reclassification was approved by the Board of Directors within the framework of the approval of the financial statements for 2011.

# Notes to the financial statements of Weleda Group

## Consolidation principles

### General remarks

The consolidated financial statements of the Weleda Group comply with the law and the articles of incorporation. The statements are prepared in accordance with the corresponding requirements of the Swiss Code of Obligations. Certain items of the balance sheet, as well as the income statement have been 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 the parent company Weleda AG Arlesheim and its branch office Weleda AG Schwäbisch Gmünd, 17 subsidiaries are fully consolidated within the Weleda Group statements. These companies are, without exception, related to each other and are under control of Weleda AG Arlesheim. Weleda AG has direct or indirect holdings of 50 per cent or more in these companies. Weleda (Australasia) Ltd of New Zealand was consolidated using the equity method. A non-controlling interest in Peru was not consolidated and is disclosed in the consolidated balance sheet under financial assets.

### Consolidation method

The consolidated financial statements are based on the annual accounts which have been prepared in accordance with the respective commercial and tax regulations as at December 31<sup>st</sup> 2011 and audited. The normal calendar year serves as the consolidation time period. For the first time in 2011 capital consolidation was 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 the consolidated shareholders' equity and in the profit/loss for the year are disclosed separately.

The values of equity holdings by the parent company were offset against the available shareholders' equity values of the subsidiary companies. In accordance with the full consolidation method, assets and liabilities, as well as expenses and income of those companies in which a third party is involved, were included in full in the Group accounts. Third parties' shares of shareholders' equity and of the final results of consolidated companies are disclosed separately.

## Currency translation

Until 2010, the financial statements of consolidated companies in foreign currencies were translated using the current rate method. This means that all balance sheet and income statement items were converted into euros using the exchange rate valid on the balance sheet date. With effect from the 2011 financial year, the procedure used is as follows: current assets, non-current assets and liabilities 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 following currency exchange rates have been applied:

Year-end rates in euros as at 2011	2011 year-end rates	2011 average rates	2010 year-end rates
1 CHF (Swiss franc)	0.824	0.810	0.800
1 USD (US dollar)	0.770	0.719	0.746
1 GBP (pound sterling)	1.197	1.152	1.167
100 SEK (Swedish krona)	11.237	11.070	11.092
1 BRL (Brazilian real)	0.413	0.430	0.449

### Debt consolidation, intercompany sales and intercompany profits

Receivables and liabilities between the consolidated companies were offset against each other. Inventory balances were corrected by the amount of intercompany profit they comprise.

### Balance sheet and valuation principles

The financial accounts of all the included companies have been calculated in accordance with the tax and commercial conditions in their respective country. Acquired intangible assets have been calculated at the cost of acquisition and reduced by scheduled amortisation. Property, plant and equipment were calculated at cost of acquisition or production cost minus depreciation.

Small value items were depreciated in full in the year they were added. Financial assets have been strictly included at the cost of acquisition, less amortisation where necessary. The valuation of inventories was conducted on the basis of acquisition or production cost while observing the principles of lower cost or market and no assumed loss. Receivables and other asset items were reported at their nominal values. General risk of loss and individual credit risk have been accounted for with lump sums and specific charges for bad and doubtful debts. Marketable securities in current assets have been included at lower of cost or market. The designated provisions for pension plans and similar obligations have been calculated based on actuarial principles, while taking tax regulations into account and fully covering fiscal fractional values. Remaining provisions cover all recognisable risks for undetermined obligations. Liabilities are included at the respective amount at which they are to be repaid.

### Consistency and presentation of information

The annual financial statements of the Weleda Group have been prepared in euros for the first time for the 2011 financial year. To enable comparison with the prior year, the amounts stated in the balance sheet, income statement and cash flow statement are translated into euros as at December 31<sup>st</sup> 2010 and shown in Swiss francs for information purposes.

For 2011 it was decided that investments in the newbuild for Weleda France would no longer be stated on a gross basis in other income, other operating expenses, investments and divestments of property, plant and equipment and additions and disposals of assets, but on a netted basis instead. Prior-year values have been restated accordingly, for the sake of comparison.

# Notes items 1 to 18

## Notes to the balance sheet and the income statement

Given that the 2011 financial statements have been prepared in euros for the first time, the prior-year figures in the notes have similarly been stated in euros. The translation of the figures in the notes as at December 31<sup>st</sup> 2010 was carried out using the rate valid on the balance sheet of December 31<sup>st</sup> 2010. For prior-year figures in Swiss francs, please refer to the Annual Report 2010.

### 1 Non-current assets

Non-current assets in 1,000 EUR	Intangible assets	Property, plant and equipment	Financial assets	Total Non-current assets
<b>as at January 1<sup>st</sup> 2010</b>	<b>6,425</b>	<b>90,327</b>	<b>2,489</b>	<b>99,241</b>
Currency adjustments	138	4,236	256	4,630
Additions	1,815	14,635*	406	16,856
Disposals	-64	-1,258*	-135	-1,457
Reclassification	32	-32	0	0
Depreciation and amortisation	-1,547	-10,120	-12	-11,679
<b>as at December 31<sup>st</sup> 2010</b>	<b>6,799</b>	<b>97,788</b>	<b>3,004</b>	<b>107,591</b>
<b>as at January 1<sup>st</sup> 2011</b>	<b>6,799</b>	<b>97,788</b>	<b>3,004</b>	<b>107,591</b>
Currency adjustments	13	647	13	673
Additions	3,286	15,612	1,041	19,939
Disposals	-25	-910	-258	-1,193
Reclassification	8	-8	0	0
Depreciation and amortisation	-2,713	-10,711	0	-13,424
<b>as at December 31<sup>st</sup> 2011</b>	<b>7,368</b>	<b>102,418</b>	<b>3,800</b>	<b>113,586</b>

\* Prior-year figures adjusted; see explanation on page 70.

The intangible assets mainly concern software. The increase in property, plant and equipment consists primarily of the investment projects as well as expenditure on replacements and rationalisation in Germany, France and Switzerland.

## 1 Financial assets

	31.12.2011 in 1,000 EUR	31.12.2010 in 1,000 EUR
Shares in controlling interests	1,217	1,156
Shares in non-controlling interests	91	88
Loans to controlling interests	118	145
Other financial assets	2,374	1,615
<b>Total financial assets</b>	<b>3,800</b>	<b>3,004</b>

## 2 Inventories

	31.12.2011 in 1,000 EUR	31.12.2010 in 1,000 EUR
Raw, auxiliary and operating materials	24,560	20,818
Unfinished products	7,972	7,281
Finished products	21,380	21,903
Trade goods	29,381	29,084
Value adjustments on inventories	-1,451	-1,344
<b>Total inventories</b>	<b>81,842</b>	<b>77,742</b>

## 3 Trade receivables

	31.12.2011 in 1,000 EUR	31.12.2010 in 1,000 EUR
From third parties	47,362	48,549
From companies in which a non-controlling interest is held	106	98
<b>Total trade receivables</b>	<b>47,468</b>	<b>48,647</b>

## 4 Other current receivables

	31.12.2011 in 1,000 EUR	31.12.2010 in 1,000 EUR
From third parties	4,590	4,134
From shareholders	120	118
Own shares and non-voting shares	693	617
<b>Total other current receivables</b>	<b>5,403</b>	<b>4,869</b>

	31.12.2011	31.12.2010
<b>Own shares and non-voting shares</b>		
Stock of own shares in number	304	290
Balance sheet value in EUR	489,924	444,225
Stock of own non-voting shares in number	197	173
Balance sheet value in EUR	202,859	173,000

## 5 Trade payables

	31.12.2011 in 1,000 EUR	31.12.2010 in 1,000 EUR
To third parties	22,143	26,277
<b>Total trade payables</b>	<b>22,143</b>	<b>26,277</b>

## 6 Other current liabilities

	31.12.2011 in 1,000 EUR	31.12.2010 in 1,000 EUR
To third parties	7,548	9,417
To shareholders	1,404	1,439
<b>Total other current liabilities</b>	<b>8,952</b>	<b>10,856</b>

## 7 Provisions

Provisions in 1,000 EUR	Pension provisions	Tax provisions	Other provisions	Total provisions
as at January 1 <sup>st</sup> 2010	12,144	1,329	13,920	27,393
Increase	1,821	2,478	9,452	13,751
Utilisation	-543	-1,012	-5,998	-7,553
Decrease	-41	-3	-2,203	-2,247
Foreign currency effect	45	141	392	578
as at December 31 <sup>st</sup> 2010	13,426	2,933	15,563	31,922
as at January 1 <sup>st</sup> 2011	13,426	2,933	15,563	31,922
Increase	2,982	1,130	9,778	13,890
Utilisation	-514	-1,839	-6,142	-8,495
Decrease	-209	-311	-2,254	-2,774
Foreign currency effect	53	-2	161	212
as at December 31 <sup>st</sup> 2011	15,738	1,911	17,106	34,755
of which current provisions	0	1,911	17,106	19,017
of which non-current provisions	15,738	0	0	15,738

## 8 Financial liabilities

Non-current financial liabilities 2010 in 1,000 EUR	Residual maturity up to 5 years	Residual maturity over 5 years	Total
Bank loans	22,659	7,757	30,416
Funds, debenture bonds and trustee loans	31,376	1,480	32,856
Other non-current financial liabilities	940	100	1,040
<b>Total</b>	<b>54,975</b>	<b>9,337</b>	<b>64,312</b>

Non-current financial liabilities 2011 in 1,000 EUR	Residual maturity up to 5 years	Residual maturity over 5 years	Total
Bank loans	29,962	11,529	41,491
Funds, debenture bonds and trustee loans	31,833	8,724	40,557
Other non-current financial liabilities	4,083	1,912	5,995
<b>Total</b>	<b>65,878</b>	<b>22,165</b>	<b>88,043</b>

The borrowing of new bank loans in 2011, in France and Switzerland in particular, was for the purposes of financing new production lines and ongoing investments. In addition, GLS Bank in Germany underwrote profit-sharing rights in the amount of EUR 7.2 million for the purpose of production process enhancement and research and development. At EUR 4.1 million, the increase in other non-current financial liabilities can be attributed primarily to the reclassification of the amounts owed in respect of the Weleda AG pension fund from current to non-current financial liabilities. Non-current financial liabilities carry interest rates of between 2.0% and 5.6%.

## 9 Other non-current liabilities

	31.12.2011 in 1,000 EUR	31.12.2010 in 1,000 EUR
To third parties	866	995
<b>Total other non-current liabilities</b>	<b>866</b>	<b>995</b>

## 10 Breakdown of net sales

Product groups	2011 in 1,000 EUR	2011 %	2010 in 1,000 EUR	2010 %
Natural and organic cosmetics	214,544	69.8	220,969	71.7
Pharmaceuticals	92,914	30.2	87,302	28.3
<b>Net sales</b>	<b>307,458</b>	<b>100</b>	<b>308,271</b>	<b>100</b>

Regions	2011 in 1,000 EUR	2011 %	2010 in 1,000 EUR	2010 %
Switzerland	29,616	9.6	30,628	9.9
Germany	132,917	43.3	132,044	42.8
France	54,549	17.7	54,784	17.8
Rest of Europe	60,834	19.8	61,638	20.0
North/South America	21,300	6.9	20,005	6.5
Other markets	8,242	2.7	9,172	3.0
<b>Net sales</b>	<b>307,458</b>	<b>100</b>	<b>308,271</b>	<b>100</b>

## 11 Other income

	2011 in 1,000 EUR	2010 in 1,000 EUR
Other income	831	725
Other various income	3,446	2,862*
<b>Total other income</b>	<b>4,277</b>	<b>3,587*</b>

\* Prior-year figures adjusted; see explanation on page 70.

## 12 Employee income and social expenditure

	2011 in 1,000 EUR	2010 in 1,000 EUR
Employee income	97,856	92,655
Social contributions and pension fund	27,213	25,843
<b>Total expenses</b>	<b>125,069</b>	<b>118,498</b>

In addition to employee income including social benefits, this item also includes retirement benefit expenses and the transfer to pension accrual (excluding Weleda UK).

## 13 Depreciation and amortisation

	2011 in 1,000 EUR	2010 in 1,000 EUR
Intangible assets	2,713	1,547
Property, plant and equipment	10,711	10,120
Current assets	0	545
<b>Total depreciation and amortisation</b>	<b>13,424</b>	<b>12,212</b>

As of the 2011 financial year, depreciation on current assets will be reclassified to other operating expenses.

## 14 Other operating expenses

	2011 in 1,000 EUR	2010 in 1,000 EUR
Sales and distribution costs	58,400	58,896
Operating costs	17,878	17,772
Administrative costs	19,353	20,404
Contributions, levies, property and capital taxes	2,406	2,800
Other various expenses	3,423	2,664*
<b>Total other operating expenses</b>	<b>101,460</b>	<b>102,536*</b>

\* Prior-year figures adjusted; see explanation on page 70.

The item "Other operating expenses" includes, but is not limited to, sales and distribution costs such as advertising and market communication, sales documents, material costs of external sales and all postal costs. It also includes costs for building and machine maintenance, legal and consulting costs, IT expenses and costs for third-party research and other operating and non-operating expenses.

## 15 Financial result

	2011 in 1,000 EUR	2010 in 1,000 EUR
Interest and similar income	1,982	2,189
Interest and similar expenses	-6,675	-12,196
Amortisation of financial assets	0	-12
<b>Total financial result</b>	<b>-4,693</b>	<b>-10,019</b>

The item "Interest and similar expenses" includes interest in the amount of EUR 1,143,000 for the GLS fund in Germany, the Dutch debenture loans and the Swiss trustee loans.

## 16 Extraordinary result

Extraordinary expenses relate to the creation of a restructuring provision in the amount of EUR 2.1 million (see comment under "Events after the balance sheet date") and also to a pension fund provision in the UK in the amount of EUR 1.5 million. Weleda UK Ltd participates in a multi-employer pension scheme which has a deficit. The legal situation was subject to a review in 2011 with regard to aspects of joint and several liability. This review revealed that there was no joint and several liability and, accordingly, Weleda UK Ltd's share of the deficit was accounted for via extraordinary expenses in the form of a provision.

## 17 Income taxes

The income taxes are largely due to the results achieved in Germany, Brazil, Spain, Austria and Italy.

## 18 Profit or loss attributable to non-controlling interests

Non-controlling interests accounted for a share in Weleda Group's net result for the year of EUR 31,000 (2010: EUR -226,000).

Contingent liabilities and other financial obligations	31.12.2011 in EUR	31.12.2010 in EUR
Guarantees/purchase commitments	23,753,992	22,578,895
<b>Long-term rental agreements</b>		
Residual maturity up to 5 years	4,274,871	4,187,801
Residual maturity over 5 years	902,943	75,123
<b>Total</b>	<b>5,177,814</b>	<b>4,262,924</b>
<b>Leasing obligations</b>		
Residual maturity up to 5 years	8,631,225	1,962,792
Residual maturity over 5 years	11,525,417	60,301
<b>Total</b>	<b>20,156,642</b>	<b>2,023,093</b>

Leasing obligations for Weleda AG include computer hardware, vehicles and production machinery as well as buildings. In 2011, the costs of the newbuild in France were financed via leasing arrangements (EUR 17.7 million).

Liabilities for benefit provisions	31.12.2011 in EUR	31.12.2010 in EUR
Pension fund, Weleda AG, Arlesheim	4,644,941	4,829,935

Fire insurance values for property, plant and equipment	31.12.2011 in 1,000 EUR	31.12.2010 in 1,000 EUR
Weleda Group	256,891	237,106

Assets pledged or assigned as collateral for liabilities	31.12.2011 in EUR	31.12.2010 in EUR
Weleda Group	37,038,816	37,954,329

## Overview of Group and holding companies

Consolidated companies	Registered office	Function	Consolidation method	Currency	Capital in thousands	Capital share 2011	Capital share 2010
Weleda AG	CH-Arlesheim / D-Schwäbisch Gmünd	Headquarters: incl. production, trade and services	Full	CHF	4,750	100.0%	100.0%
Weleda Benelux SE	NL-Zoetermeer	Production and trade	Full	EUR	2,269	100.0%	100.0%
Weleda Ges.m.b.H.	A-Vienna	No operative function	Full	EUR	36	100.0%	100.0%
Weleda Ges.m.b.H. & Co. KG	A-Vienna	Trade	Full	EUR	1,100	100.0%	100.0%
Weleda Trademark AG	CH-Arlesheim	Services	Full	CHF	1,000	100.0%	100.0%
Weleda Inc.	USA-Palisades, N.Y.	Trade	Full	USD	8,525	100.0%	100.0%
Weleda Italia S.r.l.	I-Milan	Trade	Full	EUR	500	100.0%	100.0%
Weleda Ltda.	BRA-São Paulo	Production and trade	Full	BRL	27,140	100.0%	100.0%
Weleda Naturals GmbH	D-Schwäbisch Gmünd	Production	Full	EUR	25	100.0%	100.0%
Weleda East GmbH	RUS-St. Petersburg	No operative function	Full	RUB	10	100.0%	100.0%
Weleda S.A.U.	E-Madrid	Trade	Full	EUR	685	100.0%	100.0%
Weleda Ltda.	CHL-Santiago de Chile	Production and trade	Full	CLP	491,321	99.7%	99.7%
Weleda spol. s.r.o.	CZ-Prague	Trade	Full	CZK	19,684	99.3%	99.3%
Weleda Holding AB	S-Järna	Holding	Full	SEK	12,300	99.3%	99.2%
Weleda S.A.	ARG-Buenos Aires	Production and trade	Full	ARS	7,622	95.0%	95.0%
Weleda UK Ltd	GB-Ilkeston	Production and trade	Full	GBP	1,495	94.0%	93.9%
Weleda S.A.	F-Huningue	Production and trade	Full	EUR	3,400	82.5%	81.9%
Weleda (NZ) Ltd	NZL-Havelock North	Production and trade	Full	NZD	169	47.3%	47.3%
Weleda (Australasia) Ltd	NZL-Havelock North	Services	Equity	NZD	1,139	99.5%	99.5%

### Information about carrying out a risk assessment

In the course of the 2011 financial year, the management of the Weleda Group carried out the process to identify and assess material corporate risks. The Board of Directors has discussed and approved the results of the risk assessment and the corresponding measures.

### Events after the balance sheet date

No events which could have a significant impact on the 2011 financial statements occurred between the balance sheet date and the Group financial statements being approved by the Board of Directors on April 21<sup>st</sup> 2012. Nevertheless, the following events are disclosed at this point:

- The Board of Directors which served in the 2011 financial year stepped down *in corpore* with effect from March 23<sup>rd</sup> 2012. An Extraordinary General Shareholders' Meeting was held on March 23<sup>rd</sup> 2012 for the purposes of electing a new Board.
- Restructuring measures were initiated in the first quarter of 2012 as a result of the Weleda Group's economic situation. Further restructuring measures will be elaborated by mid-2012. At the time the financial statements were prepared, provisions in the amount of EUR 2.1 million were created. Any further provisions required for restructuring measures will be determined within the framework of the development of the new strategy.

Based on the measures formulated and the development of business so far, the Board of Directors expects that the plans for 2012 will be achieved.

# Report of the statutory auditor

to the General Shareholders' 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 and notes, pages 64 to 81, for the year ended 31 December 2011.

### 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 described 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 judgement, 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 2011 comply with Swiss law as well as with the consolidation and valuation principles described 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 financial statements according to the instructions of the Board of Directors. We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd, Basel, 21 April 2012



Dr. Rodolfo Gerber, Audit expert/Auditor in Charge



Patricia Willi Steffen, Audit expert



# Annual Financial Report 2011

## Weleda AG, Arlesheim

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## Balance sheet of Weleda AG, Arlesheim

Assets	Notes	31.12.2011 in 1,000 CHF	31.12.2010 in 1,000 CHF
Intangible assets		6,862	6,214
Property, plant and equipment		71,828	70,383
Financial assets	1	59,405	59,377
<b>Total non-current assets</b>		<b>138,095</b>	<b>135,974</b>
Inventories		67,813	62,414
Trade receivables	2	38,754	43,557
Other current receivables	3	11,490	12,201
Deferred charges and prepaid expenses		1,917	2,070
Marketable securities		137	126
Cash and cash equivalents		7,027	1,523
<b>Total current assets</b>		<b>127,138</b>	<b>121,891</b>
<b>Total assets</b>		<b>265,233</b>	<b>257,865</b>
Shareholders' equity and liabilities	Notes	31.12.2011 in 1,000 CHF	31.12.2010 in 1,000 CHF
Share capital		4,750	4,750
Non-voting share capital		9,500	9,500
Premium from capital contribution		12,000	0
Reserves		82,488	94,509
Accumulated loss		-21,661	-10,473
<b>Total shareholders' equity</b>		<b>87,077</b>	<b>98,286</b>
Trade payables	4	18,701	22,422
Current financial liabilities		25,538	28,470
Other current liabilities	5	4,503	7,904
Current provisions		19,618	19,428
Accrued charges and deferred income		1,270	235
<b>Total current liabilities</b>		<b>69,630</b>	<b>78,459</b>
Non-current financial liabilities		83,516	56,447
Other non-current liabilities	6	9,780	10,071
Non-current provisions		15,230	14,602
<b>Total non-current liabilities</b>		<b>108,526</b>	<b>81,120</b>
<b>Total liabilities</b>		<b>178,156</b>	<b>159,579</b>
<b>Total shareholders' equity and liabilities</b>		<b>265,233</b>	<b>257,865</b>

# Income statement of Weleda AG, Arlesheim

	Notes	2011 in 1,000 CHF	2010 in 1,000 CHF
<b>Net sales</b>		247,876	263,105
Changes in inventories of finished goods and work in progress		-214	2,985
<b>Total sales</b>		247,662	266,090
Cost of goods sold		-85,514	-95,612
<b>Gross profit</b>		162,148	170,478
<b>Other income</b>		11,379	10,673
Employee income incl. social expenditure		-95,147	-88,189
Depreciation and amortisation		-11,195	-9,735
Other operating expenses		-71,081	-73,914
<b>Total operating expenditure</b>		-177,423	-171,838
<b>Operating result (EBIT)</b>		-3,896	9,313
Financial result	7	-3,581	-10,773
<b>Ordinary result before tax</b>		-7,477	-1,460
Extraordinary result		-2,500	0
<b>Result before tax (EBT)</b>		-9,977	-1,460
Income taxes		-1,211	-2,275
<b>Loss for the year</b>		-11,188	-3,735
Loss brought forward		-10,473	-6,738
<b>Accumulated loss</b>		-21,661	-10,473

# Statement of shareholders' equity of Weleda AG, Arlesheim

as at December 31<sup>st</sup>

Consolidated statement of shareholders' equity in 1,000 CHF	Company capital <sup>1</sup>	Premium from capital con- tribution	Reserve for own shares	Other legal reserve	Total legal reserve	Other reserves	Accumu- lated loss(-)	Total share- holders' equity
Shareholders' equity as at December 31 <sup>st</sup> 2009	14,250	0	855	15,400	16,255	78,255	-6,026	102,734
Loss/profit for the year					0		-3,735	-3,735
Dividends					0		-713	-713
Purchase/disposal of own shares			-83		-83	83		0
Shareholders' equity as at December 31 <sup>st</sup> 2010	14,250	0	772	15,400	16,172	78,338	-10,474	98,286
Shareholders' equity as at January 1 <sup>st</sup> 2011	14,250	0	772	15,400	16,172	78,338	-10,474	98,286
Reclassification*		12,000		-12,000	-12,000			0
Loss/profit for the year					0		-11,188	-11,188
Currency effect					0	-20		-20
Purchase/disposal of own shares			69		69	-69		0
Shareholders' equity as at December 31 <sup>st</sup> 2011	14,250	12,000	841	3,400	4,241	78,249	-21,662	87,078

<sup>1</sup> Company capital is broken down as follows:

6,880 registered shares at CHF 112.50

3,984 registered shares at CHF 125.00

3,478 registered 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.

\* Reclassification of premium of CHF 12 million from "Other legal reserve" to "Premium from capital contribution" in accordance with the capital contribution principle.

This reclassification was approved by the Board of Directors within the framework of the approval of the financial statements for 2011.

## Proposed appropriation of the result for the year

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

in CHF

Loss for 2011	-11,187,789.28
Loss brought forward from the previous year	-10,473,414.89
<b>Total available to shareholders</b>	<b>-21,661,204.17</b>
To be used as follows:	
Allocation to reserves	0,00
Distribution of 0% dividend on share capital of CHF 4,750,000.00	0,00
Distribution of 0% dividend on non-voting share capital of CHF 9,500,000.00	0,00
Loss brought forward to new account	-21,661,204.17

Dividend	CHF per share	CHF per share	CHF per share	CHF per non-voting share
Share/non-voting share (nominal)	112.50	125.00	1,000.00	500.00
Annual dividend 0%	0.00	0.00	0.00	0.00
minus 35% Swiss withholding tax	0.00	0.00	0.00	0.00
<b>Net dividend per share/non-voting share</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Weleda AG, Arlesheim, April 21<sup>st</sup> 2012

On behalf of the Board of Directors



Paul Mackay, Chairman



Dr Jürg Galliker, Deputy Chairman

# Notes to the financial statements of Weleda AG

Weleda AG, Arlesheim, with subsidiary in Schwäbisch Gmünd

## 1 Financial assets

	31.12.2011 in 1,000 CHF	31.12.2010 in 1,000 CHF
Shares in associated companies	45,245	44,139
Shares in non-controlling interests	110	110
Loans to associated companies	13,712	14,787
Other financial assets	338	341
<b>Total financial assets</b>	<b>59,405</b>	<b>59,377</b>

The shares in associated companies increased by CHF 1.1 million due to the increase in capital at Weleda UK Ltd. This capital increase was funded with CHF 0.6 million from the loans to Weleda UK Ltd. No new loans were extended. Loans in foreign currency resulted in an exchange rate loss of CHF 0.4 million.

## 2 Trade receivables

	31.12.2011 in 1,000 CHF	31.12.2010 in 1,000 CHF
From third parties	29,480	32,074
From associated companies	9,162	11,374
From companies in which a non-controlling interest is held	112	109
<b>Total trade receivables</b>	<b>38,754</b>	<b>43,557</b>

### 3 Other current receivables

	31.12.2011 in 1,000 CHF	31.12.2010 in 1,000 CHF
From third parties	2,492	1,492
From associated companies	8,012	9,789
From shareholders	145	148
Own shares and non-voting shares	841	772
<b>Total other current receivables</b>	<b>11,490</b>	<b>12,201</b>

### 4 Trade payables

	31.12.2011 in 1,000 CHF	31.12.2010 in 1,000 CHF
To third parties	16,725	21,612
To associated companies	1,976	810
<b>Total trade payables</b>	<b>18,701</b>	<b>22,422</b>

### 5 Other current liabilities

	31.12.2011 in 1,000 CHF	31.12.2010 in 1,000 CHF
To third parties	1,575	2,664
To associated companies	2,399	4,707
To shareholders	529	533
<b>Total other current liabilities</b>	<b>4,503</b>	<b>7,904</b>

### 6 Other non-current liabilities

	31.12.2011 in 1,000 CHF	31.12.2010 in 1,000 CHF
To associated companies	9,780	10,071
<b>Total other non-current liabilities</b>	<b>9,780</b>	<b>10,071</b>

## 7 Financial result

	2011 in 1,000 CHF	2010 in 1,000 CHF
Dividends from associated companies	318	354
Licence income from associated companies	1,099	1,190
Interest from loans to associated companies	777	821
Interest and similar income	1,303	882
Interest and similar expenses	-7,078	-12,182
Amortisation of financial assets	0	-1,838
<b>Total financial result</b>	<b>-3,581</b>	<b>-10,773</b>

## Information pursuant to article 663b ff. CO

Assets pledged or assigned as collateral for liabilities	31.12.2011 in CHF	31.12.2010 in CHF
Weleda AG, Arlesheim	32,567,080	33,754,421

Contingent liabilities and other financial obligations	31.12.2011 in CHF	31.12.2010 in CHF
Guarantees/purchase commitments	25,309,785	25,960,148
Long-term rental agreements	1,793,401	1,852,496
Leasing obligations	1,985,004	1,541,543

Weleda AG has leasing obligations for computer hardware, vehicles and production machinery.

Fire insurance values for property, plant and equipment	31.12.2011 in 1,000 CHF	31.12.2010 in 1,000 CHF
Weleda AG, Schwäbisch Gmünd	118,292	122,623
Weleda AG, Arlesheim	54,301	54,301

Liabilities for benefit provisions	31.12.2011 in CHF	31.12.2010 in CHF
Pension fund	5,638,493	6,037,419

Own shares and non-voting shares	31.12.2011	31.12.2010
Stock of own shares in number	304	290
Balance sheet value in CHF	594,719	555,281
Stock of own non-voting shares in number	197	173
Balance sheet value in CHF	246,250	216,250

## Significant equity interests

	Registered office	Function	Consolidation method	Currency	Capital share in thousands	Capital share 2011	Capital share 2010
Weleda Benelux SE	NL-Zoetermeer	Production and trade	Full	EUR	2,269	100.0%	100.0%
Weleda Inc.	USA-Palisades, N.Y.	Trade	Full	USD	8,525	100.0%	100.0%
Weleda Italia S.r.l.	I-Milan	Trade	Full	EUR	500	100.0%	100.0%
Weleda Ltda.	BRA-São Paulo	Production and trade	Full	BRL	27,140	100.0%	100.0%
Weleda Naturals GmbH	D-Schwäbisch Gmünd	Produktion	Full	EUR	25	100.0%	100.0%
Weleda UK Ltd	GB-Ilkeston	Production and trade	Full	GBP	1,495	94.0%	93.9%
Weleda S.A.	F-Huningue	Production and trade	Full	EUR	3,400	82.5%	81.9%

## Information about carrying out a risk assessment

In the course of the 2011 financial year, the management of Weleda AG carried out the process to identify and assess material corporate risks. The Board of Directors has discussed and approved the results of the risk assessment and the corresponding measures.

## Events after the balance sheet date

No events which could have a significant impact on the 2011 financial statements occurred between the balance sheet date and the Group financial statements being approved by the Board of Directors on April 21<sup>st</sup> 2012. Nevertheless, the following events are disclosed at this point:

- The Board of Directors which served in the 2011 financial year stepped down *in corpore* with effect from March 23<sup>rd</sup> 2012. An Extraordinary General Shareholders' Meeting was held on March 23<sup>rd</sup> 2012 for the purposes of electing a new Board.
- Restructuring measures were initiated in the first quarter of 2012 as a result of the Weleda Group's economic situation. Further restructuring measures will be elaborated by mid-2012. At the time the financial statements were prepared, provisions in the amount of CHF 2.5 million were created. Any further provisions required for restructuring measures will be determined within the framework of the development of the new strategy.

Based on the measures formulated and the development of business so far, the Board of Directors expects that the plans for 2012 will be achieved.

# Report of the statutory auditor

to the General Shareholders' 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 and notes, pages 84 to 92, for the year ended 31 December 2011.

### 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 judgement, 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 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 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 2011 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 the result available complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd, Basel, 21 April 2012



Dr. Rodolfo Gerber, Audit expert/Auditor in Charge



Patricia Willi Steffen, Audit expert

## Globally active – locally positioned

The headquarters of Weleda AG, a Swiss stock corporation, are in Arlesheim, near Basel. The international Weleda Group consists of 17 majority shareholdings and Weleda AG (see page 80).

	Market output			Market output structure		Employees (FTE)	
	Currency	2011	Increase against prior year in local currency	Pharmaceuticals	Natural and organic cosmetics	2011	2010
<b>Switzerland</b>	in 1,000 CHF	36,538	-4.6%	44%	56%	321	234
Weleda AG, Arlesheim	in 1,000 EUR	29,616					
<b>Germany</b>	in 1,000 EUR	131,212	-0.7%	28%	72%	777	785
Weleda AG, Schwäbisch Gmünd							
<b>France</b>	in 1,000 EUR	54,549	-0.4%	38%	62%	354	340
Weleda S.A., Huningue							
<b>Netherlands</b>	in 1,000 EUR	12,672	+1.9%	18%	82%	92	94
Weleda Benelux SE, Zoetermeer							
<b>United Kingdom</b>	in 1,000 GBP	5,066	-8.2%	34%	66%	71	78
Weleda UK Ltd, Ilkeston	in 1,000 EUR	5,835					
<b>Italy</b>	in 1,000 EUR	11,865	+4.4%	42%	58%	36	31
Weleda Italia S.r.l., Milan							
<b>Austria</b>	in 1,000 EUR	9,118	+6.3%	20%	80%	32	32
Weleda Ges.m.b.H. & Co. KG, Vienna							
<b>Sweden</b>	in 1,000 SEK	36,610	-8.7%	21%	79%	26	30
Weleda Holding AB, Järna	in 1,000 EUR	4,053					
<b>Spain</b>	in 1,000 EUR	5,238	+5.1%	8%	92%	38	36
Weleda S.A.U., Madrid							
<b>Czech Republic</b>	in 1,000 CZK	29,531	+7.5%	2%	98%	11	17
Weleda spol. s.r.o., Prague	in 1,000 EUR	1,202					
<b>USA (North America)</b>	in 1,000 USD	13,582	+12.0%	10%	90%	37	34
Weleda Inc., Palisades, NY	in 1,000 EUR	9,765					
<b>Argentina</b>	in 1,000 ARS	10,563	+31.2%	52%	48%	50	50
Weleda S.A. Argentina, Buenos Aires	in 1,000 EUR	1,839					
<b>Brazil</b>	in 1,000 BRL	14,636	+8.7%	65%	35%	88	92
Weleda do Brasil Ltda., São Paulo	in 1,000 EUR	6,286					
<b>Chile</b>	in 1,000 CLP	1,185,717	+11.6%	35%	65%	35	40
Weleda Ltda., Santiago de Chile	in 1,000 EUR	1,779					
<b>New Zealand</b>	in 1,000 NZD	3,233	-5.1%	61%	39%	35	35
Weleda (NZ) Ltd, Havelock North	in 1,000 EUR	1,835					
<b>Weleda Naturals</b>	in 1,000 EUR	710	+32.8%			38	38
Weleda Naturals GmbH, Schwäbisch Gmünd							

# Weleda throughout the world

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## Switzerland

### Weleda AG

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## Peru

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## Slovakia

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Certified in accordance with ISO 14001 and EMAS Verified Environmental Management

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Tel. +49 7171 91 90, [www.weleda.de](http://www.weleda.de)



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Certified in accordance with SA8000 (Social Accountability Standard)

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## GRI indicators index

Weleda's corporate responsibility reporting is geared to internationally recognised standards and guidelines (current G3 version of the Global Reporting Initiative (GRI)). The GRI was started in 1997 by the Coalition of Environmentally Responsible Economies (Ceres) and the UNEP environment programme; more detailed information can be found on the internet at [www.globalreporting.org](http://www.globalreporting.org).

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## Publication details

The Annual and Sustainability Report 2011 of Weleda AG and the Weleda Group is available in German, English and French. The German version is binding.

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**Date of publication**

May 2<sup>nd</sup> 2012

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**Issued by**

Weleda AG, Dychweg 14, 4144 Arlesheim, Switzerland  
www.weleda.com

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Armin Zogbaum, Weleda photo archive

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**Design**

FURORE Visuelle Kommunikation GmbH, Basel, Switzerland

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**Printed by**

Saarländische Druckerei & Verlag GmbH, Saarwellingen, Germany

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**Paper**

Munken Polar, FSC-certified, Recycstar Polar, FSC-certified

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Art.-No. 00085221



Weleda AG produces its annual and sustainability report on a yearly basis. The last report produced was the annual report 2010 of Weleda AG and the Weleda Group, as was the sustainability report 2010 of Weleda AG.

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**WELEDA**