

# IMPACT CASE STUDY

## WELEDA'S COMMITMENT TO ETHICAL BIOTRADE

Using a methodology developed in collaboration with outside experts, UEBT evaluated the changes and effects perceived by Weleda and its suppliers from adopting the UEBT standard in the company's sourcing system for natural ingredients.

UEBT's interest is to gain insight into the possible positive, as well as unintended negative, effects of its membership program on companies and on their sustainability commitments. It also seeks to communicate that information to stakeholders as well as use the learning for improving the UEBT standard and related programs. This helps UEBT know if it is succeeding in its goal to contribute to a world in which people and biodiversity thrive.

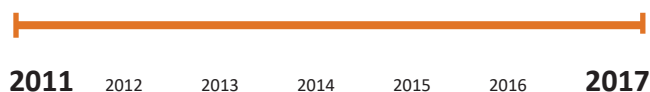
### Interviewed

- › 14 Weleda staff
- › 3 supplier representatives

### Research methods

- › Audit data
- › Company self-reports
- › Semi-structured interviews with Weleda staff
- › Semi-structured interviews with Weleda suppliers
- › Desk research
- › Validation with company and outside experts

### Timeframe at Weleda studied



### Supply chains included

- › Sesame oil, Mexico (see box)
- › Iris, Morocco
- › Althea radix, Kosovo





## Sesame oil in Mexico

Sesajal is an oil seed processing company based in Guadalajara, Mexico. They are a long-term supplier to Weleda and produce for them sesame oil from 1,000 hectares, where they work with 200 small farmers and workers. In 2008, Sesajal signed a partnership on sustainability projects with Weleda in order to convert to organic. After Weleda became a UEBT member in 2011, an audit against the UEBT standard was conducted in 2015. Some social and biodiversity aspects were found to need improvement, such as worker and community health, and worker safety. They also needed to expand their knowledge of

biodiversity and actions concerning its sustainable use. A plan was put in place that included farmer training, new tools to increase yields, and collection of biodiversity information to share with the government, among other activities. During this time, Sesajal created a new corporate social responsibility (CSR) department, and a training and farm development center. Sesajal's efforts resulted in their being recognized by the government as a social responsible company. They also saw health and working conditions improve.

The project was time- and resource-intensive and took almost five full years to develop. Sesajal has been met with challenges to obtain good biodiversity information, and to access expertise and guidance. However, today biodiversity awareness has increased and Sesajal's actions are grounded in how they can contribute to the social and environmental issues prevalent in their region. The company is also planning to expand its projects and will continue to collaborate with Weleda and UEBT.

### Key positive changes perceived by Weleda

- › Improved sustainability strategy
- › Ability to stay ahead on relevant sustainability issues
- › More effective supply management
- › Improved risk identification
- › Enhanced corporate reputation
- › Promotion of changes more grounded in the reality of where suppliers operate
- › Actions to tackle both socio-economic and environmental challenges

### Suppliers also recognized these benefits to their own business and to workers

- › Growth in professionalism
- › Support for improved working conditions
- › Long-term partnerships
- › Active involvement in decisions Weleda is making about sourcing
- › Improved contract negotiations
- › Support for social and environmental projects
- › Increased awareness of sustainability topics
- › Enhanced credibility with Weleda recognizing suppliers' work with ethical sourcing

**“We have received many awards in recent years for our efforts to achieve sustainability in our supply chains.”**

- Annette Piperidis, Manager Sustainable Sourcing at Weleda

Swiss Ethics Award – 2016

Organic Monitor Sustainable Beauty Award (category: Sustainability Leadership) – 2016

German CSR Award (category: Responsible Supply Chain Management) – 2017

Global Responsible Business Award (Germany) – 2017

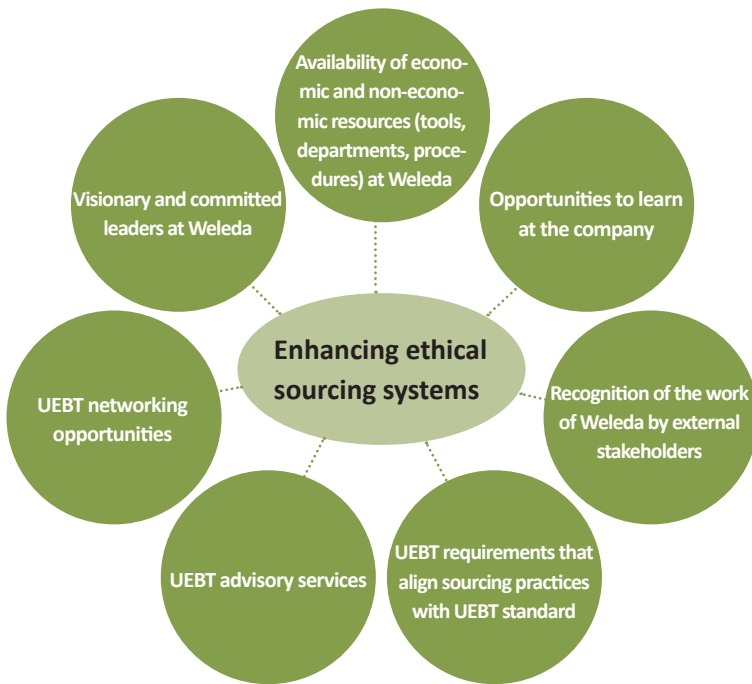
Green Brand Seal (for sustainable management) (Germany) – 2017

Best Fairtrade / Sustainable Brand – Beauty Shortlist Awards – 2018

## Actions Weleda took

As required by UEBT membership and in line with Weleda's own commitments, the company implemented the following during the period:

- › Integrated additional biodiversity and social aspects into its supplier control systems.
- › Defined a risk assessment system with criteria and scoring related to sustainability issues.
- › Refined their verification system, complementing previous quality audits with sustainability requirements for both suppliers and sourcing areas.
- › Merged all sourcing departments into one international sourcing department and expanded staff in the team over the years.
- › Created a new position focused on "sustainable" sourcing.
- › Completed a desk self-assessment of 1200+ supply chains against baseline UEBT indicators.
- › Prioritized 60+ supply chains on strategic value or risk to receive field audits and development of improvement plans.



# WELEDA

Since  1921

## About Weleda

Weleda is a natural and organic cosmetics and pharmaceuticals brand that was founded in 1921. They use more than 900 ingredients for medicines and cosmetics products. They have been a UEBT member since 2011.

## Why study Weleda?

Weleda was studied because the company has been working for several years with UEBT, which allows for an analysis over a longer period. Weleda also has a variety of supply chains, which allowed UEBT to look at different contexts and ingredients.

## Factors that contribute

Factors were identified (see diagram at left) that can generally slow down or support implementation of an ethical sourcing system. Some are UEBT-related while others are company-related, supplier-related, or contextual. Factors were cited by Weleda and Weleda supplier interviewees and were offered as both specific to their own company experience and as generic observations. As different staff at the brand and the suppliers were interviewed, factors cited as both positive and negative can seem contradictory.

## Additional learnings

- › **Better traceability can be a business case for change:** Weleda's impetus for a change in their natural ingredient sourcing strategy ten years ago was limited traceability and reliance on trader (rather than producer) relationships. Prior to this, the company had focused mostly on quality and technical aspects of their sourcing.
- › **System-based standards are well suited to support company-wide sourcing commitments:** Weleda selected the UEBT standard because of its focus on social, economic and ecological issues and because it is system-based. A product-based standard was not deemed suitable because of the large number of ingredients Weleda works with.
- › **Companies need committed leadership and financial stability:** The commitment of company leadership as well as adequate monetary and human resources to fulfill the sustainable sourcing strategy are crucial for success.



By applying ethical sourcing practices in its supply chains, Weleda is making a positive contribution to people and biodiversity around the world. To evaluate the impact in sourcing areas, it is important for Weleda to systematically collect and monitor data and conduct in-depth impact evaluations.

Watch a short video on this case:



This study was carried out by the monitoring and evaluation team at UEBT and was financed by UEBT and the project Private Business Action for Biodiversity, which is commissioned by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) and implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. The project is part of the International Climate Initiative. The methodology was defined through a collaboration with ISEAL and AidEnvironment. Results were validated with UEBT staff, impacts professionals from other standards organisations, and company and supplier representatives who were interviewed.



UEBT is a non-profit association that promotes sourcing with respect. Its mission is to support and validate best practices of companies committed to ethical sourcing and innovation of natural ingredients for the benefit of people and biodiversity.

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