



# Sustainability Report 2014/2015

**We think and act in terms of generations – and have done so for more than 150 years.**

KWS is a successful company with a long history and a future orientation spanning generations. We do not strive for short-term profit, but for sustainable, long-term development.

This Sustainability Report presents how we performed in relation to our core sustainability issues and complements our 2014/2015 Annual Report.

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## 1. Foreword by the Executive Board

Dear Readers and Friends of KWS,

KWS is a successful company with a long history. We do not strive for short-term profit, but for sustainable, long-term development. It is not for no reason that we are now a leading international plant breeding company with a footprint in more than 70 countries. The family owners substantially shaped this culture of managing the company with a timeframe spanning generations in mind, and it is a culture we also intend to uphold in future.

Proactive thinking and action is and will therefore remain a core principle of how we run the company – true to our claim “Seeding the Future – Since 1856.” That means we have to carefully address the economic, ecological and social challenges facing our company in the future so as to identify opportunities and risks at an early stage and take prompt action.

As part of corporate sustainability management, we therefore have to grapple with a wide range of diverse issues. Apart from the customary issue of our company’s development, they also include topics that affect our employees.

After all, employees who work energetically and with commitment to achieve our company’s objectives are the foundation of our success. Consequently, mutual respect, mutual support and growing together are the basis for our working relationship. That’s because the personal and professional development of every single employee in line with the company’s interests is vital to its further development and growth. Employee development was therefore a very special emphasis in fiscal year 2014/2015 and we focused on it worldwide:

- We know that KWS’ long-term success begins with our common philosophy, a common understanding of our objectives and a common aspiration in our everyday work, which is why we held workshops on this subject throughout our group. The focus was on creating awareness of our common corporate vision and mission and our strategic objectives.
- For the first time we have established consistent parameters for the performance and career development review in the whole of the KWS Group. The core element is dialogue between employee and manager.
- We have expanded our group-wide successor and talent management system to include development meetings that are conducted in management groups composed of members across locations and units.

With these approaches we wish to reflect KWS’ steady growth and increasing internationalization and together with our employees – one of our key assets – create the foundation for the company’s future development.

In fiscal 2014/2015 we continued to work on the issues of product responsibility and environmental protection and achieve improvements. We again showed our social commitment in projects as well as through donations and in sponsoring.

After all, sustainability for us means enabling the company’s holistic development with regard to economic, ecological and social aspects and a continuing process on which we always have our sights set. The progress we have made in individual areas of sustainability are reflected directly or indirectly in our financial results. This Sustainability Report should be seen as an important complement to our Annual Report and I recommend that you read it.

I thank everyone who played a part in creating the report and shows their commitment to our company and sustainability day in, day out.

With best regards on behalf of the Executive Board,

Hagen Duenbostel

Chief Executive Officer



Dr. Hagen Duenbostel, Chief Executive Officer

## **2. Report Profile and Company Profile**

### **2.1. Report Profile**

#### **Reporting period and consolidation**

KWS has reported annually on the company's sustainable development since 2008. This eighth Sustainability Report, dated October 15, 2015, relates to the past fiscal year 2014/2015 from July 1,

2014, to June 30, 2015, and – unless otherwise specified – covers KWS SAAT SE with its four segments and its subsidiaries and associated companies in Germany. It thus covers in total 18% of the KWS Group in terms of sales and 36% in terms of workforce. The key environmental indicators were mainly recorded at our production sites, namely Einbeck and Bergen in this report.

### Report standard and issues

This report has been prepared in accordance with the specifications of the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). The online report fulfills the “Core” option. In order to determine the topics of the report and the indicators, an analysis was conducted in early 2014 to identify and prioritize the main sustainability issues, with internal and external stakeholders being included in this process. The main criteria for structured prioritization included in particular actual and potential impacts of individual sustainability issues, the associated possible risks and opportunities for KWS, the likelihood of impacts occurring and their extent, financial and non-financial consequences, and the degree to which stakeholders were affected and their demands for transparency. As a result, 28 sustainability issues were identified as being material for KWS’ reporting in accordance with GRI G4. They relate in particular to product responsibility, governance, economics and employees. In view of the lower ecological impacts compared with other production companies and the sharp volatility of our use of resources, relevant environmental issues were mostly assessed as having moderate priority and so as not being material for sustainability reporting. In a further analysis process, seventeen core issues and their priorities for the company were derived from the materiality analysis. They form the basis of the structure and focus of KWS’ Sustainability Report.

Economic data are presented in accordance with our internal corporate controlling structure in this Sustainability Report, meaning affiliates and associates companies are proportionally consolidated. Data in the tables (see chapter “Key figures”) are presented additionally according to the KWS Group’s consolidated financial statements which was changed due to an amendment to the International Financial Reporting Standards (IFRS 11) at the beginning of fiscal 2014/2015. The main change is that we can no longer carry the net sales and costs of our 50:50 joint ventures, which are operated in the Corn Segment, in the statement of comprehensive income in the KWS Group, so the KWS Group’s reported net sales and EBIT are significantly lower. The earnings contributed by these companies are instead included under net financial income/expenses. In addition, the assets of these joint ventures will be included in the KWS Group’s balance sheet as equity-accounted financial assets in accordance with the new accounting regulations. After the year of transition 2014/2015, we will only report in accordance with the new accounting regulations – with the exception of the segment reporting.

### Data capture and auditing

The data and information in this report were compiled using manual queries and specific IT systems. The key economic figures in it were audited by the auditing firm Deloitte & Touche GmbH.

### Expansion of sustainability reporting

We are currently working to internationalize our sustainability reporting, with the objective of expanding it so that it covers the main aspects of sustainability for the entire KWS Group and integrating it in the Annual Report in the medium term.

## Illustration Overview: Core Topics for the sustainable development

Subject area	Individual issues and priorities*		Derived core issues
	High ( = material)	Moderate	
Economic	<ul style="list-style-type: none"> <li>Economic success</li> <li>Local business practices</li> <li>Protection of intellectual property</li> </ul>		<ul style="list-style-type: none"> <li>Economic success</li> <li>Industrial property rights</li> </ul>
Product Responsibility	<ul style="list-style-type: none"> <li>Biotechnology / modern breeding methods</li> <li>Customer orientation</li> <li>Green genetic engineering</li> <li>Loss of land that can be used for agriculture</li> <li>Marketing and consulting</li> <li>Product innovations</li> <li>Product labeling</li> <li>Product quality</li> <li>Product safety</li> <li>Yield optimization</li> </ul>	<ul style="list-style-type: none"> <li>Biodiversity</li> <li>Bioenergy</li> <li>Impacts of agricultural practices</li> <li>Protection of customers' data</li> <li>Support of small farmers</li> </ul>	<ul style="list-style-type: none"> <li>Agricultural practices</li> <li>Modern breeding methods</li> <li>Product innovations</li> <li>Product quality</li> <li>Product safety</li> </ul>
Corporate Governance	<ul style="list-style-type: none"> <li>Anti-corruption</li> <li>Compliance</li> <li>Economic, environmental and social standards in the supply chain</li> <li>Human rights / labor, social and environmental standards in the KWS Group</li> <li>Stakeholder dialogue / lobbying</li> </ul>		<ul style="list-style-type: none"> <li>Compliance</li> <li>Labor, social and environmental standards</li> <li>Supplier standards</li> <li>Stakeholder dialog</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Company health promotion</li> <li>Diversity</li> <li>Equal opportunity / anti-discrimination</li> <li>Equal pay</li> <li>Labor/management relations</li> <li>Occupational safety</li> <li>Training and education</li> <li>Securing junior staff</li> <li>Work-life balance</li> </ul>		<ul style="list-style-type: none"> <li>Equal opportunity and diversity</li> <li>Occupational safety and health promotion</li> <li>Securing junior staff and employee development</li> </ul>
Environment	<ul style="list-style-type: none"> <li>Plant and process safety</li> </ul>	<ul style="list-style-type: none"> <li>Emissions</li> <li>Energy consumption</li> <li>Material consumption</li> <li>Soil erosion</li> <li>Transportation Waste</li> <li>Use of pesticides</li> <li>Waste</li> <li>Water consumption</li> </ul>	<ul style="list-style-type: none"> <li>Plant and process safety</li> <li>Use of resources</li> </ul>
Society		<ul style="list-style-type: none"> <li>Commitment to charitable works</li> </ul>	<ul style="list-style-type: none"> <li>Social commitment</li> </ul>

\* Issues in alphabetical order; no issues of low relevance were identified

## 2.2. Profile of the KWS Group

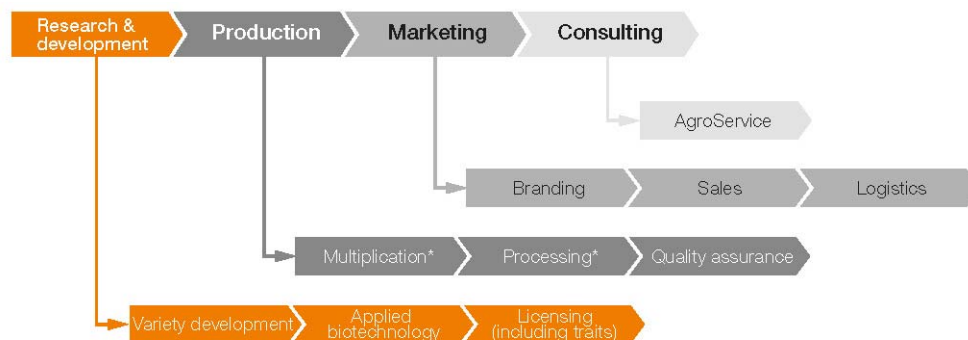
**KWS is a plant breeding and seed company that was founded in 1856. KWS stands for Kleinwanzlebener Saatzucht, Kleinwanzleben being the village where the company was founded in the fertile Magdeburger Börde plain. With 5,322 employees and net sales of €1,260.4 million in fiscal 2014/2015, the group is now one of the world's leaders in agricultural plant breeding.**

### Value chain and products

KWS operates in the field of plant breeding by conventional, biotechnological and ecological methods, as well as seed production. The company's value chain extends from the development and multiplication of new plant varieties, to processing, marketing and distribution of seed, to sales consulting.

The product portfolio includes plants for food and fodder and energy plants for the moderate and subtropical climatic zones, covering corn, sugarbeet, the cereals rye, wheat and barley, oil plants such as rapeseed, sunflower and soybean, and potatoes. The company's direct customers include in particular the agricultural goods trade, farmers and sugar factories.

#### KWS' Value Chain



\* Partly in cooperation with multipliers and processing companies

KWS' activities are at the beginning of the value chains for food and fodder, as well as bioenergy from regenerative raw materials.

### Owners

KWS SAAT SE, Einbeck, is the parent company of the international group, which has 64 subsidiaries and associated companies worldwide (at June 30, 2015). KWS has been a stock corporation since 1885. In 2015 it was converted into a European Stock Corporation (Societas Europaea). The majority of shares are held by the families Büchting, Arend Oetker and Giesecke. Around 30% of the shares are free float.

### Corporate structure

The KWS Group's activities are divided into four segments: the three operating segments Sugarbeet, Corn and Cereals and the Corporate Segment.

- The Sugarbeet Segment includes multiplication, processing and distribution activities for sugarbeet seed and KWS' seed potato business. The lead company is KWS SAAT SE. The segment has 19 other subsidiaries and associated companies.



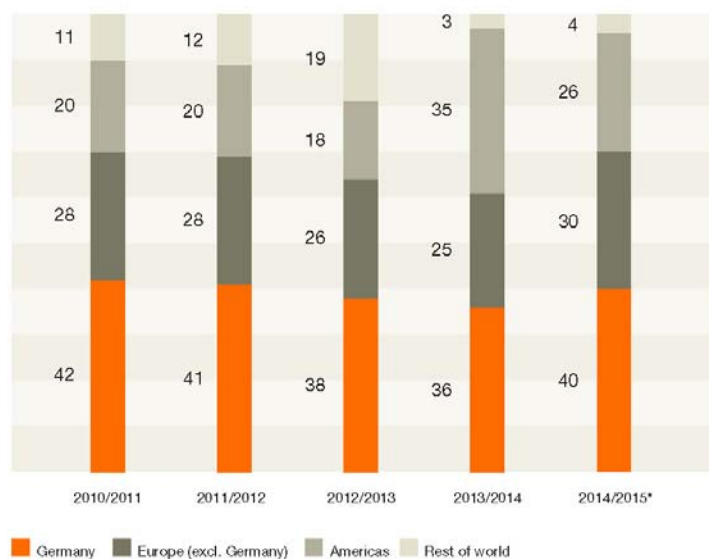
- The Corn Segment comprises multiplication, processing and distribution of corn seed (corn for grain and silage corn), as well as oil seed (rapeseed, sunflower and sorghum) and field seed. The lead company is KWS MAIS GMBH, Einbeck, Germany. The segment has 19 other subsidiaries and associated companies.
- The Cereals Segment includes multiplication, processing and distribution of hybrid rye, wheat, barley and triticale, as well as rapeseed (lines) and grain peas. The lead company is KWS LOCHOW GMBH, Bergen, Germany. The segment has eight other subsidiaries and associated companies.
- The Corporate Segment supports the strategic objectives of the individual product areas by means of research and development activities and by providing services for controlling the group. The lead company here is also KWS SAAT SE. The segment has 16 other subsidiaries and associated companies, including four regional service companies (Service Centers), which provide administrative services on behalf of and to assist the operating segments.

## Markets and presence

The KWS Group currently has a presence in more than 70 countries in the moderate climatic zones and in subtropical Brazil and pursues research and breeding, production, distribution and administration activities at more than 100 locations. We generate 18% of our net sales in Germany and 36% in other European countries. A further 41% of our net sales come from North and South America and the remaining 5% from the rest of the world. The Corn Segment accounts for most of our net sales (around 60%).

## The KWS' employees by region

In%



\* in accordance with IFRS11

### 3. Corporate Governance

#### 3.1. Executive Board and Supervisory Board

**As a listed stock corporation, KWS SAAT SE has a system of dual management, consisting of the Executive Board and the Supervisory Board, in accordance with the German Corporate Governance Code (DCGK). Both bodies have strictly separate competencies and different members. The Executive Board runs the company on its own responsibility and conducts business with third parties. The Supervisory Board appoints, supervises and advises the Executive Board and is directly involved in decisions that are of fundamental importance for the company.**

##### **Composition of the Executive Board and Supervisory Board**

At June 30, 2015, KWS' Executive Board comprised four members: two business economists, one agricultural scientist and one plant breeder. The Supervisory Board consisted of six members: an agricultural biologist, three businesspeople, a seed breeding employee and an agricultural scientist. Entrepreneurial and industry expertise, as well as personal skills, are criteria applied in appointing members of the Executive Board.

Two-thirds of the Supervisory Board are shareholder representatives and the remaining third is made up of employee representatives. The Supervisory Board's composition is based on the requirements of the German Corporate Governance Code. The term of office for Executive Board members is governed under individual contracts. The Articles of Association stipulate that Supervisory Board members serve for a term of five years. Executive Board members can be reappointed, while Supervisory Board members may be reelected and their term of office can be extended.

The Supervisory Board is authorized to form qualified subcommittees, whose function, composition and activity are published in the Annual Report. The Audit Committee of the Supervisory Board examines the annual financial statements and accounting of KWS SAAT SE, the consolidated financial statements of the KWS Group and the quarterly reports during the fiscal year.

The provisions of the German Corporate Governance Code are observed in ensuring that conflicts of interest between members of the Executive Board and the Supervisory Board are avoided. The seats held by the Supervisory Board's shareholder representatives on other supervisory boards are published in KWS' 2014/2015 Annual Report.

##### **Evaluation of sustainability performance**

Both bodies discuss the company's current business situation and performance, market trends, the competitive environment, strategic alignment and the risk situation continuously and proactively.

The Executive Board receives analyses and reports from the responsible managers on a regular basis or in response to a particular event. Examples that can be cited are reports on the progress of development work in research and breeding, as well as reports on reviews of the management systems, in particular on risks, quality and the environment, which are submitted to the Executive Board every year. There are also other reports on individual topics such as waste management and occupational safety.

The Supervisory Board is provided with regular, timely and comprehensive reporting on relevant questions of strategy, planning, the business performance and situation of the company and the KWS Group, including the risk situation, risk management and compliance.

The Annual Report and sustainability reporting also make a contribution to assessing KWS' sustainability. Both the Executive Board and Supervisory Board are integrated in the approval process for the annual report.

### Performance-based compensation

The company's positive sustainable development is also reflected in the compensation for members of the Executive and Supervisory Boards. Their basic remuneration includes not only a basic salary, but also performance-based components that are linked to the company's success. The composition and level of the total compensation is disclosed in the 2014/2015 Annual Report. The compensation of the Executive Board is set by the Supervisory Board and approved by the Annual Shareholders' Meeting. The compensation for the Supervisory Board is set by the Annual Shareholders' Meeting. The compensation for members of both boards is based on the size and activity of the company and its economic and financial situation. The compensation for Executive Board members is also geared toward the level and structure of the compensation received by members of the Executive Board at comparable companies. The compensation for the Supervisory Board is also based on the duties and responsibilities of its individual members.

## 3.2. Corporate Management

**KWS is a forward-looking company whose mission is to be commercially successful in the long term. Proactive planning and action is a core principle of our corporate governance, which has been shaped by the family values of our owners and by the fact that our products have long development times and a relatively short lifecycle. That means we have to carefully address the economic, ecological and social challenges facing our company in the future so as to identify opportunities and risks at an early stage and take prompt action.**

So that we can be successful over the long term, a common attitude, a common understanding of our objectives and a common aspiration in everyday work on the part of all employees is vital. That is why we have heightened awareness of our corporate vision and missions and strategic objectives at workshops throughout the group.

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### Vision

Our high-performing seeds and thorough knowledge of agriculture make us the trusted supplier for generations of farmers. This is our contribution in addressing growing global food demand.

### Mission

We optimize genetic potential through excellent research and breeding programs.

We deliver best quality seeds to our farmers.

We act as trusted performance partners for our farmers throughout their value chain.

In order to support talents at all levels to perform, we provide for entrepreneurial freedom.

Founded on its vision and mission, KWS pursues its overriding strategic objective to strengthen and build on its leading market position as an earnings-oriented seed company. The main challenges are to adapt KWS' product portfolio to global trends such as climate change and the finite availability of natural resources such as soil and water. That demands constantly high efforts in research and development. Another focus is on continuously optimizing production and distribution.

#### The KWS Group's overriding medium- and long-term objectives

Objectives		When?
Profitable growth	An average increase in consolidated net sales of 5-10%	Annually
	EBIT margin > 10%	In the long term
Research & development	R&D intensity of 12% to 15% of consolidated sales	Annually
	1-2% progress in yields for our customers and development of tolerances and resistances	Annually
Internationalization	Foreign sales > 80%	In the medium term
	Expansion of the portfolio of varieties for subtropical markets	Annually
Sustainability	Integration of the international subsidiaries	In the long term
Dividend	A dividend payout ratio of 20-25% of net income for the year	In the medium term

#### Opportunity management

Opportunity management at the KWS Group is an integral part of the established controlling system. The persons in charge of research and development, management of our three product segments Corn, Sugarbeet and Cereals, and the heads of the central functions are responsible for identifying, analyzing and seizing operational opportunities. Targeted measures are formulated together with the Executive Board so that strengths can be leveraged and strategic growth potentials tapped. Strategic opportunities of major importance are handled by the Executive Board. Extensive strategic planning covering a 10-year time frame is the basis for opportunity management and has been adapted every two years to date (in future every year). In compliance with our established strategy of organic growth, we leverage the industry-specific and strategic opportunities that arise by means of extensive investments in research and development and production capacities, as well as by expanding our marketing and distribution activities, and through selective acquisitions.

#### Risk management

The objective of our group-wide risk management system is to identify, assess, control, communicate and monitor risks to the company which may have a significant detrimental impact on our business, assets, financial position and earnings, our stock price and our reputation. KWS' risk management system is organized on the basis of the internationally recognized COSO model (Committee of Sponsoring Organizations of the Treadway Commission). Risks are identified and assessed, as well as mitigated by suitable control measures. The principles for our risk management are defined in our group-wide "Rules, Guidelines and Procedures" (RGP). Core contents include principles relating to early detection and communication and handling of risks. These standards are implemented by the local subsidiaries. Our group's own Service Centers help in preparing local financial statements and provide a consistent data model that is subject to the group's regulations on accounting and so

ensures that the consolidated financial statements comply with the rules. As part of its audit of the annual financial statements for fiscal year 2014/2015, Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft confirmed that our system for early detection of risks complies with the requirements under the German Stock Corporation Act. It also enables early identification of risks that jeopardize the company's existence. Identified weaknesses are reported to the Executive Board and the Supervisory Board and rectified in the continuous improvement process.

### **Responsibility for sustainability and implementation**

Supreme strategic and operational responsibility for KWS' sustainable development lies in the hands of the Chief Executive Officer. The group functions are responsible for developing and implementing strategies to support the KWS Group's development as part of strategic planning processes, including further development of the company's organization. The functions are located at headquarters in Einbeck and report to the responsible member of the Executive Board.

Several times a year, the Executive Board, heads of the product segments and the heads of the corporate functions Research & Services, Controlling and Corporate Development & Communications discuss strategic projects of the Business Units in the Corporate Management Circle (CMC). Coordination in the CMC serves as the basis for decision-making; the main content of the deliberations relate to prioritization of strategic initiatives and premises for planning and targets. Overriding strategic issues of relevance to the corporate functions are dealt with in the Corporate Functions Circle (CFC). Internationally relevant management issues and questions of the company's development are discussed in the annual International Management Circle (IMC), which is composed of members of the CMC and managers of the KWS Group chosen on the basis of the subject at hand. The National Management Circle (NMC) convenes as a large body at the national level.

### **Involvement of stakeholders**

Opportunities and risks for our company's long-term success are ascertained on the basis of intensive dialogue with our relevant stakeholders. We intend to expand and structure the dialogue with our stakeholders in the future, i.e. in particular to make it more international and systematic. That is important so that we can obtain feedback from the various markets, as well as discuss critical issues with the right local stakeholders and derive actions for our company's further development.

## **3.3. Group-wide Rules, Guidelines and Procedures**

**The group-wide Rules, Guidelines and Procedures are an integral part of the international management system; they define the policies, guidelines and standards for the business activity of the whole KWS Group. They have a process-oriented structure and support the persons responsible in meeting their statutory obligations, as well as the company's own requirements.**

The RPGs comprise the core processes of R&D and production and distribution, flanking areas such as administration or IT, and stipulations on environmental protection at the company and responsible use of transgenic material throughout our products' lifecycle.

A key component is an internal audit system to continuously identify potentials for improvement. Due to the company's strong growth, the system will be much more risk-oriented and internationally standardized in the future. Apart from internal audits, external audits are also conducted by

independent auditors and, in various areas, by external certification authorities (e.g. ISO 9001, SeedGuard, ISO 14001, ETS and – for KWS LOCHOW GMBH for the first time – ISO 17025). Once again, no deviations were found this year in the ISO monitoring audits conducted at the Einbeck and Bergen locations.

## 4. Development of Core Issues

### 4.1. Economic Success

**KWS is one of the world's leading plant breeding companies. We have specialized in developing, producing and distributing high-quality seed for agriculture since 1856. Our economic success and continuous growth are the result of a business policy geared to the long term and sustainability. Key factors are our focus on core business, rigorous customer orientation, independence and financial soundness.**

#### **Strong core business coupled with rigorous customer orientation**

Our high-yielding seed and agricultural know-how are why farmers have trusted us for generations. Our mission is to increase the genetic potential of plants by means of outstanding research and breeding programs. We supply our farmers with the very best seed and are a powerful partner to them throughout the value chain. Our product portfolio is oriented toward the needs of our global markets and is derived directly from our customers' requirements. Our objective is to enable farmers to increase their yields by an average of 1% to 2% a year thanks to new varieties and keep that up by breeding tolerance, resistance and other qualities into our varieties. To achieve that, we leverage the full range of agricultural production methods and produce not only conventional and genetically modified but also organic seed. We also have a presence in all key markets with subsidiaries, associated companies, breeding stations and test locations, backed by a tightly-knit distribution network.

#### **A long-term business strategy reaps sustainable growth**

We were able to grow again in fiscal 2014/2015, posting net sales of €1,260.4 million, a year-on-year increase of 7.0%. Cultivation area for our most important crops – corn and sugarbeet – suffered sharp reductions in some regions due to low consumer prices. Despite a large increase in our research and development expenditure and expansion of our distribution structures, our operating income (EBIT) was €138.0 million and so – contrary to expectations – on a par with the previous year. After the third quarter (ending March 31) we assumed that we would post an EBIT of around €127 million. Our EBIT margin of 10.9% means we are still above our long-term target of 10%. As a result, we again achieved very satisfactory earnings and were able to implement our long-term growth strategy successfully in the year under review, despite negative trends on the agricultural commodity exchanges and sharp drops in cultivation areas.

We are still solidly financed with an equity ratio of 54.5%. Equity at the balance sheet date fully covers noncurrent assets. KWS' net liquidity varies greatly from season to season and was €–105.9 million at the end of the fiscal year. As a result, we intend to continue our proven dividend policy of an annual payout of between 20% and 25% of the KWS Group's net income for the year.



### Development of new varieties

Breeding progress is reflected in the form of varieties that produce higher and higher yields and are adapted better to environmental and climatic conditions. We aim to offer our customers an average yield progress of 1% to 2% a year with our new varieties. To achieve that, we invest between 12% and 15% of our consolidated sales in research and development every year. Research and development expenditure in fiscal 2014/2015 was €173.8 million (€148.2 million). As a result, 13.8% of KWS' total net sales were invested in R&D activities.

### Economic value distributed to stakeholders

Various stakeholders share in the success of our company. In the past year we distributed €1,038,9 million, or 94.2% of our total output of €1,103.1 million. Operating costs and thus payments to suppliers totaled €739.4 million, or 67.0% of the value distributed. Personnel expenses were €216.9 million, accounting for a ratio of 19.7%. There were also interest and dividend payments to equity providers of €32.2 million and tax payments to government bodies of €50.4million. The economic value retained in the company was thus €64.2million, i.e. 5.8% of total output.



A high-performance partner on the side of the farmer

## 4.2. Product Innovations

**As an international company, KWS is keenly aware of global challenges such as climate change, a growing population and shortages of raw materials and has been tackling issues relating to sustainable agricultural production for generations. The goal of our research and breeding is to develop plant varieties that enable efficient and resource-sparing agriculture in the markets that are relevant to us.**

KWS offers high-quality products for the different kinds of farming systems – from conventional agriculture, the use of genetically optimized plant varieties to ecological agriculture. Our breeding work is oriented toward farmers' needs and accounts for the conditions at the location and the regional climate. Our prime objective is to increase yield, coupled with enabling ideal use of the available agricultural resources. Properties such as nutrient efficiency, drought tolerance and resistance to pests and diseases are intended to increase the plants' yield potential, achieve greater yield stability and enable efficient cultivation at marginal locations. However, we also take into account the quality requirements of processors and consumers and their demands for healthy food and fodder in our breeding work.

### **Market-oriented project planning and control**

KWS runs its own long-term breeding programs for sugarbeet, corn, cereals, rapeseed, sorghum, sunflower and potatoes. As part of a comprehensive reporting process, development objectives are defined, progress is regularly reviewed, and changes or adjustments are made to the individual programs and projects. The core component of this reporting is an annual performance status report and annual project progress reports. Research and development projects are coordinated between the research management team, the heads of the crop-specific breeding departments and the heads of production and sales at the segments in question. The latter are responsible for defining current market requirements and forecasting demand for varieties. The projects are proposed to the Executive Board for adoption in the annual budgeting process. The findings form the basis for defining the contents, budgets and structure of the research and breeding program.

### **Research and development and marketing approvals**

We invest between 12% and 15% of our consolidated sales in research and development every year. Research and development expenditure in fiscal 2014/2015 was €173.8 million (€148.2 million). As a result, 13.8% of KWS' total net sales were invested in R&D activities. The success of our R&D is reflected among other things in the number of marketing approvals we were awarded worldwide. We obtained 429 marketing approvals for new KWS varieties across all our crops.

In addition, we have a competitive product pipeline for our international markets. The herbicide-tolerant sugarbeet (ALS-tolerant beet) which was jointly developed by KWS and Bayer CropScience over many years of breeding work is now entering its final phase of development. This technology is based on a rarely occurring natural change in the sugarbeet's genetic makeup; it produces a tolerance to herbicides from the class of sulphonylureas (ALS inhibitors) and was developed using conventional breeding methods. The ALS-tolerant sugarbeet will make it possible to reduce the use of herbicides in sugarbeet farming. Candidates for variety approval application are expected to be available toward the end of the year. This new and innovative system will be available for cultivation under the name CONVISO® SMART from 2018 onward.

### **Genetically modified varieties**

Genetically modified varieties accounted for 37% of our consolidated net sales in fiscal 2014/2015. However, we market such varieties almost exclusively in North and South America. One example is



the herbicide-tolerant Roundup Ready® sugarbeet varieties, which have successfully established themselves on the North American market since being launched in the U.S. in 2007. In addition, further traits are currently in the development phase.

### **Energy plants**

With its research and breeding activities in the field of energy plants, KWS is making a major contribution to securing the supply of energy in the future and protecting the climate. Bioenergy is one of the most important sources of renewable energy for the end products of electricity, heat and fuel. Since 2022, KWS has pressed ahead with breeding agricultural crops for use as biogas substrates, for example under a special program for energy corn. As the biogas sector has expanded further, we have bred further crops that can be grown as substrates – sorghum, rye and sugarbeet varieties – specifically to meet the requirements demanded of biogas substrates under various conditions throughout Germany. KWS also advises its customers on all matters relating to plant cultivation and processing and storage of substrates.

### **Ecological varieties**

Our company has been active for more than 15 years in breeding suitable varieties and producing seed for ecological agriculture. KWS has expertise in ecological agriculture as regards developing varieties that offer a stable yield and – due to fact that we run our own organic farm – in everyday practice. KWS is an important partner to ecological farmers. The Wiebrechtshausen monastery estate pools KWS' competence and know-how relating to ecologic seed and farming. The latest crossings are grown in field trials and examined by our breeders under real conditions to determine whether they are suitable for ecological agriculture.

### **Cooperation with research institutions and projects**

Our breeding work is continuously adapted to the latest scientific and technical findings. Partnerships with public and private research institutions are vital in that. One successful example of long-standing cooperation is the publicly funded research program "Plant2030" (formerly GABI), in which the sugarbeet's DNA was sequenced. KWS is also represented in many organizations and associations in the fields of plant research and breeding, as well as in bioeconomics. The prime goal is to promote science and research, establish interdisciplinary research alliances and preserve scientific excellence in Germany. Among other things, KWS is a longstanding member of the GFPI, the German Association for the Promotion of Plant Innovation, whose core task it is to organize and coordinate research projects in plant breeding. In addition, KWS has for many years played an active part in the Bioeconomy Council, the independent advisory body to the German government. The Bioeconomy Council provides its advice in relation to implementation of the German government's "National Research Strategy Bioeconomy 2030," with the goal of creating ideal economic and political conditions for a biobased economy.

Another key concern of KWS is to conserve biodiversity and the use of, as well as access to, plant genetic resources (PGRs). Access to PGRs is governed by the Convention on Biological Diversity (CBD) and the associated Nagoya Protocol. To address the special position of agriculture, the FAO launched the International Treaty on Plant Genetic Resources for Food and Agriculture in 2004. It ensures the fair and equitable sharing of benefits from the use of genetic material while establishing legal security for all parties. KWS launched the initiative "Capacity Development" (CD) in fiscal 2012/2013. It pools KWS' existing biodiversity projects, which focus on barley and wheat in Ethiopia and corn and quinoa in Peru and were continued in the reporting period. Its aim is to contribute to the breeding and multiplication of the seed of locally adapted crop varieties in Peru und Ethiopia and help conserve crop diversity there. To achieve that, KWS is working with various cooperation partners to train scientists – mainly young plant breeders – locally as part of projects.



Authorized approval for a new variety

### 4.3. Modern Breeding Methods

Since it was founded, KWS has been committed to applying innovative breeding methods so as to develop high-quality seed and high-yielding varieties that enable efficient and resource-sparing agriculture. Our stance is that modern methods must be used and developed further so as to enable goal-oriented, efficient plant breeding.

#### Biotechnology methods

Plant breeding is a very costly and time-consuming business. Around ten years elapse between the first crossing and the actual marketing of a variety. It has become apparent over the past years that KWS' goal of annual breeding progress averaging 1% to 2% can only be achieved at higher and higher costs and efforts if conventional breeding methods are used alone. In order to ensure a continuous increase in yields in the future as well, we as a plant breeder believe it to be vital not only to use conventional breeding, but also to leverage the potential for innovation offered by biotechnology methods and techniques. The breeding process can now be sped up and made far more efficient with the aid of biotechnology methods. Instead of random mixing of genetic material from parents, individual genes with a known function can be systematically introduced into subsequent generations. In addition, specific genes can be turned off selectively. Biotechnology methods also enable natural barriers to crossing to be overcome and for traits outside a species to be transferred. The field of plant biotechnology comprises numerous techniques and methods from very

different subject areas, such as molecular biology, microbiology, systems biology and biochemistry, as well as process engineering and genetic engineering.

### **KWS' guidelines for the use of genetic engineering**

The potential of new techniques is evaluated by our experienced scientists and breeders and all the risks and opportunities are weighed carefully before they are used. KWS has defined its own principles to govern how it applies genetic engineering methods. We use these genetic engineering methods and techniques openly and transparently at all times and are well aware of our responsibilities. Genetic engineering methods are used preferentially in the breeding process only if they are better able than conventional methods to achieve the breeding objective in question. That is the case, for example, if the genes for a desired trait do not occur in the specific species' gene pool and so cannot be transferred to crop varieties by crossing. KWS will continue to use genetic engineering methods to improve crops within the framework permitted by law. The accompanying, independent research on green genetic engineering in the past 25 years has shown that plants bred using genetic engineering are just as safe as conventionally bred ones. Nevertheless, we realize that a large part of the general public still has a critical attitude toward genetic engineering methods due to health or ecological concerns or rejects them for ethical reasons. It is therefore a particular concern of ours to seek dialogue with the various stakeholders and conduct an objective debate. To enable that, we regularly stage our own dialogue forums or participate in public discussions or congresses.

### **New breeding methods**

In particular, newly developed molecular biology methods of plant breeding – subsumed under the term “new breeding techniques” – have gained in importance in the past years. These techniques can be used to modify DNA building blocks in a very pinpointed manner so as to generate new and improved plant traits. Genes can be turned on and off, inserted or removed. However, these mutations do not differ from changes that occur in nature or are created in conventional breeding.

### **Phenotyping in plant breeding**

Phenotyping – the assessment of plant traits in the laboratory or field – has made enormous advances in the past years. New image sensor technologies using scanners permit faster, more precise analysis of plant traits directly on the plant during their vegetation period without the need for harvesting. As a result, the properties and traits can be tracked selectively as they develop in the same plants over the entire lifecycle. In addition, work is being carried out to develop detection techniques for plant structures that are difficult to analyze or are hidden, such as roots. KWS has invested for years in developing its own innovative technologies and techniques. The near-infrared spectroscopy (NIRS) analysis method is already a standard in determining the constituents of some of our crops. Installed on harvesting machines, the NIRS technology makes it possible to determine sugar content during harvesting, for example. KWS participates in the Committee for Field Phenotyping established in 2013 by the GFPI, the German Association for the Promotion of Plant Innovations. Together with scientists from a number of fields, the committee discusses possible future applications and research issues relating to use of this technology in plant breeding so as to use the results as the basis for new research strategies.

### **Importance of bioinformatics approaches for plant breeding**

Progress in the field of breeding methods is also driven by innovative bioinformatics approaches. Many plant properties are controlled by an entire set of genes, each one of which only makes a small contribution. In order to be able to predict such complex traits for further breeding, all active DNA regions must be identified and their influence on different traits assessed. This is possible by linking extensive genetic marker information for entire plant populations with data measured in the field.

Biostatistical models can be used to calculate the proportional contributions made to development of a trait and so ultimately the plant's potential for further breeding. That eliminates the need for lengthy field trials. KWS is now working intensively on an approach using genomic selection for the crops corn and sugarbeet.

Fields of research such as genome research, marker technologies or automated phenotyping continuously generate huge volumes of heterogeneous data, which is used as the basis for making sound scientific and breeding decisions. As part of that, KWS increasingly uses complex information technologies that enables data from different fields of research to be linked together and important interconnections to be discovered by means of data mining. To enable that, we invest in smart database architectures that are tailored specifically to R&D requirements, as well as data storage, processing and analysis standards for all crops.



Sugarbeet seed inflorescence for the next generation of varieties

#### 4.4. Protection of Intellectual Property

**Protection of intellectual property is a core element of KWS' research and breeding activities. Protecting inventions, know-how and plant varieties is vital to safeguarding the investments that are made, especially given the long development times and high development costs in our industry. At the same time, KWS bolsters its status as a provider of high-performance varieties and an innovation driver. Tapping new fields of technology enables KWS to establish further proprietary rights and expand its patent portfolio.**

##### **Property rights strategy and management**

In the field of plant breeding and research, there are basically two different means of protecting intellectual property: protection of conventionally created plant varieties under variety protection law and patenting of scientific and technical inventions. KWS advocates the coexistence of both systems, since variety protection and patenting are of major importance for its breeding and research activities. We welcome the inclusion of the breeder's exemption in the future unitary patent and the related convention. The breeder's exemption allows other breeders to use legally protected varieties for breeding new ones. There is thus free access to genetic resources, which in turn promotes diversity of plant genetic resources (PGRs), an aspect of great importance in plant breeding.

At KWS, the central department Intellectual Property (IP) is responsible for filing, enforcing and defending patents, monitoring third-party property rights and their effects on KWS projects, and safeguarding KWS' interests with regard to property rights in cooperation ventures with third parties. It also develops project-related and overarching property rights strategies for technologies and products. The main focus of the IP department last year was on handling and filing a large number of new inventions from the fields of biotechnology, green generic engineering, seed production processes and new plant production methods.

Apart from patent law, KWS focused more strongly on the issue of ensuring access to genetic resources. That relates in particular to adaptation of KWS' structures to the new global laws on biodiversity (Nagoya Protocol / International Treaty on Plant Genetic Resources for Food and Agriculture) and development of appropriate variety protection strategies.

In March 2015, the Enlarged Board of Appeal of the European Patent Office made a major ruling on the patentability of plants in relation to "native traits," termed the Tomato / Broccoli II ruling. It involved the fundamental questions as to whether plants – i.e. breeding results – created by means of an essentially biological method that is excluded from patentability, such as crossing and selection, are covered by the exclusion from patentability under Article 53 b) of the European Patent Convention (EPC). The Enlarged Board of Appeal ruled that they were not and that such breeding results can continue to be patented. KWS had hoped for a ruling to the contrary, since we believe that permission to patent such plants undermines the exclusion from patentability for breeding methods. In purely legal terms, this objective can now only be achieved by a change in existing European law; in particular, there is now a discussion on whether to open up the Directive on Legal Protection of Biotechnological Inventions and the European Patent Convention.

However, these two instruments constitute a legally secure, tried-and-tested foundation for patenting activities in the field of biotechnology and plant sciences that is vital to preserving innovativeness in plant breeding. In particular, the lengthy legal insecurity entailed by a change in the law is a great disadvantage to plant breeding companies. It is also not possible to rule out that changes to the law will negatively impact the proven regulations on biotechnology inventions. With regard to the



prevailing legal situation, KWS therefore advocates a breeder's exemption for varieties that contain patented elements so that these can be freely used for further breeding. This exception should be incorporated into other national patent laws, as is already the case in Germany, France and the Netherlands. At the same time, KWS is in favor of concept approaches that ensure fair access to patented elements. One example of that is the industry-wide license platform for native trait patents in the field of vegetables. The platform gives all interested parties access to patented elements (including patented varieties in the U.S.) at fair terms and conditions. It also contains a contractual breeder's exemption for all members of the platform.

#### 4.5. Product Quality

**The quality of its seed is one of the key competitive factors for KWS. Our customers, farmers, have trusted us for generations because we supply them with high-yielding seed and are there to assist and advise them as partners with our agricultural know-how throughout the value chain. With our international quality management activities, we help ensure our standards of quality for products and processes are achieved throughout the group.**

##### **Group-wide product quality standards and quality testing**

The minimum qualities of seed for sale are regulated by law. However, the KWS Group applies far higher internal standards than legally required. The main product quality parameters include visual and technical properties, such as varietal purity, grain size, thousand grain weight, degree of dressing, dressing appearance and abrasion resistance, germination capacity, sprouting strength and field emergence.

To meet these quality standards, KWS' seed undergoes extensive quality testing in all phases of production. These tests relate to our own production activities and those of outside companies we engage. The requirements and time of, as well as responsibilities for, the tests and the measures to be taken in response to deviations are precisely defined in an internal regulatory and process control system. Laboratory tests are mainly carried out in our own facilities in accordance with the methods specified by the International Seed Testing Association (ISTA). KWS' testing laboratory in Bergen is certified in accordance with DIN ISO 17025. The results of the quality tests are documented in special databases.

Our quality tests begin during multiplication in the field – a process that is carried out worldwide at all multiplication stations and is closely accompanied by KWS. We then conduct quality tests when we take delivery of the raw goods. Further tests are performed as part of drying, cleaning and calibration, as well as when the seed is treated with pesticide and packaged. The seed is packaged and certified in Germany under official control, for example by the Chamber of Agriculture in Hanover. Even after market launch, the varieties are still monitored by KWS, public authorities or institutes, for example to ascertain the consistency of their performance or field emergence. The emergence tests are conducted for all sugarbeet seed producers in nationwide variety trials coordinated by the Institute of Sugarbeet Research (IfZ). In fiscal 2014/2015, KWS occupies top positions among the varieties with the greatest market importance in Germany. In European markets, such tests are held in six other countries.

##### **Handling of defective products, complaints and customer satisfaction**

The KWS Group has precise procedural instructions on how defective raw goods and semi-finished and finished products are handled. The objective is to prevent inadvertent, erroneous further

processing or shipment of raw goods, semi-finished products and finished products that do not meet our quality requirements. Complaints about products are likewise recorded, described, documented and reported centrally on the basis of specific procedural instructions. Every complaint is examined in detail and discussed together with the customer. We also conduct regular customer satisfaction surveys to assess our customers' satisfaction with KWS' products, support and consulting. That helps us identify any need for action and initiate appropriate measures.

### **Further development of product quality**

Further development and improvement of the quality of our seed is a continuous process and a focus of KWS' R&D work. All activities relating to seed quality are designed, coordinated and conducted by a multidisciplinary team.

Our range of activities comprises practical projects (such as optimization of agricultural technologies in seed multiplication, further development of process engineering in the areas of processing and pelleting) and basic research work. One of the focal areas of research is to develop and utilize new or alternative methods of describing seed quality. KWS cooperates with universities and other institutes in some of the projects. They will make a major contribution to helping KWS continuously improve the quality of seed for its varieties and keep it at a high level.

### **Quality management**

The rules, standards and procedural instructions for ensuring the quality of our products and for handling complaints are defined in KWS' international Rules, Guidelines and Procedures in compliance with the requirements of the international quality management standard DIN EN ISO 9001. In areas of risk, internal audits are conducted with the objective of continuously improving processes. The Einbeck and Bergen locations have been certified on the basis of this standard and undergo an annual external audit as part of that. There were no critical deviations in fiscal year 2014/2015. The effectiveness of our quality management is again reflected in the very low ratio of complaints about our products in fiscal 2014/2015.



Seed for the next sowing is available

#### 4.6. Product Safety

**Product safety is a major aspect of sustainability for a company whose product – seed – is at the beginning of the food value chain. Our responsibility relates essentially to ensuring use of the seed does not harm people and the ecology in the further course of the value-added process and, related to this, adequate labeling of seed with regard to protection of users and the environment.**

##### **Minimizing health and ecological risks in seed dressing**

Our products are dressed in line with customers' wishes. Seed treatment disinfects the grain and protects against pests, with the goal of achieving maximum field emergence. Seed dressing is applied subject to strict regulations. First, only legally permitted pesticides and quantities are applied. Second, the abrasion resistance of the finished seed is stringently controlled using the Heubach test to minimize dust drift during sowing and thus the risks to health and the ecology. The technical methods for seed dressing and the recipes and additives are developed by KWS itself and tested intensively before being used on commercial seed. In principle, the active agent concentration in pesticides is controlled in our company's own laboratories before they are used.

The dressing is applied in special seed processing plants in order to ensure the greatest-possible protection of the environment and safety for health in the dressing process and in use of the dressed seed. We have a total of three seed processing plants of our own in Germany for dressing sugarbeet and cereals seed. The plants in Einbeck and Bergen have already been certified in compliance with



SeedGuard, the system used in the German industry. We cooperate with service providers to process corn. Two of the three service providers are likewise certified in accordance with SeedGuard. SeedGuard confirms compliance with the necessary standards for process management, risk analysis and staff qualification. Where KWS cooperates with external treatment facilities that do not hold the certificate, the quality of dressing is examined beforehand.

### **Proven safety of genetic engineering**

KWS also uses genetic engineering methods in its breeding processes. The accompanying independent research conducted on the use of green genetic engineering over the past 25 years has shown that genetically modified crops do not have any scientifically proven negative impacts on the environment and health. This was also confirmed by a meta-study by the University of Perugia (Italy) in October 2013, which analyzed almost 1,800 scientific publications – original works and summary articles – on research into the safety of genetically modified plants from 2002 to 2012.

Nevertheless, KWS has imposed strict rules on itself relating to the responsible use of genetic engineering and plant materials created using it. KWS also joined the industry initiative “Excellence Through Stewardship” (ETS) in January 2013 and is certified on the basis of this standard as to the responsible use of genetically engineered plant material throughout its lifecycle. ETS is an integral component of our quality management. ETS-related regulations are currently being added to KWS’ international Rules, Guidelines and Procedures. Training of the auditors, creation of the technical documentation platform and communication measures to establish the system are underway and are being continued in the current fiscal year. All relevant processes will be audited externally by the end of 2015, and the requirements for ETS certification will have been fulfilled.

KWS sells genetically modified varieties in North and South America and, to a small extent, in Europe. However, the area on which these varieties are grown in the EU is negligible, due to reservations about these products among the general public. In Germany, no genetically modified varieties are allowed to be grown. Genetically modified products are subjected to stringent testing in the EU, must meet high safety requirements and must have undergone a risk assessment and safety assessment before they can be put on the market. This deregulation process shows that there are no risks to people, animals and the environment from the product and that a genetically modified plant is just as safe as its conventional counterpart. Extensive data on genetic stability, allergenicity, toxicity and digestibility from extensive greenhouse and field trials and feeding studies is analyzed in the safety assessment. The deregulation process precedes the customary one for variety approval. Only deregulated products that meet all the safety requirements are thus permitted to undergo the variety approval process. That means vice versa that genetically modified plants are classified as not presenting any health risk if they are deregulated.

### **Required product labeling**

Products are labeled in compliance with national statutory regulations. In particular, dressed seed must be labeled so as to prevent incorrect use of it. The European Seed Association (ESA) – an initiative of the seed and pesticide industry – has developed warning pictograms that are used on most packaging. More than 90% of KWS’ seed products use this labeling. In addition, farmers are provided with informational material, such as brochures, which also contains explanations on the warnings on the packaging. All the active substances used have been reported to the Emergency Contact Centers for Cases of Poisoning in Germany. There are also statutory regulations for labeling genetically modified seed.

#### 4.7. Product Ecology

**KWS does not have a direct influence on farmers when it comes to using seed in an environmentally-friendly and resource-saving way. However, we offer our customers extensive sales consulting and advice on cultivation that addresses the issues of eco-friendly, resource-optimized agriculture and thus helps protect soil and water and prevent a loss of biodiversity. That is important to preserving soil fertility.**

##### **Extensive and customized consulting**

In Germany we maintain a closely-knit network of consultants in specific crops and so ensure that customers are provided with care and support on site. Solution concepts tailored to the specific farm are formulated together with customers. That comprises advice on the right variety to choose for a specific location as well as recommendations on crop rotation, use of fertilizer and measures to protect plants. In addition, matters relating to tilling are discussed.

Our sales employees keep their knowledge up-to-date in all questions having to do with growing the crops we offer. They are supported by Agro Service, the linking element between sales and science and breeding. On the basis of scientific findings and its own trials, Agro Service creates the foundation for professionally sound advice. In addition to the existing customized, personal consulting, KWS offers farmers expert digital consulting with the CultiVent Farm Service. This service, which was originally used for corn, was expanded in March 2015 to include the crops sugarbeet, wheat, barley, rye and rapeseed. As a result, KWS has taken the first step toward creating an online consulting platform for all crops in Europe. The CultiVent Internet portal complements the service provided by our regional KWS consultants. It informs provides farmers with information specific to their region and offers advice on specialized topics, such as nematode management in sugarbeet cultivation, tips on how to grow wheat or, a very recent addition, dry matter monitoring throughout Germany so as to determine the right time to harvest corn. Farmers now have more than 40 tools on the focal subjects of sowing, cultivation, harvesting, use of crops and economics on the CultiVent consulting platform to help them in their planning.

CultiVent means farmers can use KWS' consulting services on plant growing anytime, anywhere. The objective is for personal and digital consulting to intermesh and complement each other so that KWS offers an effective, forward-looking range of consulting and communication services.

##### **Conservation tillage and catch crop mixtures**

To test methods of conservation tillage that counteract soil erosion, among other things, KWS has conducted various agrotechnical trials at Wetze near Einbeck and, to a lesser extent, at Kleinwanzleben near Magdeburg over the past 20 years. These trials revealed that the use of mulch tillage for sugarbeet has positive effects. In this method, the soil is not turned, i.e. not plowed, meaning the residues of the catch crop and the preceding crop remain on the surface. That reduces erosion of the soil and its bearing capacity. Compared with plowing, the same or even a higher yield is achieved. Mulch tillage is now predominantly used for growing sugarbeet in Germany.

Ideal compositions of six catch crop mixtures have been developed and cultivation recommendations defined in a trial program extending over several years and are marketed as the new product line AckerFit. Catch crop mixtures that are sown after the main crop has been harvested and before the next crop is sown can prevent the loss of soil by wind and water erosion resulting when areas lie fallow in the seasonal cycle. Unlike with fallow land, leaching of nutrients can be reduced significantly.

### **Cooperation with scientific organizations**

So that we can continue enhancing our consulting expertise, Agro Service cooperates closely with agricultural and scientific institutions. We aim to use the knowledge we gain to deliver even better advice and make our customers even more competitive. Apart from collaborating with various organizations, we offer support for Bachelor's and Master's theses in the subjects of agricultural and environmental sciences and accompany the practical training of students from vocational training academies.

### **Supply of plant nutrients**

In organic farming, it is especially important to make good use of basic nutrients, such as nitrogen, which is a limiting factor to plant growth. Mineral nitrogen is not permitted as a fertilizer, so alternative sources of nitrogen have to be used. Consequently, KWS is testing cultivation of legumes, specifically grain peas, at its Wiebrechtshausen monastery estate as a means of introducing nitrogen into the crop rotation cycle through plants and at the same time increasing the amount of protein plants supply when used in animal feed. Various strains from the breeding program are used in the field, as a monoculture and mixed with various types of cereal. The Protein Plant Field Day, which specifically focused on domestic legumes (grain peas, broad beans), was attended by many farmers and again aroused keen interest this year. KWS also launched a "protein plant blog" in the middle of this year. Its aim is to offer farmers who are interested in growing legumes practical information, help them increase their knowledge and promote cultivation of these crops. The blog also aims to stimulate an intensive dialogue among colleagues and experts.

### **Events, trade shows and information materials**

KWS offers consulting on varieties and cultivation and nurtures intensive contacts with customers at a large number of field days. One highlight is the biennial German Agricultural Society's Field Days, where participants can learn more about the latest trends in crop farming. Intensive planning work is now underway for the 2016 German Agricultural Society's Field Day at the Mariaburghausen monastery estate in Lower Franconia. We also provide our customers with printed information on varieties and advise them at trade shows and events. Innovative technology, such as smartphone apps, round out the consulting we offer customers.





Cultivation trials with suppliers of nitrogen in a mixture with broad beans and oat

#### 4.8. Compliance

**Ethical business practices are a vital foundation of the KWS Group's commercial operations – and we have underscored that by establishing our international Compliance Management System. The Compliance Management System defines regulations that apply internationally to all KWS employees. All employees are obligated to abide by the compliance rules in all processes, decisions and everyday activities in full and at all times. Regular compliance risk analyses are conducted for all business segments and regions.**

##### **Code of Conduct for employees**

Our "Code of Business Ethics" (CBE) applies to all KWS companies and gives employees crucial guidance in their day-to-day work. There are also compliance guidelines that build on it, such as on anti-corruption, observance of antitrust laws and regulations, data privacy and preventing insider trading. Executives are obliged in their sphere of responsibility to work toward ensuring that the compliance rules are known and heeded.

The Chief Compliance Officer and specialized employees from the central function Corporate Compliance Office advise management, the business segments and employees of the KWS Group on

compliance-related matters and initiate suitable training and communication measures. In addition, an external compliance hotline staffed by an independent attorney at law can be reached at all times.

### **Handling suspected violations, violations and sanctions**

Suspected violations of the rules can be reported to supervisors, directly to the Corporate Compliance Office or to the external compliance hotline. Compliance cases are analyzed in accordance with KWS' regulations "Procedures of internal Compliance Notification". All suspected violations, even those reported anonymously, are investigated and penalties are imposed if they prove founded. The sanctions range from disciplinary measures to criminal proceedings. They depend on the gravity of the violations, the degree of the person's breach of duty, the functional level, behavior after the violation and the consequences of the violation.

### **Risk analysis and control**

The Corporate Compliance Office records and controls compliance risks regularly in cooperation with Corporate Risk Management, Internal Auditing and external auditors. The Corporate Compliance Office defines the compliance risks, while Corporate Risk Management obtains information on the implemented measures from the persons responsible for controls and checks on compliance with the minimum requirements at the companies. The auditors conduct examinations for defined compliance risks as part of auditing projects. Internal Auditing examines whether formal requirements are observed.

### **Adequacy and effectiveness of the Compliance Management System**

The Compliance Management System is based on seven criteria in accordance with IDW PS 980: culture, objectives, risks, program, organization, communication and monitoring.

If adaptations to the system are required due to growth, expansion of our international business activity into new markets or an increase in the workforce, the steps that need to be initiated are examined. These are discussed with all business segments in order to identify balanced solutions and targeted measures.

As part of that, it is very important to ensure that employees' freedom in making decisions on their own is not unnecessarily constrained, but that instead their personal responsibility is strengthened and fostered and that our corporate culture of a working relationship founded on trust is not impaired. Balanced and effective solutions are a key factor in the success of our compliance system.

The Chief Compliance Officer reports regularly to the Executive Board and the Audit Committee on current developments and on further development of the Compliance Management System.

Significant compliance violations that could have caused damage to our company or third parties were not known in the reporting period. As in previous years, there were also no proceedings against the company due to anti-competitive behavior in our business operations on international markets or any complaints relating to data privacy. In addition, there were no violations, fines or penalties in Germany due to non-compliance with product-related regulations, i.e. resulting from the provision of products and services, labeling, effects on people's health and safety and advertising. There were also no violations against environmental laws or regulations.

#### 4.9. Employment, Social and Environmental Standards

**KWS has rolled out a process-oriented, group-wide publication, “Rules, Guidelines and Procedures,” as part of its international growth. They contain stipulations for all core processes and environmental, labor and social standards for our employees and environmental protection at the company. Compliance with the “Rules, Guidelines and Procedures” is controlled by internal audits. A risk-oriented approach is pursued.**

##### **Labor and social standards**

KWS is committed to fair labor and social standards throughout the group and ensures they are observed. It goes without saying that we apply existing labor and social standards under local legislation wherever we operate.

The main labor standards entrenched in our group-wide “Rules, Guidelines and Procedures” include:

- Every employee of the KWS Group has a written contract of employment that complies with labor and social insurance legislation.
- KWS is committed to complying with the standards of the ILO relating to child labor and applicable anti-discrimination laws in recruiting personnel and filling posts.
- In addition, KWS complies worldwide with the local statutory regulations in relation to the principle of “equal pay for equal work.”
- Technical, organizational and occupational health measures are taken to prevent occupational accidents and diseases.

Open and trusted dialogue is also of great importance at KWS. We also nurture that dialogue between our employees and their representatives and management. In regions where there is no employee representative body, we attach importance to mutual respect and dialogue between regional management and employees.

KWS offers fair, market-oriented compensation and suitable pension benefits.

Our employees’ health, coupled with the aim of maintaining a suitable work-life balance, is at the core of KWS’ further efforts.

There are additionally the following labor and social standards in Germany:

##### **Employee representative bodies**

Employees’ interests are represented collectively by bodies such as the elected Works Councils and the persons entrusted with representing young people and trainees. Almost 93% of the 1,868 employees were represented in this way in fiscal 2014/2015. The working relationship between employee representatives and management is characterized by a constructive climate of trust. The change in KWS SAAT’s legal form to that of a European Stock Corporation (Societas Europaea) entails establishment of an employee representative body at the European level. In just two rounds of negotiations characterized by a constructive and very respectful atmosphere, the Executive Board of KWS and the “Special Negotiating Body” of employees elected to conduct the talks fleshed out the framework for the European Employee Committee (EEC). Elections to the EEC were held at the end of July 2015. The body will hold two meetings a year with the Executive Board to discuss the company’s development and planned measures.

##### **Compensation**

A collective bargaining agreement ensuring compensation at a fair market level applies to 80% of employees. The compensation of non-exempt employees was increased as a result of the

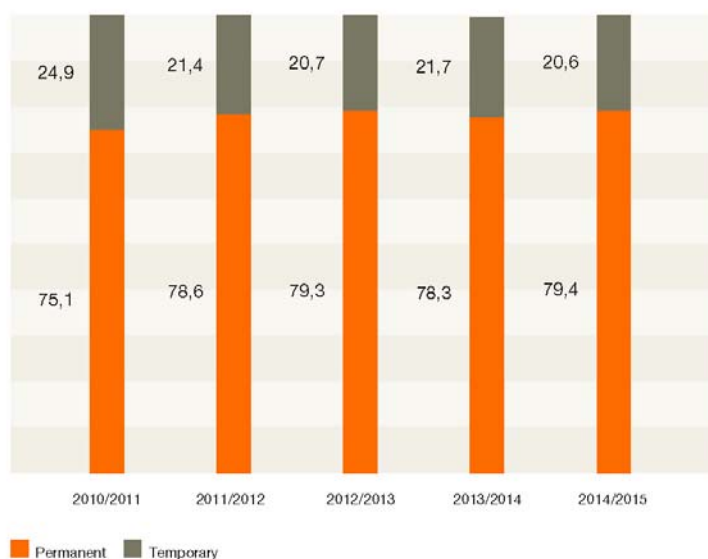
negotiations on the collective bargaining agreement in 2015, under which there is particular focus on the social component and enabling employees to achieve a better work-life balance: From July 2015 on, their compensation was increased by €60 a month and will be raised by a further €90 a month as of July 2016. In addition, all non-exempt employees will receive a one-off special payment of €500 gross in July 2016. Compensation for trainees in all years of their training increases by €30 a month. Employees will continue to share in KWS' success in the shape of a non-recurring dividend-based payment. Capital-forming payments of €40 a month will be paid as of this July, regardless of the employee's individually agreed working hours. The employer's contribution to capital-forming payments for trainees has increased to €30 a month. This arrangement benefits in particular part-time employees and trainees, making it easier for them to build up their own capital.

### Types of contracts

80% of our workforce had a permanent contract of employment in the past fiscal year. The ratio between men and women in this regard is virtually the same. 80% of our employees work full-time at KWS; 60% of them are men and 40% women.

#### Permanent and temporary contracts of employment at KWS in Germany

In%





### Non-exempt and exempt employees at KWS in Germany

In%



### Seasonal workers and loan workers

Due to the seasonal course of business that is typical for the agricultural sector, we usually employ a large number of seasonal workers. The figure was 120 employees or – as in last year – 6.4% of the total workforce in fiscal 2014/2015. We use loan workers to a small extent only (0.6% of the total workforce).

### Flexible working time models

KWS offers flexible working time models to help employees reconcile their professional and private lives. Two company agreements govern flexible working hours in eighteen resultant work patterns and models. While flexitime regulations apply to staffers in administration, the seasonal nature of our business means there are fixed working times in production, where employees can reduce the hours they have accumulated in their time account after labor-intensive production and field campaigns. In addition, employees can work from a home office if their field of activity is suitable for that.

### Parental leave and leave to care for family members

Flexible working time models and the possibility of working from a home office make it easy for employees to return from parental leave. This family-friendly support is supplemented by a child care allowance. The effectiveness of these measures is proven by the steadily increasing number of employees who are on parental leave and a very high ratio of them who return to work. In fiscal 2014/2015, 74 employees took parental leave and 98% of them returned to the company afterwards. We also offer employees the opportunity to take leave or reduce their working hours if they would like to look after dependents who need caring for. That means employees can halve their working hours for up to two years, for example, and, thanks to an allowance from KWS, still earn 75% of their previous salary, without the need to repay the allowance.

### Semi-retirement, old-age pension and Employee Stock Program

Despite the fact that the regulatory framework is now very restrictive, KWS grants semi-retirement to older employees in justified exceptional cases. As to employees' retirement pensions, there is as standard a provident fund financed by the employer. KWS voluntarily offers a supplementary



retirement provision for employees with a private pension plan. In addition, all employees are offered advice on pension-related matters. Under the Employee Stock Program, employees of KWS have the possibility of acquiring shares in the company at preferential conditions and thus becoming co-owners. A taxable allowance of 20% on the share purchase price is granted. 20% of all employees took part in the Employee Stock Program this year, despite the very high share price. An average of 24 shares was issued to each participant. Acceptance of the Employee Stock Program remains very high and shows that employees' trust in the corporate strategy of KWS is still unbroken.

### Recuperation and leisure

KWS has its own vacation home in Bad Grund in the Harz Mountains. The number of overnight stays in fiscal 2014/2015 was 2,196, a slight increase over the previous year.

### Environmental Standards

The KWS Group is committed to protecting the environment. It strives to live up to that obligation in procuring, distributing and using resources, as well as operating its plants and facilities. The Corporate Responsibility Affairs department is responsible for strategic environmental protection. At the German locations, the persons in charge of the processes and specially tasked employees with special functions ensure that the environment is protected in our operations.

- Systems and facilities that may negatively impact the soil, water or air are operated in compliance with national legislation, subject to strict adherence to prescribed thresholds, the necessary approvals and use of suitable technical processes.
- Plant and machinery may only be operated if it has been tested and approved in accordance with suitable safety standards, such as those demanded as part of CE certification.
- The organization, documentation and furnishing of proof of operation of plant and facilities in accordance with requirements are defined by regulations in the internal publication "Rules, Guidelines and Procedures" and is carried out and audited using internationally valid management systems.
- All forms of energy, such as electricity, heat or cold, must be used sparingly and generated efficiently. Renewable sources of energy, such as wind, the sun, biomass and water, are to be preferred. The goal is to dispense with the use of fossil fuels as far as possible.
- Water for watering plants, production or cleaning must be used sparingly and, where possible, recycled or retreated.
- Waste is disposed of and recycled in compliance with national legislation. Our precept is: Avoid, reduce or recycle waste. Waste may only be disposed of if there is no suitable way of recycling it.
- Technical and organizational measures are taken as part of emergency preparedness so as to prevent environmental incidents and be able to respond quickly and reliably if they arise.
- The means of transport to be used for conveying hazardous and environmentally harmful substances and objects must be examined on a case-by-case basis and applied in compliance with national and international legislation on transportation of hazardous goods.
- Employees are given regular instruction and training in handling environmentally harmful substances and in safety matters at their specific location.

#### 4.10. Supplier Standards

**Values such as trust, mutual respect, integrity and sustainability are core values of KWS and have shaped the company's reputation and identity. As an international company, it is important for KWS to ensure these values are also practiced throughout the supply chain. That goes in particular to ensuring socially responsible and environmentally-friendly production of the goods and services we procure, although more than 90% of the volume purchased by the group came from OECD countries with high standards in these areas.**

##### **Distribution of procurement volume**

Around half of our procurement volume relates to raw goods or processed seed, since a major share of production at the Corn and Cereal Segments is handled through external production partners. A significant portion of the procurement budget is also accounted for by royalties paid to technology companies. In addition, pesticides and coating components, transportation services and other materials and services are bought in.

Extensive quality agreements with multipliers and processors make sure that the high quality requirements we demand of raw goods and seed are met, among other things by stipulating that only approved pesticides are used in compliance with local law. Pesticides and coating components are procured centrally and only from certified suppliers from the pesticide industry.

##### **Code of Business Ethics for Suppliers and General Standard Terms and Conditions**

We adapted our internal procurement regulations some years ago and expanded our General Standard Terms and Conditions of Purchase to include the obligation to maintain human rights, core labor standards of the International Labor Organization, occupational safety and protection of the environment, business ethics, fair market conduct and data privacy. The requirements are compiled in a Code of Business Ethics for Suppliers, which applies to all new agreements and will be rolled out for existing ones with our largest suppliers by June 30, 2016.

The agreed terms of delivery and processes are reviewed in supplier audits. Compliance with the regulations under the Code of Business Ethics for Suppliers will likewise be examined as part of these audits or annual reviews.

#### 4.11. Stakeholder Dialogue

**We foster open, trustworthy and constructive dialogue with our internal and external stakeholders. That is important so as to identify and discuss the right topics for our company's long-term success and to reflect critically on how we think and act. Apart from our employees, our stakeholders are mainly business partners such as customers, suppliers and shareholders, as well as policymakers, public authorities and NGOs. Our culture of dialogue is the basis for a relationship of trust, our joint future success and partnership.**

Employees and their representatives can address sustainability-related issues, for example to the Executive Board, managers or specific contact persons, at any time. We nurture regular and in-depth dialogue with the Works Council, the body for representing employees as part of codetermination at the company.

A focus of the internal dialogue with stakeholders was communicating and discussing the values and essence of our brand. The objective in the group-wide international dialogues was to create a common understanding of the vision and mission and thus the company ethos and to make our strategic and operational planning more understandable on the basis of that.

In general, external stakeholders can address their questions and concerns to contact persons who are responsible for a specific subject. Their details are posted on the company's corporate website and they can be reached by stakeholders who have queries or concerns. Shareholders can also ask questions and raise concerns at the Annual Shareholders' Meeting.

KWS also fosters two wide-ranging and institutionalized channels for dialogue: the Dialogue Forum and the Plant Breeding Advisory Board at the parent company's headquarters in Einbeck. The Dialogue Forum was held on the subjects of research and breeding, the new research center in the U.S., the company's current business performance and KWS' initiative to further strengthen its corporate culture.

The Advisory Board convened twice. The subject of the 47th Advisory Board was "Innovations in Plant Breeding." In the talks and discussions, the latest technological developments ("new breeding techniques") were presented, the related political and regulatory challenges were examined and possible reservations among the general public addressed.

The 48th Advisory Board was held under the title "Companies Caught between Social and Entrepreneurial Responsibility" and grappled with the issue of credible communication of biotechnology innovations that represent a challenge for companies and science alike. That was the last time the Plant Breeding Advisory Board was held in its existing form. The company is now working to realign it internationally. Founded in 1990 in response to the debate on critical issues relating to the use of green genetic engineering, the Advisory Board with its interdisciplinary members has acted as an advisory body over the past 25 years and, in recent years, tackled all important topics at KWS relating to society and agricultural topics. The results of the meetings are used to derive measures to promote KWS' corporate development. The Advisory Board is one of the oldest vehicles for stakeholder dialogues in German business.

Pflanzeninnovation e.V. (WPI = Economic Association for Plant Innovation), the British Society of Plant Breeders (BSPB) and the International Seed Federation (ISF).



25 years Plant Breeding Advisory Board – Companies Caught between Social and Entrepreneurial Responsibility

### **Memberships and work in political bodies**

In order to represent the interests of the company and industry, KWS works in various associations at the German, European and international level. The most important associations in whose governance bodies KWS plays an active role include the German Plant Breeders Association (BDP), the GFPi (German Association to Promote Private Plant Breeding), Deutsches Maiskomitee e.V. (German Corn Committee), the European Seed Association (ESA), EuropaBio, Wirtschaftsverbund

## KWS' memberships in fiscal 2014/2015

Name	KWS represented in management bodies	Participation in other bodies	Project work	Substantial funding of the organization
<b>Germany</b>				
German Plant Breeders Association (BDP)	X	X	X	X
German Agricultural Society (DLG)		X		
German Corn Committee (DMK)	X	X		
Einbeck Marketing	X	X	X	X
German Association for the Promotion of Plant Innovations (GFPI)	X	X	X	
Northern German Institute for Trade and Industry (INW)		X		
Climate Protection Companies. Climate Protection and Energy Efficiency Group of the German Business Community	X			
Max Planck Institute for Plant Breeding Research	X	X		
Plant Technology of the Future (Plant 2030)			X	
SFG Sortenförderungsgesellschaft mbH		X		
Donors' Association for the Promotion of Sciences and the Humanities in Germany			X	
Southern Lower Saxony Foundation				X
Union for the Promotion of Oil and Protein Plants (UFOP)		X		
<b>Europe</b>				
British Society of Plant Breeders (BSPB)	X	X		
EuropaBio	X	X	X	
European Seed Association (ESA)	X	X	X	
<b>International</b>				
International Institute for Beet Research (IIRB)		X		
International Maize Genetics Community		X		
International Seed Federation (ISF)	X	X		
Committee on Eastern European Economic Relations / OAV German-Asia-Pacific Business Association (Agriculture Working Group)		X	X	X

GRI indicator G4-16

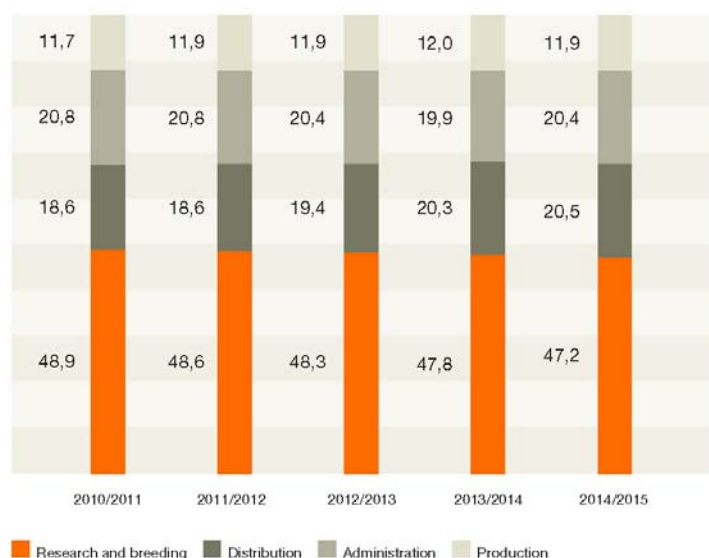
#### 4.12. Securing Junior Staff and Employee Development

**KWS, one of the world's largest seed companies, has a good reputation as an employer. We aim to consolidate and improve on this status. We have therefore developed various HR strategies and programs to find the right colleagues and help them develop further. The objective is to cover the KWS Group's quantitative and qualitative personnel requirements to match its strategic objectives.**

1,868 people were employed at KWS in Germany at the end of fiscal 2014/2015 – 47% of them in research & development, 12% in production, 21% in distribution and 20% in administration.

##### Personal structure by function at KWS in Germany

In%



##### Recruiting qualified employees

We work hard to make sure we are perceived as an attractive employer by external applicants – by career starters and experienced professionals alike. Our activities focus on modern means of online communications, participation in selected career fairs and systematic establishment of a strong network. At the same time we have intensified our sourcing activities, strengthening our cooperation with relevant universities, institutions and organizations in Germany and abroad, such as in the U.S. and especially in China.

We have established opportunities for school pupils and students to make an excursion to KWS, work as an intern or write their degree theses throughout the group. In Germany, we also award scholarships, such as the Germany Scholarships.

##### Vocational training and induction programs

KWS gave 100 young people a training place in fiscal 2014/2015 (previous year: 98). KWS also offers three dual courses of study in Germany: in business management (B.A.), informatics (B.Sc.) and agricultural sciences. As in the past year, 25 trainees took part in our proven trainee program. There is still keen demand to participate in the Breeders Academy, which we offer to career starters wishing to become plant breeders.



## Personnel planning and recruiting

Personnel planning and recruiting are coordinated processes in which employees from the specialized and HR departments are involved. In general, every post to be filled at KWS is advertised internally. As a result, we give every employee the opportunity to apply for vacancies on their own initiative. In the past fiscal year 76 (2013/2014: 71) new employees were hired at KWS under a permanent contract of employment, an increase of 4.0%. Most of the new hires (37%) were in the age group 30-39, closely followed by 20- to 29-year-olds (29%) and 40- to 49-year-olds (25%).

## Employee development is of key importance

Employee development has always been of key importance at KWS. We are convinced that these measures have made a major contribution to our company's positive development and will continue to do so. Above all, we help our employees acquire skills that are demanded by our global business environment with its ever-changing general conditions: constant innovation, customer orientation and modern communication.

To achieve that mission, KWS continuously updates and expands its integrated personnel development landscape – as was the case in fiscal 2014/2015.

For the first time since the company was founded, we have established consistent parameters for the performance and career development review in the whole of the KWS Group. The core element is dialogue between employee and manager. Our objective with this approach is to reflect KWS' steady growth and increasing internationalization. The ratio of employees who had performance and career development reviews was 51.2% (2013/2014: 58.5%). The figure was 54.4% in R&D, 61.1% in production, 47.3% in distribution and 42.8% in administration.

In addition, a group-wide successor and talent management system was rolled out. In accordance with our strategic corporate alignment and shared values, development meetings are held in management groups consisting of participants from different locations and units. The findings that are obtained provide a stimulus for the individual employee's further development and personal growth.

The Orientation Center (OC), a development program for experts, junior staff and executives at KWS, was adapted according to the increased requirements of the company environment and now addresses strategic and intercultural aspects to a greater extent, gives participants suggestions for their personal and professional development. This adaptation means that KWS has made very good progress in updating what we offer to help them develop further.

The proven development programs were also continued: The Sparring Circles for executives enable sharing of ideas on questions of operational management. KWS On Board gives an extensive insight into our corporate strategy, culture and values. The International Development Program (IDP) 2014/2015 was also completed successfully this February. The next IDP intake embarked on the program in June 2015.

Our data shows that the average hours of training per year per employee in Germany was 18 in the reporting period. Administration accounted for the highest average hours of training (37).

46 different programs were offered at Einbeck as part of the in-house seminar program. By taking up this diverse range of offerings, employees can expand their professional expertise, leadership skills or change competency, optimize their entrepreneurial competence or social skills and take part in IT training.

## Satisfied employees

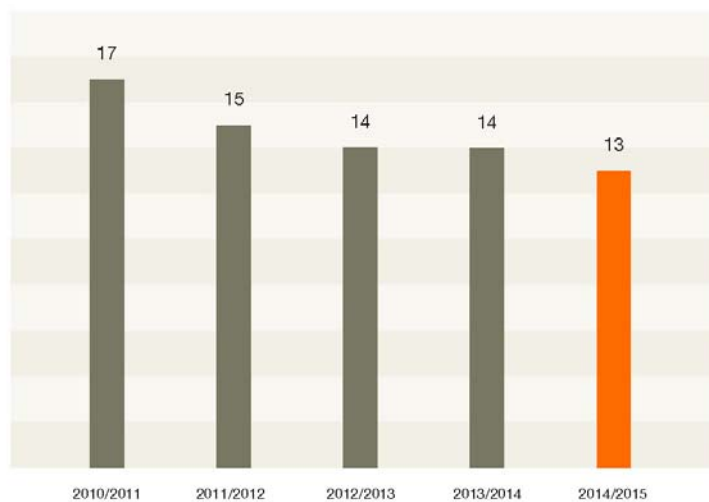
The rate of employee turnover at KWS fell for the fifth successive year. The low current rate of 2% shows that our employees identify with our work and corporate culture. We are committed to fairness and respect toward each other, as well as to fostering openness and mutual support. The values of a family business with a more than 150-year tradition are the basis for our relationship. They have helped establish a culture of respect and dependability at KWS for years.

Despite the huge increase in the headcount, the length of service remains at the very high level of 13 years.

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### Average length of service at KWS in Germany

In years



Recruiting fair for apprenticeships in Einbeck – offers for the occupational future in the region



#### 4.13. Occupational Safety and Health Promotion

**Early identification and initiation of measures relating to occupational safety and health for employees is of great importance. Work safety is pursued in a structured manner, organized to reflect the company's needs and continuously improved by being incorporated in KWS's Rules, Guidelines and Procedures. Experts in occupational safety and healthcare provide support in these fields and are assisted by external service providers.**

##### **Occupational accidents and days lost**

Agricultural activities are accompanied by a higher risk of injury, since the requirements and degree of difficulty in using the machinery and work aids, for example in manual harvesting, vary very greatly. As part of the regular instruction we give to employees, it is therefore a constant concern of ours to heighten their awareness for these diverse activities and for attentiveness at the workplace so that we can keep on reducing the number of accidents.

The number of occupational accidents relative to our rising headcount has been declining over the years and, expressed per 1,000 employees, is well below the average for enterprises in the agricultural occupational accident social insurance fund responsible for KWS.

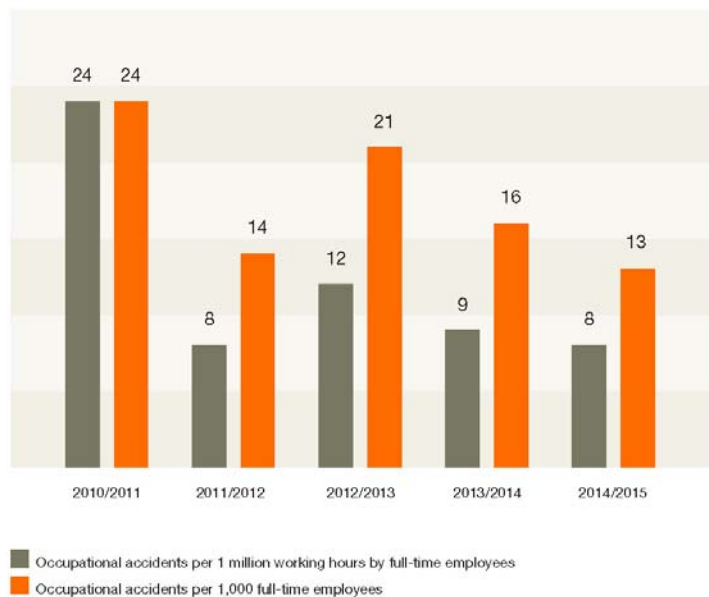
In the past fiscal year we recorded 57 accidents for the German locations of KWS SAAT SE and KWS LOCHOW GMBH, of which 24 were required to be reported, i.e. were accidents where more than 3 days were lost. The ratio of occupational accidents that were obliged to be reported thus fell by 14% year on year.

We recorded 7.6 occupational accidents per 1 million working hours and 13 for every 1,000 full-time employees. One of the main causes for accidents – to be reported or not, was personal error (70% of all accidents), such as a momentary lapse of attention. Nevertheless, all accidents – whether they had to be reported or not – resulted in a total of 408 lost days, a year-on-year increase of 2%.

At present, the documentation and information system for work safety is being transferred to a new database structure so that employees' information needs are better addressed, among other things.

## Occupational accidents at KWS SAAT SE and KWS LOCHOW GMBH

Number



## Causes for occupational accidents at KWS SAAT SE and KWS LOCHOW GMBH in fiscal 2014/2015

In%



## Health management

The health management initiative launched in 2013/2014 is now firmly entrenched. Under the slogan “Creating Awareness,” a fitness studio accompanies entire departments. These programs specifically help reduce an incorrect posture that may arise as a result of desk jobs or heavy physical work, such as in production. The workplace assessments prescribed by law will in future also include analyses relating to potential physical strains and how to prevent them. In addition, running groups or our KWS dragon boat training are offered, among other things.

Health management is also becoming established internationally: In Brazil, for example, 86% of all KWS employees take part in “Quality for Life.” Employees are given dietary advice and regular health checks in this program. The results provide employees with information on possible risk factors, as well as suggestions for a healthy lifestyle.

The sickness absence rate in fiscal 2014/2015 was 3.7% (previous year: 3.6%) and so has not changed fundamentally compared with previous years.



Health management in combination with regional social humanitarian support "Einbecker Bierstadtläuf"

#### 4.14. Diversity and Equal Opportunity

##### Zero tolerance for discrimination

**Equal opportunities and rights for all, regardless of culture, nationality, gender and age, is a principle that is lived in all areas of KWS worldwide – and that has not just been the case since the General Act on Equal Treatment was passed. The anti-discrimination guidelines and rules to ensure mutual respect among employees are a firm part of the internal Code of Business Ethics, which is binding on all employees.**

##### Similar salary for similar work

"Equal pay for equal work" is an internal principle at KWS. Our main focus is that all employees who perform identical or similar activities also receive a similar salary. This principle per se ensures that women and men receive similar pay for similar work.

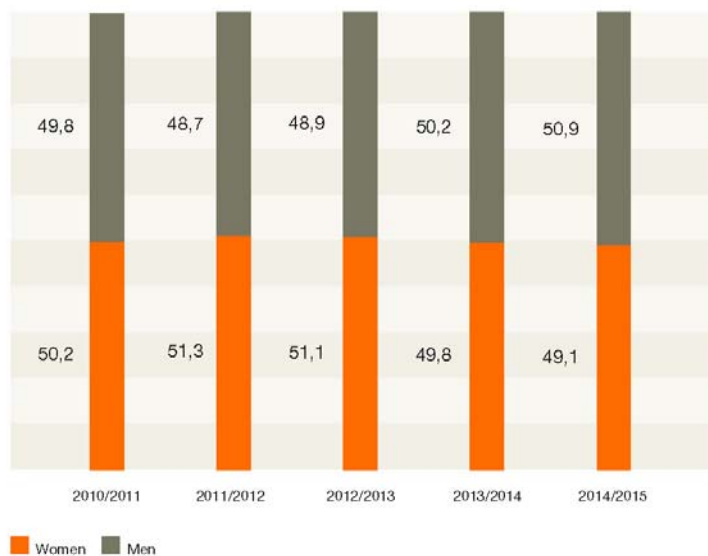
An analysis of the basic salaries of women and men at the four tiers Senior Management, Upper Middle Management, Middle Management and Other Employees in fiscal 2014/2015 showed that we comply with the principle of "equal pay for equal work."

## Equality between women and men

It is clearly visible that equal treatment for women and men is practiced at various levels. The ratio of men and women in all the company's functional areas is virtually the same, for example. That is also true of the ratio of men and women who have a permanent or temporary contract of employment with KWS. Figures we have collected in the area of personnel development also show they have the same access to training and education and performance and career development reviews.

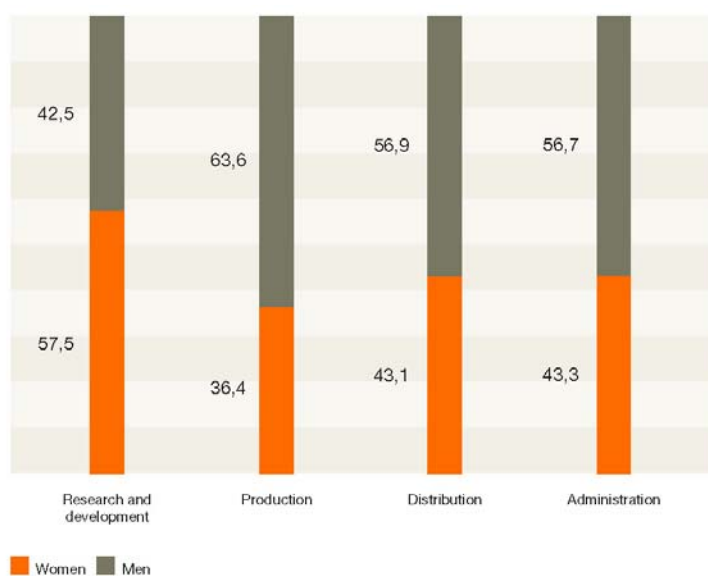
### Employees by gender at KWS in Germany

In%



### Employees by function and gender at KWS in Germany

In%



## Women in management positions

It goes without saying that diversity and equal opportunity at KWS also means that women have the same career opportunities as men: 49% of KWS' total workforce are women. Women play a key role in many areas of the company: The share of women in management is 15%, while it is 10% in critical posts, i.e. in the two tiers below the Executive Board. 25% of the members of the Executive Board are women, while the figure for the Supervisory Board is 17%.

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### Overview: Ratio of women in different company areas

Company area	ratio of women
Total workforce	49%
Management	15%
Critical posts (first and second tier below the Executive Board)	10%
Executive Board	25%
Supervisory Board	17%

Pursuant to the "Act on Equal Participation of Women and Men in Management Positions in the Private and Public Sectors" in Germany, the Executive Board of KWS SAAT SE has defined targets for the ratio of women. These targets extend to the two tiers below the Executive Board.

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### Target ratio for women in the tiers at KWS in Germany

	Target at June 30, 2017	Status at June 30, 2015
1st level below the Executive Board	15%	15%
2nd level below the Executive Board	10%	5%

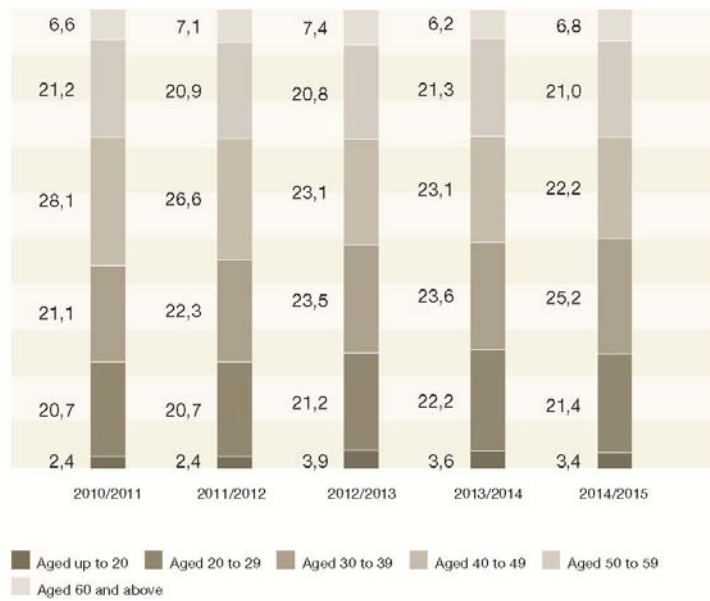
## Balanced age structure at KWS

An analysis of the workforce's age structure also reveals a stable picture over several years, as is also the case on our management bodies.



## Age structure of employees in Germany

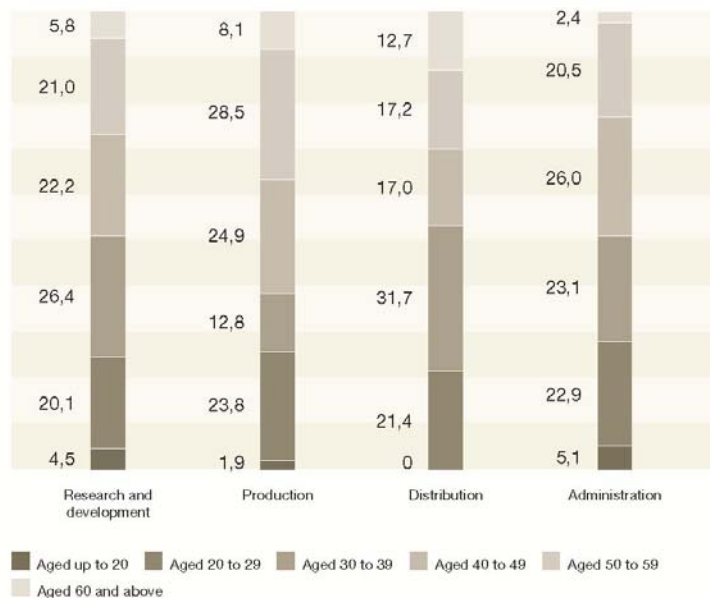
In%



Caption

## Employees by function and age group at KWS in Germany in fiscal 2014/2015

In %



## Diversity as a competitive advantage

We believe that diversity, as displayed in the attitudes, knowledge, skills and ideas of our employees, is a key value and a competitive advantage. The different cultures and expertise of our employees make a major contribution to helping us understand our markets and customers better, increase our creativity and innovativeness and thus achieve lasting success.

### 4.15. Plant and Process Safety

**Proper operation of plant and facilities of relevance to the environment is governed in KWS' international Rules, Guidelines and Procedures by plant- and process-specific operating, procedural and work instructions. All work that is carried out, including repair, maintenance and controls, is documented. The regulations are implemented by firmly defined process responsibilities. Implementation of the instructions is audited. The Einbeck location has been certified in accordance with the international environmental management standard ISO 14001.**

Our seed processing plants, where environmentally harmful waste water, dusts and refuse may arise in the process to produce ready-for-sale goods, are of particular relevance to the environment. That is the case in particular in process steps where pesticide in the form of dressing is applied to the seed. KWS has taken appropriate technical and organizational precautions to prevent hazardous substances from being released into the environment.

All the plants are operated in compliance with the underlying legislation and prescribed thresholds and subjected to regular internal and external inspections. If disruptions to operations occur, emergency measures are initiated right away by the company fire brigade to stop environmentally harmful emissions occurring immediately by means of suitable measures. When processes are innovated or a plant is renovated, this is done in compliance with the best state of the art. Employees in these areas are further qualified by regular instruction and training in good professional practices and must also produce proof that they have the know-how required for handling pesticides.

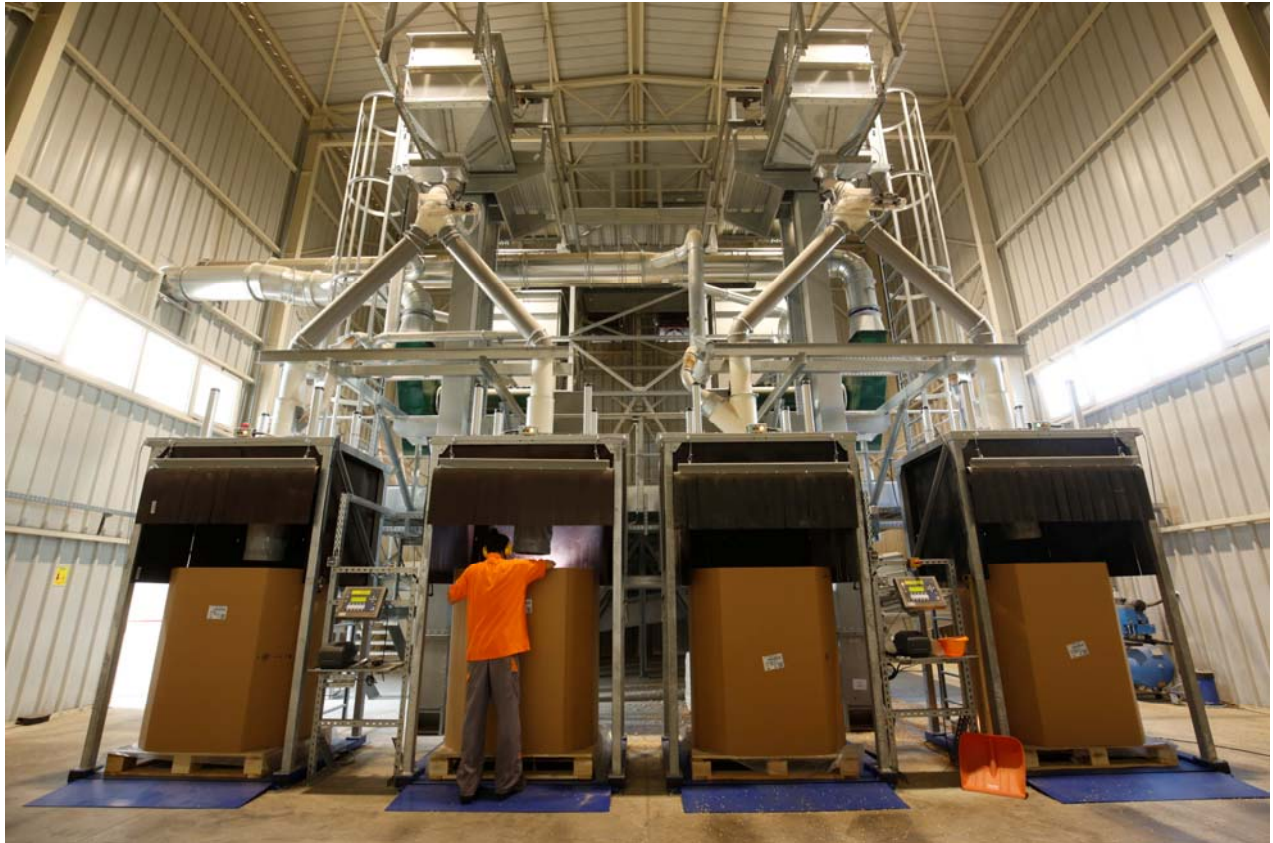
Waste water from production that contains hazardous substances like pesticides is completely purified before being discharged into the public sewerage system. At the Einbeck location, we operate a waste water purification plant that was modernized in fiscal 2014/2015. The originally three-stage treatment process – which consisted of precipitation of solid substances, filtration and adsorption with activated carbon filters – has been expanded to include a further purification step before adsorption. The residues containing pesticides are now degraded by means of an ultraviolet oxidation process. The activated carbon filters for the adsorption of residues offer additional protection.

Filter system prevent dusts being discharged externally in seed processing. The dusts are plant residues and are either fed into the processing process or recycled or, if there are slight residues of pesticides, disposed of as hazardous waste.

In the reporting period, five internal environmental audits were conducted in the areas of seed processing, storage and application of pesticides and at Facility Management on plants and work equipment that are subject to the German Industrial Safety Regulation. The annual monitoring audit of the external certifier in accordance with ISO 14001 did not reveal any deviations at the location. The results of the internal and external audits confirmed that the plants are operated properly and in accordance with environmental requirements. No environmental incidents occurred.

## System structures and documentation

Establishment of a new database structure created the main conditions for international expansion of the management system. This also includes the work safety and environmental protection organization, including the necessary documentation.



Initial operation of a new processing plant for corn seed

## 4.16. Use of Resources

**KWS' environmental policy stipulates that resources must be used efficiently and ecologically and that waste from their use must be recycled and disposed in an environmentally-friendly way in all phases of the company's value chain. The use of resources is controlled by means of process-based specifications in the Rules, Guidelines and Procedures; these specifications are audited.**

### Input and output

Seed is a natural product. Energy and water, plant material, auxiliary materials and supplies, fertilizers, pesticides and chemicals for analysis purposes or packaging material are used in all phases of variety breeding, seed production and the technical processes this involves. The weather-related fluctuations in the quantity and quantity of seed harvested each year means that the use of these materials depends on the above factors and can only be controlled to a certain extent. In

addition, the use of pesticides in the form of seed dressing depends on customers' wishes. The main focus of environmental protection at the company is therefore on efficient controlling of the use of resources and ensuring that the materials from exhaust air purification and waste water treatment are recycled and disposed of in an eco-friendly way. 65,082 tons (previous year: 65,323 tons) of seed for sugarbeet, corn, cereals and oil seed were sold to agricultural trading companies or sugar factories in the German market in fiscal 2014/2015. 94% of the seed had a dressing applied to it in accordance with the customer's wishes.

### Use of pesticides

Pesticides are used in research and breeding, on the trial areas and as a dressing on seed as economically and efficiently as possible, in compliance with the law and in accordance with the rules of good professional practice. That is not only important for cost reasons, but also to avoid adverse ecological impacts on the soil as far as possible, since intact soil is one of the key production factors for KWS. All employees who use pesticides have been trained in handling them and other hazardous substances. The quantity of pesticides applied in research and development during the vegetation period on the trial areas and in the greenhouses and their active substance are based on the current occurrence of diseases and pests, the number of trials and the size of the trial areas and so fluctuate from year to year. 3,113 liters (previous year: 3,579 liters) and 553 kg (898 kg) of pesticide were applied for these purposes during the vegetation period. 546 tons (533 tons) of pesticide were used as dressing for the volume of seed sold.

### Use of energy and climate protection

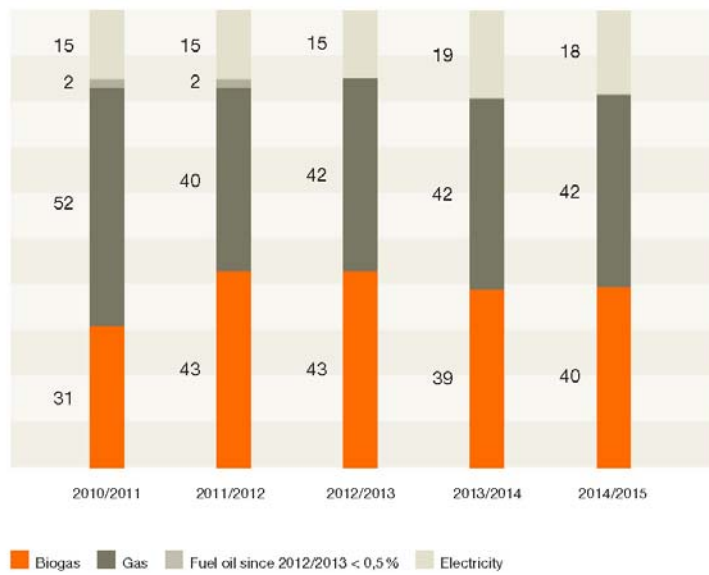
Power consumption at both locations rose from 58,470 MWh to 61,029 MWh or 1% in the reporting period. Conversion measures were carried out at the power plant in Einbeck with the objective of increasing efficiency long term. In this construction phase, heat was in some cases only able to be produced at low efficiency in the plant. The storage tank capacities have now been doubled and the distribution network has been renovated, meaning that the supply of heat and refrigeration at the location will involve lower energy losses in the future. As a result, utilization of the block-type thermal power stations is improved and the share of electricity we generate ourselves is increased. Moreover, the weather in the reporting period 2014/2015 was overall 0.7° K colder than in the previous year, 2013/2014, so more heat was required in the winter.

The ratio of regenerative energy from biomass to total energy purchased at the Einbeck site was 39.6%. Greater use of it saves fossil resources and reduces greenhouse gas emissions that harm the climate.

The "Energy Scouts" project that was launched with the trainees in fiscal 2012/2013 was continued. At the Einbeck location, power consumption was subjected to an analysis on computer workstations and the results used to develop further approaches to save energy, which were then communicated. The aim of these measures is to sensitize people to how they use energy. In order to promote the idea of protecting the environment, KWS is still a member of the group of CLIMATE PROTECTION COMPANIES, an excellence initiative of the German business community.

## Sources of energy used at KWS in Einbeck

In%



Gas and Biogas save the energy supply at the headquarters in Einbeck



## Use of water

Water consumption depends on the extent of the plant cultivation trials on the trial areas and in the greenhouses. In addition, process water is needed during seed processing. Surface water, well water, drinking water and rainwater are used for that. Rainwater is used in areas that are not related to production, such as in the administrative buildings, and as a reserve for firefighting. 123,652 m<sup>3</sup> (previous year: 125,405 m<sup>3</sup>) of water were used at the Einbeck and Bergen locations in the past fiscal year, a total of 1.4% less than the year before. Most of it is drawn from wells and used for watering.

### Water sources at KWS in Einbeck and Bergen

In %

Water sources at KWS in Einbeck and Bergen  
In %



## Waste water

The quantities of waste water at the Einbeck location fell by 10% from 66,762 m<sup>3</sup> to 59,653 m<sup>3</sup> in the reporting period due to a reduction in water for production in seed processing. However, the quantity of waste water containing pesticides was 370 tons, a year-on-year increase of 0.9%. The quantities were not processed within the company due to the construction work on the new waste water treatment plant, but disposed of as hazardous waste in a special incineration plant on this single occasion in the fiscal year.

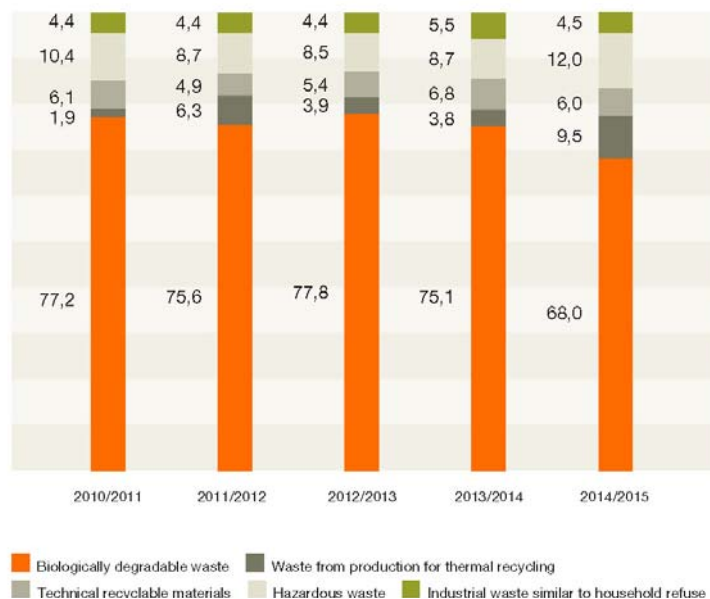
## Waste disposal

The goal is to avoid waste at best or at least reduce it. Waste is sorted and, in accordance with its composition, recycled or disposed of in an environmentally-friendly manner. The organic-mineral dusts produced in pelleting sugarbeet seed were again returned to the process to a volume of 116 tons (previous year: 102 tons). The total volume of waste rose slightly year on year by 0.9% and results from the removal of seed stocks that can no longer meet the quality criteria for marketing. Seed is a natural product and its quantity and quality fluctuates from year to year. In seed processing

that has a direct impact on the quantities of biologically degradable waste. The waste recycling ratio at the Einbeck and Bergen locations was 88% (previous year: 91.3%). The remaining waste (12%) was disposed of in special plants as hazardous waste. This increase in the share of hazardous waste by 8.7% in the previous year to 12% is attributable to the above-mentioned fact that waste water containing pesticides at the Einbeck location was disposed of on this single occasion because it could not be treated due to modernization work on the waste water treatment plant.

#### Types of waste at KWS in Einbeck and Bergen

In%



#### Investments in environmental protection

Environmental investments totaling around €4.5 million were made in the area of energy and buildings in the reporting period 2014/2015. The measures for repair and maintenance of buildings and energy systems amounted to around €2 million. Investments of around €5.5 million in the area of buildings, energy efficiency and plant renovation are planned this fiscal year. About €2.1 million has been budgeted for repair and maintenance in this area.

#### Logistics

All transport logistics processes for raw goods and seed in more than 100 countries are handled with regard to efficiency and their positive contribution to environmental protection. Logistics is controlled by a central group function. The use of various means of shipment is continuously optimized. In this, we are committed to establishing and continuing to build long-term value added partnerships with our external service providers, who handle all activities. A combined short-sea solution by ship/train/truck via Trieste, Italy, was firmly established for transporting raw harvested corn seed from Turkey. This solution helped to sharply reduce transportation times and costs as well as CO<sub>2</sub> emissions in shipment by sea and truck.

KWS SAAT SE and KWS Mais GmbH transported 131,481,868 tkm of seed in fiscal 2014/2015, an increase of 21%. However, the figure for air freight transportation from South America was reduced. Consequently, transport-related CO<sub>2</sub> emissions fell by 9% to 8,150 tons.

## Business trips

Business trips are planned in compliance with our travel expense policy. Public transport is to be preferred as the means of conveyance. Benchmark values and upper limits for CO<sub>2</sub> emissions apply to company cars, and their suitability is reviewed every two years. The figures were raised in the past fiscal year – to 150 g CO<sub>2</sub>/km as the benchmark value and 190g CO<sub>2</sub>/km as the upper limit – so as to define feasible values for the whole group.

The business trips undertaken by employees did not change significantly in terms of mileage year on year. Use of air travel accounted for the largest share due to the increasing volume of international trips. Use of rail as a means of transport has increased, while that of rental cars has fallen.

The overall fleet at our German locations comprises 287 leased vehicles. That figure includes 47 vehicles (44 diesel, 3 natural gas vehicles) that are used solely for business purposes. These vehicles were driven 815,185 km and produced 322 tons of CO<sub>2</sub> emissions. In general, the mileage of leased vehicles in the fleet (240) that are also used privately by employees is not recorded.

## 4.17. Social Commitment

**KWS is part of society and consequently assumes social responsibility. Our focus in this is to promote initiatives and projects in science, education, social welfare and culture. In particular, we support science and research in the field of plant breeding and biotechnology. We are also committed to helping develop the regions around our locations, which are mostly of a rural character.**

### Promotion of science and research

KWS is a research-driven company, so promoting science and research – both nationally and internationally – is of particular importance to it. For example, KWS contributes to basic research work in the field of plant breeding and biotechnology and can share in those results. That also enables KWS to forge contacts with young scientific talents in Germany and abroad at an early stage and become part of research networks. Our spending on the promotion of science and research in fiscal 2014/2015 was €380,000, a 25% increase over the previous year.

That includes, for example, funding of an endowed chair for “Crop-Plant Biodiversity and Breeding Informatics” at the University of Hohenheim to an annual amount of €200,000, a cooperation that is being expanded by concrete bilateral projects. In addition, we have supported the endowed chair for East Asian Studies at the University of Göttingen with an annual amount of €20,000 a year since 2008. We also contributed €16,200 as part of our participation in the national scholarship program of German universities at the University of Göttingen. We regularly support a large number of professional organizations, congresses and events with a national and international orientation.

### Regional support

Strengthening and promoting the company’s environs so as to increase the attractiveness of the rural regions is a concern that is dear to our heart. KWS spent a total of €204,000 (previous year: €210,000) on regional support at our Einbeck and Bergen locations in fiscal 2014/2015. That includes funding for Einbeck Marketing Gesellschaft für Wirtschaftsförderung, Stadtmarketing, Veranstaltungs- und Tourismusservice mbH. We also contributed to staging concerts and exhibitions and supporting education initiatives, schools, sports associations and non-profit organizations, in particular ones that support humanitarian objectives, encourage dialogue between generations or support the disadvantaged.

## **Outlook**

In the future, KWS' social commitment is to be geared even more strongly to the strategy and requirements of a global company. In addition to regional support at KWS' locations, KWS' commitment is also to be characterized in the future by greater national and international promotion of sciences and education and international social projects without any concrete expectation of a return on investment.

## 5. Key Figures

### 5.1. Economics

#### Shareholder structure of KWS SAAT SE

In %	09/30/2014	09/30/2015
Families Büchting, Arend Oetker and Giesecke	56.1	56.1
Tessner Beteiligungs GmbH	14.2	15.1
Free float	29.7	28.2

GRI indicator G4-7

#### The KWS Group's locations by region

Number	At June 30, 2014	At 06/30/2015
Total	ca. 110	ca. 110
Production	21	23

GRI indicator G4-9

#### The KWS Group's net sales by region

In € millions	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Total	855.4	986.3	1,147.2	1,178.0	1,260.4 / 986.0*
Germany	210.9	228.3	223.4	225.4	224.6 / 223.9*
Europe (excluding Germany)	343.4	390.7	433.5	447.2	448.3 / 441.5*
Americas	265.1	325.6	435.8	448.1	521.5 / 254.7*
Rest of world	36.1	41.6	54.5	57.3	66.0 / 65.9*

GRI indicator G4-9

\* in accordance with IFRS 11

#### The KWS Group's net sales by segment

In € millions	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Total	855.4	986.3	1,147.2	1,178.0	1,260.4
Sugarbeet	293.6	313.4	328.6	351.1	390.5
Corn	477.5	571.5	701.7	714.9	754.4
Cereals	77.8	93.3	111.7	107.3	111.3
Corporate	6.5	8.1	5.2	4.7	4.2



## Operating income of the KWS Group

€ million	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>Total</b>	116.6	140.9	152.1	138.4	138.0 / 113.4*

\* in accordance with IFRS 11

## Capital base of the KWS Group

		2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>Total assets</b>	€ million	<b>902.0</b>	<b>1,092.3</b>	<b>1,281.7</b>	<b>1,262.8</b>	<b>1,440.2 / 1,355.5*</b>
<b>Equity</b>	€ million	530.3	603.1	649.6	637.8	738.7 / 738.7*
<b>Borrowings</b>	€ million	371.7	489.2	632.1	625.0	701.5 / 616.8*
<b>Equity ratio</b>	%	58.8	55.2	53.3	50.5	51.3 / 54.5*
<b>Leverage</b>	%	41.2	44.8	49.3	49.5	48.7 / 45.5*

GRI indicator G4-9

\* in accordance with IFRS 11

## The KWS Group's generated, distributed and retained economic value

In € millions	2012/2013	2013/2014	2014/2015
<b>Direct economic value generated: Total output</b>	<b>1,210.9</b>	<b>1,240.6</b>	<b>1,103.1</b>
<b>Net sales</b>	1,147.2	1,178.0	<b>986.0</b>
<b>Other income</b>	63.7	62.6	117.1
<b>Distributed economic value: Total output</b>	<b>1,210.9</b>	<b>1,240.6</b>	<b>1,103.1</b>
<b>Operating expenses</b>	<b>841.6</b>	<b>867.5</b>	<b>739.4</b>
<b>Raw materials and supplies, third-party goods and services</b>	484.5	481.4	315.4
<b>Depreciation and amortization</b>	38.4	43.0	49.5
<b>Other third-party goods and services</b>	318.7	343.1	374.5
<b>Personnel expenses</b>	<b>211.4</b>	<b>225.8</b>	<b>216.9</b>
<b>Wages and salaries</b>	167.4	180.3	176.1
<b>Pensions and social benefits</b>	44.0	45.5	40.8
<b>Equity providers</b>	<b>31.9</b>	<b>34.3</b>	<b>32.2</b>
<b>Shareholders</b>	19.8	19.8	19.8
<b>Lenders</b>	12.1	14.5	12.4
<b>Public sector: Tax payments</b>	<b>53.5</b>	<b>52.5</b>	<b>50.4</b>
<b>Retained economic value</b>	<b>72.5</b>	<b>60.4</b>	<b>64.2</b>

GRI indicator G4-EC1

## 5.2. Research & development

### The KWS Group's expenditure on research and breeding

		2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>Total</b>	<b>€million</b>	<b>113.5</b>	<b>126.6</b>	<b>140.4</b>	<b>148.8</b>	<b>174.6</b>
<b>Ratio of total sales</b>	<b>%</b>	<b>13.3</b>	<b>12.8</b>	<b>12.3</b>	<b>12.6</b>	<b>13.9 / 17.7*</b>

\* In accordance with IFRS 11

### Marketing approvals of the KWS Group

	2011/2012	2012/2013	2013/2014	2014/2015
<b>Total</b>	<b>303</b>	<b>276</b>	<b>336</b>	<b>429</b>

## 5.3. Compliance

### Anti-corruption

#### Business units of the KWS Group assessed for risks related to corruption

		2013/2014	2014/2015
<b>Total</b>	<b>Number</b>	<b>0*</b>	<b>0*</b>
<b>Ratio of all business units</b>	<b>%</b>	<b>0*</b>	<b>0*</b>

GRI indicator G4-SO3

\* No special analyses were carried out in the reporting period

### Compliance with the law

#### Anticompetitive behavior and violations of anti-trust and monopoly legislation at the KWS Group

	2012/2013	2013/2014	2014/2015
<b>Legal action against the company</b>	<b>0</b>	<b>0</b>	<b>0</b>

GRI indicator G4-SO7

#### Fines and sanctions on KWS in Germany for non-compliance with laws and regulations

		2013/2014	2014/2015
Monetary value of significant fines	€	0	0
Significant non-monetary sanctions	Number	0	0
Cases brought through dispute resolution mechanisms	Number	0	0

GRI indicator G4-SO8

#### Fines for non-compliance with laws and regulations concerning the provision and use of products and services at KWS in Germany

		2013/2014	2014/2015
Monetary value of significant fines	€	0	0

GRI indicator G4-PR9

#### Non-compliance with environmental laws and regulations at KWS in Germany

		2013/2014	2014/2015
Monetary value of significant fines	€	0	0
Significant incidents	Number	0	0

GRI indicator G4-EN29

#### Non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services at KWS in Germany

Number	2013/2014	2014/2015
Significant incidents	0	0
Incidents of non-compliance with regulations resulting in a fine or penalty	0	0
Incidents of non-compliance with regulations resulting in a warning	0	0
Incidents of non-compliance with voluntary codes	0	0

GRI indicator G4-PR2

#### Non-compliance with regulations concerning product and service labeling at KWS in Germany

Number	2010/2011	2013/2014
Significant incidents	0	0
Incidents of non-compliance with regulations resulting in a fine or penalty	0	0
Incidents of non-compliance with regulations resulting in a warning	0	0
Incidents of non-compliance with voluntary codes	0	0

GRI indicator G4-PR4

#### Non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship at KWS in Germany

Number	2013/2014	2014/2015
Significant incidents	0	0
Incidents of non-compliance with regulations resulting in a fine or penalty	0	0
Incidents of non-compliance with regulations resulting in a warning	0	0
Incidents of non-compliance with voluntary codes	0	0

GRI indicator G4-PR7

## 5.4. Employees

### Geographical distribution

#### The KWS Group's employees by region

Number	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Total	3,561	3,852	4,443	4,847	5,322 / 4,691*
Germany	1,480	1,589	1,674	1,763	1,868
Europe (excluding Germany)	981	1,062	1,139	1,222	1,401
Americas	715	752	805	1,711	1,865 / 1,234*
Rest of world	385	449	825	151	188

GRI indicator G4-9

\*in accordance with IFRS 11

## Personnel structure

### Personnel structure by function at KWS in Germany

Number	2013/2014	2014/2015
<b>Total</b>	<b>1,763</b>	<b>1,868</b>
<b>Research &amp; development</b>	842	882
<b>Production</b>	212	222
<b>Distribution</b>	358	383
<b>Administration</b>	351	381

## Contract types

### Permanent and temporary contracts of employment by gender at KWS in Germany

Number	2012/2013	2013/2014	2014/2015
<b>Total</b>	<b>1,676</b>	<b>1,763</b>	<b>1,868</b>
<b>Permanent contracts</b>	<b>1,329</b>	<b>1,382</b>	<b>1,483</b>
<b>Women</b>	638	653	698
<b>Men</b>	691	729	785
<b>Temporary contracts</b>	<b>347</b>	<b>382</b>	<b>385</b>
<b>Women</b>	218	226	220
<b>Men</b>	129	156	165

GRI indicator G4-10

Permanent and temporary employment contracts by full-time and part-time and gender at KWS in Germany

Number	2013/2014	2014/2015
<b>Total</b>	<b>1,763</b>	<b>1,868</b>
<b>Permanent contracts</b>	<b>1,382</b>	<b>1,483</b>
<b>Full-time</b>	<b>1,063</b>	<b>1,148</b>
<b>Women</b>	396	419
<b>Men</b>	668	730
<b>Part-time</b>	<b>318</b>	<b>335</b>
<b>Women</b>	257	279
<b>Men</b>	61	56
<b>Temporary contracts</b>	<b>382</b>	<b>385</b>
<b>Full-time</b>	<b>350</b>	<b>353</b>
<b>Women</b>	205	199
<b>Men</b>	146	154
<b>Part-time</b>	<b>32</b>	<b>32</b>
<b>Women</b>	21	20
<b>Men</b>	10	12

GRI indicator G4-10

Non-exempt and exempt employees at KWS in Germany

Number	2012/2013	2013/2014	2014/2015
<b>Total</b>	<b>1,677</b>	<b>1,763</b>	<b>1,868</b>
<b>Non-exempt employees</b>	1,555	1,633	1,727
<b>Exempt employees</b>	122	130	141

Seasonal workers at KWS in Germany

		2012/2013	2013/2014	2014/2015
<b>Total</b>	Number	107	113	120
<b>Share of total workforce</b>	%	6.4	6.4	6.4

GRI indicator G4-10

Loan workers at KWS in Germany

		2012/2013	2013/2014	2014/2015
<b>Total</b>	Number	3.5	8	12
<b>Share of total workforce</b>	%	0.2	0.5	0.6

GRI indicator G4-10



Employees covered by collective bargaining agreements at KWS in Germany

In %	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Share of total workforce	80.0	77.0	76.5	79.9	79.8

GRI indicator G4-11

Work-life balance

Employees on parental leave at KWS in Germany

		2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Employees who took parental leave	Number	47	31	62	73	74
Women	Number	-	-	51	59	53
Men	Number	-	-	11	14	21
Employees who returned to work after parental leave ended	Number	-	-	61	69	41
Women	Number	-	-	50	55	22
Men	Number	-	-	11	14	19
Ratio of employees who returned to work after parental leave ended	%	98	98	97	95	98
Ratio of women	%	98	98	97	75	96
Ratio of men	%	100	99	100	100	100

GRI indicator G4-LA3

Note: All employees at KWS in Germany are theoretically entitled to parental leave

New hires and employee turnover

New permanent employee hires at KWS in Germany

Number	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Newly hired permanent employees	57	74	75	71	76
Women	-	-	31	26	26
Men	-	-	44	45	50
Aged up to 20	-	-	0	0	1
Aged 20 to 29	-	-	23	24	22
Aged 30 to 39	-	-	28	22	28
Aged 40 to 49	-	-	17	20	19
Aged 50 to 59	-	-	7	5	6
Aged 60 and above	-	-	0	0	0

GRI indicator G4-LA1

Rate of new permanent employee hires at KWS in Germany

Ratios in the respective category in %	2012/2013	2013/2014	2014/2015
Total	4,5	4,0	4,1
Women	3,6	3,0	2,8
Men	5,4	5,1	5,3
Aged up to 20	n.e.	0	1,6
Aged 20 to 29	n.e.	6,1	5,5
Aged 30 to 39	n.e.	5,3	5,9
Aged 40 to 49	n.e.	4,9	4,6
Aged 50 to 59	n.e.	1,3	1,5
Aged 60 and above	n.e.	0,0	0,0

GRI indicator G4-LA1

## Employee turnover at KWS in Germany

Number	2013/2014	2014/2015
<b>Total</b>	<b>28</b>	<b>30</b>
<b>Women</b>	13	13
<b>Men</b>	15	17
<b>Aged up to 20</b>	0	0
<b>Aged 20 – 29</b>	5	5
<b>Aged 30 – 39</b>	10	12
<b>Aged 40 – 49</b>	8	5
<b>Aged 50 – 59</b>	5	7
<b>Aged 60 and above</b>	0	1

GRI indicator G4-LA1

## Rate of employee turnover at KWS in Germany

Ratios in the respective category in %	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>Total</b>	<b>2,4</b>	<b>2,7</b>	<b>2,3</b>	<b>2,0</b>	<b>2,0</b>
<b>Women</b>	2,7	2,9	2,8	2,0	1,9
<b>Men</b>	2,2	2,5	1,9	2,1	2,2
<b>Aged up to 20</b>	-	-	-	0	0
<b>Aged 20 – 29</b>	-	-	-	2,4	2,3
<b>Aged 30 – 39</b>	-	-	-	2,8	3,1
<b>Aged 40 – 49</b>	-	-	-	2,1	1,3
<b>Aged 50 – 59</b>	-	-	-	1,4	1,9
<b>Aged 60 and above</b>	-	-	-	0	0,9

GRI indicator G4-LA1

## Training and Education

### Employees who received performance and career development reviews

Ratios in the respective category in %	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>Total</b>	<b>67.4</b>	<b>69.8</b>	<b>62.9</b>	<b>58.5</b>	<b>51.2</b>
<b>Men</b>	-	-	47.9	46.5	49.0
<b>Women</b>	-	-	52.1	53.5	53.8
<b>Research &amp; development</b>	-	-	-	66.4	54.4
<b>Production</b>	-	-	-	81.9	61.1
<b>Distribution</b>	-	-	-	40.1	47.3
<b>Administration</b>	-	-	-	46.3	42.8

GRI indicator G4-LA11

### Average hours of training per year per employee at KWS in Germany

In hours	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>Total</b>	<b>24</b>	<b>25</b>	<b>24</b>	<b>22</b>	<b>18</b>
<b>Women</b>	-	-	25	24	16
<b>Men</b>	-	-	24	21	18
<b>Research &amp; development</b>	-	-	21	15	11
<b>Production</b>	-	-	10	14	11
<b>Distribution</b>	-	-	17	17	14
<b>Administration</b>	-	-	47	47	37

GRI indicator G4-LA9

### Apprentices at KWS in Germany

		2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>Total</b>	<b>Number</b>	<b>89</b>	<b>91</b>	<b>92</b>	<b>98</b>	<b>100</b>
<b>Women</b>	Number	-	-	-	45	51
<b>Men</b>	Number	-	-	-	52	49
<b>Industrial</b>	Number	15	15	17	18	19
<b>Agricultural science</b>	Number	44	44	43	49	51
<b>Business administration</b>	Number	31	32	32	31	30
<b>Apprenticeship ratio</b>	<b>%</b>	<b>5.0</b>	<b>5.2</b>	<b>5.2</b>	<b>5.6</b>	<b>5.4</b>

## Trainees at KWS in Germany

Number	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>Total</b>	26	26	26	25	25

## Work Safety and Health

### Employees represented in formal health and safety committees at KWS in Germany

In %	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>Share of total workforce</b>	100	100	100	100	100

GRI indicator G4-LA5

Comments: The Work Safety Committees act at the national level for the whole workforce in Germany

### Fatalities at KWS in Germany

Number	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>Total</b>	0	0	0	0	0
<b>Women</b>	0	0	0	0	0
<b>Men</b>	0	0	0	0	0

GRI indicator G4-LA6

### Occupational accidents at KWS in Germany

Number	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>Total</b>	61	49	61	69	57
<b>Women</b>	-	-	-	19	25
<b>Men</b>	-	-	-	50	32
<b>Required to be reported*</b>	28	20	33	28	24
<b>Not required to be reported</b>	33	29	28	41	33
<b>With days lost</b>	38	28	43	34	36
<b>Without days lost</b>	23	21	18	35	21

GRI indicator G4-LA6

Reference: An occupational accident is an incident where medical care is required.

\* An occupational accident must be reported to the authorities if more than three days are lost as a result of it.

### Causes of occupational accidents at KWS in Germany

Number	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>Momentary lapse of attention</b>	61	63	66	65	60
<b>Overeagerness</b>	5	2	13	4	8
<b>Inadequate supervision</b>	2	0	0	0	0
<b>Lack of knowledge</b>	2	0	2	1	2
<b>Inadequate instruction</b>	0	0	0	0	0
<b>Functional defects</b>	6	0	3	3	4
<b>Organizational deficiency</b>	0	0	0	0	0
<b>Other cause</b>	24	35	16	25	26

GRI indicator G4-LA6

Reference: An occupational accident is an incident where medical care is required.

\* An occupational accident must be reported to the authorities if more than three days are lost as a result of it.

### Lost days at KWS in Germany

Number of working days	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>Total</b>	<b>423</b>	<b>235</b>	<b>457</b>	<b>399</b>	<b>408</b>
<b>Men</b>	-	-	-	338	241
<b>Women</b>	-	-	-	61	167

GRI indicator G4-LA6

### Occupational accidents at KWS in Germany

Number	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>Per 1 million hours worked by full-time employees</b>	24	8	12	9	7
<b>Per 1,000 full-time employees</b>	24	14	21	16	13

GRI indicator G4-LA6

Reference: Occupational accidents required to be reported

### Diseases rate at KWS in Germany

In %	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>Share of total workforce</b>	3.2	3.6	3.9	3.6	3.7

GRI indicator G4-LA6



## Diversity and Equal Opportunity

### Employees according to gender at KWS in Germany

Number	2012/2013	2013/2014	2014/2015
<b>Total</b>	<b>1,674</b>	<b>1,763</b>	<b>1,868</b>
<b>Women</b>	855	879	918
<b>Men</b>	819	885	950

GRI indicator G4-LA12

### Employees according to function and gender at KWS in Germany

Number	2012/2013	2013/2014	2014/2015
<b>Total</b>	<b>1,674</b>	<b>1,763</b>	<b>1,868</b>
<b>Research &amp; development</b>	<b>809</b>	<b>842</b>	<b>882</b>
<b>Women</b>	483	492	507
<b>Men</b>	326	350	375
<b>Production</b>	<b>200</b>	<b>212</b>	<b>222</b>
<b>Women</b>	70	77	81
<b>Men</b>	130	135	141
<b>Distribution</b>	<b>324</b>	<b>358</b>	<b>383</b>
<b>Women</b>	152	161	165
<b>Men</b>	172	197	218
<b>Administration</b>	<b>341</b>	<b>352</b>	<b>381</b>
<b>Women</b>	150	149	165
<b>Men</b>	191	203	216

GRI indicator G4-LA12

### Ratio of women in the functions at KWS in Germany

In %	2012/2013	2013/2014	2014/2015
<b>Research &amp; development</b>		58.5	57.5
<b>Production</b>		36.2	36.4
<b>Distribution</b>		45.0	43.1
<b>Administration</b>		42.3	43.3

GRI indicator G4-LA12

### Ratio of women in the tiers at KWS in Germany

In %	2014/2015
<b>Ratio in the 1st tier below the Executive Board</b>	15
<b>Ratio in the 2nd tier below the Executive Board</b>	5

### Equal pay – Salaries of women and men in the tiers

Quotient (basic salary of women / basic salary of men)	2014/2015
Senior management	0.85
Upper middle management	1.02
Middle management	0.95
Other employees	0.93

Base: average basic salary of women and men in the various tiers

### Age structure of employees at KWS in Germany

Number	2013/2014	2014/2015
Total	1,763	1,868
Aged up to 20	64	64
Aged 20 to 29	392	399
Aged 30 to 39	415	471
Aged 40 to 49	408	415
Aged 50 to 59	376	392
Aged 60 and above	109	127

## Employees according to function and age group at KWS in Germany

Number	2013/2014	2014/2015
<b>Total</b>	<b>1,763</b>	<b>1,868</b>
<b>Research &amp; development</b>	<b>842</b>	<b>882</b>
Aged up to 20	40	40
Aged 20 to 29	182	177
Aged 30 to 39	203	233
Aged 40 to 49	196	196
Aged 50 to 59	183	185
Aged 60 and above	38	51
<b>Production</b>	<b>212</b>	<b>222</b>
Aged up to 20	1	4
Aged 20 to 29	47	53
Aged 30 to 39	33	28
Aged 40 to 49	53	55
Aged 50 to 59	67	63
Aged 60 and above	12	18
<b>Distribution</b>	<b>358</b>	<b>383</b>
Aged up to 20	1	0
Aged 20 to 29	84	82
Aged 30 to 39	103	121
Aged 40 to 49	68	65
Aged 50 to 59	55	66
Aged 60 and above	48	49
<b>Administration</b>	<b>351</b>	<b>381</b>
Aged up to 20	23	20
Aged 20 to 29	79	87
Aged 30 to 39	76	88
Aged 40 to 49	91	99
Aged 50 to 59	71	78
Aged 60 and above	12	9

GRI indicator G4-LA12

## Employees according to function and age group at KWS in Germany

In %	2013/2014	2014/2015
<b>Research &amp; development</b>	<b>100</b>	<b>100</b>
Aged up to 20	4,8	4.5
Aged 20 to 29	21,6	20.1
Aged 30 to 39	24,1	26,4
Aged 40 to 49	23,3	22.2
Aged 50 to 59	21,7	21.0
Aged 60 and above	4,5	5.8
<b>Production</b>	<b>100</b>	<b>100</b>
Aged up to 20	0,5	1.9
Aged 20 to 29	22,2	23.8
Aged 30 to 39	15,5	12.8
Aged 40 to 49	25	24.9
Aged 50 to 59	31,1	28.5
Aged 60 and above	5,7	8.1
<b>Distribution</b>	<b>100</b>	<b>100</b>
Aged up to 20	0,3	0
Aged 20 to 29	23,5	21.4
Aged 30 to 39	28,5	31.7
Aged 40 to 49	19,0	17.0
Aged 50 to 59	15,3	17.2
Aged 60 and above	13,4	12.7
<b>Administration</b>	<b>100</b>	<b>100</b>
Aged up to 20	6,6	5.1
Aged 20 to 29	22,5	22.9
Aged 30 to 39	21,7	23.1
Aged 40 to 49	25,6	26.0
Aged 50 to 59	20,2	20.5
Aged 60 and above	3,4	2.4

GRI indicator G4-LA12

Diversity in the governance bodies of KWS SAAT SE by gender and age group

Number of persons	06/30/2014	06/30/2015
<b>Executive Board as a whole</b>	<b>4</b>	<b>4</b>
<b>Women</b>	<b>1</b>	<b>1</b>
<b>Men</b>	<b>3</b>	<b>3</b>
<b>Aged 40 to 49</b>	<b>2</b>	<b>2</b>
<b>Aged 50 to 59</b>	<b>1</b>	<b>2</b>
<b>Aged 60 and above</b>	<b>1</b>	<b>0</b>
<b>Supervisory Board as a whole</b>	<b>6</b>	<b>6</b>
<b>Women</b>	<b>1</b>	<b>1</b>
<b>Men</b>	<b>5</b>	<b>5</b>
<b>Aged 30 to 39</b>	<b>1</b>	<b>0</b>
<b>Aged 40 to 49</b>	<b>2</b>	<b>3</b>
<b>Aged 50 to 59</b>	<b>1</b>	<b>1</b>
<b>Aged 60 and above</b>	<b>2</b>	<b>2</b>

GRI indicator G4-38

Diversity in the governance bodies of KWS SAAT SE by gender and age group

In %	06/30/2014	06/30/2015
<b>Executive Board</b>		
<b>Women</b>	<b>25</b>	<b>25</b>
<b>Men</b>	<b>75</b>	<b>75</b>
<b>Aged 40 to 49</b>	<b>50</b>	<b>50</b>
<b>Aged 50 to 59</b>	<b>25</b>	<b>50</b>
<b>Aged 60 and above</b>	<b>25</b>	<b>0</b>
<b>Supervisory Board</b>		
<b>Women</b>	<b>17</b>	<b>17</b>
<b>Men</b>	<b>83</b>	<b>83</b>
<b>Aged 30 to 39</b>	<b>17</b>	<b>0</b>
<b>Aged 40 to 49</b>	<b>33</b>	<b>50</b>
<b>Aged 50 to 59</b>	<b>17</b>	<b>17</b>
<b>Aged 60 and above</b>	<b>33</b>	<b>33</b>

GRI indicator G4-38

## 5.5. Environmental Protection

### Use of Resources

#### Seed sold in Germany

		2010/2011*	2011/2012	2012/2013	2013/2014	2014/2015
<b>Total seed sold</b>	<b>In tons</b>	56,716	67,774	68,378	65,323	65,082
<b>Ratio of dressed seed</b>	<b>In %</b>	92.5	92.8	96.3	95.6	93.9
<b>Ratio of undressed seed</b>	<b>In %</b>	7.5	7.2	3.7	4.4	6.1

\* Figures for 2010/2011 do not include AGROMAIS GMBH

All the key figures in the above table relate to the sales volumes of sugarbeet, corn, cereals and oil seed of KWS SAAT SE, KWS MAIS GMBH and KWS LOCHOW GMBH. The annual quantity of seed to be processed depends on the quality of the harvest, i.e. the processed quantity does not match the volume sold.

#### Use of pesticides in research and breeding at KWS SAAT SE in Einbeck

		2012/2013	2013/2014	2014/2015
<b>As a seed dressing*</b>	l	5,189	5,057	4,667
	kg	561	569	444
<b>To care for plants (during their vegetation period)</b>	l	3,302	1,759	3113
	kg	674	898	553

\* Dressing agents applied to the seed to protect it against fungal diseases and pests

#### Use of pesticides on seed for sale by KWS in Germany

In tons	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>As a seed dressing*</b>	407	490	536	533	546

\* Dressing agents applied to the seed to protect it against fungal diseases and pests

#### Use of packaging material for seed for sale by KWS in Germany

In tons	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>Total</b>	863	956	936	961	949



## Sources of water at KWS in Germany at Einbeck and Bergen

In m³	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>Surface water</b>	<b>222**</b>	<b>386</b>	<b>0</b>	<b>150</b>	<b>315</b>
<b>For watering</b>					
<b>Well water</b>	<b>121,572</b>	<b>104,530</b>	<b>101,756</b>	<b>100,719</b>	<b>100,980</b>
<b>Of which:</b>					
<b>As water for production</b>	50,994	43,142*	56,164	54,339	52,877
<b>Evaporation</b>	4,168	3,874	3,695	3,573	3,663
<b>For watering</b>	58,878	41,008	37,099	38,822	40,893
<b>In cooling systems</b>	11,290	6,737	8,494	7,558	7,210
<b>Drinking water</b>	<b>21,716</b>	<b>20,042</b>	<b>18,123</b>	<b>20,634</b>	<b>17,901</b>
<b>Of which:</b>					
<b>For watering</b>	12,992	13,235	7,649	9,248	9,007
<b>As water for production</b>	1,133	1,943	367	581	459
<b>In cooling systems</b>	2,622	2,467	2,627	2,735	2,691
<b>In administration</b>	4,969	2,397*	7,481	8,071	5,744
<b>Gray water (= rainwater)</b>	<b>3,387</b>	<b>3,822</b>	<b>3,978</b>	<b>3,902</b>	<b>4,456</b>
<b>For watering</b>	-	38	176	75	169
<b>In administration</b>	-	3,784	3,802	3,826	4,287
<b>Total</b>	<b>146,897**</b>	<b>128,780</b>	<b>123,857</b>	<b>125,405</b>	<b>123,652</b>

\* The consumption figures for production were determined by a combination of measurement and calculation

\*\* These figures were corrected due to errors in calculation.

## Waste water by type at KWS in Germany at Einbeck and Bergen

In m³	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>Waste water from production</b>	47,887	50,337	52,836	54,862	49,610
<b>Waste water from production containing pesticides (after processing)</b>	513	449	400	348	370
<b>Administration</b>	4,969	2,397	7,481	8,051	5,702
<b>Rainwater</b>	3,387	3,784	3,802	3,826	4,287
<b>Total</b>	<b>56,756</b>	<b>56,665</b>	<b>64,519</b>	<b>67,087</b>	<b>59,969</b>

## Pollution loads in waste water from production containing pesticides in Einbeck

In kg	2011/2012	2012/2013	2013/2014	2014/2015*
<b>Before waste water treatment COD</b>	687	453	394	Not determined
<b>AOX</b>	1	0	0	Not determined
<b>TOC</b>	222	125	96	Not determined
<b>After waste water treatment COD</b>	272	220	187	Not determined
<b>AOX</b>	0	0	0	Not determined
<b>TOC</b>	97	55	49	Not determined

\* No waste water analyses were conducted in fiscal year 2014/2015 due to renovation work on the waste water processing plant.

## Energy purchased, sold and consumed by KWS SAAT SE and KWS LOCHOW GMBH

In MWh	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>Total purchased primary energy</b>	<b>57,819</b>	<b>63,694</b>	<b>62,308</b>	<b>52,378</b>	<b>56,342</b>
<b>Of which:</b>					
<b>Gas</b>	35,159	30,521	31,194	27,433	29,422
<b>Fuel oil</b>	2,772	2,224	838	707	897
<b>Biogas</b>	19,852	30,949	30,275	24,238	26,024
<b>Total purchased secondary energy:</b>					
<b>Electricity</b>	<b>11,778</b>	<b>13,635</b>	<b>14,173</b>	<b>15,135</b>	<b>15,662</b>
<b>Total purchased primary and secondary energy</b>	<b>69,597</b>	<b>77,329</b>	<b>76,481</b>	<b>67,513</b>	<b>72,005</b>
<b>Total energy sold (electricity generated from biogas according to the EEG*)</b>	<b>7,435</b>	<b>11,433</b>	<b>11,167</b>	<b>9,043</b>	<b>10,765</b>
<b>Total energy actually consumed</b>	<b>62,162</b>	<b>65,896</b>	<b>65,314</b>	<b>58,470</b>	<b>61,240</b>

\* Electricity from biogas fed into the power grid and sold in accordance with the German Renewable Energy Act (EEG)

## Energy purchased, sold and consumed – individually for KWS SAAT SE and KWS LOCHOW GMBH

In MWh	2013/2014			2014/2015		
	Total	KWS SAAT SE	KWS LOCHOW GMBH	Total	KWS SAAT SE	KWS LOCHOW GMBH
<b>Total purchased primary energy</b>	<b>52,378</b>	50,152	2,226	<b>56,342</b>	53,674	2,669
<b>Of which:</b>						
<b>Gas</b>	<b>27,433</b>	25,810	1,623	<b>29,422</b>	27,403	2,019
<b>Fuel oil</b>	<b>707</b>	104	603	<b>897</b>	247	650
<b>Biogas</b>	<b>24,238</b>	24,238	0	<b>26,024</b>	26,024	0
<b>Total purchased secondary energy: Electricity</b>	<b>15,135</b>	11,702	3,433	<b>15,662</b>	11,996	3,666
<b>Total purchased primary and secondary energy</b>	<b>67,513</b>	61,854	5,659	<b>72,005</b>	65,670	6,335
<b>Total energy sold (electricity generated from biogas according to the EEG*)</b>	<b>9,043</b>	9,043	0	<b>10,765</b>	10,765	0
<b>Total energy actually consumed</b>	<b>58,470</b>	52,811	5,659	<b>61,240</b>	54,905	6,335

\* Electricity from biogas fed into the power grid and sold in accordance with the German Renewable Energy Act (EEG)

CO<sub>2</sub> emissions from purchased primary and secondary energy at KWS SAAT SE and KWS LOCHOW GMBH

In tons	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>Carbon dioxide</b>	<b>15,906</b>	<b>19,371</b>	<b>19,385</b>	<b>18,122</b>	<b>21,785</b>
<b>Of which:</b>					
<b>From purchased primary energy</b>	<b>11,184</b>	<b>12,752</b>	<b>12,359</b>	<b>10,621</b>	<b>11,446</b>
<b>Of which:</b>					
<b>From biogas</b>	0.993	3,064	2,997	2,400	2,576
<b>From purchased secondary energy</b>	<b>4,723</b>	<b>6,619</b>	<b>7,026</b>	<b>7,501</b>	<b>7,763</b>
<b>Nitrogen oxide</b>	<b>6.8</b>	<b>7.47</b>	<b>7.2</b>	<b>6.07</b>	<b>7.0</b>
<b>Sulfur dioxide</b>	<b>0.6</b>	<b>0.19</b>	<b>0.1</b>	<b>0.09</b>	<b>0.13</b>
<b>Carbon monoxide</b>	<b>3.0</b>	<b>3.41</b>	<b>3.4</b>	<b>2.82</b>	<b>3.03</b>
<b>Total</b>	<b>15,917</b>	<b>19,382</b>	<b>19,396</b>	<b>18,131</b>	<b>21,795</b>

Calculated in accordance with GEMIS version 4.5

CO<sub>2</sub> emissions from purchased primary and secondary energy – individually for KWS SAAT SE and KWS LOCHOW GMBH

In tons	2013/2014			2014/2015		
	Total	KWS SAAT SE	KWS LOCHOW GMBH	Total	KWS SAAT SE	KWS LOCHOW GMBH
<b>Carbon dioxide</b>	<b>18,122</b>	<b>15,723</b>	<b>2,399</b>	<b>21,785</b>	<b>19,138</b>	<b>2,647</b>
Of which:						
From purchased primary energy	10,621	9,924	697	11,446	10,616	830
Of which:						
From biogas	2,400	2,400	0	2,576	2,576	0
From purchased secondary energy	7,501	5,800	1,701	7,763	5,946	1,817
<b>Nitrogen oxide</b>	<b>6.07</b>	<b>5.78</b>	<b>0.29</b>	<b>6.54</b>	<b>6.2</b>	<b>0.34</b>
<b>Sulfur dioxide</b>	<b>0.10</b>	<b>0.09</b>	<b>0.02</b>	<b>0.13</b>	<b>0.11</b>	<b>0.03</b>
<b>Carbon monoxide</b>	<b>2.82</b>	<b>2.71</b>	<b>0.11</b>	<b>3.03</b>	<b>2.89</b>	<b>0.13</b>
<b>Total</b>	<b>18,131</b>	<b>15,732</b>	<b>2,399</b>	<b>21,795</b>	<b>19,147</b>	<b>2,647</b>

Calculated in accordance with GEMIS version 4.5

## Waste composition at KWS SAAT SE and KWS LOCHOW GMBH

In tons	2011/2012	2012/2013	2013/2014	2014/2015
<b>Compost materials</b>	3,931	3,984	3,721	3,562
<b>Hazardous waste</b>	453	437	432	630
<b>Industrial waste similar to household refuse</b>	230	223	272	233
<b>Technical recyclable materials (steel, paper, etc.)</b>	253	276	338	315
<b>Waste from production for thermal recycling</b>	330	201	189	495
<b>Total</b>	<b>5,197</b>	<b>5,121</b>	<b>4,952</b>	<b>5,235</b>

Seed quantities transported and CO<sub>2</sub> emissions by method of transport at KWS SAAT SE and KWS MAIS GMBH

		2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>Total seed quantities transported</b>	<b>tkm</b>	<b>157,676,617</b>	<b>152,901,311</b>	<b>135,292,589</b>	<b>103,322,524</b>	<b>131,713,944</b>
<b>Truck</b>	tkm	76,809,125	68,667,537	67,227,686	58,609,916	74,450,964
<b>Sea</b>	tkm	72,400,366	79,402,105	61,382,169	34,975,027	49,093,675
<b>Air</b>	tkm	4,465,726	1,289,039	2,709,634	4,284,874	1,456,425
<b>Rail</b>	tkm	4,001,400	3,542,630	3,973,100	5,452,707	6,712,880
<b>Total CO<sub>2</sub> emissions</b>	<b>Tons</b>	<b>5,941</b>	<b>5,301</b>	<b>8,090</b>	<b>8,930</b>	<b>8,169</b>
<b>Truck</b>	Tons	4,689	3,479	4,850	4,741	6,010
<b>Sea</b>	Tons	952	1,017	976	555	781

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<b>Air</b>	Tons	182	700	2,196	3,472	1,179
<b>Rail</b>	Tons	118	105	69	162	199

### Business trips and CO<sub>2</sub> emissions at KWS SAAT SE and KWS LOCHOW GMBH

In km		2011/2012**	2012/2013	2013/2014	2014/2015
<b>Mileage by fleet vehicles*</b>	<b>km</b>	<b>1,786,309</b>	<b>1,857,622</b>	<b>1,586,440</b>	<b>815,185</b>
<b>Diesel</b>	km	1,542,959	1,668,811	1,537,216	775,255
<b>Gasoline</b>		120,450	120,000	40,000	0
<b>Gas</b>	km	122,900	68,811	9,224	39,930
<b>Business trips with external means of transport</b>	<b>km</b>	<b>Not recorded</b>	<b>12,677,819</b>	<b>13,872,471</b>	<b>13,824,696</b>
<b>Rail</b>	km	Not recorded	1,140,145	1,078,238	1,170,943
<b>Air</b>	km	Not recorded	11,303,863	12,399,989	12,282,293
<b>Rental cars</b>	km	Not recorded	233,811	394,244	371,460
<b>Total</b>	<b>km</b>	<b>Not recorded</b>	<b>14,535,441</b>	<b>15,458,911</b>	<b>14,639,881</b>
<b>CO<sub>2</sub> emissions of fleet vehicles*</b>	<b>Tons</b>	<b>Not recorded</b>	<b>331</b>	<b>278</b>	<b>148</b>
<b>Diesel</b>	Tons	Not recorded	302	271	142
<b>Gasoline</b>	Tons	Not recorded	18	6	0
<b>Gas</b>	Tons	Not recorded	11	1	6
<b>Business trips with external means of transport</b>	<b>Tons</b>	<b>Not recorded</b>	<b>1,993</b>	<b>2,103</b>	<b>2,022</b>
<b>Rail</b>	Tons	Not recorded	74	70	76
<b>Air</b>	Tons	Not recorded	1,887	1,980	1,898
<b>Rental cars</b>	Tons	Not recorded	32	53	48
<b>Total</b>	<b>Tons</b>		<b>2,324</b>	<b>2,381</b>	<b>2,170</b>

\* In general, the mileage of leased vehicles in the fleet that are also used privately by employees is not recorded.

\*\* Only KWS SAAT SE

The mileage at KWS LOCHOW GMBH is based in part on estimates.

The CO<sub>2</sub> emissions are calculated on the basis of details given by the manufacturers for emissions per kilometer.

**Fuel consumption and CO<sub>2</sub> emissions for agricultural vehicles used in fields at KWS SAAT SE and KWS LOCHOW GMBH**

		2012/2013*	2013/2014*	2014/2015
<b>Fuel consumption by the vehicles</b>	<b>l</b>	<b>102,346</b>	<b>95,961</b>	<b>142,633</b>
<b>Diesel</b>	<b>l</b>	<b>95,248</b>	<b>91,195</b>	<b>142,633</b>
<b>Biodiesel</b>	<b>l</b>	<b>7,098</b>	<b>4,766</b>	<b>0</b>
<b>CO<sub>2</sub> emissions of the vehicles</b>	<b>Tons</b>	<b>259</b>	<b>262</b>	<b>288</b>
<b>Diesel</b>	<b>Tons</b>	<b>252</b>	<b>258</b>	<b>288</b>
<b>Biodiesel</b>	<b>Tons</b>	<b>7</b>	<b>4.3</b>	<b>0</b>

This fuel consumption relates to trips to tend and look after the trial areas (transportation of employees, work in the fields).

\* Einbeck only

An emission factor provided by the environmental organization WWF ([http://www.wwf.de/fileadmin/fm-wwf/Publikationen-PDF/WWF\\_Hintergrund\\_CO2-Rechner.pdf](http://www.wwf.de/fileadmin/fm-wwf/Publikationen-PDF/WWF_Hintergrund_CO2-Rechner.pdf)) was used to calculate carbon dioxide emissions from biodiesel (RME). The figures do not include the emissions resulting from production and maintenance of the vehicles.

## 5.6. Social Commitment

### Expenditure on social commitment by KWS in Germany

In € thousand	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
<b>Total</b>	<b>579</b>	<b>661</b>	<b>587</b>	<b>530</b>	<b>584</b>
<b>Science and research</b>	<b>446</b>	<b>407</b>	<b>402</b>	<b>320</b>	<b>380</b>
<b>Regional support</b>	<b>133</b>	<b>254</b>	<b>185</b>	<b>210</b>	<b>204</b>

GRI indicators G4-EC1 and G4-EC7



## 6. Objectives

### 6.1. The KWS Group's overriding medium- and long-term objectives

Objectives		When?
Profitable growth	An average increase in consolidated net sales of 5-10%	Annually
	EBIT margin > 10%	In the long term
Research & development	R&D intensity of 12% to 15% of consolidated sales	Annually
	1-2% progress in yields for our customers and development of tolerances and resistances	Annually
Internationalization	Foreign sales > 80%	In the medium term
	Expansion of the portfolio of varieties for subtropical markets	Annually
Sustainability	Integration of the international subsidiaries	In the long term
Dividend	A dividend payout ratio of 20-25% of net income for the year	In the medium term

## 6.2. Research & Development

Objectives		When?	Status
<b>Corn</b>			
Development of adapted and competitive dent x dent hybrids	Expansion of the breeding programs in China and South America	In the medium term	Underway
	Establishment of 2 new breeding programs for tolerance to drought stress in Southeastern Europe	2016	Underway
Increased yield stability for energy corn	Improvement in tolerance to drought stress and low-input (low-nutrient) conditions, in particular in Eastern Europe, Southeastern Europe and Germany	Continuous improvement	Underway
	Improvement in hardiness	Continuous improvement	Underway
Higher yield stability and quality	Improvement in tolerance to diseases, with the focus on Germany, Austria, France, China and South America	Continuous improvement	Underway
Expansion of genetic diversity for KWS	Establishment of a breeding program for medium-late breeding material in Southwest France, with the focus on developing corn that is tolerant to (leaf) diseases	In the medium term	Underway
<b>Cereals</b>			
Successful implementation of the regulations on farm saved seed in Germany	Creation and implementation of the concept	2016/2017	Underway
Higher yield stability and quality	Improvement in tolerance to low-input conditions, with the focus on wheat and rye	2020	Underway
	Improvement in tolerance to drought stress in Europe, with the focus on rye	2019	Underway
Expansion of breeding and distribution to further countries	Expansion in Russia and Ukraine, for example	In the medium term	Underway
<b>Sugarbeet</b>			
Winter beet research project	<ul style="list-style-type: none"> <li>Improvement in tolerance to cold and frost</li> <li>Regulation of the flowering time to avoid bolters</li> </ul>	Fiscal year 2019/2020	Underway
Herbicide-tolerant varieties for conventional cultivation	Breeding programs for sugarbeet with herbicide tolerance to ALS inhibitors (the class of sulphonylureas)	In the medium term	Underway

### 6.3. Corporate Governance

Objectives	Measures	When?	Status
<b>Establishment of an International Management System</b>	<ul style="list-style-type: none"> <li>• Creation of a central technical platform</li> <li>• Introduction of "Rules, Guidelines and Procedures"</li> <li>• Definition of the organizational structure and process organization</li> <li>• Audit management</li> <li>• Synchronization with Corporate Risk Management and Corporate Compliance Management</li> </ul>	2020	An international platform with group-wide Rules, Guidelines and Procedures has been created and will now be successively expanded and continuously improved. As a flanking measure, audit management has been adapted to the higher requirements. There will also be greater synchronization with Corporate Risk Management and Corporate Compliance Management.
<b>Expansion of sustainability reporting to cover the KWS Group</b>	<ul style="list-style-type: none"> <li>• Internationalization: materiality analysis, definition of the set of key performance indicators, rollout of the software, organizational structure and process organization</li> <li>• Integration with the Annual Report</li> </ul>	Fiscal year 2016/2017	There have been deliberations on the content, organization, responsibilities and technology. An international set of key performance indicators is currently being defined.

### 6.4. Product Responsibility

Objectives	Measures	When?	Status
<b>Group-wide implementation of standards of quality for handling transgenic material and certification in accordance with the biotechnology standard ETS (Excellence Through Stewardship)</b>	<ul style="list-style-type: none"> <li>• Introduction of group-wide regulations</li> <li>• Organizational structure and process organization</li> <li>• Internal and external audits</li> <li>• Training for employees and auditors</li> </ul>	End of 2015	The internal group-wide "Rules, Guidelines and Procedures" were complemented by ETS-related regulations on handling transgenic material. Internal audits and training for auditors and employees are continuously held. The first external audits by ETS have been completed successfully (laboratory, greenhouse, field trials). The remaining external audits required for certification are currently being completed.

### 6.5. Supplier Standards

Objectives	Measures	When?	Status
<b>Mandatory introduction of the Code of Business Ethics for Suppliers for all of KWS' procurement agreements</b>	Introduction in two stages: for all new agreements and successively for all procurement agreements	Fiscal year 2015/2016	The Code has already been introduced for all new agreements as part of the General Standard Terms and Conditions of Purchase.

## 6.6. Corporate Environmental Protection

Objectives	Measures	When?	Status
<b>Keeping waste water clean</b>	Modernization of Einbeck's plant for treating waste water containing pesticides	Fiscal year 2014/2015	The measure has been completed.
<b>Energy efficiency</b>	Energy audits in accordance with ISO 16247 in the EU in order to obtain transparency on consumption	Fiscal year 2015/2016	New objective
	Optimization of the supply of heat and cold by means of an absorption cooling machine	Fiscal year 2015/2016	First planning has taken place.
	Conversion of greenhouse lighting to light-emitting diodes (LEDs)	Fiscal year 2019/2020	There were preliminary trials that did not result in any impairment to plant growth. A number of cells in the greenhouses have already been converted.
<b>Introduction of consistent environmental, health and safety standards at production companies</b>	<ul style="list-style-type: none"> <li>• Definition of the standards and introduction of them at the companies</li> <li>• Definition of the organization and responsibilities</li> <li>• Establishment of a monitoring and controlling concept</li> </ul>	Fiscal year 2017/2018	New objective

## 7. GRI Index

This report 2014/2015 was prepared in accordance with the G4 Guidelines of the Global Reporting Initiative (GRI) and fulfills the status “Core.”

### Scope of reporting

The scope of reporting in accordance with GRI G4 comprises General Standard Disclosures and Specific Standard Disclosures.

- The General Standard Disclosures are reported fully by KWS and so the report complies with the higher status “Comprehensive” in this regard.
- The scope of the Specific Standard Disclosures to be reported was defined by a materiality analysis conducted on the basis of a stakeholder survey in the spring of 2014. The local relevance of GRI Aspects is indicated directly in the GRI Index. A distinction is made between internal and external relevance. In the case of external relevance, there is a further distinction on the basis of upstream value added (e.g. at service providers and suppliers) and downstream value added (e.g. at customers and processors).
- The management approach and associated indicators are reported for GRI Aspects of internal relevance in accordance with the specifications of the GRI. KWS reports on just about all indicators required for the “Comprehensive” status, with the exception of six indicators.

### Using the index

- The references given in the “Link/comments” column in the index below take you directly to the required disclosures in the Sustainability Report or other media content or documents of KWS. This column also indicates audited contents of the report.
- If an indicator is not reported fully, the reasons for that are presented in the “Notes on completeness” column in accordance with the reasons specified in the GRI for omitting indicators or parts of them.

### Permitted reasons for omission of indicators in accordance with GRI G4

Reason	Definition
<b>Not applicable</b>	A Standard Disclosure, part of a Standard Disclosure, or an indicator is not applicable; the <b>reason</b> why it is considered to be not applicable should be disclosed.
<b>Confidential information</b>	The information is subject to <b>specific confidentiality constraints</b> ; those constraints are to be disclosed by the organization.
<b>Legally prohibited information</b>	The existence of specific legal prohibitions; a reference to the <b>specific legal prohibitions</b> should be made.
<b>Information unavailable</b>	The information is currently unavailable. In the case of the unavailability of data, the organization should disclose the steps being taken to obtain the data and the expected <b>timeframe</b> for doing so.

## 7.1. General Standard Disclosures

### Strategy and Analysis

Required disclosures	Link/comment	Notes on completeness
<b>G4-1: CEO statement</b>	Foreword by the Chief Executive Officer, Corporate Management	✓
<b>G4-2: Impacts, risks, and opportunities</b>	Corporate Management, Objectives, Risk Report in the Annual Report (page 26, 28, 55)	✓

### Organizational Profile

Required disclosures	Link/comment	Notes on completeness
<b>G4-3: Name</b>	Company Profile	✓
<b>G4-4: Primary brands, products and services</b>	Company Profile	✓
<b>G4-5: Location of headquarters</b>	Company Profile	✓
<b>G4-6: Countries where the organization operates</b>	Company Profile	✓
<b>G4-7: Nature of ownership and legal form</b>	Company Profile	✓
<b>G4-8: Markets served</b>	Company Profile	✓
<b>G4-9: Scale of the organization</b>	Company Profile, Figures (page 136 of the Annual Report for the audit opinion from the independent auditor)	✓
<b>G4-10: Total workforce</b>	Figures	✓
<b>G4-11: Employees covered by collective bargaining agreements</b>	Labor and Social Standards, Figures	✓
<b>G4-12: Supply chain</b>	Company Profile	✓
<b>G4-13: Significant changes regarding size, structure or ownership</b>	There have been no significant changes in the reporting period.	✓
<b>G4-14: Explanation of how the precautionary approach is addressed</b>	Modern Breeding Methods, Product Safety, Plant and Process Safety, Use of Resources	✓
<b>G4-15: Externally developed charters, principles or initiatives</b>	Labor and Social Standards, Corporate Management, Product Quality, Use of Resources	✓
<b>G4-16: Memberships in associations and advocacy organizations</b>	Stakeholder Dialogue	✓

## Material Aspects

Required disclosures	Link/comment	Notes on completeness
<b>G4-17: Corporate structure</b>	Report Profile	✓
<b>G4-18: Process for defining report content</b>	Report Profile	✓
<b>G4-19: Material Aspects</b>	Report Profile	✓
<b>G4-20: Material Aspects within the organization</b>	GRI Index (specified for the GRI Aspects identified as material in the Standard Disclosures)	✓
<b>G4-21: Material Aspects outside the organization</b>	GRI Index (specified for the GRI Aspects identified as material in the Standard Disclosures)	✓
<b>G4-22: Explanation of any restatements of information</b>	Any restatements are specified at the relevant positions in the report's "Figures" section.	✓
<b>G4-23: Explanation of changes to the report parameters</b>	Report Profile	✓

## Stakeholders

Required disclosures	Link/comment	Notes on completeness
<b>G4-24: Stakeholder groups engaged by the organization</b>	Stakeholder Dialogue	✓
<b>G4-25: Basis for selection of stakeholder groups</b>	All relevant and important stakeholder groups are addressed.	✓
	Stakeholder Dialogue	
<b>G4-26: Approaches to stakeholder engagement</b>	Stakeholder Dialogue	✓
<b>G4-27: Topics and concerns of stakeholders</b>	Stakeholder Dialogue	✓

## Report Profile

Required disclosures	Link/comment	Notes on completeness
<b>G4-28: Reporting period</b>	Report Profile	✓
<b>G4-29: Date of publication of the most recent report</b>	7th Sustainability Report dated October 16, 2014	✓
<b>G4-30: Reporting cycle</b>	Report Profile	✓
<b>G4-31: Contact person for questions regarding the report</b>	Report Profile	✓
<b>G4-32: GRI index</b>	GRI Index	✓
<b>G4-33: External assurance of the report</b>	Our Sustainability Report is not examined/audited externally at present.	✓



## Governance

Required disclosures	Link/comment	Notes on completeness
<b>G4-34: Governance structure</b>	Executive Board and Supervisory Board	✓
<b>G4-35*: Delegation of responsibility for development of sustainability</b>	Executive Board and Supervisory Board	✓
<b>G4-36*: Competences for development of sustainability</b>	Executive Board and Supervisory Board	✓
<b>G4-37*: Consultation with stakeholders</b>	Executive Board and Supervisory Board	✓
<b>G4-38*: Composition of the highest governance body</b>	Executive Board and Supervisory Board, Figures	✓
<b>G4-39*: Independence of the highest governance body</b>	Executive Board and Supervisory Board	✓
<b>G4-40*: Nomination and selection processes</b>	Executive Board and Supervisory Board	✓
<b>G4-41*: Conflicts of interest</b>	Executive Board and Supervisory Board	✓
<b>G4-42*: Highest governance body's role in developing sustainability strategies and objectives</b>	Executive Board and Supervisory Board	✓
<b>G4-43*: Knowledge of the highest governance body</b>	Executive Board and Supervisory Board	✓
<b>G4-44*: Evaluation of the highest governance body's performance</b>	Top management's performance is evaluated at the Annual Shareholder's Meeting in the form of ratification of the acts of the Executive Board and the Supervisory Board in accordance with the German Corporate Governance Code.	✓
<b>G4-45*: The highest governance body's role in the identification of the impact on sustainability</b>	Executive Board and Supervisory Board,	✓
<b>G4-46*: The highest governance body's role in reviewing the effectiveness of the risk management processes</b>	Executive Board and Supervisory Board	✓
<b>G4-47*: Frequency of the review of the impact on sustainability</b>	Executive Board and Supervisory Board	✓
<b>G4-48*: Internal review of the Sustainability Report</b>	Executive Board and Supervisory Board	X
<b>G4-49*: Process for communicating critical concerns to the highest governance body</b>	Executive Board and Supervisory Board	✓
<b>G4-50*: Critical concerns</b>	Executive Board and Supervisory Board	✓
<b>G4-51*: Remuneration policies</b>	Executive Board and Supervisory Board, Compensation Report in the Annual Report (page 69 et seq.)	✓
<b>G4-52*: Determination of remuneration</b>	Executive Board and Supervisory Board, Compensation Report in the Annual Report (page 69 et seq.)	✓
<b>G4-53*: Mechanisms for seeking</b>	Stakeholder Dialogue, Corporate	✓

Required disclosures	Link/comment	Notes on completeness
and taking into account the views of employees and shareholders regarding compensation	Governance in the Annual report (page 69)	
G4-54*: Ratio of total compensation for the organization's highest-paid individual to that of employees		This indicator is not reported on at present. A reporting system is currently being formulated and the figures are expected to be published in the next Sustainability Report.
G4-55*: Increase in total compensation for the organization's highest-paid individual relative to that of employees		This indicator is not reported on at present. A reporting system is currently being formulated and the figures are expected to be published in the next Sustainability Report.

## Ethics and Integrity

Required disclosures	Link/comment	Notes on completeness
G4-56: Internally developed statements of mission or values, codes of conduct and principles	Corporate Management, Code of Business Ethics, Code of Business Ethics for Suppliers, Group-wide Rules, Guidelines and Procedures	✓
G4-57*: Mechanisms for seeking advice on ethical and lawful behavior	Compliance	✓
G4-58*: Mechanisms for reporting concerns about unethical or unlawful behavior	Compliance	✓

\* Additional disclosures for the report status "Comprehensive"

## 7.2. Specific Standard Disclosures – Economic

Required disclosures	Relevance in the value chain	Link/comment	Notes on completeness
<b>Aspect: Economic Performance</b>			
<b>General management approach</b>	Internal	Corporate Management, Economic Success	✓
<b>G4-EC1: Direct economic value generated and distributed</b>	Internal	Economic Success, Figures	✓
<b>G4-EC2: Financial implications for the organization's activities due to climate change</b>	Internal	<p>Risk management: Corporate Management, Risk Report in the Annual Report (pages 26 et seq., 55)</p> <p>Using Opportunities: Product Innovations, Use of Resources, R&amp;D Expenditure</p>	Weather-related risks due to climate change cannot be reported in the financial impacts.
<b>G4-EC3: Company retirement pension</b>	Internal	Annual Financial Statements in the Annual Report (page 92 et seq, 115)	✓
<b>G4-EC4: Financial assistance received from government</b>	Internal	Annual Financial Statements in the Annual Report (page 105, 126)	✓
<b>Aspect: Market Presence</b>			
<b>General management approach</b>	Internal	<p>A minimum wage is absent. Compensation is governed by collective bargaining agreements.</p> <p>Labor and Social Standards</p>	✓
<b>G4-EC5: Local minimum wage</b>	Internal	<p>A minimum wage is absent. Compensation is governed by collective bargaining agreements.</p> <p>Labor and Social Standards</p>	✓
<b>G4-EC6: Senior management hired from the local community</b>	Internal		We do not record this indicator. KWS does not restrict its recruiting to the region around its locations. Due to the specialized know-how required by our employees and executives, KWS needs to recruit staff beyond the region and internationally.
<b>Aspect: Indirect economic impacts</b>			
<b>G4-EC7: Investments in public infrastructure</b>	Internal and external (upstream and downstream)	No investments in public infrastructure were made.	✓
<b>G4-EC8: Indirect</b>	Internal and external	Promotion of biodiversity in	✓

Required disclosures	Relevance in the value chain	Link/comment	Notes on completeness
<b>economic impacts</b>	(upstream and downstream)	developing countries	
<b>Aspect: Procurement Practices</b>			
<b>G4-EC9: Local suppliers</b>	External (upstream)		This indicator is not applicable to KWS since its procurement structures are international.

### 7.3. Specific Standard Disclosures – Environmental

Required disclosures	Relevance in the value chain	Link/comment	Notes on completeness
<b>Aspect: Products and Services</b>			
<b>G4-EN27: Mitigation of environmental impacts of products and services</b>	External (downstream)	Product Innovations, Product Safety, Product Ecology	✓
<b>G4-EN28: Reclaim of packaging materials</b>	External (downstream)	KWS does not take back any packaging for the seed it sells. The product packaging consists of cardboard and paper. It is disposed of by customers via the "Green Dot" system. As a result, packaging is recycled for commercial use.	✓
<b>Aspect: Compliance</b>			
<b>General management approach</b>	Internal	Environmental Standards, Compliance	✓
<b>G4-EN29: Fines and sanctions for non-compliance with laws and regulations</b>	Internal	Compliance, Figures	✓
<b>Aspect: Supplier Environmental Assessment</b>			
<b>G4-EN32: Screening of suppliers</b>	External (upstream)	Supplier Standards	These figures are currently not available. The concept for supplier audits is being created.
<b>G4-EN33: Impacts in the supply chain</b>	External (upstream)		This indicator is not reported on at present.
<b>Aspect: Environmental Grievance Mechanisms</b>			
<b>Specific management approach</b>	Internal	KWS has not implemented a formal grievance management system at present.	✓
<b>G4-EN34: Grievances</b>	Internal		These figures are not

Required disclosures	Relevance in the value chain	Link/comment	Notes on completeness
			available since KWS has not implemented a formal grievance management system at present.

#### 7.4. Specific Standard Disclosures – Labor Practices and Decent Work

Required disclosures	Relevance in the value chain	Link/comment	Notes on completeness
<b>Aspect: Employment</b>			
<b>Specific management approach</b>	Internal	Labor and Social Standards, Securing Junior Staff and Employee Development, Supplier Standards	It is not possible to report at present on how violations identified in the supply chain are handled. The audit system is being established.
<b>G4-LA1: Rates of new employee hires and employee turnover</b>	Internal	Securing Junior Staff and Employee Development, Figures	A breakdown by region is currently not provided, since the report boundary only extends to Germany.
<b>G4-LA2: Benefits provided</b>	Internal	The social welfare and pension benefits are granted to all employees in accordance with the provisions under employment and social insurance law. In Germany there are also special regulations for temporary employment defined in company agreements for company pensions, care leave and childcare.  Labor and Social Standards	✓
<b>G4-LA3: Parental leave</b>	Internal	Labor and Social Standards, Figures	The retention rate is not reported on at present. A data capture concept is currently being developed and the figures are expected to be able to be published in the next Sustainability Report.
<b>Aspect: Labor/Management Relations</b>			
<b>General management approach</b>	Internal	We comply with the statutory regulations and so have not defined a uniform notice period throughout the group.	✓
<b>G4-LA4: Minimum notice periods regarding significant operational changes</b>	Internal	We comply with the statutory regulations and so have not defined a uniform notice period throughout the	✓

Required disclosures	Relevance in the value chain	Link/comment	Notes on completeness
group.			
<b>Aspect: Occupational Health and Safety</b>			
<b>Specific management approach</b>	Internal	Occupational Safety and Health Promotion, Labor and Social Standards	✓
<b>G4-LA5: Workforce represented in health and safety committees</b>	Internal	Figures	✓
<b>G4-LA6: Injuries, occupational diseases, lost days, absenteeism and work-related fatalities</b>	Internal	Occupational Safety and Health Promotion, Figures	<p>The following figures are not reported:</p> <ul style="list-style-type: none"> <li>• Occupational diseases, since no industry-specific diseases are known</li> <li>• Days lost through illness, since this is not required for internal controlling (alternatively, we report the illness rate)</li> <li>• Total absenteeism, since this is not required for internal controlling</li> <li>• Figures for external employees, since the external employer is responsible for them</li> </ul> <p>A breakdown of the figures by region is currently not provided, since the report boundary only extends to Germany.</p>
<b>G4-LA7: Incidence or high risk of diseases</b>	Internal	Employees in breeding and research are given the necessary vaccinations against tick bites, if necessary in their specific region.	✓
<b>G4-LA8: Health and safety agreements with trade unions</b>	Internal	There are currently no agreements with trade unions on specific health and safety issues	✓
<b>Aspect: Training and Education</b>			
<b>General management approach</b>	Internal	Securing Junior Staff and Employee Development	✓
<b>G4-LA9: Average annual further training per employee</b>	Internal	Securing Junior Staff and Employee Development, Figures	✓
<b>G4-LA10: Skills management and lifelong learning</b>	Internal	Securing Junior Staff and Employee Development, Labor and Social Standards	✓
<b>G4-LA11: Employee performance and career</b>	Internal	<u>Securing Junior Staff and Employee Development.</u>	The figures are not broken down by level of hierarchy at

Required disclosures	Relevance in the value chain	Link/comment	Notes on completeness
development reviews		<a href="#">Figures</a>	present. A reporting system is currently being formulated and the figures are expected to be published in the next Sustainability Report.
<b>Aspect: Diversity and Equal Opportunity</b>			
General management approach	Internal	Labor and Social Standards, Diversity and Equal Opportunity	✓
G4-LA12: Composition of governance bodies and breakdown of employees by diversity criteria	Internal	Diversity and Equal Opportunity, Figures	Figures on membership of employees to any minority groups are not collected or reported, since recording of such data is not permitted in Germany under the General Act on Equal Treatment.
<b>Aspect: Equal Remuneration for Women and Men</b>			
Specific management approach	Internal	Labor and Social Standards, Diversity and Equal Opportunity	✓
G4-LA13: Ratio of basic salary of men to women	Internal	Diversity and Equal Opportunity, Figures	✓
<b>Aspect: Supplier Assessment for Labor Practices</b>			
G4-LA14: Screening of suppliers	External (upstream)	Supplier Standards	These figures are not available at present. The concept for supplier audits is being established.
G4-LA15: Impacts in the supply chain	External (upstream)	Supplier Standards	This indicator is not reported on at present.
<b>Aspect: Labor Practices Grievance Mechanisms</b>			
Specific management approach	Internal	KWS has not implemented a formal grievance management system at present.	✓
G4-LA16: Grievances	Internal		These figures are not available since KWS has not implemented a formal grievance management system at present.

## 7.5. Specific Standard Disclosures – Human Rights

Required disclosures	Relevance in the value chain	Link/comment	Notes on completeness
Specific management approach	Internal, external (upstream)	Labor and Social Standards, Supplier Standards, Code of Business Ethics, Code of Business Ethics for	✓



Required disclosures	Relevance in the value chain	Link/comment	Notes on completeness
Suppliers			
<b>G4-HR1: Human rights aspects in investment agreements and supplier contracts</b>	Internal, external (upstream)		✓
<b>G4-HR2: Employee training on human rights</b>	Internal, external (upstream)	Specific training courses on the subject of human rights are not held at present.	✓
<b>Aspect: Non-discrimination</b>			
<b>General management approach</b>	Internal	Labor and Social Standards, Diversity and Equal Opportunity	✓
<b>G4-HR3: Incidents of discrimination and corrective actions taken</b>	Internal	No cases of discrimination came to the employee representatives' attention in the reporting period.	✓
<b>Aspect: Freedom of Association and Collective Bargaining</b>			
<b>Specific management approach</b>	Internal, external (upstream)	Supplier Standards, Code of Business Ethics for Suppliers	✓
<b>G4-HR4: Operations and suppliers where the right to exercise freedom of association and collective bargaining may be at significant risk</b>	Internal, external (upstream)	There is a potential risk in countries where we operate which do not belong to the OECD.  Supplier Standards, Code of Business Ethics for Suppliers	✓
<b>Aspect: Child Labor</b>			
<b>General management approach</b>	Internal, external (upstream)	Supplier Standards, Code of Business Ethics for Suppliers	✓
<b>G4-HR5: Operations and suppliers identified as having significant risk for incidents of child labor</b>	Internal, external (upstream)	There is a potential risk in countries where we operate which do not belong to the OECD.  Supplier Standards, Code of Business Ethics for Suppliers	✓
<b>Aspect: Forced or Compulsory Labor</b>			
<b>General management approach</b>	Internal, external (upstream)	Supplier Standards, Code of Business Ethics for Suppliers	✓
<b>G4-HR6: Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor</b>	Internal, external (upstream)	There is a potential risk in countries where we operate which do not belong to the OECD.	✓

Required disclosures	Relevance in the value chain	Link/comment	Notes on completeness
		Supplier Standards, Code of Business Ethics for Suppliers	
<b>Aspect: Security Practices</b>			
<b>General management approach</b>	Internal	There is no management approach at present, since one has not been regarded as necessary to date.	✓
<b>G4-HR7: Security personnel trained in aspects of human rights</b>	Internal	There is currently no special training on human rights.	✓
<b>Aspect: Assessment</b>			
<b>General management approach</b>	Internal	Code of Business Ethics, Code of Business Ethics for Suppliers	✓
<b>G4-HR9: Operations that have been subject to human rights impact assessments</b>	Internal	No special assessment is carried out at present.	✓
<b>Aspect: Supplier Human Rights Assessment</b>			
<b>G4-HR10: Screening of suppliers</b>	External (upstream)		This indicator is not reported on at present.
<b>G4-HR11: Impacts in the supply chain</b>	External (upstream)		This indicator is not reported on at present.
<b>Aspect: Human Rights Grievance Mechanisms</b>			
<b>Specific management approach</b>	Internal	KWS has not implemented a formal grievance management system at present.	✓
<b>G4-HR12: Grievances</b>	Internal		This indicator is not reported on at present.

## 7.6. Specific Standard Disclosures – Society

Required disclosures	Relevance in the value chain	Link/comment	Notes on completeness
<b>Aspect: Local Communities</b>			
<b>G4-SO1: Local community engagement, impact assessments, and development programs</b>	External (upstream)	Dialogue is conducted with regional stakeholders at the location of headquarters.  Stakeholder Dialog, Social Commitment	✓
<b>G4-SO2: Negative impacts on local communities</b>	External (upstream)	There were no significant negative impacts in the reporting period.	✓
<b>Aspect: Anti-corruption</b>			

Required disclosures	Relevance in the value chain	Link/comment	Notes on completeness
<b>Specific management approach</b>	Internal	Compliance	✓
<b>G4-SO3: Analysis of risks related to corruption at business units</b>	Internal	Compliance, Figures	✓
<b>G4-SO4: Training in anti-corruption</b>	Internal	Compliance	This indicator is not reported on at present.
<b>G4-SO5: Incidents of corruption and actions taken</b>	Internal	Compliance	This indicator is not reported on at present.
<b>Aspect: Public Policy</b>			
<b>Specific management approach</b>	Internal	Code of Business Ethics, Work in Associations, Stakeholder Dialogue, Modern Breeding Methods	✓
<b>G4-SO6: Contributions to political parties and politicians</b>	Internal	None. Gifts to officials and employees of state-owned companies are prohibited in principle. Code of Business Ethics	✓
<b>Aspect: Anti-competitive Behavior</b>			
<b>General management approach</b>	Internal	Compliance, Code of Business Ethics	✓
<b>G4-SO7: Legal actions for anti-competitive behavior</b>	Internal	Compliance, Figures	✓
<b>Aspect: Compliance</b>			
<b>General management approach</b>	Internal	Compliance	✓
<b>G4-SO8: Fines and sanctions for non-compliance with laws and regulations</b>	Internal	Compliance, Figures	✓
<b>Aspect: Supplier Assessment for Impacts on Society</b>			
<b>G4-SO9: Screening of suppliers</b>	External (upstream)		These figures are not available at present. The concept for supplier audits is being established.
<b>G4-SO10: Impacts in the supply chain</b>	External (upstream)		This indicator is not reported on at present.
<b>Aspect: Grievance mechanisms for impacts on society</b>			
<b>Specific management approach</b>	Internal	KWS has not implemented a formal grievance management system at present.	✓
<b>G4-SO11: Grievances</b>	Internal		These figures are not available since KWS has not implemented a formal

Required disclosures	Relevance in the value chain	Link/comment	Notes on completeness
			grievance management system at present.

## 7.7. Specific Standard Disclosures – Product Responsibility

Required disclosures	Relevance in the value chain	Link/comment	Notes on completeness
<b>Aspect: Customer Health and Safety</b>			
<b>G4-PR1: Impacts on human health and safety</b>	External (downstream)	All seed for sale is tested and undergoes an official approval process.  Product Quality, Product Safety	✓
<b>G4-PR2: Non-compliance with regulations on health protection and safety</b>	External (downstream)	Compliance, Figures	✓
<b>Aspect: Product and Service Labeling</b>			
<b>G4-PR3: Labeling of products</b>	External (downstream)	Product Safety	✓
<b>G4-PR4: Non-compliance with regulations concerning product and service labeling</b>	External (downstream)	Compliance, Figures	✓
<b>G4-PR5: Measurement of customer satisfaction and results</b>	External (downstream)	Customer satisfaction surveys are conducted at irregular intervals by means of qualified random sampling. Binding procedural instructions in KWS' management system define how complaints are handled.  In addition, customer wishes are ascertained by means of regular market research studies and close contact by consultants with farmers so that these wishes can be included in forecasts for demand for varieties. The results from customer satisfaction surveys are kept confidential for competitive reasons and so are not reported.	
<b>Aspect: Marketing</b>			
<b>General management approach</b>	Internal, external (downstream)	Modern Breeding Methods, Product Safety, Product Ecology, Stakeholder Dialogue	✓

Required disclosures	Relevance in the value chain	Link/comment	Notes on completeness
<b>G4-PR6: Sale of banned or disputed products</b>	Internal, external (downstream)	Modern Breeding Methods, Product Safety, Stakeholder Dialogue	✓
<b>G4-PR7: Non-compliance with regulations on marketing</b>	Internal, external (downstream)	Compliance, Figures	✓
<b>Aspect: Compliance</b>			
<b>General management approach</b>	Internal	Compliance	✓
<b>G4-PR9: Fines and sanctions for non-compliance with laws and regulations</b>	Internal	Compliance, Figures	✓

## 8. Imprint

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