



Sustainability Report 2013/14

We think and act in terms of generations –
for more than 150 years

Unless otherwise specified, this Sustainability Report for the fiscal year 2013/2014 covers KWS SAAT AG with all its four segments and its subsidiaries and associated companies in Germany. It has been prepared in compliance with the specifications of the Global Reporting Initiative (GRI G4).

This is the Download version of the Online Sustainability Report 2013/2014

Content

1.	Foreword by the Executive Board	4
2.	Report Profile	6
2.1.	Sustainability Issues for KWS	7
3.	KWS SAAT AG	9
3.1.	KWS' memberships in fiscal 2013/2014.....	11
4.	The importance of sustainability for our company	12
5.	Sustainability-Governance	14
6.	Sustainability Core Issues.....	17
6.1.	Economic Success	17
6.2.	Industrial Property Rights	19
6.3.	Modern Breeding Methods	21
6.4.	Product Innovations.....	24
6.5.	Product Quality	27
6.6.	Product Safety	29
6.7.	Ecological Impacts.....	31
6.8.	Compliance	33
6.9.	Environmental, Labor and Social Standards.....	34
6.10.	Supplier Standards	38
6.11.	Stakeholder Dialogue	39
6.12.	Securing Junior Staff and Employee Development	41
6.13.	Occupational Safety and Health Promotion	43
6.14.	Diversity and Equal Opportunity.....	45
6.15.	Plant and Process Safety	46
6.16.	Use of Resources	48
6.17.	Social Commitment	51
7.	Figures	53
7.1.	Economics	53
7.2.	Compliance	57
7.3.	Product Responsibility	60
7.4.	Employees	61
7.5.	Environment.....	80
7.6.	Society	90
8.	Objectives.....	91
8.1.	The KWS Group's overriding medium- and long-term objectives.....	91
8.2.	Corporate Governance	91

8.3.	Product Responsibility	92
8.4.	Employees	94
8.5.	Environment.....	95
9.	GRI Index	96
9.1.	General Standard Disclosures	97
9.2.	Specific Standard Disclosures Economic.....	101
9.3.	Specific Standard Disclosures Environmental	102
9.4.	Specific Standard Disclosures Labor Practices and Decent Work	104
9.5.	Specific General Disclosures Human Rights	108
9.6.	Specific General Disclosure Society	111
9.7.	Specific General Disclosures Product Responsibility	114
10.	Imprint.....	117

1. Foreword by the Executive Board



Philipp von dem Bussche, chief executive officer

Dear Readers and Friends of KWS,

Sustainable development is a key commercial foundation of our family company and its strategy, which is oriented to long-term economic success. Consequently, proactive thinking and responsible action have top priority. Since 2008, we have documented our sustainability performance every year in our Sustainability Report, which since its inception has been continuously expanded and enhanced.

As part of our preparations for this year's report, we conducted an extensive analysis of the main sustainability issues for KWS in the spring and based the structure and content of our reporting on its results. In this report, there is an even stronger focus on the core issues than in previous ones. That will also help us prepare for the planned internationalization of our reporting in the coming years – we intend to expand it to cover the entire KWS Group and link it more closely with the Annual Report.

Innovative plant research and breeding is vital to increasing productivity in global agriculture. In the past fiscal year, we increased our research and development expenditure by 12.6% over the previous year. Research capacities in Germany were expanded and the cornerstone was laid for a new research center in the U.S. One expression of our success in research and breeding is that we gained 336 marketing approvals for new varieties, 22% more than in the previous year. In addition, the sugarbeet genome was completely decoded in a joint

project after many years of scientific work. Furthermore, a major milestone on the path to obtaining a full reference sequence for wheat was reached.

We also chalked up successes in environmental protection at the company: We cut energy consumption at our Einbeck location by 11.6% year on year by means of various technical efficiency measures. Once again, we posted a high waste recycling ratio of 91.3%.

We have begun implementing environmental and social standards throughout the company's supply chain with a Code of Business Ethics for Suppliers and by adapting our General Standard Terms and Conditions.

The result of our international stakeholder survey this spring showed that 95% of stakeholders rate KWS' sustainability performance as good or very good and attest that we are a leader among the competition in this regard. Consequently, our commitment to sustainability to date not only strengthens our company's positive economic performance, but also helps us earn a good reputation among all relevant stakeholders, such as customers, suppliers, employees, investors and shareholders, as well as in the eyes of policymakers, public authorities and NGOs. A contribution to that has certainly been made by our honest, self-critical, precise and verifiable reporting on sustainability, just as our continuous willingness to engage in dialogue has strengthened trust in KWS.

Dear readers and friends, reporting on sustainability is an important concern for us in view of the above reasons. Our report makes a major contribution to sensitizing people to the philosophy of sustainability that we pursue at our company and results in improvements in all areas.

I therefore thank everyone who played a part in creating the report and would be delighted if the new report also finds your interest.

Enjoy reading it. With best regards from Einbeck on behalf of the entire Executive Board,

Philip von dem Bussche

Chief Executive Officer

2. Report Profile

KWS has reported annually on the company's sustainable development since 2008. The full Sustainability Report is this online version at www.kws.com/sr2014 . The related print version is explicitly an abridged version.

Reporting period and consolidation

The seventh Sustainability Report dated October 16, 2014, relates to the past fiscal year 2013/2014 from July 1, 2013, to June 30, 2014, and – unless otherwise specified – covers KWS SAAT AG with its four segments and its subsidiaries and associated companies in Germany. The consolidated companies covered by the report are KWS SAAT AG, KWS MAIS GMBH, AGROMAIS GMBH, KWS LOCHOW GMBH, KWS SAATFINANZ GMBH and KWS SERVICES DEUTSCHLAND GMBH. It thus covers 19% of the KWS Group in terms of sales and 39% in terms of workforce.

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 first conducted to identify and prioritize the main sustainability issues, with internal and external stakeholders being included in this process. To enable that, an international stakeholder survey and a workshop for department heads were held in the spring of 2014. 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 severity, financial and non-financial consequences, and the degree to which stakeholders would be 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, relevant environmental issues were mostly assessed as having moderate priority and thus 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 for the structure and focus of the new Sustainability Report.

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.

Outlook

KWS intends to expand the report to cover the entire Group in the long term. A concept for internationalizing the reporting is currently being developed. We are also working on linking the Sustainability Report and the Annual Report.

2.1. Sustainability Issues for KWS

Materiality Analysis 2014

In order to determine the topics of the report and the indicators, an analysis was first conducted to identify and prioritize the main sustainability issues, with internal and external stakeholders being included in this process. As a result, 28 sustainability issues were identified as being material for KWS' reporting in accordance with GRI G4. In a further analysis process, seventeen core issues and their priorities for the company were derived from the materiality analysis. They form the basis for the structure and focus of the new Sustainability Report.

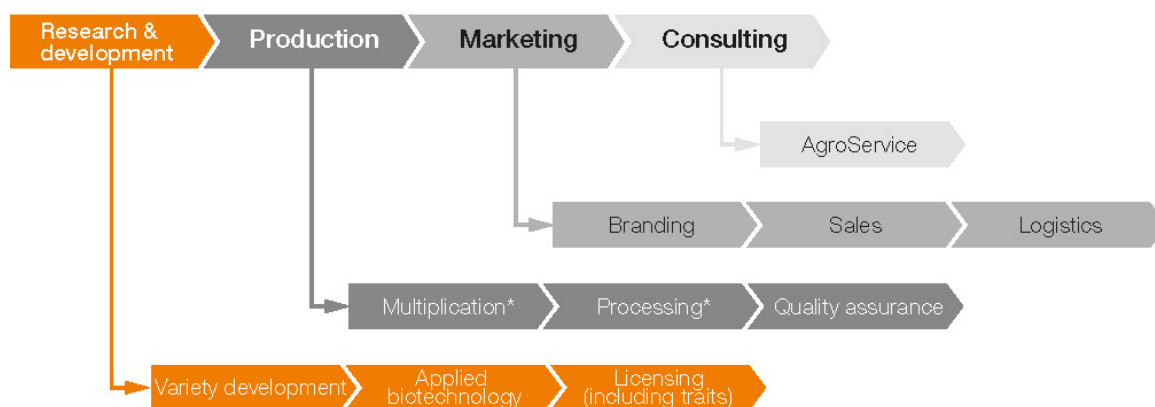
Subject area	Individual, issues and priorities*		Derived core issues
	High (= material)	Moderate	
Economics	<ul style="list-style-type: none"> Local business practices Protection of intellectual property Economic success 		<ul style="list-style-type: none"> Economic success Industrial property rights
Product Responsibility	<ul style="list-style-type: none"> Biotechnology / modern breeding methods Yield optimization Green genetic engineering Customer orientation Marketing and consulting Product innovations Product labeling Product quality Product safety Loss of land that can be used for agriculture 	<ul style="list-style-type: none"> Impacts of agricultural practices Biodiversity Bioenergy Protection of customers' data Support of small farmers 	<ul style="list-style-type: none"> Modern breeding methods Product innovations Product quality Product safety Agricultural practices
Corporate Governance	<ul style="list-style-type: none"> Anti-corruption Compliance Human rights/labor, 		<ul style="list-style-type: none"> Compliance Environmental, social and labor

	<div>social and environmental standards in the KWS Group</div> <ul style="list-style-type: none">Stakeholder dialogue/lobbyingEconomic, environmental and social standards in the supply chain	<div>standards</div> <ul style="list-style-type: none">Supplier standardsStakeholder dialogue
Employees	<ul style="list-style-type: none">Labor/management relationsOccupational safetyTraining and educationCompany health promotionEqual opportunity / anti-discriminationEqual paySecuring junior staffDiversityWork-life balance	<ul style="list-style-type: none">Securing junior staff and employee developmentOccupational safety and health promotionEqual opportunity and diversity
Environment	<ul style="list-style-type: none">Plant and process safety	<ul style="list-style-type: none">WasteSoil erosionEmissionsEnergy consumptionUse of pesticides and fertilizersMaterial consumptionTransportationWater consumption <ul style="list-style-type: none">Plant and process safetyUse of resources
Society		<ul style="list-style-type: none">Commitment to charitable works <ul style="list-style-type: none">Social commitment

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

3. KWS SAAT AG

KWS' value chain



*Partly in cooperation with multipliers and processing companies

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

Established in 1856, KWS is a German plant breeding and seed company headquartered in Einbeck. KWS stands for Kleinwanzlebener Saatzucht, Kleinwanzleben being the village where the company was founded in the fertile Magdeburger Börde plain. With its 4,847 employees and net sales of €1,178.0 million in fiscal 2013/2014, the company is now one of the world's leading seed producers.

The company operates in the field of plant breeding by conventional, biotechnological and ecological methods, as well as in seed production. Its product portfolio comprises plants for food and feed as well as energy plants for the moderate and subtropical climatic zones, covering sugarbeet, corn, sorghum, cereals such as wheat, rye, barley, triticale, as well as oil plants such as rapeseed, sunflower and soybean, and potatoes. Its customers include in particular the agricultural goods trade and farmers, as well as processors such as sugar factories, mills and biogas plant operators.

Owners

KWS is a stock corporate with a family character in which the majority of shares is held by the families Büchting, Arend Oetker and Giesecke. The company was listed on the stock exchange in 1956 and was included in the S-DAX index at the German Stock Exchange in Frankfurt in 2006. Tessner Holding has a stake of 13.8% and around 30% of the shares are free float.

Value chain

KWS' activities are at the beginning of the value chains for food and feed as well as bioenergy from regenerative raw materials. The company's value chain extends from the

development and multiplication of new plant varieties, the processing, marketing and distribution of seed to sales consulting.

Corporate structure

KWS SAAT AG is the parent company of the international Group, which has 64 subsidiaries and associated companies worldwide (at June 30, 2014). The company's activities are divided into four segments: the product areas of Sugarbeet, Corn and Cereals, as well as the research and service area Corporate.

- **Sugarbeet:** The Sugarbeet Segment includes multiplication, processing and distribution activities for sugarbeet seed and KWS' seed potato business. The lead company is KWS SAAT AG, Einbeck. The segment has 19 other subsidiaries and associated companies.
- **Corn:** 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. The segment has 19 other subsidiaries and associated companies.
- **Cereals:** The Cereals Segment includes multiplication, processing and distribution of hybrid rye, wheat and barley, as well as rapeseed (lines) and grain peas. The lead company is KWS LOCHOW GMBH, Bergen (Germany), a wholly-owned subsidiary of KWS SAAT AG. The segment has 8 other subsidiaries and associated companies.
- **Corporate:** 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 is KWS SAAT AG. 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 has a presence in 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. 81% of its total net sales in fiscal 2013/2014 were generated abroad. The most important markets are Europe and America. The Corn Segment posted the largest net sales, accounting for some 61% of the total figure. Genetically improved seed accounted for 34% of total net sales.

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 German Association to Promote Private Plant Breeding (GFP), Deutsches Maiskomitee e.V. (German Corn Committee), the European Seed Association (ESA), EuropaBio, Wirtschaftsverbund Pflanzeninnovation e.V. (WPI = Economic Association for Plant Innovation), the British Society of Plant Breeders (BSPB) and the International Seed Federation (ISF).

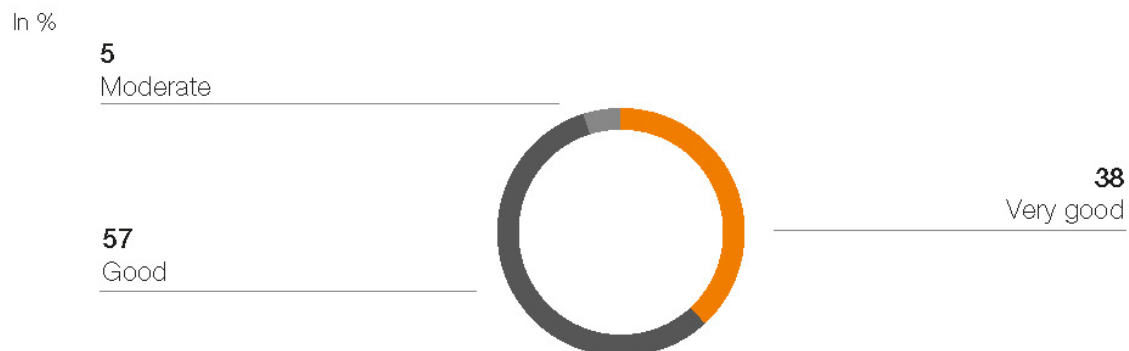
3.1. KWS' memberships in fiscal 2013/2014

Name	KWS in governance bodies	Participation in other bodies	Project work	Substantive funding
Germany				
German Plant Breeders Association (BDP)	X	X	X	X
German Agricultural Society (DLG)		X		
German Corn Committee (DMK)	X	X		
German Association to Promote Private Plant Breeding (GFP)	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		
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		
Europe				
British Society of Plant Breeders (BSPB)	X	X		
EuropaBio	X	X	X	
European Seed Association (ESA)	X	X	X	
Economic Association for Plant Innovation (WPI)	X			
International				
International Institute for Beet Research (IIRB)		X		
International Maize Genetics Community		X		
International Seed Federation (ISF)	X	X		

GRI indicator G4-16

4. The importance of sustainability for our company

Stakeholders' perception of KWS' sustainability performance



Results of an international stakeholder survey in April/May 2014

Stakeholder rate the sustainability performance of KWS very positive.

As a family business with a special sense of responsibility toward future generations, we want to be economically successful over the long term, which accords with our vision and understanding of corporate sustainability. Long product development times and a relatively short product lifecycle mean we have to carefully address external influences and the impacts of our business activity, as well as the resultant risks and opportunities now and in the future. We need to identify economic, ecological and social challenges on a long-term perspective and anticipate them at an early stage at all levels.

Strategy and implementation of sustainability

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

Strategies are developed and initiatives and measures are implemented in relation to concrete sustainability issues using various management systems at the Group or location level.

- **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 within the Executive Board. Extensive strategic planning covering a 10-year time frame is the basis for opportunity management. In compliance with our established growth strategy, we exploit the industry-specific and strategic opportunities that arise by means of pinpointed investments in production capacities, research and development as well as 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). The principles for our risk management are defined in our internal set of regulations. Central responsibility for risk management lies with the Executive Board. It is supported by Corporate Finance – Treasury and Risk Management, Corporate Law & Compliance, Corporate Responsibility Affairs and Corporate Controlling, as well as by a permanent Risk Committee (Corporate Management Circle). The Risk Committee consists of the two top management levels (Executive Board and Heads of Departments/Segments) and convenes regularly. As part of its audit of the financial statements for the fiscal year 2013/2014, the accounting firm Deloitte & Touche GmbH also audited KWS SAAT AG's system for early detection of risks with regard to its compliance with requirements under the German Stock Corporation Act. The auditors came to the conclusion that the system meets all the necessary statutory requirements. All in all, the risk situation did not change significantly in fiscal 2013/2014. The identified risks do not jeopardize the existence of the KWS Group, neither individually nor in their entirety.
- **Integrated Management System:** The Integrated Management System defines the policies, guidelines and standards for KWS' group-wide business activity. It has a process-oriented structure and supports the persons responsible in meeting their statutory obligations, as well as the company's own requirements. That is in particular the case in the core processes of research and breeding, production and distribution, as well as in administration and flanking areas such as environmental protection and occupational safety at the company. A key component is a central audit system to keep on identifying potentials for improvement. Due to the company's strong growth, the system will be much more risk-oriented and internationally standardized in the future.
- **Compliance management:** Compliance management enables observance of the law, regulations and internal rules of conduct at the KWS Group and helps provide information and advice for all business segments as regards compliance. Its work is geared toward preventing violations and includes the imposition of sanctions in response to violations.

Analysis of the material sustainability issues

Last fiscal year we conducted a structured analysis of the sustainability issues that are material to KWS as part of our preparations for this year's Sustainability Report, with international internal and external stakeholders being included in this process. The core issues of our company's sustainable corporate development relate in particular to economics, product responsibility and corporate governance, as well as employees, the environment and

society. The issues not only relate to the company level, but also extend to areas of responsibility in the company's upstream and downstream value chain. In particular, we bear responsibility for ensuring that our products do not harm people or the environment.

In order to increase transparency regarding the development of key sustainability issues, we are working to expand our sustainability reporting, in conjunction with Group-wide data capture and analysis. The medium to long-term objectives are to extend sustainability reporting to the entire KWS Group and to integrate it in our Annual Report. The results of the analysis will also give us a basis for reviewing the strategic and operational action our company needs to take and to derive potential for improvement from that.

5. Sustainability-Governance

Expert, farsighted and transparent corporate governance is the basis for establishing trust in our company among business partners, employees, investors and the public as a whole. The way we run the company thus complies with the stipulations of the Deutscher Corporate Governance Kodex, the German corporate governance code, on good and trustworthy corporate governance. Responsibility for sustainability is deeply entrenched at the company – from the management level to area specialists. An open culture of dialogue helps ensure the continuous sharing of information and experience with KWS' relevant stakeholders.

Structure and composition

As a listed stock corporation, KWS SAAT AG has a system of dual management, consisting of the Executive Board and the Supervisory Board. Both bodies have strictly separated competencies and different members. The Executive Board runs the company on its own responsibility and conducts business with third parties. The Supervisory Board appoints, advises and monitors the Executive Board. Both bodies discuss the company's current business situation and performance, market trends, the competitive environment, strategic alignment, the risk situation and activities relating to risk management, continuously and proactively.

At June 30, 2014, KWS' Executive Board comprised four members: three business economists 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 Deutscher Corporate Governance Kodex. 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 AG, the consolidated financial statements of the KWS Group and the quarterly reports during the fiscal year.

Conflicts of interests of Executive and Supervisory Board members are avoided consistent with the Deutscher Corporate Governance Kodex. The seats held by the Supervisory Board's shareholder representatives on other supervisory boards are published in KWS' 2013/2014 Annual Report.

Responsibility for sustainability and networking

Strategic and operational responsibility for KWS' sustainable development lies in the hands of the Executive Board. The responsibilities for strategic planning, sustainability-related management systems, such as for risk management and the Integrated Management System, compliance etc., are assigned among the members of this top management level. Specialists at the company's management level are responsible for developing and enhancing its strategic orientation toward sustainability and for formulating and implementing activities, initiatives and measures and are in continuous dialogue with the Executive Board, in part reporting directly to it.

Several times a year, the Executive Board, heads of the segments and the heads of functions that are of relevance for sustainability, such as R&D, Finance and Human Resources, deliberate in the Corporate Management Circle (CMC) on the company's current business performance, as well as on activities and topics relating to its development or aspects of HR policy.

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 various members of the KWS Group chosen on the basis of the subject at hand. The National Management Circle (NMC) convenes as a larger body at the national level.

The meetings between the Executive Board and management ensure that issues of relevance to sustainability are taken up and discussed throughout the company and reach both the national and international management levels.

Stakeholder integration

Employees and their representatives can address sustainability-related issues to the Executive Board, management or specific contact persons at any time. Institutionalized forums offer external stakeholders the possibility of addressing their concerns and questions directly to (top) management. They include the Annual Shareholders' Meeting for shareholders and dialogue forums for interested stakeholders. Subject-specific contact persons are stated on the corporate website and stakeholders can direct their concerns to them.

Evaluation of sustainability performance

The Executive Board receives analyses and reports on sustainability issues 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 evaluating KWS' sustainability. Both the Executive Board and Supervisory Board are integrated in the approval process for them.

Performance-based compensation

A positive sustainable development is also reflected in the compensation for members of the Executive and Supervisory Boards. Their remuneration includes a basic salary as well as performance-based components that are linked to the company's success. The composition and level of the total compensation is disclosed in the 2013/2014 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.

6. Sustainability Core Issues

6.1. Economic Success



KWS is one of the leading agricultural seed companies and currently ranks number four in the world market and second in Europe in terms of net sales. Its 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

Since our company was founded 158 years ago, we have focused on what we do best: our core business of seed. That comprises development of new varieties, seed production, distribution and consulting. Our 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 one to two percent 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, association companies, breeding stations and test locations, backed by a tightly-knit distribution network.

Sustainable and profitable growth

We were able to grow further again in fiscal 2013/2014, posting net sales of €1,178.0 million, a year-on-year increase of 2.7%. Although we narrowly missed our original target due to negative exchange rate developments in key markets, we were able to maintain our market position in important growth markets, such as the U.S. Our operating income (EBIT) was €138.4 million, below the figure for the previous year as expected due to our higher expenditure on research and breeding and distribution as well as negative exchange rate developments. However, our EBIT margin of 11.7% means we are still above our long-term target of 10%. We thus posted satisfactory earnings in fiscal 2013/2014 again following two exceptionally strong fiscal years and stuck unswervingly to our growth path.

In compliance with the principles of our long-term corporate strategy, we use years in which our profitability is well above our targets to undertake additional investments and increase spending, in particular on research and development and to expand our distribution structures. In this way we strengthen the KWS Group's potential and lay the foundation for our further growth.

We are still solidly financed with an equity ratio of 50.5%. Equity at the balance sheet date fully covers noncurrent assets. 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.

Research and development of new varieties

Our company's long-term success is founded on research and development of new varieties. Progress in plant breeding is reflected in varieties that produce higher and higher yields and are adapted better to environmental and climatic conditions. We therefore invest 12% to 15% of our consolidated net sales in research and development every year. We again increased the budget for our diverse R&D activities significantly to €148.8 million in the reporting period, or 12.6% of net sales.

Global market presence

One of the cornerstones of our business model is continuous expansion of our global market presence, allowing us to operate locally in regional agricultural markets with their special climatic conditions. The KWS Group now maintains its own breeding and distribution operations in more than 70 countries. We began operations at our second research location in the U.S. at the beginning of the current fiscal year, which will enable us to expand our expertise in global plant research while also strengthening our presence in one of our key markets. Next year we will be able to launch our own operations in China with our joint venture there. It will give us direct access to a further international growth market for corn seed.

Economic value distributed to stakeholders

Various stakeholders share in the success of our company. In the past year we distributed €1,180.3 million, or 95.1% of our total output of €1,240.6 million. Operating costs and thus payments to suppliers totaled €867.5 million, or 73.5% of the value distributed. Personnel expenses were €225.8 million, accounting for a ratio of 19.1%. There were also interest and dividend payments to equity providers of €34.3 million and tax payments to government bodies of €52.5 million. The economic value retained in the company was thus €60.3 million, i.e. 4.9% of total output.

6.2. Industrial Property Rights



Developing new varieties with improved traits requires intensive research and development work using cutting-edge breeding methods. Achieving the breeding progress demanded by farmers in plant breeding is therefore time-consuming and costly – and that means a seed company needs to be able to refinance this work on a calculable basis. That can be ensured only by adequately protecting intellectual property.

Two means of protection – variety protection and patenting

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.

Property rights strategy and management

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.

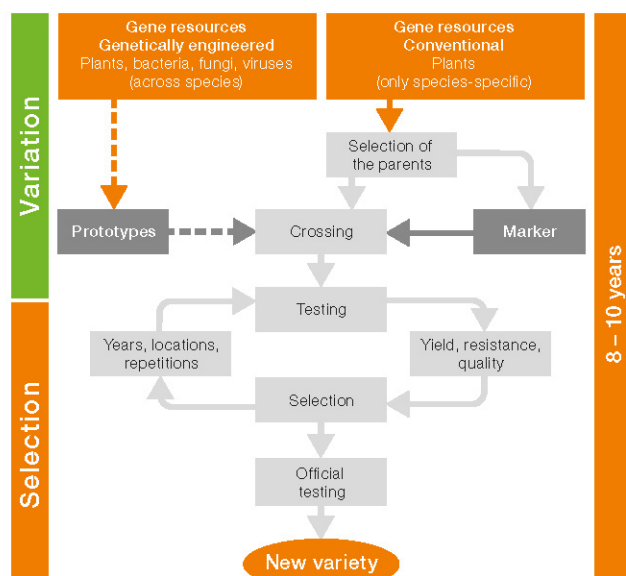
KWS is actively involved in the discussion on the use of PGRs worldwide and in the European Union. We fully back the objectives of the Nagoya Protocol, which was adopted as part of the Convention on Biological Diversity and is intended to ensure fair and equitable sharing of benefits between users and donors. However, the related EU Regulation imposes excessively bureaucratic requirements and documentation obligations on breeders and significantly restricts access to and the use of PGRs for plant breeding. Consequently, KWS and 16 other German plant breeders have decided to take legal action against the EU's implementation of the Nagoya Protocol, despite the fact that this protocol itself is generally to be welcomed.

Since the PGRs used by KWS are currently subject to the International Treaty on Plant Genetic Resources for Food and Agriculture as part of the Convention on Biological Diversity, KWS supports financially strengthening this treaty and expanding it to all types of crops and their use. KWS also advocates – as does the German Plant Breeders Association (BDP) – exemptions from patent protection for products that have been produced by “essentially biological processes” and thus also breeding methods in some cases, too.

KWS has its own central department for adapting its property rights strategies to the latest national and international developments in variety protection and patent law. Its main tasks include filing, enforcing and defending patents, monitoring third-party property rights and their effects on KWS projects, safeguarding KWS' interests with regard to property rights in cooperation ventures with third parties, and development of project-related and overarching property rights strategies for technologies and products.

6.3. Modern Breeding Methods

Breeding program – producing a new variety



Around ten years elapse between the first crossing and the actual marketing of a variety

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 in this regard is that modern methods must be used and developed further so as to enable goal-oriented, efficient plant breeding.

Biotechnology methods and genetic engineering in plant breeding

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 annual breeding progress averaging one to two percent 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. However, 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.” 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. Green genetic engineering is only one subarea of that.

KWS’ guidelines for the use of genetic engineering

KWS has defined its own principles to govern how it applies genetic engineering methods. 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. 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 thus cannot be transferred to crop varieties by crossing. In case we use these genetic engineering methods and techniques, we always use them openly and transparently and are well aware of our responsibilities. 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 an important 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.

Successes in genome research

In the past fiscal year, KWS achieved major successes in genome research with the decoding of the genetic blueprint for important crop species. High-quality reference sequences make it easier to breed varieties that deliver higher performance because interesting genes can be pinpointed directly in the genetic material and the identification of molecular markers is expedited. After many years of scientific work, the sugarbeet genome was completely decoded in December 2013, thanks in major part to the involvement of KWS, and scientists and breeders were provided with a complete reference sequence. This success is attributable to the public-private BeetSeq project, in which KWS was actively involved from the outset and, among other things, provided the baseline for creating the reference sequence. The project was funded by the German Federal Ministry for Education and Research as part of the national initiative "Plant2030" (formerly GABI).

In addition, a major milestone on the path to obtaining a full reference sequence for wheat was achieved. The International Wheat Genome Sequencing Consortium (IWGS) has published a draft sequence of the bread wheat genome in the journal "Science." It gives scientists and breeders new insight into the structure and organization of the large and complex genome. KWS CEREALS was one of a total of 22 sponsors of this consortium.

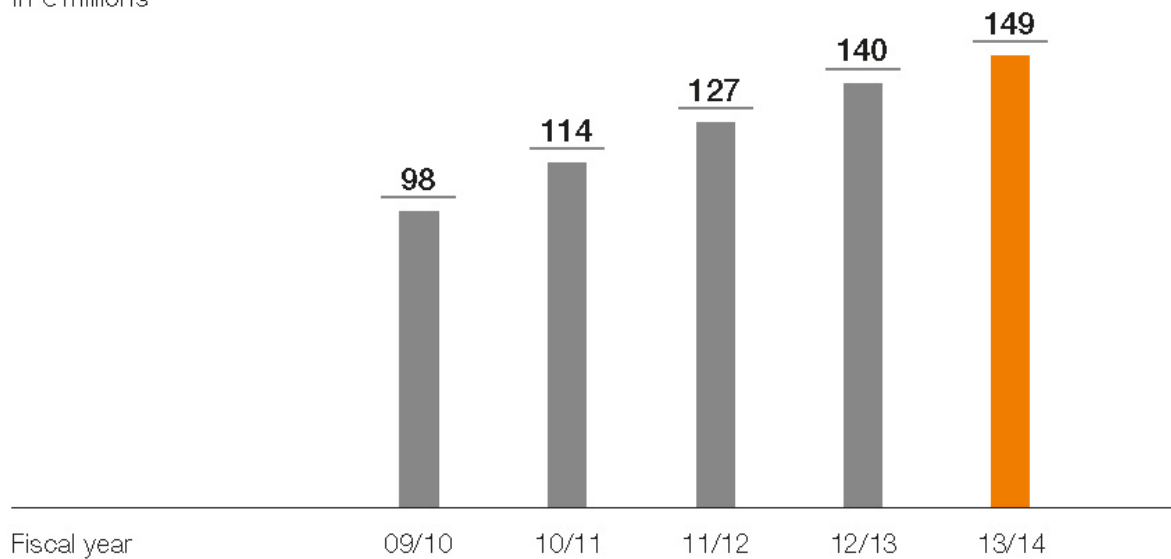
Phenotyping in plant breeding

Phenotyping – the assessment of plant traits in the laboratory or field – has made enormous advances in the past years. New image sensor technologies permit faster, more precise and largely non-destructive analysis of plant traits, with even dynamic properties of a plant being able to be tracked selectively over the whole period of time. 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 used as 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 German Association to Promote Private Plant Breeding (GFP). Together with scientists from various 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.

The KWS' Group expenditure on research & development

In € millions



Our company's long-term success is founded on research and development of new varieties

6.4. Product Innovations



The first beet generation on the way to a new variety

As an international company, KWS is keenly aware of global challenges such as climate change and the growing shortage of resources such as soil and water 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.

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. 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.

Increase in marketing approvals

We obtained a total of 336 marketing approvals in fiscal 2013/2014, 22% more than in the previous year. Our biggest increases were for sugarbeet (34%) and oil and fodder plants (38%). KWS was able to register two rye varieties in Canada for the first time this spring. That is not only a commercial success for KWS, but also a sign of innovation on the Canadian seed market. Registration of the two new KWS varieties is the first time that a hybrid cereal variety has been listed in Canada. KWS will continue to work on improving varieties specially adapted to this region.

Successes with genetically modified varieties and plant traits

Genetically modified varieties accounted for 34% of the KWS Group's total net sales in fiscal 2013/2014. 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.

The first trait from GENECTIVE, our research and development joint venture with the French breeding company Vilmorin, was successfully deregulated. As a result this trait – for herbicide tolerance – has been approved for cultivation worldwide and for crops used in food and feed. Other traits are currently in the deregulation and development phase. Traits are new properties of plants developed by KWS using genetic engineering as part of research partnerships or through its joint ventures.

Herbicide-tolerant sugarbeet

The ALS-tolerant sugarbeet, which was jointly developed by KWS and Bayer CropScience over many years of conventional breeding work, is now entering its final phase of development. The first official field trials on it will commence soon in Europe. This technology is based on a rarely occurring natural change in the sugarbeet's genetic makeup which produces a tolerance to herbicides from the class of sulphonylureas (ALS inhibitors). The ALS-tolerant sugarbeet will make it possible to reduce the use of herbicides in sugarbeet farming.

Cooperation with research institutions and biodiversity 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 from the fields of plant research and breeding, as well as bioeconomics. The prime goal of that is to promote science and research, establish interdisciplinary research alliances and preserve Germany's standing as a place of excellence. Among other things, KWS is a longstanding member of the German Association to Promote Private Plant Breeding (GFP), whose core task 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 is providing 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 and use, as well as to ensure 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. A further key concern of KWS is to preserve biodiversity and the use of, as well as access to, plant genetic resources (PGRs). To this end, 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 relevant scientists – mainly young plant breeders – locally as part of projects.

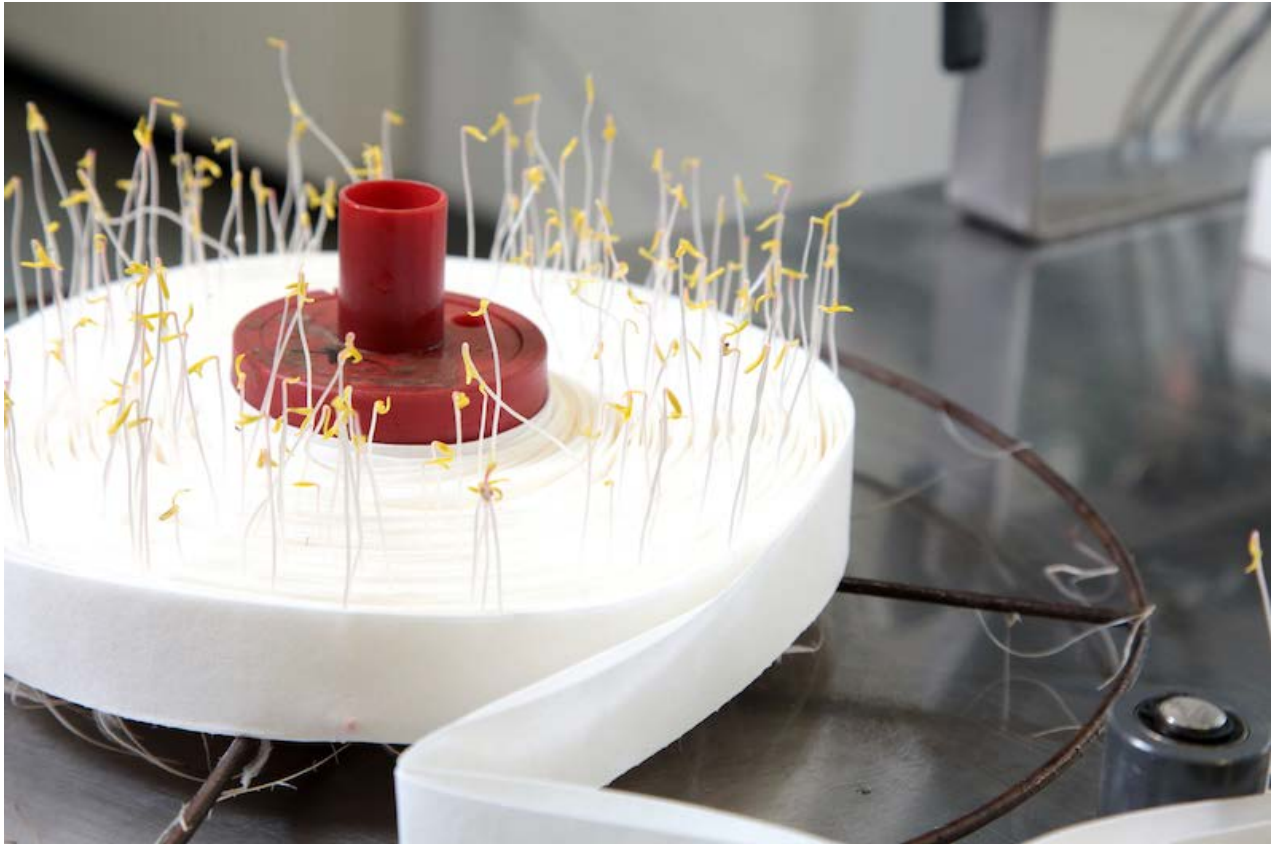
KWS Trait-Pipeline

KWS trait pipeline

	Genetic traits	Identification of functional genes	Function testing	Elite event selection	Deregulation	Commercialization
Sugarbeet	Glyphosate tolerance					
	Virus resistance					
	Winter beet					
	Yield genes					
Corn	Glyphosate tolerance					
	Glyphosate tolerance + insect resistance					
	Dry weather tolerance					
	Nitrogen efficiency					
Wheat	Fungus resistance					
Quinoa	Fungus resistance					

Development of new plant traits: The first trait from GENECTIVE was successfully deregulated

6.5. Product Quality



Seed roll - Testing the germination capacity

The quality of its seed is one of the key competitive factors for KWS. It is geared toward the demands of farmers, who expect seed that gives them a high yield, yet delivers crops that need a minimum of fertilizer and pesticide and minimal tending during their growth period. Seed quality is determined by the variety's genetics. We also use refined processing methods to improve plant emergence after sowing and thus utilize the plant's genetic potential to the fullHigh production standards throughout the Group.

The minimum qualities of seed for sale are regulated by law, for example by the Seed Marketing Act in Germany. Every lot of seed put on the market must fulfill the statutory requirements, such as those relating to purity and germination capacity, and must have undergone the process to obtain official approval as certified seed. In addition, the guidelines of the EC, OECD or ISTA (International Seed Testing Association) must be fulfilled, depending on the seed's country of destination. However, KWS pursues and enforces far higher standards of quality throughout the Group.

Multi-stage quality testing process

As part of ensuring a high standard of quality, we subject our seed to extensive quality testing in all phases of production before it is put on the market. The time and requirements of the tests are precisely defined in an internal regulatory and process control system and the Integrated Management System.

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 initial 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. The varieties continue to be monitored by KWS after they are put on the market. This is also done in Germany by the Federal Plant Variety Office, which investigates the consistency of the varieties' performance.

The quality tests relate to our own production activities, as well as to those of our external production partners, and are initiated directly by the persons responsible for the process in question. They are mainly conducted in our own laboratories, but also at external labs. They are based on the stipulations of the ISTA, which defines a methodological framework for testing seed quality. Standardization of the methods also allows the results to be compared between different laboratories. KWS' own testing laboratory in Bergen was certified in accordance with DIN ISO 17025 last fiscal year.

Quality assurance measures

- **Testing for varietal purity:** After the seed has been harvested, it is tested for varietal purity by means of marker-based examination methods. To enable high varietal purity, planning of the multiplication areas allows for legally required distances between the fields so that adventitious pollination, in particular of cross-pollinating types of plant, by foreign pollen is minimized as far as possible.
- **Examination for GMO absence:** Before the seed is processed, it is necessary to ensure and prove that there has not been any crossing between a conventional variety and a genetically modified one. That is particularly the case in Germany, where no genetically modified varieties are allowed to be grown at present.
- **Abrasion resistance:** To prevent uncontrolled abrasion of dressing agents when the seed is used, specific lots of the finished seed are subjected to the Heubach test. The dressing's resistance to abrasion is examined using strict reference values. In order to ensure the quality of the seed dressing, such as its abrasion resistance, the places where seed is dressed undergo voluntary certification in accordance with a system for the industry, which is audited regularly. Germany, for example, has the SeedGuard system, whose counterpart at the European level is ESTA (European Seed Treatment Assurance). The certification covers the places where dressing is carried out and defines the necessary standards relating to process management, risk analysis and qualification of personnel.

In January 2014, our Bergen location was the first cereal treatment facility in Germany to be certified in accordance with SeedGuard. Our corn and sugarbeet treatment stations have already undergone SeedGuard certification in Germany. The quality of dressing at facilities that do not hold the certificate is examined beforehand by KWS.

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.

Improving the quality of seed

The quality of products is regularly measured at the segments on the basis of indicators, assessed and reported to the Executive Board. The key indicators include complaint rates and the results of customer satisfaction surveys.

The effectiveness of the quality assurance system is ensured by annual auditing of the Integrated Management System, which defines the procedural instructions for all quality tests in the production process. External certification in accordance with DIN EN ISO 9001 is also carried out at our Einbeck and Wohlde locations and was awarded to them for a further 3 years last fiscal year.

An interdisciplinary working group from research, breeding, multiplication, processing and sales works to keep on improving the quality of seed. New methods for analyzing the quality of seed are developed in special projects. In addition, work on optimizing seed processing techniques and the genetic structure of plants is carried out. KWS cooperates with universities and other institutions in some of the projects.

Emergence testing

The extensive measures and multi-stage quality assurance processes mean the varieties and seed we produce exhibit excellent emergence and germination capacity. These emergence tests are conducted for all sugarbeet seed producers in Germany by the Institute of Sugarbeet Research (IfZ) in Göttingen. In 2013/2014, KWS seed was the leader in terms of sugarbeet emergence.

6.6. Product Safety



Label printing – the color blue stands for certified seed

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 primarily to adequate labeling of seed with regard to protection of users and the environment, as well as ensuring that its use does not harm people and the ecology in the further course of the value-added process.

Assurance for farmers and the environment

Seed dressing is applied subject to strict regulations. First, the quantity of pesticide actually required and permitted is applied. Second, the abrasion resistance of the finished seed is stringently controlled to minimize dust drift during sowing and thus the risks to health and the ecology. The packaging of dressed seed contains warnings in compliance with statutory regulations in order to prevent its incorrect use. 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. The remainder relates to seed products whose use and method of pre-treatment mean they do not have to be labeled under the regulations, such as organic seed from KWS, which has not been dressed with pesticides. 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. As a result, medical staff can quickly obtain information on what treatment is required in the event of poisoning.

Safety of genetically modified products

Genetically modified products must meet high safety requirements in the EU and undergo a risk assessment and safety assessment before they can be put on the market. This deregulation process examines whether there are any risks to people, animals and the environment from the product. No unknown constituents that may cause health risks or may result in uncontrolled dissemination with negative impacts on the ecosystem are allowed to be introduced into the environment. That means that, in accordance with the regulations, genetically modified organisms and varieties must be as safe as their conventional counterpart. Extensive data on genetic stability, allergenicity, toxicity and digestibility from extensive greenhouse and field trials and feeding studies is therefore 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. However, the area on which these products are grown in the EU is negligible. No genetically modified varieties are allowed to be grown in Germany, because the social consensus is against that. Scientifically, however, there are no indications that the use of genetically modified plants poses a greater risk to the environment or the safety of food and feed than conventional plants and organisms, as a meta-study from 2013 at the EU level confirmed. Consequently, KWS markets genetically modified varieties solely in North and South America at present.

Traceability of genetically modified plant material

KWS joined the "Excellence through Stewardship" (ETS) initiative in January 2013. This is an internationally standardized quality management program relating to the use of biotechnology-derived/genetically modified plant material throughout the product lifecycle. The ETS regulations are currently being incorporated in the Integrated Management System. 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. The first audits in field production for the American seed market at BETASEED in the U.S. and pre-audits in our laboratories and greenhouses in Germany went successfully.

6.7. Ecological Impacts



Conservation tillage through mulch tillage

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 which 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 in preserving soil fertility.

Extensive and customized consulting

In Germany we maintain a closely-knit network of consultants who specialize in specific crops and 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, one of KWS' competence

centers, which maintains its own system of trials. It supplies sales staff with location-specific information aimed at closing the gap between science and practice.

Conservation tillage and catch crop mixtures

To test methods of conservation tillage that counteract soil erosion, 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 as a seed bed for sugarbeet has positive effects. Traditional plowing is dispensed with in this method, thus reducing soil erosion and preserving the soil's structures. 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. The result is 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 that can occur when areas lie fallow in the seasonal cycle. Unlike with fallow land, leaching of nutrients can be reduced significantly.

In addition, the KWS AckerFit catch crop mixtures meet the requirements of the CAP reform relating to provision of ecological focus areas.

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.

Improving soil fertility

The sustainable use of resources is of specific importance, in particular in organic farming. Nitrogen is a limiting factor to plant growth and has a great influence on plant production in organic farming because it is not available in mineral form. For several years now, KWS has therefore been testing cultivation of legumes, or to be specific grain peas, at its Wiebrechtshausen monastery estate as a means of introducing nitrogen into the crop rotation cycle through plants. 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 aroused keen interest.

Events, trade shows and information materials

Among other things, KWS offers consulting on varieties and questions of cultivation at the German Agricultural Society's Field Days. In 2014, more than 23,000 visitors from the farming industry learned more about the latest trends in crop farming there. We also provide

our customers with printed information on varieties and advise them at trade shows and events. Innovative applications, such as smartphone apps, round out the consulting we offer customers.

6.8. Compliance

Lawful and ethical conduct is a vital foundation of KWS' business activity. That is underscored by the establishment of our international compliance system. The compliance system defines regulations that apply internationally to all KWS employees. We have conducted a compliance risk analysis for all business segments and regions and will repeat it regularly.

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 guidelines that build on it, such as on anti-corruption, market conduct in compliance with antitrust law, data privacy and regulations on preventing insider trading under stock market law.

Group-wide compliance management

The central department Corporate Law & Compliance, i.e. the Chief Compliance Officer and specialized staff, advise all business segments at the KWS Group and can be contacted by management and all employees. The central department is supported by KWS' regional Service Centers, which stage training and distribute compliance information, for example. In addition, an external compliance hotline staffed by an independent attorney at law can be reached at all times.

Handling suspected violations and sanctions

Suspected violations of the regulations can be reported to supervisors, the Chief Compliance Officer or the external compliance hotline, anonymously if desired. All the cases are investigated without exception and penalties are imposed if the suspected violations prove founded. Whistleblowers do not suffer any disadvantages, unless they have obviously abused their right to report violations. After the investigation has been completed, the whistleblowers are informed, as long as there are no legal reasons or legitimate interests speaking against doing so or other negative effects are to be feared.

The sanctions depend, among other things, on the severity of the violations, the degree of the person's breach of duty, the functional level, behavior after the violation (i.e. attempts to cover it up or help in investigating it), and consequences of the violation, such as the threat of damage or actually incurred damage.

The sanctions consequently range from warnings and reductions in bonuses to immediate dismissal and legal steps. Individual cases of suspected violations were reported to the Chief Compliance Officer in the period under review. Investigations into all cases were initiated and, if the suspicion was confirmed, relevant sanctions were imposed. No significant damage was incurred by our company or third parties.

Prevention as a focal aspect of compliance work

The focus of our compliance work is on prevention. The Chief Compliance Officer and persons responsible from the Service Centers provide information about the compliance system and its principles, as well as about the latest issues and developments, in training courses, information events and workshops and with a Compliance Newsletter. Apart from this information, a broad range of aids is also available to employees. We provide practical tips on observing compliance rules in everyday work in checklists, instructional leaflets and other guides. Consequently, one focus of compliance work in the reporting period was once more on developing informational material that offers quick guidance to enable adherence to compliance regulations in everyday business. Employees nationally and internationally were again offered customized in-person training courses with different areas of focus. All the regulations and work aids are available to employees in the intranet. In addition, all supervisors are obliged to inform their employees of compliance issues, provide advice to them, oblige them to abide by the compliance rules and to monitor that.

Review of compliance management

The compliance management system was reviewed in the reporting period to ascertain how the company is positioned as to the seven criteria of culture, objectives, risks, program, organization, communication and monitoring. All the criteria – including those where benchmarking revealed we had a very good standard – are examined as to whether adjustments are required. That applies, among other things, to the question of whether further audits and checks are to be established or whether the current system provides adequate monitoring to reflect higher international requirements. If our strong growth and expansion of our international business operations into new markets or the increase in our headcount necessitate adaptations to the system, the company initiates suitable steps that are discussed intensively with all business segments so that balanced solutions and pinpointed measures can be identified. 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.

No violations of the law, fines or sanctions

As in previous years, there were no proceedings against the company due to anti-competitive behavior in our business operations on international markets. 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.

6.9. Environmental, Labor and Social Standards



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

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. 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 internal regulations and 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.

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.

Group-wide standards

The main labor standards entrenched in our group-wide internal set of regulations 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 International Labor Organization 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 male and female workers 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 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. Our employees’ health, coupled with the aim of maintaining a suitable work-life balance, is at the core of KWS’ further efforts. KWS also offers fair, marketoriented compensation and suitable pension benefits. Our social welfare and pension benefits in Germany are presented in the following.

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 18 resultant work patterns and models. We offer part-time work to 20% of our employees, which particularly addresses the desire of our employees to devote more time to their family. In addition, 4% of the total workforce currently makes use of the possibility of working from a home office.

Parental leave and leave to care for family members

Flexible working time models and the possibility of working from a home office make it easier for employees to return from parental leave. This family-friendly support is complemented by a child care allowance of up to €150 per month and child until the child completes the 3rd grade at school. In fiscal 2013/2014, 73 employees took parental leave and 95% 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. As a result, 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. Two employees made use of this option in fiscal 2013/2014.

Semi-retirement and old-age pension

Despite the fact that the regulatory framework is now very restrictive, KWS grants semi-retirement to older employees in justified exceptional cases. For employees' old-age pensions, there is a provident fund financed by the employer or a supplementary retirement provision for employees with a private pension plan. In addition, all employees are offered advice on pension-related matters.

Employee Stock Program

Employees have the chance to acquire shares in the company at a reduced price and thus share in its success. 401 employees took part in the Employee Stock Program this year, despite the very high share price. An average of 28 shares were acquired by each participant.

Recuperation and leisure

KWS has its own vacation home in Bad Grund in the Harz Mountains. The number of overnight stays in fiscal 2013/2014 was 1,933. KWS grants three days of vacation above and beyond the annual entitlement for each week an employee stays at this vacation home. Employees are entitled to take up this offer for three weeks every four years.

Stable employment

We are committed to providing stable employment. The ratio of temporary employment contracts has been at a constant 22% for years. As is typical in the industry, a large share of the temporary contracts was for seasonal workers or those employed for campaigns: 113 employees or 6.4% of the total workforce in fiscal 2013/2014. These employees are assigned

as harvest workers in the field or help process seed. We use loan workers to a marginal extent only. Their number as an average in the past fiscal year was 8 (previous year: 3.5).

6.10. 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 an analysis from 2012 showed that 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 proportion 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 last fiscal year 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 will apply in future to all new agreements and be rolled out for all existing ones 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 planned audits or annual reviews.

6.11. Stakeholder Dialogue



Guiding principles under review in the Plant Breeding Advisory Board

Our stakeholders make demands of us or have interests that we must continuously reflect and deal with in an appropriate and suitable manner. Our key stakeholders are business partners, such as customers and suppliers, shareholders and policymakers, public authorities, NGOs and our employees.

Our lasting commercial success is predicated on trusted and constructive dialogue with our internal and external stakeholders so that we can anticipate the right topics.

An open corporate culture based on dialogue is nurtured in our relationship with employees. That also includes trustworthy and constructive talks with the employee representatives. One special series of events was the internal workshops that were held worldwide by KWS in fiscal 2013/2014 in order to give employees throughout the Group a tangible feel for the connection between KWS' brand values and its strategic business planning. Six regional events were held. The impressions gained and work results will be incorporated in KWS' further strategic orientation.

Our institutionalized and wide-ranging dialogue with external stakeholders mainly includes the Plant Breeding Advisory Board and the Dialogue Forum at the company's headquarters in Einbeck. They are particularly important for KWS in that they enable us to reflect critically on our own activities.

The Plant Breeding Advisory Board

The Plant Breeding Advisory Board has a long tradition. Founded in 1990 in response to the debate on critical issues relating to the use of green genetic engineering, it has since acted as an advisory body on current and future developments in agricultural topics. It serves to shed light on issues from different social perspectives and derive measures for KWS' development. The Plant Breeding Advisory Board is usually held once a year and deals with a subject defined by KWS. It is composed of a fixed interdisciplinary group and about five to seven trustees who discuss issues with the Executive Board and other employees selected on the basis of the topic in question. The 46th meeting was held in fiscal 2013/2014 on the subject of "Guiding principles for sustainable agriculture." Many topics were identified in the speeches, panel discussions and blog contributions, including how the company addresses its social responsibility and diversity in its regional markets. One example of that is the small-farmer structure of agriculture in China versus large-scale farming in Brazil. The next Plant Breeding Advisory Board meeting on this focal issue will be this November on the subject of "product innovations," the last one in this series. A new focal issue is planned for the coming year.

Regional Dialogue Forum

The Dialogue Forum gives representatives from social groups in the Leine-Solling region the opportunity to obtain up-to-date and comprehensive information on the most important questions and developments at the company which are of interest to the region. At the same time, KWS has an interest in getting to know the viewpoints and opinions of participants in the Dialogue Forum so as to include them in its considerations and decisions. The contact persons at KWS are the Chief Executive Officer and the Head of Corporate Development & Communications. Other experts from the managerial level may take part, depending on the subject. The results of the Dialogue Forum are published on KWS' homepage after the meetings. In the past fiscal year a Dialogue Forum was held on the subject "Energy plants, innovation measures and expansion of KWS' research at Einbeck." A Dialogue Forum on "Latest developments from plant breeding and crop farming" is planned for the current fiscal year.

6.12. Securing Junior Staff and Employee Development



"TOPAS – TOP EMPLOYER IN SOUTHERN LOWER SAXONY"

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 potentials and help them develop further. The objective is to cover the KWS Group's quantitative and qualitative personnel requirements to match its strategic objectives.

Recruiting qualified employees

1,763 people were employed at KWS in Germany at the end of fiscal 2013/2014: 47.8% of them in research and development, 12% in production, 20.3% in sales and 19.9% in administration. We work hard to make sure we are perceived as an attractive employer by external applicants. As part of that, we leverage modern means of online communications and take part in selected career fairs. At the same time we have intensified our sourcing activities, strengthening our cooperation with relevant universities, institutions and organizations in Germany and abroad. One of the main focuses of our employer branding activities in fiscal 2013/2014 was to position KWS among biologists and biotechnologists in North America, as we opened a research center in St. Louis, Missouri (U.S.).

Throughout the Group, we have continuously expanded the opportunities we offer students to work as an intern or write their degree theses. The number of Germany Scholarships we awarded was increased from five to twelve in the past fiscal year.

We have significantly expanded our offering to students to visit KWS. The chance to get to know a plant breeding company from the inside meets with high acceptance.

Vocational training and induction programs

The number of apprentices and trainees in Germany was 98 and 25 respectively. Their ratio relative to the total workforce was 5.6%. Two more elements were integrated in our proven trainee program: the "Trainee Get-together" and "special theme workshops." There is still keen demand to participate in the Breeders Academy, which we offer to career starters

wishing to become plant breeders. Six people are currently taking part in the program (2012/2013: 2).

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. The number of permanent staff hirings in Germany increased by 5.1% last year. The new recruits were mainly in the middle age groups.

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. We keep on expanding and optimizing our personnel development landscape. In general, we emphasize on-the-job training in conjunction with targeted internal and external training measures to suit needs. The latter focus strongly on further development of the skills of our employees demanded by our global business environment with its constantly changing general conditions: constant innovation, customer orientation and modern communication. An annual performance and career development review is held to so that employees and their supervisors can discuss further training requirements. The ratio of employees who had performance and career development reviews, in which further training requirements are ascertained among other things, was 58.5%, down slightly from the previous year. A new, more user-oriented variant will be introduced in the coming year to ensure higher participation in the reviews. 59 different programs (2012/2013: 55) 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. The average hours of training per year per employee were 22.

Satisfied employees

The rate of employee turnover at KWS fell for the fourth 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 158-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 a very high level of 14 years, i.e. at the same level as the previous year.

6.13. Occupational Safety and Health Promotion



Health Day – Campaign stands with preventive-medicine checks

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 the Integrated Management System. Experts in occupational safety and healthcare provide support in these fields and are assisted by external service providers.

Occupational accidents and days lost

In the past fiscal year, we recorded 28 occupational accidents that were required to be externally reported at the locations of KWS SAAT AG and KWS LOCHOW GMBH, a drop of 15% compared to the previous year. One of the main causes of accidents was personal error (71%), such as a momentary lapse of attention. As part of the regular instruction we give to employees, it is a constant concern of ours to heighten their awareness for attentiveness at the workplace so that we can keep on reducing the number of accidents.

399 days were lost as a result of occupational accidents. The days lost thus fell by 13% year on year. We recorded nine occupational accidents per 1 million working hours and 16 per 1,000 full-time employees, a reduction of 25% and 23% respectively. The number of occupational accidents per 1 million working hours was thus well below the average for enterprises in the agricultural occupational accident social insurance fund responsible for us and for all commercial enterprises (respectively 72 and 25 occupational accidents per 1,000 full-time employees).

KWS' range of seminars was extended to include two first-aid courses for employees. Other courses are to be held due to the strong demand.

Absence due to sickness

The sickness absence rate in fiscal 2013/2014 was 3.6%, a 0.4% increase over the previous year. For the first time this year, events on the subject of mental health at work were offered. Employees were able to learn more about the increasing mental stresses that can be observed in working life, their causes and ways to prevent them.

Health promotion

"KWS Healthy Working World," an initiative promoting preventive healthcare, was launched in fiscal 2013/2014. Alongside many other actions, the Health Day at the end of May 2014 marked a highlight of the new health management system. More than 600 employees at Einbeck took the opportunity to learn more about the various facets of health at an interactive fair during their working time. This event not only gave employees food for thought, but also induced some of them to take immediate actions.

Participation in a blood drive

KWS participated in a blood drive by the German Red Cross for the eleventh time in the summer of 2013. Almost 100 employees from Einbeck donated blood during their working time, around a quarter of them for the first time. The drive was organized by the company medical service.

6.14. Diversity and Equal Opportunity



Sharing knowledge acquired from 50 years of work experience

Equal opportunities and rights for all employees, 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. They are flanked by internal regulations on the principle of “equal pay for male and female workers for equal work.”

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. Figures for personnel development show they have the same access to training and education and performance and career development reviews. The employee turnover rate also does not show that women leave KWS due to dissatisfaction more frequently than men.

Women hold key positions

Women have the same career opportunities as men and hold important functions at the KWS Group, for example in Corporate Controlling, Corporate Law and Compliance and Corporate Human Resources. There are female scientists in key positions in research and breeding. The ratio of women in management positions, i.e. with personnel responsibility, is 26%, or 4 percentage points higher than in the previous year. That also goes for our management bodies: There is one woman on the Executive Board and one on the Supervisory Board.

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

6.15. Plant and Process Safety



Process monitoring and control with a Pocket PC

Proper operation of plant and facilities of relevance to the environment is governed in the Integrated Management System in accordance with the environmental standard DIN ISO 14001 by plant- and process-specific operating, procedural and work instructions and is documented for regular repair, maintenance and controls. Implementation of the instructions is audited.

Plant and processes with environmental impacts

KWS operates power generation plants, greenhouses and seed processing plants. Residues in the form of refuse, waste water and dusts arise in the process to produce ready-for-sale goods at our seed processing plants. Depending on their composition, they are recycled or, if there are only slight pesticide residues in them, are disposed of as hazardous waste. Waste water is purified in a treatment plant. All the plants are operated in compliance with the underlying legislation and prescribed thresholds. Pollution of the environment that may occur through the release of environmentally harmful substances is avoided by means of appropriate technical precautions, such as filter systems.

Special precautions must be taken in operating glass and foil greenhouses for protecting plants so as to avoid pollen entering or leaving them or birds and insects gaining access. That is necessary to prevent plants from being adventitiously pollinated during blossoming so that varietal purity can be ensured.

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 modernized or plant is renovated, this is

done in compliance with the 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.

Examination of proper operation

The responsible Public Authority for the Monitoring of Commercial Activities conducted the system review of the entire environmental organization required every four years in the spring of 2014 without any objectives. Apart from regular internal audits in the reporting period, the environmental management system at Einbeck was also re-certified externally in accordance with DIN ISO 14001 and no deviations were revealed. Göttingen Police Directorate conducted an extraordinary examination of the company fire brigade in the winter of 2013 and confirmed that it met the relevant requirements.

Expansion of emergency preparedness

The new building for the company fire brigade and the premises for the medical service were put into operation and the medical team enlarged this May. All the rules and regulations for emergency preparedness, fire prevention and evacuation have been newly drawn up in the emergency manual. The precautionary measures for firewater retention are being adapted to the operational and constructional situation.

6.16. Use of Resources



Inspection of compressed air systems for leakages

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 Integrated Management System, whose working order and effectiveness is examined by regular internal audits. The Einbeck location also undergoes external certification in accordance with the international standard ISO 14001 and was again awarded it for three years in the spring of 2014.

Input and output

Energy and water, as well as soil, auxiliary materials and supplies, are used in all phases of variety breeding, seed production and the technical processes this involves. Other materials include pesticides, fertilizers, packaging or chemical substances for research and development work. Use of these resources can be controlled by KWS only to a certain extent. It depends on the weather conditions and the quality of the raw seeds in the processing phase. The main focus of environmental protection at the company is therefore on efficient use of materials, controlling processes in the processing plants, and ensuring that the materials from exhaust air purification and waste water treatment are recycled and disposed of in an eco-friendly way.

Use of pesticides

Pesticides and fertilizers are used in research and breeding and in the seed production, 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.

Waste disposal and waste water treatment

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 waste recycling ratio at the Einbeck and Bergen locations in the past fiscal year was 91.3%. The remaining hazardous waste was disposed of in special plants. The high level of recyclable waste and the ratio of recyclable to hazardous waste did not change compared with the previous year. However, the total volume of waste fell by 3% to 4,952 tons. The organic-mineral dusts produced in pelleting sugarbeet seed were partly returned to the process to a volume of 102 tons in the reporting period. We also constantly endeavor to reduce industrial waste similar to household refuse at our Einbeck location, despite the growing number of employees. We have been able to maintain the same low level for years. It was 213 tons in the reporting period. Revenue of €29,042 was generated from recycling of 332 tons of technical recyclable materials (steel, copper cable, paper, etc.), i.e. 25% more than in the previous year.

Waste water treatment

Waste water from production containing pesticides, of which only very low quantities (<1%) are generally produced, was reduced at the Einbeck location by 13% over the previous year. As in previous years, the figures are well below those permitted under Einbeck's local waste water regulations. Waste water is purified in accordance with statutory provisions before being passed to the sewerage system. At Einbeck, this step is carried out by means of precipitation, filtration and adsorption with activated carbon filters in the company's own waste water treatment plant. The waste water treatment plant at Einbeck is being modernized this fiscal year.

Resource consumption and efficiency in plants and buildings

In order to improve our ability to plan the consumption of energy and water for our production plants and greenhouses, an automated recording and analysis system has been rolled out at Einbeck. It enables systematic monitoring of consumption and will permit better controlling and identification of savings potentials in future.

87,314 m³ of well, drinking and gray water were used at Einbeck. Water consumption fell slightly by 1.8% over the previous year, since less well water was required in the production plants and cooling systems.

Energy consumption was reduced by 11.6% over the previous year to 52,811 MWh thanks to various technical efficiency measures (such as conversion to LEDs and plant renovation). The relatively mild winter in 2013/2014 also contributed to this positive effect. The compressed air systems are constantly inspected for leakages. This loss was able to be halved from 2.48m³/min. the year before to 1.18m³/min. The "Energy Scouts" project, which aims to sensitize our employees about saving energy, embarked on its second round due to the positive internal and external response in fiscal 2013/2014.

Use of renewable energy

KWS decided back in 2010 to install biogas modules in its block-type thermal power station at Einbeck for cost reasons. As a result, some 40% of the energy is now generated from renewable sources, which helps save natural resources and protect the climate. In order to promote the idea of protecting the environment, KWS is also a member of the group of CLIMATE PROTECTION COMPANIES, an excellence initiative of the German business community.

Transportation with regard to efficiency and the environment

All our transportation processes that support our core processes are handled with regard to efficiency and their positive contribution to environmental protection.

Our logistics processes for raw goods and seed extend over more than 100 countries and are controlled by a central corporate 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 implemented for transporting raw harvested corn seed from Turkey. That helped sharply reduce transportation times and costs, as well as CO₂ emissions in shipment by sea and truck. As part of a logistics network, KWS has been involved since June 2013 in a working group on the subject of “Sustainable Transport and Reliable Supply Chains” with representatives of the shipping industry and the logistics sector, as well as the International Transport Forum (ITF) of the OECD. The objective of the working group is to formulate practical steps for decision-makers from logistics and industry for addressing the issue of sustainability in the supply chain. Business trips are planned and undertaken in compliance with our travel expense policy and are in general handled through an external agency contracted by us. Public transport is to be preferred as the means of conveyance. As a result, some 90% of business trips in the past fiscal year were undertaken by public transport and only 10% using the vehicle fleet (not including figures for use of company cars). The mileage driven by the fleet’s pool vehicles was therefore around 15% less than the year before. The ratio of environmentally-friendly rail travel was just 8%. International trips require the use of air travel.

Benchmark values and upper limits for CO₂ emissions apply to company cars and their suitability is reviewed every two years. The figures were raised in the past fiscal year – to 150g CO₂/km as the benchmark value and 190g CO₂/km as the upper limit – so as to define feasible values for the whole Group.

Vehicles with alternative drives, such as those that run on gas and biodiesel, are used only to a low extent in the fleet pool and as company cars. The ratio of vehicles that run on gas and bioethanol to the total fleet, i.e. the vehicle pool and company cars, was 2.5% in fiscal 2012/2013. The use of vehicles that run on these alternative fuels fell because Germany’s nationwide service station network is not adequate for field service employees and those who work on the trial areas: The vehicles have limited ranges of around 350 km when fully filled, which is not sufficient for all locations and trial fields to be reached.

Investments in environmental protection

Environmental investments totaling €3.5 million were made in the area of energy and buildings in the reporting period. The measures for repair and maintenance of buildings and energy systems amounted to €1.6 million. Investments of around €5 million in the area of energy and buildings are planned this fiscal year. They include renovation of the technical plant used in sugarbeet seed processing, efficient cooling and electrical systems, gas supply at field stations and sprinkler systems. Around €1.6 million has again been budgeted for repair and maintenance in this area.

6.17. Social Commitment



KWS is part of society and is committed to helping society. Science, education, social welfare and culture are preferred areas for our social commitment, which is largely oriented toward our core business. For example, we are especially committed to promoting science and research in the field of plant breeding and biotechnology. A further concern of ours is to help increase the attractiveness of the regional environment at our locations.

Promotion of science and research

National and international support for science and research is of vital interest to KWS as regards driving basic research work in the field of plant breeding and biotechnology and sharing in the results. The company also needs to forge contacts with young scientific talents at an early stage and win them over to work with KWS. Spending on promotion of science and research in fiscal 2013/2014 was €320,000, a 20.4% reduction over the previous year. Since 2007, we have funded 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. We have also 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 awarded a grant of €5,000 to students of crop science and plant breeding at the University of Hohenheim as part of a project focusing on Peru. We also contributed €11,000 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. One such example in 2014 was the GlobalFood Symposium held by the Georg August University of Göttingen, the Global Forum for Food and Agriculture (GFFA) staged by the German Agricultural Society at Green Week in Berlin, and the “Adventure Farm” project of the German Society to Promote Sustainable Agriculture (FNL).

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 €210,000 (previous year: €185,000) on regional support at our Einbeck and Bergen locations in fiscal 2013/2014. More than half of that – €123,000 – went to the regional marketing company Einbeck Marketing Gesellschaft für Wirtschaftsförderung, Stadtmarketing, Veranstaltungs- und Tourismusservice mbH, which was established in 2010. KWS also gave almost €100,000 to the 2013 IdeenExpo (Ideas Exhibition) in Hanover. It 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

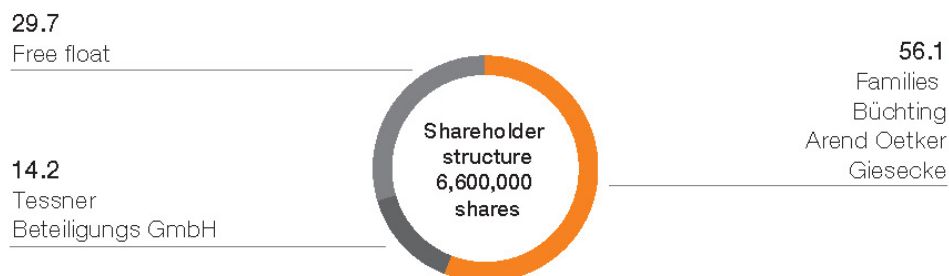
In the future, KWS’ social commitment is to be geared even more strongly to the company’s strategy and requirements. In addition to regional support at KWS’ locations, KWS’ commitment is also to be characterized by greater national and international promotion of sciences and education and international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

7. Figures

7.1. Economics

Shareholder structure at September 30, 2014

in %



GRI indicator G4-7

The KWS Group's locations by region

Number

Region

Total

Production

GRI indicator G4-9

The KWS Group's net sales by region

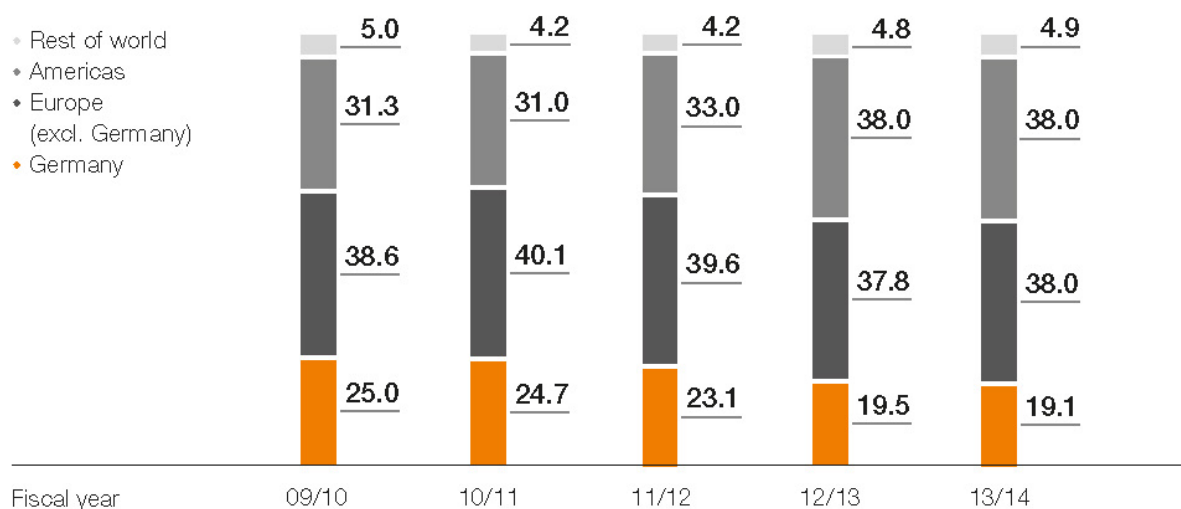
In € millions

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total	754.1	855.4	986.3	1,147.2	1,178.0
Germany	188.9	210.9	228.3	223.4	225.4
Europe (excluding Germany)	291.1	343.4	390.7	433.5	447.2
Americas	236.4	265.1	325.6	435.8	448.1
Rest of world	37.8	36.1	41.6	54.5	57.3

GRI indicator G4-9

The KWS Group's net sales by region

In %



The KWS Group's net sales by segment

In € millions

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total	754.1	855.4	986.3	1,147.2	1,178.0
Sugarbeet	247.4*	293.6	313.4	328.6	351.1
Corn	413.4*	477.5	571.5	701.7	714.9
Cereals	70.0*	77.8	93.3	111.7	107.3
Corporate	23.3**	6.5	8.1	5.2	4.7

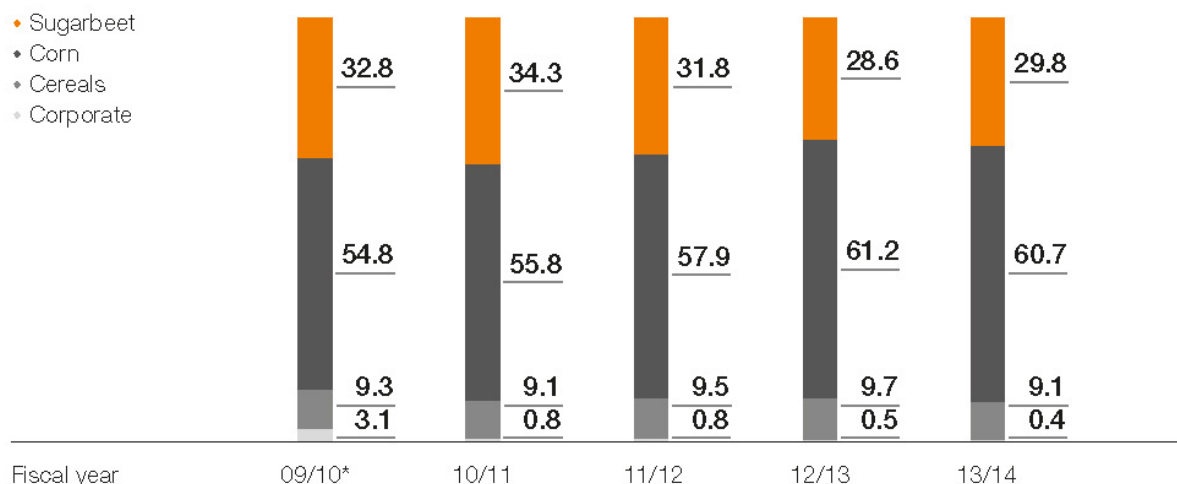
* excluding net sales from research and breeding

** including net sales from research and breeding

The KWS Group's net sales by segment

In %

- ♦ Sugarbeet
- ♦ Corn
- ♦ Cereals
- ♦ Corporate



*The Corporate Segment includes net sales from research and breeding

Capital base of the KWS Group

	Unit	Fiscal year				
		2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total assets	€	857.4	902.0	1,092.3	1,281.7	1,262.8
Equity	€	492.9	530.3	603.1	649.6	637.8
Borrowings	€	364.5	371.7	489.2	632.1	625.0
Equity ratio	%	57.5	58.8	55.2	53.3	50.5
Leverage	%	42.5	41.2	44.8	49.3	49.5

GRI indicator G4-9

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

In € millions

	Fiscal year	
	2012/2013	2013/2014
Direct economic value generated		
Total output	1,210.9	1,240.6
Net sales	1,147.2	1,178.0
Other income	63.7	62.6
Distributed economic value:		
Total output	1,138.4	1,180.3
Operating expenses	841.6	867.5
Raw materials and supplies, third-party goods and services	484.5	481.4
Depreciation and amortization	38.4	43.0
Other third-party goods and services	318.7	343.1
Personnel expenses	211.4	225.8
Wages and salaries	167.4	180.3
Pensions and social benefits	44.0	45.5
Equity providers	31.9	34.3
Shareholders	19.8	19.8
Lenders	12.1	14.5
Public sector		
Tax payments	53.5	52.5
Retained economic value	72.5	60.3

GRI indicator G4-EC1

Operating income of the KWS Group

In € millions

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total	82.4	116.6	140.9	152.1	138.4

The KWS Group's expenditure on research and breeding

	Unit	Fiscal year				
		2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total	€ million	97.5	113.5	126.6	140.4	148.8
	%	12.9	13.3	12.8	12.3	12.6

7.2. Compliance

Anti-Corruption

Analysis of risks related to corruption at the KWS Group

	Unit	2013/2014
Business units assessed for risks	Number	0*
related to corruption	%	0*

* No special analyses were carried out in the reporting period

GRI indicator G4-SO3

Compliance of legislation

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

Number

	Fiscal year	
	2012/2013	2013/2014
Total number of legal actions regarding anticompetitive behavior and violations of anti-trust and monopoly legislation	0	0

GRI indicator G4-SO7

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

	Unit	Fiscal year 2013/2014
Monetary value of significant fines	€	0
Non-monetary sanctions	Number	0
Cases brought through dispute resolution mechanisms	Number	0

GRI indicator G4-SO8

Non-compliance with laws and regulations concerning the provision and use of products and services at KWS in Germany

In €

	Fiscal year 2013/2014
Total monetary value of significant fines	0

GRI indicator G4-PR9

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

	Unit	Fiscal year 2013/2014
Total monetary value of significant fines	€	0
Total number of non-monetary sanctions	Number	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

	Fiscal year
	2013/2014
Incidents of non-compliance with regulations resulting in a fine or penalty	0
Incidents of non-compliance with regulations resulting in a warning	0
Incidents of non-compliance with voluntary codes	0
Total number of incidents	0

GRI indicator G4-PR2

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

Number

	Fiscal year
	2013/2014
Incidents of non-compliance with regulations resulting in a fine or penalty	0
Incidents of non-compliance with regulations resulting in a warning	0
Incidents of non-compliance with voluntary codes	0
Total number of incidents	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

	Fiscal year
	2013/2014
Incidents of non-compliance with regulations resulting in a fine or penalty	0
Incidents of non-compliance with regulations resulting in a warning	0
Incidents of non-compliance with voluntary codes	0
Total number of incidents	0

GRI indicator G4-PR7

7.3. Product Responsibility

Marketing approvals

Number

	Fiscal year		
	2011/2012	2012/2013	2013/2014
Total	303	276	336
Sugarbeet	129	130	174
Corn	111	92	107
Cereals	49	43	42
Oil/fodder crops	12	8	11
Potatoes	2	3	2

7.4. Employees

The KWS Group's employees by region

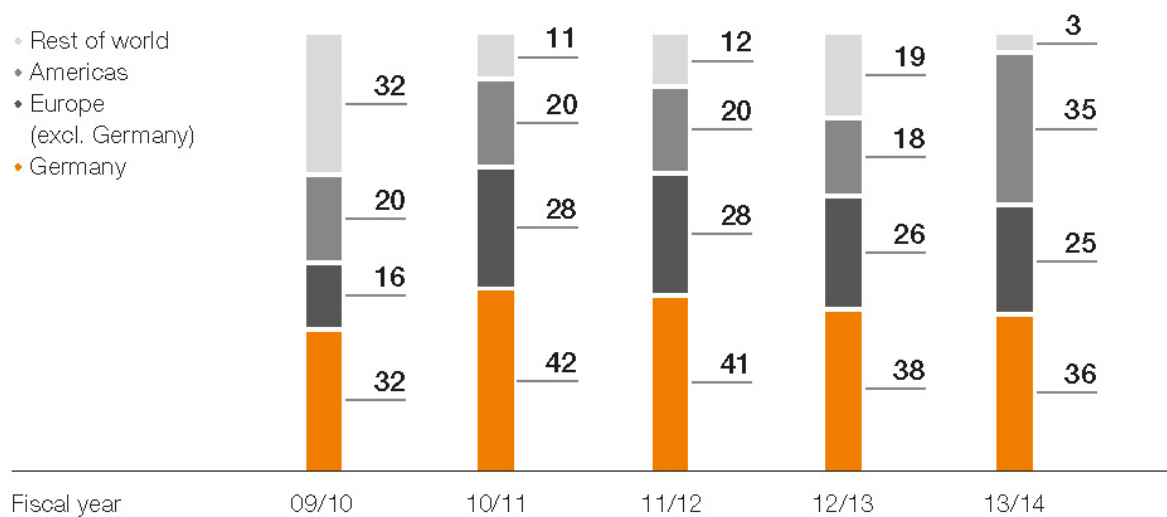
Number

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total	4,464	3,561	3,852	4,443	4,847
Germany	1,426	1,480	1,589	1,674	1,763
Europe (excluding Germany)	709	981	1,062	1,139	1,222
Americas	883	715	752	805	1,711
Rest of world	1,446	385	449	825	151

GRI indicator G4-9

The KWS Group's employees by region

In %



Personnel Structure

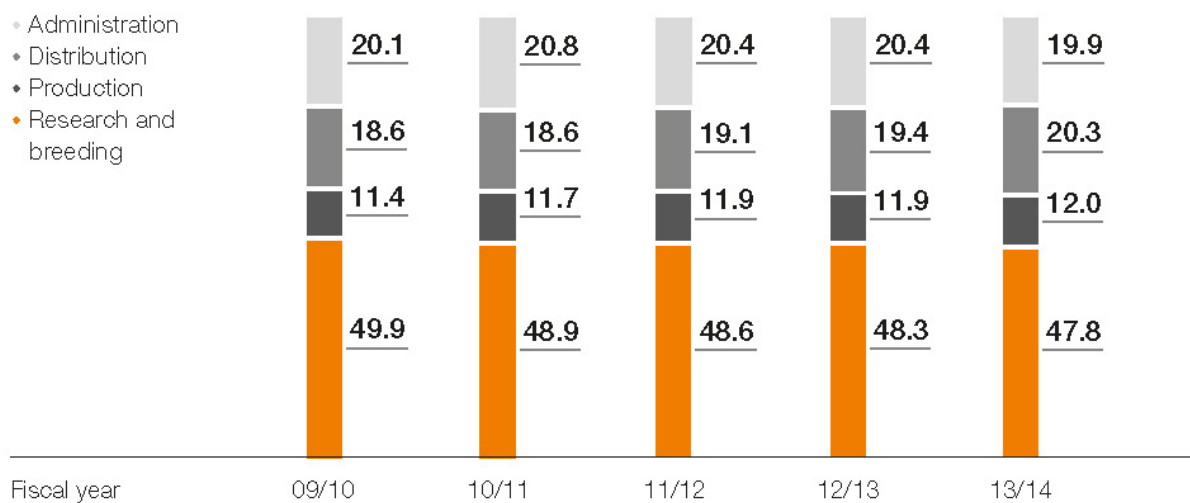
Employees according to function at KWS in Germany

In %

	Fiscal year	
	2012/2013	2013/2014
Total	1,674	1,763
Research & development	809	842
Production	200	212
Distribution	324	358
Administration	341	351

Personnel structure by function at KWS in Germany

In %



Contract types

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

Number

	Fiscal year	
	2012/2013	2013/2014
Total	1,676	1,763
Permanent contracts	1,329	1,382
Women	638	653
Men	691	729
Temporary contracts	347	382
Women	218	226
Men	129	156

GRI indicator G4-10

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

Number

	Fiscal year
	2013/2014
Total	1,763
Total number of permanent contracts	1,382
Full-time	1,063
Women	396
Men	668
Part-time	318
Women	257
Men	61
Total number of temporary contracts	382
Full-time	350
Women	205
Men	146

Part-time	32
Women	21
Men	10

GRI indicator G4-10

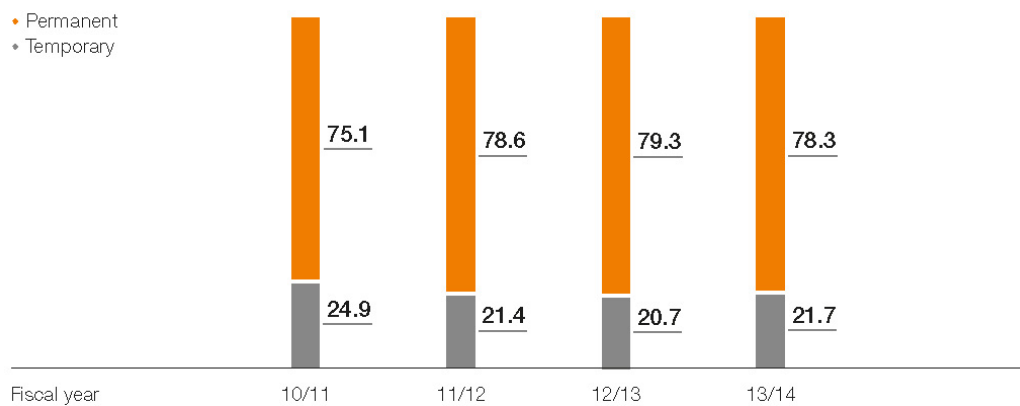
Non-exempt and exempt employees at KWS in Germany

Number

	Fiscal year	
	2012/2013	2013/2014
Total	1,677	1,763
Non-exempt employees	1,555	1,633
Exempt employees	122	130

Permanent and temporary contracts of employment at KWS in Germany

In %



Loan workers* at KWS in Germany

	Unit	Fiscal year	
		2012/2013	2013/2014
Total	Number	3.5	8
	%	0.2	0.5

* including self-employed persons working for and subject to the instructions of KWS

GRI indicator G4-10

Seasonal workers at KWS in Germany

	Unit	Fiscal year	
		2012/2013	2013/2014
Total	Number	107	113
	%	6.4	6.4

GRI indicator G4-10

Employees covered by collective bargaining agreements* at KWS in Germany

In %

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total	90.0	80.0	77.0	76.5	79.9

* Collective bargaining agreements

GRI indicator G4-11

Reconciling of work and family life

Employees on parental leave at KWS in Germany*

Number

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Employees who took parental leave	42	47	31	62	73
Women	-	-	-	51	59
Men	-	-	-	11	14
Employees who returned to work after parental leave ended	-	-	-	61	69
Women	-	-	-	50	55
Men	-	-	-	11	14
Employees who returned to work after parental leave ended	-	98	98	97	95
Women	-	98	98	97	75
Men	-	100	99	100	100

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

GRI indicator G4-LA3

Employees who use a home office at KWS in Germany

In %

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total	2.7	2.7	2.6	2.6	4.3

New hires and turnover

New permanent employee hires at KWS in Germany

Number

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Newly hired permanent employees	57	57	74	75	71
Women	-	-	-	31	26
Men	-	-	-	44	45
Aged up to 20	-	-	-	0	0
Aged 20 to 29	-	-	-	23	24
Aged 30 to 39	-	-	-	28	22
Aged 40 to 49	-	-	-	17	20
Aged 50 to 59	-	-	-	7	5
Aged 60 and above	-	-	-	0	0

GRI indicator G4-LA1

Rate of new permanent employee hires at KWS in Germany

In %

	Fiscal year	
	2012/2013	2013/2014
Total	4.5	5.1
Women	2.2	1.9
Men	3.2	3.3
Aged up to 20	0.0	0.0
Aged 20 to 29	1.7	1.7
Aged 30 to 39	2.0	1.6
Aged 40 to 49	1.2	1.4
Aged 50 to 59	0.5	0.4
Aged 60 and above	0.0	0.0

GRI indicator G4-LA1

Employee turnover at KWS in Germany

Number

	Fiscal year
	2013/2014
Total	28
Women	13
Men	15
Aged up to 20	0
Aged 20 – 29	5
Aged 30 – 39	10
Aged 40 – 49	8
Aged 50 – 59	5
Aged 60 and above	0

GRI indicator G4-LA1

Rate of employee turnover at KWS in Germany

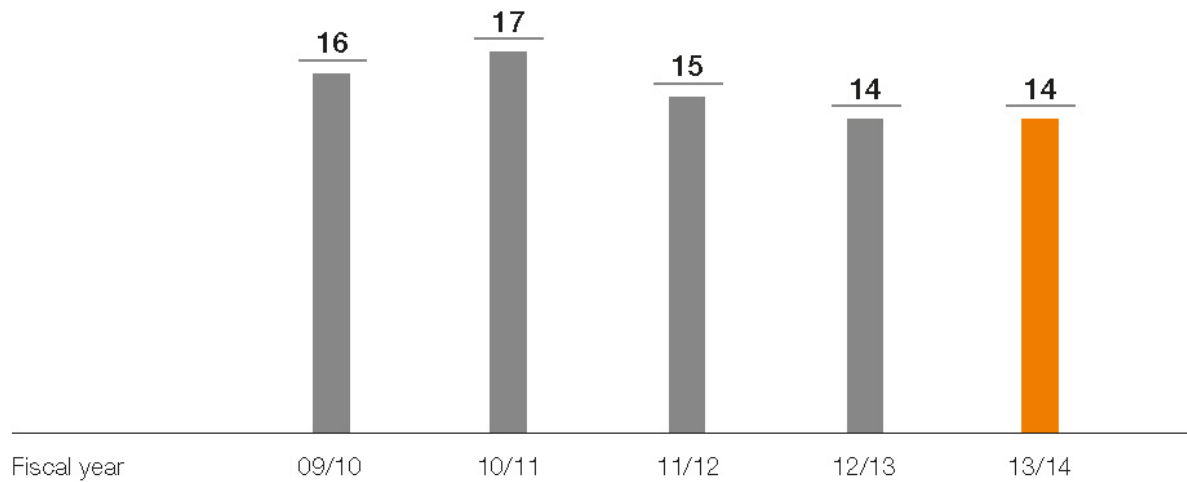
In %

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total number	1.6	2.4	2.7	2.3	2.0
Women	1.8	2.7	2.9	2.8	2.0
Men	1.4	2.2	2.5	1.9	2.1
Aged up to 20	-	-	-	0	0
Aged 20 – 29	-	-	-	0.5	0.4
Aged 30 – 39	-	-	-	0.8	0.7
Aged 40 – 49	-	-	-	0.8	0.6
Aged 50 – 59	-	-	-	0.2	0.4
Aged 60 and above	-	-	-	0.1	0

GRI indicator G4-LA1

Average length of service at KWS in Germany

In years



Employee development

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

In hours

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total	21	24	25	24	22
Women	-	-	-	25	24
Men	-	-	-	24	21
Research & development	-	-	-	21	15
Production	-	-	-	10	14
Distribution	-	-	-	17	17
Administration	-	-	-	47	47

GRI indicator G4-LA9

Employees who received performance and career development reviews

In %

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total	69.6	67.4	69.8	62.9	58.5
Men	-	-	-	47.9	46.5
Women	-	-	-	52.1	53.5
Research & development	-	-	-	-	66.4
Production	-	-	-	-	81.9
Distribution	-	-	-	-	40.1
Administration	-	-	-	-	46.3

GRI indicator G4-LA11

Apprentices at KWS in Germany

	Fiscal year					
	Unit	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total	Number	84	89	91	92	98
Women	Number	-	-	-	-	45
Men	Number	-	-	-	-	52
Industrial	Number	14	15	15	17	18
Agricultural science	Number	40	44	44	43	49
Business administration	Number	30	31	32	32	31
Apprenticeship ratio	%	4.8	5.0	5.2	5.2	5.6

Trainees at KWS in Germany

Number

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total	28	26	26	26	25

Work Safety and Health

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

In %

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total	100	100	100	100	100

* acts at the national level for the whole workforce in Germany

GRI indicator G4-LA5

Fatalities at KWS in Germany

Number

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total	0	0	0	0	0
Women	0	0	0	0	0
Men	0	0	0	0	0

GRI indicator G4-LA6

Occupational accidents* at KWS in Germany

Number

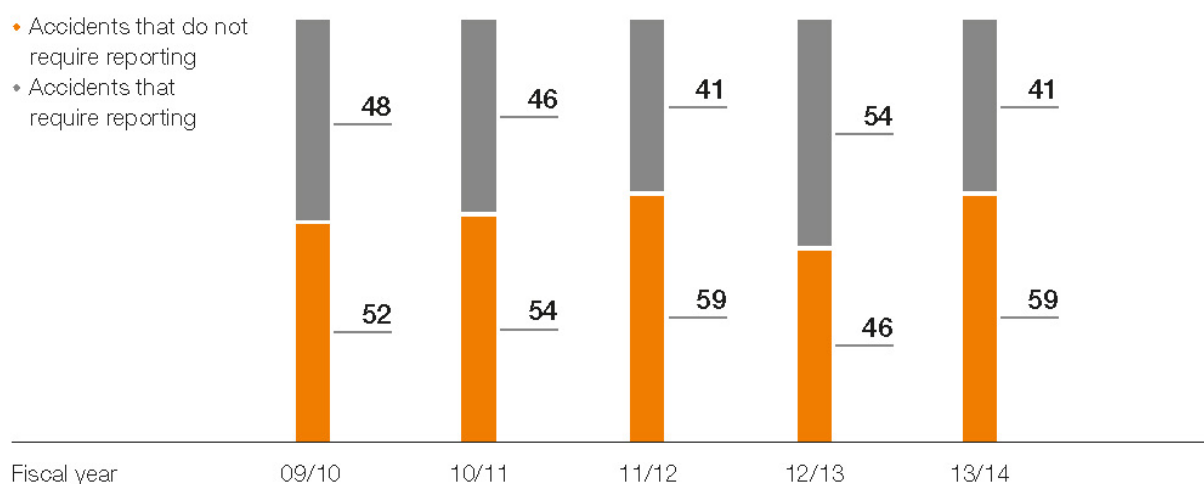
	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total	71	61	49	61	69
Women	-	-	-	-	19
Men	-	-	-	-	50
Required to be reported**	34	28	20	33	28
Not required to be reported	37	33	29	28	41
With days lost	-	38	28	43	34
Without days lost	-	23	21	18	35

* An occupational accident is an incident where medical care is required, i.e. trivial accidents are not recorded here.

** An occupational accident is reported if it results in an illness.

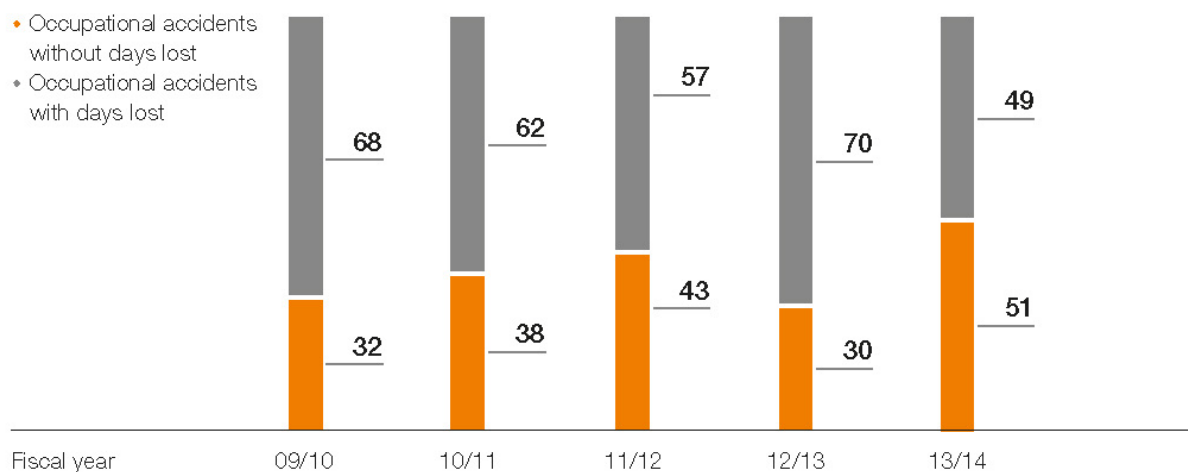
Accidents that require/do not require reporting at KWS SAAT AG and KWS LOCHOW GMBH

In %



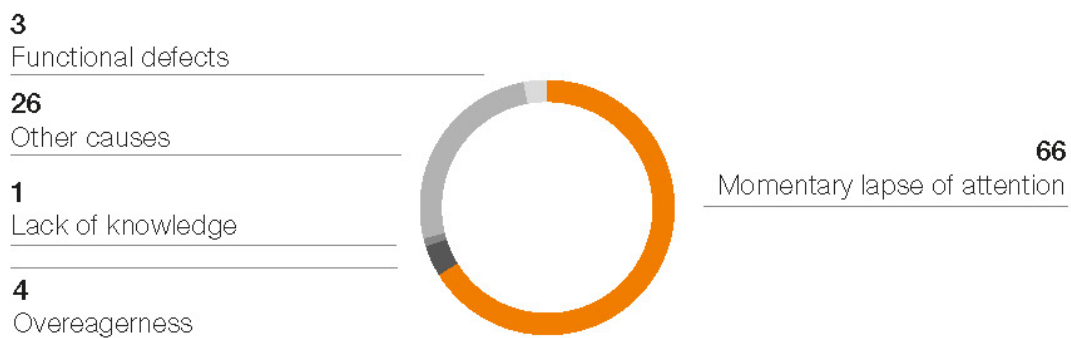
Occupational accidents with and without days lost at KWS SAAT AG and KWS LOCHOW GMBH

In %



Causes of accidents at KWS SAAT AG and KWS LOCHOW GMBH in fiscal 2013/2014

In %



GRI indicator G4-LA6

Lost days* at KWS in Germany

Number

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total	534	423	235	457	399
Men	-	-	-	-	338
Women	-	-	-	-	61

* in working days

GRI indicator G4-LA6

Occupational accidents per 1 million working hours* at KWS in Germany

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total	-	-	-	12	9

* relates to full-time employees

GRI indicator G4-LA6

Occupational accidents per 1,000 employees* at KWS in Germany

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total	-	-	-	21	16

* relates to full-time employees

GRI indicator G4-LA6

Diseases rate at KWS in Germany

In %

Fiscal year

	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total	2.8	3.2	3.6	3.9	3.6

GRI indicator G4-LA6

Diversity and Equal Opportunity

Employees according to gender at KWS in Germany

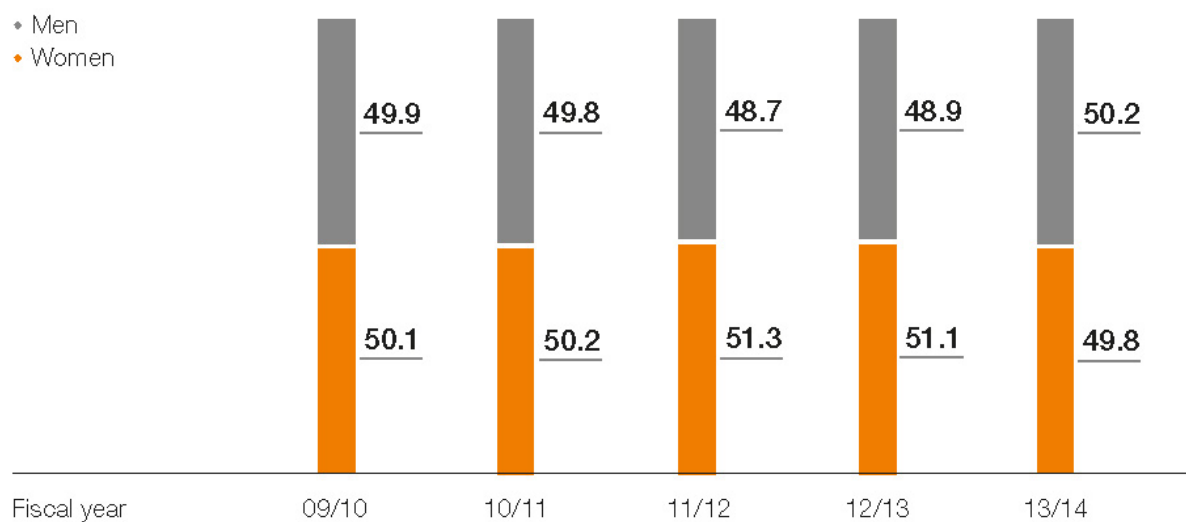
In %

	Fiscal year	
	2012/2013	2013/2014
Total	1,674	1,763
Women	855	879
Men	819	885

GRI indicator G4-LA12

Employees by gender at KWS in Germany

In %



Employees according to function and gender at KWS in Germany

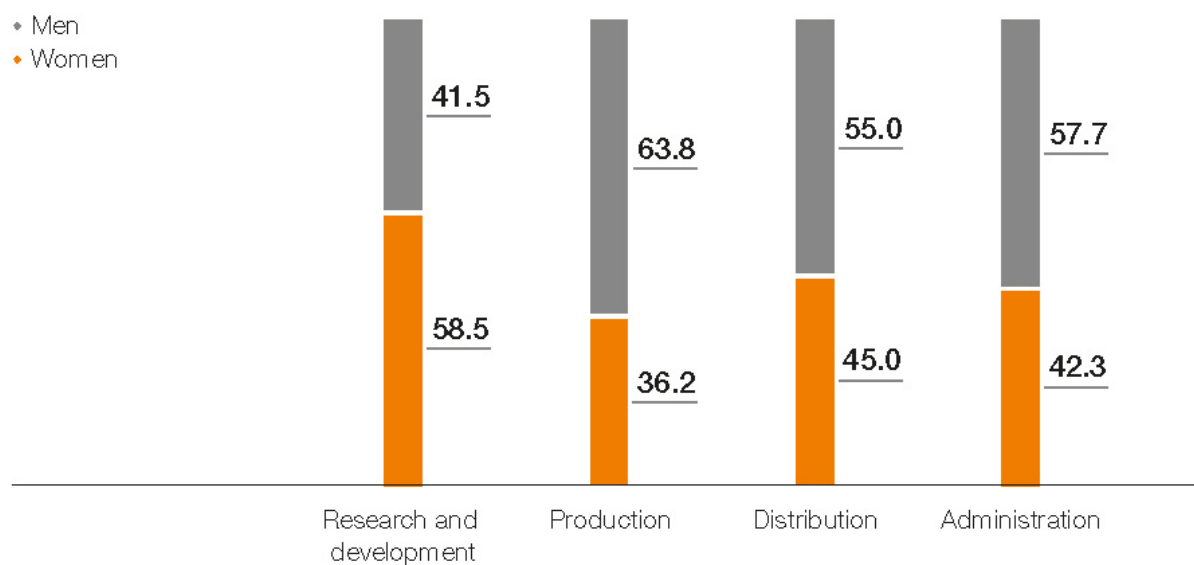
In %

	Fiscal year	
	2012/2013	2013/2014
Total	1,674	1,763
Research & development	809	842
Women	483	492
Men	326	350
Production	200	212
Women	70	77
Men	130	135
Distribution	324	358
Women	152	161
Men	172	197
Administration	341	352
Women	150	149
Men	191	203

GRI indicator G4-LA12

Employees by function and gender at KWS in Germany in fiscal 2013/2014

In %



Women in management positions* at KWS in Germany

In %

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total	-	-	18	22	26

* Women with personnel responsibility, i.e. power to issue instructions

Employees according to function and age group at KWS in Germany

Number

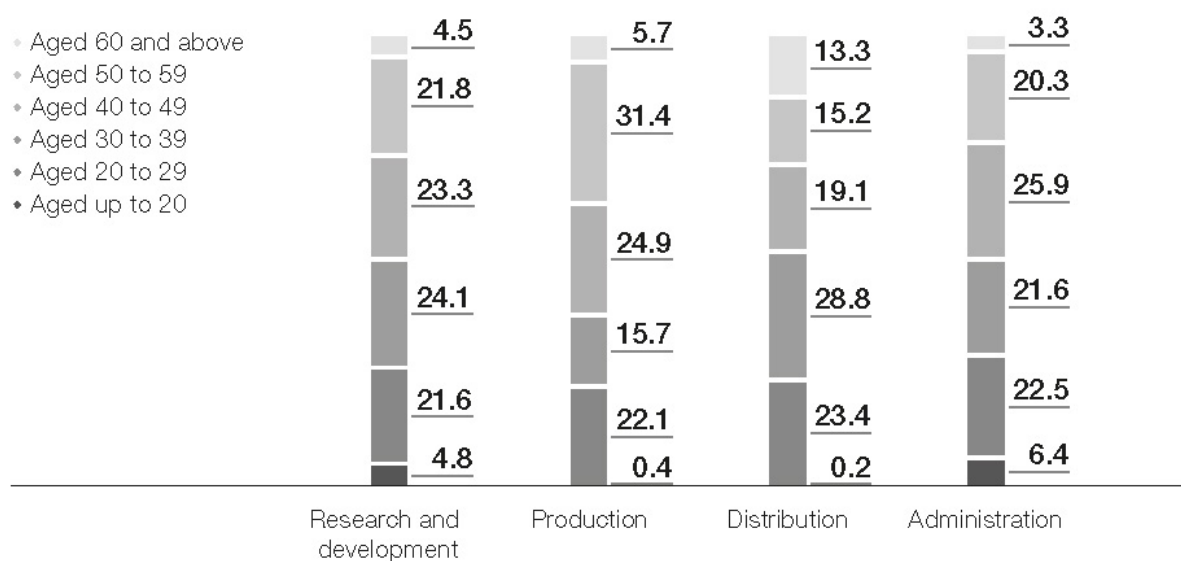
	Fiscal year
	2013/2014
Total	1,763
Research & development	842
Aged up to 20	40
Aged 20 to 29	182
Aged 30 to 39	203
Aged 40 to 49	196
Aged 50 to 59	183
Aged 60 and above	38
Production	212
Aged up to 20	1
Aged 20 to 29	47
Aged 30 to 39	33
Aged 40 to 49	53
Aged 50 to 59	67
Aged 60 and above	12
Distribution	358
Aged up to 20	1
Aged 20 to 29	84
Aged 30 to 39	103
Aged 40 to 49	68

Aged 50 to 59	55
Aged 60 and above	48
Administration	351
Aged up to 20	23
Aged 20 to 29	79
Aged 30 to 39	76
Aged 40 to 49	91
Aged 50 to 59	71
Aged 60 and above	12

GRI indicator G4-LA12

Employees by function and age group at KWS in Germany in fiscal 2013/2014

In %



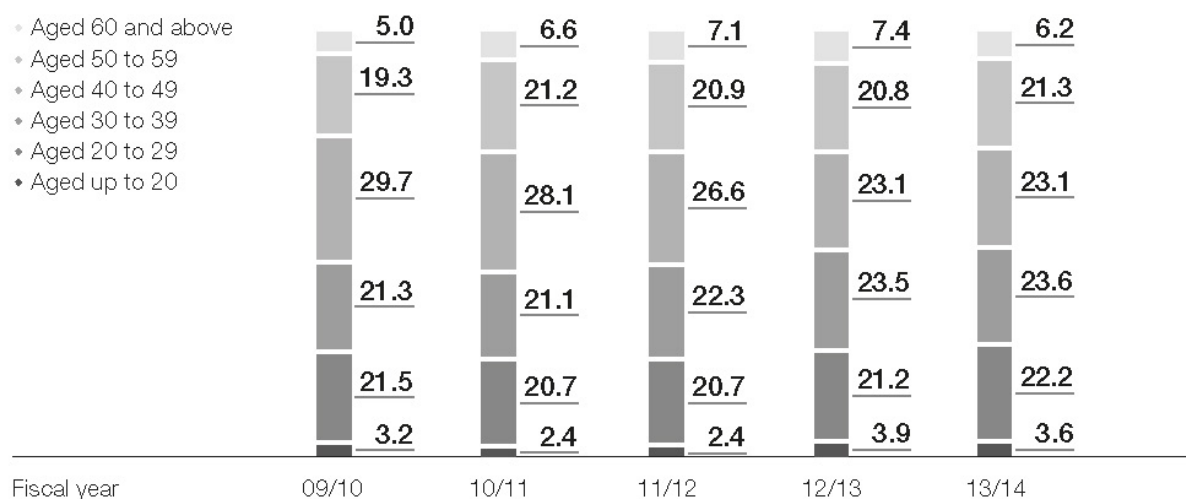
Age structure of employees at KWS in Germany

Number

	Fiscal year
	2013/2014
Total	1,763
Aged up to 20	64
Aged 20 to 29	392
Aged 30 to 39	415
Aged 40 to 49	408
Aged 50 to 59	376
Aged 60 and above	109

Age structure of employees at KWS in Germany

In %



Governance bodies of KWS SAAT AG by gender and age group

Number

June 30, 2014	
Executive Board	
Total	4
Women	1
Men	3
Aged 40 to 49	2
Aged 50 to 59	1
Aged 60 and above	1
Supervisory Board	
Total	6
Women	1
Men	5
Aged 30 to 39	1
Aged 40 to 49	2
Aged 50 to 59	1
Aged 60 and above	2

GRI indicator G4-38

7.5. Environment

Use of resources

Basic data: Key production figures in Germany

In tons

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Seed sold in Germany	43,877	56,716	67,774*	68,378	65,323
Ratio of dressed seed sold	92.5	92.5	92.8	96.3	95.6
Ratio of undressed seed sold	7.5	7.5	7.2	3.7	4.4

* Corrected figures for fiscal 2011/2012; figures for 2010/2011 and 2009/2010 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 AG, 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 AG in Einbeck

	Unit	Fiscal year	
		2012/2013	2013/2014
Quantity of pesticide used as a seed dressing in breeding and research	l	5,189	5,057
	kg	561	569
Quantity of pesticide used in breeding and research to care for plants (during their vegetation period)	l	3,302	1,759
	kg	674	898

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

In tons

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total	378	407	490	536	533

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

Use of packaging material by KWS in Germany

In tons

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Packaging material for sold seed	714	863	956	936	961

Sources of water at KWS in Einbeck and Bergen

In m³

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Surface water	550	222*	386	0	150
For watering					
Well water	83,004*	121,572*	104,530	101,756	100,719
Of which:					
As water for production	42,722	50,994	43,142**	56,164	54,339
Evaporation	-	4,168	3,874	3,695	3,573
For watering	34,191	58,878	41,008	37,099	38,822
In cooling systems	6,091	11,290	6,737	8,494	7,558
Drinking water	16,355	21,716	20,042	18,123	20,634
Of which:					
For watering	7,106	12,992	13,235	7,649	9,248
As water for production	53	1,133	1,943	367	581
In cooling systems	0	2,622	2,467	2,627	2,735
In administration	9,196	4,969	2,397**	7,481	8,071
Gray water (= rainwater)	3,086	3,387	3,822	3,978	3,902
For watering	-	-	38	176	75
In administration	-	-	3,784	3,802	3,826
Total	102,995*	146,897*	128,780	123,857	125,405

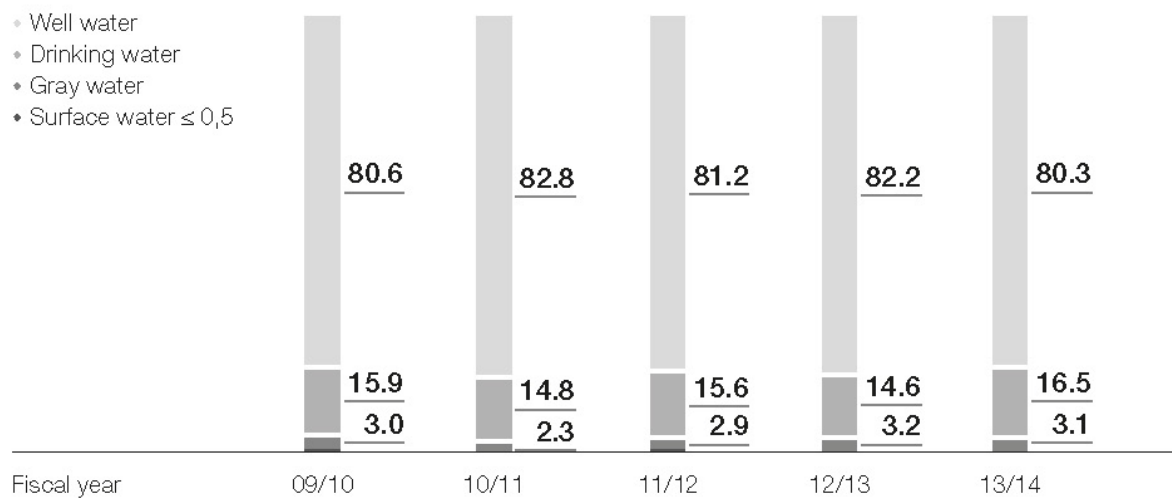
* These figures were corrected due to errors in calculation.

** The figures for this fiscal year are a combination of measurement and calculation.

The consumption figures for production were determined by a combination of measurements and calculations and additional plausibility checks due to repair and maintenance work.

Water sources at KWS in Einbeck and Wohlde

In %



Waste water by type at KWS in Einbeck and Bergen

In m³

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Waste water from production	42,066	47,887	50,337	52,836	54,862
Waste water from production containing pesticides (after processing)	355	513	449	400	348
Administration	8,632	4,969	2,397	7,481	8,051
Rainwater	3,086	3,387	3,784	3,802	3,826
Total	54,139	56,756	56,665	64,519	67,087

Pollution loads in waste water from production containing pesticides at KWS SAAT AG in Einbeck

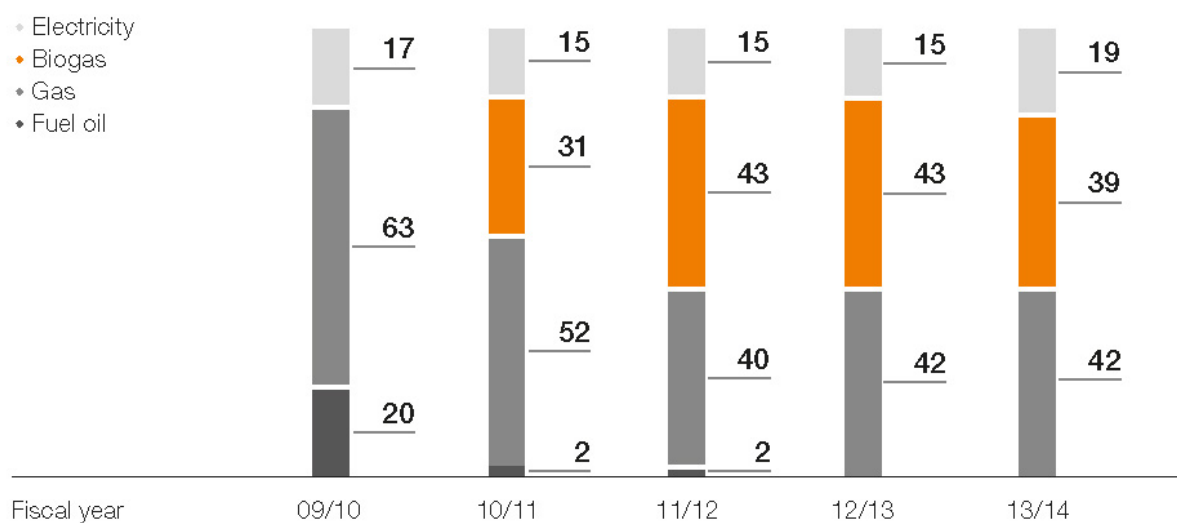
In kg

	Fiscal year		
	2011/2012	2012/2013	2013/2014
Before waste water treatment			
COD	687	453	394
AOX	1	0	0
TOC	222	125	96
After waste water treatment			
COD	272	220	187
AOX	0	0	0
TOC	97	55	49

KWS SAAT AG

Breakdown of the sources of energy used at KWS in Einbeck

In %



Energy purchased, sold and consumed by KWS SAAT AG and KWS LOCHOW GMBH

In MWh

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total purchased primary energy	41,221	57,819	63,694	62,308	52,378
Of which:					
Gas	31,291	35,159	30,521	31,194	27,433
Fuel oil	9,930	2,772	2,224	838	707
Biogas	0	19,852*	30,949	30,275	24,238
Total purchased secondary energy:	8,510	11,778	13,635	14,173	15,135
Electricity					
Total purchased primary and secondary energy	49,731	69,597	77,329	76,481	67,513
Total energy sold (electricity generated from biogas according to the EEG*)	0	7,435	11,433	11,167	9,043
Total energy actually consumed	49,731	62,162	65,896	65,314	58,470

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

Energy purchased, sold and consumed by KWS SAAT AG and KWS LOCHOW GMBH

In MWh

	Fiscal year								
	2011/2012			2012/2013			2013/2014		
	Total	KWS SAAT AG	KWS LOCHOW GMBH	Total	KWS SAAT AG	KWS LOCHOW GMBH	Total	KWS SAAT AG	KWS LOCHOW GMBH
Total purchased primary energy	63,694	61,190	2,504	62,308	60,093	2,215	52,378	50,152	2,226
Of which:									
Gas	30,521	29,103	1,418	31,194	29,618	1,576	27,433	25,810	1,623
Fuel oil	2,224	1,138	1,086	838	200	638	707	104	603
Biogas	30,949	30,949	0	30,275	30,275	0	24,238	24,238	0
Total purchased secondary energy:	13,635	10,769	2,866	14,173	10,817	3,356	15,135	11,702	3,433
Electricity									
Total purchased primary and secondary energy	77,329	71,959	5,370	76,481	70,910	5,571	67,513	61,854	5,659
Total energy sold (electricity generated from biogas according to the EEG*)	11,433	11,433	0	11,167	11,167	0	9,043	9,043	0
Total energy actually consumed	65,896	60,526	5,370	65,314	59,743	5,571	58,470	52,811	5,659

Emissions from primary and secondary energy at KWS SAAT AG and KWS LOCHOW GMBH

In tons

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Carbon dioxide	9,445	15,906	19,371	19,385	18,122
Of which:					
From purchased primary energy	7,117	11,184	12,752	12,359	10,621
Of which:					
From biogas	0	0.993	3,064	2,997	2,400
From purchased secondary energy	2,328	4,723	6,619	7,026	7,501
Nitrogen oxide	4.12	6.8	7.47	7.2	6.07
Sulfur dioxide	0.72	0.6	0.19	0.1	0.09
Carbon monoxide	2.0	3.0	3.41	3.4	2.82
Total	9,451	15,917	19,382	19,396	18,131

Emissions from primary and secondary energy

In tons

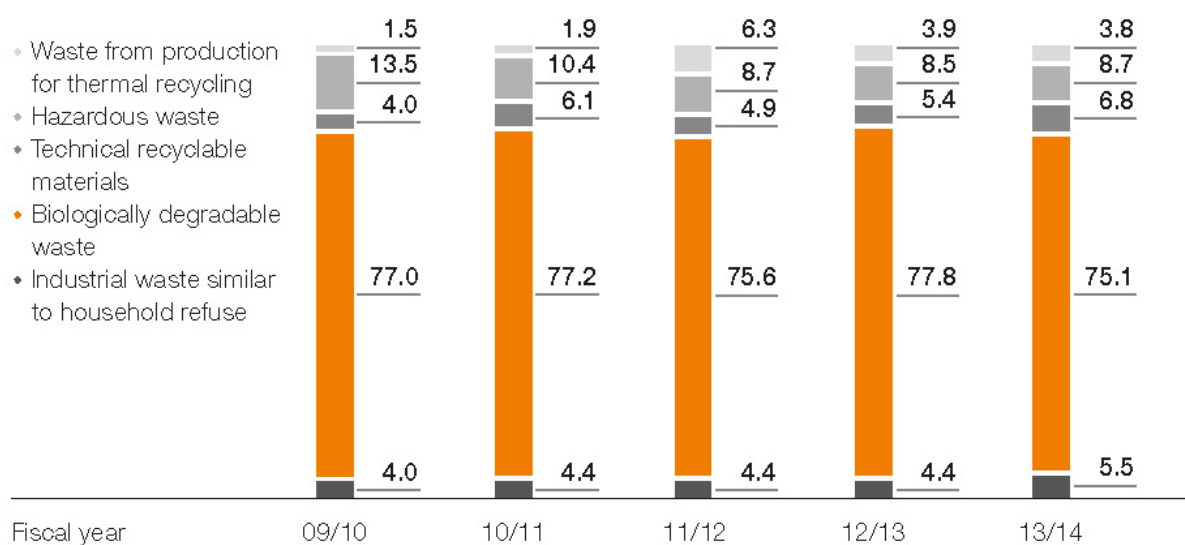
	Fiscal year								
	2011/2012			2012/2013			2013/2014		
	Total	KWS SAAT AG	KWS LOCHOW GMBH	Total	KWS SAAT AG	KWS LOCHOW GMBH	Total	KWS SAAT AG	KWS LOCHOW GMBH
Carbon dioxide	19,371	17,269	2,102	19,385	17,023	2,362	18,122	15,723	2,399
Of which:									
From purchased primary energy	12,752	11,932	820	12,359	11,662	697	10,621	9,924	697
Of which:									
From biogas	3,064	3,064	0	2,997	2,997	0	2,400	2,400	0
From purchased secondary energy	6,619	5,337	1,282	7,026	5,361	1,665	7,501	5,800	1,701
Nitrogen oxide	7.47	7.12	0.35	7.22	6.93	0.29	6.07	5.78	0.290

Sulfur dioxide	0.19	0.15	0.04	0.1	0.12	0.03	0.1	0.09	0.020
Carbon monoxide	3.41	3.29	0.12	3.35	3.24	0.11	2.82	2.71	0.110
Total	19,382	17,279.56	2,102.51	19,396	170,333	2,362	18,131	15,731.58	2,399.42

Calculated in accordance with GEMIS version 4.5

Breakdown of the types of waste at KWS in Einbeck and Wohlde

In %



Waste composition at KWS SAAT AG and KWS LOCHOW GMBH

In tons

	Fiscal year		
	2011/2012	2012/2013	2013/2014
Compost materials	3,931	3,984	3,721
Hazardous waste	453	437	432
Industrial waste similar to household refuse	230	223	272
Technical recyclable materials (steel, paper, etc.)	253	276	338
Waste from production for thermal recycling	330	201	189
Total	5,197	5,121	4,952

Seed quantities transported and CO₂ emissions by method of transport at KWS SAAT AG and KWS MAIS GMBH

	Fiscal year				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total seed quantities transported (tkm)	151,520,652	157,676,617	152,901,311	135,292,589	103,322,524
Truck	52,946,854	76,809,125	68,667,537	67,227,686	58,609,916
Sea	87,199,292	72,400,366	79,402,105	61,382,169	34,975,027
Air	7,654,506	4,465,726	1,289,039	2,709,634	4,284,874
Rail	3,720,000	4,001,400	3,542,630	3,973,100	5,452,707
Total CO₂ emissions (t)	10,268	5,941	5,301	8,090	8,930
Truck	3,827	4,689	3,479	4,850	4,741
Sea	918	952	1,017	976	555
Air	5,413	182	700	2,196	3,472
Rail	110	118	105	69	162

Business trips

	Fiscal year		
	2011/2012	2012/2013	2013/2014
Fleet vehicles owned by KWS SAAT AG (km)	1,786,309	1,857,622	1,586,440
Diesel	1,542,959	1,668,811	1,537,216
Gasoline	120,450	120,000	40,000
Gas	122,900	68,811	9,224
Business trips with external means of transport (km)	-	12,677,819	13,872,471
Rail	-	1,140,145	1,078,238
Air	-	11,303,863	12,399,989
Rental cars	-	233,811	394,244
Total	-	14,535,441	15,458,911

*KWS SAAT AG and, since fiscal 2012/2013, KWS LOCHOW GMBH (the data for KWS LOCHOW GMBH is based partly on estimates)

CO₂ emissions from business trips

	Fiscal year	
	2012/2013	2013/2014
Fleet vehicles owned by KWS (t)	331	278
Diesel	302	271
Gasoline	18	6
Gas	11	1
Business trips with external means of transport (t)	1,993	2,103
Rail	74	70
Air	1,887	1,980
Rental cars	32	53
Total	2,324	2,381

7.6. Society**Expenditure for social commitment of KWS in Germany**

In € thousands

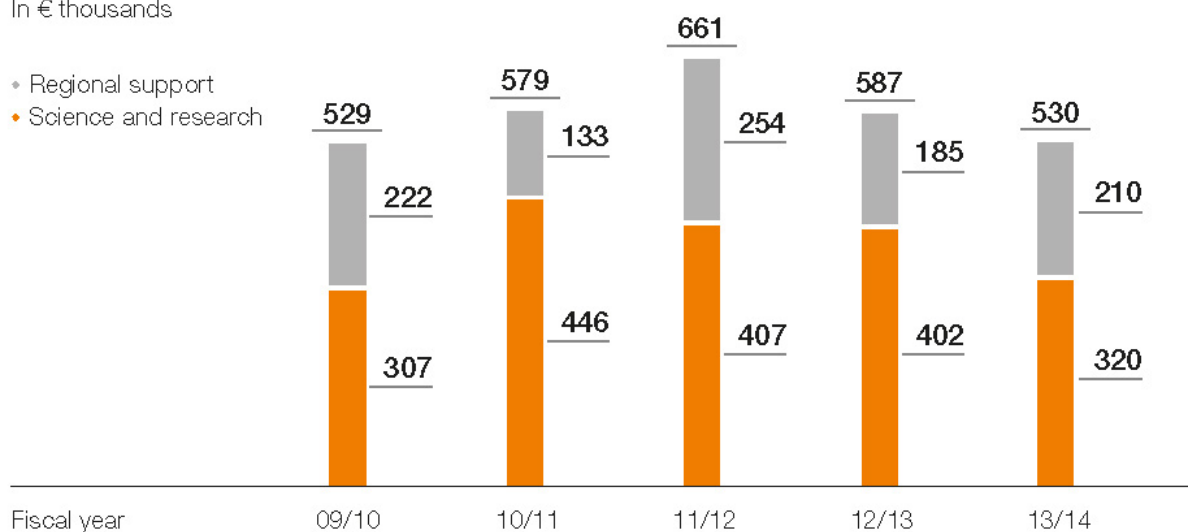
	Geschäftsjahr				
	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Total	526	579	661	587	530
Science and research	307	446	407	402	320
Regional support	222	133	254	185	210

GRI indicator G4-EC1 and G4-EC7

Expenditures for social causes

In € thousands

- ♦ Regional support
- ♦ Science and research



8. Objectives

8.1. 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	An R&D intensity of 12-15% of consolidated net 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

8.2. Corporate Governance

Integrated Management System

Objectives	When?	Status
------------	-------	--------

International expansion of the Integrated Management System ("Rules, Guidelines & Procedures," organizational structure and process organization, audit management, central technical platform)	Continuously	The "Rules, Guidelines & Procedures" were expanded internationally and communicated throughout the group. New requirements will be implemented as and when required (e.g. ETS regulations). As a flanking measure, audit management has been adapted to the higher requirements (training, audit planning). Conversion of the technical platform has been largely completed. Efficient feedback mechanisms have been established in order to ensure continuous improvement of the system. Gradual migration of all local QM systems was initiated.
---	--------------	--

Sustainability Reporting

Objectives	When?	Status
Expansion of sustainability reporting to cover the KWS Group	Fiscal year 2016/2017	New objective

Supplier Standards

Objectives	When?	Status
Mandatory introduction of the Code of Business Ethics for Suppliers for all of KWS' 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.

8.3. Product Responsibility

Breeding of New Varieties

Objectives	When?	Status
Corn		
Development of adapted dent x dent hybrids		
Selection of drought-tolerant	2015	The breeding programs are being

material and establishment of two new breeding programs for Ukraine and Russia		continued.
Increased yield stability for energy corn		
Improvement in tolerance to dry stress and low-input (low-nutrient) conditions, in particular in Eastern Europe, Southeastern Europe and Germany	Continuous improvement	The breeding programs are being continued.
Improvement in hardiness	Continuous improvement	The breeding programs are being continued.
Wheat, barley and rye		
Higher yield stability and quality		
Improvement in tolerance to low-input conditions	2016	The breeding programs are being continued.
Improvement in tolerance to dry stress in Europe	2019	The breeding programs are being continued.
Sugarbeet		
Winter beet research project		
Improvement in tolerance to cold and frost		
Regulation of the flowering time to avoid bolters	Fiscal year 2019/2020	The breeding programs are being continued.
Herbicide-tolerant varieties for conventional cultivation		
Breeding programs for sugarbeet with herbicide tolerance to ALS inhibitors (the class of sulphonylureas)	In the medium term	The breeding programs are being continued.

Certification

Objectives	When?	Status
Group-wide implementation of standards of quality for handling transgenic material in accordance with the biotechnology standard ETS (Excellence Through Stewardship)	Continuously	The internal group-wide “Rules, Guidelines & Procedures” were complemented by ETS-related regulations on handling transgenic material. Internal audits are planned. Training for auditors and employees was launched. Initial external audits by ETS were successfully conducted (laboratory, greenhouse, field trials); others are to follow in 2015. Intermediate objective: Full ETS certification by the end of 2015

8.4. Employees

Securing Junior Staff and Employee Development

Objectives	When?	Status
Increase in the number of Germany Scholarships from five to ten	Fiscal year 2013/2014	Twelve scholarships were awarded.
Award of twelve Germany Scholarships	Fiscal year 2014/2015	New objective
Development of executive staff in the internal International Development Program (IDP)	Fiscal year 2016/2017	New objective

Occupational Safety and Health Promotion

Objectives	When?	Status
Merging of existing databases containing occupational safety information into one central occupational safety database	Fiscal year 2013/2014	Merging has not yet been completed. This work is being continued in fiscal 2014/2015.
Installation of a company health management system	Fiscal year 2013/2014	The system has been installed. A Health Day was also held for employees at the Einbeck location.
Continuation of health promotion by means of tailored, department-specific measures	Fiscal year 2016/2017	New objective
Standardization of systematic risk assessment at all German locations	Fiscal year 2014/2015	Implementation underway

8.5. Environment

Process and Plant Safety

Objectives	When?	Status
Further expansion of examination and evaluation of relevant production plant in relation to aspects of protection against explosions	Fiscal year 2013/2014	Completed
Centralization of plant documentation	Fiscal year 2014/2015 The deadline has been extended to fiscal year 2016/2017.	The documentation is being established.

Certification

Objectives	When?	Status
------------	-------	--------

Recertification in accordance with DIN EN ISO 9001 and 14001 at KWS SAAT AG in Einbeck	Fiscal year 2013/2014	Recertification was conducted successfully in April 2014.
Certification in accordance with DIN EN ISO 14001 at KWS LOCHOW GMBH in Wohlde	Fiscal year 2015/2016	Establishment of the system is being prepared
Certification in accordance with DIN EN ISO 50001 at KWS SAAT AG in Einbeck	Fiscal year 2014/2015	Establishment of the system is being prepared

Use of resources

Objectives	When?	Status
Optimization of the supply of heat and cold by means of an absorption cooling machine	Fiscal year 2015/2016	New objective
Conversion of greenhouse lighting to light-emitting diodes (LEDs)	Fiscal year 2019/2020	New objective
Modernization of Einbeck's plant for treating waste water containing pesticides	Fiscal year 2013/2014	To be completed in fiscal year 2014/2015
Testing of a short-sea solution for transporting corn from Turkey to Germany	December 31, 2013	A combined short-sea transportation solution was implemented in fiscal year 2013/2014.

9. GRI Index

This report was prepared in accordance with the G4 Guidelines of the Global Reporting Initiative (GRI) and fulfills the status "Core."

Extent of reporting

The reporting scope according to GRI G4 comprises General and Specific Standards Disclosures.

- All the General Standard Disclosures are disclosed completely by KWS and therefore already fulfill the status "Comprehensive".
- The extent of the Specific Standards Disclosure has been defined through a materiality analysis in spring 2014 on the basis of a stakeholder survey. The local relevance of GRI aspects is directly disclosed in the GRI index. We distinguish between internal or external relevance. The external relevance is further distinguished between downstream (i.e. service providers and suppliers) and upstream (customers and processors).
- GRI aspects that are relevant internally are reported according to GRI with their management approach and the indicators associated. KWS reports on almost all

indicators that are required for the status “Comprehensive” only with the exception of six indicators.

9.1. General Standard Disclosures

Strategy and Analysis

Required disclosures	Link/comment	Notes on completeness
G4-1: CEO statement	Foreword by Executive Board, Sustainability Management, Objectives, Strategies and control system of KWS in the Annual Report (pages 24-27)	✓
G4-2: Impacts, risks, and opportunities	Sustainability Management, Objectives, Strategies and control system of KWS in the Annual Report (pages 24-27)	✓

Organizational Profile

Required disclosures	Link/comment	Notes on completeness
G4-3: Name	Company Profile	✓
G4-4: Primary brands, products and services	Company Profile	✓
G4-5: Location of headquarters	Company Profile	✓
G4-6: Countries where the organization operates	Company Profile	✓
G4-7: Nature of ownership and legal form	Company Profile	✓
G4-8: Markets served	Company Profile	✓
G4-9: Scale of the organization	Company Profile, Figures (there is an audit opinion from the independent auditor for these figures; see the Annual Report (page 112))	✓
G4-10: Total workforce	Labor and Social Standards, Figures	✓
G4-11: Employees covered by collective bargaining agreements	Labor and Social Standards, Figures	✓
G4-12: Supply chain	Company Profile	✓
G4-13: Significant changes regarding size, structure or ownership	There have been no significant changes in the reporting period.	✓
G4-14: Explanation of how the precautionary approach is addressed	Modern Breeding Methods, Product Safety, Plant and Process Safety, Use of Resources	✓
G4-15: Externally developed	Labor and Social	✓

charters, principles or initiatives [Standards, Sustainability Governance, Product Quality, Use of Resources](#)

G4-16: Memberships in associations and advocacy organizations

[Company Profile](#)



Identified Material Aspects and Boundaries

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

Stakeholder Engagement

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

Report Profile

Required disclosures	Link/comment	Notes on completeness
G4-28: Reporting period	Report Profile	
G4-29: Date of publication of the most recent report	6th Sustainability Report dated October 24, 2013	
G4-30: Reporting cycle	Report Profile	

G4-31: Contact person for questions regarding the report	Report Profile	<input checked="" type="checkbox"/>
G4-32: GRI index	GRI Index	<input checked="" type="checkbox"/>
G4-33: External assurance of the report	Our Sustainability Report is not examined /audited externally at present.	<input checked="" type="checkbox"/>



Governance

Required disclosures	Link/comment	Notes on completeness
G4-34: Governance structure	Sustainability Governance	<input checked="" type="checkbox"/>
G4-35*: Delegation of responsibility for development of sustainability	Sustainability Governance	<input checked="" type="checkbox"/>
G4-36*: Competences for development of sustainability	Sustainability Governance	<input checked="" type="checkbox"/>
G4-37*: Consultation with stakeholders	Sustainability Governance	<input checked="" type="checkbox"/>
G4-38*: Composition of the highest governance body	Sustainability Governance, Figures	<input checked="" type="checkbox"/>
G4-39*: Independence of the highest governance body	Sustainability Governance	<input checked="" type="checkbox"/>
G4-40*: Nomination and selection processes	Sustainability Governance	<input checked="" type="checkbox"/>
G4-41*: Conflicts of interest	Sustainability Governance	<input checked="" type="checkbox"/>
G4-42*: Highest governance body's role in developing sustainability strategies and objectives	Sustainability Governance	<input checked="" type="checkbox"/>
G4-43*: Knowledge of the highest governance body	Sustainability Governance	<input checked="" type="checkbox"/>
G4-44*: Evaluation of the highest governance body's performance	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 Deutscher Corporate Governance Kodex, the German Corporate Governance Code.	<input checked="" type="checkbox"/>
G4-45*: The highest governance body's role in the identification of the impact on sustainability	Sustainability Management, Sustainability Governance	<input checked="" type="checkbox"/>
G4-46*: The highest governance body's role in reviewing the effectiveness of the risk management processes	Sustainability Governance	<input checked="" type="checkbox"/>

G4-47*: Frequency of the review of the impact on sustainability	Sustainability Governance	✓
G4-48*: Internal review of the Sustainability Report	Sustainability Governance	✓
G4-49*: Process for communicating critical concerns to the highest governance body	Sustainability Governance	✓
G4-50*: Critical concerns	Sustainability Governance, Annual Report (page 5 et seq. and page 50 et seq.)	✓
G4-51*: Remuneration policies	Sustainability Governance, Compensation Report in the Annual Report (page 60 et seq.)	✓
G4-52*: Determination of remuneration	Sustainability Governance, Compensation Report in the Annual Report (page 60 et seq.)	✓
G4-53*: Mechanisms for seeking and taking into account the views of employees and shareholders regarding compensation	Sustainability Governance	✓
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	Guiding Principles, internal brand values, internal "Rules, Guidelines & Procedures," Environmental, Labor and Social Standards, Code of Business Ethics, Code of Business Ethics for Suppliers	✓

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 that are answered by KWS but are only needed for Status "Comprehensive"

9.2. Specific Standard Disclosures Economic

Required disclosures	Relevance in the value chain	Link/comment	Notes on completeness
Aspect: Economic Performance			
General management approach	Internal	Sustainability Management, Economic Success	
G4-EC1: Direct economic value generated and distributed	Internal	Figures	
G4-EC2: Financial implications for the organization's activities due to climate change	Internal	Sustainability Management, Risk Report in the Annual Report (page 50 et seq.), Product Innovations, Use of Resources, R&D Expenditure	Weather-related risks due to climate change cannot be reported in the financial impacts.
G4-EC3: Company retirement pension	Internal	Annual Financial Statements in the Annual Report (page 83 et seq.)	
G4-EC4: Financial assistance received from government	Internal	Annual Financial Statements in the Annual report (page 103)	
Aspect: Market Presence			
General management approach	Internal	A minimum wage is absent. Compensation is governed by collective bargaining agreements. Labor and Social Standards	

G4-EC5: Local minimum wage	Internal	A minimum wage is absent. Compensation is governed by collective bargaining agreements.  Labor and Social Standards
G4-EC6: Senior management hired from the local community	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.
Aspect: Indirect Economic Impacts		
G4-EC7: Investments in public infrastructure	Internal and external (upstream and downstream)	No investments in public infrastructure were made. 
G4-EC8: Indirect economic impacts	Internal and external (upstream and downstream)	Promotion of biodiversity in developing countries 
Aspect: Procurement Practices		
G4-EC9: Local suppliers	External (upstream)	This indicator is not applicable to KWS since its procurement structures are international.

9.3. Specific Standard Disclosures Environmental

Required disclosures	Relevance in the value chain	Link/comment	Notes on completeness
Aspect: Products and Services			
G4-EN27: Mitigation of environmental impacts of products and services	External (downstream)	Product Innovations, Product Safety, Ecological Product Impact	
G4-EN28: Reclaim of packaging materials	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.	
Aspect: Compliance			✓
General management approach	Internal	Environmental Standards, Compliance	✓
G4-EN29: Fines and sanctions for non-compliance with laws and regulations	Internal	Compliance, Figures	✓
Aspect: Supplier Environmental Assessment			
G4-EN32: Screening of suppliers	External (upstream)	Supplier Standards	These figures are not available at present. The concept for supplier audits is being established.
G4-EN33: Impacts in the supply chain	External (upstream)		This indicator is not reported on at present.
Aspect: Environmental Grievance Mechanisms			
Specific management approach	Internal	KWS has not implemented a formal grievance management system at present.	✓
G4-EN34: Grievances	Internal		These figures are not available since KWS has not implemented a formal grievance

management
system at
present.


9.4. Specific Standard Disclosures Labor Practices and Decent Work

Required disclosures	Relevance in the value chain	Link/comment	Notes on completeness
Aspect: Employment			
Specific management approach	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.
G4-LA1: Rates of new employee hires and employee turnover	Internal	Securing Junior Staff and Employee Development , Figures	A breakdown by region is currently not provided, since the report boundary only extends to Germany.
G4-LA2: Benefits provided	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	
G4-LA3: Parental leave	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.
Aspect: Labor/Management Relations			
General management approach	Internal	We comply with the statutory regulations and so have not defined a uniform notice period throughout the group.	
G4-LA4: Minimum notice periods regarding significant operational changes	Internal	We comply with the statutory regulations and so have not defined a uniform notice period throughout the group.	
Aspect: Occupational Health and Safety			
Specific management approach	Internal	Occupational Health and Safety, Labor and Social Standards	
G4-LA5: Workforce represented in health and safety committees	Internal	Figures	
G4-LA6: Injuries, occupational diseases, lost days, absenteeism and	Internal	Occupational Health and Safety, Figures	The following figures are not reported: Occupational diseases, since no industry-specific






work-related fatalities		<p>diseases are known</p> <p>Days lost through illness, since this is not required for internal controlling (alternatively, we report the illness rate)</p> <p>Total absenteeism, since this is not required for internal controlling</p> <p>Figures for external employees, since the external employer is responsible for them</p> <p>A breakdown of the figures by region is currently not provided, since the report boundary only extends to Germany.</p>
G4-LA7: Incidence or high risk of diseases	Internal	<p>Employees in breeding and research are given the necessary vaccinations against tick bites, if necessary in their specific region.</p> 
G4-LA8: Health and safety agreements with trade unions	Internal	<p>There are currently no agreements with trade unions on specific health and safety issues</p> 
Aspect: Training and Education		
General management approach	Internal	<p>Securing Junior Staff and Employee Development</p> 
G4-LA9: Average annual further training per employee	Internal	<p>Securing Junior Staff and Employee Development, Figures</p> 

G4-LA10: Skills management and lifelong learning	Internal	Securing Junior Staff and Employee Development, Labor and Social Standards		
G4-LA11: Employee performance and career development reviews	Internal	Securing Junior Staff and Employee Development, Figures		The figures are not broken down by level of hierarchy at present. A reporting system is currently being formulated and the figures are expected to be published in the next Sustainability Report.
Aspect: Diversity and Equal Opportunity				
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.
Aspect: Equal Remuneration for Women and Men				
Specific management approach	Internal	Labor and Social Standards, Diversity and Equal Opportunity		
G4-LA13: Ratio of basic salary of men to women	Internal			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.
Aspect: Supplier Assessment for Labor Practices			
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.
Aspect: Labor Practices Grievance Mechanisms			
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.

9.5. Specific General Disclosures Human Rights

Required disclosures	Relevance in the value chain	Link/comment	Notes on completeness
Aspect: Capital expenditure			
Specific management approach	Internal, external (upstream)	Labor and Social Standards, Supplier Standards, Code of Business Ethics, Code of Business Ethics for Suppliers	
G4-HR1: Human rights	Internal, external (upstream)		This indicator is not reported on at present. A

aspects in investment agreements and supplier contracts			reporting system is currently being formulated and the figures are expected to be published in the next Sustainability Report.
G4-HR2: Employee training on human rights	Internal, external (upstream)	Specific training courses on the subject of human rights are not held at present.	
Aspect: Non-discrimination			
General management approach	Internal	Labor and Social Standards , Diversity and Equal Opportunity	
G4-HR3: Incidents of discrimination and corrective actions taken	Internal	No cases of discrimination came to the employee representatives' attention in the reporting period.	
Aspect: Freedom of Association and Collective Bargaining			
Specific management approach	Internal, external (upstream)	Supplier Standards, Code of Business Ethics for Suppliers	
G4-HR4: Operations and suppliers where the right to exercise freedom of association and collective bargaining may be at significant risk	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	
Aspect: Child Labor			



General management approach	Internal, external (upstream)	Supplier Standards, Code of Business Ethics for Suppliers	
G4-HR5: Operations and suppliers identified as having significant risk for incidents of child labor	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	
Aspect: Forced or Compulsory Labor			
General management approach	Internal, external (upstream)	Supplier Standards, Code of Business Ethics for Suppliers	
G4-HR6: Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor	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	
Aspect: Security Practices			
General management approach	Internal	There is no management approach at present, since one has not been regarded as necessary to date.	
G4-HR7: Security personnel trained in aspects of human rights	Internal	There is currently no special training on human rights.	
Aspect:			

Assessment			
General management approach	Internal	Code of Business Ethics, Code of Business Ethics for Suppliers	There is no management approach at present, since one has not been regarded as necessary to date.
G4-HR9: Operations that have been subject to human rights impact assessments	Internal	No special assessment is carried out at present.	✓
Aspect: Supplier Human Rights Assessment			
G4-HR10: Screening of suppliers	External (upstream)		These figures are not available at present. The concept for supplier audits is being established.
G4-HR11: Impacts in the supply chain	External (upstream)		This indicator is not reported on at present.
Aspect: Human Rights Grievance Mechanisms			
Specific management approach	Internal	KWS has not implemented a formal grievance management system at present.	✓
G4-HR12: Grievances	Internal		These figures are not available since KWS has not implemented a formal grievance management system at present.



9.6. Specific General Disclosure Society

Required disclosures	Relevance in the value chain	Link/comment	Notes on completeness
----------------------	------------------------------	--------------	-----------------------

Aspect: Local Communities

G4-SO1: Local community engagement, impact assessments, and development programs	External (upstream)	Dialogue is conducted with regional stakeholders at the location of headquarters. Stakeholder Dialogue, Social Commitment	
G4-SO2: Negative impacts on local communities	External (upstream)	There were no significant negative impacts in the reporting period.	

Aspect: Anti-corruption

Specific management approach	Internal	Compliance	
G4-SO3: Analysis of risks related to corruption at business units	Internal	Compliance, Figures	
G4-SO4: Training in anti-corruption	Internal	Compliance	This indicator is not reported on at present.
G4-SO5: Incidents of corruption and actions taken	Internal	Compliance	This indicator is not reported on at present.

Aspect: Public Policy

Specific management approach	Internal	Code of Business Ethics, Work in Associations, Industrial Property Rights, Modern Breeding Methods, Stakeholder Dialogue	
G4-SO6: Contributions to political parties and politicians	Internal	None. Gifts to officials and employees of state-owned companies are prohibited in principle.	

Code of Business Ethics			
Aspect: Anti-competitive Behavior			
General management approach	Internal	Compliance , Code of Business Ethics	
G4-SO7: Legal actions for anti-competitive behavior	Internal	Compliance , Figures	
Aspect: Compliance			
General management approach	Internal	Compliance	
G4-SO8: Fines and sanctions for non-compliance with laws and regulations	Internal	Compliance , Figures	
Aspect: Supplier Assessment for Impacts on Society			
G4-SO9: Screening of suppliers	External (upstream)	These figures are not available at present. The concept for supplier audits is being established.	
G4-SO10: Impacts in the External supply chain	(upstream)	This indicator is not reported on at present.	
Aspect: Grievance mechanisms for impacts on society			
Specific management approach	Internal	KWS has not implemented a formal grievance management system at present.	
G4-SO11: Grievances	Internal	These figures are not available since KWS has not implemented a formal grievance management system at present.	

9.7. Specific General Disclosures Product Responsibility



Required disclosures	Relevance in the value chain	Link/comment	Notes on completeness
Aspect: Customer Health and Safety			
G4-PR1: Impacts on human health and safety	External (downstream)	All seed for sale is tested and undergoes an official approval process. Product Quality , Product Safety	
G4-PR2: Non-compliance with regulations on health protection and safety	External (downstream)	Compliance , Figures	
Aspect: Product and Service Labeling			
G4-PR3: Labeling of products	External (downstream)	Product Safety	
G4-PR4: Non-compliance with regulations concerning product and service labeling	External (downstream)	Compliance , Figures	
G4-PR5: Surveys measuring customer satisfaction and their results	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.

Aspect: Marketing

General management approach	Internal, external (downstream)	Modern Breeding Methods, Product Safety, Stakeholder Dialogue	
G4-PR6: Sale of banned or disputed products	Internal, external (downstream)	Modern Breeding Methods, Product Safety, Stakeholder Dialogue	
G4-PR7: Non-compliance with regulations on marketing	Internal, external (downstream)	Compliance, Figures	

Aspect: Compliance

General management approach	Internal	Compliance	
G4-PR9: Fines and sanctions for non-compliance with laws and regulations	Internal	Compliance, Figures	

Handling of the index

Unless otherwise specified, the references given in the “Link/comments” column take you directly to sections in the online Sustainability Report. Other external documents are also referenced and are appropriately indicated. You can also find references to content that has been externally assured in this column.

Explanations why disclosures and indicators in accordance with GRI G4 are omitted are contained in the column “Notes on completeness” and relate to the following reasons:

Permitted reasons for omission of indicators in accordance with GRI G4

Reason	Definition
Not applicable	A Standard Disclosure, part of a Standard Disclosure, or an Indicator is not applicable; the reason why it is considered to be not applicable should be disclosed.
Confidential information	The information is subject to specific confidentiality constraints ; those constraints are to be disclosed by the organization.
Legally prohibited information	The existence of specific legal prohibitions; a reference to the specific legal prohibitions should be made.
Information unavailable	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 timeframe for doing so.

10. Imprint

Responsibility for content:

KWS SAAT AG
Grimsehlstr. 31
P.O. Box 1463
37555 Einbeck
Telephone: 0049-5561/311-0
Fax: 0049-5561/311-322
Internet: <http://www.kws.com>

Contact:

Dr. Jutta Zeddies
Head of Corporate Responsibility Affairs – Environment & Sustainability
Tel.: + 49 (0) 55 61/311-347
Fax: + 49 (0) 55 61/311-9 53 47
E-Mail: jutta.zeddies@kws.com

Andrea Lukas
Corporate Responsibility Affairs – Environment & Sustainability
Tel.: +49 (0) 55 61/311-13 93
E-Mail: andrea.lukas@kws.com

Concept and editorial:

Kirchhoff Consult, Hamburg
connect Werbeagentur GmbH, Einbeck

Consulting

Schlange & Co., Hamburg

Pictures:

Eberhard Franke, Peter Heller, Dominik Obertreis, Jan Schmitt, KWS Gruppenarchiv