

Sustainability Report 2013 | 2014

KWS SAAT AG



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This publication is a summary.
You can find the full Sustainability Report in accordance with
the G4 Guidelines of the Global Reporting Initiative (GRI) 4
in the Internet at:



Philip von dem Bussche, Chief Executive Officer

Foreword by the Executive Board

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,


Yours Philip Bussche

Philip von dem Bussche
Chief Executive Officer



High-quality seed
offering ideal
emergence ...

KWS corn



... is vital to
strong growth of plants
in nature ...

KWS cereals

... and ensures a high yield
is harvested.

KWS sugarbeet



Company Profile

KWS SAAT AG

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. 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.

www.kws.com/sr2014
> Company Profile
Corporate structure

Our Sustainability Approach

The importance of sustainability for our company

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 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.

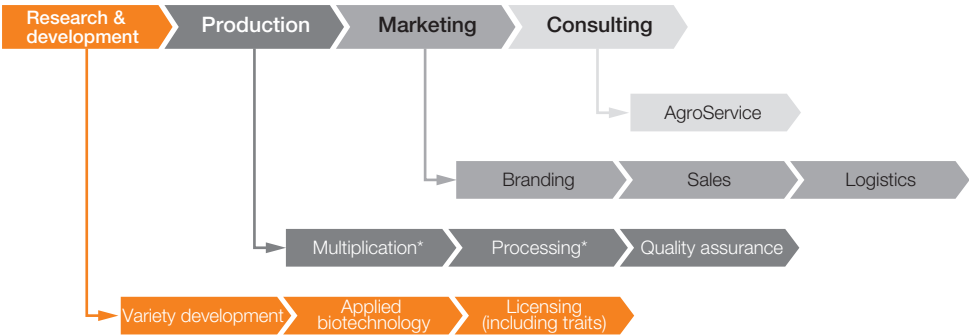
We understand sustainability as thinking and acting in terms of generations – as we have for more than 150 years.

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. The core issues of our company's sustainable corporate development relate 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.

www.kws.com/sr2014
> Sustainability Approach
Sustainability Management
and Sustainability
Governance

KWS' value chain



*Partly in cooperation with multipliers and processing companies

Economics

Economic Success



Every year we invest
between 12% and 15%
of our net sales in
research and development.

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. 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 11.8% 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.



www.kws.com/sr2014
> **Figures**
> **Economics**
Generated and distributed
economic value

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.

Product Responsibility

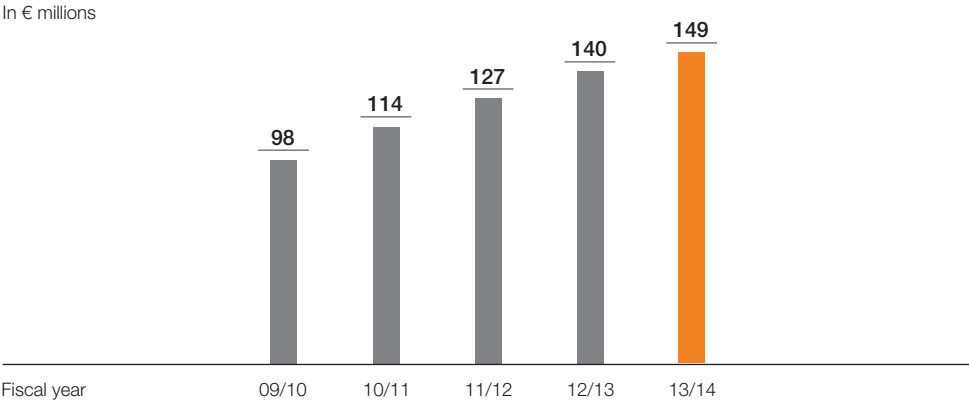
Modern Breeding Methods

Since it was founded, KWS has been committed to applying innovative breeding methods so as to develop high-quality seed and high-yielding varieties that enable efficient and resource-sparing agriculture. Our stance 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. However, the breeding process can now be sped up and made far more efficient with the aid of biotechnology methods. 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. 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.

The KWS' Group expenditure on research & development



Conserving the diversity of plant genetic resources is vital for plant breeding.



www.kws.com/Research
R&D methods and principles of green genetic engineering



We conduct an open and objective debate on the use of green genetic engineering with various stakeholders..

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. 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. In addition, a major milestone on the path to obtaining a full reference sequence for wheat was achieved.

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 first beet generations on the way to a new variety

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.



Development of new varieties is the foundation for our long-term economic success.



www.kws.com/sr2014
> [Figures & Objectives](#)
> [Figures](#)
> [Product Responsibility](#)
[Variety approvals](#)

Product Innovations

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

KWS trait pipeline

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

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. Partner- ships with public and private research institutions are vital in that. One successful example of long-standing cooperation is the publicly funded research program iPlant2030 (formerly GABI), in which the sugarbeet’s DNA was sequenced. 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” 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 multi- plication of the seed of locally adapted crop varieties in Peru und Ethiopia and help conserve crop biodiversity there. To achieve that, KWS is working with various cooperation partners to train relevant scientists – mainly young plant breeders – locally as part of projects.

Product Quality

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 full.

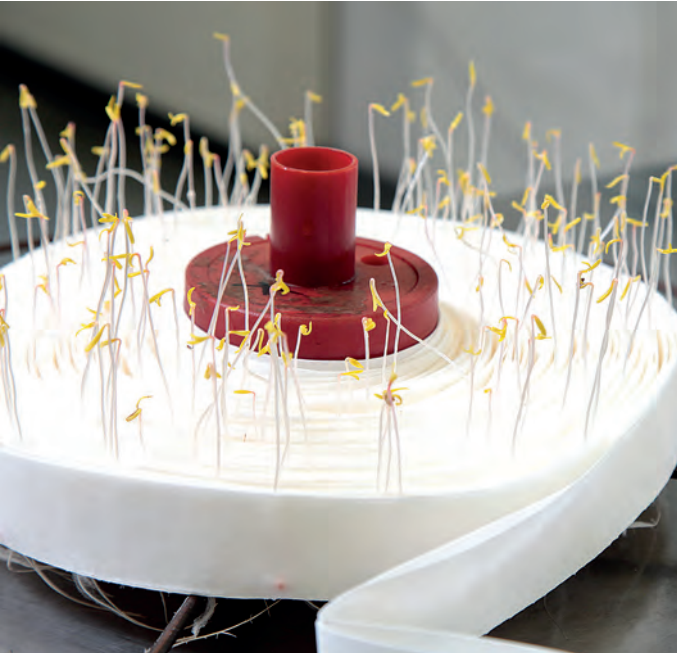
High production standards throughout the Group

The minimum qualities of seed for sale are regulated by law. 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. 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.

Testing the germination capacity of seed



www.kws.com/Research
> Challenges
> Biodiversity
KWS projects



www.kws.com/sr2014
> Core Issues
> Product Responsibility
> Product Quality
Quality tests

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.

Certification of treatment facilities

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. 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..

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 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.

Product Safety

Product safety is a major aspect of sustainability for a company whose product – seed – is at the beginning of the food value chain. Our responsibility relates 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. 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. The area on which these products are grown in the EU is negligible. No genetically modified varieties are allowed to



Warnings on seed packaging to protect users and the environment



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 almost 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.



Genetically modified
seed is as safe as its
conventional counterpart.



Conservation tillage



Catch crop mixtures

Ecological Impacts

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.

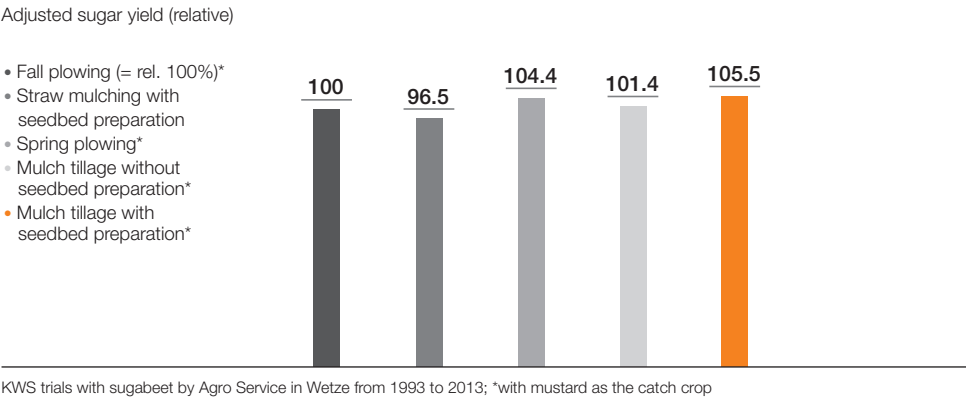
Improving soil fertility

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 Wiebrechts-hausen 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.

Sugarbeet yields for different types of tillage



Environmentally-friendly,
resource-optimized
agriculture preserves
soil fertility long term.

Corporate Governance

Compliance

Lawful and ethical conduct is a vital foundation of KWS’ business activity. That is underscored by the establishment of our international compliance system.



www.kws.com/CBE
Code of Business Ethics

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.

Group-wide compliance management

The central department Corporate Law & Compliance advises all business segments at the KWS Group. It 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 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. 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. Information about the compliance system and its principles, as well as about the latest issues and developments, is provided in in-person training courses, information events and workshops and with a newsletter. We provide practical tips on observing compliance rules in everyday work in checklists, instructional leaflets and other guides.

Review of compliance management

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. There were no violations against environmental laws and regulations

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.



As a company with a natural product, we depend on an intact natural world.



We intend to preserve and enhance our corporate culture as we continue to grow.

- 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, market-oriented 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).



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> Employees
Types of contracts,
parental leave

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.

Stakeholder Dialogue

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.



A continuous willingness to engage in dialogue strengthens trust.

Guiding principles under review in the Plant Breeding Advisory Board



[www.kws.com/
Sustainability](http://www.kws.com/Sustainability)
> Suppliers
Code of Business
Ethics for Suppliers



www.kws.com/sr 2014
> Core issues
> Governance
> Stakeholder Dialogue
Guidelines, members,
previous topics

The 46th meeting of the interdisciplinary Plant Breeding Advisory Board 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. In the past fiscal year a Dialogue Forum was also 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.

Employees

Securing Junior Staff and Employee Development

KWS, one of the world’s largest seed companies, has a good reputation as an employer. We aim to consolidate and improve on this status. We have therefore developed various HR strategies and programs to find the right 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.



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Hire, fluctuation,
employee development

KWS employees in Germany in fiscal year 2013/2014



Qualification of trainees in information sessions relating to seed

Recruiting qualified employees

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.

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

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



“TOPAS – TOP EMPLOYER
IN SOUTHERN LOWER
SAXONY”: KWS was
presented with this award
for its outstanding attrac-
tiveness as an employer.

Employee development is of key importance

Employee development has always been of key importance at KWS. 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 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. 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. 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.

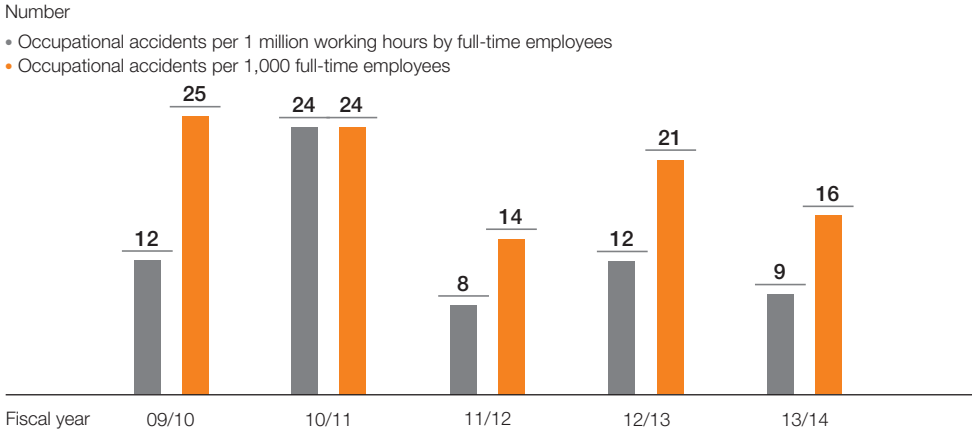
Occupational Health and Safety

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.



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Occupational accidents,
days lost

Occupational accidents at KWS SAAT AG and KWS LOCHOW GMBH



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.



Company health promotion
helps promotes the
well-being of employees.

Health Day – Campaign stands with preventive-medicine checks



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.

Diversity and Equal Opportunity

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

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



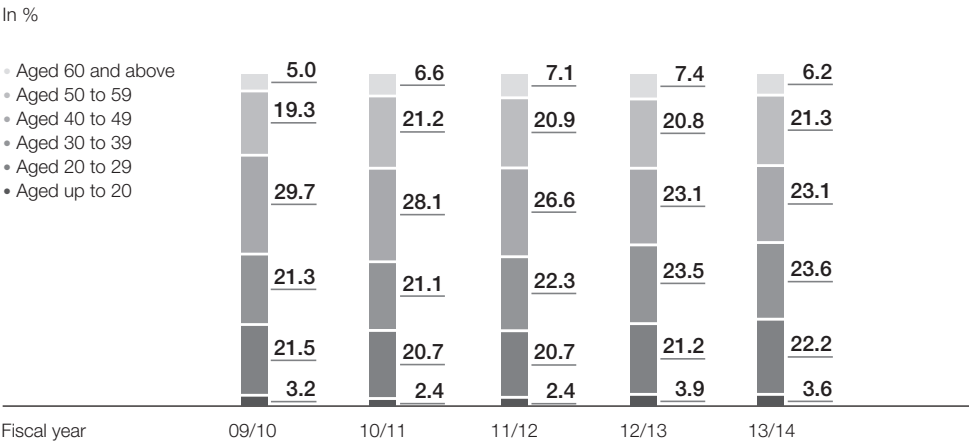
Sharing knowledge acquired from 50 years of work experience

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.



Trust, reliability and responsibility are values that are passed on to every generation at KWS.

Age structure of employees at KWS in Germany



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Breakdown by age group and gender

Environment

Plant and Process Safety

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 and 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.

Process monitoring and control with a Pocket PC



New building for the company fire brigade – Handover of the key by the Executive Board and Supervisory Board



If disruptions to operations occur, emergency measures are initiated right away by the company fire brigade to stop environmentally harmful emissions occurring immediately. 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 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.



Energy Scouts on assignment – identifying the potential for saving energy

Use of Resources

KWS' environmental policy stipulates that resources must be used efficiently and ecologically and that waste from their use must be recycled and disposed in an environmentally-friendly way in all phases of the company's value chain. The use of resources is controlled by means of process-based specifications in the Integrated Management System, whose working order and effectiveness is examined by regular audits

Use of pesticides

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

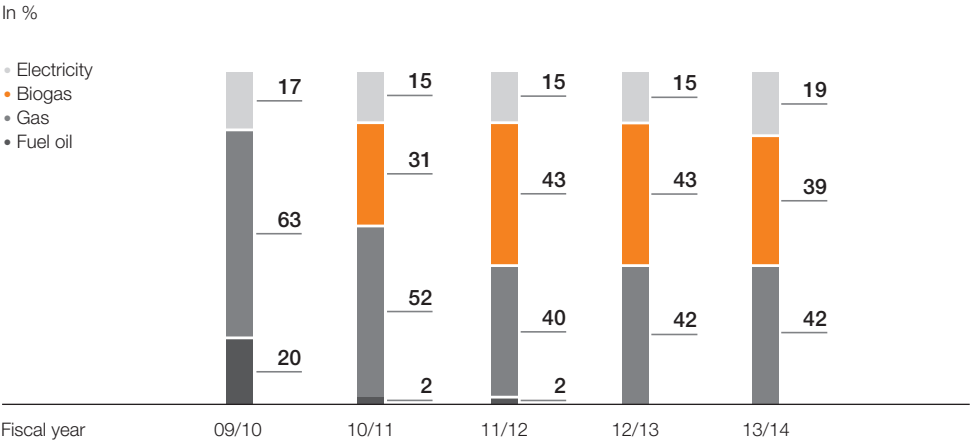
87,314 m³ of well, drinking and gray water were used at Einbeck. Water consumption fell slightly by 1.8% over the previous year, since less well water was required in the production plants and cooling systems.

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 "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.

Breakdown of the sources of energy used at KWS in Einbeck



KWS is a member of the Climate Protection and Energy Efficiency Group of the German Business Community.



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Energy, water, waste
water, waste, emissions

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.

Society

Social Commitment

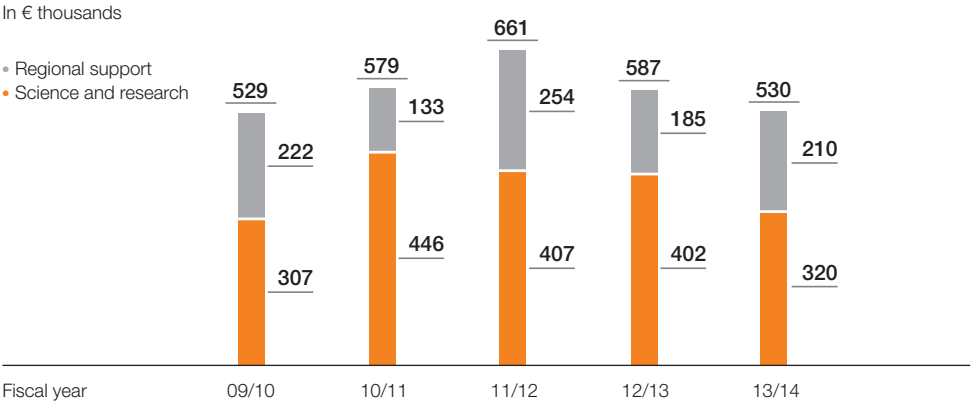
KWS is part of society and is committed to helping society. Science, education, social welfare and culture are preferred areas for our social commitment, which is largely oriented toward our core business. For example, we are especially committed to promoting science and research in the field of plant 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).

Expenditures for social causes



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.



We strengthen the region and scientific environment with our social commitment



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Expenditures

Report Profile

Sustainability Reporting at KWS

KWS has reported annually on the company’s sustainable development since 2008. You can find the full Sustainability Report in the Internet at www.kws.com/sr2014. This print version is explicitly an abridged version.



The long-term objective is to integrate the international subsidiaries in sustainability reporting.

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 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.

Analysis of KWS’ material sustainability issues

Subject area	Individual, issues and priorities*		Derived core issues
	High (= material)	Moderate	
Economics	<ul style="list-style-type: none">Local business practicesProtection of intellectual propertyEconomic success		<ul style="list-style-type: none">Economic successIndustrial property rights
Product Responsibility	<ul style="list-style-type: none">Biotechnology / modern breeding methodsYield optimizationGreen genetic engineeringCustomer orientationMarketing and consultingProduct innovationsProduct labelingProduct qualityProduct safetyLoss of land that can be used for agriculture	<ul style="list-style-type: none">Impacts of agricultural practicesBiodiversityBioenergyProtection of customers’ dataSupport of small farmers	<ul style="list-style-type: none">Modern breeding methodsProduct innovationsProduct qualityProduct safetyAgricultural practices
Corporate Governance	<ul style="list-style-type: none">Anti-corruptionComplianceHuman rights/labor, social and environmental standards in the KWS GroupStakeholder dialogue/lobbyingEconomic, environmental and social standards in the supply chain		<ul style="list-style-type: none">ComplianceEnvironmental, social and labor standardsSupplier 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

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.

Publication Data

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You can find the full Sustainability Report in accordance with GRI 4 in the internet at www.kws.com/sr2014.

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