



# Sustainability Report 2019|2020

**SEEDING  
THE FUTURE**  
SINCE 1856





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## Foreword

102-14

*Dear readers,*

The term “sustainability” is now a firm part of our daily vocabulary. The UN’s World Commission on Environment and Development defines it as follows: “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” As a company with a tradition of family ownership, this definition is part of our DNA and is reflected in our guiding principle of “thinking long term and acting sustainably.”

Sustainability in the economic, environmental and social sense is vital to our long-term success and also guides our actions in responding to short-term challenges. The Sustainable Development Goals under the UN’s Agenda 2030 define targets, and we strive to tackle seven issues related to them: fighting hunger, promoting economic growth, efficiency in production, sustainable production, climate protection, protection of terrestrial ecosystems and global partnerships. Environmental sustainability plays a key role in our strategic orientation, since we can change a lot and make a big difference with our products and technologies.

Innovation is vital to delivering products with a viable future. And innovation requires investment. We are one of the leading drivers of innovation in the industry and need to keep investing to achieve our long-term objectives. We spend around €200 million a year on Research & Development and also invest in state-of-the-art research facilities and production sites so that we can continue to provide farmers with better and better seed.

Yet our efforts to enhance sustainability do not start with the product. We strive to address economic, environmental and social factors in achieving our

goals. One example of this is the recently opened Biotechnology Center 2 in Einbeck, a new R&D complex where we have set new standards in compliance with energy standards. Biotechnology Center 2 (Bit 2) is far more than just an additional pillar to strengthen our exceptional innovativeness – the €20 million we have spent on our research location in Einbeck is also an investment in energy efficiency. The cutting-edge edifice needs just 55% of the energy of a comparable building and thus complies with the KfW-55-Standard, which is far more stringent than the statutory requirements. In this way, environmental sustainability goes hand in hand with economic farsightedness. The outside grounds of Biotechnology Center 2 have also been designed to help insects thrive and form a natural haven where employees can relax.





Hagen Duenbostel, Chief Executive Officer of the KWS Group

KWS has more than 5,700 employees worldwide and, as a company with a tradition of family ownership, the social aspect of sustainability is very dear to its heart. Our efforts here range from the local level, such as the donation of two large high-tech devices for Einbeck's BürgerSpital hospital, to our capacity development projects in Peru and Ethiopia, which aim to transfer knowledge and enable food security.

We have long been committed to a working climate founded on cultural diversity, openness and equal rights and opportunities – regardless of gender, religion, origin, age, handicap, skin color or language. We are against all forms of discrimination and stand up for our values publicly.

Striking a balance between economic, environmental and social sustainability demands mindfulness and perseverance. Anyone who thinks in terms of generations is mindful and persevering. We wish to present our progress in all areas of sustainability comprehensively and transparently and also keep on enhancing our reporting. I am therefore especially pleased to provide you with this Sustainability Report, our first with an international focus, and wish you an enjoyable read.

*Hagen Duenbostel*





It all comes down to the soil. Soil quality is one of the most important assets for a farmer. Our modern plant varieties help ensure resources are used efficiently, thus protecting the environment.



## Principles of our Sustainability Reporting

102-8, 102-45, 102-48, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54, 102-56

This is the KWS Group's Sustainability Report, which we have published regularly since 2008. In fiscal 2017/2018, we began expanding the scope of consolidation in our reporting to include our global activities in regions outside of Germany. The current report strives to be applicable to all our locations worldwide in accordance with the Annual Report (see the 2019/2020 Annual Report: List of shareholdings on pages 151 et seq.). Some key figures and information are not currently available at the global level. Where that is the case, we make explicit reference to the scope of consolidation covered by the report at the place in question. We also do so in cases where information is reported only for individual activities, such as production. The changes in key figures over time are shown only if data recorded in previous years is comparable in terms of the scope of consolidation.

The period reviewed in the report covers the fiscal year from July 1, 2019, to June 30, 2020. The previous GRI Report was published on October 23, 2019, as a supplement to the Annual Report.

This report has been prepared in compliance with the GRI standards as defined by the "Core" option. Restrictions to the scope of the reported information are indicated in the form of comments in the GRI Content Index. The report supplements the Non-Financial Declaration, which complies with the requirements of the CSR Directive Implementation Act (CSR-RUG) and is included as part of the Combined Management Report in the KWS Group's separately published Annual Report (see the 2019/2020 Annual Report: page 92 et seq.).

The reported information is recorded largely by electronic means by the departments and the expert team for sustainability. There may be rounding differences for percentages and numbers. Unless otherwise specified, the data on our employees generally includes seasonal workers but not externally employed persons.

This Sustainability Report does not contain any significant restatements of information. The list of sustainability issues of relevance to KWS and their boundaries were not revised in the reporting period.

The information presented in the report has not been audited externally. The Sustainability Report is available in German and English on KWS' website.

### Contact

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The KWS Group's headquarters in Einbeck

## KWS in Brief

102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7

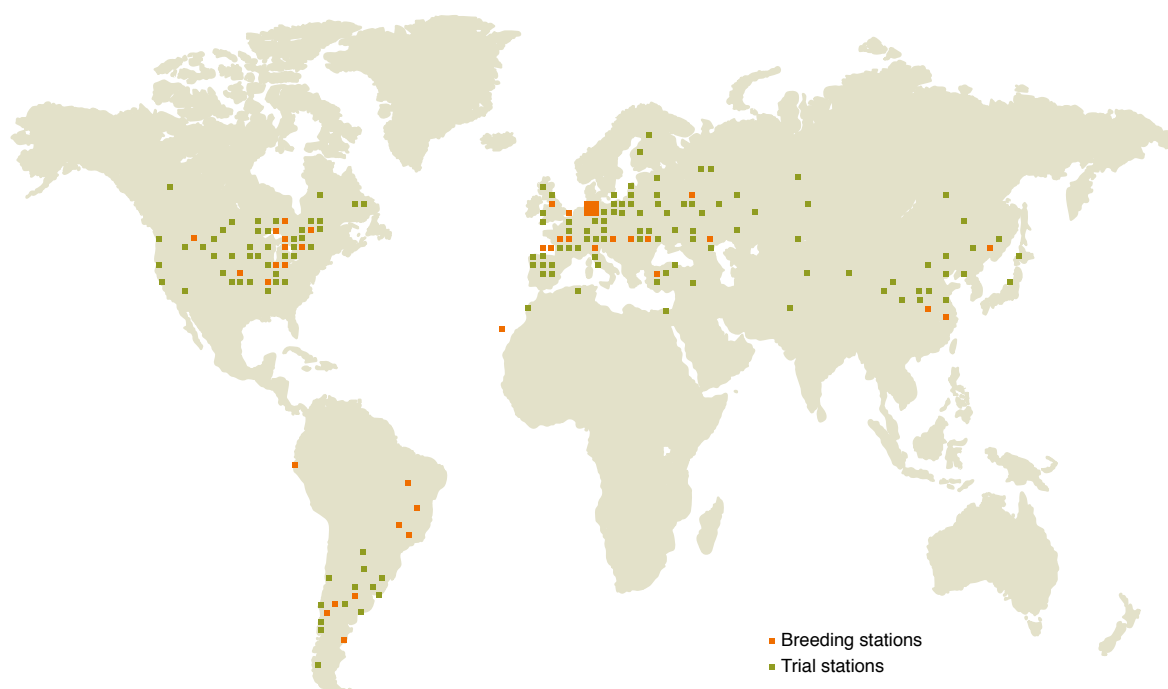
Since it was founded in 1856, KWS has specialized in breeding, producing and distributing high-quality plant varieties and seed for agriculture. From our beginnings in sugarbeet breeding, we have evolved into an innovative, international supplier with a broad portfolio of crops. We cover the complete value chain of a modern seed producer – from developing new varieties, multiplication and processing, to marketing of the seed and consulting for farmers. KWS' core competence is in breeding new, high-performance varieties that are adapted to regional needs, such as climatic and soil conditions. Every new variety delivers added value for the farmer. Our business model is based on this added value – which is ultimately attributable to breeding progress, optimization of seed quality and pinpointed consulting.

We offer our customers – farmers – a broad range of varieties of agricultural crops that have been adapted by breeding to the conditions of their specific location. These crops include corn, sugarbeet, the cereals

rye, wheat and barley, oil plants such as sunflower and rapeseed, and catch crops. Spinach seed and other types of vegetable have also been part of our portfolio since the beginning of the reporting period. In addition to selling seed, our field staff is also on hand to offer farmers consulting on choosing and cultivating varieties. We also offer consulting with our digital services and on our website.

KWS SAAT SE & Co. KGaA (formerly KWS SAAT SE) is the parent company of the KWS Group. Associated companies of the shareholder families C.-E. Büchting and Arend Oetker hold a majority stake in it. Strategic management of all of KWS' global activities is pooled under the roof of KWS SAAT SE & Co. KGaA, which is headquartered in Einbeck, Germany. KWS operates in more than 70 countries with over 87 subsidiaries and associated companies (<https://www.kws.com/corp/en/company/kws-worldwide/>). An overview of the most relevant sales regions can be found in the annex (see page 72). The companies in the KWS Group employed 5,709 people in fiscal 2019/2020.

## Breeding and test activities of the KWS Group in over 70 countries



102-7, 201-1

### Economic value added generated by KWS

KWS Group (in € million)	2019/2020	2018/2019	2017/2018
Net sales	1,282.6	1,113.3	1,068.0
EBIT	137.4	150.0	132.6
Equity	994.5	963.5	881.8
Net income for the year	95.2	104.0	99.7
Total assets	2,235.5	2,115.0	1,517.7
<b>Economic value distributed</b>			
Operating expenses <sup>1</sup>	1,164.3	1,001.4	941.1
Expenses for wages and salaries	246.2	223.9	202.9
Social security contributions, expenses for pension plans and benefits	63.9	57.4	51.0
Payments to providers of capital <sup>2</sup>	46.2	40.2	33.1
Taxes and other payments to government	30.7	40.4	38.3

<sup>1</sup> Including the cost of sales, selling expenses, research & development expenses, and general and administrative expenses (Annual Report, Statement of Comprehensive Income p. 98)

<sup>2</sup> Including dividend payout, interest and similar expenses (Annual Report, Statement of Comprehensive Income p. 98 for interest and similar expenses, Annual Report, Annual Financial Statements p. 134 for dividend payout)



# Sustainable Management at KWS

We are wholly committed to the three aspects of economic, environmental and social sustainability in every respect: as an employer, a business partner and a member of society.







# Sustainability Management – Strategy and Objectives

## Mission and principles

102-16, 201/103

As an independent family business, we think and act in a time frame spanning generations. Our long-term orientation has helped us maintain the company's commercial success for more than 160 years. So that we can continue operating successfully in the future, it is vital for us to take economic, environmental and social aspects into account in our processes and supply chain.

The principles of independence, innovation and responsibility are the cornerstones of our corporate culture. By preserving our independence, we can focus on the long-term needs of agriculture and farmers instead of merely pursuing short-term financial interests. That also gives us freedom to create genuine innovations. Taking responsibility for our employees, our environment and society is also part of our corporate culture and is a duty we regard as a vital element of our business.

The family ownership structure is reflected in our corporate values: team spirit, closeness and reliability, independence and foresight. We practice these values in day-to-day business in the form of flat hierarchies, an open door policy, sharing of knowledge, and continuous development of the company and our employees.

## Sustainability as part of our corporate strategy

201/103

Our goal is for all our activities and decisions to be economically viable, environmentally sustainable and socially desirable. Consequently, our focus is not only on optimizing our internal processes, but also on our products.

Our strategic planning is the foundation for the KWS Group's further development. As part of it, we define strategic objectives, initiatives and core measures for existing activities and for potential new fields of business. Our regular planning, with its ten-year horizon, includes an analysis and assessment of market trends, competitors and the KWS Group's position. We believe that strategic success factors include, in particular, our intensive research, the breeding of new, high-yielding varieties and the continuous expansion of our global footprint so that we can further enhance our know-how in regional markets with their special climatic conditions.

## Corporate objectives of the KWS Group

Our corporate objectives are divided into the four core topics of profitable growth, innovation, independence and sustainability:

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

#### Main strategic subject areas

Profitable growth	<ul style="list-style-type: none"><li>■ An average increase in consolidated net sales of at least 5% p.a.</li><li>■ EBIT margin <math>\geq</math> 10%</li><li>■ Expansion of the portfolio of varieties for new markets</li><li>■ A dividend payout ratio of 20% to 25% of the KWS Group's net income for the year</li></ul>
Innovation	<ul style="list-style-type: none"><li>■ 1% to 2% progress in yields p.a. for our customers and development of tolerances and resistances</li><li>■ R&amp;D intensity of around 17% of consolidated net sales</li></ul>
Independence	<ul style="list-style-type: none"><li>■ Retention of a control structure shaped by the family owners</li></ul>
Sustainability	<ul style="list-style-type: none"><li>■ Integration of international subsidiaries in KWS' sustainability reporting</li></ul>



### KWS and the SDGs

KWS supports achievement of the Sustainable Development Goals (SDGs) under the UN's Agenda 2030 ([www.un.org/sustainabledevelopment/sustainable-development-goals/](http://www.un.org/sustainabledevelopment/sustainable-development-goals/)). In fiscal 2019/2020, we identified seven sustainability goals as the main focus of KWS under the slogan "SEEDING THE FUTURE." They relate to the issues of fighting hunger (2), promoting economic growth (8), efficiency in production (9), sustainable production (12), climate protection (13), protection of terrestrial ecosystems (15) and global partnerships (17). We will continue to tackle the most relevant goals in greater depth and make our contribution to achieving them as we move ahead.

### Responsibility for sustainability

102-18

Our Executive Board, the highest governance body at KWS, has uppermost responsibility for the company's sustainable development. Our Corporate Sustainability Manager is responsible for operational sustainability management and reports to the Chief Executive Officer. In the reporting period, we established an interdisciplinary body that, with external assistance, evaluated our future sustainability goals and how to achieve them. It reports to the Executive Board. The body will delegate function-specific tasks to the Strategy, Marketing and Communication, and Research & Development departments and to the sustainability management function in fiscal 2020/2021.

#### Side note: Sustainability ambitions

In 2017/2018, we set about the task of formulating our ambitions in the field of sustainability. As part of a materiality analysis we conducted in 2018/2019 and in a workshop, we discussed KWS' responsibility from the perspective of stakeholders, potential fields of activity, and successes and challenges. To formulate these ambitions fully, a cross-function Core Team Sustainability was set up in fiscal 2019/2020 to define and ensure observance of targets and timescales for various sustainability issues as part of our strategic planning.



## Material Sustainability Issues and Risks

### Report standard and issues

102-43, 102-44, 102-46, 102-47

We determine the material topics in this report by means of a regular materiality analysis integrating internal and external stakeholders. We are guided in that by the Global Reporting Initiative (GRI).

As part of the last materiality analysis in fiscal 2018/2019, we examined in particular the impacts of sustainability issues, the extent and likelihood of impacts occurring, the associated possible risks and opportunities for KWS, financial and non-financial consequences, and the degree to which stakeholders were affected and their demands for transparency. That revealed that the issues specified in the list below were of relevance. They are therefore discussed extensively in this Sustainability Report.

In addition, the KWS Group has an obligation to report on non-financial issues in accordance with Sections 289b et seq. and Sections 315b et seq. of the German Commercial Code (HGB). The following issues were identified as material within the meaning of the statutory regulations: product innovations, plant and process safety, recruitment & qualification, and business ethics & compliance. These issues are reported on separately in the Non-Financial Declaration contained in the Annual Report (see page 92 et seq.).

The materiality analysis is conducted every two years, i.e. the next one is scheduled for fiscal 2020/2021.

102-47

#### List of material issues for KWS in accordance with the GRI

GRI Index no.	GRI Standard
201	Economic Performance
203	Indirect Economic Impacts
205	Anti-corruption
206	Anti-competitive Behavior
303	Water and Effluents
304	Biodiversity
306	Effluents and Waste
307	Environmental Compliance
308	Supplier Environmental Assessment
403	Occupational Health and Safety
404	Training and Education
406	Non-discrimination
407	Freedom of Association and Collective Bargaining
408	Child Labor
409	Forced or Compulsory Labor
411	Rights of Indigenous Peoples
412	Human Rights Assessment
414	Supplier Social Assessment
416	Customer Health and Safety
419	Socioeconomic Compliance

**Value chain and KWS' stakeholders**

Seed	Cultivation	Improvement/ processing	Trade	Consumer industry
<ul style="list-style-type: none"> <li>Providers of capital</li> <li>Researchers &amp; breeders</li> <li>Employees</li> <li>Multipliers and processors</li> </ul>	<ul style="list-style-type: none"> <li>Farmers</li> <li>Distributors</li> </ul>	<ul style="list-style-type: none"> <li>Mills</li> <li>Sugar factories</li> <li>Refineries</li> <li>etc.</li> </ul>	<ul style="list-style-type: none"> <li>Wholesale</li> <li>Retail</li> </ul>	<ul style="list-style-type: none"> <li>End consumers</li> </ul>
Government and public authorities, associations, initiatives, NGOs, science and academia, municipalities, media				

**Stakeholder management**

102-40, 102-42, 102-43, 102-44

As a seed producer, KWS occupies a key position at the beginning of the food value chain. Apart from our customers' requirements, the requirements and interests of other players throughout this chain are therefore of relevance for us, too.

The key stakeholder groups include not only our direct customers, i.e. farmers, but also our shareholders and employees, other stakeholders throughout the food value chain (such as sugar companies, food processors, retailers and end consumers), as well as policy-makers, public authorities, non-governmental organizations, science, academia and the media.

We maintain a constant dialogue with them in various ways, depending on the stakeholder group – as part of our daily business, in our extensive work for associations or through dialogue with stakeholders at the local and international level. As part of that, we respond to external inquiries, but also participate proactively in global discussions. KWS employees are represented regularly as speakers or panel members at various events. We took part in a roundtable

on the subject of "Biotechnology" at the Farm & Food 4.0 Congress in Berlin in January 2020, for example, and were part of the working group "Climate protection in the agri-food sector" organized by the Agrar- und Ernährungsforum Oldenburger Münsterland ("Agriculture and Nutrition Forum Oldenburger Münsterland" (AEF)).

**Dialogue with customers**

102-43

We nurture contacts with our customers worldwide through our expert consultants. They offer advice on choosing varieties, crop rotation, tilling, the use of fertilizer and measures to protect plants tailored to the specific location. Depending on the region, this offering is complemented by regional field days where our sales consultants discuss topical issues with customers and prospects, present new and tried-and-proven varieties in the field, and are on hand to answer questions and listen to suggestions in a relaxed atmosphere. The field days are held to reflect the crop's growth stage and the season when the individual performance of the varieties is best visible to farmers in the field. In Germany, KWS additionally attends the biennial German Agricultural Society's (DLG) Field Days.

We also began staging our Agricultural Forums in Germany 13 years ago, since which time the number of locations where we hold them has grown to 35. These regional events offer farmers an attractive program with various experts on issues relating to plant growing, business management and animal husbandry, and a platform for extensive discussion. With our special Agricultural Forums for organic farming, we offer farmers an established platform for dialogue and for sharing our experience from the organic farm the company runs at Wiebrechtshausen.

Apart from these Agricultural Forums, we have also established the “Orange Agricultural Circles” in southern Germany, at which we – as at the Agricultural Forums – provide farmers with specialist information for the current vegetation period. Individual events were held online due to the restrictions imposed as a result of the outbreak of the Covid-19 pandemic.

#### **Dialogue with science, academia, associations and initiatives**

102-12, 102-13, 102-43

Our breeding work is continuously geared to the latest scientific and technical findings. Partnerships with public and private research institutions are vital in that. In the reporting period of the previous year 2018/2019, we created the new function of “Global Lead Scientific Affairs” to enable direct dialogue with universities, students and graduates as peers. The Global Lead Scientific Affairs is in constant contact with the Research & Development department and can thus act as an interface to communicate our current requirements and to hear the expectations of graduates who are interested in the company.

KWS is also represented in various organizations and associations from the fields of plant research and breeding, as well as in bioeconomics. As a result, we help promote science and research, preserve scientific excellence worldwide and enable

interdisciplinary research alliances. Among other things, KWS is a long-standing member of the GFPI, the German Association for the Promotion of Plant Innovations, and the International Institute for Beet Research (IIRB) and participates in the Committee for Field Phenotyping established by the IIRB. Together with scientists from various fields, the committee discusses possible future applications and research issues relating to the use of new field phenotyping technologies in plant breeding so as to use the results as the basis for new research strategies. In addition, KWS has for many years played an active part in the Bioeconomy Council, the independent advisory body to the German government, and – as a member of the “Climate Protection Companies e.V.”, an excellence initiative of the German business community in the field of climate protection and energy efficiency – has worked toward ensuring continuous, sustainable ecological development ([www.klimaschutz-unternehmen.de](http://www.klimaschutz-unternehmen.de)).

Because our headquarters are in Germany, much of our work in associations is in German-speaking countries. However, we are also represented at the international level, e.g. in the management body of the International Seed Federation (ISF) or as an active partner of Thought For Food (TFF), a worldwide non-profit innovation and cooperation platform for the future of global agriculture. We use our membership in the ISF and Euroseeds to represent the position of our industry, as was the case in relation to the International Treaty on Plant Genetic Resources for Food and Agriculture of the United Nations Food and Agriculture Organization (FAO). The goal of our industry here is to modernize the Standard Transfer Material Agreement, include further crops in the treaty’s annex, and change the opt-in procedure to a subscription model.

You can find an overview of all relevant memberships in the Sustainability Report’s annex (page 73).



## Corporate Governance & Compliance

### Controlling and management of the company

102-10, 102-12, 102-18

Our five-member Executive Board is tasked with running the KWS Group's business responsibly. Together with our Supervisory Board, its duty is to manage our company and steer it toward achieving sustainable development. The Executive Board and the Supervisory Board have strictly separate competencies and different members and thus act independently of each other (<https://www.kws.com/corp/en/company/investor-relations/corporate-governance/>). The Executive Board's task area is divided into divisions. The distribution-of-business plan below shows the separate areas of responsibility and who acts as deputy if an Executive Board member is temporarily incapacitated.

The company's legal form was changed from KWS SAAT SE to KWS SAAT SE & Co. KGaA effective July 2, 2019. As part of the change in legal form to a partnership limited by shares, KWS SE joined the company as the general partner. Associated

companies of the shareholder families C.-E. Büchting and Arend Oetker hold a majority stake in it.

The aim of the change in form is to sustainably strengthen our continuing growth strategy moving ahead. As a partnership limited by shares (KGaA), the KWS Group will be able to leverage future growth opportunities with greater agility and flexibility and raise the equity required for that without losing our company's character as a listed family business.

The general partner assumes a number of rights and obligations that lie with the Supervisory Board at a stock corporation or European Company (Societas Europaea or SE). That means in particular that the Supervisory Board at a partnership limited by shares does not have personnel-related powers as regards management, i.e. does not have the authority to appoint personally liable partners and define the contractual terms and conditions for them, enact bylaws for the Executive Board or define business transactions requiring its consent.

Hagen Duenbostel, CEO (Eva Kienle) <sup>1</sup>	Léon Broers (Peter Hofmann) <sup>1</sup>	Felix Büchting (Peter Hofmann) <sup>1</sup>	Peter Hofmann (Hagen Duenbostel) <sup>1</sup>	Eva Kienle, CFO (Hagen Duenbostel) <sup>1</sup>
<ul style="list-style-type: none"> <li>■ Corn China/Asia</li> <li>■ Corn North &amp; South America</li> <li>■ Group Strategy</li> <li>■ Group Governance &amp; Risk Management</li> <li>■ Group Compliance Office</li> </ul>	<ul style="list-style-type: none"> <li>■ Research</li> <li>■ Breeding</li> <li>■ Vegetables</li> </ul>	<ul style="list-style-type: none"> <li>■ Cereals</li> <li>■ Oilseed Rape/ Special Crops &amp; Organic Seeds</li> <li>■ Global Human Resources</li> <li>■ Farming</li> </ul>	<ul style="list-style-type: none"> <li>■ Sugarbeet</li> <li>■ Corn Europe</li> <li>■ Global Marketing &amp; Communications</li> </ul>	<ul style="list-style-type: none"> <li>■ Global Finance &amp; Procurement</li> <li>■ Global Controlling</li> <li>■ Global Information Technology</li> <li>■ Global Legal Services &amp; IP</li> <li>■ Global Transaction Center</li> <li>■ Digital Innovation Accelerator</li> </ul>

<sup>1</sup> Deputy

KWS largely complies with the requirements of the German Corporate Governance Code. It deviates from the code's recommendations on Executive Board compensation, the length of time members can serve on its Supervisory Board and the deadline for publishing its consolidated financial statements. You can obtain the Declaration of Compliance in accordance with Section 161 of the German Stock Corporation Act (AktG) and the reasons for the deviations at <https://www.kws.com/corp/en/company/investor-relations/declaration-of-compliance.html>.

### Diversity of the Executive Board and the Supervisory Board

405/103, 405-1

On June 30, 2020, the KWS Group's Executive Board had five members, one of whom was a woman, and the Supervisory Board had six members, three of whom were women. Consequently, the ratio of women was 20% on the Executive Board and 50% on the Supervisory Board. Thus, KWS already complies in part with the target figures for the Executive Board (25%) and the Supervisory Board (25%) that were set in 2017 in accordance with Section 111 (5) of the German Stock Corporation Act (AktG) and Clause 5.4.1 of the German Corporate Governance Code (DCGK) and are to be achieved by June 30, 2022.

#### Executive Board and Supervisory Board members by gender

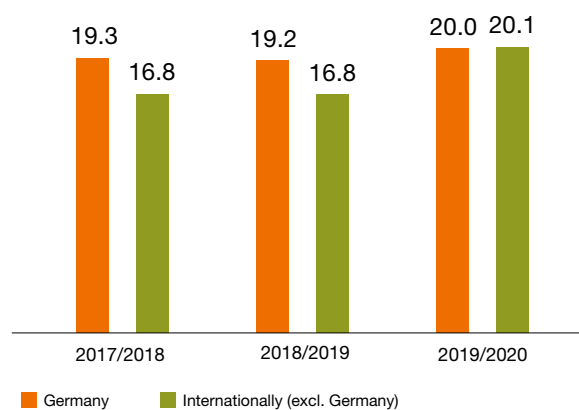
	Ratio on the Executive Board	Ratio on the Supervisory Board
Female	20%	50%
Male	80%	50%

#### Executive Board and Supervisory Board members by age group

	Ratio on the Executive Board	Ratio on the Supervisory Board
Younger than 30	0%	0%
Between 30 and 50	20%	33%
Aged 50 and above	80%	67%

102-38

### Manager to worker pay ratio



### Compensation of the Executive Board and the Supervisory Board

201/103, 201-1

The KWS Group's positive sustainable development is also reflected in the compensation for members of its Executive and Supervisory Boards. Their total compensation includes not only a basic salary, but also performance-based components that are linked to the company's success. 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 adopted by the Annual Shareholders' Meeting. The composition and level of the total compensation is disclosed on pages 64 et seq. of the 2019/2020 Annual Report.

The manager to worker pay ratio, which denotes under the GRI the total compensation of the highest-paid employee relative to the average total compensation of all employees (with the exception of the highest-paid employee), was 20.0 (19.2) for all German companies in the reporting period. The pay ratio for the KWS Group was calculated with reference to the basic compensation and is 20.1 (16.8).

### Compliance

205/103, 206/103, 307/103, 403/103, 412/103, 419/103

The objective of our compliance concept is to protect the company's employees, reputation and

assets, and to gain and retain customers' trust through ethical conduct. It reflects our corporate culture, values and principles.

We believe compliance with basic principles of business ethics is vital to our license to operate, even when statutory standards in a country are lower. Accordingly, our compliance rules apply to all employees in the KWS Group worldwide.

Information, training and intensive consulting help integrate compliance in business processes and enable management to make business decisions rooted in our corporate culture.

The Executive Board and the Supervisory Board's Audit Committee are informed once a year about the current status of the Compliance Management System and the latest developments.

#### **Code of Business Ethics and internal rules**

[205/103](#), [206/103](#), [307/103](#), [403/103](#), [412/103](#), [419/103](#)

The KWS Group's fundamental and overriding business ethics principles are enshrined in our Code of Business Ethics. It contains stipulations on compliance with the law, fair competition, prevention of corruption, safety at work, protection of the environment and the need to treat each other, customers, business partners, public authorities and other third parties with respect.

Our Code of Business Ethics gives employees guidance in their day-to-day work. All employees must commit to complying with it by signing a declaration to that effect and confirming that they have read and understood the compliance regulations, as well as to contacting the Compliance department if they are unsure as to whether actions may violate these regulations.

The Code of Business Ethics is supplemented by further KWS policies on individual topics, such as anti-trust law, insider law and the avoidance and combating of bribery. The code also defines in more detail the issue of international anti-corruption management as an integral part of our compliance management work.

On the basis of the regulations in the code, there is a policy of zero tolerance toward any form of corruption at the KWS Group. That principle is codified in Group-wide anti-corruption standards governing the responsibilities, processes and requirements relating to prevention of corruption and bribery at the KWS Group. The standard therefore applies regardless of whether bribery is prohibited by law, tolerated or not regulated in the country in question.

Our Group Standards apply internationally and govern a wide range of diverse and important topics, such as workforce concerns, IT standards or quality assurance aspects. The local entities at all our locations are responsible for ensuring compliance with the Group Standards there. The Group Standards are developed further, revised and supplemented as part of a continuous improvement process.

#### **Enhancing awareness and communication**

[205/103](#), [205-2](#), [412/103](#)

The Compliance department advises all divisions of the KWS Group in complying with laws, regulations and internal rules of conduct. The focus is on the subjects of antitrust law, anti-corruption, data protection and capital market law.

The Compliance Officers regularly 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.

The Compliance department provides relevant employee groups throughout the company with instruction on relevant topics, such as human rights, on the basis of the train-the-trainer principle. The employees to be given such training are chosen on the basis of needs and their field of activity. Starting from this fiscal year, supervisors have also been able to enroll their employees in e-learning courses on compliance issues. In the final quarter of 2019/2020, KWS began the global rollout of a software solution that gives employees access to e-learning offerings on the subject of compliance; 407 employees have enrolled for the training to date and 216 of them have completed it.



Apart from this information, a broad range of aids is also available to our employees. Checklists, instructional leaflets and other guides provide practical tips on observing compliance rules in everyday work. All information and rules of conduct can be accessed by employees worldwide in the Compliance Portal on KWS' intranet. Around 80% of the total workforce has access to the online Compliance Portal. In addition, all supervisors are obliged to inform their employees about compliance issues.

### **Reporting violations of our principles**

If an examination or report reveals suspected violations of our principles and/or prevailing law, the investigation is conducted in accordance with KWS' regulations "Procedures of Internal Compliance Notification." Our employees are obligated to report suspected violations. Employees can supply information on suspected violations to their supervisor, to the Group Compliance Office or to the external compliance hotline. The hotline can be contacted, including by e-mail, free of charge around the clock and in the language of the country in question.

Reports of suspected violations are treated anonymously if requested. The reported cases are investigated by KWS. 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 of the results, as long as there are no legal reasons or legitimate interests against doing so or other disadvantages are to be feared.

If suspected cases prove to be violations, the system of sanctions is applied. In general, it can be applied to all types of compliance violations and is also accessible to employees. The system of sanctions defines various criteria governing the measures to be taken, such as the gravity of the violations, the degree of the person's breach of duty, the functional level, behavior after the violation – help in investigating it or attempts

to cover it up – as well as consequences of the violation, such as the threat of damage or actually incurred damage, among other things. The sanctions consequently range from cautions, warnings and reductions of bonuses to immediate dismissal and filing of charges.

### **Review of compliance and continuous improvement**

Compliance Officers conduct an assessment of risks related to compliance together with the Finance and Risk Management functions. The results are used to make decisions on further examinations at our individual companies and to derive measures for improvement.

The implementation and observance of specific compliance aspects and regulations, as well as compliance with the processes specified in the Group Standards, is examined in internal and external audits. The companies to be audited are chosen on the basis of whether potential risks were identified in the risk assessments carried out in the previous fiscal year.

One internal audit relating to compliance was conducted in fiscal 2019/2020. There were also six compliance-related audits by external auditors, as well as subject-specific certification audits by external providers.

### **205-3, 206-1, 307-1, 419-1**

Two incidents relating to our Anti-Corruption Policy were reported to headquarters in the reporting period. In one case, the person in question was cautioned; investigation of the other incident has not yet been completed. We are not aware of any further violations of the law in relation to social, economic and environmental aspects or of our compliance principles. Accordingly, KWS did not have to pay any resultant fines, nor was it involved in legal proceedings.

## Responsibility in the Supply Chain

102-9

As a seed producer, we stand at the beginning of the food value chain. However, our seed development and breeding work also requires an upstream supply chain. The items we purchase cover more than 150 categories, many of which our global business establishments obtain from their local region. Apart from genetic material for our research & development work on new varieties (see section Product Responsibility on page 23 et seq. and section 2.4.2 of the Annual Report/Non-Financial Declaration), we require a wide range of different materials to breed, multiply and finally package our seed. Consequently, we purchase seed, pesticides, fertilizer and packaging materials, among other things, as direct services and materials. We also procure production plants and systems or laboratory equipment, energy, office utensils and services in fields such as logistics, IT, consulting and marketing, for example. Our purchase volumes are particularly large for laboratory utensils for use in Research & Development, as well as for seed applications and packaging material in seed multiplication and processing.

Around 25,000 suppliers worldwide provide the companies in the KWS Group with products and services. Because of the local orientation of our corporate structure and our global presence, our purchasing organization used to be decentralized. We centralized purchasing in fiscal 2018/2019 so as to leverage the opportunities of global procurement for the entire KWS Group to the best effect. This also offers us the advantages of being able to implement consistent supplier standards and monitor their compliance more effectively, as well as to support strategic suppliers from our central purchasing department in Germany.

### What we expect from our business partners

102-16, 205-2, 308/103, 403-7, 406/103, 407/103, 408/103, 409/103, 412/103, 414/103

The KWS Group also expects its business partners, in particular suppliers of goods and services, their

employees and subcontractors (jointly termed “suppliers”) to act ethically, responsibly and in a spirit of sustainability. To ensure that our suppliers adopt and practice our business ethics, and to communicate our definition of responsible business activity, our suppliers undertake to comply with our Code of Business Ethics for Suppliers. It is based on the standards we demand of our company in its Code of Business Ethics and formulates what we expect of our suppliers (<https://www.kws.com/corp/en/company/suppliers/>).

Protection of fundamental human rights is enshrined in all contracts with our business partners, since they contain an obligation to comply with our Code of Business Ethics for Suppliers. In relation to human and labor rights, our Code of Business Ethics for Suppliers includes requirements on compensation, the minimum age of employment, occupational safety, freedom of association and assembly, and equal treatment and non-discrimination of employees. Other important components of the code are workplace safety, product safety, protection of the environment, anti-corruption and the requirement to ensure fair competition and protection of personal data and third-party know-how.

Our suppliers must sign the code before we enter into any business relationship with them and, by doing so, they undertake to comply with environmental and social standards. If a supplier commits a serious violation of the code or fails to take corrective actions, KWS has the right to terminate the contract at its sole discretion and demand damages.

No significant violations of the Code of Business Ethics for Suppliers were identified and no contracts were terminated due to inadequate compliance with the code in the reporting period. A formal supplier review process taking ecological and social criteria into consideration is currently being rolled out.



# Product Responsibility

Thanks to intensive research and state-of-the art breeding methods, we develop seed varieties that ensure yield progress, have high resistance and conserve resources. The seed we develop today must meet the challenges of tomorrow.





## Modern Plant Breeding

### 201/103

A core aspect of plant breeding is that it is a protracted, research-intensive process. Parent lines have to be crossed to develop a new variety and their progeny examined and selected with regard to the desired traits over a period of several years. In order to achieve our breeding objectives, we at KWS use a mix of various methods – from crossing, selection and hybrid breeding to biotechnology approaches. The key factor here is always what traits in a plant are to be improved. An average of ten years elapses between the first crossing and market launch. The KWS Group therefore has long-term, global breeding programs for the various crops and is able to leverage a worldwide network of breeding and trial stations. That lets us test variety candidates under and tailor them to different location-specific and environmental conditions.

Our breeding objectives are geared to the long term and address global challenges and the needs of farmers. International scientific studies predict that weather extremes such as drought or torrential rain will increase in the future. Climatic changes may also result in a more conducive breeding ground for pests that have been inconspicuous and have only occurred in warmer regions to date. In view of this, we as a plant breeder are working on new, adapted varieties to ensure stable yields, since our seed is crucial to the success of a harvest and the quality of

the agricultural raw materials. Apart from changes in climatic conditions, sudden or divergent changes to the statutory framework pose challenges for our breeding work.

Our seed enables an increase in yield of 1% to 2% per annum. However, increasing cost and effort is required to achieve this breeding process. Changes in the climate mean that our breeding work has to include more and more additional traits, such as resistance to plant diseases and pests. At the same time, a variety must be attractive to grow and produce a high yield. Such a combination of traits can only be achieved by further field trials and greater use of modern breeding methods, entailing higher product development costs. Research & development expenses in fiscal 2019/2020 was €236.1 million or 18.4% of total net sales.

### Modern breeding methods

#### 102-44, 203/103, 203-2

Apart from our breeding programs, we also leverage molecular biology, IT or technical approaches in our own research activities to further optimize our breeding methods and develop new product traits. These activities are complemented by partnerships with public research institutes and private enterprises. Research work over the past years has shown that breeding can be sped up and made more efficient when modern methods are used.

### Research & development expenses

		2019/2020	2018/2019	2017/2018
R&D expenditure	in € millions	236.1	205.6	197.7
R&D intensity <sup>1</sup>	in %	18.4	18.5	18.5

<sup>1</sup> As a % of net sales

Genome editing techniques are molecular biology methods that are used in plant breeding to change the plant DNA. Depending on the application, they can be used to develop genetically modified varieties or plants that do not differ genetically from conventionally bred ones. The European Court of Justice ruled in July 2018 that, under the directive on the deliberate release into the environment of genetically modified organisms, all plants created using genome editing have to be classified as genetically modified organisms (GMOs). Since plants that are classified as GMOs have to comply with higher regulatory requirements to be approved in the EU, plant breeders are virtually prevented from exploiting the potential of these methods in the European market.

Genome editing offers us the chance of attaining breeding objectives sooner and, in particular, more precisely. Moreover, niche crops or crops that can be bred only at very great cost can benefit from genome editing. By using these techniques, we can provide farmers with new varieties to meet challenges in agricultural practice faster. Such breeding objectives include higher yield reliability, resistance to diseases, less use of pesticides, greater drought tolerance and better nutrient efficiency. The KWS Group's stance is that products that do not differ from conventionally bred plants or could have been produced naturally should not be regulated as genetically modified organisms, since they do not contain foreign or recombinant DNA. We are therefore campaigning through industry associations for European law to be amended in the medium term so that such innovative methods can also be used in agriculture in Europe, and we are focusing our use of genome editing on markets where these methods are permitted.

We have also achieved methodological advances in the past years by using genomic analyses. Most of the biological traits we want to improve through breeding are complex and therefore depend on many genes. That makes the breeding process complicated and time-consuming. Genomic selection enables us to determine a plant's potential for further breeding, with the result that only some of the progeny from a crossing need to be examined in the field. The performance of the rest of the material can be predicted with the aid of computer models using the genomic data. Genomic selection boasts the advantage that far more plant material can be examined and selected with the same budget. Even though not all traits can be predicted equally well, we have been able to drive development of drought-tolerant corn varieties, in particular, thanks to these predictive breeding methods.

Despite these modern methods, field tests are an indispensable part of breeding. An important aspect in them is to accurately assess plant traits, such as height or potential incidence of disease. The technical term for that is phenotyping. A breeder's eyes are now assisted by technological advances. The focus is on tools for recording and evaluating digital images and hyperspectral measurement data to assist phenotyping. Among other things, KWS' experts use drones that are equipped with special cameras and cutting-edge software and identify the color, size, shape or temperature of the leaves when they fly over the field. Large plant stands are recorded automatically by digital means and their phenotype is thus defined in a precise and standardized manner. This gives our breeders more extensive information to help them make decisions on selection.



## Product Quality and Safety

416/103

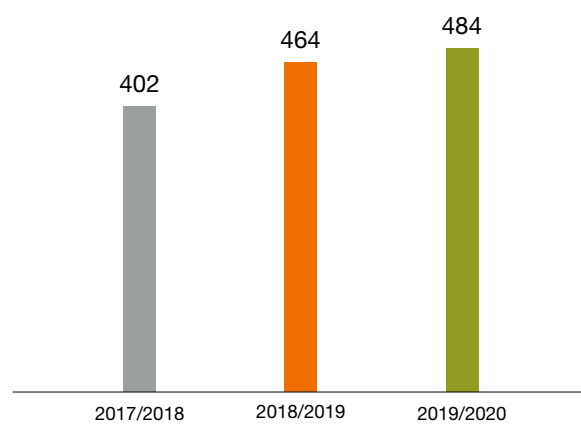
In all our research and development work and production processes, the quality and safety of our seed is one of our key competitive factors. With our international quality management activities, we help ensure that our standards for products and processes are achieved throughout the Group.

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

416/103

The KWS Group applies higher internal quality standards than legally required. Our internal quality standard QualityPlus, for example, guarantees far better results in terms of extraneous matter, technical purity and germination capacity than the standards prescribed under the German Seed Regulation. To achieve quality, KWS' seed undergoes extensive quality testing in all phases of breeding and production. The requirements and time of – as well as responsibilities for and documentation of – the tests and the measures to be taken in response to deviations are precisely defined. Quality examinations are largely conducted in our own laboratories in accordance with the methods specified by the International Seed Testing Association (ISTA).

#### Variety approvals



The rules, standards and processes relating to quality assurance are defined in our Group Standards, which apply internationally. They, along with internal audit management, are a key pillar in our integrated management system. The precautionary principle is not yet implemented throughout KWS at present. It is already applied in Research & Breeding, by way of our various process certification activities that contribute to the protection of people and the environment.

Our locations undergo regular certification based on our integrated management system. A decision to have our locations certified externally depends on the economic value added they contribute to the company's success. We evaluate that regularly. We successfully conducted internal audits to review compliance of processes with SeedGuard at two locations in Germany in the fiscal year, for example. Our cereal station in Bierbergen was also certified in accordance with SeedGuard for the first time. Other certification currently held by our business establishments includes the quality management standard ISO 9001, the environmental management standard ISO 14001, the laboratory management standard ISO 17025 and the GMP+ B3 certification for feed quality. It is also worth emphasizing here that we are certified worldwide in accordance with the regulations on handling transgenic material under the Excellence Through Stewardship (ETS) standard. You can find an overview of all relevant certifications on our website (<https://www.kws.com/corp/en/company/corporate-responsibility/quality-stewardship/>).

KWS' products are continuously monitored by the company itself, public authorities or institutes, for example to ascertain the consistency of their performance or field emergence – even after they have been awarded market approval. Varieties are awarded approval in the EU, for example, only if they have "value for cultivation and use," i.e. they differ significantly from already approved varieties and offer a clear improvement in cultivation or further processing. One of the measures of our breeding progress and the

quality of our products is thus the number of annual variety approvals for new KWS varieties. We obtained 484 variety approvals in the reporting year.

Thanks to its extensive production research, KWS regularly rolls out new technologies and processes for improving product safety and quality. They include our innovative PollenPlus® technology, which has enabled us to significantly improve pollen production in hybrid rye and reduce vulnerability to ergot.

### **Protection of the environment and health in the use of pesticides**

304-2, 416/103

We use pesticides in our internal operating processes. They are used at KWS in particular in Research & Breeding, on its trial areas and for treating seed in compliance with the law and in accordance with the rules of good professional practice. Depending on the trial, crop, and disease and pest pressure, different products must be used in different quantities in order to protect plants in their vegetation phases.

We ensure that our products are of a consistently high quality through an extensive management system and pinpointed measures.





Product labeling increases transparency on the pesticides used.

In principle, the active agent concentration in the pesticides we use is controlled in our company's own laboratory before they are used. Seed treatment, i.e. the application of pesticide to seed, is also subject to strict regulations. The goal of treatment is to disinfect the seed and protect the young seedling against pests in the soil. As a result, our seed delivers the best-possible field emergence. Only legally permitted pesticides and quantities are applied to treat seed. The technical methods for seed treatment and the relevant formulations and additives are developed by KWS itself and tested intensively before being used on commercial seed.

KWS also strives to reduce the use of traditional pesticides by developing disease-resistant plants, biological pesticides and biostimulants in order to strengthen plants. We have achieved further progress in the field of biologicals as a replacement for, or complement to, chemical seed treatment agents, for example (see section Resource-conserving new developments page 42 and section 2.4.1 Product innovations in the Annual Report). They have now also been successfully incorporated in coatings for corn and rye seed in addition to those for sugarbeet and rapeseed seed.

#### Use of pesticides (at our German locations)

	2019/2020	2018/2019	2017/2018
Use of pesticides, including seed treatment agents (in tons)	277	254	349



The seed is treated in special plants in order to ensure the greatest possible protection of the environment and health safety in the process and in later use of the treated seed. We have a total of three seed processing plants of our own in Germany for treating sugarbeet, cereal and rapeseed seed. Our plants in Einbeck, Bergen and Wohlde have already been certified in compliance with SeedGuard, the system used in the German industry. In processing commercial corn seed in Germany, we cooperate with service providers that are likewise certified in accordance with SeedGuard. The abrasion resistance of the finished seed must also be stringently controlled using the Heubach test, a process for which our laboratory at Einbeck has gained certification.

#### **Required product labeling**

Our products are labeled in compliance with national statutory regulations. In particular, treated seed must be labeled so as to prevent its incorrect use. We use pictograms from the European Seed Association (ESA) – an initiative of the seed and pesticide industry – on most of our packaging. In addition, farmers are provided with informational material, such as brochures, containing additional explanations of the warnings on the packaging. Further product labeling makes reference to the quality assurance technologies we have developed ourselves.

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

416/103

Regulations on how defective raw goods and defective semi-finished and finished products are handled are defined in internal instructions. The objective is to prevent inadvertent, erroneous further

processing or shipment of raw goods, semi-finished products and finished products that do not meet our quality requirements. Complaints about products are likewise recorded, described, documented and reported centrally on the basis of defined processes. Every complaint is examined in detail and discussed together with the customer.

We also conduct regular customer satisfaction surveys to assess our customers' satisfaction with KWS' products, support and consulting. That helps us identify any need for action and initiate appropriate measures.

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

Ensuring high seed quality and further enhancement of key quality parameters is a continuous process and a focus of our research and development work. All activities relating to seed quality are designed, coordinated and conducted by a multidisciplinary team. Our range of activities comprises practical projects in the field of basic research, such as optimization of agricultural technologies used in seed multiplication and further development of process engineering in the areas of processing and pelleting. One of the focal areas of research is to develop and utilize new or alternative methods for improving seed quality. KWS cooperates with universities and other institutes in some of the projects. They make a major contribution to helping KWS continuously improve the quality of seed for its varieties and keep it at a high level.

416-2

The responsible departments were not aware of any violations of statutory or voluntary health and safety standards in the reporting period.

## Intellectual Property

The KWS Group runs a broad network of worldwide stations and trial fields for seed breeding. We test genetic material for the respective application areas there.

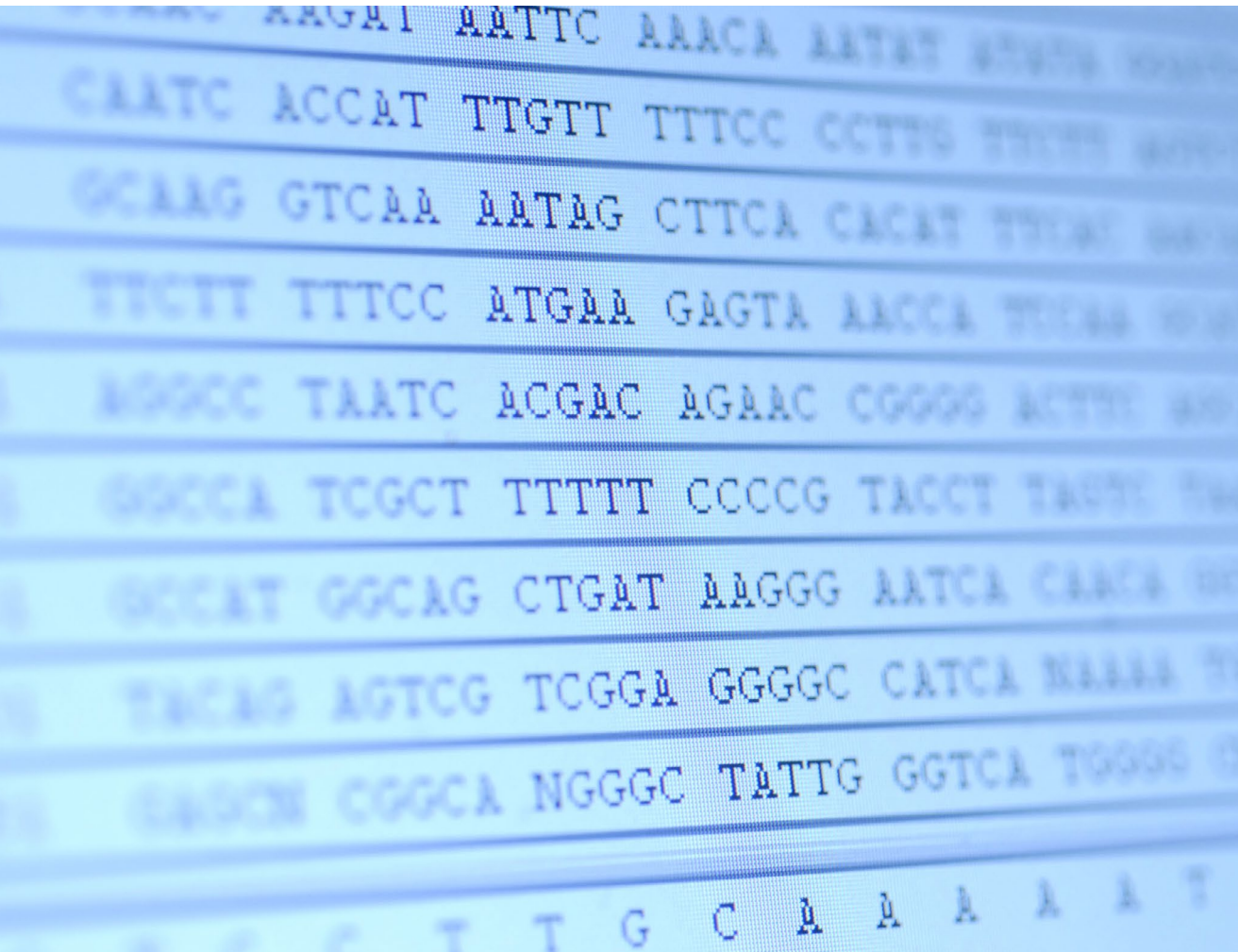
Protecting intellectual property is vital for the KWS Group to recoup its high expenditure on research & development. Variety protection is a tried-and-tested instrument for protecting our plant varieties and, thanks to the breeder's exemption, also safeguards access to plant genetic resources for further breeding. We also welcome patent protection to protect our investments in state-of-the-art technologies. It is important for us to have unhindered access to biological starting material and to protect our intellectual property relating to innovative plant varieties and new breeding technologies.

Since innovations and ideas not only merit protection once a patent, copyright or trademark can be filed for them, KWS believes comprehensive internal information and know-how management is particularly important. To enable this, we have established an internal policy on protecting our know-how.

### Patenting

As part of the development and use of modern technologies in research, there are increasingly patents in plant breeding which restrict free access to breeding material and disrupt the balance between variety and patent protection. This is especially true of patented native traits and methods and traits in the field of genome editing. In order to promote innovation in research, yet ensure access to biological breeding material, including a breeder's

Genetic diversity is the basis of our research.



exemption in national patent law may enable commercially available varieties containing patented elements to be continued to be used in breeding. Only if the patented element is still contained in the newly bred variety do breeders have to obtain a license from the holder of the rights so that they can put the variety on the market. However, a patent holder is not obliged to grant a license for the patented element; the awarding of the license may also be attached to high financial demands. The KWS Group is therefore in favor of approaches that ensure fair access to patented elements. An international Unified Patent Court (UPC) agreement in Europe, which is intended to contain a breeder's exemption, was postponed in the reporting period due to ratification difficulties. As part of our engagement in industry associations, we continue to advocate inclusion of a limited breeder's exemption in the national patent legislation of European countries.

In 2020, we joined the International Licensing Platform, a system that supports sustainable innovations in vegetable breeding and enables access to a broader range of breeding material.

### Use of plant genetic resources

411/103, 411-1

Where genetic material is used, the rights of the indigenous peoples in all regions the material originates from must be respected. KWS is aware of its obligations in this regard and supports the various international access and benefit-sharing frameworks. Of prime importance in this respect are the Convention on Biological Diversity, the Nagoya Protocol and the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA). The Convention on Biological Diversity outlines the general

framework for access and benefit-sharing for the transfer of genetic resources, while the Nagoya Protocol and ITPGRFA operate under the umbrella of the Convention on Biological Diversity. The latter is particularly relevant to regulating transfer of genetic resources. KWS maintains dialogue with governments through industrial associations, such as Euroseeds and the International Seed Federation (ISF). They discuss subjects such as improving the ITPGRFA, increasing the covered scope of relevant crops or the implications of expanding the Convention on Biological Diversity to include DNA sequence information.

We have implemented a due diligence process to ensure compliance with these guidelines. All employees who work with genetic material are obligated to digitally register all materials used, whereupon our Intellectual Property department instigates an examination of where the genetic material has come from. Colleagues from our Legal department also provide assistance in more complex cases. In addition, new employees are offered training modules and an annual update meeting on the issue is offered. If an examination should find that the origin of the genetic material or the process by which it was obtained is unclear, we refrain from using it.

There is regular dialogue in the course of each year with the Executive Board member responsible for research & breeding both in the context of the semi-annual meetings of the ISF and also as and when required. An annual report to the Executive Board is only drawn up if specific issues or incidents have been identified as part of the due diligence process. The origin of all the genetic materials we used was able to be tracked in the reporting period. The KWS Group is not aware of any case in which our business activities violated the rights of states or indigenous peoples.





# Environmental Protection at the Company

We believe that sustainability not only relates to our products, but also covers the processes, technologies and infrastructures required for them.





## Environmental Management at KWS

303/103, 306/103

Our global health, safety and environment (HSE) management activities aim to minimize the impact of our business processes on the environment at all KWS locations. Core objectives are to avoid negative environmental influences and ensure resource-conserving operation of our locations, health and occupational safety, and protection of business assets.

Our HSE management system defines requirements that apply throughout the Group. In relation to the environment, they include internal stipulations on air pollution control, waste disposal and the handling of hazardous substances. These are especially relevant to production sites and research locations but are communicated to all KWS locations. In general, all KWS locations are run in compliance with the applicable local statutory requirements. In regions with low statutory standards, our concrete stipulations and minimum requirements ensure that all locations are governed by comparable regulations.

Recent organizational changes and updates to the content will help intensify the impact of our HSE management activities throughout the Group. In fiscal 2018/2019, we defined a new, global organizational structure with a Global HSE Manager as the central contact person in Einbeck and supplemented our HSE network with local HSE Managers to monitor operational implementation of, and compliance with, the requirements at the locations, for example.

We introduced HSE Guidelines defining minimum requirements for our locations in July 2019. A phase of consolidation and orientation during their rollout in the reporting period is followed by an initial audit of their content. Our objective in conducting regular audits is to roll out and ensure consistent, globally valid minimum technical and organizational HSE standards at all locations.

### Monitoring of our environmental management system

303/103, 306/103, 403/103

So that we can keep on developing and improving the HSE management system and its stipulations, we aim to conduct regular internal audits of all relevant locations in the KWS Group. They will examine compliance with the procedural, work and operating instructions specified in the HSE Guidelines. They are initially planned for all locations with production plants and research units. The audits scheduled for the end of fiscal 2019/2020 were postponed due to the restrictions imposed as a result of the Covid-19 pandemic.

Our headquarters in Einbeck have been certified under the environmental management standard DIN EN ISO 14001 since 2001 and accordingly undergo regular external auditing in addition to the internal audits. The external audit could not be conducted in full in the reporting period due to the pandemic, with the result that recertification was awarded with a specific time limit.



## Sparing Use of Resources at the Company

302/103, 303/103

We are committed to using innovative processes and eco-friendly technologies to minimize the impact we have on the environment in running our locations and in our operational processes.

The locations are responsible for the concrete application and operational implementation of resource-conserving measures. Our international meetings between the heads of production and station managers enable dialogue between the various locations so that good practices can be shared, for example.

Energy, water, plant material, auxiliary materials and supplies, fertilizers, pesticides, chemicals for analysis purposes and packaging material are used in the process of seed production. The quantities of the resources we use fluctuate from year to year since they depend on our production volumes and on external factors such as weather conditions or, in the case of pesticides, the occurrence of diseases and pests (see also Protection of the environment and health in the use of pesticides on page 27).

### Energy & emissions

302/103, 305/103

Our production and breeding locations have the biggest energy requirements, in particular for drying and cleaning seed, air-conditioning our greenhouses and operating cold storage rooms. Total energy

requirements here depend greatly on the quantity of seed produced and the prevailing weather conditions: More rain means the harvested seed needs to be dried longer, while temperature extremes result in higher energy costs because the greenhouses may have to be heated or cooled.

We mainly use primary energy sources that have lower emissions, such as biogas and natural gas, for generating power at our German locations. As part of an innovative concept for cold generation and distribution, we developed and commissioned a resource-conserving central cooling plant at our Einbeck location in fiscal 2018/2019, enabling us to reduce secondary energy consumption by around 20%. The exemplary central cooling plant was presented as a best practice example of resource-saving power generation as part of the "Climate Protection Companies," an excellence initiative of the German business community ([www.klimaschutz-unternehmen.de](http://www.klimaschutz-unternehmen.de)).

We also converted the lighting in our greenhouses at our German locations to LEDs so as to save energy. A new machine hall that needs less heating energy due to heat recovery was erected at Einbeck in the reporting period. Our Wiebrechtshausen monastery estate, where organic farming trials are conducted, supplies itself fully with green electricity and generates heat from wood chips, a renewable source of energy.

#### Side note: Sustainability in construction projects

In the reporting period, we introduced new global guidelines for construction projects, under which it is now standard practice to examine whether sustainable materials and renewable resources can be used in every new project. Rubber flooring that is CO<sub>2</sub>-neutral throughout its life cycle was used in our new Biotechnology Center in Einbeck in the reporting period. This measure enabled us to compensate for 69 tons of CO<sub>2</sub>.

**Energy purchased, sold and consumed (at our German locations)**

in MWh	2019/2020	2018/2019	2017/2018
<b>Total energy used</b>	<b>98,327</b>	<b>89,437</b>	<b>76,587</b>
Of which self-generated from renewable sources	16,572	15,544	18,312
Biogas	15,948	14,874	18,275
Others	624	670	37
Of which purchased from renewable sources	139	161	0
Electricity	139	147	–
Heat	–	14	–
Of which purchased from non-renewable sources	81,616	73,732	58,275
Fuel oil	2,183	1,442	760
Natural gas	51,041	45,023	38,164
Propane gas	3	201	235
Diesel <sup>1</sup>	10,982	10,416	4,419
Gasoline	67	123	66
Electricity	17,340	16,527	14,631
Sold energy from renewable sources <sup>2</sup>	9,173	8,499	10,582

<sup>1</sup> Fleet including leased vehicles of employees and diesel consumption of agricultural machinery

<sup>2</sup> Electricity generated from biogas according to the German Renewable Energy Act (EEG)

## 305-1

**Greenhouse gas emissions (at our German locations)**

in tons of CO <sub>2</sub> equivalents (CO <sub>2</sub> e)	2019/2020	2018/2019	2017/2018
<b>Total greenhouse gas emissions (Scopes 1 &amp; 2)</b>	<b>24,663</b>	<b>22,591</b>	<b>20,567</b>
Of which Scope 1: Direct generation	19,638	17,646	11,390
Of which Scope 2: Indirect generation (electricity)	5,025	4,946	9,177
<b>Greenhouse gas emissions from energy sold</b>	<b>5,550</b>	<b>5,142</b>	<b>6,402</b>

Greenhouse gas emissions in our own direct business activities are mainly produced from the use of sources of energy and coolant at our production sites and research locations. We have reported emissions at our German locations since 2008/2009. That includes emissions that we have either caused directly through our own combustion or indirectly by purchasing energy.

In the reporting period we worked with an external consulting firm to calculate our total emissions by

extrapolating our global energy consumption in Research & Development, Production and Administration. We intend to expand how emissions caused by KWS are calculated in the coming years and base it on measurement data worldwide. In addition, direct and indirect emissions (Scope 1 and 2) for the areas of the value chain not yet taken into account are to be recorded and included in calculating our emissions. We also aim to expand the coverage of emission reporting and include emissions by, for example, suppliers and service providers (Scope 3) in the future.

**Extrapolated CO<sub>2</sub>e footprint**  
**KWS Group 2019/2020 (Scope 1 + 2)**  
 (Scope 1 and 2 emissions 78,777 tons of CO<sub>2</sub>e<sup>1</sup>)

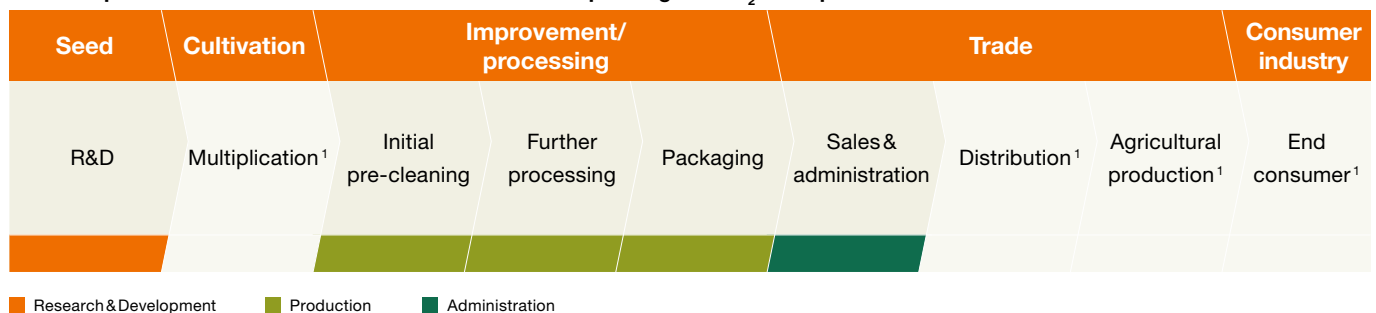
Production 48%  
 Administration 19%



33% Research & Development

305-1

**Selected parts of the value-added structure used in extrapolating the CO<sub>2</sub>e footprint:**



<sup>1</sup> Stages of the value chain not in the scope of the extrapolation

Emissions under the model calculation were approximately 78,777 tons of CO<sub>2</sub>e. However, it should be emphasized here that, as shown in the figure below, not all Scope 1 & 2 emissions have been included. A comparison between the data for Germany and worldwide is therefore not possible at present.

**Water**

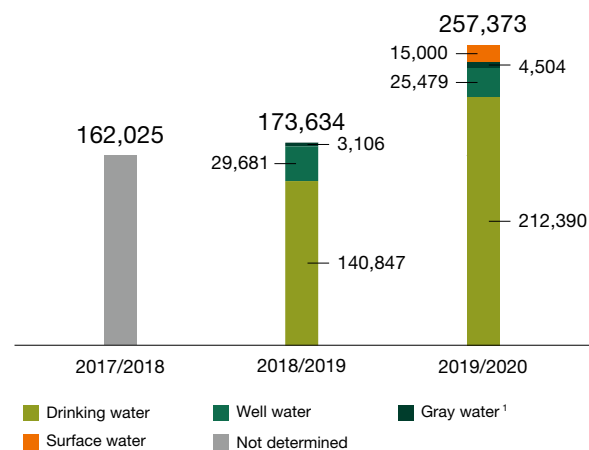
303/103, 303-1

Water is used to different extents at our locations. The highest consumption levels are due to watering of the fields at our trial and multiplication locations, which we do to create ideal conditions for producing healthy, high-yielding seed. The water we need is generally taken from local water supply networks.

If possible in a region, we consider using groundwater or rainwater. We started using rainwater for sanitary facilities at our location in Einbeck, for example, to conserve resources.

303-3

**Water withdrawal in m<sup>3</sup> (at our German locations)**



<sup>1</sup> Use of rainwater





A global standard at KWS ensures that water protection has top priority.

### Waste and effluents

303/103, 303-2, 306/103

Our mission as part of our global HSE management system is to work in a way that conserves resources and ensures we largely avoid producing process-related waste and effluents. Waste is sorted in compliance with the principle of the circular economy and, in accordance with its composition, recycled by suitable internal or external means or disposed of in an approved manner.

In principle, we dispose of waste and effluents at all our locations in compliance with local legislation. The disposal companies we engage must have the appropriate expertise and official approval.

Our HSE management system also governs the procedure for dealing with waste and effluents in

regions where there are no minimum requirements enshrined in law. The main processes include:

- The recording of data on and discharge and disposal of effluents and surface water from the company campus is ensured by constructional and organizational measures.
- Wastewater flows, such as surface water, process-related effluents and domestic effluents, are recorded separately.
- The quantities of waste and process-related effluents are documented.
- Where there is a connection to the public sewerage system, constructional measures are taken to prevent effluents from flowing back.
- Wastewater systems for the company campus are monitored, maintained and cleaned regularly.

The effluents we produce are mostly water from rinsing and cleaning operations at our production and research facilities. The most significant waste flows occur in production in the form of waste seed, residues from filters and wind sifters, and packaging materials. The organic-mineral dusts produced in pelleting sugarbeet seed are completely returned to the process. Dusts polluted with pesticide are disposed of as special waste together with treated seed that can no longer be marketed. The procedure for storing environmentally harmful waste

is organized along similar lines to that for storing hazardous substances.

At our Einbeck location, we operate a wastewater purification plant that removes all process-related pollutants in accordance with the statutory thresholds, with the result that as a whole only a minimum amount (approximately 0.1%) of wastewater containing hazardous effluents needs to be cleaned in a second cycle.

### 303-4

#### Effluent quantities by type (at our German locations)

In m <sup>3</sup>	2019/2020	2018/2019	2017/2018
<b>Total effluents</b>	<b>76,818</b>	<b>69,969</b>	<b>82,396</b>
Of which non-hazardous effluents	76,151	69,162	81,578
Of which hazardous effluents <sup>1</sup>	667	807	818

<sup>1</sup> Quantity of hazardous effluents after purification

### 306-2

#### Volume of waste by type (at our German locations)

In tons	2019/2020	2018/2019	2017/2018 <sup>1</sup>
<b>Total waste</b>	<b>6,745</b>	<b>5,610</b>	<b>5,946</b>
Of which non-hazardous waste	6,129	5,178	5,609
Of which hazardous waste	616	432	337

<sup>1</sup> When the report was prepared, incorrect values were listed for the fiscal year 2017/2018. This has since been corrected.

## Resource-conserving Products

304/103, 304-2

As a company specializing in seed production, we can influence biodiversity in agriculture for the long term with our products and services, namely wherever farmers grow plants with our seed and make use of our consulting. By continuously improving our seed, we help minimize the use of agrochemicals, conserve natural resources and preserve near-natural areas, since the seed enables yields to be increased on existing agricultural land.

Apart from the core breeding objective of increasing our crops' yield, we also strive to develop variety traits that reduce the resources needed. They include nutrient efficiency, drought tolerance and a variety's resistance to pests and diseases. The crop-specific development objectives are agreed annually between Research & Development, the respective breeding departments, Production and Sales and submitted for the Executive Board and Supervisory Board to decide on. The progress made over the past years is also examined and reported on regularly as part of that.

### Biotic resilience thanks to catch crops and mixed cropping

We make a positive contribution to biodiversity with our product portfolio, for example our catch crops, mixed cropping solutions and high-performance varieties, including for organic farming.

Catch crops are growing in importance in modern agriculture, especially in Europe. Breaking up the crop rotation cycle by cultivating catch crops offers various advantages. They include promoting soil life and insect diversity, natural combating of pests such as nematodes, production of a large amount of biomass over a lengthier period of time, reduction in soil erosion due to wind and water and consequently less nutrient leaching. Growing catch crops therefore helps preserve the long-term fertility of soil. We have successfully established catch crops such as phacelia, mustard and oilseed radish over the past decades and included various catch crop mixtures with species such as Italian ryegrass, turnips and buckwheat in our portfolio.

Products like our mix of corn and beans are a further example of the contribution our range of products can make to fostering diversity in agriculture. We developed this intercropping solution to create an alternative to the conventional approach of growing corn as a monoculture. The two crops are sown at the same time, with the result that the beans can twine up the corn as it grows. They are also harvested together in the fall. This mixed cropping also helps promote insect diversity, since the beans bloom for many weeks. Initial studies under the leadership of the University of Hohenheim, together with the Julius Kühn Institute (JKI, the German Federal Research Institute for Cultivated Plants), have proven the beneficial impacts on the insect population.

### Focus of research apart from increasing yield

Improve usability	Biotic resilience	Resource efficiency	Abiotic resilience
<ul style="list-style-type: none"><li>■ Higher sugar content (sugarbeet)</li><li>■ Improved digestibility</li><li>■ Improved processing attributes (such as baking or brewing quality)</li></ul>	<ul style="list-style-type: none"><li>■ Improved resistance and tolerance to pathogens and pests</li><li>■ Strengthening of plants by means of crop rotation and biostimulants</li></ul>	<ul style="list-style-type: none"><li>■ Less pesticide usage</li><li>■ Less fertilizer usage</li><li>■ Less water usage</li></ul>	<ul style="list-style-type: none"><li>■ Regionally adapted crops</li><li>■ Enhanced resistance to extreme environmental conditions</li></ul>



#### Side note: “Pro-Insect” working group

We founded the interdisciplinary working group “Pro-Insect” at the end of fiscal 2018/2019. Its mission is to develop products and services that promote biodiversity and to introduce farmers to them wherever possible. As part of an international online campaign, 175 colleagues from our global locations gathered ideas on what the KWS Group can do to protect insect diversity. They included ideas relating to our product portfolio, greater dialogue with farmers on the subject of biodiversity, and the redesign of areas on the company campus. We are currently implementing selected projects. One example: We have already formulated plans for the near-natural and insect-friendly design of the outdoor grounds of a new building project in Einbeck and intend to implement them in the next fiscal year. A further goal of the working group is to analyze the interrelationship between KWS’ catch crop mixtures and insects in greater depth.

We have also reviewed our catch crop mixtures and adapted them further to agricultural requirements. We offer specific mixtures under the umbrella brand “KWS Fit4Next” that enable combating of nematodes (threadworms) or can also be put to secondary use as a feed reserve, for example.

#### Diversity through seed for organic farming

Compared to traditional agriculture, organic farming has a more positive influence on biodiversity, since no pesticides are used in it and near-natural areas are fostered to a greater extent, for instance. The KWS Group believes that the key to creating more sustainable agriculture lies in efficiently combining elements from organic and conventional farming. We offer conventional seed and organic seed because it is our conviction that both approaches have their *raison d’être* and can benefit from each other.

KWS laid the foundation for its organic line of business in 2002 by establishing its own organic farm in Wiebrechtshausen, since when it has evolved into an integral part of our long-term business strategy. Now we are the market leader in organic seed in Germany

and just about all the crops from our portfolio are also available for organic farming.

Due to growing demand for specific varieties for organic farming, we have intensified our research and development work over recent years. In order to expand our activities in this segment, we pooled breeding and production of organic seed in a specially created Sub Business Unit “Special Crops & Organic Seeds” in fiscal 2018/2019. Our latest catalogue of organic products comprises five families of crops for eleven species and more than 20 varieties.

#### Resource efficiency thanks to global trials in resource-saving cultivation

KWS’ core business is to optimize plants’ genetic makeup. However, agrotechnical methods also have a considerable influence on yield. That is why we conduct agrotechnical trials with the plant varieties we offer at our farms and on our trial areas and develop practical recommendations on how to grow specific crops for farmers, also in cooperation with scientific institutions.

That also includes developing methods that prevent soil erosion by wind and water and reduce the removal and leaching of nutrients. By and large, mulch tillage has proven to be a valuable solution in sowing sugarbeet in Germany. In this method, the soil is not turned, meaning the residues of the catch crop and the preceding crop remain on the surface. Compared with plowing, the same or even a higher yield is achieved.

For many years now, we have also conducted low-input trials at the Corn Segment – using sharply reduced quantities of fertilizer or even no fertilizer at all or by reducing the pesticides used. That enables selection of corn varieties that have especially good nutrient efficiency and/or more resistance to diseases. These hybrids can thus help conserve a wide range of different resources.

We established our tried-and-tested approach of low-input trials in other segments in fiscal 2019/2020 and intend to conduct them across all crops in the next fiscal year.

#### **Resource-conserving new developments**

Developing resource-conserving seed is always a balancing act and is often directly linked to other non-financial, as well as financial, aspects. It enables plants to survive despite obtaining fewer nutrients or being exposed to high pest pressure, although they might then produce less plant mass, resulting in a lower harvest.

KWS' mission is to ensure a reliable crop yield using plants that have resource-conserving traits. These traits range from resistance to diseases (which means less pesticide is required), formation of specific tolerances (resulting in less need for fertilizer and water where there are exceptional prevailing soil and

weather conditions), to the use of alternative means of treating seed so as to save resources during the production process.

One example is the fungal pathogen *Cercospora*. The pressure from this fungus has increased sharply in recent years as a result of rising temperatures and different amounts of precipitation. Its growing resistance to fungicides has also made it more difficult to control it by chemical means. In order to address this challenge, KWS launched a new sugarbeet variety on the Italian market in the spring of 2020. It is equipped with highly effective resistance to the fungal pathogen, yet delivers a very good yield. Such varieties are already undergoing official testing in many other countries. They can be a great aid for farmers in fighting *Cercospora* and reducing the use of fungicides to combat this leaf spot disease.

Viral diseases transmitted by insects cause significant losses of yield in different crops. Various pests, such as aphids, and the yellowing viruses they transmit are spreading far more strongly in many sugarbeet cultivation regions as a result of the growing number of bans on neonicotinoids in the European Union and the lack of alternatives to them so far. KWS has responded in a timely fashion to the imminent elimination of this class of insecticides and has promptly pushed ahead with developing virus-resistant sugarbeet varieties. For example, we have already submitted varieties with greater resistance to the two main types of yellowing virus for official testing in several European countries, including Germany, France and the UK. These variety candidates are in the second and third years of official testing, respectively. If they perform well, they will be awarded approval for commercial use at the end of 2020 and can be marketed in subsequent fiscal years. Here, too, resistance can help reduce the use of pesticides.



Increased drought tolerance safeguards yields even in lengthy dry periods.

We also obtained approval for ten new hybrid corn varieties under our label “ClimaControl<sup>3</sup>” in Eastern and southeastern Europe in the reporting period. They are distinguished by increased drought tolerance, which means that the plants still deliver a good yield even in lengthy dry periods and farmers do not have to water their fields intensively and do not suffer lower harvests. We are also in the process of registering further drought-tolerant varieties.

A further important approach in enabling sustainable agriculture is the use of biostimulants or pesticides of natural origin, termed biologicals. They include microorganisms such as fungi and bacteria, as well

as various substances that are obtained from plants or microorganisms and have a positive effect on plant growth. A special method enables us to make biologicals long-lasting when used as a coating to gently treat the seed of many crops. After the crops have been sown, the microorganisms multiply at the roots, establish themselves in the soil and create favorable growth conditions for the plants. That can demonstrably strengthen crops’ growth, especially under stress conditions, or increase their resistance to pests. Biologicals have also been incorporated in coatings for corn and rye seed in addition to the existing ones for sugarbeet and rapeseed seed in the reporting year.



# Social Aspects

As an employer, we aim to create working conditions of a consistently high standard and thereby promote diversity and equality of opportunity.









## Labor and Social Standards

403/103, 406/103, 408/103, 409/103, 419/103

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

The main labor standards entrenched in our Group Standards include:

- The applicable regulations under labor and social insurance law are observed in all employment relationships at the KWS Group.
- In addition, KWS complies worldwide with local statutory regulations in relation to the principle of “equal pay for equal work.”
- Our labor standards include technical, organizational and occupational health measures to prevent accidents and diseases at work.
- KWS is committed to complying with applicable anti-discrimination laws and the ILO standards relating to child, forced and compulsory labor in recruiting and staffing new personnel.

Our labor and social standards apply to all the Group’s employees.

### Contracts with our employees

102-8

Some 74% (Germany: 83%) of our employees throughout the Group had a permanent employment contract in the reporting period. KWS also employed 1,066 seasonal workers in harvesting and 283 external employees and temporary workers. The conditions for using temporary workers, as a flexible and complementary HR tool, are largely defined in company agreements or, if that is not the case, are governed by individual contracts.

Seasonal workers are especially important for KWS, since they do an important part of the work in the field, such as harvesting. Some seasonal workers are employed directly by KWS, while others are hired from agencies. The length of time they are employed for may vary depending on their task area.

102-8

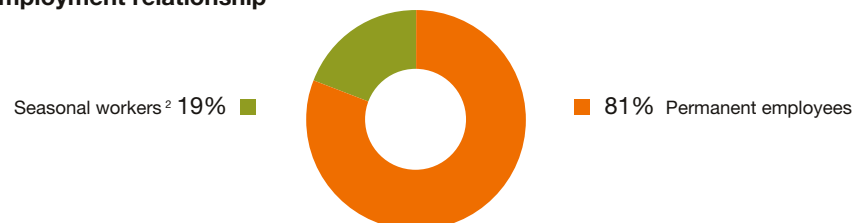
#### Employees by type of contract

Ratio of women/men (in %)	Permanent	Temporary
Full-time	30/70	44/56
Part-time	78/22	54/46
Seasonal workers <sup>1</sup>	35/65	

<sup>1</sup> No distinction is made between permanent and temporary seasonal workers.

#### Employees by employment relationship

5,709 Employees<sup>1</sup>



<sup>1</sup> Average headcount

<sup>2</sup> No distinction is made between permanent and temporary seasonal workers.



### Internal dialogue and collective representation of interests

407/103

Open and trusted dialogue is of great importance at KWS. The respective elected national employee codetermination bodies, the competent trade unions and management work together worldwide and are engaged in regular and close dialogue. Back in 2015, we founded the European Employees' Committee (EEC), a body that represents the interests of European employees and is responsible for cross-border matters within the EU. Since this model for cooperation has proven its value in the past from the perspective of both the employees and the company's management, we retained it after our parent company changed its legal form to a partnership limited by shares (KWS SAAT SE & Co. KGaA).

Employees' interests in Germany are represented collectively by bodies such as the elected Works Councils, the persons entrusted with representing young people and trainees, and the disabled employees' representatives. They work closely with management in a spirit of trust. In meetings with management, issues are discussed openly and common solutions are found constructively.

In countries where there is no collective employee representative body, we attach importance to mutual respect and open, trusted dialogue with employees. If the workforce wishes to have a collective representative body or such a body is prescribed by law, we support our employees in establishing it. We assisted our Dutch subsidiary Pop Vriend Seeds in setting up a Works Council in the reporting period, for example.

#### Side note: Compliance with labor standards

412/103

The local managers in some regions where the KWS Group operates identified potential risks relating to exploitative working conditions for external employees and seasonal workers. That was the case in Turkey, for example, where a number of personnel service providers recruited workers from Syria and tried to employ them at a lower wage than permitted by law. In order to prevent such incidents and ensure that our Code of Business Ethics for Suppliers (see also Responsibility in the supply chain on page 21) is also applied to external seasonal workers, KWS is involved in drafting the employment contracts of personnel service providers in Turkey. Moreover, the local managers exercise their agreed right to examine the activities and accounting of the service providers and occupational safety conditions as part of work in the field.

## Diversity in the Workforce

102-8

### Employees by region <sup>1</sup>



### Employees by function <sup>1</sup>



<sup>1</sup> Average headcount

### Demographic data

102-8, 405/103, 405-1

In the reporting period, the KWS Group employed an average of 5,709 people, a year-on-year increase of around 3%. A large part of that increase is attributable to the acquisition of Pop Vriend Seeds, Andijk, the Netherlands, at the beginning of the reporting period.

A total of 2,236, or around 39% of the workforce, were employed in Germany. Once again, the area that accounted for the most employees was Research & Development, who made up 36.3% of the total workforce.

As in previous years, the workforce's age structure was evenly balanced; Around 59% of employees are aged 30 to 50, around 20% are younger than 30 and around 21% are older than 50. The average age of our workforce in the reporting period was approximately 40 years.

### Diversity and anti-discrimination

405/103, 406/103

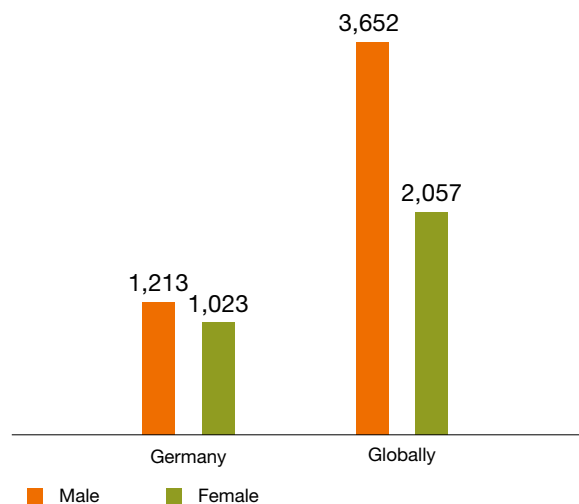
KWS operates in more than 70 countries. This international range means more than having a variety of languages at KWS. Different cultures, age groups, disciplines and personal backgrounds join together to enrich our working climate.

We believe that the diversity of our employees, as displayed in their individual attitudes, knowledge, skills and ideas, is a key corporate value and a competitive advantage. It encourages creativity and innovativeness and strengthens our understanding of markets and different cultures by fostering inter-cultural skills.

405-1

### Employees by gender <sup>1, 2</sup>

Number of employees: avg. 5,709



<sup>1</sup> Average headcount

<sup>2</sup> Employees have been able to choose the category "Non-binary" since last fiscal year. However, the number of employees in this category is zero to date.

**Employees by age group <sup>1</sup>**

KWS Group	2019/2020	2018/2019	2017/2018
Under 30	20.3%	21.0%	21.3%
30 to 50	58.6%	57.5%	56.3%
50 and above	21.0%	21.5%	22.4%

Germany	2019/2020	2018/2019	2017/2018
Under 30	19.9%	20.5%	20.6%
30 to 50	55.6%	53.7%	52.1%
50 and above	24.5%	25.9%	27.4%

<sup>1</sup> Average headcount

KWS is committed to equal opportunities and rights for its employees, regardless of gender, religion or belief, ethnic origin, age, handicap, skin color, language or sexual orientation. Our 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 (see also Corporate governance and compliance on pages 17 et seq.). We have established a cross-function project team that is working on various activities to further strengthen diversity at the KWS Group.

**Fair compensation**

102-41, 405/103

The overall compensation package for all employees in the KWS Group takes into account their individual

expertise and local market circumstances. It consists of a basic salary, social benefits, performance-related payments (if applicable) and, locally, Employee Stock Purchase Plans where staff can buy shares in the company.

Equal pay for the same activities is a fundamental principle of our compensation policy and is specified in our Group Standards. This principle ensures, among other things, that employees of both sexes receive similar pay for similar work. This principle is also enshrined in our collective bargaining agreements.

Approximately half of our employees worldwide are covered by collective bargaining agreements. The figure in Germany is more than 90%.

**Side note: Negotiations with IG BAU**

Negotiations on the company collective bargaining agreement were held between the construction, agricultural and environmental workers' union Bauen-Agrar-Umwelt (IG BAU) and KWS SAAT SE & Co. KGaA in June 2020. The 2020 collective bargaining round was impacted by current economic uncertainties due to the coronavirus outbreak. In view of this, the parties agreed after intense and constructive negotiations to continue the collective bargaining agreement without any increase in pay until the end of June 2021. The non-recurring dividend-based payment is part of the agreement and remains unchanged, while there is a special payment of up to €1,100 for 2020, depending on the employees' contractual working hours. This is intended to reflect the special burdens under which the company's employees are currently working during the coronavirus crisis.





Enjoying what they do: trainees at KWS.

### Women in management positions

405-1

We aim to promote diversity at all levels of the KWS Group. The Executive Board defined new target figures for the ratio of women in the two management tiers below it and the date by which they must be achieved in accordance with Section 76 (4) AktG (German Stock Corporation Act). They are a ratio of at least 15% in management tier 1 (top executive management) and of at least 10% in management tier 2 (senior management) by June 30, 2022.

Some 12% of all management posts were filled by women in the reporting period. The ratio of women in top executive management rose to more than 15%, while women accounted for approximately 14% of senior management. We have therefore achieved our target ahead of time.

We are currently establishing a means of ascertaining international key figures on diversity for further parts of the organization and plan to report on them in the coming fiscal years.

### Family-friendly spirit

405/103

KWS is committed to family-friendly work. The lives our employees lead differ greatly and are highly individual – and so they also have different needs as regards work and the workplace.

One of the factors that helps our employees achieve a good work-life balance is our wide range of working time models. Flexible working time models are available to staffers in administration. Mobile working is also possible for employees, if that can be reconciled with their activity.

The seasonal nature of our business means that fixed working times are necessary in production and mobile working is not possible there. However, these employees there can successively reduce the hours they have accumulated in their time account after labor-intensive campaigns.

Apart from highly flexible working models, which can also include flexible arrangements on where and when employees can work, various part-time models are also used. Around 9% of our employees worldwide (Germany: 20%) worked part-time in fiscal 2019/2020.

## Recruitment and Qualification

404/103

KWS is one of the world's largest seed companies, has a global footprint and continues to grow. It is therefore particularly important for us to recruit and qualify suitable employees. KWS' strategic objectives therefore define the framework for a holistic HR strategy. However, it has to be adapted to national requirements, such as regional differences in the shortage of skilled workers, for example in handicraft trades in France or financial professions in Berlin. Moreover, the broad range of employees we wish to attract means we have to apply different recruiting and personnel marketing approaches.

Our Human Resources department has developed diverse strategies and programs to recruit and develop the right colleagues for us. A standard global recruitment process was created, for example, and a global recruitment team responsible for the process was established and uses the latest recruiting platform SAP SuccessFactors. We ensure a high standard of recruiting with our selection process, the tools we use in it and the entire recruitment process, which aims to leave a very good initial impression of KWS as a potential employer among candidates.

### Development of global networks

102-43, 401/103, 404/103

Establishing networks and nurturing contacts with relevant professional groups are key elements of our HR strategy. That is why we attend trade fairs and events and nurture close ties with universities. We have cooperated with the prestigious Chinese Agricultural University in Beijing since fiscal 2017/2018, for example.

To strengthen our position in science and academia, we created the post of Global Lead of Scientific

Affairs at the Research & Development department so as to enable direct dialogue with universities, students and graduates as peers.

We give school pupils and students the chance to gain initial insights into working life at KWS by means of internships or excursions, or by giving them the opportunity to write their degree theses at our company. That also allows us to present ourselves as an attractive employer to the next generation of career starters.

We continue to use digital and traditional channels to reach out to potential applicants. That enables us to address each target group specifically, for example on social networks such as LinkedIn and Facebook.

The status of recruiting measures and creation of new posts is reviewed regularly in consultation with the Executive Board and the first management level.

### Vocational training and induction programs

401/103, 404/103

The vocational training we offer helps our employees develop practical skills. There are diverse options to choose from – from vocational training to a dual course of study. Under Germany's dual training system, our instructors and trainee supervisors support trainees in seven different fields of training on their path to gaining their vocational qualifications. We currently offer university graduates two springboards for starting their careers – the Breeders Academy, which is geared specifically to plant breeding, and our new program "Growing with Science." We also assist talent individuals early on by offering student scholarships at five German universities, and offer induction programs for those without a university degree.

#### Participants in training programs in Germany

Average for the year	2019/2020	2018/2019	2017/2018
School students	18.0	16.0	15.8
Apprentices	77.0	76.3	76.5
Interns	22.5	13.8	17.0
Trainees	7.5	7.3	13.0

We again accompanied many young people successfully on their path to gaining vocational qualifications in the reporting period by means of various programs. The apprenticeship ratio at our German locations was around 5%.

Our diverse training programs help KWS enhance its attractiveness as an employer. In the annual independent rankings by the consulting firm Universum, KWS came 59th in the area of sciences in 2020 in the list of the 100 most popular employers in Germany among students. We have ranked 36th among experienced professionals since 2019.

#### Continuous qualification for all

404/103, 404-2

KWS' continuing commercial success is founded not only on its employees' commitment, entrepreneurial freedom and satisfaction, but also on their personal skills and professional qualifications. Since our global growth and regional markets mean our employees constantly face new requirements and need to be highly adaptive, diverse qualification offerings are particularly relevant. We have implemented various central and local development programs aimed at specific target groups to tackle that challenge. Tailored continuing education measures are defined in annual performance and career development reviews, which every employee has the right to request and hold together with their manager.

Our diverse range of education and development offerings is continuously optimized and supports

various learning objectives. Apart from knowledge transfer in various subject areas and language courses, intercultural training, the development of soft skills and international development of (junior) executive staff are gaining in importance, for instance.

#### Qualified leadership

404/103, 404-2

Since we are particularly committed to having all our employees receive qualified leadership and support from their managers, we developed a competence model defining the core competencies of managers at KWS a number of years ago. We keep on developing it further.

We regularly hold location-specific analyses with managers from various countries in the KWS Group. Skills and development options for high-potential individuals are identified and a personal development plan is created as part of such an analysis.

In the International Development Program, we offer young executives and experts with management potential from all departments the chance, among other things, to gain experience in an international team in project work and to develop their management and leadership skills. Each participant is supported by an experienced internal mentor as part of this process.

A total of 15 employees from the Group took part in the location-specific analyses and 20 participated in the International Development Program in the reporting period.



Around 100 managers a year take part in “Leading Individuals,” the first module of the management development program we launched in 2018. In the intensive three-day training course, we prepare young executives for their first management posts, enable them to build international networks and create a common understanding of leadership based on our competence model.

We developed the second module “Leading Self” in the reporting period and began piloting this training at the start of fiscal 2020/2021. Alongside that we are formulating the concept for the next module, which is aimed at experienced managers.

#### Further development of HR activities

404/103

In the reporting period, a project team was tasked with implementing the SAP learning management system “Success Factors Learning,” which we will roll out at our German locations at the start of next

fiscal year and then successively to our international locations. The system pools all our further training offerings on a permanently available platform, enables regular expansions and will be available to all our employees worldwide. It therefore helps us fill our slogan “Make yourself grow” with life.

We formulated a development program specifically tailored to the requirements of R&D managers in the reporting period. Its contents include issues such as feedback and innovation culture, leadership presence in uncertain times and conflict management. We plan to include it in our standard training portfolio after initial piloting.

#### Long-standing trust of our employees

401-1

The average length of service of employees at the Group level is approximately nine years, which shows that our employees feel at home at KWS and are satisfied with us as an employer.

401-1

#### Employment details for our workforce<sup>1</sup>

Average for the year		2019/2020	2018/2019	2017/2018
Rate of new employee hires (in %) <sup>2</sup>	Globally	6	8	8
Rate of employee turnover (in %)	Globally	8	9.5	7.6
	(Germany)	(5.5)	(4.6)	(3.5)
Length of service (in years)	Globally	9.0	9.4	9.6
	(Germany)	(11.6)	(12.5)	(13.4)

<sup>1</sup> Excluding seasonal workers

<sup>2</sup> Ratio to the average total workforce

## Occupational Health and Safety

### 403/103, 403-1

KWS aims to ensure that all employees have a safe and healthy working environment. Our global health, safety and environment (HSE) management system (see also Environmental management at KWS on page 34) offers the entire KWS Group a consistent framework for pursuing that goal. It covers all employees at our production, research and breeding locations worldwide, i.e. also seasonal and temporary workers. Implementation of our HSE management system is voluntary. Its contents are based on German occupational safety regulations and the ILO standards.

### Organization of work safety

#### 403-2, 403-3

There are local HSE managers at all our production sites and breeding locations worldwide to implement the regulations and monitor compliance with them. The HSE managers are supported by work safety experts and external specialists. They include, in particular, occupational physicians, who are on hand at the location to give medical advice and provide healthcare.

#### 403-4

In Germany, current safety-related issues are discussed in our work safety committees in cooperation with occupational physicians, the Works Council and company management. These committees meet every quarter, and employees and the employer are equally represented, in accordance with the German Occupational Safety Act (ArbSichG).

We also involve our employees in HSE management, for example through participation in inspections to analyze risks at our locations.

### Risk assessment and minimization

#### 403-2

Contents of the HSE management system in the area of work safety include requirements relating to risk assessments, instruction, protective equipment and what to do in the event of an emergency. As with our

regulations relating to environmental protection, the work safety regulations are documented in our HSE Manual.

Local risk analyses and assessments ensure that all potential risks to the safety of employees are always identified and then mitigated by appropriate measures. The workplace assessments prescribed by law will in future also include analyses relating to potential physical strains and how to prevent them.

In addition to initial assessments, risk assessments are updated if there are significant changes in operations, for example in processes or when new facilities are commissioned, and after incidents and occupational accidents. Regular inspections of our German locations are also conducted together with representatives of the occupational accident social insurance fund.

The identified work safety risks are assessed, taking into account the likelihood of their occurring and potential severity of the damage. Suitable measures to minimize the risks are then specified based on a defined hierarchy of measures. They consist of technical, organizational or personal protective measures, for example.

The identified risks to the health and safety of our employees include noise and the risk of stumbling or falling.

#### 403-4, 403-5

All employees are given regular training on safety issues by their managers, the local HSE managers or other persons delegated to do so. The individual locations define the frequency at which instruction is given. Training is usually provided at least once a year and in general when any changes are made to processes or task areas. Our goal in that is to keep on reducing the number of accidents and further increase employees' attentiveness to issues of safety at work. The topics that must be covered at a minimum in the training are defined in our HSE Manual.

### Side note: Pandemic management

In response to the spread of the coronavirus and its development into a global pandemic, KWS swiftly put in place diverse measures to protect its employees' health at an early stage at all its locations worldwide. HSE management collaborated with an Incident Team to implement a global pandemic network and draw up a guide containing consistent regulations on how to deal with the coronavirus at the company. These regulations are developed and communicated on an ongoing basis, also because of the large differences in the pandemic's progression in the various regions. Examples that can be cited here are measures to increase separation among research and production employees (ensuring they work apart and at different times), mobile working arrangements and company quarantine regulations.

We are pleased to say that the number of infections among our global workforce was very low at the end of the fiscal year.

### Preventive healthcare

403-6

Preventive healthcare for our employees is provided at the local level in addition to the support offered by HSE management. The various measures to promote the well-being of employees at our German locations are pooled in the "KWS Healthy Working World" program. Under the slogan "Creating Awareness," a fitness studio accompanies entire departments and specifically helps in preventing and reducing incorrect posture that may arise as a result of desk jobs or heavy physical work in production, for example.

Check-ups, dietary advice and sports courses, as well as the chance to relax at the company's own rest home, are also offered. There is the opportunity to obtain "Job Bikes" or join fitness studios at special terms. A total of 269 employees at various German locations had taken up the opportunity to acquire a "Job Bike" by the end of fiscal 2019/2020.

### Work safety incidents and days lost in the reporting period

403-9

We recorded a total of 193 work safety incidents that had to be reported at KWS' production sites and research and development locations. They include occupational accidents and work-related injuries and diseases that required medical treatment apart from first aid.

A total of 21 incidents – mainly as a result of falls – were reported in Germany and resulted in 259 lost days. In accordance with statutory regulations, the figure only includes occupational accidents where three or more days were lost (including commuting accidents). Outside Germany, all incidents are documented from the very first day, although that does not include commuting accidents. Some 62 incidents with a total of 1,340 days lost were reported there. That means an average of 19 days were lost per incident at the KWS Group in the fiscal year.

Due to the fact that central recording of global accident statistics was only introduced in the fiscal year, only data for locations with a higher risk of accidents – production sites and research and development locations – has been collected for the first time. We aim to harmonize the accounting systems and expand the data we collect so that all locations are covered in the coming fiscal years.

403-9

#### Work safety incidents and days lost<sup>1</sup>

	2019/2020
Work safety incidents <sup>2</sup>	193
Of which lost time incidents	83
Of which fatalities	0
Total days lost	1,599
Average number of days lost per incident	19

<sup>1</sup> Including all production sites and research and development locations, excluding pure administrative locations

<sup>2</sup> Includes occupational accidents and commuting accidents in accordance with Section 193 of German Social Security Code Volume VII, if they result in three or more days lost, and occupational accidents outside Germany as of the first day lost



A photograph showing several hands of different skin tones cupping dark soil, each with a small green seedling growing from it. The hands are arranged in a circle, symbolizing unity and growth. The background is a blurred blue surface.

# Social Commitment

We see ourselves as an active member of society and are engaged in diverse initiatives and projects in the fields of science, education, social welfare and culture.







## Management Approach

The KWS Group sees itself as a responsible, dependable and transparent member of society. We therefore also want to shoulder responsibility outside our direct business activities and thereby impart our values beyond the company and to society.

Our social commitment means we can show who we are as a company, build bridges between business and society, and reconcile mutual interests. We also want to increase the attractiveness of our locations for people and business and strengthen support for our company among society with our local efforts.

Our engagement benefits our current and future employees and the local population. Our commitment extends to the areas of infrastructure, culture, education and science, clubs and associations, and promoting social diversity and openness. Its forms are diverse and comprise, for example, donations and sponsorships or contributing time, knowledge and networks on a non-profit basis as part of corporate volunteering, or in support of school and university projects.

By supporting education and science in the regions around our locations, we wish to strengthen intellectual development and research in general, but also position ourselves as a potential employer in the eyes of tomorrow's experts. Our activities in the field of capacity development aim to transfer knowledge and ensure food security in regions with a financially weak local population.

We also support social and cultural initiatives at the regional level. By doing so, we wish to assume responsibility for society as a whole and do our part to make and keep it free, mature, open and diverse.

In order to make a lasting impact and be a part of the local structure, we cooperate with other members of the business community and public institutions who likewise contribute to regional development at our locations.

### Organization of our social commitment

Our local companies are responsible for choosing, coordinating and budgeting the projects supported.

At the Einbeck location, our social engagement is managed by the Public Affairs & Arts department at Global Marketing & Communications, which also helps select the local projects to be supported. Depending on the topic and importance of the projects, the Executive Board is also consulted in the selection process and itself proposes projects.

In addition, Research & Development is responsible for awarding, administering, budgeting and handling university scholarships, subject-specific donations and sponsorship. The relevant departments and segments are responsible for other subject-specific sponsorship.

On the basis of past experience and foreseeable projects, the budget planning for our social commitment is submitted by Public Affairs & Arts via the Head of Global Marketing & Communications to the Executive Board. The latter then decides every year on the budget available for the next fiscal year.

We established the Corporate Citizenship function at Einbeck in fiscal 2017/2018. It is currently working on a supraregional network and on concrete regional projects.



## Internal guidelines

201-1

Decisions to award funding are made at Einbeck in compliance with in-house guidelines. We began creating Group-wide guidelines on the award of funding in the reporting period and they are to be communicated to our locations next fiscal year.

Our Group-wide guidelines stipulate that we may not provide funding to an organization more than once in a fiscal year. Moreover, certain parties are excluded from receiving funding or other non-commercial assistance from the company. They include private persons, organizations and companies that have a close business relationship with KWS or ones

that discriminate on the basis of gender, age, race, religion or nationality, or support illegal activities. Support for religious interest groups is permissible only if they do not pursue inherently religious purposes, such as missionary work. In principle, we also do not provide funding to political parties or politicians. However, we are allowed to support cross-party events or initiatives in the political sphere that strengthen the free democratic basic order and a culture of tolerance and diversity.

The KWS Group donated a total of around €750,000 worldwide as part of its social engagement activities, including global capacity development, in the reporting period, or around 0.6% of its operating income (EBIT).



## Regional and Supraregional Commitment

As an international, strongly innovation-driven company, the issues of education and science are particularly dear to our heart. We also believe that our society benefits lastingly from top-level science. Our focus in the area of social commitment is therefore to promote young scientific and artistic talents, educational institutions and knowledge transfer.

### Regional projects: Knowledge enhancement in Germany

In light of our company's close contact to the sciences, we encourage and help young (agricultural) scientists. For example, KWS has for many years supported the creation of school gardens in and around Einbeck in cooperation with the non-profit organization Ackerdemia e.V., where primary school-children learn how to grow plants, tend a garden and use or sell their harvest. In the reporting period, we also supported educational institutions that arouse an interest in science among children and youngsters and increase their knowledge in this field, for example by financing excursions to XLAB, the experimental laboratory in Göttingen for school students.

We support 15 talented students a year at a total of five German universities with the Ferdinand von Lochow Scholarship and Germany Scholarship. A young Peruvian doctoral student is also being trained in quinoa breeding and diversity analysis at the

University of Hohenheim thanks to a KWS scholarship – an activity that interfaces with our capacity development program in Peru.

We also supported the Verein zur Förderung der Lehre im ökologischen Landbau Witzenhausen LÖLa e.V., an association that promotes education in organic farming, and the awards presented by the association InnoPlanta e.V. We funded a study trip around northern and eastern Germany by the Faculty of Organic Agricultural Sciences at the University of Kassel, as well as the Lift-Off 2020 startup competition at the Georg August University in Göttingen.

In the professional arena, we helped institutions such as the Forum Grüne Vernunft e.V., which champions genetic engineering in plant breeding, and the Science Media Center Germany, which promotes dialogue between journalists and scientists.

We also supported scientific organizations, congresses and events of national and international importance.

### KWS as a “good neighbor” – Regional projects

Focal areas of our regional engagement apart from science are promoting art, culture and other social and socioeconomic projects. Education initiatives, schools, sports associations and non-profit organizations, among others, benefited from that.





“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland Commission, 1987).

The donations and sponsoring we gave in and around Einbeck in the reporting period went toward:

- Cultural initiatives to promote tourism and social activities, such as the “KulturFreunde Einbeck e.V.”, which staged numerous concerts and art projects, and the Gandersheim Cathedral Festival
- Social institutions that promote research into children’s diseases
- The purchase of state-of-the-art diagnostics equipment to improve initial medical care at Einbeck’s BürgerSpital hospital
- Sports clubs that encourage physical fitness and strengthen integration and a sense of community among people of all ages

- Initiatives by village communities, kindergartens and campaigns by volunteer fire departments
- EINBECK MARKETING Gesellschaft für Stadt- und Standortmarketing mbH
- Other projects, such as the discussion event “Frau, die Wissen schafft” (“Woman who creates knowledge”) and the “Einbeck Science Ball”

We also provide assistance on an ad-hoc basis, and not only with funding, but also through corporate volunteering, where our employees directly help a good cause during their working hours. Given the greater need for helpers as a result of the coronavirus crisis, we gave our employees the opportunity to take a few hours off and assist the Einbecker Tafel e.V. food bank.





Diversity in corn – every grain of corn has a different genetic code.



## Supraregional projects: Capacity development in Peru and Ethiopia

304/103, 203/103, 203-2

Our supraregional engagement includes the Capacity Development initiative in Peru and Ethiopia, which we launched in 2013 and which we help with funding and by contributing our knowledge and personnel. The initiative's focus is on training plant breeders and scientists as part of local projects. We also assist in providing suitable equipment for breeding and multiplication of the seed of locally adapted crop varieties. We also support gene banks so as to promote crop biodiversity there. We are working on the crops corn and quinoa in Peru, while the focus in Ethiopia is on barley and wheat. We also aim to increase smallholders' access to improved seed there.

As part of our "Capacity Development program", we collaborate with various universities and scientific institutions, as well as players such as the German-Peruvian Chamber of Commerce or the German Ministry of Food and Agriculture. You can find a full overview of all the cooperation partners and more information on the projects on our website (<https://www.kws.com/corp/en/company/corporate-responsibility/capacity-development/>).

Our engagement in the Capacity Development program is in two areas where the KWS Group does not operate commercially. We are providing support in view of the fact that these regions are centers of crop diversity whose plant genetic resources must be preserved. However, there is more than just a research objective driving our commitment: By supporting local young experts and preserving crop diversity over the long term, we are making a major contribution to ensuring food security for the financially weak local population.

The KWS Group provided a total of €182,000 for the Capacity Development projects in the reporting period. This funding covers the costs of advising local

plant breeders, training courses, scholarships, genotyping, equipment and field trials, for example.

### Progress in Peru

The quinoa breeding program at the University of the Altiplano in Puno will soon obtain approval for new quinoa varieties that are early-maturing, yet deliver a good yield. Variety tests were conducted successfully in 2020.

We continue to support the gene bank at the National Agrarian University in Lima in its efforts to improve documentation and understanding of genetic diversity in a collection of national corn genetic resources, wherefore the University of Hohenheim supported the University in Lima with cutting-edge genotyping and image analysis technologies.

### Progress in Ethiopia

In just over seven years of our activities as part of our Capacity Development program in Ethiopia, we have made sustained progress in achieving the objectives defined in 2012:

Training and the provision of suitable equipment at the Ethiopian Institute of Agricultural Research has created the basic conditions for ensuring more efficient breeding of barley for food uses and malting barley.

Since 2012, we have helped give more than 2,000 smallholders access to better seed by distributing seed samples of optimized barley and wheat varieties and observation of them in the field. The harvested seed was able to be distributed to an estimated further 9,000 smallholders.

The initiative has thus far made a significant improvement in conserving and documenting genetic resources at the Ethiopian Biodiversity Institute, the country's national gene bank. It is consequently regarded as a model project for bilateral benefit sharing as part of the International Treaty on Plant Genetic Resources for Food and Agriculture.

## GRI Content Index

### General Disclosures

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GRI 102-9	Supply chain	21
GRI 102-10	Significant changes to the organization and its supply chain	17
GRI 102-11	Precautionary Principle or approach	The precautionary principle is not yet firmly enshrined in corporate governance. Nevertheless, it is naturally used in research & breeding, especially in relation to the use of modern breeding methods, in the form of risk and opportunity assessments.
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**Governance**

Disclosure	Title	Reference or comment
GRI 102-18	Governance structure	13; 17

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**Stakeholder Engagement**

Disclosure	Title	Reference or comment
GRI 102-40	List of stakeholder groups	15
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**Reporting Practice**

Disclosure	Title	Reference or comment
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GRI 102-46	Defining report content and topic Boundaries	14
GRI 102-47	List of material topics	14
GRI 102-48	Restatements of information	7
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**Economic****Economic Performance (2016)**

Disclosure	Title	Reference or comment
GRI 201/103	Management approach	12; 18; 24
GRI 201-1	Direct economic value generated and distributed	9; 18; 59

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#### Indirect Economic Impacts (2016)

Disclosure	Title	Reference or comment
GRI 203/103	Management approach	24–25; 63
GRI 203-2	Significant indirect economic impacts	24–25; 63

#### Anti-corruption (2016)

Disclosure	Title	Reference or comment
GRI 205/103	Management approach	18–20
GRI 205-2	Communication and training about anti-corruption policies and procedures	19; 21
GRI 205-3	Confirmed incidents of corruption and actions taken	20

#### Anti-competitive Behavior

Disclosure	Title	Reference or comment
GRI 206/103	Management approach	18–20
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	20

#### Environmental

##### Energy (2016)<sup>1</sup>

Disclosure	Title	Reference or comment
GRI 302/103	Management approach	35
GRI 302-1	Energy consumption within the organization	36

<sup>1</sup> Reporting on this GRI Standard is voluntary, since the issue has not been identified as material in the materiality analysis to date.

#### Water and Effluents (2018)

Disclosure	Title	Reference or comment
GRI 303/103	Management approach	34–35; 37–39
GRI 303-1	Interactions with water as a shared resource	37
GRI 303-2	Management of water discharge-related impacts	38
GRI 303-3	Water withdrawal	37
GRI 303-4	Water discharge	39

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**Biodiversity (2016)**

Disclosure	Title	Reference or comment
GRI 304/103	Management approach	40–42; 63
GRI 304-2	Significant impacts of activities, products, and services on biodiversity	27–28; 40–42

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**Emissions (2016)<sup>1</sup>**

Disclosure	Title	Reference or comment
GRI 305/103	Management approach	35–36
GRI 305-1	Direct (Scope 1) GHG emissions	36–37

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<sup>1</sup> Reporting on this GRI Standard is voluntary, since the issue has not been identified as material in the materiality analysis to date.

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**Effluents and Waste (2016)**

Disclosure	Title	Reference or comment
GRI 306/103	Management approach	34; 38
GRI 306-2	Waste by type and disposal method	39

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**Environmental Compliance (2016)**

Disclosure	Title	Reference or comment
GRI 307/103	Management approach	18–20
GRI 307-1	Non-compliance with environmental laws and regulations	20

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**Supplier Environmental Assessment (2016)**

Disclosure	Title	Reference or comment
GRI 308/103	Management approach	21
GRI 308-1	New suppliers that were screened using environmental criteria	There has not been a concrete screening of suppliers on the basis of environmental or social criteria to date. A formal process is currently being rolled out.

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## Social

### Employment (2016)<sup>1</sup>

Disclosure	Title	Reference or comment
GRI 401/103	Management approach	51
GRI 401-1	New employee hires and employee turnover	53

<sup>1</sup> Reporting on this GRI Standard is voluntary, since the issue has not been identified as material in the materiality analysis to date.

### Occupational Health and Safety (2018)

Disclosure	Title	Reference or comment
GRI 403/103	Management approach	18–19; 34; 46; 54–55
GRI 403-1	Occupational health and safety management system	54
GRI 403-2	Hazard identification, risk assessment, and incident investigation	54
GRI 403-3	Occupational health services	54
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	54
GRI 403-5	Worker training on occupational health and safety	54
GRI 403-6	Promotion of worker health	55
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	21
GRI 403-9	Work-related injuries	55 Work on a system for central recording of local causes of accidents is currently in progress.

### Training and Education (2016)

Disclosure	Title	Reference or comment
GRI 404/103	Management approach	51–53
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	52–53

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**Diversity and Equal Opportunity (2016)<sup>1</sup>**

Disclosure	Title	Reference or comment
GRI 405/103	Management approach	18; 48–50
GRI 405-1	Diversity of governance bodies and employees	18; 48–50

<sup>1</sup> Reporting on this GRI Standard is voluntary, since the issue has not been identified as material in the materiality analysis to date.

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**Non-discrimination (2016)**

Disclosure	Title	Reference or comment
GRI 406/103	Management approach	21; 46
GRI 406-1	Incidents of discrimination and corrective actions taken	Any incidents of discrimination are currently reported and handled at the local level. We aim to record and report on them internationally.

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**Freedom of Association and Collective Bargaining (2016)**

Disclosure	Title	Reference or comment
GRI 407/103	Management approach	21; 47
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Risks relating to freedom of association and assembly at our own locations or at our suppliers have not been systematically investigated to date. The local managers were not aware of any such risks in the reporting period.

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**Child Labor (2016)**

Disclosure	Title	Reference or comment
GRI 408/103	Management approach	21; 46
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	Risks relating to forced or compulsory labor at our own locations or at our suppliers have not been systematically investigated to date. The local managers were not aware of any such risks in the reporting period.

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**Forced or Compulsory Labor (2016)**

Disclosure	Title	Reference or comment
GRI 409/103	Management approach	21; 46
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Risks relating to forced or compulsory labor at our own locations or at our suppliers have not been systematically investigated to date. The local managers were not aware of any such risks in the reporting period.

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**Rights of Indigenous Peoples (2016)**

Disclosure	Title	Reference or comment
GRI 411/103	Management approach	31
GRI 411-1	Incidents of violations involving rights of indigenous peoples	31

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**Human Rights Assessment (2016)**

Disclosure	Title	Reference or comment
GRI 412/103	Management approach	18-21; 47
GRI 412-2	Employee training on human rights policies or procedures	Employee groups for whom human rights issues are of particular relevance due to their field of activity are given compliance training on these issues. We cannot currently report the percentage figures for employees who have undergone such training given its selective nature and the fact that the train-the-trainer principle is applied.

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**Supplier Social Assessment (2016)**

Disclosure	Title	Reference or comment
GRI 414/103	Management approach	21
GRI 414-1	New suppliers that were screened using social criteria	There has not been a concrete screening of suppliers on the basis of environmental or social criteria to date. A formal process is currently being rolled out.

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**Customer Health and Safety (2016)**

Disclosure	Title	Reference or comment
GRI 416/103	Management approach	26–29
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	29

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**Socioeconomic Compliance (2016)**

Disclosure	Title	Reference or comment
GRI 419/103	Management approach	19–20; 46
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	20

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## Annex

102-6

### List of sales markets

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- Algeria
- Argentina
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- Spain
- Sri Lanka
- Sudan
- Sweden
- Switzerland
- Tunisia
- Turkey
- U.S.
- UK
- Ukraine
- Uruguay

## List of main memberships

Name of the organization	KWS represented in management bodies	Participation in other bodies	Project work	Substantial funding of the organization
Agricultural Industries Confederation Ltd. (AIC)	X			
American Seed Trade Association (ASTA)		X		
Asociación Semilleros Argentinos (ASA)	X			
ASSOSEMENTI - Associazione Italiana Sementi	X			
Bioscience for Industry Strategy Panel (BBSRC)		X		
British Society of Plant Breeders (BSPB)	X			
Bundesverband Deutscher Pflanzenzüchter e.V. (BDP)	X	X	X	
EuropaBio		X		
Euroseeds (previously ESA)	X	X	X	X
Excellence Through Stewardship (ETS)	X			
Fonds de soutien à l'obtention végétale (FSOV)		X		
Forum Moderne Landwirtschaft		X		X
Gemeinschaft zur Förderung von Pflanzeninnovation e.V. (GFPI)	X	X	X	
Innovate UK KTN Plant Sector Advisory Board	X			
International Seed Federation (ISF)	X	X		
Pistoia Alliance - lowering barriers to innovation in life science		X		
Plantum		X		
Polska Izba Nasienna (PIN)	X			
Saatgut-Treuhandverwaltungs-GmbH (STV)	X			
Seed Committee at the Association of European Businesses	X			
Sicasov Société d'Intérêt Collectif Agricole des Obtenteurs de Variétés Végétales	X			
Ukrainian Seed Association	X			
Union Française des Semenciers (UFS)	X	X		



## About this report

The Sustainability Report can be downloaded on our websites at [www.kws.de](http://www.kws.de) and [www.kws.com](http://www.kws.com). The KWS Group's fiscal year begins on July 1 and ends on June 30. Unless otherwise specified, figures in parentheses relate to the same period or date in the previous year.

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## Safe Harbor Statement

This Sustainability Report includes forward-looking statements based on assumptions and estimates. These forward-looking statements may be identified by words such as "forecast," "assume," "believe," "assess," "expect," "intend," "can/may/might," "plan," "should" or similar expressions.

These statements are based on current assessments and forecasts and the information currently available and are subject to certain elements of uncertainty, risks and other factors that may result in significant deviations between expectations and actual circumstances. These factors may be, for example, changes in the overall economic situation, the general statutory and regulatory framework, and the industry.

KWS SAAT SE & Co. KGaA does not warrant that the future development and actual results achieved in the future match the assumptions and estimates expressed in this report and shall not assume any liability if they do not. Forward-looking statements must therefore not be regarded as a guarantee or pledge that the developments or events they describe will actually occur. KWS SAAT SE & Co. KGaA does not intend, nor does it assume any obligation, to update forward-looking statements in order to adapt them to events or developments after the date of this report.

## Cooperation



Schlange & Co. GmbH – content and consulting



Kirchhoff Consult AG – design concept and realization

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