Corporate Sustainability Report 2016 2017 Germany

> SEEDING THE FUTURE SINCE 1856



Seeding the future-since 1856

Independently. Innovatively. Responsibly. Sustainably.

The KWS Group, which is headquartered in Einbeck, Germany, boasts a tradition of family ownership and is one of the world's leading plant breeders and seed producers. The parent company, KWS SAAT SE, was founded in Klein Wanzleben in 1856. The whole KWS Group now has more than 5,000 employees worldwide, working at over 100 locations and 63 subsidiaries and associated companies, and generated net sales of €1,075.52 million in fiscal 2016/2017.

KWS specializes in developing, producing and distributing high-quality seed for agriculture and covers the complete value chain of a modern seed producer.

The product portfolio includes plants for food and fodder and energy plants for the moderate and subtropical climatic zones, covering corn, sugarbeet, the cereals rye, wheat and barley, and oil plants such as rapeseed, sunflower and soybean.

Independence, innovation and responsibility are the cornerstones of KWS' development and help ensure its lasting commercial success and sustainability.

Sustainable investment



KWS shares are held by the DWS Invest Global Agribusiness LC, a fund with a focus on sustainability and climate-related/environmental technology.

Excelling in family-friendliness



KWS is a family-friendly company, as evidenced by the awards it has won in this area.

Excellence in climate protection



KWS is a company that protects the climate and, as a member of the excellence initiative of the German business community, acts as a stimulus to others.

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Fundamentals of Reporting

Reporting period and consolidation

KWS has reported on its sustainability every year since 2008. This tenth Sustainability Report covers the region Germany and fiscal year 2016/2017 (July 1, 2016, to June 30, 2017). The consolidated companies are the same as those in the financial reporting.

Data capture and auditing

We created a new global process for capturing sustainability data in fiscal 2016/2017. Since then, data capture has been integrated with the process for obtaining data as part of preparation of our annual financial statements and is controlled by the central Finance department.

Report boundaries

The reporting relates in the first stage to KWS' own activities. An examination is being conducted on whether it is to be extended to cover relevant activities in the supply chain in the future. That would include in particular seed multiplication and processing activities by our cooperation partners worldwide.

Integration of the Sustainability Report and **Annual Report**

We are currently working to internationalize our sustainability reporting, with the long-term objective of integrated reporting. The next step will be the publication for the first time of a group-wide Sustainability Report in conjunction with our Annual Report in fiscal 2017/2018.

Report standard and issues

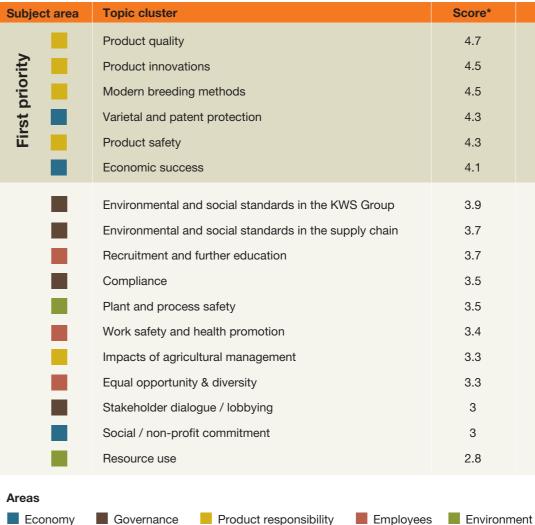
This report has been prepared in accordance with the specifications of the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). It is also geared toward the U.S. Sustainability Accounting Standards for agriculture. The report fulfills the "Core" option.

In order to determine the topics of the report and the indicators, an analysis was conducted in early 2014 to identify and prioritize the main sustainability issues, with internal and external stakeholders being included in this process. The main criteria for structured prioritization included, in particular, actual and potential impacts of individual sustainability issues, the associated possible risks and opportunities for KWS, the likelihood of impacts occurring and their extent, financial and non-financial consequences, and the degree to which stakeholders were affected and their demands for transparency. As a result, 42 sustainability issues were identified as being material for KWS' reporting in accordance with GRI G4.

In view of the lower ecological impacts compared with other production companies and the sharp fluctuation in our use of resources, relevant environmental issues were mostly assessed as having moderate priority and so as not being material for sustainability reporting. No issues of low relevance were identified.

Report.

Analysis of core issues material to KWS' sustainable developr



Scale to priority: A = high (3–5 points); B = middle (1,5–3 points); C = low (0–1,5 points) * The scores were determined in the spring of 2014 on the basis of the materiality analysis in accordance with GRI G4 using details from internal and external stakeholders.

This Sustainability Report is available exclusively as a download version at our website. German: www.kws.de/ir English: www.kws.com/ir

In a further analysis process, seventeen core issues and their priorities for the company were derived from the materiality analysis. They form the basis for the structure and focus of KWS' new Sustainability

| ment | | |
|------------|--------|----------|
| | Score* | Priority |
| | 4.7 | А |
| | 4.5 | А |
| | 4.5 | А |
| | 4.3 | А |
| | 4.3 | А |
| | 4.1 | А |
| /S Group | 3.9 | А |
| oply chain | 3.7 | Α |
| | 3.7 | Α |
| | 3.5 | Α |
| | 3.5 | Α |
| | 3.4 | Α |
| | 3.3 | Α |
| | 3.3 | Α |
| | 3 | A/B |
| | 3 | A/B |
| | 2.8 | В |
| | | |

From our Executive Board to our Stakeholders



Hagen Duenbostel CEO, Corn, Corporate Development & Communications, Compliance

For us, corporate sustainability means profitable growth in the long term-but as a company with a tradition of family ownership, we aim to accomplish that on the basis of values and a spirit of responsibility toward our employees and the environment. The fact that the majority of shares is held by the families Büchting and Oetker, in some cases descendants of the company's founders, means we are independent and not driven by short-term shareholder interests. That enables us to look at our stakeholders' interests holistically. It also helps promote KWS' engagement in worldwide projects where we are working to preserve biodiversity and protect the climate. It's therefore important to retain this independence moving ahead and to keep on developing our business on the basis of innovation and responsibility. As the Executive Board member responsible for corporate development, I will remain committed to that goal.



Léon Broers Research and Breeding

Agriculture that is globally sustainable and thus has a viable future is more important than ever, given the challenges to the climate, water and soil. As a premium vendor, we've always worked to develop seed that enables resource-sparing and thus sustainable agriculture. That's why we've invested an average of 12.5% of our consolidated net sales in research and development over the past ten years in support of our breeding objectives for yield, yield stability, efficient use of resources and other parameters for sustainable agriculture. We rely on modern breeding methods to attain these objectives sooner and more precisely and to offer our customers varieties that are more and more productive. In my sphere of responsibility, I'm committed to ensuring that we apply methods responsibly and with careful foresight so as to drive innovation.

Sustainability today and tomorrow.



Eva Kienle Finance, Controlling, Global Services, IT, Legal, Human Resources

KWS has produced very good financial results in recent years. Over the past ten years, we've generated average annual growth of 10.8 % in terms of net sales and an EBIT margin that has always been above our sustainable minimum target of 10%. That achievement is due in no small part to the dedication and innovativeness of our employees worldwide, who give their best for KWS day after day. To enhance their skills, we've continued to invest in training and education and launched new, modern development programs. It's also important to offer our employees good conditions for being able to strike a balance between their individual life situation and their work for the company. At the end of the day, what counts is that our employees are satisfied and are motivated and remain committed to their KWS.



Sugarbeet, Cereals, Marketing

Our customers—farmers—with their independence and need for sustainable business management are at the focus of KWS' work. We aim to deliver annual yield progress of one to two percent. The development of sugarbeet is a good example of how we surpass that goal impressively. Figures over the past years show that sugarbeet yield has not only risen per hectare, but that increase has been accompanied by a reduction in the use of fertilizer and in pesticides. That's a very practical demonstration of how sustainable agriculture can work. It's an achievement that fills us with pride and motivates us to keep on working toward our goals. I speak for the entire Executive Board when I say that the same goes for corn, cereals and oil plants as for sugarbeet.



Sustainability management

Mission and principles

Our credo is: We think and act in terms of generations-only by doing that have we been able to ensure our lasting economic success and will we be able to do so in the future. And only by doing that can we help bring about change in the world and make our contribution to more sustainable agriculture.

That is why we are guided in developing our company by the three corporate principles of independence, innovation and responsibility, which ultimately enable us to achieve end-to-end sustainability-economically, ecologically and socially.

As an independent family business, we have the necessary entrepreneurial stability and freedom to innovate. We can operate as an independent provider who focuses on the long-term needs of agriculture and farmers and is not driven by shortterm shareholder interests. As befits our corporate culture and the family values that shape it, we traditionally live up to our responsibility in all that we do-for our employees, the environment and society.

Corporate strategy

Our corporate strategy implements our vision of long-term success and corporate sustainability. Its overriding objective is KWS' independence. All strategic initiatives and measures are therefore geared toward lasting, profitable growth. We believe that success factors are our intensive research, development of new, high-yielding varieties and continuous expansion of our global footprint so that we are on the ground in regional markets with their special climatic conditions.

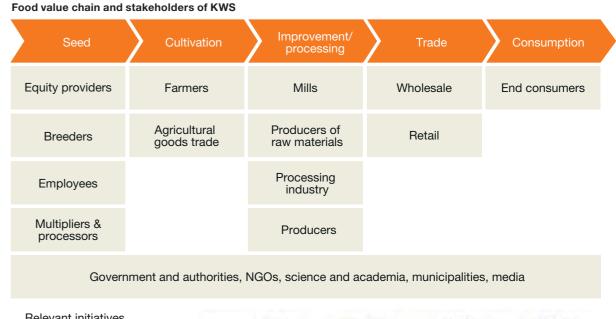
Stakeholder management

KWS stands right at the beginning of the food value chain. That means that not only the direct requirements of our customers are relevant to our company's development, but also many other stakeholder demands. We analyze and assess these requirements.

We obtain transparency on our stakeholders' requirements through various channels-from daily business, our work for associations or targeted dialogue with international and local stakeholders on specific subjects.

The KWS Group's overriding objectives and success factors

| Objectives and success fac | ctors |
|----------------------------|---|
| Profitable growth | Increase in consolidated net sales by an average of 5 % to 10 % p.a. EBIT margin ≥ 10 % |
| Research and development | R&D intensity of around 17% of consolidated net sales 1% to 2% progress in yields p.a. for our customers and development of tolerances and resistances |
| Internationalization | Expansion of the portfolio of varieties for subtropical markets |
| Sustainability | Integration of international subsidiaries in KWS' sustainability reporting |
| Dividend | A dividend payout ratio of 20 % to 25 % of the KWS Group's net income for the year |





The findings from all that are gathered as part of the central risk and opportunity management systems. As part of opportunity management, we analyze and assess the market environment and stakeholder requirements, including the challenges, risks and opportunities in the entire food value chain, competitors and the current position of the KWS Group, over a time frame of around 10 years. It goes without saying that the UN Sustainable Development Goals (SDG) are heeded in the analysis and assessment process. It also addresses the requirements of the Food and Agriculture Organization (FAO) and the industry's Sustainable Agriculture Initiative, as well as the numerous objectives of many other corporate responsibility and sustainability initiatives.

The findings from risk and opportunity management are incorporated in KWS' regular strategic planning process, in which the company defines strategic goals to achieve its overriding financial objectives. The detailed opportunity and risk report for 2016/2017 can be found on page 55 of the 2016/2017 Annual Report.

Responsibility for sustainability

Uppermost responsibility for KWS' sustainable development lies in the hands of the entire Executive Board, since it is jointly responsible for managing the company's business. Several times a year, the Executive Board, heads of the product segments and the heads of the group functions Research & Development, Services, Controlling and Corporate Development & Communications discuss strategic projects in the Corporate Management Circle (CMC). Coordination in the CMC serves as the basis for decision-making; the main content of the deliberations relate to prioritization of strategic initiatives and premises for planning and targets. Overriding strategic issues of relevance to the corporate functions are dealt with in the Corporate Functions Circle (CFC). Internationally relevant management issues and questions of the company's development are discussed in the annual International Management Circle (IMC), which is composed of members of the CMC and managers of the KWS Group chosen on the basis of the subject at hand.

KWS and the Sustainable Development Goals



The Goals are political objectives set by the United Nations (UN) aimed at ensuring sustainable economic, social and ecological development. They were drafted on the basis of the process for creating the Millennium Development Goals (MDGs); they came into force on January 1, 2016, and will run for 15 years until 2030.

KWS is already supporting achievement of these goals. Our focus in that is on fighting hunger, improving nutrition, and promoting economic growth, efficiency in production, climate protection, aquatic and terrestrial ecosystems and global partnerships. We will continue to tackle the most relevant goals and make our contribution to achieving them.



Goal 15

Ensure sustainable consumption and production patterns.

Our contribution: Page 29 Sparing use of resources at the company



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Our contribution: Page 17 Product Innovations Page 36 Social Commitment

Corporate Governance

Controlling and management of the company

As a listed stock corporation, KWS SAAT SE has a system of dual management and supervision. The Executive Board and the Supervisory Board have strictly separate competencies and different members and thus act independently of each other.

The Executive Board runs the company on its own responsibility. The Supervisory Board appoints, supervises and advises the Executive Board and is directly involved in decisions that are of fundamental importance for the company.

The composition of the Executive Board and the Supervisory Board of KWS SAAT SE complies with the recommendations of the German Corporate Governance Code, with the exceptions specified in the declaration of compliance. The declaration of compliance can be found on page 67 of the 2016/2017 Annual Report.

Diversity of the Executive Board and the Supervisory Board

At June 30, 2017, the Executive Board of KWS SAAT SE had four members, one of whom was a woman, and the Supervisory Board had six members, two of whom were women. Consequently, the ratio of women was 25 % on the Executive Board and 33 % on the Supervisory Board. There was a change on the Supervisory Board: At the last Annual Shareholders' Meeting, Dr. Marie Theres Schnell was elected as successor to Dr. Arend Oetker. At June 30, 2017, KWS consequently complies with the target figures for the Executive Board (25%) and Supervisory Board (16.6%) set for 2015 in accordance with Section 111 (5) of the German Stock Corporation Act (AktG) and Clause 5.4.1 of the German Corporate Governance Code. When the statutory period of time ended, the target figures and dates for achieving them had to be redefined: The Supervisory Board thus decided that the ratio of female and male members representing the shareholders on the Supervisory Board of KWS SAAT SE should be at least 25% and the ratio of female and male members on the Executive Board of KWS SAAT SE should still be 25 %. These targets are to be achieved by June 30, 2022. More information can be found in the full declaration on corporate governance at www.kws.de/Corporate Governance.



| Changes in age groups and the ratio of women in the governance bodies of KWS SAAT SE | | | | | | | | |
|--|--------|-----------|-----------|-----------|-----------|-----------|--|--|
| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 | | |
| Executive Board | Number | 4 | 4 | 4 | 4 | 4 | | |
| Aged 30 to 50 | % | 25 | 75 | 50 | 50 | 25 | | |
| Aged 50 and above | % | 75 | 25 | 50 | 50 | 75 | | |
| Women | % | 0 | 25 | 25 | 25 | 25 | | |
| Men | % | 100 | 75 | 75 | 75 | 75 | | |
| Supervisory Board | Number | 6 | 6 | 6 | 6 | 6 | | |
| Aged 30 to 50 | % | 50 | 50 | 50 | 50 | 50 | | |
| Aged 50 and above | % | 50 | 50 | 50 | 50 | 50 | | |
| Women | % | 17 | 17 | 17 | 17 | 33 | | |
| Men | % | 83 | 83 | 83 | 83 | 67 | | |
| | , | | | | | | | |

Data at June 30.

Evaluation of sustainability performance by the **Executive Board and the Supervisory Board**

The Executive Board and the Supervisory Board discuss the company's current business situation and performance, market trends, the competitive environment, strategic alignment and the risk situation-continuously and proactively. The Executive Board receives analyses and reports on a regular basis or in response to a particular event. Examples that can be cited are reports on the progress of development work in research and breeding, as well as reports on reviews of the management systems, in particular on risks, quality and the environment, which are submitted to the Executive Board every year. The Supervisory Board is provided with regular, timely and comprehensive reporting on relevant questions of strategy, planning, the business performance and situation of the company and the KWS Group, including the risk situation, risk management and compliance.

Compensation of the CEO relative to the median salary of all employees in Germany (manager to worker pay ratio)

| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
|-----------------------------------|----------|-----------------|-----------|-----------|-----------|-----------|
| Manager (CEO) to worker pay ratio | Multiple | Not recorded | 14.9 | 17.2 | 15.7 | 24.7 |

Data at June 30, reference: permanent employees

Data at June 30.

Compensation

The company's positive sustainable development is also reflected in the compensation for members of the Executive and Supervisory Boards. Their basic remuneration includes not only a basic salary, but also performance-based components that are linked to the company's success. The 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 page 67 of the 2016/2017 Annual Report.

The manager to worker pay ratio, which denotes the total compensation of the highest-paid employee (CEO) relative to the average total compensation of all employees, was 24.7 times at KWS in Germany at June 30, 2017. That is a moderate ratio compared to that for DAX 30 companies, where the multiple is 57 (source: Codetermination Report 25/2016, Hans-Böckler-Stiftung, Düsseldorf).

Review of the past 10 years—KWS' sustainability



Based on the internal controlling structure, i.e. including companies consolidated at equity

Research and development

Ø 12.5%

Based on the internal controlling structure, i.e. including companies consolidated at equity

Employees

umber of heads annual average

5,620



6/2007 2016/20

Based on the internal controlling structure, i.e. including companies consolidated at equity

Marketing approvals



Progress in yield sugarbeet in Germany

Ø CAGR 2.2 %

Capacity Development Investment in projects in Ethiopia and Peru

700 T€

Development of the Core Issues

16 Finances

16 Economic performance

17 Product responsibility

- 17 Product innovations
- 21 Modern breeding methods
- 24 Product quality and safety
- 27 Intellectual property

28 Environment

- 28 Plant and process safety
- 29 Sparing use of resources

31 Social

- 31 Labor and social standards
- 33 Recruitment and qualification
- 34 Work safety and health
- 35 Diversity and equal opportunity
- 36 Social commitment

37 Governance

- 37 Compliance
- 38 Supplier standards

Economic performance

Earnings performance

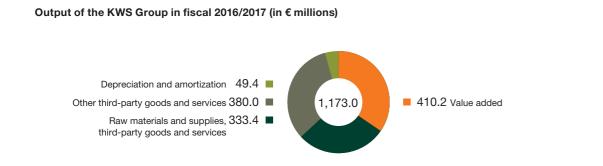
We were able to continue the growth of the KWS Group and increase our net sales in the reporting period by 3.7 % to €1,075.2 (1,036.8) million. That is mainly attributable to our successful business performance in the Corn and Sugarbeet Segments. These gains were made in the regions South America (corn and soybean) and Europe (sugarbeet and winter rapeseed). However, net sales in the Cereals Segment fell, in particular due to the decline in hybrid rye business in Germany. Exchange rate influences varied from region to region, but all in all had a slight positive impact on the KWS Group's net sales as a result of the performance of the US dollar and Brazilian real. Assuming constant exchange rates at the level of the previous year, net sales would have been €1,070.3 million. The planned increase in research and development spending to €190.3 (182.4) million resulted in an R&D intensity roughly at the level of the previous year (17.6%). Administrative expenses rose moderately to €79.8 (76.4) million. The balance of other operating income and other operating expenses increased by 69.8 % to €21.1 (12.5) million. All in all, the KWS Group posted an

EBIT of €131.6 (112.8) million, i.e. 16.7 % above the level of the previous year, and an EBIT margin of 12.2 % (10.9 %) in fiscal 2016/2017.

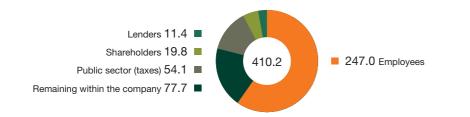
Financial situation

The task of financial management is to ensure the KWS Group's earnings strength and secure its financial assets long-term. Among other things, extensive liquidity planning, monitoring of cash flows, and hedging the risk of interest rate changes and currency risks contribute to that.

Higher net income year on year, before allowing for non-cash expenses and income, coupled with a reduction in long-term provisions, resulted in a reduction in cash earnings to €105.4 (107.3) million. The increase in other liabilities and lower dividends from our equity-accounted companies had a major impact on net cash from operating activities, which totaled €122.4 (125.9) million. The KWS Group's cash and cash equivalents at the end of fiscal 2016/2017 rose to €191.4 (163.9) million.



Distribution of value added in fiscal 2016/2017 (in € millions)



In accordance with IFRS 11





Constant growth at company headquarters in Einbeck-new construction getting started.

Assets

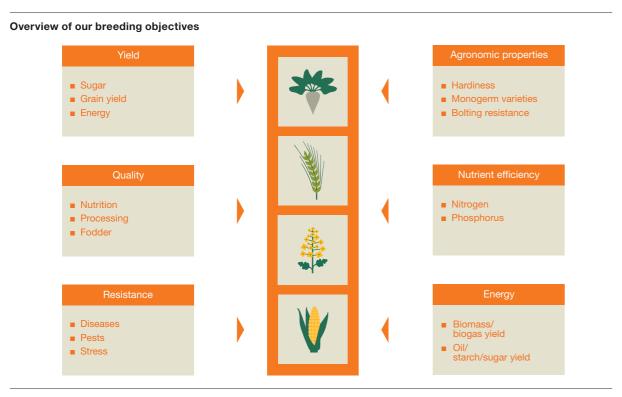
The KWS Group's balance sheet is impacted by the seasonal nature of our business. In the course of the year, there are usually balance sheet items that differ significantly from the corresponding figures at the balance sheet date, in particular in relation to working capital. Total assets at June 30, 2017, were €1,495.2 (1,436.6) million. Like in the previous year, the increase in cash and cash equivalents is attributable to the expansion in our business activities and reversal of securities positions. Net debt at the end of the fiscal year was €48.5 (87.9) million due to

higher cash and cash equivalents and repayments of borrowings. The allocation to the other reserves meant that equity rose to €836.9 (767.9) million. As a result, noncurrent assets were again fully covered by equity. The equity ratio was 56.0 % (53.5 %). We have consequently strengthened our solid financial structure even further.

Product innovations

Our goal is to develop plant varieties that enable efficient and resource-sparing agriculture in the markets that are relevant to us and to deliver annual yield progress of one to two percent. One key concern of ours is to preserve soil fertility. Our development work and customer consulting therefore focus on continuously optimizing our seed's ecological footprint and advice on environmentally-friendly farming methods.

Our breeding work is oriented toward requirements in the food value chain. Our prime objective is to increase farmers' yield, coupled with enabling ideal use of the available agricultural resources, allowing for the conditions at the location and the regional climate. Properties such as nutrient efficiency, drought tolerance and resistance to pests and diseases are intended to increase the plants' yield potential, achieve greater yield stability and enable efficient cultivation at marginal locations. We also take into account the quality requirements of processors and consumers and their demands for healthy food and fodder in our breeding work.



Example: Resistance breeding in sugarbeet

The main task in breeding for resistance is to equip KWS' future varieties with the most important resistance genes for the particular country and cultivation region. Where possible, the varieties should protect themselves against pathogens or pests. That also means that less pesticide needs to be used. Breeding for resistance is especially important for diseases where no chemical or biological measures whatsoever can be taken to protect plants. One example is rhizomania ("virus root"), the most important sugarbeet disease worldwide. It was only thanks to breeding for resistance that sugarbeet could be grown at all in places where there is severe infestation, such as in Italy or Southern Germany, but also California and many other regions. Yet it is often only a matter of time before new resistances are also overcome. The faster and more efficiently KWS can cross new resistances into its varieties, the sooner farmers benefit from new, innovative products. But breeding is always teamwork: The interplay between several breeding programs and the combination of different resistances ultimately determines the variety that reaches the market.

Potential of biologicals

In fiscal 2016/2017, we focused even more intensively on evaluating the significance of biologicals in order to determine the specific need for their use with sugarbeet, corn, rapeseed and cereals. Development work for sugarbeet has been conducted for a number of years now. A combination of six different strains of bacteria, including Pseudomonas spp., was incorporated in seed pellets of various sugarbeet varieties.

In the first years of the trial, yields under marginal soil and climate conditions were up to five percent higher. Initial activities to launch a variety with biologicals that protect against stress have commenced in Eastern European markets.

We will continue and intensify this development work on the use of biologicals in the coming years. Our initial focus in that will be on global niche markets, such as for sugarbeet, rapeseed and hybrid rye, which are, however, important business segments for KWS.

Development of biological pesticides

KWS is increasingly evaluating the significance and practical use of biologicals as a supplement to the current standard methods of dressing seed with chemicals. There is growing interest in these developments, since a more ecological and longer effect on plant growth is expected from these useful microorganisms than from chemical dressings. Moreover, there is growing pressure in Europe on currently used chemical dressing agents in the form of registration restrictions. The results to date and the growing demand in society for alternative production conditions in agriculture are driving the further development and application of biologicals. Among other things, biologicals can act as alternative pesticides. They occupy the direct habitat around the seed, the metabolites that are produced protect the seedling against aridity and fungi that inhibit germination, and they promote nutrient uptake. In this method, several strains of living bacteria are applied to the seed by means of a special encapsulation method and unfold their effect after sowing. Chemical residues in the soil and unwanted side effects, as occur with many chemical dressings, are avoided.

Seed for ecological agriculture

KWS has been active for more than 15 years in breeding suitable varieties and producing seed for ecological agriculture. KWS has expertise in ecological agriculture as to developing varieties that offer a stable yield and-due to fact that we run our own organic farm-in everyday practice. KWS is an important partner to organic farmers. The Wiebrechtshausen monastery estate pools KWS' competence and know-how relating to organic seed and farming. The latest crossings are grown in field trials and examined by our breeders under real-world conditions to determine whether they are suitable for ecological agriculture. The latest catalogue of organic products comprises seven crops and 35 varieties. There are organic varieties for just about all crops in KWS' portfolio. Due to growing demand for specific varieties for ecological agriculture, we intensified our research and development work and founded a separate unit in fiscal 2016/2017. At the first nationwide ecological field days staged in June 2017 at the government-owned estate in Frankenhausen, Hessen. KWS was the only breeder to

present sugarbeet varieties that are specially suited for organic farming, along with hybrid rye, winter wheat and corn.

Cultivation of catch crops

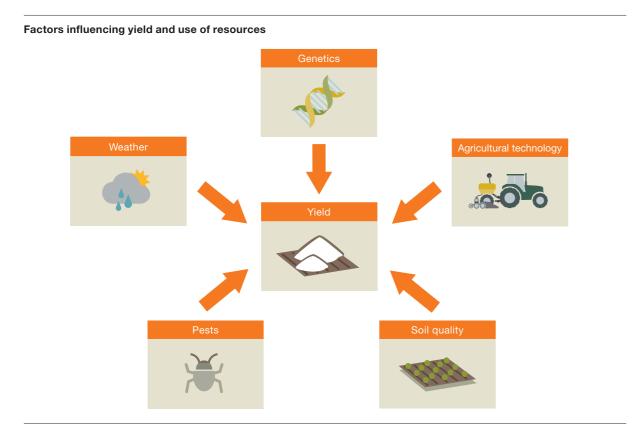
KWS' AckerFit mixtures help preserve soil fertility and can be easily integrated in different crop rotation cycles. They achieve good root penetration into the soil, since plants with a taproot and those with a fibrous root system are combined with each other, so they also help increase biodiversity in the field. Strong juvenile development prevents erosion of the soil by wind and water thanks to rapid canopy closure. KWS' AckerFit mixtures also promote soil life, produce a great volume of biomass, ensure secure establishment of the population (even in different weather conditions) and combat crop rotation pests such as nematodes. They also bind nitrogen in the soil and prevent it from being leached into the groundwater.

Global trial for 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 our plant varieties

Rhizomania (beet necrotic yellow vein virus) causes lower yield in sugarbeetonly resistant varieties protect against virus attack.





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 remains unplowed, 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 with corn-using sharply reduced quantities of nitrogen fertilizer or even no fertilizer at all. That enables selection of corn varieties that have especially good nutrient efficiency. These hybrids produce higher yields with a lower nitrogen input and can thus help save resources.

Advising and informing customers

Thanks to a closely-knit network of regional sales employees specializing in a particular crop, we are able to offer advice on choosing varieties, crop rotation, tilling, use of fertilizer and measures to protect plants tailored to the specific location. KWS also offers consulting on varieties and cultivation and nurtures intensive contacts with customers during the year by means of a large number of regional field days. They are traditionally held for the crops sugarbeet and corn or for cereals to reflect their growth stage and the season where the individual performance of the varieties is best visible to farmers in the field.

In the spring of 2017, KWS also marked the 10th anniversary of the Agricultural Forums by staging a series of winter events and expanded them to include 36 locations. 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.

Apart from these Agricultural Forums, we have also established the Orange Agricultural Circles in southern regions, at which KWS-as at the Agricultural Forums-provides farmers with the latest information for the vegetation period at hand. The company was also represented with a stand at the

EuroTier trade fair. In the corn area, KWS is launching a new information tool Europe-wide-Best4Milk aims to ensure farmers obtain optimal advice in selecting varieties to grow for fodder for their herds and thus reduce the area needed for that purpose.

Modern breeding methods

Plant breeding is a very costly and time-consuming business. Around ten years elapse between the first crossing and the actual marketing of a variety. It has become apparent in recent years that KWS' goal of annual breeding progress can only be achieved at higher and higher costs and efforts. KWS therefore uses state-of-the-art breeding methods and invests in digitalization.

In order to achieve our breeding objectives, we use a mix of various methods-from crossing, selection and hybrid breeding to biotechnology approaches. The crucial factor here is always what improved traits a new variety is ultimately intended to have.

Biotechnology methods

Biotechnology methods and processes have become a natural part of modern plant research and breeding all over the world. The breeding process can now be sped up and made far more efficient with the aid

gies.

KWS uses genetic engineering methods preferentially in the breeding process only if they are better able than conventional methods to achieve the breeding objective in question. That is the case, for example, if the genes for a desired trait do not occur in the specific species' gene pool and can thus not be transferred to crop varieties by crossing. Germany and Europe have adopted their own special path as regards their assessment of green genetic engineering-and we as a plant breeder who works for farmers and consumers respect that. Yet from the scientific point of view, there is no substantive evidence why plants created by genetic engineering methods should be rejected per se.

Digital farm consulting service: CultiVent

The new digital farm consulting service from KWS goes by the name CultiVent and is now available as a smartphone app that can be downloaded from all app stores.

The app contains cultivation-specific information and is being constantly expanded. For example there are more than 40 tools on main topics such as sowing, the Silage Manager for Corn, growing energy plants, aids to plan harvesting and use. In a cooperative project with scientific institutions, we developed the "Beet Leaf Scan" to enable simple detection and identification of leaf diseases in sugarbeet. It permits analysis of the five most important leaf spots on sugarbeet and the degree of infestation, as well as offering advice to farmers on tailored measures and decision-making aids to combat the plant disease.

In this way, we enable farmers to utilize KWS' consulting services on plant growing anytime, anywhere, and thus-along with personal consulting-offer efficient and forward-looking consulting and communication.

The KWS mobile app is already a useful companion to more than 20,000 users.

Corporate Sustainability Report 2016/2017 | KWS Germany

of biotechnology methods and techniques. Instead of random mixing of genetic material from parents, individual genes with a known function can be systematically introduced into subsequent generations. Biotechnology methods also enable natural barriers to crossing to be overcome and for traits outside a species to be transferred. The field of plant biotechnology comprises numerous techniques and methods from very different subject areas, such as molecular biology, microbiology, systems biology and biochemistry, as well as process engineering and genetic engineering and new breeding technolo-

Our stance on the use of genetic engineering



Rapeseed in bloom-breeding makes this oil plant more valuable for human nutrition

Our activities are determined by what customers and society demand from us as plant breeders. The conditions vary in the 70 countries where KWS operates. KWS therefore offers genetically modified varieties only in markets where there is acceptance of this technology in society and our customers demand such varieties. That is why it is important to always find the right solution for the wide range of diverse requirements. KWS is also committed to maintaining a dialogue with the public on use of this technology. In order to prove that it uses genetic engineering responsibly throughout the lifecycle of its products, KWS is certified in accordance with the industry standard "Excellence through Stewardship" (ETS).

Innovations using new breeding methods

The past years have seen the development of several high-precision, molecular biology methods that open up new prospects for plant breeding and whose potential we are currently assessing. Some of these methods can be used to develop plant varieties with desired traits very precisely and in a far shorter time. The results are nature-identical and the plants do not differ from conventionally bred ones in terms of their genetic makeup or traits. We have therefore identified "new breeding methods" and, in particular, genome editing as a field of research that is important to us. A final decision has yet to be made by the regulatory authorities in the EU as to whether these methods are to be classified as conventional or genetic engineering. KWS advocates a differentiated assessment of the individual applications.

Phenotyping in plant breeding

Phenotyping-the assessment of plant traits in the laboratory or field-has made enormous advances in recent years. New image sensor technologies using scanners permit faster, more precise analysis of plant traits directly on the plant during their vegetation period without the need for harvesting. As a result, the properties and traits can be tracked selectively as they develop in the same plants over the entire lifecycle.

Moreover, KWS is using drones to detect leaf diseases and predict correlations with yield. The drones are equipped with cameras and fly over fields. A photo with the relevant GPS coordinates is taken at frequent intervals. The drones fly with an image overlap. The individual photos are pieced together to make one large orthophoto, which is analyzed using special software. That means the degree of land cover and extent of places where damage has occurred can be measured at one stroke. Models can also be created to measure the height of plants.

In addition, work is being carried out to develop detection techniques for plant structures that are difficult to analyze or are hidden, such as roots. We have invested for years in developing our own innovative technologies and techniques. The nearinfrared spectroscopy (NIRS) analysis method is already a standard in determining the constituents of some of our crops, for example. Installed on harvesting machines, the NIRS technology makes it possible to determine sugar content during harvesting, for example.

Dialogue with stakeholders: genome editing in the context of sustainable agriculture

Transparency and dialogue are two key principles at KWS, especially in relation to new breeding methods. In the "Plant Breeding Advisory Board" it founded back in 1990, KWS has discussed issues relating to the company's development, such as genetic engineering, with its stakeholders at the national level.

In February 2017, KWS invited more than 50 selected stakeholders to a first-ever international dialogue event in Zürich in order to examine the subject of genome editing in the context of sustainable agriculture from a scientific, regulatory, ethical and social perspective. The participants discussed opportunities, risks and fields of activity arising from the use of genome editing.

As an innovative company, KWS is convinced that genome editing has great potential and so would like to adopt a socially accepted approach in using these new plant breeding methods in research and breeding and product development with the requisite degree of responsibility. The entire Executive Board of KWS, Supervisory Board Chairman Andreas J. Büchting and many other managers took part in the event.

One of the key findings of the dialogue was that "perception is reality." The way consumers see and assess things is a far more important criterion for social acceptance than a technical or objective explanation. That is why it is so vital to keep sight of the different perspectives and for the company to define its own stance appropriately so as to shape its corporate policy in relation to further developments in the field of genome editing.

KWS also participates in the Committee for Field Phenotyping established by the GFPi, the German Association for the Promotion of Plant Innovations. Together with scientists from a number of fields, the committee discusses possible future applications and research issues relating to use of this technology in plant breeding so as to use the results as the basis for new research strategies.

Big data-investment in digitalization to enable better breeding decisions

Fields of research such as genome research, marker technologies or automated phenotyping continuously generate huge volumes of heterogeneous data, which is used as the basis for making sound scientific and breeding decisions. In order to store, process and analyze the growing quantities of data, KWS is increasingly investing in complex information technology that enables data from different fields of research to be linked together and important interconnections to be discovered by means of data

mining. That is because the many plant properties are controlled by an entire set of genes, each of which only makes a small contribution. In order to be able to predict such complex traits for further breeding, all active DNA regions must be identified and their influence on different traits assessed. This is possible by linking extensive genetic marker information for entire plant populations with data measured in the field. Biostatistical models can be used to calculate the proportional contributions

made to the development of a trait and so ultimately the plant's potential for further breeding. That eliminates the need for lengthy field trials for that purpose. KWS is now working intensively on an approach using genomic selection for the crops corn and sugarbeet.

Increasing digitalization and the volumes of data that arise as a result demand a comprehensive security concept. That is vital because a failure of or an attack on our globally networked IT systems could result in significant interruptions to operations at parts of the company, while the theft of sensitive data can entail a loss of reputation for us. Our IT security organization monitors access to company data on the basis of our IT security policies. Firewall, antivirus and other programs are kept up-to-date to avoid losses and damage as a result of hacking and malware. There is also an extensive authorization concept. We commission IT service providers to constantly examine our IT security and system authorizations in order to obtain recommendations for optimization measures through external risk assessment.

Cooperation with research institutions and projects

Our breeding work is continuously adapted to the latest scientific and technical findings. Partnerships with public and private research institutions are vital in that. KWS is also represented in many organizations and associations from the fields of plant research and breeding, as well as in bioeconomics. The prime goal is to promote science and research, establish interdisciplinary research alliances and preserve scientific excellence in Germany. Among other things, KWS is a longstanding member of the GFPi, the German Association for the Promotion of Plant Innovations, and has for many years played an active part in the Bioeconomy Council, the independent advisory body to the German government.

Product quality and safety

The quality and safety of its seed is one of the key competitive factors for KWS. 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

The KWS Group applies far higher internal quality standards than legally required. To achieve quality, KWS' seed undergoes extensive quality testing in all phases of 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 in an internal regulatory and process control system. Laboratory tests are mainly carried out in our own facilities in accordance with the methods specified by the International Seed Testing Association (ISTA).

The rules, standards and processes are defined in KWS' international Rules, Guidelines and Procedures in compliance with the requirements of the international quality management standard DIN EN ISO 9001. The Einbeck and Bergen locations have been certified on the basis of this standard. KWS' testing laboratory in Bergen is also certified in accordance with DIN ISO 17025. In order to fulfill the quality standards for safety of fodder, KWS LOCHOW GmbH also underwent and gained certification under the applicable GMP+B3 guidelines in fiscal 2016/2017.

Even after market launch, the varieties are still monitored by KWS, public authorities or institutes, for example to ascertain the consistency of their performance or field emergence. The emergence tests are conducted for all sugarbeet seed producers in nationwide variety trials coordinated by the Institute of Sugarbeet Research (IfZ). In fiscal 2016/2017, KWS again occupies top positions in all series of trials among the varieties with the greatest market importance in Germany.



Digitalization in field observation, too-drones with imaging sensor systems check details of plant growth

Protection of the environment and health in the seed dressing process

Seed treatment or dressing, i.e. the application of pesticide to seed, is subject to strict regulations. The goal of dressing is to achieve maximum field emergence, since the dressing disinfects the seed and protects the young seedling against pests in the soil. Only legally permitted pesticides and quantities are applied as dressing. The technical methods for seed treatment and the relevant recipes and additives are developed by KWS itself and tested intensively before being used on commercial seed. In principle, the active agent concentration in pesticides is controlled in our company's own laboratories before they are used.

The dressing is applied in special plants in order to ensure the greatest possible protection of the environment and health safety in the process and in later use of the dressed seed. The abrasion resistance of the finished seed is stringently controlled using the Heubach test. We have a total of three seed processing plants of our own in Germany for dressing sugarbeet, cereals and rapeseed seed. The plants in Einbeck and Bergen 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. SeedGuard confirms compliance with the necessary standards for process management, risk analysis and staff qualification.

seed.

Required product labeling

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

Handling of defective products, complaints and customer satisfaction

Regulations on how defective raw goods and semi-finished and finished products are handled are defined in the Rules, Guidelines and Procedures (RGPs). The objective is to prevent inadvertent, erroneous further processing or shipment of raw goods, semi-finished products and finished products that do not meet our quality requirements. Complaints about products are likewise recorded, described, documented and reported centrally on the basis of specific procedural instructions. Every complaint is examined in detail and discussed together with the customer. Once again in 2016/2017, there was a low ratio of complaints in Germany, confirming the effectiveness of our quality assurance measures. 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 KWS' 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 (such as optimization of agricultural technologies in the field of seed multiplication, further development of process engineering in the areas of processing and pelleting) and basic research work. One of the focal areas of research is to develop and utilize new or alternative methods of describing seed quality. KWS cooperates with universities and other institutes in some of the projects. They will make a major contribution to helping KWS continuously improve the quality of seed for its varieties and keep it at a high level.

Intellectual property

Protecting intellectual property is vital for us to refund our high expenditure on research and development. Variety protection is a tried-andtested 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.

Information and know-how management at KWS

Since innovations and ideas not only merit protection once a patent, copyright or trade mark can be filed for them, KWS believes comprehensive internal information and know-how management is particularly important. KWS has established an internal policy on protecting 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. That is especially true of patented native traits and methods and properties in the field of genome editing. In order to

Germination behavior-rapid image analysis with GeSA

In fiscal 2016/2017, a fully automated, robot-aided image analysis system—the GeSA (Germination Speed Analyzer)—was put into operation to evaluate the germination behavior of sugarbeet seed batches.

Germination of the seed in trays is stimulated in an air-conditioned shelf for several days and photos are taken at defined intervals of time. Following analysis of the images, various key indicators for germination behavior can then be determined and supply information on the germination speed and field emergence of the sown variety.

The new method saves time and resources and delivers precise results.



No growth without germination-GeSA: thousands of seeds pass through automated analysis of germination capacity.

promote innovation in research, yet ensure access to biological breeding material, KWS advocates including a breeder's exemption in national patent law so that commercially available varieties containing patented elements can continue 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; award of the license may also be attached to high financial demands. KWS is therefore in favor of concept approaches that ensure fair access to patented elements.

European patent law has always excluded essentially biological processes and plant varieties from being able to be patented. There was uncertainty as to the fundamental guestion of whether plants that have been developed by means of essentially biological processes (EBPs) and that do not constitute varieties ("EBP plants") should be able to be patented or not. The European Patent Office (EPA) decided that they could be patented in its Tomato / Broccoli II ruling. That decision sparked an intensive political debate, as part of which the EU Commission published an opposing opinion, stating that it was the intention of the original lawmakers to exclude EBP plants from being able to be patented. Despite its decision allowing such plants to be patented, the EPA recently endorsed the Commission's opinion and decided to define the implementation regulations in more

26 Development of the Core Issues | Product responsibility

precise detail. The new regulations correspond to the wording of the German Patent Act and state that EBP plants are excluded from patent protection. This new provision came into effect on July 1, 2017, and means that future and suspended examination and opposition proceedings can now be ruled on in accordance with the practice as clarified by the new regulations.

KWS welcomes this development in principle. However, experience from Germany shows that there is still legal uncertainty regarding the breadth of the exclusion from patenting. In view of that, KWS supports the current discussion on adapting the EPA's examination policies in such a way that the patent applicant is required to include a standardized disclaimer making it clear that EBP plants are not covered by any patent claims. The effect of the disclaimer is that the patent can then also not be enforced against EBP plants if they are identical to plants that have been created using other methods. The disclaimer would further increase the freedom to operate of KWS and all breeders as a result of greater clarity and better legal security.



Ready for the annual harvest-new warehouse in Einbeck.

Access to plant genetic resources

As part of the Nagoya Protocol, European and a large number of national regulations to preserve biodiversity have been enacted in the past two years. KWS supports the objectives of the Nagoya Protocol and thus the sustainable use and fair sharing of the benefits from plant genetic resources. We have therefore undertaken great efforts to implement the complex provisions of the Nagoya Protocol. To enable that, we have established a system that provides us with efficient access to plant genetic resources in compliance with the guidelines and enables our scientists worldwide to document the origin of all genetic material for their product development work. However, we are also committed to expanding and strengthening the International Treaty on Plant Genetic Resources for Food and Agriculture as a generally applicable international convention for plant breeding. It is a tried-and-tested, efficient instrument governing the use of plant genetic resources.

Plant and process safety

A globally applicable internal regulation and policy obligates KWS to protect the environment. Its objective is to prevent and reduce negative impacts on the environment by ensuring plant and process safety.

Operation of plants and processes of relevance to the environment is governed at Einbeck by KWS' Rules, Guidelines and Procedures (RGPs) under numerous procedural, work and operating instructions, including for air pollution control, waste water treatment, waste disposal and the handling of hazardous substances. The system was recertified this spring in accordance with the environmental management standard DIN EN ISO 14001. Compliance with the Rules, Guidelines and Procedures for the operation of plants and processes of relevance to the environment in compliance with the law is also reviewed by internal audits. In fiscal 2016/2017, a total of 3 audits were conducted at Einbeck and the Seligenstadt breeding station on the handling of pesticides, plant operation and the organization at the location. No environmental incidents occurred in Germany. Seven internal audits are planned for the new fiscal year 2017/2018.

In fiscal 2016/2017, the Corn Business Unit established its own global technical and organizational minimum environmental, health and safety standards for its production plants. These minimum standards include technical specifications on keeping air, water and soil free from pollution and requirements for organizing local structures of responsibility. Our objective is to roll out consistent, globally valid minimum technical and organizational standards for environmental protection at all locations throughout the group by 2021.

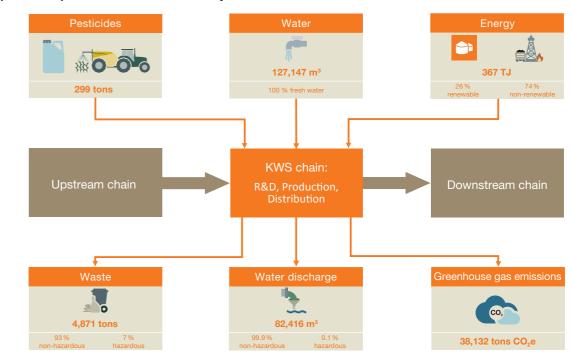
Sparing use of resources

Under its environmental policy, KWS is committed to ensuring that resources are used efficiently and ecologically. 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.

We mainly use primary energy sources that have lower emissions, such as biogas and natural gas, for generating power. Einbeck, which uses the most energy, operates its own block-type thermal power station using biogas and natural gas. KWS' Wiebrechtshausen monastery estate in the Northeim

We also introduced a global system for capturing key environmental data at all our subsidiaries in fiscal

Input and output of resources KWS Germany in fiscal 2016/2017



The figures initially include our own inputs and outputs. We are examining whether capture of data can be expanded to cover the upstream and downstream chain in the future.

2016/2017. The data for the region Germany was gathered on the basis of its specifications, meaning that the previous year's figures are comparable with those from the current reporting period only to a limited degree.

Use of pesticides, water and energy

The quantities of pesticide, water and energy we use fluctuate from year to year depending on our production volumes and are also highly dependent on external factors such as weather conditions or, in the case of pesticides, the occurrence of diseases and pests.

In general, KWS uses pesticides in research and breeding, on its trial areas and as a seed dressing in compliance with the law and in accordance with the rules of good professional practice.

district, where organic farming trials are conducted, generates heat from wood chips, a renewable source, and supplies itself fully with green electricity.

Investments in energy efficiency measures totaling €2.9 million are planned at the Einbeck location in fiscal 2017/2018, since there is likely to be a greater need for electricity, heat and refrigeration in the coming years as a result of capacity expansions. We pursue an innovative concept for cold generation and distribution that we have developed in-house for air-conditioning of our greenhouses and office and research buildings. We are currently constructing a new central cooling plant that will enable us to cut secondary energy consumption by around 20 % in the future.

Waste, waste water and emissions

Seed is a natural product, so the waste water and waste we generate in the seed production process contain only very small quantities of dangerous substances.

At the Einbeck location, we operate a waste water purification plant that removes all process-related pollutants in accordance with the statutory thresholds, with the result that in Germany as a whole only a minimum amount (< 0.1 %) of waste water containing hazardous substances is left over. This is then properly disposed of externally. The same principle applies to exhaust air purification. The organicmineral dusts produced in pelleting sugarbeet seed (116 tons) are completely returned to the process. Dusts polluted with pesticide are disposed of as hazardous waste together with dressed seed that can no longer be marketed. All waste is sorted for

Best practice: saving resources and protecting the climate with grow bags

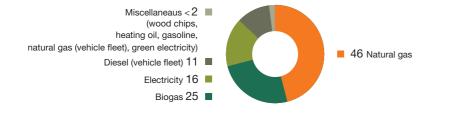
A method of rearing sugarbeet plants using grow bags has been developed at Klein Wanzleben to produce basic seed in the greenhouse and is now being used at our other locations, too.

Instead of the previous approach, where the greenhouse soil was sterilized by steam, the sugarbeets are now planted in bags containing sterilized earth. That cuts the amount of fuel oil needed for mobile steam generation over the greenhouse area of 300 m² by 950 liters and the water needed during the plants' growth period by 550 m³-reducing greenhouse gas emissions by around 3 tons.

recycling and, in accordance with its composition, recycled by suitable internal or external means or disposed of in an approved manner.

KWS SAAT SE is one of the "Climate Protection Companies," an excellence initiative of the German business community in the field of climate protection and energy efficiency. As a cross-industry association of companies of all sizes, the Climate Protection Companies identify best-practice examples that can be used as models to optimize the use of energy and protect the climate. Greenhouse gas emissions are reported in accordance with the Greenhouse Gas Protocol (GHG Protocol) for scopes 1-3. That includes emissions that we have either caused directly through our own combustion or indirectly by purchasing electricity and transport logistics services.

Use of energy KWS Germany, fiscal year 2016/17 in %





Cultivation of sugarbeets in grow bags-saving energy and water in the greenhouse.

Labor and social standards

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

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

interests

Dialogue and collective representation of

Open and trusted dialogue is of great importance at the company. Employees' interests in Germany are represented collectively by bodies such as the elected Works Councils and the persons entrusted with representing young people and trainees. The working relationship with our Works Councils is close and based on trust. In meetings with management, issues are discussed openly and common solutions are found constructively. As a Societas Europaea (SE), KWS has established an employee representative body, the European Employee Committee (EEC), that is always involved when matters affecting employees from at least two EU countries need to be resolved. In regions where there is no employee representative body, we attach importance to mutual respect and dialogue between regional management and employees. As part of the global restructuring of KWS' administration processes planned in the next two years, the employee representatives and Executive Board of KWS SAAT SE have agreed to measures to ensure the greatest possible social compatibility in a key-issues paper.

Employment relationship and compensation

79% of our employees in Germany had a permanent employment contract in fiscal 2016/2017. We also employed 158 seasonal workers in harvesting and 19 loan workers, as well as external, freelance employees, in fiscal 2016/2017. The conditions for temporary use of loan workers, as a flexible and complementary HR tool, are defined in a company agreement. A collective bargaining agreement ensuring compensation at a fair market level applies to most employees in Germany. At the national level, negotiations on the company collective bargaining agreement for Germany were held between the construction, agricultural and environmental workers' union Bauen-Agrar-Umwelt (IG BAU) and KWS SAAT SE in May 2017. The results were a non-recurring payment of €1,500 for fiscal 2017/2018 and a pay increase of three percent effective July 1, 2018. Employees still have the possibility of acquiring shares in the company at preferential conditions.

Family-friendly spirit

KWS is committed to family-friendly work. One of the particular factors that enable employees to strike a good life-work balance is the 18 different working time models at KWS. Flexitime regulations apply to staffers in administration, while the seasonal nature

Flexibility and a family-friendly spirit at KWSaward for excellence!

KWS was presented with the 2017 "Family-Friendly Company" award by Northeim District Council. The reasons cited were in particular the company's various measures to enable the best-possible work-life balance for its staff.

By giving employees a high degree of flexibility in organizing their working time and through many other measures, KWS offers good conditions for enabling them to reconcile their personal life situation and work for the company. Satisfied and motivated employees also ultimately mean that absenteeism is reduced and the sickness absence rate remains low.

of our business means there are fixed working times in production. However, production employees can subsequently reduce the hours they have accumulated in their account after labor-intensive campaigns. Employees can also work from a home office, if that can be reconciled with their activity.

Good instruction is everything-training on the way to becoming a master.



Highly flexible working times are possible and employees can take advantage of part-time models in uncomplicated fashion. 22 % of our employees in Germany worked part-time in fiscal 2016/2017 (previous year: 21 %). Employees also have the opportunity to take leave or reduce their working hours if they would like to look after dependents who need caring for. Employees can halve their working hours for up to two years and, thanks to an allowance from KWS, still earn 75 % of their previous salary, without the need to repay the allowance.

Recruitment and gualification

As one of the world's largest seed companies and one that has an excellent reputation as an employer, we have developed various HR strategies and programs to recruit the right colleagues and help them develop further. The objective is to cover the KWS Group's. strategic personnel requirements.

Establishment of global networks and contacts

Establishing networks and nurturing contacts with professional groups of importance to us are key elements of our HR strategy. That is why we attend trade fairs and events and also maintain close ties with universities. We cooperate with universitiesas we have done with the prestigious Chinese Agricultural University in Beijing since last fiscal year. 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 writing their degree theses at our company. We also support talented people early on by awarding various scholarships.

Vocational training and induction programs

The vocational training we offer helps employees develop practical skills. There are diverse options to choose from-from vocational training to a dual course of study. In fiscal 2016/2017, our instructors and trainee supervisors supported a total of 95 young people in seven different fields of training on their path to gaining their vocational qualifications. We offer university graduates two highly popular springboards for starting their careers-our international trainee program and the Breeders Academy, which is geared specifically to plant breeding.

There are also central development programs aimed at specific target groups. "Sparring Circles" enable a profitable sharing of ideas, while "KWS on Board" provides extensive insight into our corporate strategy, culture and values and shows what we expect from the employee group in question. The "Orientation Center" (OC) enables us to verify individual potential and draw up customized development plans. For its part, the "International Development Program" (IDP) offers experts and executives an additional opportunity to enhance their personal and professional strengths in the international environment. A total of 30 employees from the whole group took part in a central development program such as the OC or IDP.



Team building from the very start-new trainees present their motto.

Continuous gualification

We offer all our employees a continually optimized range of professional and personal further development measures, since our global growth and regional markets increasingly demand a high level of adaptivity. Their qualification needs are discussed once a year in annual performance and career development reviews.

Workforce, demographics and satisfaction

1,939 people were employed at KWS in Germany at the end of fiscal 2016/2017-47% of them in research and development, 12% in production, 20% in distribution and 21% in administration.

As in previous years, the workforce's age structure was evenly balanced: 50 % of employees are aged 30 to 50, 22 % are younger than 30 and 27 % are older than 50. The new hires in the past fiscal year consolidated that spread: 60 % of them were aged 30 to 50 and belonged to what KWS defines as the middle age group with professional experience.

The average length of service remains at the very high level of 14 years. That shows that our employees feel at home and are satisfied at KWS. They value our work culture founded on respect, openness, trust and team spirit.

Total unplanned absenteeism and thus time lost due, for example, to work safety incidents, illness or other reasons for employees being unable to work (OSHA absentee rate) was 22,249 days in Germany. That gives an absenteeism rate of 1.350 days per 100 employees, i.e. within the norm.

Work safety and health

KWS aims to offer a safe working environment. Globally valid guidelines help KWS employees minimize risks and avoid situations that may result in accidents or illness.

Organization of work safety

Of particular relevance to occupational safety are agricultural activities in the trial areas at breeding stations, work in the seed processing plants and the use of external companies, maintenance work, handling of hazardous substances and transportation within the company.

In Germany we have experts in occupational safety and healthcare, who provide support in these fields and are assisted by external service providers. As part of the regular instruction given by managers,

and on the basis of an analysis and assessment of risks, it is a constant concern of ours to heighten attentiveness at the workplace so that we can continue to reduce the number of accidents.

Preventive healthcare

The "KWS Healthy Working World" program promotes employees' well-being by means of local activities at our sites. Under the slogan "Creating Awareness," a fitness studio supports entire departments. These programs specifically reduce incorrect posture that may arise as a result of desk jobs or heavy physical work, such as in production. The workplace assessments prescribed by law will in future also include analyses relating to potential physical strains and how to prevent them.

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. 116 employees took the opportunity to take a "Job Bike" up to and including June 30.

Work safety incidents and lost days in the reporting period

We introduced global accounting of data relating to work safety in accordance with the OSHA definitions in fiscal 2016/2017. We recorded 20 work safety incidents that had to be reported in accordance with OSHA at all German subsidiaries in the region Germany. That number comprises occupational accidents, work-related injuries and diseases that required medical treatments apart from first aid, as of the first day lost. These incidents caused a total of 261 lost days.

We therefore recorded 1.2 incidents per 100 employees (OSHA incident rate) in Germany. That means 1.15 lost time incidents per 100 employees (OHSA lost time case rate). The time lost per incident was 13.1 days (OSHA severity rate).



Diverse food offering in a pleasant atmosphere-motivation for the work day.

Diversity and equal opportunity

KWS operates in more than 70 countries. This internationality means more than that a variety of different languages are spoken at KWS. Different cultures, age groups, disciplines and personal backgrounds join to enrich our working climate. We value this individuality and give it our appreciation, support and respect.

Anti-discrimination

The anti-discrimination guidelines and rules to ensure mutual respect among employees are a firm part of the internal Code of Business Ethics, which is binding on all employees and is audited at the KWS Group.

Similar salary for comparable work

"Equal pay for equal work" is an internal principle at KWS. Our main focus is that all employees who perform identical or similar activities also receive a similar salary. This principle per se ensures that women and men receive similar pay for similar work. An analysis of the basic salaries of women and men at the five tiers at KWS-upper management, upper middle management, middle management and the two groups of non-exempt employees-showed that, as in the previous year, we comply with the principle of "equal pay for equal work."

positions

Women in the management and leadership

Women made up 14 % of the whole management team. The figure was 6 % in upper management, 6 % in upper middle management and just under 20% in middle management.

We were unfortunately not able to meet the targets we set in 2015 in accordance with Section 76 (4) of the German Stock Corporation Act (AktG) -namely a ratio of women of 15% and 10% in the first and second tier below the Executive Board respectively, i.e. for upper and upper middle management-by the set date of June 30, 2017. A vacancy in the first management tier had not been filled by that date. There were no changes in personnel in the second management tier up to the set date, which meant the target figure could not be achieved. When the statutory period of time ended on June 30, 2017, the target figures and dates for achieving them had to be redefined: The Executive Board defined new target figures for the ratio of women in the two management tiers below KWS SAAT SE's Executive Board and the date by which they must be achieved in accordance with Section 76 (4) AktG (German Stock Corporation Act). The Executive Board has consequently set a target of achieving a ratio of 15% in management tier 1 and 10% in management tier 2 by June 30, 2022.

Social commitment

We are aware of our responsibility toward society and are committed to promoting science and education, as well as supporting cultural and social projects-globally and locally in the regions around our locations.

We believe that our society benefits lastingly from top-level science. As an innovation driver that is very close to science, we focus our support in that field—in particular to the benefit of up-and-coming scientists. That includes our backing for various projects at the University of Göttingen, for example. We support young talents with numerous scholarships, including the Ferdinand von Lochow Scholarship and the Germany Scholarship. KWS also supports scientific organizations, congresses and events of national and international importance.

KWS' regional commitment in Germany includes funding for EINBECK MARKETING Gesellschaft für Stadt- und Standortmarketing mbH. KWS is committed to living up to its social responsibility and supported the BürgerSpital hospital in Einbeck and well as the local refugee aid organization in order to assist the integration of our new fellow citizens. Other focal areas were our promotion of art, culture

and other social and church projects. Education initiatives, schools, sports associations and non-profit organizations also benefited from our engagement. For example, KWS supports the creation of school gardens in Einbeck, Northeim and Wohlde in cooperation with the non-profit organization Ackerdemia e.V., where primarily schoolchildren learn how to grow plants, tend a garden and use or sell their harvest.

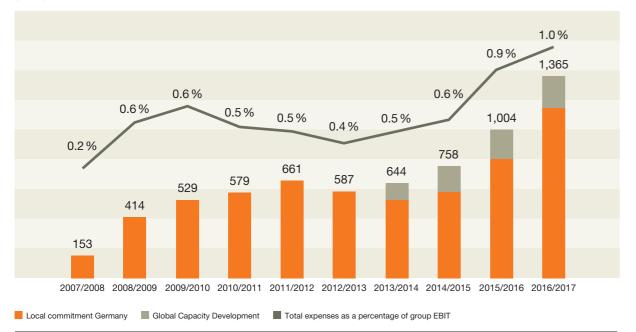
KWS spent a total of €1,365,664 on its social engagement activities in Germany and global capacity development in fiscal 2016/2017.

Capacity Development projects in Peru and Ethiopia

KWS' global engagement includes the "Capacity Development" initiative, which was launched in fiscal 2012/2013. Its aim is to contribute to the breeding and multiplication of the seed of locally adapted crop varieties in Peru and Ethiopia and to help conserve crop biodiversity there. To achieve that, KWS is working with various cooperation partners to train scientists -mainly young plant breeders-locally as part of projects.

We invested €213,195 in this initiative in the fiscal year.

Expenditure on social commitment in Germany (in T €)



Compliance

KWS is a global company. Compliance with the law is vital to our license to operate. We have also imposed internal regulations that aim to give our employees an understanding about the freedoms they have in their work and about decision-making processes in our steadily growing group.

Code of Business Ethics and Rules, Guidelines and Procedures (RGPs)

The KWS Group's fundamental and overriding business ethics principles are enshrined in the Code of Business Ethics (CoBE). The Rules, Guidelines and Procedures (RGPs) define the guidelines and standards for operative and administrative processes and are developed further, revised and supplemented as part of a continuous improvement process.

Enhancing awareness and communication

In order to create awareness for the principles from the CoBE that govern our daily work and draw attention to process-related regulations, we inform our employees in general and the responsible department in detail about specific regulations.

In fiscal 2016/2017, 86 % of employees in Germany were given general information about compliance with KWS' regulations under the CoBE and RGPs. We likewise gave 85% of our employees in Germany special training on the specific subject of preventing corruption and bribery, for example, in fiscal 2016/2017.

Reporting violations of the CoBE

Suspected violations of the CoBE can be reported to supervisors, directly to the Corporate Compliance Office or to the external compliance hotline. All suspected violations are investigated and penalties are imposed if they prove founded. The sanctions range from disciplinary measures to criminal proceedings, depending on the gravity of the violations, the degree of the person's breach of duty, the functional level, behavior after the violation and the consequences of the violation.

The Executive Board and the Supervisory Board of KWS SAAT SE are informed regularly about the latest developments, recommendations and further enhancement of the Compliance Management System.



Multiplying new varieties of Ethiopian barley-young scientists evaluate their regional candidates.

Review of compliance and continuous improvement

We conduct a specific analysis and evaluation (termed the Compliance Assessment) to determine compliance with the regulations under the CoBE and related risks and use the results as the basis for deriving measures for improvement.

We also review compliance with processes specified in the RGPs as part of internal and external audits. The audits are coordinated centrally and carried out in particular in areas where there are risks. A total of approximately 30 internal audits, around half of them in Germany, were conducted in fiscal 2016/2017. There were also eight audits by external auditors, as well as subject-specific certification audits by external providers.

We introduced central accounting for compliance data in the reporting period. It revealed that no significant compliance violations that could have caused damage to our company or third parties were reported to Central Accounting for Germany in the reporting period. No significant violations of the law and no resultant fines were reported, either.

Supplier standards

KWS also expects its suppliers, service providers, their employees and subcontractors (jointly termed "suppliers") to act in compliance with ethical business principles.

These principles are specified in the Code of Business Ethics for Suppliers and include respect for and obligation to maintain human rights, equal rights and non-discrimination, safety at work, protection of the environment and avoidance of corruption.

The code is part of the business relationship. 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.

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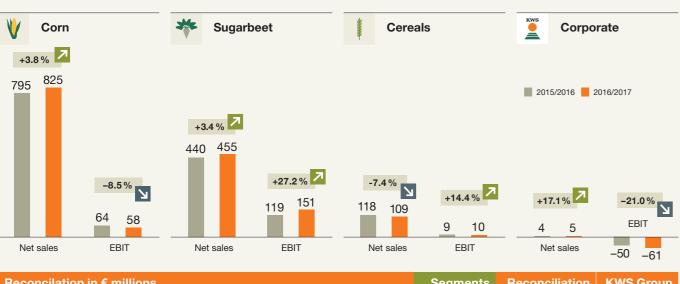
Financials

Key financial figures of KWS Group

| in € millions | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
|--|-----------|-----------|-----------|-----------|
| Net sales and income | | | | |
| Net sales | 923.5 | 986.0 | 1,036.8 | 1,075.2 |
| Research and development rate in % | 16.2 | 17.7 | 17.6 | 17.7 |
| EBIT | 118.3 | 113.4 | 112.8 | 131.6 |
| as a % of net sales (EBIT margin) | 12.8 | 11.5 | 10.9 | 12.2 |
| Net financial income/expenses | 7.5 | 16.7 | 14.8 | 16.6 |
| Net income for the year | 80.3 | 84.0 | 85.3 | 97.7 |
| Key figures on the financial position and assets | | | | |
| Capital expenditure | 69.4 | 132.5 | 99.6 | 63.3 |
| Depreciation and amortization | 41.2 | 45.9 | 48.2 | 49.4 |
| Equity | 637.8 | 738.7 | 767.9 | 836.9 |
| Equity ratio in % | 54.7 | 55.2 | 53.5 | 56.0 |
| Return on equity in % | 12.8 | 13.6 | 11.9 | 13.1 |
| Return on assets in % | 7.8 | 7.8 | 7.0 | 7.3 |
| Net debt ¹ | 31.6 | 105.9 | 87.9 | 48.5 |
| Total assets | 1,165.0 | 1,337.1 | 1,436.6 | 1,495.2 |
| Capital employed (avg.) ² | 737.5 | 851.0 | 906.9 | 990.1 |
| ROCE (avg.) in %3 | 16.0 | 13.3 | 12.4 | 13.3 |
| Cash flow from operating activities | 76.0 | 48.1 | 125.9 | 122.4 |
| Employees | | | | |
| Number of employees (avg.) ⁴ | 4,150 | 4,691 | 4,843 | 4,937 |
| personnel expenses | 189.9 | 216.9 | 232.2 | 247.0 |
| Key figures for the share | | | | |
| Earnings per share | 11.69 | 12.53 | 12.92 | 14.78 |
| Dividend per share⁵ | 3.00 | 3.00 | 3.00 | 3.20 |

¹ Short-term + long-term borrowings—cash and cash equivalents—securities |² Total capital employed at end of the quarters: (intangible assets + property, plant and equipment + inventories + trade receivables—trade payables) / 4 |³ EBIT/capital employed (avg.) |⁴ Average number of employees in the year under review. |⁵ The dividend for 2016/2017 is subject to the consent of the 2017 Annual Shareholders' Meeting.

Segments in € millions



| Reconcilation in € millions | Segments | Reconciliation | KWS Group |
|-----------------------------|----------|----------------|-----------|
| Net sales | 1,394.0 | -318.8 | 1,075.2 |
| EBIT | 158.8 | -27.2 | 131.6 |

40 Facts and Figures | Key Figures

Corporate Sustainability Report 2016/2017 | KWS Germany

Management and salary

Diversity in the governance bodies of KWS SAAT SE

| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
|---|--------|-----------|-----------|-----------|-----------|-----------|
| Executive Board members at KWS SAAT SE | Number | 4 | 4 | 4 | 4 | 4 |
| < 30 years | % | 0 | 0 | 0 | 0 | 0 |
| Aged 30 to 50 | % | 25 | 75 | 50 | 50 | 25 |
| > 50 years | % | 75 | 25 | 50 | 50 | 75 |
| Women | % | 0 | 25 | 25 | 25 | 25 |
| Supervisory Board members at KWS SAAT SE | Number | 6 | 6 | 6 | 6 | 6 |
| < 30 years | % | 0 | 0 | 0 | 0 | 0 |
| Aged 30 to 50 | % | 50 | 50 | 50 | 50 | 50 |
| > 50 years | % | 50 | 50 | 50 | 50 | 50 |
| Women | % | 17 | 17 | 17 | 17 | 33 |

GRI-indicator G4-38 | At June 30

Manager to worker pay ratio in Germany

| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
|-----------------------------------|----------|--------------|-----------|-----------|-----------|-----------|
| Manager (CEO) to worker pay ratio | Multiple | Not recorded | 14.9 | 17.2 | 15.7 | 24.7 |

GRI-Indicator G4-54 | Reference; permanent employees

Compensation of the CEO relative to the median salary of all employees in Germany (manager to worker pay ratio)

Environment

Note

In fiscal 2016/2017, we introduced global accounting based on consistent definitions for data relating to the environment, society and governance at the KWS Group. The following key figures for fiscal 2016/2017 for the region Germany are therefore comparable with those from the previous year only to a limited degree.

Operational use of resources

Process data: Resource input

| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
|---------------------------|----------------|--------------|--------------|--------------|--------------|-----------|
| Use of pesticides | Tons | 545 | 541 | 554 | 614 | 299 |
| Of which: as dressing | Tons | 541 | 538 | 551 | 612 | 262 |
| Use of energy | TJ | 276 | 244 | 260 | 300 | 367 |
| Of which: fossil energies | % | 61 | 64 | 64 | 68 | 74 |
| Use of water | m ³ | 123,857 | 125,405 | 123,652 | 119,712 | 127,147 |
| Of which: Fresh water | % | Not recorded | Not recorded | Not recorded | Not recorded | 100 % |

GRI Indicator G4-EN1, EN3, EN4, EN8 I Reference: current fiscal year, only own consumption (i.e. excluding data for external partners/service providers)

Process data: Resource output

| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
|--------------------------------------|--------------------------|--------------|--------------|--------------|--------------|-----------|
| Waste water discharged | m³ | 64,519 | 67,087 | 59,969 | 64,248 | 82,416 |
| Of which: hazardous | % | n.e. | n.e. | n.e. | n.e. | 0.1 |
| Volume of waste | Tons | 5,121 | 4,952 | 5,235 | 3,921 | 4,871 |
| Of which: hazardous | % | 9 | 9 | 12 | 9 | 7.4 |
| Greenhouse gas emissions | Tons CO ₂ e | 29,798 | 29,441 | 29,551 | 35,626 | 38,132 |
| Directly caused | % | 43 | 37 | 39 | 42 | 44 |
| Through own combustion (scope 1) | Tons $\rm CO_2e$ | 12,689 | 10,907 | 11,596 | 15,128 | 16,837 |
| Of which: biogenic | Tons CO ₂ e | Not recorded | Not recorded | Not recorded | Not recorded | 1,140 |
| Indirectly caused | % | 57 | 63 | 61 | 58 | 56 |
| From purchased electricity (scope 2) | ${\rm Tons}~{\rm CO_2e}$ | 7,025 | 7,501 | 7,763 | 6,862 | 9,539 |
| From transport logistics (scope 3) | $Tons\;CO_{_2}e$ | 10,084 | 11,033 | 10,191 | 13,973 | 11,757 |

GRI Indicator G4-EN 15, EN 16, EN 17, EN 22, EN 23, calculation of the GHG emissions based on the GHG Protocol, emission factors in accordance with GEMIS 4.6, emission factors for transport

logistics in accordance with the LOTOS Guide from the University of Hamburg-Harburg Reference: Waste water and waste data for the current fiscal year, only own consumption (i.e. excluding data for external partners/service providers)

Social

Securing junior staff and employee development

Total workforce

| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
|---|--------|-----------|-----------|-----------|-----------|-----------|
| Total headcount | Number | 1,674 | 1,763 | 1,868 | 1,908 | 1,939 |
| Seasonal workers | Number | 107 | 113 | 120 | 120 | 158 |
| Others (e.g. loan workers, external employees, freelancers) | Number | 35 | 8 | 12 | 14 | 19 |

GRI indicator G4-10 | Averages for the year at June 30 in fiscal year 2016/2017.

Employees by function

| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
|--------------------------|-------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Total headcount | Number | 1,674 | 1,763 | 1,868 | 1,908 | 1,939 |
| Research and development | Percentage of total workforce | 48 | 48 | 47 | 47 | 47 |
| Production | Percentage of total workforce | 12 | 12 | 12 | 12 | 12 |
| Distribution | Percentage of total workforce | 19 | 20 | 21 | 20 | 20 |
| Administration | Percentage of total workforce | 20 | 20 | 20 | 21 | 21 |

GRI indicators G4-10 and G4-LA12 | Averages for the year at June 30 in fiscal year 2016/2017.

Employees by type of contract

| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
|---------------------|-------------------------------------|--------------|-----------|-----------|-----------|-----------|
| Total headcount | Number | 1,676 | 1,763 | 1,868 | 1,908 | 1,939 |
| Permanent contracts | Percentage of total workforce | 79 | 78 | 79 | 80 | 79 |
| Part-time contracts | Percentage of total workforce | Not recorded | 20 | 20 | 21 | 21 |

GRI indicator G4-10 | Averages for the year at June 30 in fiscal year 2016/2017.

New hires and employee turnover

| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
|---------------------------|-------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Total headcount | Number | 1,676 | 1,763 | 1,868 | 1,908 | 1,939 |
| Rate of new hires | Percentage of total workforce | 4.5 | 4.0 | 4.1 | 3.7 | 2.8 |
| Rate of employee turnover | Percentage of total workforce | 2.3 | 2.0 | 2.0 | 2.5 | 3.8 |

GRI indicator G4-LA1 | Averages for the year at June 30 in fiscal year 2016/2017. | Reference; permanent employees

Participants of special induction programs

| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
|---|--------|--------------|--------------|--------------|--------------|-----------|
| Total | Number | 118 | 123 | 125 | 121 | 90 |
| Trainees | Number | 26 | 25 | 25 | 24 | 13 |
| Participants in the Breeders Academy | Number | Not recorded | Not recorded | Not recorded | Not recorded | 1 |
| Apprentices | Number | 92 | 98 | 100 | 97 | 76 |

Averages for the year, fiscal year 2016/2017, at June 30.

Employees who received performance and career development reviews

| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
|-------|-------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Total | Percentage of total workforce | 62.9 | 58.5 | 51.2 | 51.5 | 32.0 |

GRI indicator G4-LA11 | Averages for the year, fiscal year 2016/2017, at June 30. | Reference; permanent employees

Employees in internal development programs

| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
|--|--------|--------------|--------------|--------------|--------------|-----------|
| Total participants | Number | Not recorded | Not recorded | Not recorded | Not recorded | 30 |
| Participants in the Orientation Center (OC) | Number | Not recorded | Not recorded | Not recorded | Not recorded | 11 |
| Participants in the International Development Program (IDP) | Number | Not recorded | Not recorded | Not recorded | Not recorded | 19 |

Averages for the year, at June 30 in fiscal year 2016/2017.

| Length of service | | | | | | |
|-------------------|---------|-----------|-----------|-----------|-----------|-----------|
| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
| Total headcount | Ø years | 14 | 14 | 13 | 13 | 14 |

Averages for the year, at June 30 in fiscal year 2016/2017. | Reference; permanent employees

| Absenteeism | | | | | | |
|--------------------|---|--------------|--------------|--------------|--------------|-----------|
| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
| Total absenteeism | Number of days | Not recorded | Not recorded | Not recorded | Not recorded | 22,249 |
| Absentee rate (AR) | Days of absence per 100 employees | Not recorded | Not recorded | Not recorded | Not recorded | 1,350 |

GRI indicator G4-LA6 | All details in accordance with OSHA; calculation of the AR: Number of days absent * 200,000 / total planned working hours | Reference: permanent employees

Diversity and equal opportunity

Diversity among employees and management

| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
|-------------------------------------|--------|--------------|--------------|--------------|--------------|-----------|
| Total headcount | Number | 1,676 | 1,763 | 1,868 | 1,908 | 1,939 |
| < 30 years | % | Not recorded | 26 | 25 | 23 | 22 |
| Aged 30 to 50 | % | Not recorded | 47 | 47 | 48 | 50 |
| > 50 years | % | Not recorded | 28 | 28 | 29 | 27 |
| Women | % | 50 | 50 | 49 | 49 | 49 |
| Total management | Number | Not recorded | Not recorded | Not recorded | Not recorded | 127 |
| Total women in management | % | Not recorded | Not recorded | Not recorded | Not recorded | 14 |
| Women in top management | % | Not recorded | Not recorded | 15 | 9 | 6 |
| Women in upper middle management | % | Not recorded | Not recorded | 5 | 9 | 6 |
| Women in middle management | % | Not recorded | Not recorded | Not recorded | Not recorded | 20 |

GRI indicator G4-38 | At June 30.

Women to men pay ratio in Germany

Average basic salary of women to salary for men

| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
|---|----------|--------------|--------------|--------------|--------------|--------------|
| Total | Multiple | Not recorded | Not recorded | Not recorded | Not recorded | 0.81 |
| In top management | Multiple | Not recorded | Not recorded | 0.85 | 1 | Confidential |
| In upper middle management | Multiple | Not recorded | Not recorded | 1.02 | 1.1 | 1.08 |
| In middle management | Multiple | Not recorded | Not recorded | 0.95 | 1 | 1.05 |
| Outside management (upper salary brackets) | Multiple | Not recorded | Not recorded | Not recorded | Not recorded | 0.93 |
| Outside management (lower salary brackets) | Multiple | Not recorded | Not recorded | Not recorded | Not recorded | 1 |

GRI indicator G4-LA13 | Reference; permanent employees

Work safety and health

Work safety and health incidents

| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
|---|---|--------------|--------------|--------------|--------------|-----------|
| Total recordable incidents | Number | 61 | 69 | 57 | 54 | 20 |
| Of which: Incidents that caused days to be lost | Number | 43 | 34 | 36 | 39 | 19 |
| Days lost | Number | 457 | 399 | 408 | 393 | 261 |
| Incident rate (IR) ¹ | Number of incidents per 100 employees | 2.1 | 1.6 | 1.3 | 1.4 | 1.2 |
| Lost time case (LTC) rate ² | Incidents with lost days per 100 employees | Not recorded | Not recorded | Not recorded | Not recorded | 1.2 |
| Severity rate (SR) ³ | Days lost per incident | 7.5 | 5.8 | 7.2 | 7.3 | 13.1 |

GRI indicator G4-LA6 | Reference: all employees | All details in accordance with OSHA

¹ Calculation of the IR: Number of total recordable incidents * 200,000 / total planned working hours

² Calculation of the LTC rate: Number of lost time incidents * 200,000 / total planned working hours

³ Calculation of the DART rate: Number of days lost / total number of incidents

Social commitment

Expenditures for social causes

| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
|-------------------------------|------------|-----------|-----------|-----------|-----------|-----------|
| Total spending | € thousand | 587 | 644 | 758 | 1,004 | 1,365 |
| Globales capacity development | € thousand | 0 | 114 | 174 | 198 | 213 |
| Local engagement germany | € thousand | 587 | 530 | 584 | 806 | 1,152 |
| % to EBIT | % | 0.4 | 0.5 | 0.6 | 0.9 | 1.0 |

GRI indicator G4-EC1 and G4-EC7

Governance

Compliance

| Raising employee awareness of compliance with business regulations | | | | | | | | | |
|--|--------------------|--------------|--------------|--------------|--------------|-----------|--|--|--|
| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 | | | |
| Employees to whom the internal regulations (Code of Business Ethics or RGPs) have been communicated | % of all employees | Not recorded | Not recorded | Not recorded | Not recorded | 86 | | | |
| Employees that have received on anticorruption | % of all employees | Not recorded | Not recorded | Not recorded | Not recorded | 85 | | | |

GRI indicator G4-SO4 | Reference: All KWS employees

Incidents of corruption

| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
|--|--------|--------------|--------------|-----------|-----------|-----------|
| Fotal number of confirmed ncidents of corruption | Number | Not recorded | Not recorded | 0 | 0 | 0 |
| Of which: penalties imposed | Number | Not recorded | Not recorded | 0 | 0 | 0 |

GRI Indicator G4-SO5 I Reference: All KWS employees

Total number of ongoing legal cases regarding violations of the law brought against KWS

| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
|-------------------------------------|--------|--------------|-----------|-----------|-----------|-----------|
| Total number of ongoing legal cases | Number | Not recorded | 0 | 0 | 0 | 0 |

G4 Indicator G4-EN29, SO4 PR9 Reference: All KWS employees

Total number of penalties imposed on KWS for failure to comply with the law

| | Unit | 2012/2013 | 2013/2014 | 2014/2015 | 2015/2016 | 2016/2017 |
|--------------------------------------|----------|--------------|-----------|-----------|-----------|-----------|
| Total number of penalties imposed | d Number | Not recorded | 0 | 0 | 0 | 0 |
| By areas: | | Not recorded | 0 | 0 | 0 | 0 |
| Antitrust | Number | Not recorded | 0 | 0 | 0 | 0 |
| Corruption | Number | Not recorded | 0 | 0 | 0 | 0 |
| Data protection | Number | Not recorded | 0 | 0 | 0 | 0 |
| Other | Number | Not recorded | 0 | 0 | 0 | 0 |
| Total costs incurred by penalties | € | Not recorded | 0 | 0 | 0 | 0 |
| By areas: | | Not recorded | 0 | 0 | 0 | 0 |
| Antitrust | € | Not recorded | 0 | 0 | 0 | 0 |
| Corruption | € | Not recorded | 0 | 0 | 0 | 0 |
| Data protection | € | Not recorded | 0 | 0 | 0 | 0 |
| Other | € | Not recorded | 0 | 0 | 0 | 0 |

G4 Indicator G4-EN29, SO4 PR9 Reference: All KWS employees

KWS' memberships in fiscal 2016/2017

| Name | KWS represented in management bodies | Participation in other bodies | Project work | Substantial funding of the organization |
|---|--|-------------------------------|--------------|---|
| Germany Bioeconomy Council | | | | |
| German Plant Breeders Association (BDP) | 5 - C | • | 5 - C | 1 - C |
| German Agricultural Society (DLG) | | • · · · · | | |
| German Corn Committee (DMK) | • | • | | |
| Einbeck Marketing | • | • | | 18 C 19 C 19 |
| German Association for the Promotion of Plant Innovations (GFPi) | 1. Sec. 1. | • | 1 - C | |
| Forum Moderne Landwirtschaft e.V. (Modern Agriculture Forum) | | • | 1 - C | 1 - C |
| Climate Protection and Energy Efficiency Group of the German Business Community | | | | • |
| Max Planck Institute for Plant Breeding Research | • • • • • | • | | |
| Plant Technology of the Future (Plant 2030) | | | 1 - C | |
| SFG Sortenförderungsgesellschaft mbH | | • | | |
| Donors' Association for the Promoti- on of Sciences and the Humanities in Germany | | • | • | |
| Southern Lower Saxony Foundation | | | | 1 C C |
| Union for the Promotion of Oil and Protein Plants (UFOP) | | • · · · · · | | |
| Europa British Society of Plant Breeders (BSPB) | • | • | | |
| EuropaBio | - | | ÷ | |
| European Seed Association (ESA) | • | • | A | 1. Contract (1997) |
| International I.I.R.B. Institut International de Recherches Betteravieres (Int. Institut der Zuckerrübenforschung) | | • | | |
| International Maize Genetics Community | | • | | |
| ISF International Seed Federation | | | | |
| Ost-Ausschuss der Deutschen Wirtschaft/OAV German-Asia- Pacific Business Association (Arbeitsgruppe Agrarwirtschaft) | | - | • | |

Objectives

Research and development

| Objectives | Measures | When? | Status |
|--|--|---------------------------|----------|
| Corn | | | |
| Development of adapted and competitive dent x dent hybrids | Expansion of the breeding programs in China and South America | In the medium term | Underway |
| | Establishment of 2 new breeding programs for tolerance to drought stress in Southeastern Europe | 2016 | Underway |
| Increased yield stability for energy corn | Improvement in tolerance to drought stress and low-input (low-nutrient) conditions, in particular in Eastern Europe, Southeastern Europe and Germany | Continuous improvement | Underway |
| | Improvement in hardiness | Continuous improvement | Underway |
| Higher yield stability and quality | Improvement in tolerance to disea- ses, with the focus on Germany, Austria, France, China and South America | Continuous improvement | Underway |
| Expansion of genetic diversity for KWS | Establishment of a breeding program for medium-late breeding material in Southwest France, with the focus on developing corn that is tolerant to (leaf) diseases | In the medium term | Underway |
| Cereals | | | |
| Higher yield stability and quality | Improvement in tolerance to low- input conditions, with the focus on wheat and rye | 2020 | Underway |
| | Improvement in tolerance to drought stress in Europe, with the focus on rye | 2019 | Underway |
| Expansion of breeding and distribution to further countries | Expansion in Russia and Ukraine, for example | In the medium term | Underway |
| Sugarbeet | | | |
| Winter beet research project: cold tolerance in sugarbeet | Improvement in tolerance to cold and frost Regulation of the flowering time to avoid bolters | Fiscal year 2019/2020 | Underway |
| Herbicide-tolerant varieties for conventional cultivation | Breeding programs for sugarbeet with herbicide tolerance to ALS inhibitors (the class of sulphonylureas) | In the medium term | Underway |

GRI indikator G4-16

Environmental protection at the company

| Objectives | Measures | When? | Status |
|---|---|--------------------------|--|
| Energy efficiency | Optimization of the supply of heat and cold by construction of a new central cooling plant | Fiscal year 2017/2018 | Initial planning has been carried out. Achievement of the objective in fiscal 2015/2016 was reschedu- led to fiscal 2017/2018. |
| | Successive conversion of greenhouse lighting to lightemitting diodes (LEDs) | Fiscal year 2019/2020 | Retrofits have already been carried out. |
| Introduction of consistent environmental, health and safety standards | Definition of the standards and introduction of them at the companies Definition of the organization and responsibilities Establishment of a monitoring and controlling concept | Fiscal year 2020/2021 | Introduction at the Corn Business Unit. Global deployment is envisaged and was rescheduled to fiscal 2020/2021 in fiscal 2016/2017. |

Governance

| Objectives | Measures | When? | Status |
|--|---|--------------------------|---|
| Establishment of an International Management System | Creation of a central technical platform Introduction of "Rules, Guidelines and Procedures" Definition of the organizational structure and process organization Audit management Synchronization with Corporate Risk Management and Corporate Compliance Management | 2020 | An international platform with group-wide Rules, Guidelines and Procedures has been created and will now be successively expanded and continuously improved. As a flanking measure, audit management has been adapted to the higher requirements. There will also be greater synchronization with Corporate Risk Management and Corporate Compliance Management. |
| Expansion of sustainability reporting to cover the KWS Group | Internationalization of the contents and data capture processes Integration with the Annual Report | Fiscal year 2019/2020 | Underway |

GRI Index

This KWS Sustainability Report 2016/2017 was prepared in accordance with the G4 Guidelines of the Global Reporting Initiative (GRI) and fulfills the status "Core".

Scope of reporting

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

- The General Standard Disclosures are reported fully by KWS and so the report complies with the higher status "Comprehensive" in this regard.
- The scope of the Specific Standard Disclosures to be reported was defined by a materially analysis conducted on the basis of a stakeholder survey in the spring of 2014. The local relevance of GRI Aspects is indicated directly in the GRI Index. A distinction is made between internal and external relevance. In the case of internal relevance, there is a further distinction on the basis of upstream value added (e.g. at service providers and suppliers) and downstream value added (e.g. at customers and processors).

Permitted reasons for omission of indicators in accordance with GRI G4

| Reason | Definition |
|--------------------------------|--|
| Not applicable | A Standard Disclosure, ble; the reason why it is |
| Confidential information | The information is subj constraints are to be d |
| Legally prohibited information | The existence of speci prohibitions should be |
| Information unavailable | The information is curr data, the organization data and the expected |

The management approach and associated indicators are reported for GRI Aspects of internal relevance in accordance with the specifications of the GRI. KWS reports on just about all indicators required for the "Comprehensive" status.

Using the index

The references given in the "Page/comments" column in the index below take you directly to the required disclosures in the Sustainability Report or other media content or documents of KWS. This column also indicates audited contents of the report.

If an indicator is not reported fully, the reasons for that are presented in the "Notes on completeness" column in accordance with the reasons specified in the GRI for omitting indicators or parts of them.

, a part of a Standard Disclosure, or an indicator is not applicais considered to be not applicable should be disclosed

- oject to specific confidentiality constraints; those disclosed by the organization
- cific legal prohibitions; a reference to the specific legal be made.

rrently unavailable. In the case of the unavailability of should disclose the steps being taken to obtain the d timeframe for doing so.

General Standard Disclosures

| Strategy and Analysis | | | | | |
|--|---|-----------------------|--|--|--|
| Required disclosures | Page/comments | Notes on completeness | | | |
| G4-1: CEO statement | 6—7, 8—9 | × | | | |
| G4-2: Impacts, risks and opportunities | 4-5, $6-7$, $8-9$, $10-11$, Chance- and Risk-Report in the Annual Report 2016/2017 (page 55 et seq.) | ✓ | | | |

Organizational Profile

| Required disclosures | Page/comments | Notes on completeness |
|---|---|-----------------------|
| G4-3: Name | 2 | ✓ |
| G4-4: Primary brands, products and services | 2 | v |
| G4-5: Location of headquarters | 2 | × |
| G4-6: Countries where the organization operates | 2 | v v |
| G4-7: Nature of ownership and legal form | 2 | |
| G4-8: Markets served | 2 | ✓ |
| G4-9: Scale of the organization | 2, 40 | ✓ |
| G4-10: Total workforce | 40 | ✓ |
| G4-11: Employees covered by collective bargaining agreements | 32 | v |
| G4-12: Supply chain | 40 | ✓ |
| G4-13: Significant changes regarding size, structure or ownership | There have been no significant changes in the reporting period. | ✓ |
| G4-14: Explanation of how the precautionary approach is addressed | 21–22 | v |
| G4-15: Externally developed charters, principles or initiatives | 25—26, 48 | ✓ |
| G4-16: Memberships in associations and advocacy organizations | 48 | v |

Material Aspects

| viaterial Aspects | | |
|--|--|-----------------------|
| Required disclosures | Page/comments | Notes on completeness |
| G4-17: Corporate structure | 12—13 | × |
| G4-18: Process for defining report content | 4-5 | √ |
| G4-19: Material Aspects | 4-5 | ✓ |
| G4-20: Material Aspects within the organization | GRI index (specified for the GRI Aspects identified as material in the Standard Disclosures) | ✓ |
| G4-21: Material Aspects outside the organization | GRI index (specified for the GRI Aspects identified as material in the Standard Disclosures) | ✓ |
| G4-22: Explanation on any restatements of information | Any restatements are specified at the relevant positions in the report's "Figures" section | ✓ |
| G4-23: Explanation of changes to the report parameters | 4-5 | ✓ |

| Stakeholder | | | | |
|---|---------------|-----------------------|--|--|
| Required disclosures | Page/comments | Notes on completeness | | |
| G4-24: Stakeholder groups engaged by the organization | 4-5, 8-9 | √ | | |
| G4-25: Basis for selection of stakeholder groups | 8-9 | √ | | |
| G4-26: Approaches to stakeholder engagement | 8-9 | ✓ | | |
| G4-27: Topics and concerns of stakeholders | 8—9, 21 | ✓ | | |

| Fundamentals of Reporting | | | | |
|--|--|-----------------------|--|--|
| Required disclosures | Page/comments | Notes on completeness | | |
| G4-28: Reporting period | 4-5 | ✓ | | |
| G4-29: Date of publication of the most recent report | 9th Sustainability Report dated October, 25, 2016 | ✓ | | |
| G4-30: Reporting cycle | 4-5 | ✓ | | |
| G4-31: Contact person | 65 | ✓ | | |
| G4-32: GRI Index | page 51 et seq. | ✓ | | |
| G4-33: External assurance of the report | Our Sustainability Report is not examined/audited externally at present. | ✓ | | |

Governance

| Required disclosures | Page/comments | Notes on completeness |
|---|---|-----------------------|
| G4-34: Governance structure | 12—13 | ✓ |
| G4-35*: Delegation of responsibility for development of sustainability | 9, 12—13 | ✓ |
| G4-36*: Competences for development of sustainability | 9, 12—13 | v |
| G4-37*: Consultation with stakeholders | 8-9 | v |
| G4-38*: Composition of the highest governance body | 12—13 | v |
| G4-39*: Independence of the highest governance body | 12—13 | v |
| G4-40*: Nomination and selection processes | 12—13 | v |
| G4-41*: Conflicts of interest | 12—13 | v |
| G4-42*: Highest governance body's role in developing sustainability strategies and objectives | 9, 12—13 | ✓ |
| G4-43*: Knowledge of the highest governance body | 12—13 | ✓ |
| G4-44*: Evaluation of the highest governance body's performance | Top management's performance is evaluated at the Annual Shareholders' Meeting in the form of ratification of the acts of the Executive Board and the Supervisory Board in accordance with the German Corporate Gover- nance Code. | ~ |
| G4-45*: The highest governance body's role in the identification of the impact on sustainability | 12—13 | ✓ |
| G4-46*: The highest governance body's role in the reviewing the effectiveness of the risk management processes | 12—13 | ✓ |
| G4-47*: Frequency of the review of the impact on sustainability | 12—13 | × |
| G4-48*: Internal review of the Sustain- ability Report | 12—13 | ✓ |
| G4-49*: Process for communicating critical concerns to the highest governance body | 12—13 | ✓ |
| G4-50*: Critical concerns | 12—13 | v |
| G4-51*: Remuneration policies | 12—13, Compensation Report in the Annual Report 2016/2017 (page 61 et seq.) | ✓ |
| G4-52*: Determination of remuneration | 12—13, Compensation Report in the Annual Report 2016/2017 (page 61 et seq.) | ✓ |
| G4-53*: Mechanismus for seeking and taking into account the views of employees and shareholders regar- ding compensation | 12—13 | ✓ |

| G4-54*: Ratio of total compensation 12–13 for the organization's highest-paid individual to that of employees | |
|---|--|
| | |
| G4-55*: Increase in total compensati- on for the organization's highest-paid individual relative to that of employees | |

Ethics and Integrity

| Required disclosures | Page/comments | Notes on completeness |
|--|---------------|-----------------------|
| G4-56: Internally developed statem- ents of mission or values, codes of conduct and principles | 37—38 | ✓ |
| G4-57*: Mechanisms for seeking advice on ethical and lawful behavior | 37—38 | v |
| G4-58*: Mechanisms for reporting concerns about unethical or unlawful behavior | 37—38 | ✓ |

* Additional disclosures for the report status "Comprehensive"

Specific Standard Disclosures - Economic

| Required disclosures | Relevance in the value chain | Page/ comments | Notes on completeness |
|--|---|--|--------------------------|
| Aspekt: Economic Performance | | | |
| G4-EC1: Direct economic value generated and distributed | Internal | 8—9, 16—17, 40 | v |
| G4-EC2: Financial implications for the organization's activities due to climate change | Internal | KWS does not currently carry out a calculation. Opportunities and Risks Report in the Annual Report 2016/2017 (page 55 et seq.) | |
| G4-EC3: Company retirement pension | Internal | Annual Financial Statements in the Annual Report 2016/2017 (page. 112 et seq.) | v |
| G4-EC4: Financial assistance received from government | Internal | Annual Financial Statements in the Annual Report 2016/2017 (page. 122 et seq.) | ¥ |
| Aspect: Market Presence | | | |
| G4-EC5: Local minimum wage | Internal | A minimum wage is absent. Compensation is governed by collective bargaining agree- ments. | ✓ |
| G4-EC6: Senior management hired from the local community | Internal | We do not record this indicator. KWS does not restrict its recruiting to the region around its locations. Due to the speciali- zed know-how required by our employees and executives, KWS needs to recruit staff beyond the region and internationally. | |
| Aspect: Indirect economic impacts | | | |
| G4-EC7: Investments in public infrastructure | Internal and external (upstream and downstream) | No investments in public infrastructure were made. | √ |
| G4-EC8: Indirect economic impacts | Internal and external (upstream and downstream) | 36—37 | √ |
| Aspect: Procurement Practices | | | |
| G4-EC9: Local suppliers | External (upstream) | This indicator is not applicable to KWS since its procurement structures are international. | ✓ |

Specific Standard Disclosures - Environmental

| Required disclosures | Relevance in the value chain | Page/ comments | Notes on completeness |
|---|------------------------------|---|---|
| Aspect: Products and Ser- vices | | | |
| G4-EN27: Mitigation of environmental impacts of products and services | External (downstream) | 17—21, 24—26, 28—31 | ✓ |
| G4-EN28: Reclaim of packaging materials | External (downstream) | KWS does not take back any packaging for the seed it sells. The product packaging consists of cardboard and paper. It is dis- posed of by customers via the "Green Dot" system. As a result, packaging is recycled for commercial use. | ✓ |
| Aspect: Compliance | | | |
| G4-EN29: Fines and sanctions for non- compliance with laws and regulations | Internal | 37—38, 47 | ✓ |
| Aspect: Supplier Environmental Assessment | | | |
| G4-EN32: Screening of suppliers | External (upstream) | 38 | These figures are currently not available. The concept for supplier audits is being created. |
| G4-EN33: Impacts in the supply chain | External (upstream) | | This indicator is not reported on at present. |
| Aspect: Environmental Grievance Mechanisms | | | |
| G4-EN34: Grievances | Internal | | These figures are not available since KWS has not implemented a formal grievance management. |

Specific Disclosures—Labor Practices and Decent Work

| Required disclosures | Relevance in the | Page/ | Notes on |
|---|------------------|--|--|
| | value chain | comments | completeness |
| Aspect: Employment | | | |
| G4-LA1: Rates of new employee hires and employee turnover | Internal | 35—36, 45 | A breakdown by region is currently not provided, since the report boundary only extends to Germany. |
| G4-LA2: Benefits provided | Internal | 33-34 | × |
| G4-LA3: Parental leave | Internal | 33 | Data are not collected at present. |
| Aspect: Labor/Management Relations | | | |
| G4-LA4: Minimum notice periods regarding significant operational changes | Internal | We comply with the statutory regulations and so have not defined a uniform notice period throughout the group. | ✓ |
| Aspect: Occupational Health and Safety | | | |
| G4-LA5: Workforce represented in health and safety committees | Internal | All employees in Germany are covered | Data are not collected at present. |
| G4-LA6: Injuries, occupational diseases, lost days, absente- eism and work-related fatalities | Internal | 34, 46 | There is currently no breakdown by region, since the reporting framework is based on Germany. |
| G4-LA7: Incidence or high risk of diseases | Internal | Employees in breeding and research are given the neces- sary vaccinations against tick bites, if necessary in their specific region. | * |
| G4-LA8: Health and safety agreements with trade unions | Internal | There are currently no agree- ments with trade unions on specific health and safety issues. | ✓ |
| Aspect: Training and Education | | | |
| G4-LA9: Average annual further training per employee | Internal | | Data are not collected at present. |
| G4-LA10: Skills management and lifelong learning | Internal | 33-34 | × |
| G4-LA11: Employee performan- ce and career development reviews | Internal | 33—34, 44 | |
| Aspect: Diversity and Equal Opportunity | | | |
| G4-LA12: Composition of governance bodies and break- down of employees by diversity criteria | Internal | 12—13, 35—36, 41, 45 | Figures on membership of employees to any minority groups are not collected or reported, since recording of such data is not permitted in Germany under the General Act on EqualTreatment. |

| Required disclosures | Relevance in the value chain | Page/ comments | Notes on completeness |
|---|------------------------------|--|--|
| Aspect: Equal Remuneration for Women and Men | | | |
| G4-LA13: Ratio of basic salary of men to women | Internal | 35—36, 45 | v |
| Aspect: Supplier Assessment for Labor Practices | | | |
| G4-LA14: Screening of suppliers | External (upstream) | 38 | These figures are not available at present. The concept for supplier audits is being establis- hed. |
| G4-LA15: Impacts in the supply chain | External (upstream) | 38 | This indicator is not reported on at present. |
| Aspect: Labor Practices Grievance Mechanisms | | | |
| G4-LA16: Grievances | Internal | KWS has not implemented a formal grievance management system at present. | Data are not collected at present. |

Specific Standard Disclosures—Human Rights

| Required disclosures | Relevance in the value chain | Page/ comments | Notes on completeness |
|---|----------------------------------|---|---|
| G4-HR1: Human rights aspects in investment agreements and supplier contracts | Internal, external (upstream) | | This indicator is not reported on at present. |
| G4-HR2: Employee training on human rights | Internal, external (upstream) | Specific training courses on the subject of human rights are not held at present. | ✓ |
| Aspect: Non-discrimination | | | |
| G4-HR3: Incidents of discrimi- nation and corrective actions taken | Internal | 37—38 | ✓ |
| Aspect: Freedom of Associati- on and Collective Bargaining | | | |
| G4-HR4: Operations and suppliers where the right to exercise freedom of association and collective bargaining may be a significant risk | Internal, external (upstream) | 37—38 | ✓ |

| Required disclosures | Relevance in the value chain | | Notes on |
|---|----------------------------------|---|---|
| | value chain | comments | completeness |
| Aspect: Child Labor | | | |
| G4-HR5: Operations and suppliers identified as having significant risk for incidents of child labor | Internal, external (upstream) | 37—38 | ✓ |
| Aspect: Forced or Compulsory Labor | | | |
| G4-HR6: Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor | Internal, external (upstream) | 37—38 | ✓ |
| Aspect: Security Practices | | | |
| G4-HR7: Security personnel trained in aspects of human rights | Internal | There is no management approach at present, since one has not been regarded as necessary to date. There are no special training courses on human rights. | ✓ |
| Aspect: Assessment | | | |
| G4-HR9: Operations that have been subject to human rights impact assessments | Internal | No special assessment is carried out at present. | ✓ |
| Aspect: Supplier Human Rights Assessment | | | |
| G4-HR10: Screening on suppliers | External (upstream) | | This indicator is not reported on at present. |
| G4-HR11: Impacts in the supply chain | External (upstream) | | This indicator is not reported on at present. |
| Aspect: Human Rights Grievance Mechanisms | | | |
| G4-HR12: Grievances | Internal | KWS has not implemented a formal grievance management system at present. | These figures are not available at present. |

Specific Standard Disclosures - Society

| Required disclosures | Relevance in the value chain | Page/ comments | Notes on completeness |
|---|------------------------------|---|--|
| Aspect: Local Communities | | | |
| G4-SO1: Local community engagement, impact assess- ments, and development programs | External (upstream) | 8—9 | ✓ |
| G4-SO2: Negative impacts on local communities | External (upstream) | There were no significant negative impacts in the reporting period. | √ |
| Aspect: Anti- corruption | | | |
| G4-SO3: Analysis of risks related to corruption at business units | Internal | 37—38, 47 | v |
| G4-SO4: Training in anti- corruption | Internal | 37—38, 47 | v |
| G4-SO5: Incidents of corruption and actions taken | Internal | 37—38, 47 | v |
| Aspect: Public Policy | | | |
| G4-SO6: Contributions to political parties and politicans | Internal | None. Gifts to officials and employees of state-owned companies are prohibited in principle. | ✓ |
| Aspect: Anti-competitive Behavior | | | |
| G4-SO7: Legal actions for anti-competitive behavior | Internal | 37—38, 47 | v |
| Aspekt: Compliance | | | |
| G4-SO8: Fines and sanctions for non-compliance with laws and regulations | Internal | 37—38, 47 | ✓ |
| Aspect: Supplier Assessment for Impacts on Society | | | |
| G4-SO9: Screening of suppliers | External (upstream) | | These figures are not available at present. The concept for supplier audits is being established. |
| G4-SO10: Impacts in the supply chain | External (upstream) | | This indicator is not reported on at present. |
| Aspect: Grievance mechanisms for impacts on society | | | |
| G4-SO11: Grievance | Internal | KWS has not implemented a formal grievance management system at present. | This indicator is not reported on at present. |
| | | | |

Specific Standard Disclosures-Product Responsibility

| Required disclosures | Relevance in the value chain | Page/ comments | Notes on completeness |
|--|---------------------------------|-------------------|--------------------------|
| Aspect: Customer Health and Safety | | | |
| G4-PR1: Impacts on human health and safety | External (downstream) | 24—26 | × |
| G4-PR2: Non-compliance with regulations on health protection and safety | External (downstream) | 37—38, 47 | ✓ |
| Aspect: Product and Service Labeling | | | |
| G4-PR3: Labeling of products | External (downstream) | 24—26 | × |
| G4-PR4: Non-compliance with regulations concerning product and service labeling | External (downstream) | 37—38, 47 | ✓ |
| G4-PR5: Measurement of customer satisfaction and results | External (downstream) | 26 | |
| Aspect: Marketing | | | |
| G4-PR6: Sale of banned or disputed products | Internal, extern | 21–23 | v |
| G4-PR7: Non-compliance with regulations on marketing | Internal, extern | 37—38, 47 | v |
| Aspect: Compliance | | | |
| G4-PR9: Fines and sanctions for non-compliance with laws and regulations | Internal | 37—38, 47 | ✓ |

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