

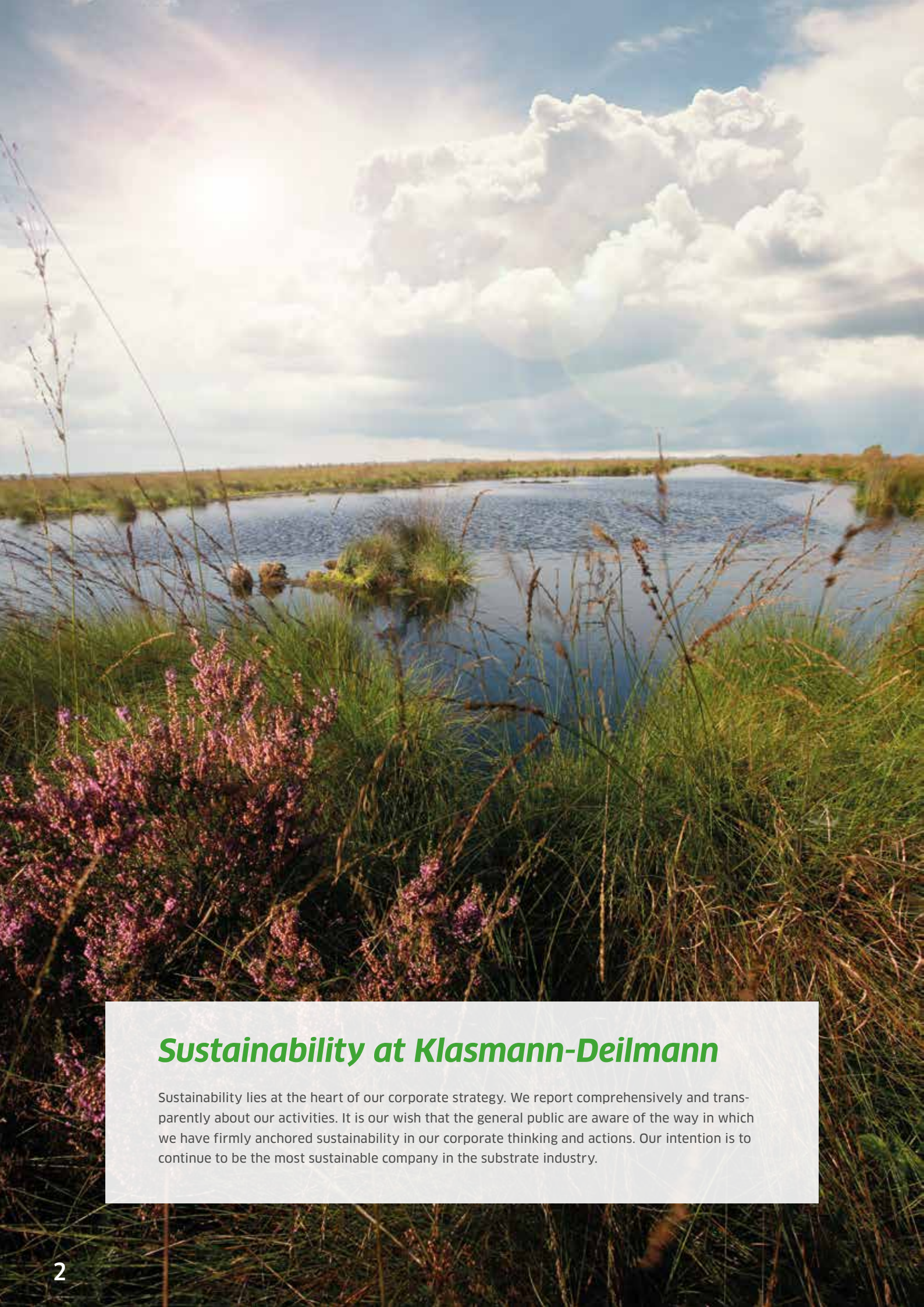


Our responsibility in facts and figures

Sustainability 2014



we make it grow



Sustainability at Klasmann-Deilmann

Sustainability lies at the heart of our corporate strategy. We report comprehensively and transparently about our activities. It is our wish that the general public are aware of the way in which we have firmly anchored sustainability in our corporate thinking and actions. Our intention is to continue to be the most sustainable company in the substrate industry.

Certifications

The benchmarks against which we are measured are not set by ourselves. Our benchmark is sustainability across all divisions within the company. We incorporate economics, ecology and social responsibility within an integrated strategy.

- Sustainability Report pursuant to GRI-G4
- Climate footprint verified pursuant to ISO 14064
- Environmental policy pursuant to ISO 14001
- Quality management system pursuant to ISO 9001
- Value chain controlled pursuant to R.H.P. guidelines

Procurement

Our „Sustainability guidelines for suppliers“ have been valid since 2012, and supplement our selection criteria for suppliers by including stipulations covering the protection of human rights, the working conditions of employees, environmental standards, as well as a business ethics code.

The standards defined in these guidelines, and their adoption, are prerequisites for every supply contract with Klasmann-Deilmann. We play an active role in achieving a shared understanding of social, ethical and environmental standards.

Social commitment and work with professional associations

- Selective sponsoring of charitable, cultural and sporting projects
- Long-term co-operation with the „Plant-for-the-Planet“ environmental foundation
- Founding member of the „Emsländische Stiftung Beruf und Familie“ (the Emsland region’s „Work and Family“ foundation)









Raw materials

From today's point of view, peat will continue to be the most important substrate constituent in the following years because it boasts all of the physical, chemical and biological properties required for commercial horticulture, and is also available in the necessary quantities in the long term. Nevertheless,

the proportion of alternative organic substrate constituents is increasing. The use of wood fibre, green compost or coco is horticulturally practical in many substrate blends, and has been successfully tried and tested.

	Production growing media and potting soil in m ³	Extraction of raw peat materials in m ³	Production of wood fibres in m ³	Production of green compost in m ³
2014	3,323,670	3,297,000	99,000	89,000
2013	3,226,356	3,683,000	66,000	68,000
Change in m ³	 + 97,314	 - 386,000	 + 33,000	 + 21,000

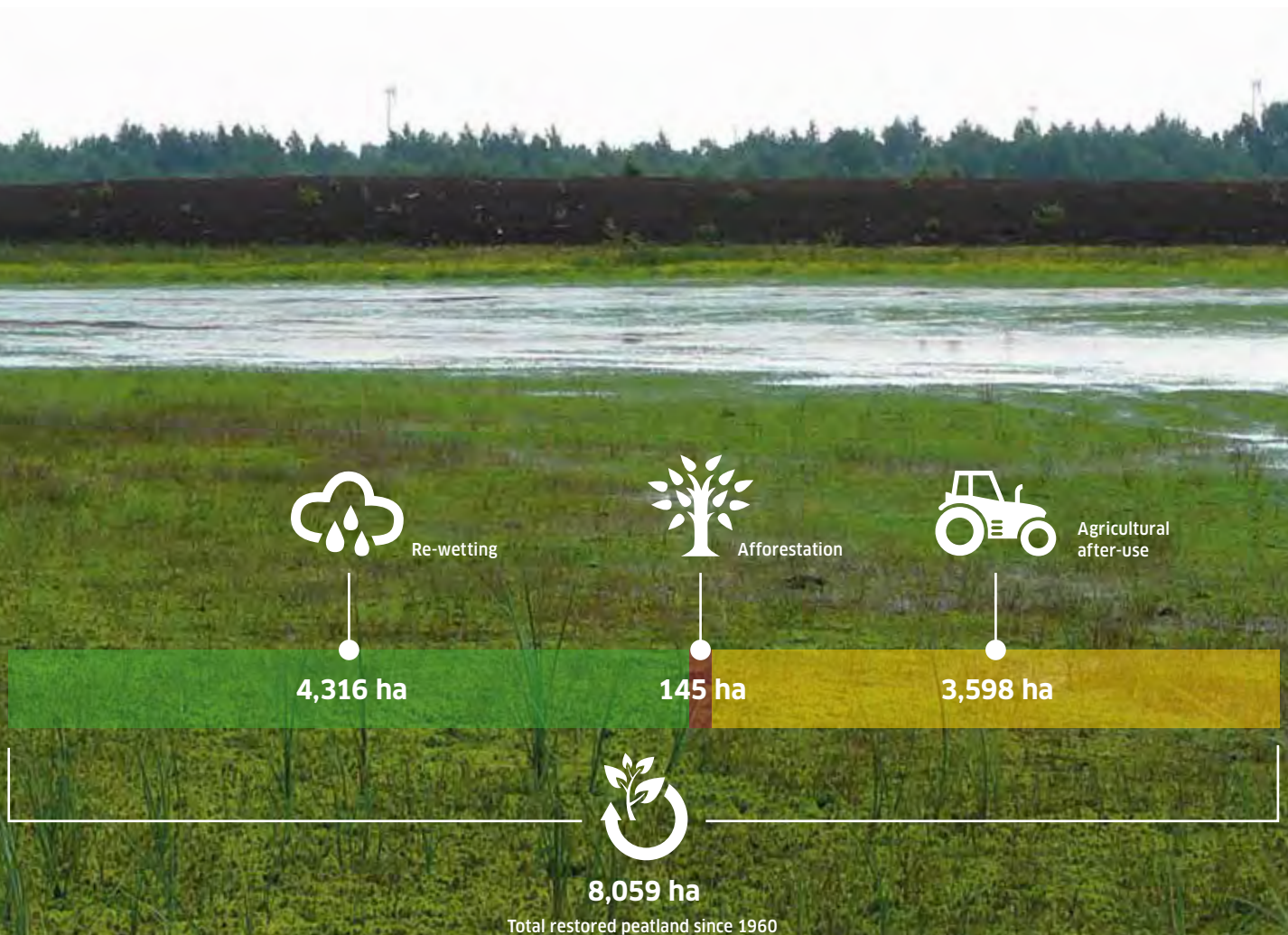
Responsible extraction of raw materials

- Peat extraction is exclusively carried out on degraded peatlands
- Intact peatlands have been protected by nature conservation regulations since 1981 and remain in their untouched state
- Peatlands are used pursuant to the „Code of Practice“ of the European Peat and Growing Media Association (EPAGMA)

Measures following cessation of peat extraction

When the extraction of the raw material has come to an end, the extraction areas are restored and made permanently available as biotopes for conservation

and climate protection purposes. Klasmann-Deilmann has so far rewetted, afforested or made available for agriculture 8,059 hectares.





Renewable energy and resources

In the Baltic region, Klasmann-Deilmann has extensive land areas for the planting and operation of short-rotation forestry (SRF) plantations.

In the coming years, we intend to develop into a significant provider of alternative energy sources, e.g. for biomass cogeneration plants.

Climate footprint 2014

Emission sources	2014 in t CO ₂ -equiv.	% of total balance	2013 in t CO ₂ -equiv.	Change 2013/14 in %
Extraction areas	117,601	42.87	125,182	- 6.06
Energy consumption	22,407	8.17	21,071	+ 6.34
Transport	68,939	25.14	65,441	+ 5.35
External suppliers	42,188	15.38	42,678	- 1.15
Other emissions sources	23,136	8.44	18,018	+ 28.40
Carbon footprint of overall company	274,271	100.00 %	272,390	+ 0.69

Positive carbon footprint

In addition to the carbon footprint for 2014, a „positive“ carbon footprint has also been drawn up (i.e. one that includes only carbon-positive measures). It discloses how many emissions from

fossil energy sources such as coal, oil and natural gas are avoided by our use of renewable energy, and captured by forest resources.

Avoided emissions	2014 in t CO ₂ -equiv.	2013 in t CO ₂ -equiv.	Change 2013/14 in %
Use and generation of renewable energy and of forest resources	- 11,209	- 10,467	7.09 %



Product carbon footprint

The data from the corporate carbon footprint can be converted to figures for individual products, resulting in a product carbon footprint (PCF).

Recipe	Designation	Type	Emissions 2014
413	Klasmann base substrate	White-peat substrate	38.65
002	Klasmann Potgrond P	Black-peat substrate	30.95
062	Klasmann KKS organic tray substrate	Black-peat / white-peat blend with green compost	56.31
080	Klasmann seedling substrate	Black-peat / white-peat blend with coco pith	35.31
698	Klasmann BP substrate	Black-peat / white-peat blend with wood fibre	27.08

Figures in kg CO₂-equiv./m³, inclusive of transport from Germany to France, excluding end use

CO₂ reduction strategy

We pursue a range of projects to reduce or compensate for the emissions we generate. They are part of our CO₂ reduction strategy.

Measures to avoid the use of fossil fuels or for the direct binding of CO₂

- Afforestation
- Forest management
- Short-rotation forestry (SRF) plantation management
- Generation of heat energy from corporate-owned SRF plantations

Transport

- The basic rule is „ship before rail before road“
- Reducing product weight to optimise capacity utilisation of transport units
- Raising the proportion of alternative substrate constituents to 15% by volume of the annual production total by 2020

Raw material extraction

- Further advancement of sustainable land management
- Rapid implementation of restoration measures on former extraction areas
- Implementation of a scientific study on the actual emissions from extraction areas



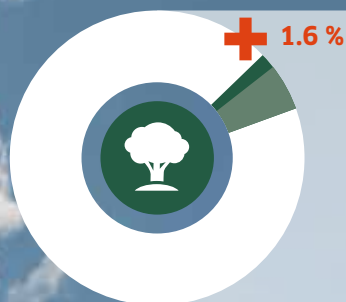
Workforce

Highly qualified and hardworking employees play a crucial role in moving our organisation forward. Knowing that our commercial success depends very much on our employees' commitment, motivation and skills, our priorities include individually tailored training and further training activities, a corporate culture that encourages innovation, active health promotion measures, and cultivating a way of relating in which – out of the diversity of opinions and ideas – we pave the best way forward.

	2014	2013
Total number of employees	948	915
Fulltime	903	868
Part-time	45	47
Permanent contracts	852	824
Fixed-term contracts	96	91
Administrative employees	416	403
Technical/Industrial employees	532	512
Men	768	750
Women	180	165

All figures are average levels for the year in question.

Key performance indicators for 2014

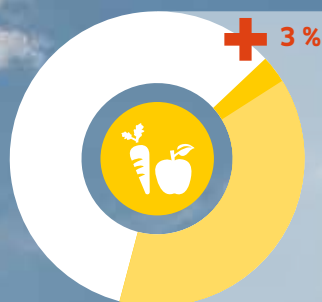


Alternative constituents

We intend to raise the proportion of alternative constituents to 15% of our total production by 2020.

Proportion of alternative constituents within the overall production

2014	2013	Change
6.6 %	5.0 %	+ 1.6 %

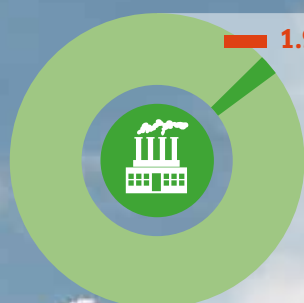


Food industry

We intend to increasingly supply the fruit and vegetables cultivation sector in future. To document the progress being made here, we compare the sales figures achieved for this area with total sales of growing media (in m³ in both cases).

Sales to food sector as proportion of total sales

2014	2013	Change
41 %	38 %	+ 3 %



Emissions

We pursue a strategy of continuously optimising the emissions levels per product unit. We therefore compare the total emissions of the Group (in t CO₂ equiv.) to the total production amount (in m³).

CO₂ emissions per product unit in m³

2014	2013	Change
82.52 kg CO ₂ equiv.	84.43 kg CO ₂ equiv.	- 1.91 kg CO ₂ equiv.

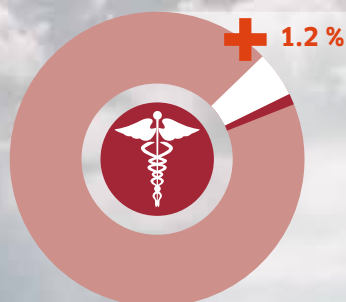


Renewable energy

The figures given below are the ratio between emissions (in t CO₂ equiv.) and emissions avoidance (in t CO₂ equiv.); they underline the increasing importance of energy activities in our company and take account of the emissions-preventing impact of our measures.

Ratio between emission levels and emission avoidance

2014	2013	Change
4.09 %	3.84 %	+ 0.25 %



Employee health

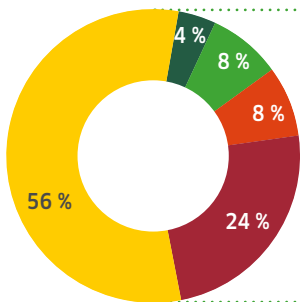
This figure is shown as a ratio of the total number of days to be worked by our international workforce and the number of days off sick (including sickness periods of less than and more than six weeks).

Employee health

2014	2013	Change
96.3 %	95.1 %	+ 1.2 %



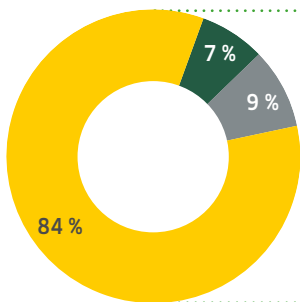
Use of peatlands



Raised peat bog use in Germany

Up until the 1970s, peat extraction was expressly promoted by policy makers in Germany. The fallow land was made usable for housing and for agricultural purposes. Peat extraction since then has exclusively been carried out on already drained land, which in some cases was previously used for agricultural purposes.

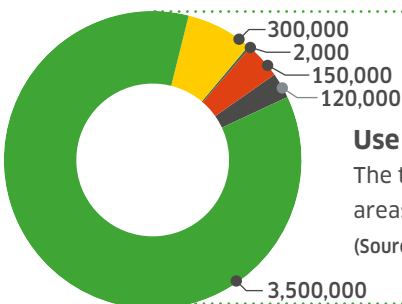
(Source: www.warum-torf.info/torfgewinnung-in-deutschland/torfgewinnung-moornutzung)



Emissions from German peatlands

Scientific calculations indicate that peat extraction accounts for around 7% of the total emissions from degraded peatlands.

(Source: www.warum-torf.info/torf-und-klima/klimarelevanz-emissionsfaktoren)



Use of peatlands world-wide (figures in km²)

The total area of peatlands world-wide covers around 4,074,000 km² of which peat extraction areas account for around 2,000 km² (= 0.05% of the world's total area of peatlands).

(Source: International Peat Society, Strategy for Responsible Peatland Management, 2010)

- Agriculture
- Forest
- Intact peatlands
- Peat extraction
- Purple moor grass and wooded areas
- Extensively used peatlands
- Drained tropical peatlands



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