

Raising the benchmark

The Klasmann-Deilmann-Group



1913

we make it grow



Benchmarks

**Klasmann-Deilmann
sets – and raises –
the benchmark.**

**As market leader, we shape the international
substrate industry like no other company.**

Our growing media form the crucial foundation for plant growth and the success of horticultural businesses all over the world. Our core competencies embrace the entire value chain, from product development and raw-materials extraction through to production and logistics. Together with our partners and customers, we will continue to set sustainable standards for our industry into the future.

History

Our high standards go back a long way.

Our history tells the success story of a medium-sized family business. Achieving this success on a daily basis takes every ounce of our commitment.

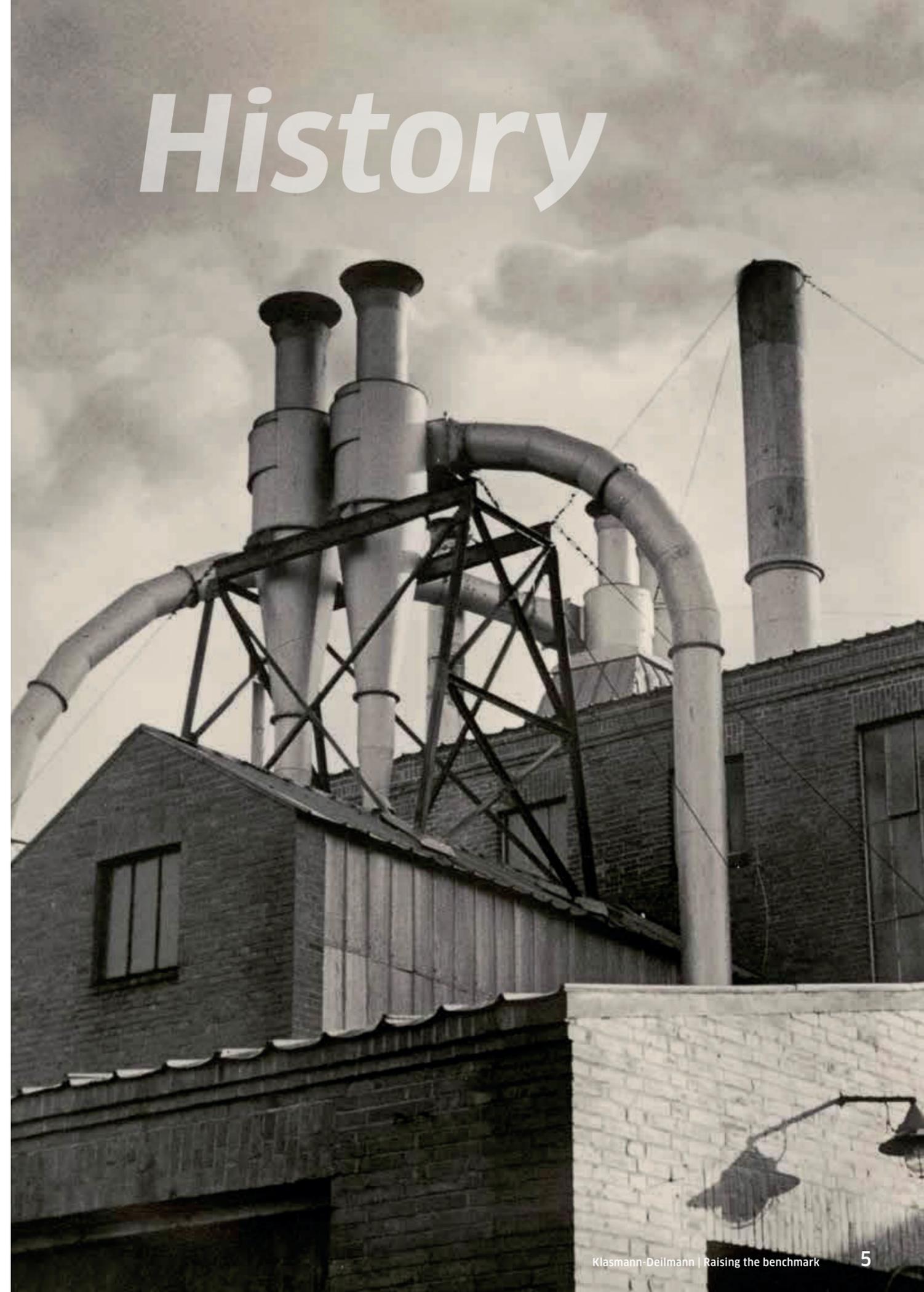
Klasmann-Deilmann's corporate history goes back to 1913 when Georg Klasmann founded Heseper Torfwerk GmbH, a company which was renamed Klasmann Werke GmbH in 1971. The firm that later became C. Deilmann AG began producing peat in 1920. In its early decades, Klasmann's main focus was on manufacturing fuel peat and bedding for horse stables, and building its own peat-fuelled power station. In the face of the industrialisation of the sector, Klasmann had also been successfully involved for many years in the construction of special machinery for peat extraction, and the marketing of this machinery worldwide.

In the 1960s, peat became universally established in commercial horticulture owing to its unique properties for promoting plant growth. Deilmann and Klasmann were among the pioneers and henceforth concentrated on the production of growing media. From 1974 onwards, both companies extended their production beyond white-peat-based products to include black-peat-based growing media.

The merger of Klasmann and Deilmann in 1990 created Klasmann-Deilmann GmbH, which became the leader in

the substrate sector, and has been one of the 'hidden champions' of German medium-sized enterprises ever since. As part of its strategy for solid growth, the company acquired extensive reserves of raw materials in Germany, Ireland, Lithuania and Latvia, investing in ultra-modern substrate factories at central locations. At the same time, subsidiaries were formed in important European countries, as well as in Asia and North America, in order to secure a presence in local markets. In addition, a network of sales partners arose that now covers the entire world.

Klasmann-Deilmann also sets benchmarks in the transfer of its in-house core competencies to new business segments: the composting of green waste, and the construction of its own wood-fibre facilities expand its options for using alternative substrate constituents. With its entry into the renewable energies and resources sector in 2009, Klasmann-Deilmann establishes an even broader economic basis. The company's commitment to sustainability across all its business activities led it to adopt a forward-looking strategy, in which ambitious targets have been defined for the period up to 2025.



Raw materials

One of the benchmarks we set is the quality of our raw materials.

With our large-scale reserves of these resources we can ensure that we will continue to produce substrates of consistently high quality and in the quantities required worldwide.

We have extensive reserves of raw materials in Germany, in the Baltic region and in Ireland. Here, we extract white peat using the milled-peat method or in sod form. We allow our black peat to 'freeze through' in the winter months before it is collected in spring. This has the effect of preserving our raw materials' specific properties, which become evident following the subsequent low-impact treatment: high air and water capacity, optimal drainage properties and structural stability. This gives plants and their roots the anchorage, oxygen and moisture levels that they need.

Wood fibres and green compost, which we produce at our own facilities, are gaining in importance as substrate constituents. We also do research on completely

new raw materials that may play an important role in future in the sustainable production of substrates.

A substrate is created when the raw materials peat, wood fibre, green compost and coco pith are enriched with perlite, lime, fertiliser and additives – such as sand and clay. A wide range of organic and mineral fertilising solutions ensures that plants are supplied precisely with all the nutrients and trace elements at exactly the right time. Adding lime adjusts the pH level in the growing medium.

As part of the development of innovative substrate constituents, we play a significant role in forward-looking research projects, such as the cultivation of peat moss (sphagnum farming).

We raise the benchmark for growing media.

In order that healthy plant development is ensured.

In order that roots can anchor themselves. In order that water is stored and the air capacity is just right. Thus we always provide commercial growers with the optimum substrate.

Our growing media are synonymous with quality, worldwide. Our innovations play a vital role in the industry as a whole. Our core competencies serve one single purpose: to provide the perfect substrate for every need.

As specialist high-performance products, our growing media meet the highest industrial standards and a wide range of quality requirements. New substrate recipes are not only tailored precisely to the needs of the plants. Just as important is our know-how

about external factors such as method of cultivation and technical equipment of the horticultural business, as well as geographically varying climatic conditions.

This puts demanding requirements on selecting the right basic constituents, fertilisers and other additives. During the development of a new substrate, we test the recipe in an extensive series of trials until we have found the ideal mixing ratio that meets the full spectrum of requirements.

Growing media





Growth

Our benchmark is growth.

**Sowing, growing on and harvesting. Healthy growth, whatever the conditions.
In all phases of their development, plants are provided with all they need.
And we, too, grow to keep pace with our customers' demands.**

In many countries, commercial horticulture has achieved a high degree of industrialisation, specialisation and digitisation. Computer-controlled irrigation and fertilising systems, automatic potting machines, robots for pricking-out, air-conditioned greenhouses and just-in-time production are the dominant features of production processes in modern nurseries. Many of them have specialised – in a single plant species or a particular stage of growth such as the production of young plants, for example.

The diversity of our substrates has its origin in the highly varied nature of horticultural enterprises throughout the world. They range from small specialist firms producing exotic crops or organic potted herbs on an ecological basis, through to tree nurseries or landscaping firms specialising in golf courses, and

large-scale producers serving the needs of national and multinational retailers. The desire to keep pace with these developments shapes our innovative capacity and flexibility.

Along with the seeds, the seedlings and the young plants, and in addition to the technical equipment and the cultivation methods of a horticultural enterprise, our substrates also play a crucial role. They ensure that the means of production work together seamlessly, and that plants develop optimally.

We know that our customers' success mainly depends on the reliability of our substrates. Which is why, just like our customers, we place the highest possible demands on our products in terms of quality and homogeneity.



Diversity

The bewildering variety of plants cultivated worldwide and the various cultivation methods used are reflected in the great variety of our substrate recipes, which are devised with the sole aim of ensuring the intended crop succeeds. Whatever the task at hand – growing young tomato plants in Morocco, cultivating bromeliads in China or producing potted herbs in Germany – our extensive know-how culminates in products that create ideal conditions for growth.

Our range of products is designed to cover the diversity of crops and to achieve any crop outcome sought by horticultural businesses. We provide a selection of versatile substrates for a wide spectrum of horticultural uses – substrates that are well-established internationally. However, nurseries working under highly specific conditions and with particularly demanding crops require substrates that are – commensurately – highly specialised and individually developed. For every profile of requirements, we have the perfect substrate in our product assortment.

Our benchmark is diversity.

Vegetables and herbs, soft fruits, bedding and balcony plants, pot plants and foliage plants, shrubs, deciduous and fruit-bearing trees. For the plenitude of different plants which are cultivated right round the globe, there is a diverse range of substrates available that are carefully tailored to their needs.

Your results are our benchmark –
the proof is in the growing.

Vigorous roots, healthy plants, and high-yielding crops. The standard we set for ourselves is first-class substrates; our goal is for growers to enjoy success. And, in this, we are helping to enhance the quality of life for the final consumer.

The demand for flowering and green plants is enormous, and it rises continuously in many countries. Our growing media are instrumental in ensuring dependable crop outcomes and also in meeting the increasing requirement for plants.

At the same time, the world population continues to increase by many millions year on year. Thanks to their increasing use for the cultivation of fruit and vegetables, our growing media have become a significant factor in the value-added chain of the food industry. In particular, this concerns young vegetable plants.

In view of the extreme climatic and geological conditions, commercial horticulture is facing particular challenges in many regions of the world such as the hot and arid zones of the African continent. Here, it is primarily as water reservoirs that our substrates come into their own.



Results



The major peat reserves are found largely in the temperate climatic zones of the northern hemisphere. Horticultural regions without their own peat resources are thus dependent on imports of growing media.

We are also the world leader in substrate logistics. Business relations established over many years with reliable haulage companies and transport service companies in many countries ensure that orders are handled reliably and as quickly as possible, and that deliveries by road, rail or ship arrive punctually at their recipients. Special blends and packaging ensure that a substrate is supplied to the customer in perfect condition, even after a long journey.

Among the factors fundamental to our customers' success is our worldwide network of in-house experts and partners who maintain close ties to all markets, and are very familiar with the commercial horticulture in their own region. Our experienced professionals are in constant dialogue with customers, to whom they offer individual guidance. This interaction and communication at the personal level is another vital aspect making us a sought-after partner of horticultural enterprises all over the world.

We set the benchmark in international commercial horticulture.

Europe, Asia, Oceania, America, Africa: horticultural enterprises on every continent have come to rely on our substrates and achieve top results.

*Inter
nationality*

Certification

We do not define the benchmarks against which we are measured by ourselves.

Klasmann-Deilmann is certified to the ISO 9001 and ISO 14001 standards. Our raw materials and substrates conform to the guidelines laid down by the Dutch RHP foundation.

We are not solely accountable for our corporate responsibility towards society as a whole. Its value primarily depends on compliance with established and recognised criteria. This is the reason why we allow our central divisions to be continuously tested and certified by independent organisations.

We are, under ISO 9001, required to continuously optimise our internal processes; compliance with this standard is monitored by our quality-management system and by independent authorities. We are also constantly developing our environmental policy, which is certified according to ISO 14001. Our regularly published sustainability report satisfies the internationally recognised guidelines defined by GRI (Global Reporting Initiative), and includes a climate footprint verified pursuant to ISO 14064.

In order to document the consistently high quality of our growing media, we have our entire value chain - extending from the raw materials and production facilities right through to the finished substrates - monitored by the strict guidelines of the Dutch RHP foundation (Regeling Handels Potgronden, NL). Our products TerrAktiv green compost and our PEFC-certified wood fibre product GreenFibre also comply with RHP criteria. Our organic substrates fulfil the standards stipulated by the growers' associations in Germany, Austria, and Switzerland. The whole production process from composting through to the final manufacturing stage of the organic substrate is monitored by the EU ecological certification organisation 'Grünstempel'.

Our benchmark is sustainability across all our corporate activities.

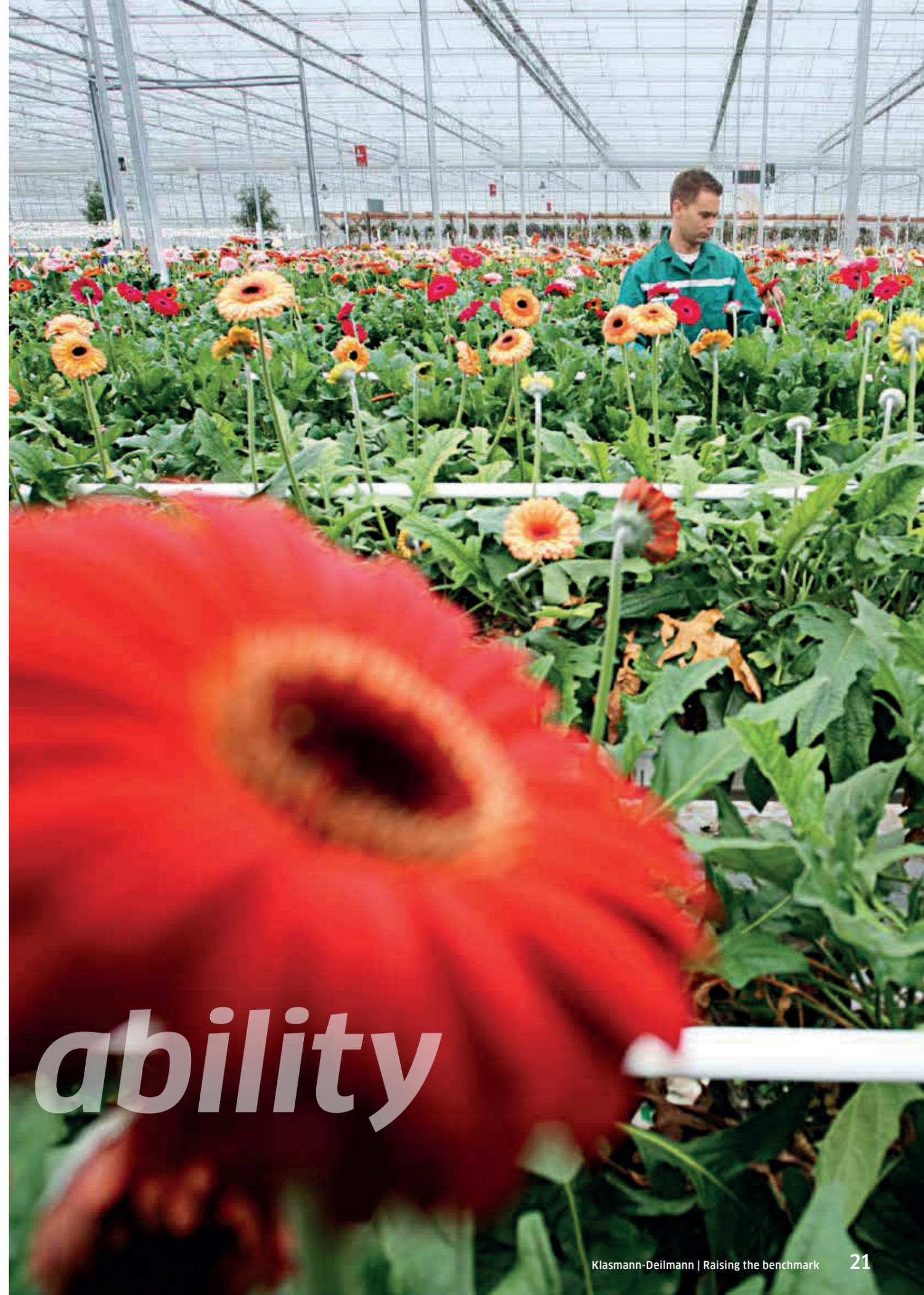
We integrate economy, ecology and social action in a holistic strategy that paves the way for the future.

Companies are increasingly seen as having social responsibility. In addition to revenues and job security, businesses are also assessed on their level of commitment to environmental and societal criteria, and their responsibility towards future generations. Our corporate guiding principles (which are binding throughout the Group) enable a process of continuous improvement with which we are further enhancing the sustainability of our company and our substrates. Our activities in this context embrace effective environmental protection, the reduction of emissions and the responsible use of our natural resources. They include a respectful approach to relations within the company, as well as with customers, suppliers, and

all stakeholders. They also incorporate social aspects, and our company's economic health.

Our strategic focus integrates the business sectors in commercial horticulture, the food industry, and the field of renewable energies and resources. The use of increasingly sustainable business practises, as the core of all activities, is firmly rooted within this strategy. We document our progress in the annually published sustainability report. We are convinced that Klasmann-Deilmann is very much on track in terms of retaining, into the long-term future, the mandate - repeatedly given by policy makers and the public - to pursue entrepreneurial activity.

Sustainability



Peatland renaturation

Of the total area of vast raised bogs in the world, only a relatively small proportion is used for peat extraction. Intact peatlands enjoy protected status and we leave them untouched. In line with our voluntary commitment defined in the Code of Practice, which was developed by the European Peat and Growing Media Association (EPAGMA), and the RPP certification system (Responsible Produced Peat), we obtain our raw materials solely from sites drained decades ago when this was politically and socially acceptable.

Nevertheless, these sites are subject to especially strict statutory requirements that envisage complete natural restoration once extraction is over. Primarily by means of rewetting measures, we allow former extraction areas to revert to typical peatland landscapes in which peat moss can grow once again. In addition, afforestation and natural succession – which involves the land being left unmanaged so that the natural process of plant colonisation runs its course – also form part of our successfully implemented measures.

Our benchmarks include the successful renaturation of former extraction areas.

Rewetting, afforestation, natural succession. We are committed to creating extensive biotopes which are permanently available for conservation and climate protection purposes.

Energy

Using expertise in several sectors, developing additional business models, and acting sustainably.

Our benchmarks are opening up exciting new avenues in the field of renewable energies and resources.

Over a period of one hundred years, we have acquired a unique portfolio of knowledge in the management of large expanses of land, and in the processing and utilisation of biomass. We are also transferring our experience to branches of industry not directly linked to commercial horticulture. As a provider of renewable energies and resources, we are already well established, and are rigorously expanding this business activity.

The sustainable use of wood is the focus of these activities. We are expanding opportunities for production and exploiting promising utilisation options such

as carbon-neutral fuels. And we are systematically developing our own sites, especially as potential locations for fast-growing tree species using short-rotation methods. Our short-rotation plantations (SRP) provide a solid foundation for becoming one of the leading producers in this segment. At the same time, we are establishing our own production of fuels derived from renewable tree species, and from woodland management services on privately owned sites. The intention is to achieve a respectable market position as a provider of integrated fuel and logistics services for power station operators.

The benchmark for our performance is our fitness for the future.

Present successes and breadth of vision are among our strengths. We combine tradition and values with state-of-the-art technology and innovation. This makes us ideally equipped for the challenges of the future.

Outlook

Klasmann-Deilmann can look back on more than hundred years in business, a history defined by its many successes and by continuity, innovation and the high quality of our products and services. With the same pioneering spirit that once gripped Georg Klasmann and Carl Deilmann, our focus is on both the present and the future. One of the Klasmann-Deilmann Group's outstanding strengths is that we view changing circumstances as opportunities, taking advantage of them for the benefit of the company with its employees, partners and customers.

Both now and in the future, we will continue to pursue our growth strategy, to expand our leading position within the growing-media sector in terms of both quality and service, and to further establish ourselves in the business area of renewable energy and resources. Our future lies in the ability to rise to new challenges.

Vision 2025

Our benchmarks also include the objectives we plan to achieve in the years to come.

Our Vision 2025 already makes it clear today where the course we have charted will lead us, and therefore provides us with an ambitious view of where we will stand in the future.



📍 Lead company 📍 Sales companies 📍 Independent sales companies

We will further expand our position as the world market leader in substrates, especially also with innovative substrates and cultivation systems. In addition to Europe, we primarily intend to grow further in overseas markets – particularly in Asia. Our Renewable Energy business unit will account for a significant proportion of our consolidated turnover, and our energy resources will be secured for the long term. This will further strengthen the internationalisation and diversification of our company.

Our Green K will have firmly established itself in all markets as a synonym for the highest product quality, as well as for reliability and continuity. As the most sustainable business in the sector, we will then stand

out even more than today for high levels of credibility – and this will make us a reliable business partner. Customers and partners value our high competence in finding solutions. Our lively innovation culture will be firmly rooted throughout the company, and our production processes and logistics solutions will set the benchmarks for the whole sector.

Our service, production and sales companies will understand and satisfy the individual requirements of our customers and partners even better than today. All of these aspects will make us more and more attractive for highly qualified and goal-oriented specialist personnel and executives, whom we can offer multifaceted roles and international development opportunities.



we make it grow