



**Sustainability**



# We are pioneers in environmentally friendly and sustainable mining

K+S strives for sustainability and acknowledges its responsibility towards people, the environment, communities and the economy in the regions in which it operates.

Every business decision should be in line with our corporate, climate, and sustainability strategy.

The following content has been extracted from the Annual Report (AR) 2024. They provide a concise overview of our engagement in the areas of Environment & Resources, Governance und Social Responsibility.



The K+S Sustainability Wheel illustrates in the inner circle of the wheel the material topics identified, which are the focus of our K+S Sustainability Strategy. The outer ring of the wheel presents the broader fields of action in which K+S is involved.

# Sustainable Transformation

Our Company is undergoing a comprehensive transformation, and we are committed to driving this process forward. As part of this transformation, we are enhancing our environmental footprint and increasing our enterprise value. In addition, we serve as a reliable partner for transformation processes that are initiated outside K+S. Guided by these principles, we have chosen the claim "Sustainable Transformation" for our 2024 Annual Report. We have established a robust and reliable foundation to successfully pursue this ambitious path, with a solid balance sheet without net financial debt. We have positioned ourselves to achieve sustainable transformation from our own strength, even at the lower end of the cycle.





# Shaping a sustainable future

## K+S: Your partner for transformations worldwide

Our systemically relevant products for agriculture and industry make a significant contribution to society's basic supply. We are a partner in the green agricultural transition, as evidenced by our planned production of potash products with the smallest possible carbon footprint. We supply the raw materials for establishing transformation technologies and also have the expertise to create the unique storage infrastructure required by the energy transition.

### Our products are systemically relevant.



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# K+S is a pioneer in sustainable mining

## Our transformation topics

At K+S, the Werra 2060 project and the ramp-up in Bethune, among other initiatives, are contributing to sustainable and economic transformation. These initiatives are interconnected, making us more competitive, robust, and climate-friendly. Through the comprehensive use of highly efficient combined heat and power generation technology as well as extensive energy efficiency measures, we have already achieved an 80% reduction in CO<sub>2</sub> emissions compared to 1990. We are consistently pursuing this path and have anchored future goals in our ambitious climate strategy. With our unique infrastructure, we offer disposal options both underground and on our tailings piles, and can be a partner in the “green energy transition” in the future, for example by using solution mining to create caverns for hydrogen storage.

### Werra 2060

- + Increased efficiency, more specialties
- + Securing the long-term future
- + Reduction of tailings piles disposal
- + Termination of saline process water discharge in 2028
- + Halving of CO<sub>2</sub> emissions



## Climate-friendly potash and salt production

By transforming our production processes and energy consumption, we have become the first producer to offer potash and salt with the lowest possible carbon footprint.

### Decarbonization

# 25%

CO<sub>2</sub> reduction by 2030 and 60% by 2040 to achieve greenhouse gas neutrality by 2045 (Scope 1 and Scope 2).

### New business areas and leveraging our infrastructure

- + Coverage of tailings piles/REKS
- + Circular economy
- + Underground/indoor farming
- + Solution mining of caverns as hydrogen storage



### Ramp-up Bethune

- + Capacity ramp-up from 2 to 4 million tonnes per year
- + Cost-effective, water- and energy-efficient secondary mining
- + Production in North America and Europe increases flexibility



# We take responsibility

## Our sustainable transformation pays off.

We ensure nutrition, health, and safety. Our operations contribute to securing the food supply of a growing world population. The growing demand for agricultural commodities can only be met by more intensive farming on limited arable land in view of a growing world population and changing eating habits. A balanced use of mineral plant nutrients is, therefore, essential, in which our potash and salt products play a key role. Since this can only function sustainably in the long term, sustainable transformation is an essential part of the K+S corporate strategy.

As part of our sustainability strategy and upcoming ESRS reporting, we conducted a comprehensive double materiality analysis in 2024. This analysis enabled us to precisely determine the materiality of our business activities in terms of both financial and impact-related aspects. The result demonstrates K+S's capability to identify and manage economic and environmental opportunities and risks at an early stage. As of this year, we will voluntarily adopt the ESRS framework for our reporting, ensuring the highest level of transparency and relevance.



The global population is increasing, but the amount of arable land is decreasing. Maximizing yields requires effective land cultivation, and our fertilizers play a key role in achieving this goal.



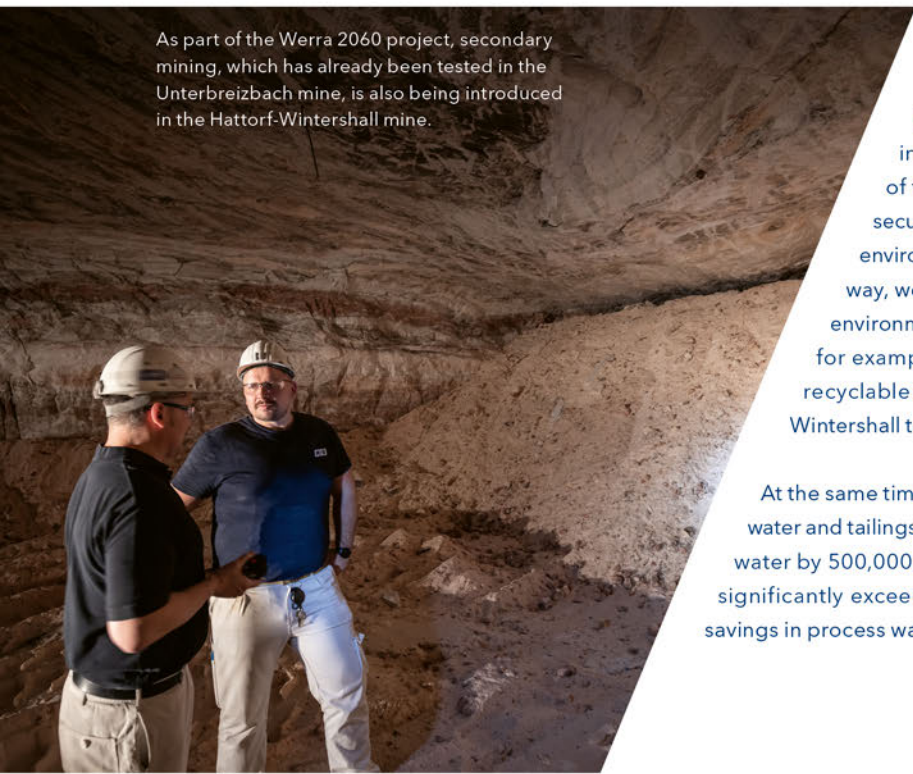
Not every soil type or crop requires the same fertilization method. As a partner to our customers, we provide farmers with expert advice on the balanced use of mineral plant nutrients.

## We set global standards for environmental and climate protection.

Our potash and rock salt deposits are located on two continents. A distinction is made between reserves and resources, which are regularly determined in accordance with international standards. Reserves are defined as developed raw materials that can be mined economically. Resources, on the other hand, are potential deposits for which geological evidence exists but exploration is still insufficient.

During the extraction and processing of potash crude salts, solid residues and saline wastewater are generated.





As part of the Werra 2060 project, secondary mining, which has already been tested in the Unterbreizbach mine, is also being introduced in the Hattorf-Wintershall mine.

We are optimizing our production to ensure environmentally friendly and sustainable extraction in the future. One example of this is our extensive Werra 2060 project, which has the following goals: increasing competitiveness and extending the lifetime of the plant through higher and more stable production, securing jobs in the long term, and significantly reducing the environmental footprint of domestic potash production. In this way, we want to live up to our own claim of being a pioneer in environmentally friendly and sustainable mining. Dry backfilling, for example, enables secondary mining, increases the yield of recyclable materials, and makes it less necessary to expand the Wintershall tailings pile. This reduces the amount of mining residues.

At the same time, we are striving for a continuous reduction of process water and tailings pile water. We assume that the goal of reducing process water by 500,000 m<sup>3</sup> by 2030 will be achieved much earlier and will be significantly exceeded with the Werra 2060 project and the associated savings in process water to a total of 1 million m<sup>3</sup> per year.

Furthermore, this project sets new standards in potash production by reducing our carbon footprint by about 50% and optimizing energy use. We are pursuing one of two possible paths to climate-friendly potash production, i.e., by transforming our production and processing methods. The second path, which we are pursuing in parallel with the production of potash with the lowest possible carbon footprint, is the transition of our energy use from fossil fuels to renewable energies. For this purpose, we have, for example, launched a pilot project at our Zielitz potash plant to generate heat from electricity in a co-generation process. Outside Germany, we are driving forward the expansion of capacity at our Bethune site with the successful expansion of secondary mining, which is characterized by increasing water and energy efficiency.

**Climate change - E1** ↗ AR 2024, pp. 87  
**Water & Dissolved mining residues - E3**  
↗ AR 2024, pp. 109

The transition to dry potash production will reduce the volume of production water at the Werra plant by more than

**1 million m<sup>3</sup>**



At the Bethune plant, potassium chloride is crystallized in a cooling pond to take advantage of the low ambient temperature.

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## We rise to the challenges:



Utilizing caverns for waste management



Promoting biodiversity by greening tailings piles



Protecting resources through recycling

Our products are shipped all over the world from the Kalikai in the Port of Hamburg. K+S also lives up to its responsibility as a supplier.

## We develop innovative utilization concepts.

The demand for sustainable waste disposal solutions is growing. For this reason, we have combined the operation and special infrastructure of our modern disposal facilities with those of REMEX in a joint venture called REKS. This business model also provides us with access to materials for covering our tailings piles in the future. In the context of circular economy, K+S is investigating, among other things, the possibility of processing residues or by-products from other industries and returning them to the raw materials market.



Renewable energies are essential for the energy transition – not only at K+S. In cooperation with interested partners, we are evaluating our facilities, including tailings piles, mines, and open pits, in terms of their suitability for local energy generation and storage. The development of a future hydrogen economy will be a key factor in the decarbonization of many industrial plants. With underground caverns, we can provide a future storage location for energy carriers such as hydrogen.

**Climate change - E1** ↗ AR 2024, pp. 87  
**Water & Dissolved mining residues - E3**  
↗ AR 2024, pp. 109

## We take responsibility - as a strong partner for our suppliers and service providers.

K+S calls for fair and sustainable business practices in its supply chains as stipulated in our Supplier Code of Conduct. The Code requires suppliers to recognize and adhere to our values and is based on international standards such as the UN Global Compact, the Universal Declaration of Human Rights, the ILO Core Labor Standards, and the OECD Guidelines for Multinational Enterprises. It covers topics such as human and labor rights, health and safety, environmental issues, and responsible business practices.

Our long-standing partnership with DB Cargo represents a significant step forward in our environmentally conscious logistics strategy. By increasing our use of environmentally friendly transportation methods such as rail and waterways, we are significantly reducing our CO<sub>2</sub> emissions while ensuring the efficient delivery of goods to our international customers.

**Business conduct- G1** ↗ AR 2024, pp. 132  
**Own workforce - S1** ↗ AR 2024, pp. 116  
**Socio-economic concerns - S3** ↗ AR 2024, pp. 125



We leverage our unique infrastructure, including for the disposal of contaminated waste. We act responsibly with constant monitoring here as well.

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## We take responsibility - as a reliable employer.

At K+S, our employees are of central importance: We offer secure employment through uniform contractual conditions worldwide. Our training and further education programs qualify our employees for future challenges, with a particular focus on continuous professional development. About 600 people are undergoing an apprenticeship or a dual course of study, and we promote retraining in line with individual needs. More than 90% of our trainees are hired. We support their well-being with flexible working models and family-friendly measures such as the GlückSkinder company daycare center in Kassel, care options for family members in need of care, and psychological first aid from an external family service.

# 600

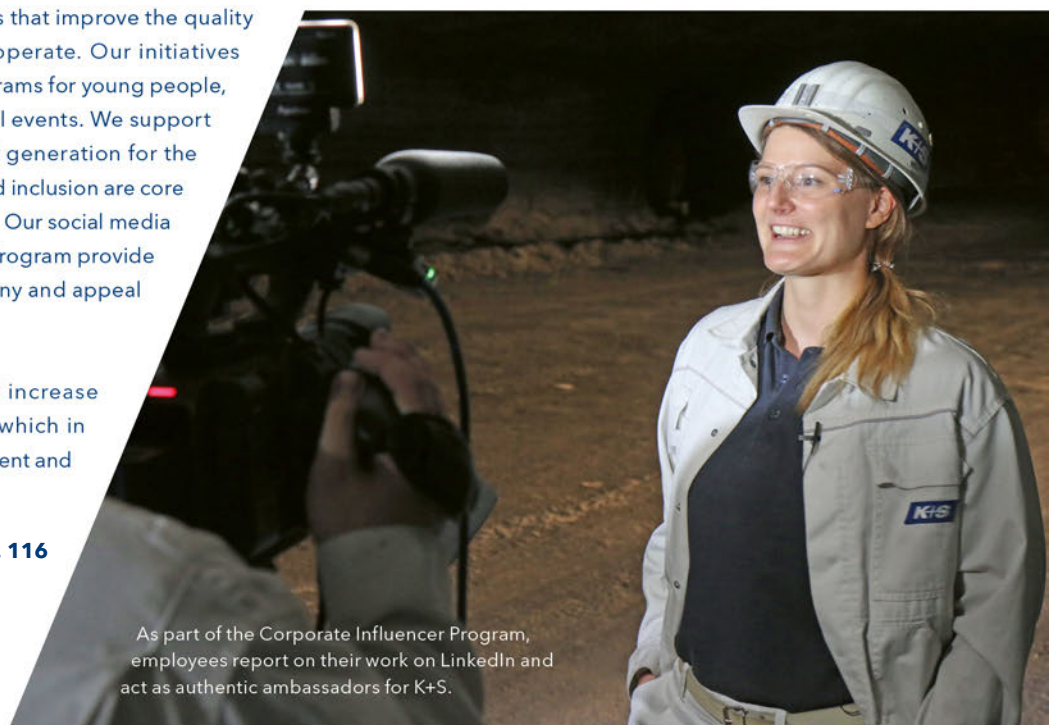
people undergo an apprenticeship  
or a dual course of study

We value a diverse and inclusive work environment that fosters innovation and creativity. By signing the UN Global Compact and the Diversity Charter, we affirm this commitment. Our health programs promote the well-being of our employees. Customized occupational safety programs ensure their safety, supported by regular training and awareness-raising measures.

We are committed to social projects that improve the quality of life in the regions in which we operate. Our initiatives include education and training programs for young people, environmental projects, and cultural events. We support local schools and prepare the next generation for the challenges of the future. Diversity and inclusion are core values in all our employee processes. Our social media activities and Corporate Influencer Program provide authentic impressions of the Company and appeal to potential new employees.

We take social responsibility and increase employee loyalty and motivation, which in turn creates a positive work environment and sustainable success.

**Own workforce - S1 ↗ AR 2024, pp. 116**



As part of the Corporate Influencer Program, employees report on their work on LinkedIn and act as authentic ambassadors for K+S.



## **We act as a partner with our communities.**

K+S creates jobs in the surrounding communities, which strengthens the local economy, provides income opportunities, and improves the quality of life.

For many years, we have prioritized the exchange of ideas and information with environmental organizations, political decision-makers, local authorities, and interested members of the public, particularly regarding current projects and plans.

Our Bethune site in Saskatchewan, Canada, is of particular significance due to its size. In addition to political representatives, the community, and interested members of the public, the site is home to the First Nations community. K+S engages in regular dialog with various indigenous communities in various formats and participates in symposia.

**Socio-economic concerns - S3 ↗ AR 2024, pp. 125**





# Anchored in the Corporation – we live sustainability



## Sustainable corporate governance across all levels.

Our sustainability governance ensures the targeted and efficient implementation of the sustainability strategy at all levels and in all relevant business areas of the Company. The Sustainability Committee (a Supervisory Board committee), the Board of Executive Directors, and the Chief Sustainability Officer (CSO) play a central role in sustainability governance. The Sustainability Committee oversees sustainable corporate governance and the Company's business activities, with a focus on environmental, social, and governance (ESG) issues. It provides guidance to the Supervisory Board on these matters.

Each sustainability goal has a sponsor at the level of the Board of Executive Directors who provides the necessary resources. The CSO reports to the CEO and chairs the Sustainability Committee. The committee's responsibilities include providing guidance on sustainability matters and facilitating their coordination across the organization. The committee convenes biannually to assess the general adequacy of sustainability management. Should a need for adjustment be identified, the committee makes recommendations to the management responsible.

# 50%

of our Board of Executive Directors  
members are women.

The Supervisory Board is closely monitoring the sustainable transformation: Here, its members are informing themselves on the progress of the Werra 2060 project.



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# Sustainable transformation pays off

## Elevated capital expenditure

Our capital expenditure is expected to stay elevated as part of the sustainable and economic transformation (primarily from 2024 to 2027, with the investment level in 2024 building up accordingly, decreasing in 2027, and returning to normal levels from 2028). Our robust balance sheet and enhanced operating performance ensure that we can finance the transformation projects using our own resources and achieve at least break-even free cash flows, even at the lower end of the cycle. Adjusted free cash flow and distribution potential will improve significantly even at low potash prices following the phase of elevated capital expenditure. An increase in potash prices would have an additional positive impact.



## Ramp-up Bethune

On the other side of the Atlantic, we continue to focus on the ramp-up of our potash plant in Bethune. With the expansion of secondary mining, we will increase production capacity from the current level of two million tonnes per year to four million tonnes per year over the long term. This water- and energy-efficient process will gradually and significantly improve our cost position.

## Werra 2060

Our lighthouse project Werra 2060 will make domestic potash production more sustainable and more competitive within just a few years. We are taking a major step towards decarbonizing our European production. At the same time, the project will extend the lifetime of the integrated plant, enabling us to remain a guarantor of long-term value creation and secure jobs.

**K+S Corporate Strategy ↗ AR 2024, pp. 41**



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