



Capstone Seeds S.A. (Capstone Seeds) is based in South Africa, where it has been operating for over 20 years. The company markets various field crop alongside pasture and forage seed. Its seed, which is produced in Africa, North and South America, Australia and New Zealand, is distributed in over 30 countries worldwide. In Eastern and Southern Africa, smallholder farmers, as defined by the company, constitute Capstone Seeds' main clientele in all markets, outside of its home country. Maize, sorghum and millets are the company's main crops in the region.

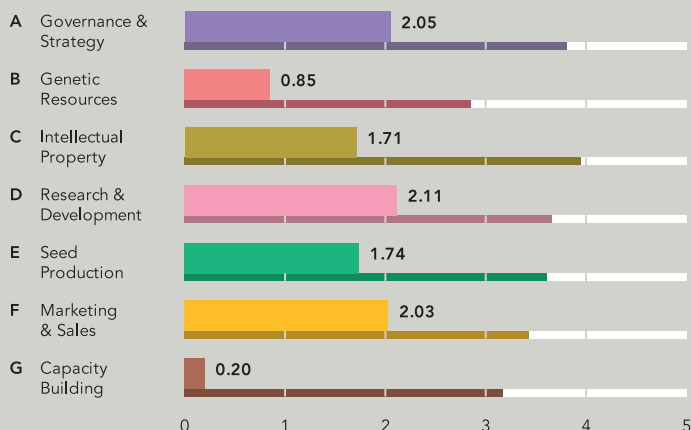
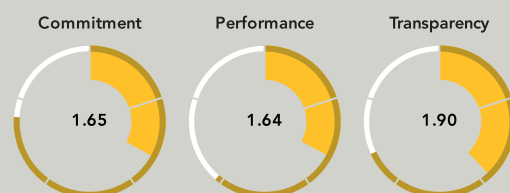
17

rank out of 22
score 1.50

Eastern and Southern Africa

Debuting at 17th in the Eastern and Southern Africa Index, Capstone Seeds has a mixed performance across the measurement areas which includes some notable practices and activities related to smallholder farmers. The company's strongest performance in Research & Development results from a

broad breeding program and a focus on addressing specific traits and pests relevant for smallholders. In relation to Marketing & Sales, the company displays robust distribution channels in 11 index countries and serves remote areas through partnerships with NGOs and local governments. Genetic Resources and Capacity Building are the lowest scoring areas, which can be improved upon with stronger corporate positions, the development of dedicated activities and greater disclosure. Capstone Seeds goes some way to addressing this with corporate commitments towards smallholders in Governance & Strategy, where they play a key role as customers in all countries outside of its home market, South Africa. Furthermore, the company has notable licensing agreements with seed companies in Malawi and Angola, in relation to Intellectual Property.



Leading practices

■ Capstone Seeds has distribution channels in 11 countries in the region and reports serving remote areas through partnerships with non-governmental organizations. The company has promotion strategies and demonstration services such as magazine adverts, field days, demo plots and attendance at trade shows, and its packages provide all details in local languages. Additionally, the company offers open-pollinated varieties for all crops in its portfolio except sunflower.

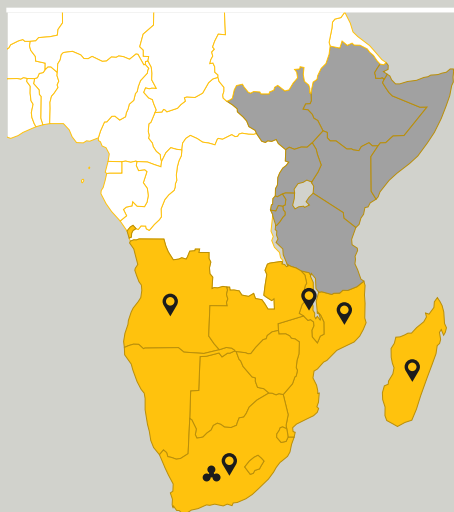
Areas for improvement

■ Capstone Seeds states that improving access to seeds for smallholder farmers is its main business activity. As such, it invests financial resources in breeding, research, seed production and marketing and sales that meet the needs of smallholder farmers. To govern and guide these activities, the company is encouraged to develop a formal policy that includes smallholder-centric targets and tracking mechanisms.

■ The company does not have activities to conserve genetic diversity of global and/or local crops, neither does the company support or collaborate with public gene banks. As the company has a breeding program, covering a range of crops, it is encouraged to formulate a policy on how it aims to support the conservation and use of crop genetic diversity in the region.

■ The company states that it uses written and mutually agreed contracts to limit the production or sale of farm-saved seed by smallholder farmers in index countries. However, the company is encouraged to be more transparent about how it implements these contracts.

■ The company does not currently offer capacity building activities, but hopes to initiate these in the future through financial assistance from third-party institutions. The company is encouraged to further develop relevant strategies to govern such activities, including targets on reaching women and next-generation farmers.



Operations in scope

- Countries in scope
- Company presence
- Production locations
- Breeding station/R&D

Notable findings

■ The company has a broader definition of smallholders than its index peers, considering them to be farmers with less than 50 hectares of land (in contrast to common definitions of farmers with 5 hectares or less). These farmers are the main clientele for most crops in the company's portfolio and constitute the vast majority of its clientele outside of its home market in South Africa.

■ The company is an active member of the national seed trade associations of Eswatini, Malawi, Mozambique, South Africa and Zimbabwe as well as the African Seed Trade Association. It is also a signatory to a seed harmonization scheme for the seed industry in South Africa through its membership of the South African National Seed Organization.

■ ■ ■ The company has partnerships with two regionally based seed companies. In Angola, it has a licensing agreement with Jardins da Yoba to supply parent material for maize seed and to assist in developing seed production, and in Malawi, the company licenses parent seed for Peacock Seeds' hybrid maize varieties in a project supported by USAID.

■ The company states that it has a track and trace system in place for the genetic material within its breeding programs. The movement of seed and the tracking of seed quality are managed with the help of software.

■ The company is involved in collaborative research with member organizations of the Consultative Group on International Agricultural Research (CGIAR). It has its own breeding station in South Africa, which includes breeding activities for dry beans, millets and maize, and it carries out testing activities in six countries in the region.

■ The company states that its policy to ensure social standards in seed production is currently under development.

■ The company offers four soybean varieties, both genetically modified (GM) and open-pollinated varieties. The GM varieties are only sold in South Africa, which is the only country in Eastern and Southern Africa in which these varieties are currently approved. The company reports that sales are mainly focused on larger farmers in the country.

Portfolio information

Index crops in portfolio	Sales											Seed type			Source		
	AGO	BWA	LSO	MDG	MWI	MOZ	NAM	ZAF	SWZ	ZMB	ZWE	Hybrid	OPV	GM	Own breeding program	Public research institute	Licensed from other company
Field crops																	
Beans, dry		●	●	●		●		●	●				●		●		
Cowpea		●	●	●	●	●		●	●				●			●	
Groundnut	●	●				●		●	●		●		●			●	
Maize	●	●	●		●	●	●	●	●	●		●	●		●	●	●
Millets	●	●				●	●	●	●		●	●	●		●		●
Pigeon pea		●			●	●		●	●				●			●	
Sorghum	●	●	●		●	●	●	●	●		●	●	●			●	●
Soybean		●			●	●		●			●		●	●		●	●
Sunflower		●			●	●		●				●					●
Vegetables																	
Green bean		●			●								●			●	
Green pea		●											●			●	

Angola (AGO), Botswana (BWA), Burundi (BDI), Eswatini (SWZ), Ethiopia (ETH), Kenya (KEN), Lesotho (LSO), Madagascar (MDG), Malawi (MWI), Mozambique (MOZ), Namibia (NAM), Rwanda (RWA), Somalia (SOM), South Africa (ZAF), South Sudan (SSD), Tanzania (TZA), Uganda (UGA), Zambia (ZMB), Zimbabwe (ZWE)