

Sustainability report

2024/25



KMC

Ingredients to grow your business



“At KMC Group, we view sustainability as an obligation, with responsibility being one of our cornerstones. It is also a natural driving force behind everything we do. For us, it is about harnessing the potential of the potato to develop solutions that make a genuine difference – for our owners, our customers, and for the planet.”

— Jesper Burgaard, CEO at KMC

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We take responsibility for the future

Letter to our stakeholders by Jesper Burgaard

At KMC Group, we view sustainability as an obligation, with responsibility being one of our cornerstones. It is also a natural driving force behind everything we do. For us, it is about harnessing the potential of the potato to develop solutions that make a genuine difference – for our owners, our customers, and for the planet.

We share responsibility for this ambition with our owners – the Danish potato farmers – and with customers and partners worldwide. Our ownership structure gives us a unique advantage: all the potatoes used in our production are sourced from Danish farmers. This ensures a secure and reliable supply as well as high quality, which you can read more about on page 34.

KMC has developed significantly over the years, but one constant has always remained: our mantra, “KMC – a great place to work.” This is not just about employee well-being, but about how we work, collaborate and grow together. We have defined four cultural values – Engagement, Development, Collaboration and Decency – which guide our work and behaviour as colleagues, leaders and as an organisation.

This is elaborated on page 30.



Jesper Burgaard, CEO at KMC and Kristian Møller Sørensen, Chairman of the Board at KMC

In the 2024/25 financial year, KMC sustained growth in both revenue and profit compared with the previous year, demonstrating a robust business and a market that has confidence in our products and the way we operate. Additionally, we have made several investments to strengthen our ability to meet the growing global demand for potato-based ingredients while continuing to reduce the carbon footprint per ton produced. Further details can be found on page 22.

Innovation to meet ambitious goals

One of the biggest challenges in agriculture remains pesticide use. That is why we have set a clear target: to reduce use of plant protection products by 50% by 2032 at the latest.

To achieve this, we bridge business and research. Our team of scientists and specialists works closely with universities in Aalborg and Copenhagen to develop disease-resistant potato varieties using new genomic techniques (NGT).

NGT enables the combination of multiple naturally occurring resistance genes into a single variety, producing stronger potatoes that require less pesticide and crop protection. The technology also allows breeding to be carried out faster and more precisely, enabling the development of new, resilient varieties in significantly less time than before.

This is an example of how we turn research into practice – an investment in the climate, the environment and the future of food security.

Further details on our use of NGT can be found on page 28.

In addition to NGT, we also focus on more sustainable practices among our farmers. This is demonstrated through the Farm Sustainability Assessment, in which 80% of our farmers have achieved gold level and 20% silver. At KMC, we recognise that our sustainability work begins where the potato is grown.

Learn more about our on-field initiatives on page 26.



“At KMC, we view our potato-based ingredients as a key element in reducing the carbon footprint of food production and creating value for our customers through innovative solutions.”

— Jesper Burgaard, CEO at KMC

Transparency and reporting go hand in hand

At a time when reporting requirements are evolving – and in some cases being reduced – we maintain our focus on quality and depth in our sustainability work. For KMC, reporting is not merely a tool; it is a means of ensuring transparency, accountability and long-term value creation.

In 2024/25, we completed our first double materiality assessment for the entire KMC Group, including AKK and AKD. Going forward, this provides the foundation for our priorities and highlights our most significant focus areas, covering climate impact, energy use, and potato cultivation, as well as food safety, innovation, and corporate culture. Further details on the process and results of the assessment can be found on page 12.

To ensure we remain fully aware of our impacts, risks, and opportunities, the assessment will be updated annually going forward. For KMC, transparency and credibility form the basis of trust – both in us as a responsible company and in the products we deliver.

Potato-based ingredients are the way forward

Another key focus area for KMC is biosolutions. Biosolutions involve using biologically inspired industrial solutions to accelerate the transition to a more sustainable and competitive future.

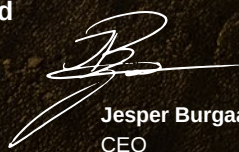
Our focus on biosolutions has attracted increased attention from the outside world. Over the past year, we have welcomed both Danish and international politicians, policymakers, and partners to see how we translate research and technology into new plant-based solutions.

At KMC, we see potato-based ingredients playing a significant role in replacing animal-based ingredients, thereby contributing to reducing the carbon footprint of food products. In the 2024/25 financial year, our solutions enabled customers to replace nearly 37,000 tonnes of animal-based ingredients with potato-based alternatives. This is an example of how the potato can help reduce the climate impact of food production.

Further details on how our potato-based ingredients contribute to lowering the carbon footprint can be found on page 16.

Together, we ensure that KMC is a responsible, innovative and forward-looking organisation.

Happy reading!



Jesper Burgaard
CEO

Expansion of KMC Granules

The expansion of KMC Granules, established in 2003, represents a significant milestone for KMC. This investment will enable KMC to double its production capacity. The existing factory in Brande produces granules and flakes used in a variety of food products including bread, snacks, coatings and instant mashed potatoes.

Excerpt from the management report

KMC continues its growth journey and once again increases the volume of potato-based ingredients sold.

With higher sales volumes, KMC also achieved an 8% increase in net revenue in the 2024/25 financial year compared with the previous year. In addition, we are gaining a larger share of the market for potato starch for the food industry.

On this basis, it has been decided to invest DKK 300 million in an expansion of the KMC Granules factory in Brande. The investment will significantly increase production capacity and support our continued growth and ability to meet the growing demand for potato-based ingredients. The factory expansion is expected to be completed in autumn 2026. As part of the expansion, new delivery rights have been secured from all KMC Group farmers, who showed strong support.

Immediately after the year-end, an additional investment of DKK 500 million was announced for the expansion and modernisation of production capacity for highly refined products at KMC's facility in Brande. This investment focuses on increasing production of high-value starch-based products, which are key ingredients in a wide range of plant-based products, including plant-based cheese alternatives, confectionery, and dressings. The investment is anticipated to be operational by autumn 2027.

In spring 2025, we also commissioned our new 20,000 m² logistics centre, which contributes to a more cohesive and future-proof logistics structure.

KMC and the owner factories' investments in modern production facilities, together with the farmers' ability and willingness to adapt production to market conditions, demonstrate the strength of the KMC Group value chain. There is continued strong support for the strategy plan "Ingredients Tomorrow", which also includes ongoing investment in research and development activities. These activities ensure that the pipeline of new and innovative products remains robust and intact.

"The past year has been defined by our clear focus on the future. With the investments in expanding our two factories, we underline that potato-based ingredients are part of tomorrow's food system. This is not only due to their functional qualities, but also because of their relevance in a global climate perspective. And we are proud of that."

— Niels Jørgen Villesen, CFO/COO at KMC

Net revenue

3,861 

The net revenue for the year ended at DKK 3,861 million, which is 8% higher than 2023/24.

Net profit

373 

The net profit for the year after tax amounts to DKK 373 million, which is an increase at 8% compared to 2023/24.

Number of employees

291 

Since 2023/24, the average number of full-time employees at KMC has increased from 262 to 291.

KMC Group's value chain

The leading role in KMC Group is the potato. Our value chain illustrates its journey from field to fork, highlighting the points where we make the most significant impacts along the way.

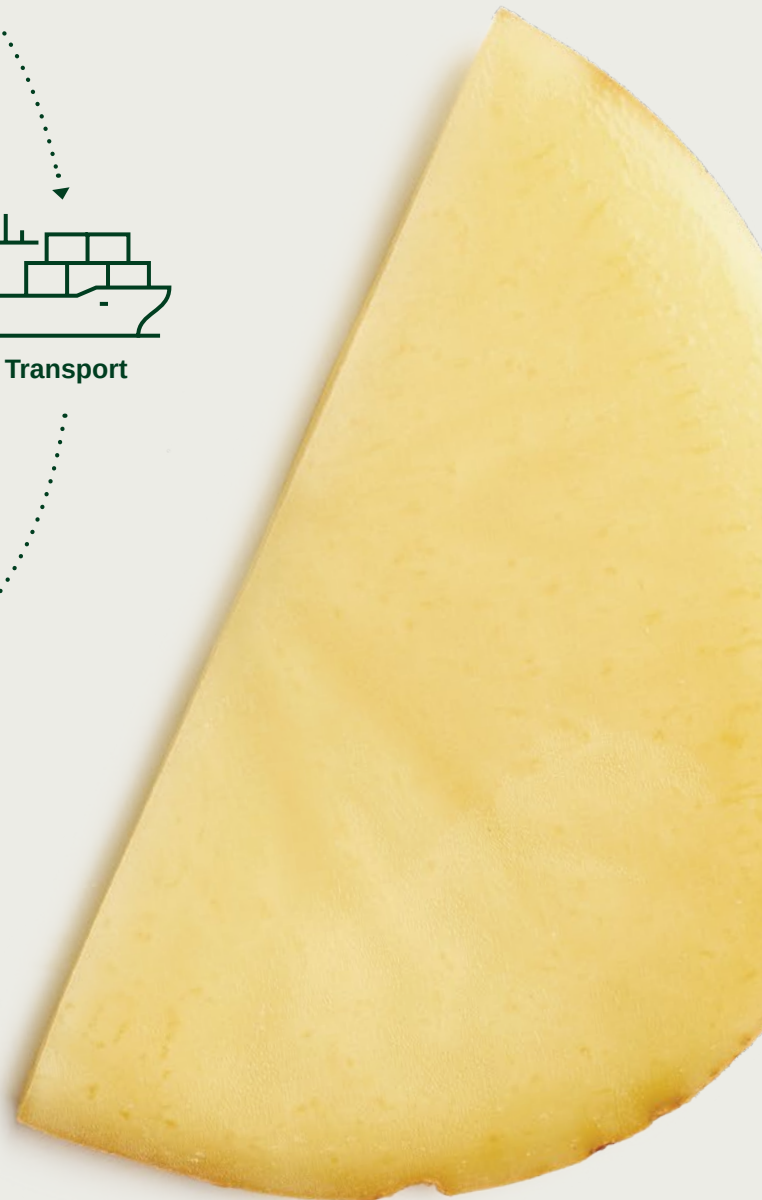
The potato's journey begins with our more than 800 Danish farmers, all working to provide the best growing conditions for the potato. This also includes the potato juice, which is circulated back from KMC Group's factories to the farmers' fields.

The farmers deliver the potatoes to KMC Group, where we use energy, water, and chemicals to produce high-quality potato-based ingredients. These ingredients are then packaged and shipped to customers across the world, who use them in their own products.

The food products then reach the consumer, where even the by-products of our production, the potato's cell walls, end up as biogas, contributing to the green transition.

In this way, the potato's journey is completed in a circular business model.





How we use the potato

In KMC, the philosophy remains the same as always: Simple, common sense is the starting point for a greener food production benefiting everyone. Therefore, we continue to find and explore new, value-adding ways to use the potato, from juice and starch to protein and fiber.

18-20%

Potato starch

Potato starch was the first product in our portfolio – and to this day, it is still our most important product. Potato starch is used in the food industry for products such as pasta, snacks, sauces, and alternative dairy products. The refined potato starch is used to replace or reduce animal ingredients, such as casein in cheese, gelatine in gummy candies, and eggs in mayonnaise.

1-2%

Potato fibers

Potato fibres are used in food production because of their efficient water binding capacity and their contribution to extended shelf life of food products.

**1-2%**

Potato protein

The potato protein has a unique composition of amino acids that is extremely beneficial for both humans and animals. The protein is often used in animal feed, but the nutritional benefits have made potato protein very attractive in the food industry. Among other uses, it helps people with smaller appetites, as well as vegetarians, vegans and those who train, to meet their protein needs. It is also being tested in plant-based meat alternatives.

**73-78%**

Potato juice and cell walls

Potato juice, also called protamylasse in concentrated form, is recycled and used as fertilizer for the next year's potato crops. The cell walls, also referred to as pulp, are used to produce biogas and, in certain cases, as animal feed.



Double materiality assessment

At KMC Group, sustainability is a core value in our business model. We have completed a double materiality assessment covering the entire Group, including AKD and AKK. Although we do not expect to fall within the scope of the EU's Corporate Sustainability Reporting Directive, we follow it closely. This allows us to ensure that our sustainability work keeps pace with developments and that we focus our efforts in the right areas.

The assessment is based on the Corporate Sustainability Reporting Directive and the European Sustainability Reporting Standards. We have identified and evaluated the impacts, risks and opportunities affecting KMC, AKK and AKD, and consolidated them into a single, comprehensive overview. Internal stakeholders have been engaged throughout the process, while external stakeholder perspectives have been drawn from existing reports and websites. The findings have been approved by management across the KMC Group and will be reviewed annually as part of our sustainability reporting.

Responsibility and value creation

Our double materiality assessment enables us to focus on the areas where we can make the greatest difference for people and the environment. We take responsibility for our impacts – both current and potential – and we actively work to improve them. By systematically analysing

financial risks and opportunities across environmental, social and governance issues, we also ensure that we are alert to present and future challenges and value creation opportunities.

The double materiality assessment is presented by topic, covering a range of impacts, risks and opportunities. This gives us a clear overview of which areas are most material for the KMC Group – from both an impact and a financial perspective.

Results and future priorities

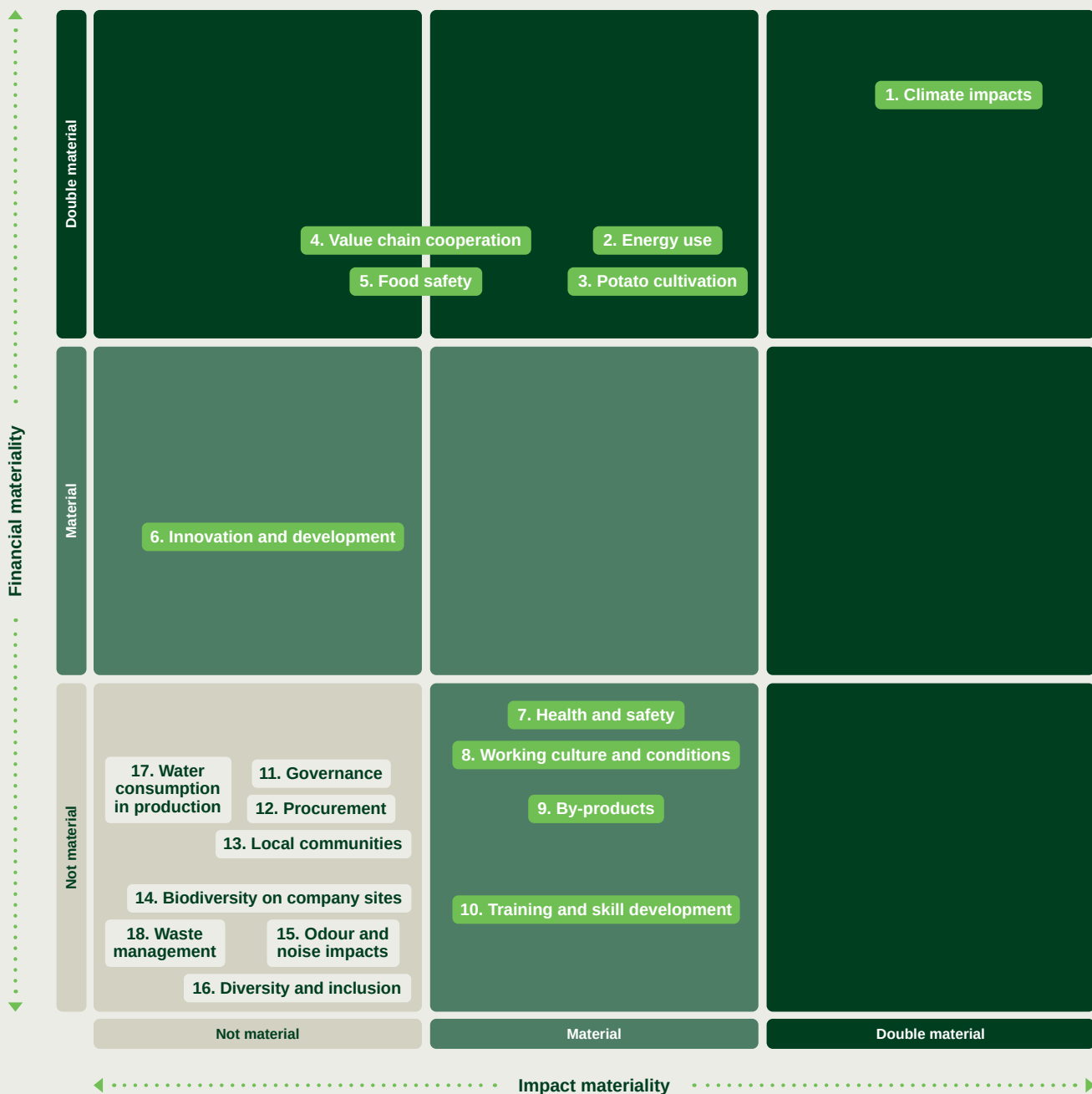
Climate impact, energy use and potato cultivation are particularly important topics for the KMC Group. We are working to reduce CO₂e emissions and energy consumption, and to advance our potato cultivation in a more sustainable direction. Our value chain collaboration across the KMC Group and our high standards for food safety are also central. In addition, innovation and social considerations – including favourable working conditions – play a significant role.

The findings of our analysis chart the course for the KMC Group's future sustainability efforts and serve to strengthen our strategic decisions and initiatives.



The results of our double materiality assessment highlight the most significant topics across environmental, social and governance areas. These findings form the foundation for our sustainability initiatives.

The distribution is illustrated in the figure below:



Material

- 1 **Climate impacts:** The KMC Group's CO₂e emissions primarily arise from natural gas (scope 1), electricity (scope 2), and the value chain (scope 3), including transport and purchased goods. Extreme weather affects potato harvests and can significantly influence yields, thereby impacting the main raw material. Increasing regulation and forthcoming legislation may raise transport costs and require substantial investments.
- 2 **Energy use:** The KMC Group's factories are energy-intensive, relying primarily on natural gas and electricity. Energy-saving initiatives can reduce energy consumption and potentially lower costs. Investment in renewable energy projects such as solar parks and wind turbines may be economically beneficial, but energy crises and rising natural gas prices represent a risk. In the future, several different types of energy sources are being considered.
- 3 **Potato cultivation:** The potato is the primary resource. Potato cultivation entails several impacts, including soil tillage and the use of plant protection products. This can result in accidental contamination carbon emissions, and effects on biodiversity. As temperatures rise in Southern Europe, starch potato cultivation in Denmark is also considered a competitive advantage. Extreme weather and changes in regulation regarding plant protection products and land use represent an economic risk, as they affect yields and costs.
- 4 **Value chain cooperation:** KMC represents AKK and AKD externally as one entity, which creates a business opportunity to ensure ESG delivery across the factories. Our ownership structure provides us with a competitive advantage and security of supply, which we see as a financial opportunity. Collaboration between KMC and the owner factories AKK and AKD ensures shared objectives and initiatives for CO₂e reduction and sustainability, strengthens our position close to the farmers, and enables efficient business operations and positive change.
- 5 **Food safety:** The KMC Group ensures high quality and food safety in our potato-based ingredients, positioning us as a reliable business-to-business supplier. Our stringent control procedures safeguard the health and safety of end consumers and result in a low risk of product recalls.
- 6 **Innovation and development:** Innovation of new products and improved utilisation of by-products creates financial opportunities to increase revenue. The development of potato protein for food offers good nutritional qualities and contributes to revenue. The development of new resistant potato varieties through breeding and new technology such as NGT can reduce the need for pesticides and water, improve resistance to pests, and strengthen the reputation of potato farmers and agriculture in general.
- 7 **Health and safety:** The KMC Group is dedicated to preventing workplace accidents by establishing appropriate precautions and processes. Some employees at factories work night shifts, which increases health risks, and they handle chemicals as well as hot water and steam, which require strict safety measures. Accidents may lead to health and safety incidents, long-term sickness absence, compensation, and challenges in attracting new employees.
- 8 **Working culture and conditions:** The KMC Group offers employee benefits, which helps attract and retain labour. We have a strong corporate culture supported by internal policies and a code of conduct. KMC also ensures fair working conditions for staff employed outside Denmark.
- 9 **By-products:** The KMC Group focuses on utilising and creating value from all parts of the potato. Protamylase from potato starch production is returned to the fields as fertiliser, which saves synthetic fertiliser and is approved for organic farming. This practice promotes a circular economy. Similarly, pulp is used for biogas or animal feed. Water and soil are only spread on approved fields under controlled conditions.
- 10 **Training and skill development:** The KMC Group focuses on providing employees with access to relevant courses and training, which enhance their qualifications and strengthen their contribution to the company. This creates a positive impact for employees and supports the KMC Group's long-term success.

Not material

- 11 **Governance:** The KMC Group is transparent about our positions, such as NGT, and engages in dialogue with businesses, industry and trade associations, and policymakers without supporting political parties. We work to comply with regulatory requirements and maintain smooth cooperation with the authorities as part of responsible business conduct. We have a supplier code of conduct and regularly train the sales organisation in anti-corruption. Our political engagement is seen as a business development opportunity but also entails a risk of reactions that may affect both us and potato farmers.
- 12 **Procurement:** The KMC Group uses technical processing aids in production, which creates a risk of pollution. Packaging is purchased from India, Bangladesh and other countries which may entail potential impacts related to human rights. New legislation, such as the the EU Packaging and Packaging Waste Directive, may increase costs. Chemicals and packaging are primarily supplied by EU companies that receive our supplier code of conduct. Supply crises can cause production stoppages and financial risks for security and reputation.
- 13 **Local communities:** The KMC Group actively contribute to the local community by supporting cultural and sporting activities, hiring and training local people, and sourcing from local suppliers. The ownership structure as an a.m.b.a. fosters local interest and engagement, which is particularly central to the vision and mission of the owner factories. Good dialogue with the local areas in Brande, Karup, and Toftlund may also be important for realising expansion plans.
- 14 **Biodiversity on company sites:** AKK owns §3-protected areas and 70 hectares of protected heathland, which positively contribute to biodiversity and ecosystems, but may involve the risk of an Environmental Impact Assessment screening. There is generally an opportunity to create more wild nature, which could further support biodiversity.
- 15 **Odour and noise impacts:** Emissions from dust, combustion, etc. can affect air, noise, odour, and light around the factories, which are continuously monitored to ensure compliance with applicable standards and regulations.
- 16 **Diversity and inclusion:** The KMC Group priorities equal treatment and recruit based on skills and qualifications, which fosters a positive culture with a diverse workforce. We focus on creating an inclusive corporate culture by hiring employees in flex jobs, and students, and by collaborating with PhD students.
- 17 **Water consumption in production:** Water is used in production at all factories, particularly for process purposes such as cooling and washing potatoes. The KMC Group invests in projects to improve water efficiency and increase water reuse, which may lead to long-term cost savings but higher short-term expenses. Reduced water quality or the risk of contaminated water represents a financial risk, as production depends on water. Potato wash water is spread on approved and controlled fields.
- 18 **Waste management:** The KMC Group generates waste from production processes, supply, and packaging, including wastewater, general waste, organic waste, and paper sacks. Several of the products do not create waste streams, as they are used as ingredients in other food or feed products. Regulatory developments, such as updated waste regulation, lead to additional costs. We reuse energy and water streams where possible, for example surplus heat. Stricter requirements in the future may increase the workload and operating costs.



Climate as a parameter – at KMC Group and for the consumer

According to a 2025 study by Innova Market Insights, the health of the planet is consumers' foremost concern among all global issues. Almost half of global consumers (48%) report being very or extremely aware of climate change and its consequences. This highlights the important role of the potato in the transition to a more sustainable food system.

We know that the potato, with its efficient land use and significant contribution to overall calorie production, is a sensible crop.

From a climate perspective, that is the case (Concito, 2024). At the same time, we are working to reduce our footprint, both in the field and in production. We recognise that our

activities impact the climate and the environment, and that we must minimise this impact to ensure the potato's continued relevance.

The same Innova Market Insights study reveals that 57% of global consumers are actively seeking sustainable food alternatives. At the same time, 50% find it difficult to determine which products within the same category are more sustainable. KMC Group aims to change this. Our ambition is to make it easier – beginning with our customers – to make climate-friendly choices. In turn, this has the potential to enhance transparency for consumers and support them in selecting greener alternatives.

The positive impact of food products

At the request of KMC Group, The Business Think Tank conducted an analysis of the climate footprint of food products made with KMC Group's potato-based ingredients, compared

with equivalent products containing animal-derived ingredients. The analysis assessed CO₂e emissions both from the ingredients themselves and from the production process. It focused on four product types: mayonnaise, gummy candy, pizza cheese alternatives, and burger patties.

The results demonstrate that full or partial substitution of animal ingredients with KMC Group's plant-based alternatives generally leads to substantial reductions in CO₂e emissions. The scale of the reduction varies depending on the product type and ingredient composition, but the conclusion remains clear: the potato contributes positively to the development of more climate-friendly food products.



In June 2024, KMC opened its 5,000 m² Innovation Centre, which has doubled KMC Group's innovation capacity.



Pizza cheese alternatives

Based on rennet casein

Reduction between ▼

9.5-40.3%

Products based on rennet casein made with KMC ingredients emit approximately 9.5% to 40.3% less CO₂e than the animal-based reference product.



Pizza cheese alternatives

Based on mozzarella

Reduction between ▼

4.7-63.4%

Products based on mozzarella made with KMC ingredients emit between 4.7% and 63.4% less CO₂e than the animal-based reference product.



Burger patties

Up to a reduction of ▼

95.9%

The study of burger patties shows a significant reduction in CO₂e footprint, with the use of plant-based KMC ingredients resulting in up to 95.9% lower CO₂e emissions compared with traditional beef patties.



Gummy candy

Reduction between ▼

3.8-26.5%

For gummy candies, the reduction is greater, with a decrease of between 3.8% and 26.5% for products based on KMC ingredients compared with the animal-based reference product.



Mayonnaise

Reduction between ▼

1.1-4.4%

Mayonnaise made with KMC ingredients indicates a reduction in CO₂e emissions of between 1.1% and 4.4% compared with the reference product.



The analysis focused on CO₂e emissions from the ingredients as well as the energy used in transport and production processes.

The values for the CO₂e footprint of the various ingredients are based on a comprehensive calculation, which depends on the ingredient composition, the process-energy consumption and the transport-energy consumption. These may vary and should therefore be adjusted accordingly.



As part of our commitment to advancing more climate-friendly foods, KMC Group has set a target to replace 57,000 tonnes of animal-derived ingredients, with potato-based alternatives in selected food systems, including cheese alternatives and confectionery. In 2024/25, we achieved 36,816 tonnes – a result in line with the previous year.

Alongside these efforts, we are investing in innovation to support our ambition for more sustainable food systems.

Below are two concrete examples:



Plant-based gummy candy without additional energy use

Gummy candies made with gelatine is not suitable for everyone, whether for dietary or religious reasons. KMC has developed a patented starch solution that enables more energy-efficient gummy candy production than other plant-based alternatives. Traditionally, plant-based gummy candy requires high drying temperatures of around 55 °C, resulting in significant energy consumption.

KMC's solution enables drying at room temperature – in the same way as gelatine-based gummy candy. This reduces energy use and allows manufacturers to transition to greener alternatives without compromising on product quality or efficiency.



Plant-based cheese alternatives without compromising texture

Demand for high-quality, dairy-free cheese alternatives is increasing as more consumers seek climate-friendly and allergy-friendly options.

KMC has developed a unique starch solution that enables potato-based cheese alternatives to provide a firm stretch upon melting, making them ideal as plant-based pizza cheese substitutes. These products mimic mozzarella's stretch and texture while offering a lower climate footprint. In addition, KMC Group's ingredients can incorporate up to 8% plant protein, further enhancing their nutritional profile.



Verified product carbon footprints

At KMC Group, we are committed to ensuring climate data of the highest quality and accuracy. It is an ongoing process, which is why we prioritise having an external, independent third party verify the climate data we publish.

We follow the international standards for life cycle assessment (ISO 14040 and ISO 14044), and our calculations are carried out in accordance with the EF3.1 LCIA methodology. In addition, production data from 2021–2024 has been applied to ensure precise and reliable results.

The analysis is a so-called cradle-to-gate assessment covering:

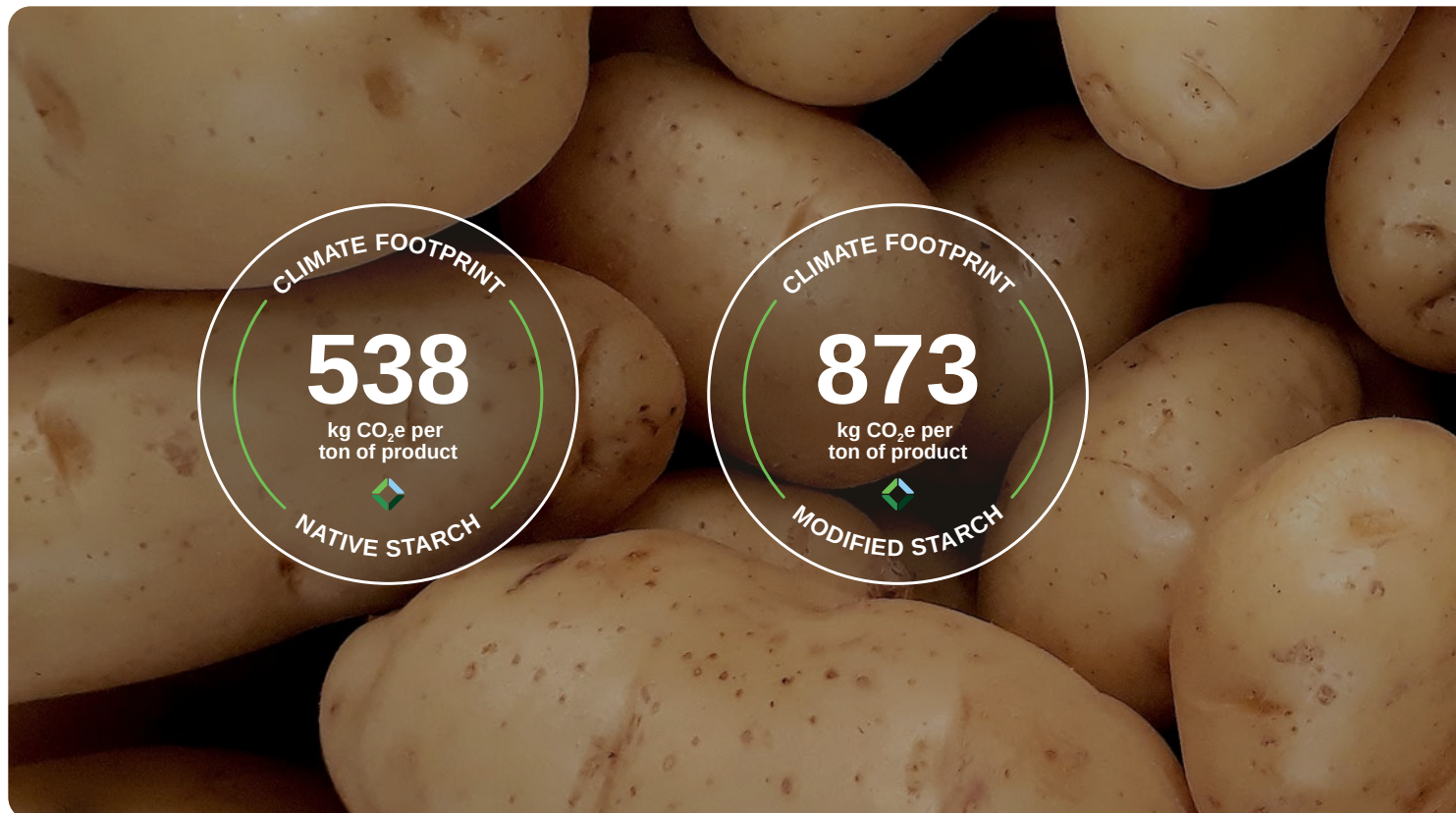
- **procurement of raw materials, including potatoes**
- **transport of raw materials**
- **production processes, including energy use.**

We have conducted four life cycle assessments: native potato starch, modified potato starch, potato protein for food, and potato protein for feed.

The results are presented as a weighted average per ton of product (as-is-basis).

For feed protein (PotaPro 1500), the life cycle assessment has also been verified by The Global Feed LCA Institute (GFLI) in accordance with GFLI standards. This means that the carbon footprint of PotaPro 1500 is publicly accessible through GFLI's database of “branded products”.

This initiative supports the growing demand for climate data in the feed market and aligns with FEFAC's – including DAKOFO's – endorsement of GFLI as the recognised methodology and database within the European feed industry. It also contributes to our objective of implementing at least 10,000 tons of potato protein in Danish feed. In 2024/25, we implemented 5,905 tons.



“Product-level climate data are crucial for accurate carbon accounting – both for KMC and for our customers. In addition, reliable climate data are essential when we work on calculating the climate impact of recipes. We are setting the standard in the market and positioning ourselves as frontrunners on this agenda.

This underscores our commitment to – and contribution towards – reducing the climate impact for our customers.”

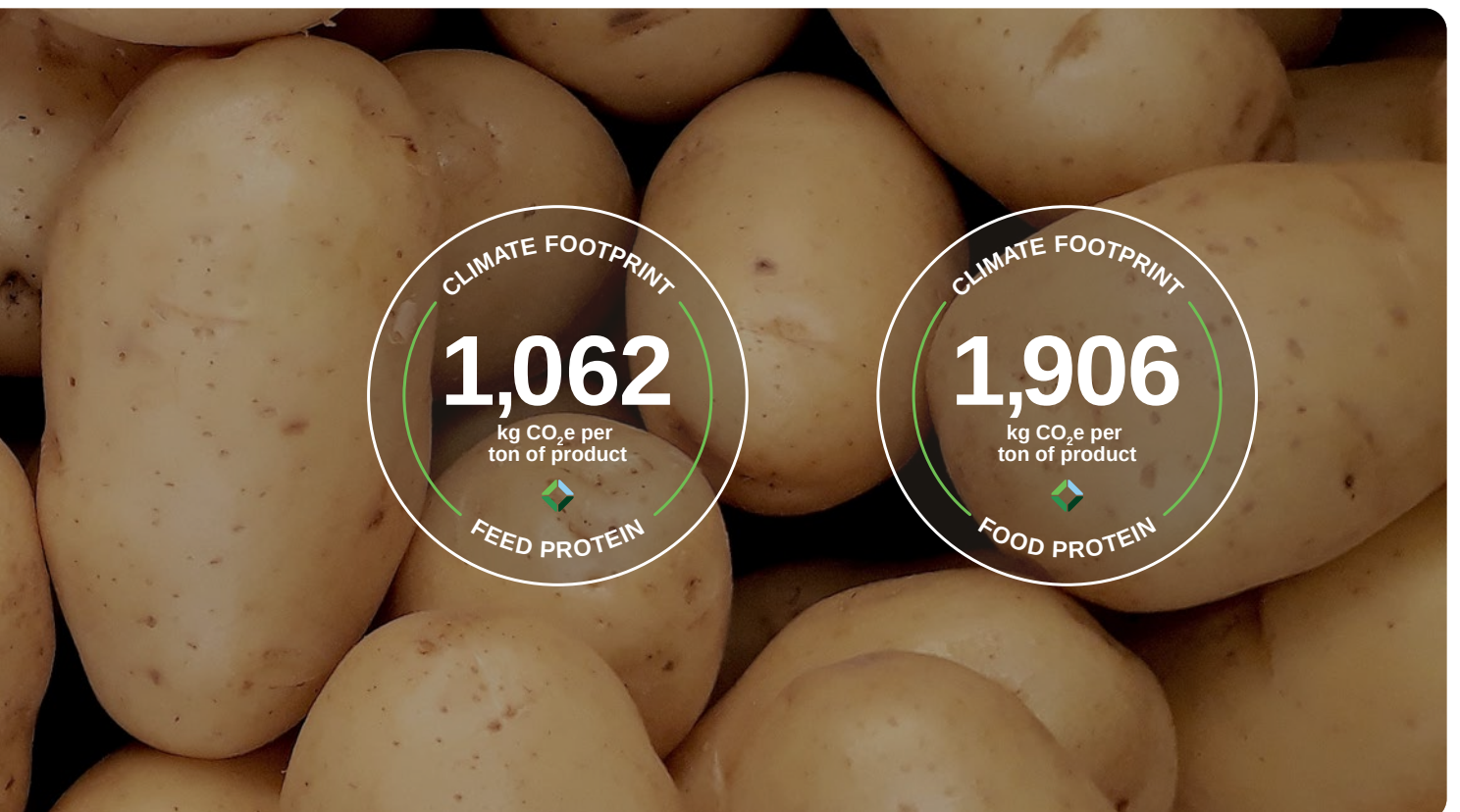
— Hugo Nielsen, CCO at KMC

Why does it matter?



Life cycle assessments are essential as they provide a reliable and more accurate picture of the climate footprint of our products. This enables data-driven decisions that reduce real climate impacts and support sustainability goals – both for KMC Group and our customers.

We see life cycle assessments as a key tool for open and transparent communication about the climate footprint of our products. They can also be applied directly in customers' climate accounts, creating opportunities for collaboration across the value chain to reduce shared CO₂e emissions.





A solid foundation – robust climate data

Climate impacts are the most material area in our double materiality assessment (see page 14). We choose to be transparent about our impacts and are committed to reducing our emissions. In line with the Paris Agreement, KMC Group has therefore set the ambition of achieving climate neutrality no later than 2050.

To progress toward climate neutrality, we have established ambitious reduction targets and developed a roadmap to lower our emissions. We continue to see improvements, and the trend is moving in the right direction.

Based on the 2015/16 baseline, we are working toward the following targets for 2030 (Scope 1 and 2):

- **55% reduction** per tonne of native potato starch
- **30% reduction** per tonne of modified potato starch
- **30% reduction** per tonne of granules and flakes

In 2024/25, we reached our target for modified starch, achieving a 37% reduction since 2015/16.

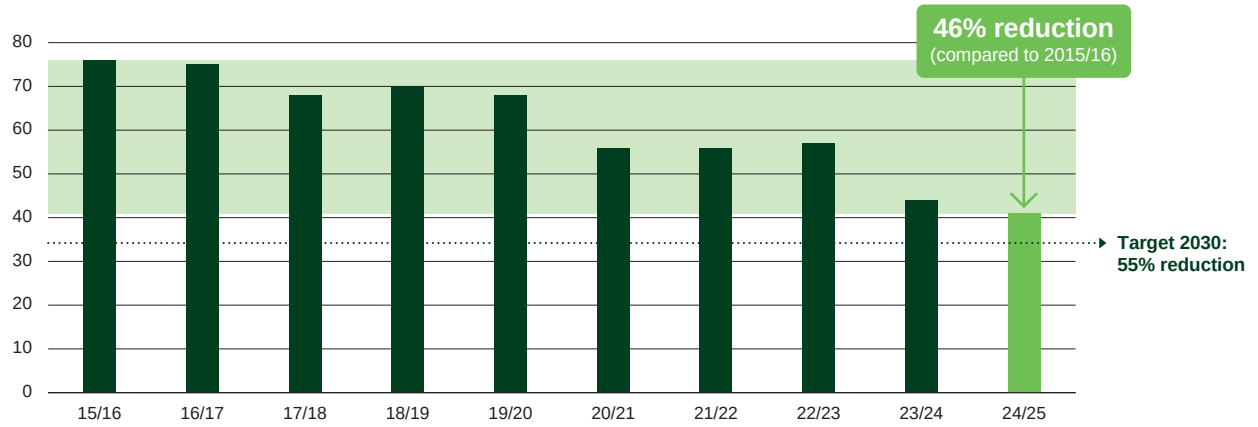
We are proud to have reached this milestone and are now working on setting new targets to ensure continued progress.

These product-level targets are relative to production volumes, allowing us to balance CO₂e reductions with our planned growth.

We also recognise the need for absolute reductions. We are currently revising our climate targets, with new goals expected to be introduced in the 2025/26 financial year. As part of this process, we will also update our decarbonisation roadmap.

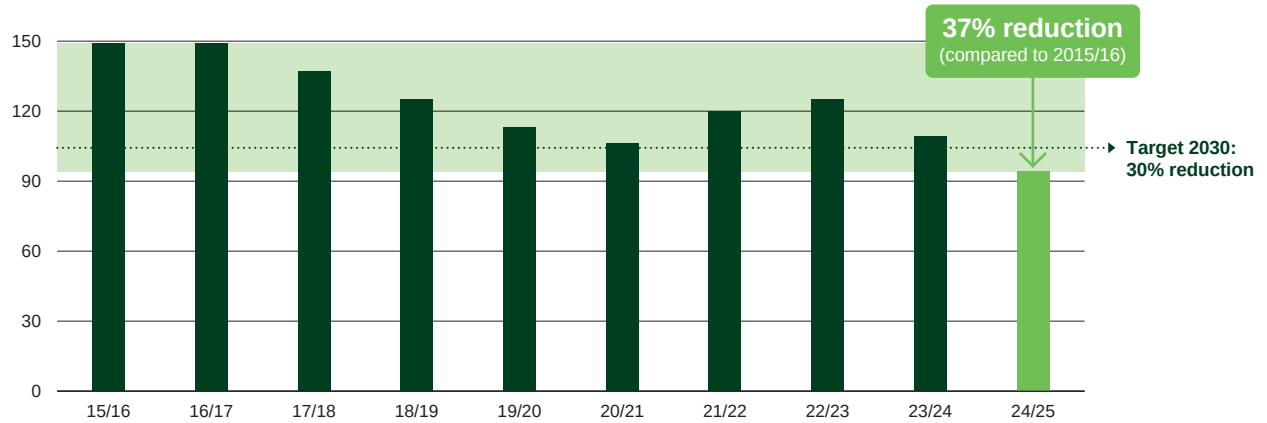
Carbon Footprint: Native Starch 2015-2025 (KMC Group)

kg CO₂e/ton native potato starch



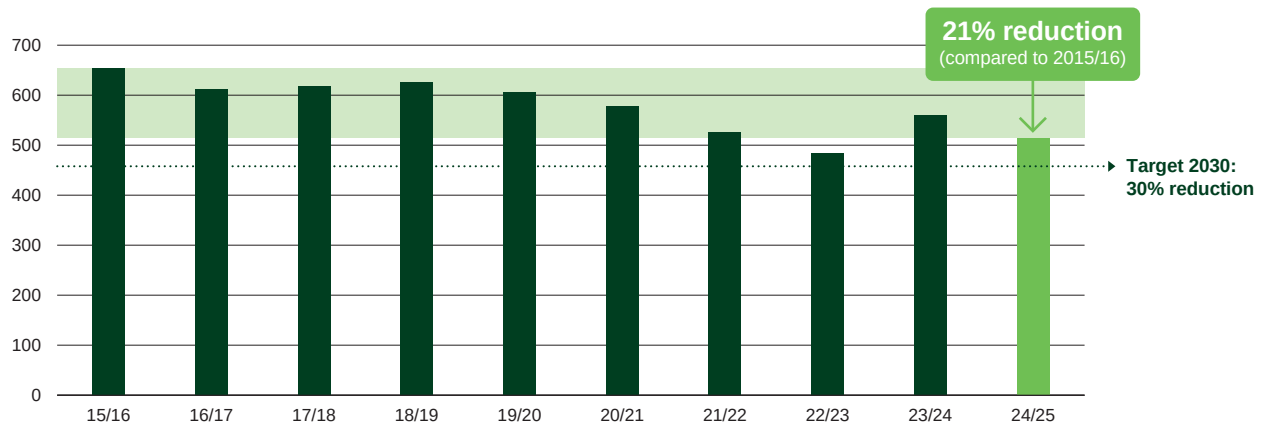
Carbon Footprint: Modified Starch 2015-2025 (KMC Group)

kg CO₂e/ton modified starch



Carbon Footprint: Granules and Flakes 2015-2025 (KMC Group)

kg CO₂e/ton granules and flakes



The above includes Scope 1 and Scope 2 emissions for the KMC Group.

Initial efforts on Scope 1 and 2

Our decarbonisation roadmap has been designed with an initial focus on Scope 1 and 2, where energy consumption is a key source of emissions. Natural gas is used to heat our boilers, while electricity powers our production lines.

Our first actions therefore target emission reductions within KMC Group's own operations. These include internal tests and pilot projects to reduce natural gas consumption, with the objective of achieving measurable results without compromising product quality. Although these projects were not scaled in 2024/25, we expect one or more to be implemented in 2025/26. At the same time, we are assessing opportunities to increase the share of renewable energy, including electrification.

KMC Group has so far chosen not to rely on certificates or similar instruments to claim reductions.

We prioritise investments that deliver tangible, long-term impact.

Data quality at the centre of our work

Over the past year, our efforts have centred on data – availability, quality and future needs. Strengthening this area has been a priority to enable us to document our climate footprint at product level (see previous page), respond to the growing demand for data from external stakeholders, and measure the impact of our initiatives.

While we are not yet fully where we want to be, our data foundation has improved considerably, with more precise and relevant datasets now in place. For the 2024/25 reporting period, we expanded Scope 3.9 (transport to customers) from covering a single logistics partner to now including six. This naturally leads to an increase in reported emissions in this category, but it also provides a far more accurate picture of the emissions linked to transporting our ingredients.

We expect to gradually include more relevant Scope 3 categories, further enhancing transparency around our emissions. This will remain a focus area for the 2025/26 financial year.

A collective effort and investments



We have chosen to work on CO₂e reductions from a group perspective. This approach ensures we can share knowledge and experiences and create synergies across AKK, AKD, and KMC. At the same time, we are collaborating with potato farmers to reduce emissions in the field.

In 2024/25, AKD took ownership of two wind turbines which supply renewable energy to the electricity grid for the benefit of the surrounding community.

Why is KMC Group not engaged in the Science-Based Targets initiative?



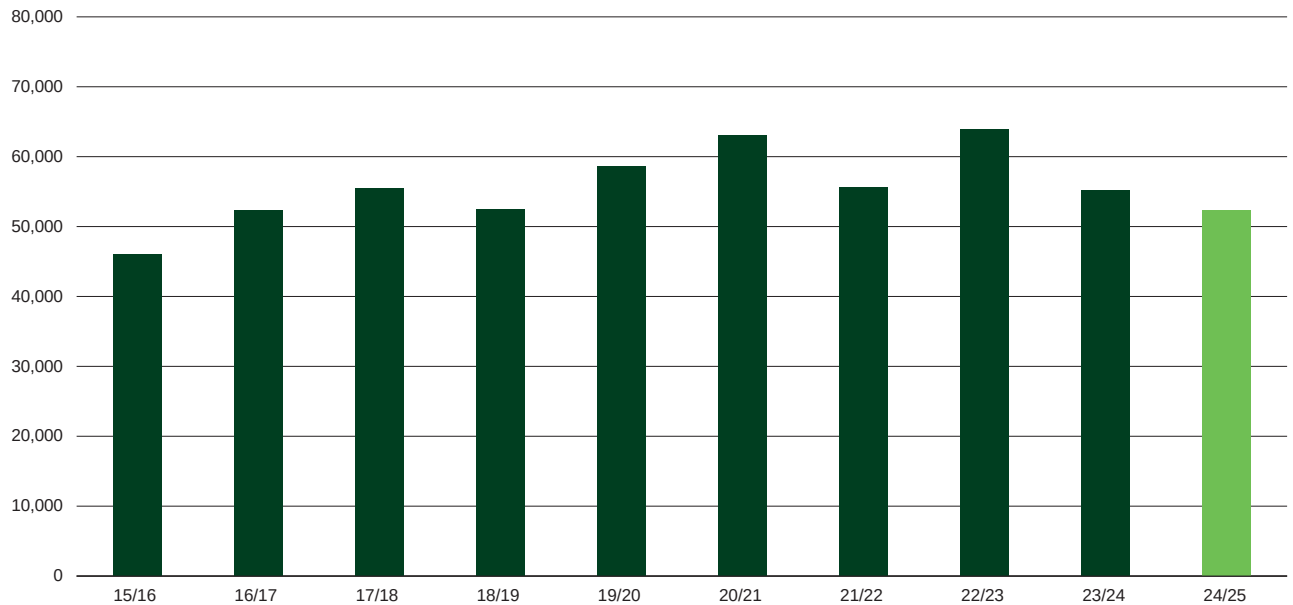
At KMC Group, we support climate targets aligned with the Paris Agreement. We consider it essential that all actors contribute to reducing CO₂e emissions and mitigating climate change. Comprehensive climate accounting, with annual progress reporting, is a vital tool for maintaining focus and ensuring accountability.

However, we have chosen not to join the Science Based Targets initiative. The initiative is primarily designed for individual companies, whereas KMC Group comprises AKK, AKD and KMC. As such, it does not adequately reflect the collaborative nature of our organisation or our sustainability efforts across all three entities. Instead, we pursue a unified approach, working across the group with common climate goals.



Scope 1 & 2: 2015-2025 (KMC Group)

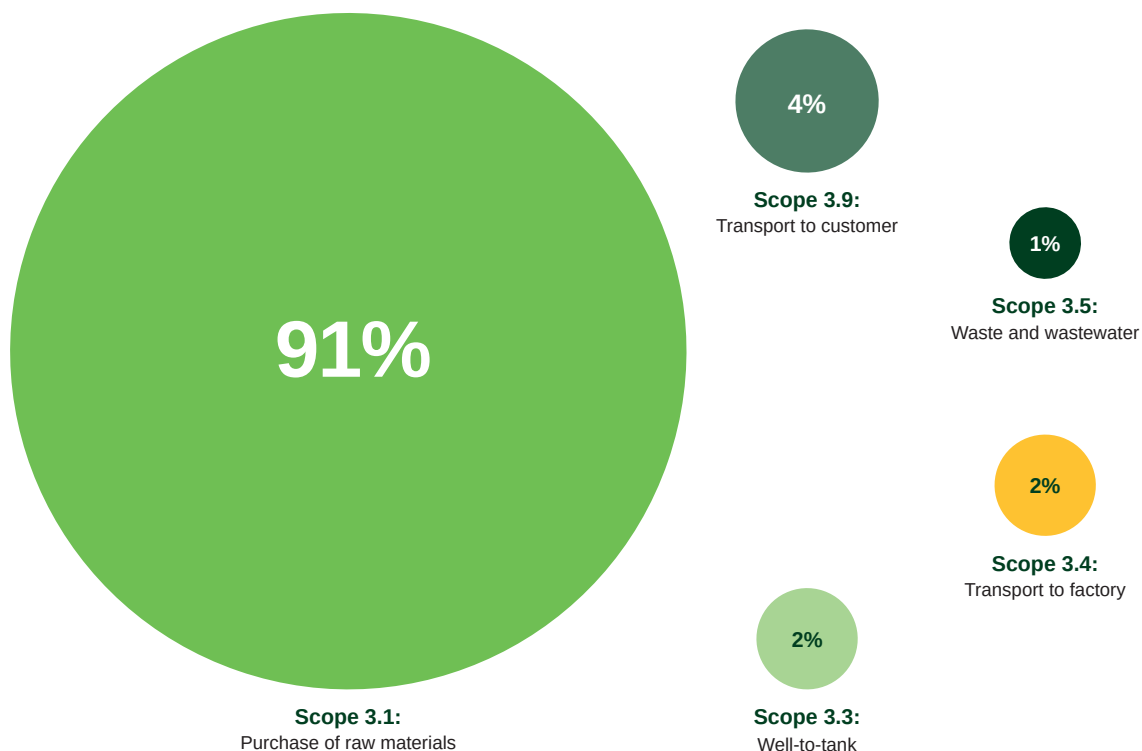
ton CO₂e

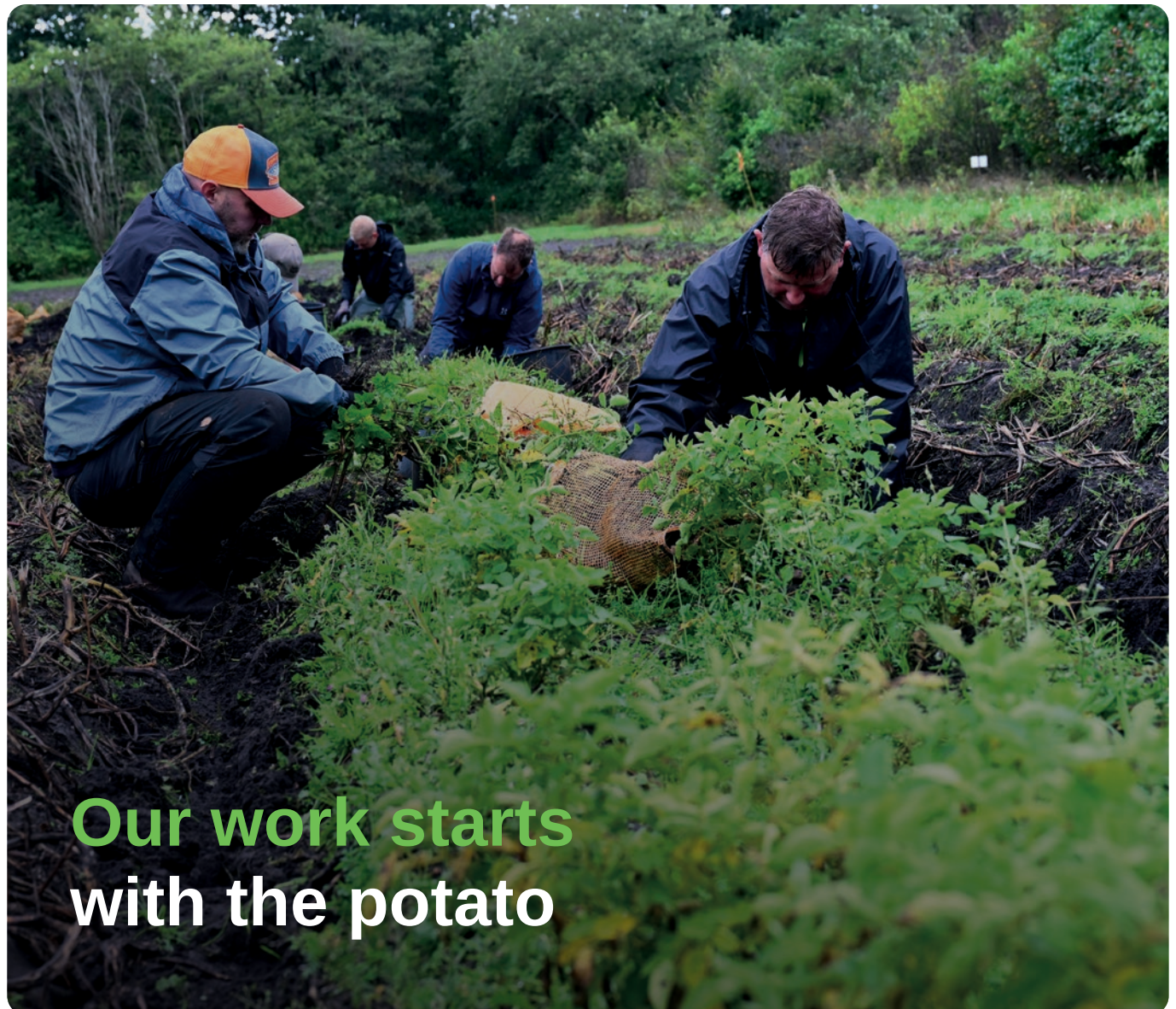


Scope 1 and 2 have been calculated using the location-based method.

Scope 3 emissions by category: 2024/25 (KMC Group)

ton CO₂e





Our work starts with the potato

Our primary raw material is the potato. It is among the most land-efficient crops, providing one of the highest calorie yields per hectare while carrying a lower climate footprint per calorie than meat and dairy products*.

Replacing animal-based products with plant-based starch ingredients from potatoes will typically offer a less climate-intensive solution. However, the cultivation of starch potatoes still impacts both the climate and the environment.

Our double materiality assessment confirms that potato cultivation – and the related impacts, risks and opportunities – is one of the most material issues for KMC Group. In response, we are working to optimise cultivation practices and reduce our environmental footprint.

For many years, KMC Group has tested and developed different methods to protect potatoes against late blight and other leaf diseases while also optimising yields.

Potato protection

The potato is a crop highly vulnerable to disease. Late blight, in particular, poses a major threat as it can spread rapidly across fields. Once infected, the plants can no longer supply energy to the tubers underground, leading to yield loss.

*Concito's report "Jordbrugets betydning for fremtidens arealanvendelse" ("The Importance of Agriculture for Future Land Use"), May 2024)

For many years, KMC Group has tested and developed different methods to protect potatoes against late blight and other leaf diseases while also optimising yields. Historically, most solutions relied on chemical treatments. In recent years, however, we have been exploring alternatives, as our ambition is to reduce the use of plant protection products. This includes trials with mechanical weed control as well as research into non-chemical desiccation methods.

Solutions are not always immediate, but we are continuously developing. A key part of KMC Group's approach is ensuring a short path from trials to practical application among our farmers.

Because soil conditions and weather vary, it is essential for us to investigate multiple options. By developing different solutions to the same challenge, we safeguard both our farmers and the potato.

Innovative potato cultivation

Innovation and variety development are key to securing the future of potatoes. On our trial fields, we test new varieties – with a particular focus on late blight resistance. By developing resistant varieties and trialling different cultivation methods, we aim to reduce the use of plant protection products and thereby lower the overall environmental impact.

The goal is to reduce the use of plant protection products by 50% by 2032.

To ensure broad knowledge-sharing and experience, our research efforts are carried out in close collaboration with our farmers, research institutions, and industry partners. The goal for 2024/25 has been to complete at least 10,000 crossings in 2024/25, of which 8,104 have been achieved.

Advisory services and data-driven potato farming

Close collaboration with our farmers is a cornerstone of our approach. Throughout the growing season, they receive advice several times a week as part of a coordinated, industry-wide late blight strategy – supported by weather-based warning systems.

To further strengthen our advisory services, we are working to collect better field data through the TracelT software system. TracelT enables full traceability from field to ingredient. This data-driven approach allows us to optimise potato cultivation and apply the latest knowledge and best practices in both advisory services and future development. In addition, field-specific data gives us unique insights into the real climate and environmental impacts associated with potato cultivation.



Farm Sustainability Assessment



Our farmers have completed the Farm Sustainability Assessment (FSA) – a programme designed to promote sustainable farming practices across environmental, social, and economic dimensions. The FSA is developed by the Sustainable Agriculture Initiative Platform (SAI Platform).

The results are excellent: 80% of our farmers were assessed at Gold level and 20% at Silver level. This verification demonstrates that sustainable farming practices, as defined by SAI, are widely embedded across KMC Group's farming network.



80% of our farmers were assessed at gold level and 20% at silver level





The potatoes of the future are already emerging beneath the soil

Late blight remains the greatest challenge for potato farmers, and this challenge is expected to intensify as periods of increased rainfall become more frequent. Traditional crop protection methods are becoming less effective as the disease adapts and develops resistance. At the same time, pesticide regulations are tightening due to environmental concerns.

“I believe in innovation in agriculture, and I see NGT as a way to reduce the use of chemical treatments – and I want to be part of that.”

— Kristian Møller Sørensen, Potato farmer and Chairman of the Board, KMC

As a result, there is a growing need for new and more resilient potato varieties. At KMC Group, we continue to use traditional breeding methods. However, the process is lengthy, often taking many years, and frequently results in resistance that is not sufficiently robust.

New Genomic Techniques (NGT) enable the combination of the strongest traits from different potato plants with greater precision and efficiency. In practice, this means transferring naturally occurring genes from one potato variety to another.

The advantage of NGT is that they can introduce several resistance genes at once. This makes potatoes stronger and more resilient, as diseases adapt less easily. At KMC, we see NGT as an important step towards securing future food production.

KMC Group is testing NGT potatoes in dedicated trial fields. The goal is both to develop more resilient potato varieties and to contribute to the broader dialogue on how new technologies can enable more sustainable food production.





KMC – a great place to work

At KMC, we are guided by a shared set of values: Engagement, Development, Collaboration, and Decency. These values underpin our approach to employee development, ensuring that colleagues have access to training and education to maintain the right competencies, while also supporting both personal and professional growth. To strengthen leadership across the organisation, all managers at KMC complete a leadership training programme. Combined with knowledge-sharing and peer learning among managers, this helps promote a strong culture of training and feedback. This culture is further reinforced through regular development dialogues between employees and managers.

KMC employees report a high degree of job satisfaction, achieving a score of 79 out of 100.

To support employee well-being, we conduct regular workplace satisfaction surveys. The most recent survey, conducted in 2024/25, showed a high level of job satisfaction with a score of 79 out of 100, and strong loyalty among employees with a score of 85 out of 100. Both measures have improved compared with the previous survey.

We believe in continuous development and remain committed to strengthening our culture and maintaining KMC as a great place to work.

A targeted effort

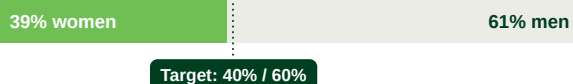
In 2024/25, we introduced a group-wide learning game to strengthen awareness of our shared Code of Conduct and its four focus areas: environment, people and culture, business ethics, as well as quality and food safety.

The aim was for at least 70% of employees to complete the game by the end of the financial year, as broad participation is key to building understanding of our common standards. This target was met in full, with an average completion rate of 85% across all sites.

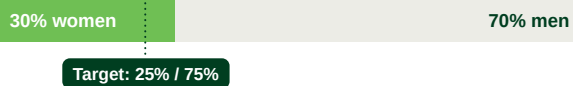
Gender distribution at KMC

2024/25

The total KMC workforce



KMC's International Leadership Group



KMC's Board of Directors



To work strategically with our social initiatives, we strive to achieve our diversity targets. While we have either met or are close to meeting our targets for the overall KMC workforce and the International Leadership Group, the starting point is different for the composition of the Board of Directors. This challenge is partly due to the fact that the Board consists of cooperative owners affiliated with the shareholder factories AKD and AKK. As the cooperative owners are primarily men, the proportion of women remains very low. We continue to work towards ensuring a more balanced gender distribution – including at board level.

Retention and well-being are important focus areas for us. Our target is to maintain staff turnover below 15%. In 2024/25, turnover was 14%, in line with the target. We aim to keep sickness absence below 2%. In 2024/25, it was 2.96% – an improvement from 3.7% in 2023/24. We continue to prioritise reducing the sickness absence further and ensuring that our employees thrive at work.

Health and safety

Being “a great place to work” also means being a safe workplace. We focus on preventing workplace accidents so that employees can feel secure at work.

In 2024/25, two accidents resulting in absence beyond the day of the incident were recorded: one fall on a staircase and one steam-related incident. Both were managed and addressed in line with internal procedures. We continue to work systematically to reduce the number of incidents and to prevent accidents and unsafe situations from arising.

An important tool in this work is our “Near Miss” initiative, which helps us identify potentially dangerous situations and address them before they escalate.

In 2024/25, we implemented a software system for registering both near-miss incidents and actual accidents. The system is designed to make reporting easier and thereby strengthen prevention. In parallel, we have launched safety training for all production employees across the KMC Group. These initiatives are expected to reinforce our safety culture and contribute to a reduction in accidents with absence in the coming years.





Food safety and quality – our ongoing commitment

Food safety is an absolute top priority for the KMC Group. We ensure that our ingredients meet the highest standards of quality and food safety. All sites within the KMC Group are certified according to FSSC 22000 or ISO 22000, and we naturally comply with both Danish and European legislation.

We are proud to maintain a consistently low level of product complaints, reflecting the dedicated and thorough efforts across all units. Robust internal procedures ensure compliance with our standards, with production and finished product samples rigorously tested. In addition, specialised analyses are conducted by external laboratories.

KMC Group is 100% farmer-owned, ensuring both the supply of our primary raw material and the ability to guarantee high quality and safety from field to delivery. To safeguard traceability, we conduct regular internal recall tests.

While product complaints are rare and quality is consistently high, we remain focused on continuous improvement and risk reduction. To support this, we

have established a Group-wide Quality Forum that meets monthly to share learnings and drive ongoing improvements across the organisation.

Our ambition is to maintain these high standards while continuing to find new ways to minimise risks and further enhance the quality of our products. This commitment is deeply rooted in both KMC Group and our employees.

“Food safety is a fundamental responsibility that builds trust, ensures quality and protects the consumer throughout the entire value chain.”

— Heidi Bretthauer, Quality Director at KMC



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Business model and ownership structure

Breaking down our climate data across input categories such as energy use, water consumption and potato cultivation reveals that our greatest impact stems from the field.

Beyond being a significant factor in the overall climate footprint of our products, the potato is also our primary raw material – without it, we have no production. All potatoes used in production come from Danish farmers, who are also our owners. This ensures close collaboration throughout the value chain and a high degree of supply security – both for KMC as a company and for our customers. It is a truly unique strength.

KMC was established by the Danish state in 1933 to market the entire output from the country's potato starch factories. Today, KMC continues in this role as the sales organisation for the two potato starch factories, AKK and AKD, which produce native potato starch, modified potato starch and potato protein. In addition, KMC produces modified starches as well as potato flakes and granules.

KMC is owned by the two potato starch factories, AKK and AKD, which in turn are owned by Danish farmers. As a result, all three companies operate as cooperatives, with KMC's board of directors made up of representatives from the boards of AKK and AKD.

This cooperative structure allows us to define a common strategic direction and pursue shared ambitions across the group. At the heart of this is sustainability – for example, we have established joint climate targets. In this context, we refer to ourselves collectively as the KMC Group.

At KMC Group, we believe the future of food is plant-based and climate-friendly. Our contribution is to support innovative food manufacturers in making their products more sustainable, while continuously developing and improving ourselves in the same direction.

Sustainability is not a destination – it is a journey.

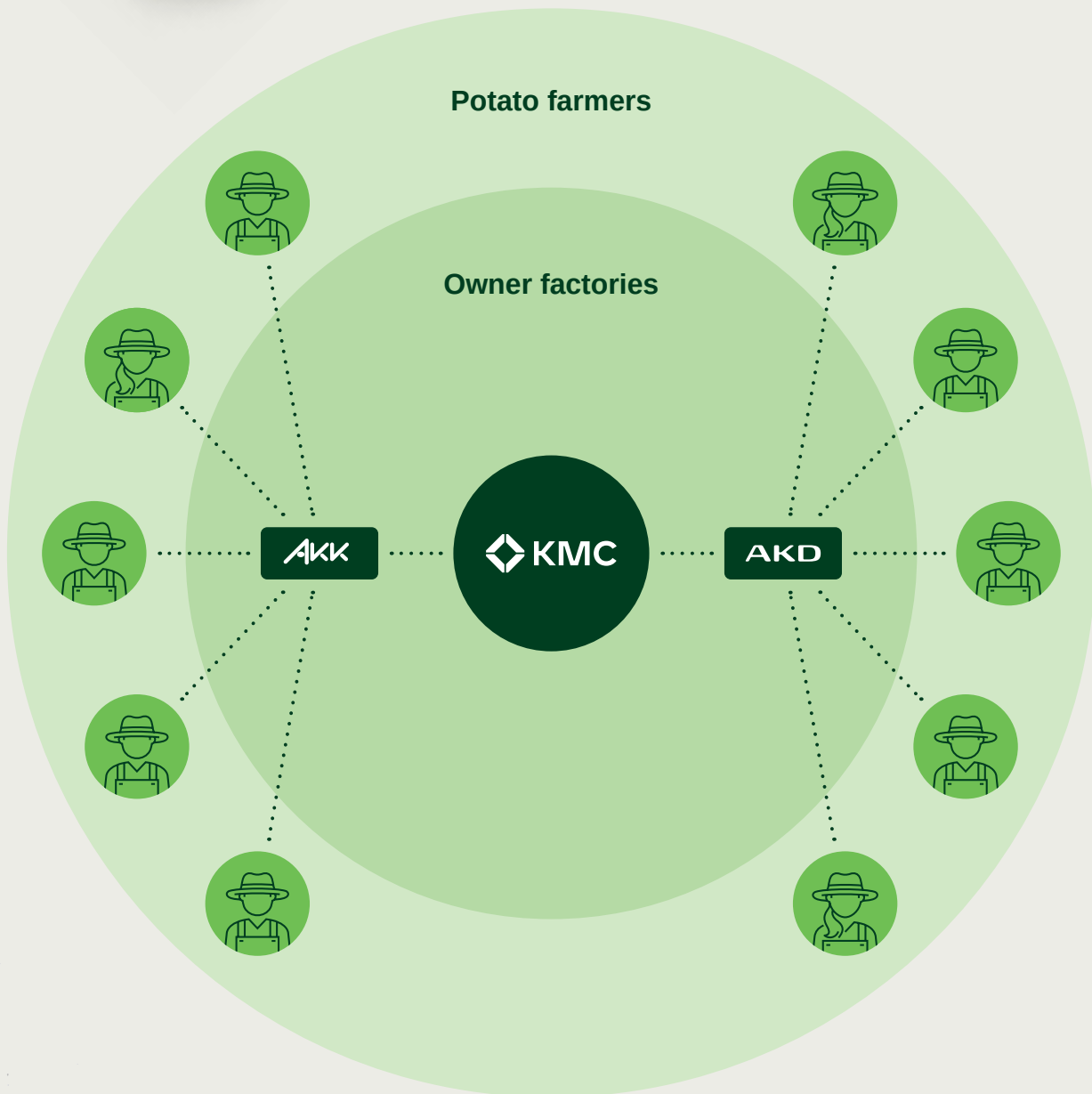


KMC Group's farmers cultivate potatoes on 42,000 hectares, corresponding to just under 2% of Denmark's total agricultural area.

800

KMC Group is owned by more than 800 Danish farmers.





At KMC, we believe the future is **plant-based and climate-friendly**.
Our contribution lies in helping innovative food manufacturers
make their products greener. And by becoming increasingly
sustainable ourselves.

KMC is your preferred partner because we use our **extensive
know-how** to provide solutions that develop your business and
optimize every single production – from ingredient to implementation.

Because our **Danish roots** guarantee high quality and food safety.
And because our team of experts stays on until your solution works.

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