

Sustainability Report 2023/24



KMC

Ingredients to grow your business

“At KMC, we share the political ambitions for the green transition and a strong agriculture with sustainable goals. An agriculture that, with respect for nature and the environment, can contribute to feeding a growing global population. Here, the potato has the potential to take a leading role.”

— Jesper Burgaard, CEO at KMC

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Unlocking a Sustainable Future with Potatoes

Letter to our stakeholders by Jesper Burggaard

During the fiscal year 2023/24, KMC reached two significant milestones: For the first time ever, we achieved a turnover of more than DKK 3.5 billion, while total product sales exceeded 400,000 tons.

Both turnover and volume demonstrate how highly the market values the experience and expertise at KMC – and that we are able to optimize our production and meet demand appropriately.

Sustainability as a Core Element

Since 1933, we have managed to grow and develop in collaboration with customers as well as our owners. For KMC, this means having a strong foundation in a constantly changing market.

As demand for sustainable solutions grows, transparency about our initiatives becomes more important. At KMC, we operate

from a value chain perspective, incorporating sustainability into every part of our business. This includes our investments in production and energy transition, as well as our potato fields where our farmers achieved an 80% gold FSA verification (Farm Sustainability Assessment).

This verification assures customers that our value chain is transparent and that our owners, the farmers, and thus KMC's products, meet high standards for sustainable crop production. You can read more about KMC's FSA verification on page 10.

KMC Invests in the Future

In the spring of 2024, we opened our new Innovation Center, marking a new chapter in KMC's history. We've also started a major renovation of our headquarters in Brande to provide our employees with the best possible working conditions.



Jesper Burggaard, CEO of KMC, and Kristian Møller Sørensen, Chairman of KMC's Board.

The Innovation Center symbolizes KMC's strength in innovation and knowledge of potatoes. With the new laboratory, upgraded application center and state-of-the-art pilot hall we provide top facilities for developing new products and offering unmatched advice to our customers.

However, we still need more facilities to meet future demand. We are planning capacity expansions at almost all our production sites, and a new logistics center will soon be ready. These investments are crucial for meeting future demand and are key steps in our value chain, from potato to finished product. Learn more about the KMC Group's value chain on page 6.

Biosolutions and Low Climate Footprint

At KMC, we support the political goals for a green transition and sustainable agriculture that respects nature and the environment while helping to feed a growing global population. In this context, the potato has the potential to play a leading role. Not only does the potato have a nutritious profile, it is the 4th most calorie-producing crop in Denmark with one key advantage: the production of potatoes only accounts for 2.5% of the total agricultural area in Denmark.

As an international ingredient supplier to the food industry, KMC therefore plays a crucial role in developing, scaling, and promoting biosolutions and green solutions. Through biology and technological processes, we transform the potato into valuable ingredients that contribute to the green transition. On page 16, you can read more about how KMC works to replace animal ingredients with plant-based solutions.

Strengthened Spuds with New Techniques

Diseases are currently the biggest threat to potato cultivation, and at KMC, we continuously work to protect crops with the least possible use of pesticides. In the KMC Group, we aim to halve pesticide use by 2032, which is why developing new varieties with high resistance to potato blight and leaf spot is a top priority.

KMC is technology-neutral and will use more resistant varieties, whether they are developed through traditional breeding or new genome techniques. Our goal is to start growing resistant varieties from 2026 and subsequently see a corresponding reduction in the use of plant protection products. At KMC, we welcome new technologies and methods. They are necessary if we are to address global challenges and ensure healthy crops. Learn more about KMC's work with plant protection products and breeding on page 20.

Ambitious Climate Goals by 2030

While the KMC Group continues to share the ambitions for a climate-neutral Denmark by 2050, we also allow ourselves to be ambitious in the short term. Therefore, we have set concrete goals for reducing our climate footprint for scopes 1 and 2 by 2030. From 2030 onwards, it is the KMC Group's goal to reduce emissions associated with the production of native potato starch by 55% per ton, while emissions from modified potato starch, granules and flakes should be reduced by 30% per ton compared to the base year 2015/16.

Meeting the ambitious 2030 goals requires continued investment in climate-friendly initiatives. We are involved in large solar and wind projects, we take responsibility for our wastewater, and the pulp from our potatoes produces more biogas than the amount of natural gas we consume in our starch production. We are proud of all this, and it is initiatives like these that will help ensure we meet our goals for 2030 and achieve climate neutrality by 2050.

In this year's report, you can read more about KMC's sustainability goals and ambitions.

Happy reading!



Jesper Burggaard
CEO

“We are proud that our products – with the potato as an ingredient – contribute to responsible food production for our customers.”

— Jesper Burggaard, CEO of KMC



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 600 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 packed in recyclable packaging and transported worldwide, where customers incorporate them into their own products. For example, in noodles, gummy candies, or cheese.

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, gelatin in gummy candies, and eggs in mayonnaise.

1-2%

Potato fibers

Potato fibers are used in food production, as they bind water effectively and have good digestive properties.



**1-2%**

Potato protein

The potato protein has a unique composition of amino acids that are 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. Here, it is used, among other things, to help people with small appetites, vegetarians, vegans, and people who exercise a lot to get enough protein, while 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 called pulp, are used for animal feed or biogas production.

KMC's Owners Scores Top Marks in Sustainability Program

The FSA verification includes all farmers who supply potatoes for KMC's product range – from native and modified potato starch, potato flakes and granules, to protein for food and feed, as well as fiber.

What is Farm Sustainability Assessment (FSA)?

The Farm Sustainability Assessment is a program designed to promote sustainable agricultural practices across environmental, social, and economic aspects. FSA is developed by The Sustainable Agriculture Initiative Platform (SAI Platform), a non-profit network initiated by leading global companies in the food and drink industry. It offers farmers a standardized way of measuring their environmental, social, and economic performance.

Our farmers have successfully completed the assessment process with impressive results: FSA verification scores at 80% Gold level and 20% Silver level. This means that sustainable agricultural practices, in accordance with the SAI Platform's standard, are widely implemented among KMC's owners.

What FSA means for KMC's Customers

The verification shows that our customers can be sure they have a supplier with a transparent value chain. It also means that KMC can now document what we've known for years:

Our potato farmers meet one of the most recognized standards for sustainable agricultural practices within our industry.

“We chose the FSA verification because it's a recognized scheme of validating sustainable agricultural practices. It's important for us to support a common system with worldwide recognition, because it's clear to everyone what the scheme involves. We know that FSA is trustworthy.”

— Anders Sikjær, Global Sales Director of KMC





KMC's farmers have completed the FSA Verification with success.

- We chose the FSA verification because it's a recognized scheme of validating sustainable agricultural practices. It's important for us to support a common system with worldwide recognition, because it's clear to everyone what the scheme involves. We know that FSA is trustworthy, says Global Sales Director Anders Sikjær from KMC.

About the Farm Sustainability Assessment Program

FSA is one of the programs developed by SAI Platform in collaboration with pioneering companies. It enables food and drink businesses to assess, improve, and validate on-farm sustainability in their supply chains.

The goal is, in the words of SAI Platform, to grow a better planet. Whether the goal is a better planet or better ways of utilizing it, SAI Platform has emerged as an important means of achieving it. The FSA provides the system to lead businesses on a path to more considerate ways of acquiring their raw materials.

So far, more than 350,000 farms in over 60 countries worldwide are verified within FSA groups with a wide variety of crops – from blueberries in Canada to cinnamon in Indonesia – all grown in accordance with its principles. And now also potatoes in Denmark.

About SAI Platform

SAI Platform is a global non-profit network of over 180 companies. Its members collaborate to advance sustainable agricultural practices through pre-competitive efforts. The platform's membership is diverse, spanning the entire agricultural supply chain. Active members include companies from the food and beverage industry, such as farmer cooperatives, manufacturers, processors, retailers, and traders.

Did you Know ...



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Excerpt from the Management Report

KMC sets another revenue record and continues to gain market share in the global potato starch market.

The demand for KMC's high-value ingredient solutions has remained strong, consistent with previous years, resulting in an overall increase in sold quantities by more than 10%. This high demand has also led to continued positive development in granules/flakes production at KMC Granules. Consequently, production capacity has been further optimized and is being utilized at 100%, while the positive market development has allowed for another increase in the settlement price of powder potatoes.

In the fiscal year, KMC inaugurated the company's new, 5,000 square meter Innovation Center – an investment totaling DKK 100 million, effectively doubling KMC's innovation capacity and strengthening its position as the world's leading producer of potato-based food ingredients.

The investment in innovation, alongside the owner factories' investments in modern production facilities, demonstrates the shareholders' ability and willingness to adapt production to market conditions and focus on the future – this is the strength of the KMC Group's value chain.

There continues to be full support for the company's strategic plan "Ingredients Tomorrow," which, in addition to significant capital investments, also includes ongoing investments in research and development activities. This ensures that the pipeline of new and innovative products is always healthy and intact.

Expectations for the Future

We anticipate a market situation where the demand for the company's products will remain high. However, it will require hard

work to maintain our market position, and we expect raw material and cost levels to remain high, primarily driven by inflation. KMC has a strong foundation, and the initial forecasts for the 2024 campaign show promising results.

Economically, KMC expects a revenue increase between 6% and 12% in 2024/25. If we succeed in maintaining costs at the expected level, we anticipate earnings at a level where continuing to produce starch and powder potatoes will remain attractive for the farmers.

“The potato itself has a low climate footprint and delivers many calories per hectare. When we consider this in the context of a future where the demand for plant-based foods and food ingredients with a low climate footprint is only increasing, our product range certainly has a role to play. KMC and our cooperative members are part of the food solutions of the future, and we are proud of that.”

— Niels Jørgen Villesen, CFO/COO of KMC

Net Revenue

3.583 

The net revenue for the year ended at DKK 3,583 million, which is 6% higher than 2022/23.

Net Profit

347 

The net profit for the year after tax amounts to DKK 347 million, which is on par with the previous fiscal year 2022/23.

Number of Employees

262 

Since 2022/23, the average number of full-time employees at KMC has increased from 246 to 262.



KMC inaugurates new Innovation Center

In the fiscal year, KMC inaugurated the company's new, 5,000 square meter Innovation Center – an investment totaling DKK 100 million, effectively doubling KMC's innovation capacity and strengthening its position as the world's leading producer of potato-based food ingredients.

Our 5 ESG Goals

Within the framework of the UN Sustainable Development Goals, we work on these five objectives. We follow up on the progress annually.

Goal 1:

Replace animal ingredients with potato-based ingredients



Long-term goal:

We aim to replace **57,000 tons** of animal ingredients with potato-based alternatives in selected food systems by **2026/27**.

Status of the goal:

In **2023/24**, we have replaced a total of **37,217 tons** of animal ingredients in 60 different countries.

Goal 2:

Increase the use of Danish-produced feed protein over imported alternatives

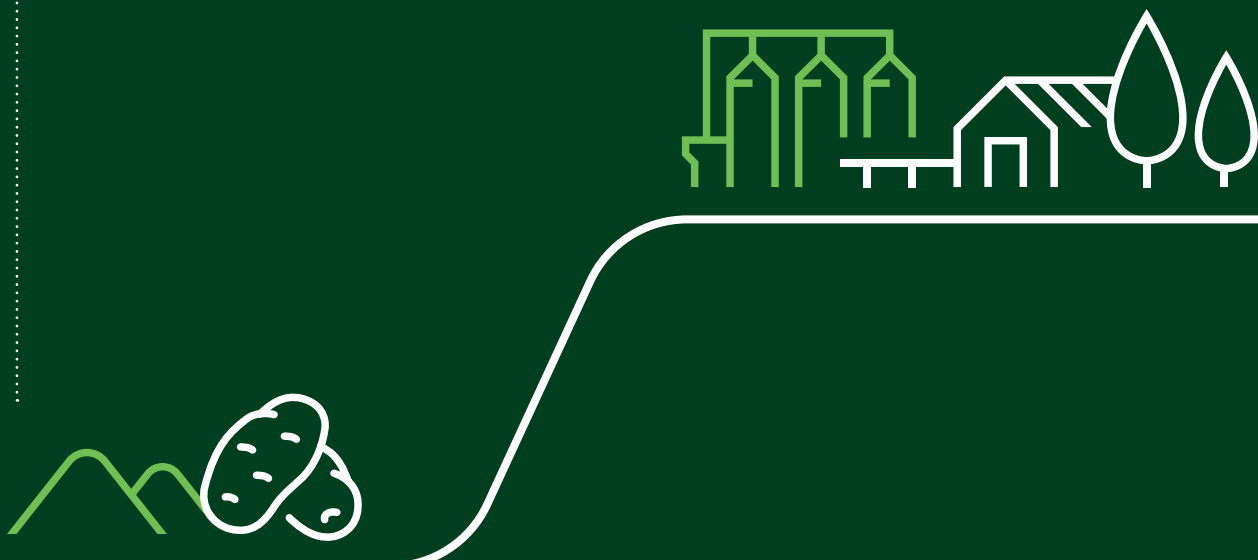


Long-term goal:

We aim to implement at least **10,000 tons** of potato protein in Danish animal feed by **2024/25**.

Status of the goal:

In **2023/24**, we have implemented **7,500 tons** of potato protein in Danish animal feed.



Goal 3:**Reduction of plant protection products****Short-term goal:**

We aim to minimize the use of plant protection as much as possible through advising the growers. Depending on the weather, the goal is to reduce it by **10-30%** each year.

Status of the goal:

2023/24 has been a wet year and based on the weather conditions, as measured by local weather stations, we have not recommended a reduction in the use of pesticides. We are simultaneously working on developing more resistant potatoes, which will help further reduce the use of pesticides.

Long-term goal:

We aim to increase the development of new varieties with higher resistance to primarily leaf spot and blight. The goal is at least **10,000** new crossings by **2024/25**.

Status of the goal:

In **2023/24**, we made **12,500** new crossings focusing on higher disease resistance.

Goal 4:**Well-being, safety, and diversity****Long-term goal:**

By **2024/25**, we aim for the following:

- **16%** women in KMC's Board of Directors
- **25%** women in KMC's International Leadership Group
- **40/60%** gender distribution (f/m)
- Max. **15%** staff turnover
- Max. **2%** absenteeism.

Status of the goal:

In **2023/24**, the status is as follows:

- **0%** women in KMC's Board of Directors
- **26.9%** women in KMC's International Leadership Group
- **39/61%** gender distribution (f/m)
- **12.7%** staff turnover
- **3.7%** absenteeism.

Goal 5:**Reduce climate impact****Long-term goal 1:**

The goal is to reduce the climate impact per ton of native starch by **55%** by **2030** compared to the base year 2015/16.

Status of the goal:

In **2023/24**, we reduced the climate impact by **42%** compared to 2015/16.

Long-term goal 2:

The goal is to reduce the climate impact per ton of modified starch by **30%** by **2030** compared to the base year 2015/16.

Status of the goal:

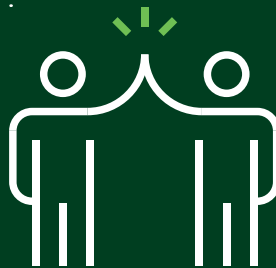
In **2023/24**, we reduced the climate impact by **27%** compared to 2015/16.

Long-term goal 3:

The goal is to reduce the climate impact per ton of flakes/granules by **30%** by **2030** compared to the base year 2015/16.

Status of the goal:

In **2023/24**, we reduced the climate impact by **14%** compared to 2015/16.



The Potato is a Positive Contribution to the Green Transition



KMC Goal 1: Replace animal ingredients with potato-based ingredients



SDG Goal 12: Responsible consumption and production

June 24th marked a historic day in Denmark with the presentation of “Aftalen om et Grønt Danmark” (the “Agreement on a Green Denmark”). The agreement aims to redistribute land areas in Denmark to create more nature and reduce cultivated land. This will undoubtedly impact Danish agriculture and the crops we grow.

According to Concito’s report “Jordbrugets betydning for fremtidens arealanvendelse” (“The Importance of Agriculture for Future Land Use”) from May 2024, agriculture and production forests account for over 70% of the Denmark’s area. Potatoes alone cover 2.5% (Danmarks Statistik, 2024).

The same report states that Danish agriculture produces enough calories to feed approximately 14.5 million people. As future sustainable land use described in the Agreement assumes less cultivated land, focusing on high-calorie crops per hectare becomes crucial, especially with an increasing global population. This focus will support both sustainable land use and global food security.

This is where the potato comes into play.

Potato Calories

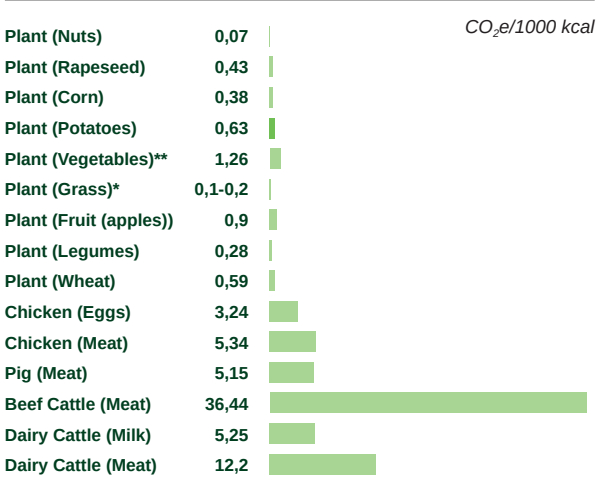
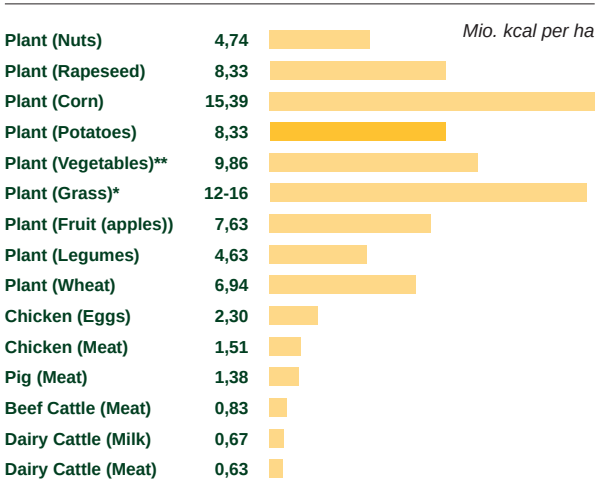
KMC Group produces potato starch, an ingredient in many food products. In terms of calorie contribution, the potato ranks fourth among Danish-produced food categories, surpassed only by grains (1), meat (2), and dairy products (3), as indicated by Concito’s report.

When evaluating land efficiency by dividing calories by hectares, potatoes rank higher than meat, dairy products, and wheat, and are comparable to rapeseed.

Thus, the potato - with its land efficiency and significant calorie contribution - is a sensible crop for ensuring sustainable land use and global food security.

Overview of land efficiency of various production systems.

The figures are global, and the Danish figures may vary due to specific Danish conditions and farming practices. Source: Concito (2024)



*Assume biorefining of the grass before these kcal are available.
**Mix of other root vegetables and onions, etc.

The Potato's Climate Impact

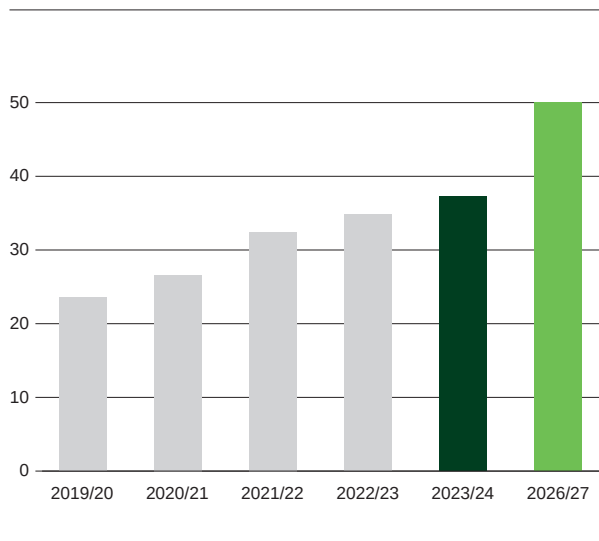
Concito also calculated the amount of CO₂e per calorie. Here, too, the potato outperforms meat and dairy products. While wheat and rapeseed have slightly lower climate impacts per calorie than potatoes, these estimates show which crops are effective from a climate impact perspective.

KMC Group is eager to learn more about the climate impact of potatoes and potato starch. Therefore, we've engaged in a collaboration around the development of TraceIT and have initiated a project to verify our carbon footprint at the ingredient level.

These verified climate figures will be used as a stepping-stone to identify the largest contributors to emissions, which will be a supplement to goal 5 (pages 26-27).

Furthermore, the climate figures highlight the reduction achieved by replacing animal ingredients with potatoes.

Animal-based ingredients replaced with potato-based alternatives in 1000 tons



Potato as an Alternative

We are working to replace animal ingredients with potato-based alternatives. This is a responsible use of land and positively impacts carbon reduction when considering land efficiency and climate impact.

KMC has commissioned an independent third-party analysis to investigate the climate impact of food products made with potato-based ingredients compared to those with animal ingredients. The analysis focused on CO₂e emissions, energy consumption related to transport, and production processes. It includes products such as mayonnaise, confectionery, pizza cheese, and burger patties.

The results show that substituting animal ingredients with KMC's potato-based alternatives generally leads to a reduction in CO₂e emissions. The extent of this reduction varies depending on the product type and ingredient composition.

By translating the results from the analysis to an overall CO₂e reduction at a societal level, our potato-based ingredients have contributed to avoiding more than 68,000 tons of CO₂e by replacing 37,217 tons of animal-based ingredients globally in 2023/24. This estimate is based on the analysis results and assumptions about customers' use of the ingredients and entails some uncertainty. We are continually improving the data foundation to reduce this uncertainty.

The analysis confirms that our ingredients are a good alternative, especially considering the climate. We look forward to further leveraging this value with our partners.

We Take Responsibility



TraceIT is a software system that supplies KMC with information about the potatoes, from their beginning in the fields all the way to the starch and granules factories. From field to final product, we collect data to optimize all aspects of our potato growing.



At KMC, responsible production is central to our circular mindset (as shown on pages 8-9). We pride ourselves on utilizing the entire potato and using it in ways that benefit society, whether as fertilizer for farmers or biogas for the energy grid. Earth's resources must be used efficiently and at their highest value. Therefore, we believe that our co-products should be included in food and feed production where possible.



We also recognize our responsibility in using chemicals in production. Chemical use leaves traces in wastewater, adding pressure to subsequent treatment. At KMC, we have our own treatment plant that cleans wastewater to levels approved by Ikast-Brande Municipality. This ensures that the municipality does not have an additional treatment burden due to our activities. In the fiscal year 2023/24, we treated 97% of the wastewater to the approved purification level.

Strong Focus on Denmark and Europe:

The Path to a Robust Future for Feed Protein Production



KMC Goal 2: Increase the use of Danish-produced feed protein over imported alternatives



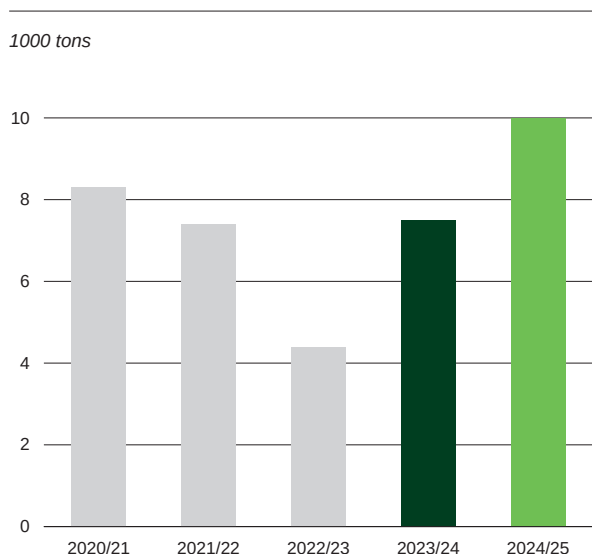
SDG Goal 15: Life on land

In 2023/24, the KMC Group solidified its status as a leading player in protein production in Denmark while also expanding its presence in the European market. Looking ahead, we expect to continue this positive trajectory based on our current initiatives. Consequently, we anticipate reaching our goal of 10,000 tons of potato protein in Danish animal feed by 2024/25, while further strengthening our position in Europe.

Consolidation and Quality in Danish Pig Production

Danish pig production has seen a development towards larger but fewer farms. These larger units are better equipped to tackle challenges such as rising feed prices and increased competition.

Development in the Sales of Protein Feed



Danish piglets are particularly sought after in markets like Germany and Poland due to their high quality, maintaining Denmark as one of our most important markets. Our PotaPro 1500 ensures a balanced feed in terms of amino acid profile. This allows for a significant reduction in the total amount of protein in the feed, aiding the piglets post-weaning and contributing to a healthy start and robust growth during the piglet phase.

Future Prospects for Growth through New Opportunities

We see promising growth opportunities in the use of PotaPro 1500 in feed, with two areas being of particular interest for KMC:

- 1. New Applications:** We continuously work on identifying new application areas for potato protein. Its unique amino acid composition, along with properties such as low pH and low salt content, make potato protein a highly appealing ingredient for different types of animal feed.
- 2. Research with New Insights:** A recent study conducted in collaboration with DLG Group, Vilofoss Group, and published alongside the University of Copenhagen, shows no negative effects when using up to 12% PotaPro 1500 in piglet feed. The study indicates that both the average daily gain and feed intake increased with higher amounts of PotaPro 1500. Additionally, increased levels of glycoalkaloids did not negatively impact the fecal score. These results underscore the potential of potato protein as a key ingredient in feed.

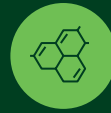
A Future Built on Potentials and Partnerships

Our strong focus on quality and the use of local raw materials uniquely positions us to create new opportunities for future development. Our latest results highlight the great potential of potato protein, and we look forward to leveraging these opportunities to promote growth and progress in partnership with stakeholders both in Denmark and across Europe.



Value and Use:

Potato protein is not only an efficient raw material in animal feed but also a sustainable and valuable protein alternative for humans. With its high protein content and nutritional value, it is an attractive option for the food industry looking to develop protein-rich products.



Amino Acid Composition:

Potato protein stands out for its favorable amino acid profile compared to other plant-based proteins. It contains all essential amino acids, making it a complete protein source. This characteristic makes it particularly useful in products where protein content is crucial to their nutritional value.

Possible Uses:

Potato protein is used in a wide range of foods, such as:



Bread



Cookies



Snacks



Pasta and noodles

Trends Influencing the Use of Potato Protein:

Health Care:

With an increasing focus on health and well-being, particularly related to plant-based dietary choices, there is a growing demand for alternative protein sources like potato protein.

Added Protein:

Consumers are increasingly seeking high-protein products, and potato protein is an attractive solution. This is especially true for foods targeted at sports and health-conscious consumers.

Free-from Diets:

The popularity of "free-from" diets, such as gluten-free or dairy-free diets, has made potato protein a relevant ingredient option for these markets.

The potato contains all essential amino acids, making it a complete protein source.



DIAAS score

Potato Blight, Plant Protection, and Resistant Crops



KMC Goal 3: Reduction of plant protection products



SDG Goal 15: Life on land

Potatoes – and vegetables in general – are more susceptible to diseases than other crops. Therefore, it is a crucial task for potato farmers to protect the crops from diseases. This is done either by using plant protection products or by developing new potato varieties that are more resistant to blight. The best – and most widespread – approach is a combination of the two measures.

Potato blight is a significant threat to potatoes, as the disease can spread rapidly in a potato field. Once the leaves of the plants are attacked, they can no longer supply the potatoes underground with energy, and the yield disappears. Therefore, the use of plant protection products is an important tool for potato farmers to ensure yield – and thus maintain competitiveness in the market.

That said, KMC has focused on reducing the use of plant protection products for many years. This has especially been achieved through intensive advising of the farmers. We have done this in recognition of the need for initiatives that ensure gentle food production concerning climate, environment, and nature. Focusing on plant protection products is one way to contribute to this – alongside efforts to develop more blight-resistant potato varieties.

Plant Protection Products in Action

Since plant protection products are a significant help to Danish farmers in combating potato blight, it is important that they are effective in use. In 2022/23, farmers lost access to two effective products. The decision to ban these products is good sense – from the perspective of more gentle food production – but it also results in fewer options for reducing the use of plant protection products.

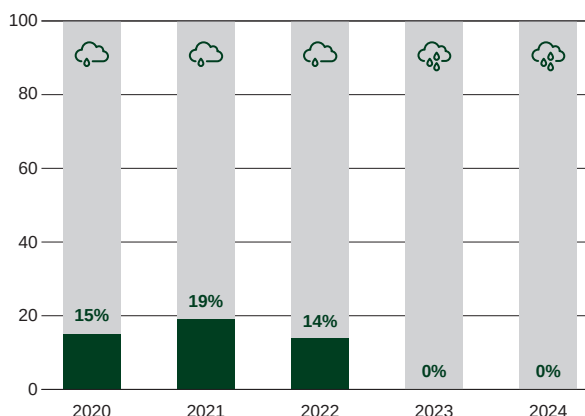
The risk of developing resistance in the blight to plant protection products is an increasing problem, and here the focus on farmers' practices is important.

KMC has continued its advisory efforts. Based on local weather information, potato farmers are advised during the growing season from June 1st to September 15th via a dedicated website twice a week. This advisory service provides the farmers with updated knowledge on how much to spray, which products are best to use, and how to combine the products to avoid both resistance to future treatments and blight itself.

The goal of the advice is also to minimize the use of plant protection products if the weather and spread of blight allow it. In dry years, without significant blight pressure, it is possible to recommend a reduction in plant protection compared to the norms. In wet years, with widespread blight, this is not possible. In the summer of 2023, we did not recommend reducing the use of protection products due to the less effective products available. The summer of 2024 was further characterized by a lot of rainfall.

Reduction via Advising

● Reduction in percentage



More Resistant Potato Varieties

New potato varieties, preferably with multiple built-in resistance genes, will make it possible to reduce the use of plant protection by over 50%. However, they will not be able to completely eliminate the need for plant protection products, as blight must be combated throughout the growing season.

New varieties can emerge through traditional breeding. KMC has used this method for many years to adapt potatoes to new conditions – and to ensure new resistant varieties. However, traditional breeding is a slow process. It requires many

genetic combinations and trials to succeed with one or several combinations that give the potato resistance to blight if the starting point is traditional breeding via crossings.

A modern alternative to traditional breeding is to use targeted breeding methods – also known as new genomic techniques, particularly mutagenesis and cisgenesis.

KMC has, over the past four years, collaborated with Aalborg University and the University of Copenhagen to develop new potato varieties where receptor genes for blight are "turned off" or have built-in resistance genes. The first field trials with such plants were conducted in 2023 and continue in 2024.

At KMC, we are working purposefully towards more sustainable food production by developing and using more resistant varieties. In this work, we do not exclude either traditional breeding or the use of new genomic techniques.

The goal is that from 2026 we will begin cultivating resistant varieties – and that we will subsequently measure the reduction in plant protection that this leads to.

Fiscal year	Number of cross breeds
2020/21	7,500
2021/22	14,000
2022/23	12,000
2023/24	12,500





Reduced Use of Chemicals Through Technology

At KMC, we are continuously working to reduce pesticide use among our owners, but there are also farmers who independently test new methods and solutions.

One such is the vice-chairman of AKD and KMC board member, Henning Thybo from Arnborg, who won the technology award from Future Farmers in 2019 and the biodiversity award Farmers' Blooming Ideas in 2021.

“We prefer to use as little chemistry as possible, but it is not always possible in an industry like ours (...) but we can act in other areas until we find viable solutions.”

— Henning Thybo, vice-chairman of AKD and KMC board member

Since 2020, Henning Thybo has been working with mechanical growth stop without the use of chemicals – and with good results. The solution, in short, involves crushing the potato plant's growing point (the top) so that growth stops naturally. Henning Thybo emphasizes that while the results are good and promising for him, it is just one way to work towards less chemical use in production – and thus not a universal solution that will work for all farmers.

“Since the 2022 season, we have not used chemicals for wilting of our approximately 50 hectares of powder potatoes, which I am very proud of. At the same time, we have managed to keep the pesticide load on seed potatoes at a very low level,” says Henning Thybo.

Depending on the season and growth conditions in a given year, Henning Thybo estimates that the pesticide load can be reduced by up to a quarter and potentially more depending on weather conditions – and with as little yield loss as possible compared to using chemicals.

“We prefer to use as little chemistry as possible, but it is not always possible in an industry like ours. To ensure a yield, we have to treat for diseases like leaf blotch and blight, but we can act in other areas until we find viable solutions.”



Why is KMC a Great Place to Work?



KMC Goal 4: Well-being, safety, and diversity



SDG Goal 8: Decent work and economic growth

The high demand for KMC's products and expertise is also reflected in the number of employees.

In the financial year 2023/24, we welcomed over 50 new colleagues to KMC Amba. Consequently, we have increased the total number of employees from about 240 at the beginning of the fiscal year to 262 employees in Brande today.

Such significant growth requires both effective onboarding and a strong company culture. At KMC, we have therefore initiated various measures at both employee and leadership levels. These initiatives aim to strengthen the company's culture, ensure a common set of leadership values and foundation, and ensure that employees develop and succeed for the benefit of both the company and the employees themselves.

Development Dialogues and Leadership Training

In the spring of 2024, KMC began holding Development Dialogues between employees and leaders instead of the traditional employee development reviews (MUS). Whereas MUS as a concept was structured around 50 standardized questions and held once a year, KMC's Development Dialogues are individually focused and held three times a year.

With the Development Dialogues, we have the opportunity to draw a direct line from KMC's overall strategy, what is expected of the various departments within the company, down to the individual employee. This means we can have engaging dialogues focused on the employee's role and the relevant opportunities for skill development that are important for the employee's success – naturally respecting their needs and wishes. At KMC, we believe that employees who thrive succeed – and employees who succeed thrive.

In line with this, we have also launched a new leadership training program across KMC based on the LifeAchiever training from the consultancy Achievers. By the end of 2024, all leaders in the organization, with the exception of a few team leaders, will have completed the program. Likewise, new leaders will continuously undergo the training. The goal is to create a consistent approach to leadership at KMC based on five well-defined leadership principles and anchored in the company's ERFA groups. This ensures continuous follow-up and development of each leader. The program is also the employees' guarantee that leadership



across KMC is practiced based on the same set of values, with respect for the individual and a desire to develop both the company and the employee.

Close to the Goals for 2024/25

In addition to increasing the overall number of employees in the company, KMC is also working to achieve the goals for gender distribution within the company. Women currently make up just under 40% of the total workforce, and KMC is very close to achieving the long-term goal of a 40/60 gender distribution. At the same time, the proportion of women in KMC's International Leadership Group (ILG – formerly IMC) has increased, with women now making up 26.9%, surpassing the goal of 25%. These are positive developments. However, we must acknowledge that we have yet to see the same positive trend in KMC's board, which still has no female members.

The challenge of finding female board members can partly be attributed to the fact that KMC's board consists of cooperative owners affiliated with the two owner factories AKD and AKK, where women make up a very small portion of the total group. Nevertheless, KMC maintains an overarching goal of ensuring a more balanced gender distribution at the board level.

In the recently concluded fiscal year, KMC has also managed to keep employee turnover at an acceptable 12.72% (maximum 15%). Sick leave remains too high at 3.7% compared to the goal of 2%. This figure is not, however, due to workplace accidents, where KMC noted three with absence following the day of the accident. All three accidents involved falls on stairs or slippery surfaces outdoors.

KMC Employees

96

Employees on functionary similar terms

85

Functionary without HK

81

Functionary with HK

262

Total

6.7 years

Average seniority

At KMC, we are continuously working to reduce the number of workplace accidents and prevent dangerous situations from arising, among other things through the initiative "Tilløb til ulykke" (i.e. recording, reacting and negating near miss-situations).



KMC Group's Carbon Footprint



KMC Goal 5:
Reduce climate impact



SDG Goal 12:
Responsible consumption and production

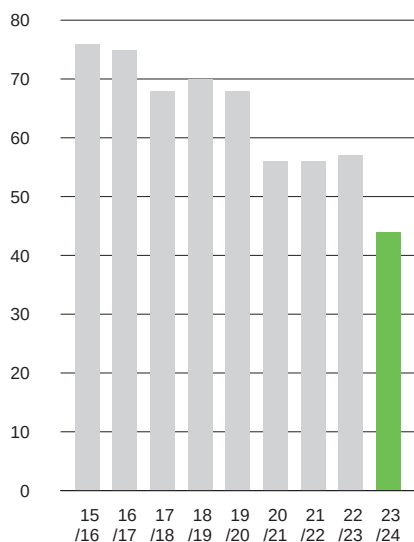
KMC Group aims to be carbon neutral by 2050, in line with the Paris Agreement. To achieve this, we have set reduction targets and developed a roadmap to guide our carbon emission reductions.

KMC Group has the following 2030 targets for Scope 1 and 2 compared to base year 2015/16:

- 55% reduction per ton native potato starch
- 30% reduction per ton modified potato starch
- 30% reduction per ton granules and flakes

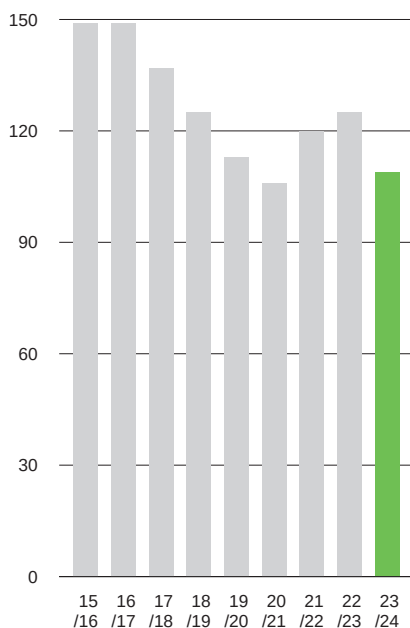
Carbon Footprint: Native Starch 2015-2024 (KMC Group)

kg CO₂e/ton native potato starch



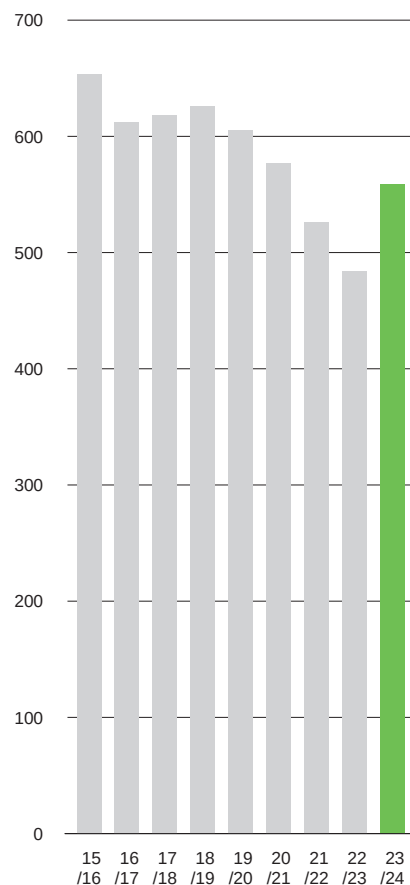
Carbon Footprint: Modified Starch 2015-2024 (KMC Group)

kg CO₂e/ton modified starch



Carbon Footprint: Granules and Flakes 2015-2024 (KMC Group)

kg CO₂e/ton granules and flakes



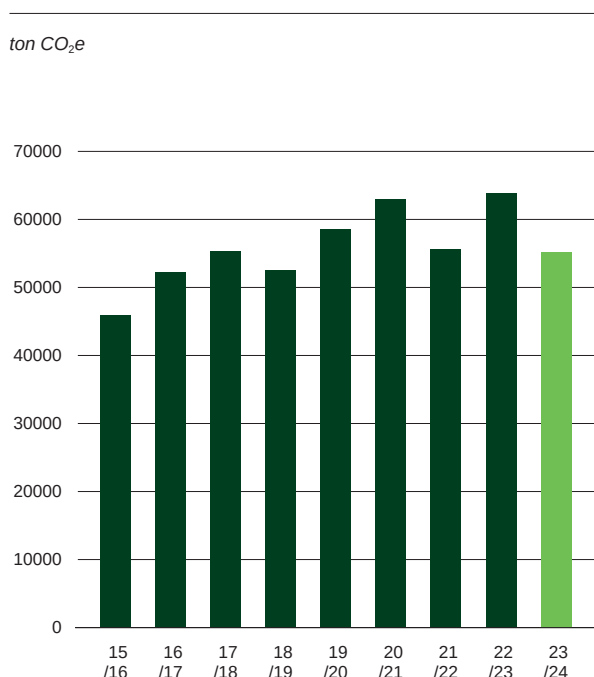
These targets are set relative to production volumes to balance carbon reductions with our growth aspirations. However, we also recognize the importance of absolute reductions. Replacing animal ingredients with our potato-based alternatives results in an overall carbon reduction for the food product as demonstrated by an independent third-party analysis. This means that, at the product level, our potato-based ingredients contribute to an absolute reduction in emissions. As we increase our production, we are committed to focusing on the carbon footprint of the finished food product.

Roadmap to Decarbonization

KMC Group has developed a decarbonization roadmap focusing on Scope 1 and 2. Our focus is due to significant emissions from our energy consumption, including natural gas for heating boilers and electricity for machinery. Our first step is to reduce our own energy consumption through optimization and by exploring alternative energy sources.

In 2023/24, these efforts have led to reductions in Scope 1 and 2 emissions, both in absolute terms as seen below and relative terms (as seen on page 26). However, we have not yet achieved the absolute reduction levels of our baseline year (2015/16) due to increased production. Therefore, our work on energy optimizations and alternative energy sources continues.

Scope 1 & 2: 2015-2024 (KMC Group)



As an exception to the reduced emissions, we see an increase in emissions per ton of produced granules and flakes. This is due to the factory supplementing the use of natural gas with LPG gas.

We approach carbon reductions from a group perspective, believing that shared ambitions, knowledge, and experience can create synergies across AKK, AKD, and KMC. Additionally, we collaborate closely with potato growers to reduce field-level impacts.

KMC Group's Investments in Renewable Energy



KMC Group prioritizes investments in clean, renewable energy particular solar and wind. In KMC, we have therefore installed solar panels on the roof of our new innovation center (2024), and we are exploring further installations at our new external logistics center in 2025 and for retrofitting KMC Granules' potato storage.

AKK and AKD are also investigating solar park projects in Uhre and Toftlund to supply green electricity to the grid. AKD has recently invested in two wind turbines to provide renewable energy for our production facilities. These initiatives are part of our goal to replace fossil fuels with green energy across operations.

Why KMC Group is not Engaged in the Science-Based Targets Initiative



KMC Group supports setting and committing to climate goals aligned with the Paris Agreement. We believe in the importance of reducing CO₂e emissions and addressing climate change. Comprehensive climate accounts that document annual emissions developments are crucial for accountability.

We pursue these goals outside the Science-Based Targets Initiative because the initiative requires individual company engagement, which does not support our value chain collaboration across KMC's Group's three companies: AKK, AKD, and KMC.



Combined Logistics Solutions Reduce Carbon Footprint

At KMC, we strive to find the most optimal logistics solutions for our customers to ensure delivery time, quality, and cost efficiency. This focus has been maintained for many years.

We now have a fourth parameter that is gaining increasing interest: the carbon emissions associated with the transportation of our ingredients. This fourth parameter has made hybrid solutions, where we combine various modes of transportation, particularly interesting. In collaboration with our logistics partner, Scan Global Logistics, we have analyzed the transportation of a 30-foot container from Denmark to Italy.

The analysis compared scenarios where the container is transported entirely by truck versus a hybrid solution where the container is transported partly by truck and partly by train.

The results speak for themselves. The hybrid solution reduces carbon emissions related to transportation by 65%. The emissions from a combination of truck and train are therefore approximately one-third compared to a full truck solution in our analyzed example.



65%
reduction
of carbon
emissions



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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