

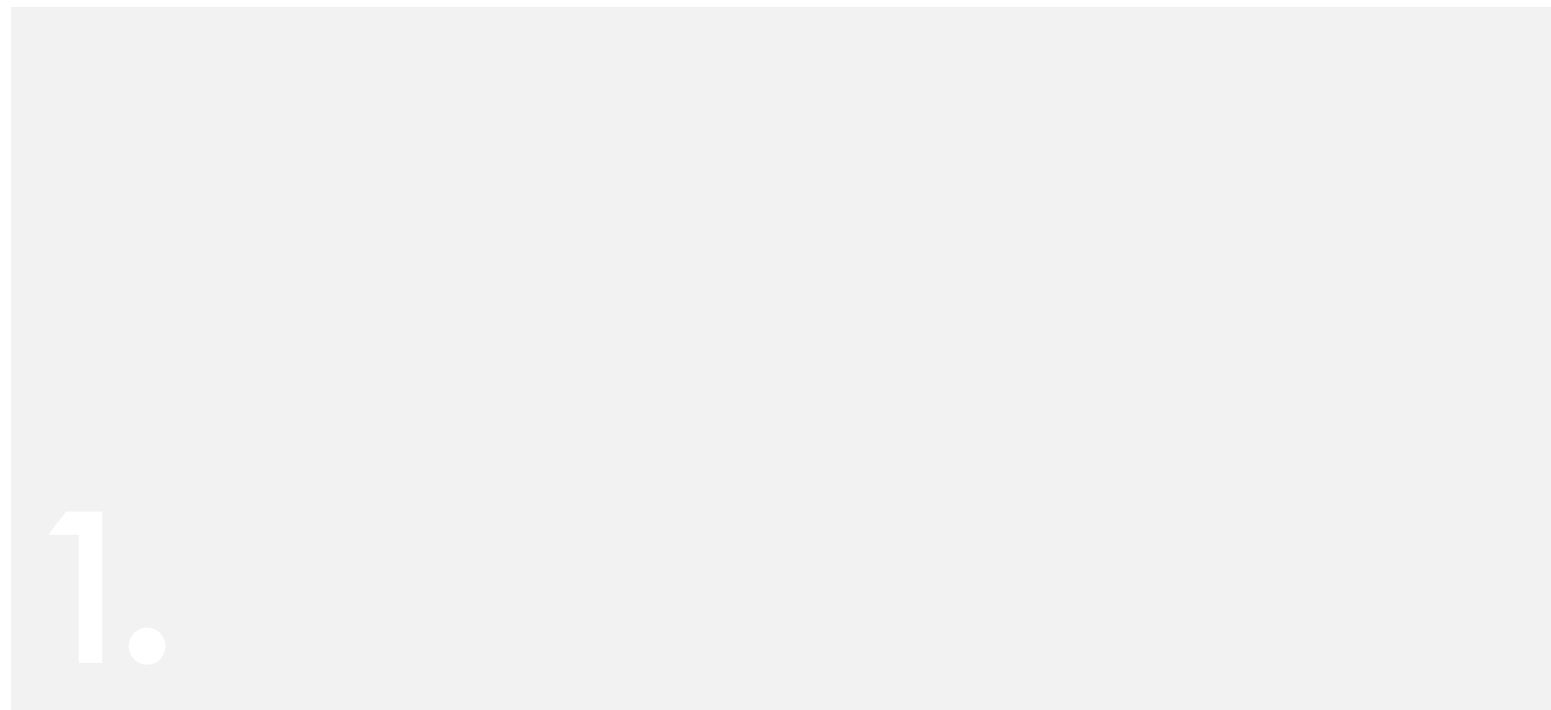


Karo Intressenter Holding AB

# Annual summary and sustainability statement 2025

Smart choices  
for everyday  
healthcare®

# Contents



## Karo in brief

|                               |   |
|-------------------------------|---|
| Introduction .....            | 4 |
| Message from the CEO .....    | 5 |
| The owner’s perspective ..... | 6 |
| Facts & figures .....         | 7 |
| Business highlights .....     | 8 |
| Performance overview .....    | 9 |

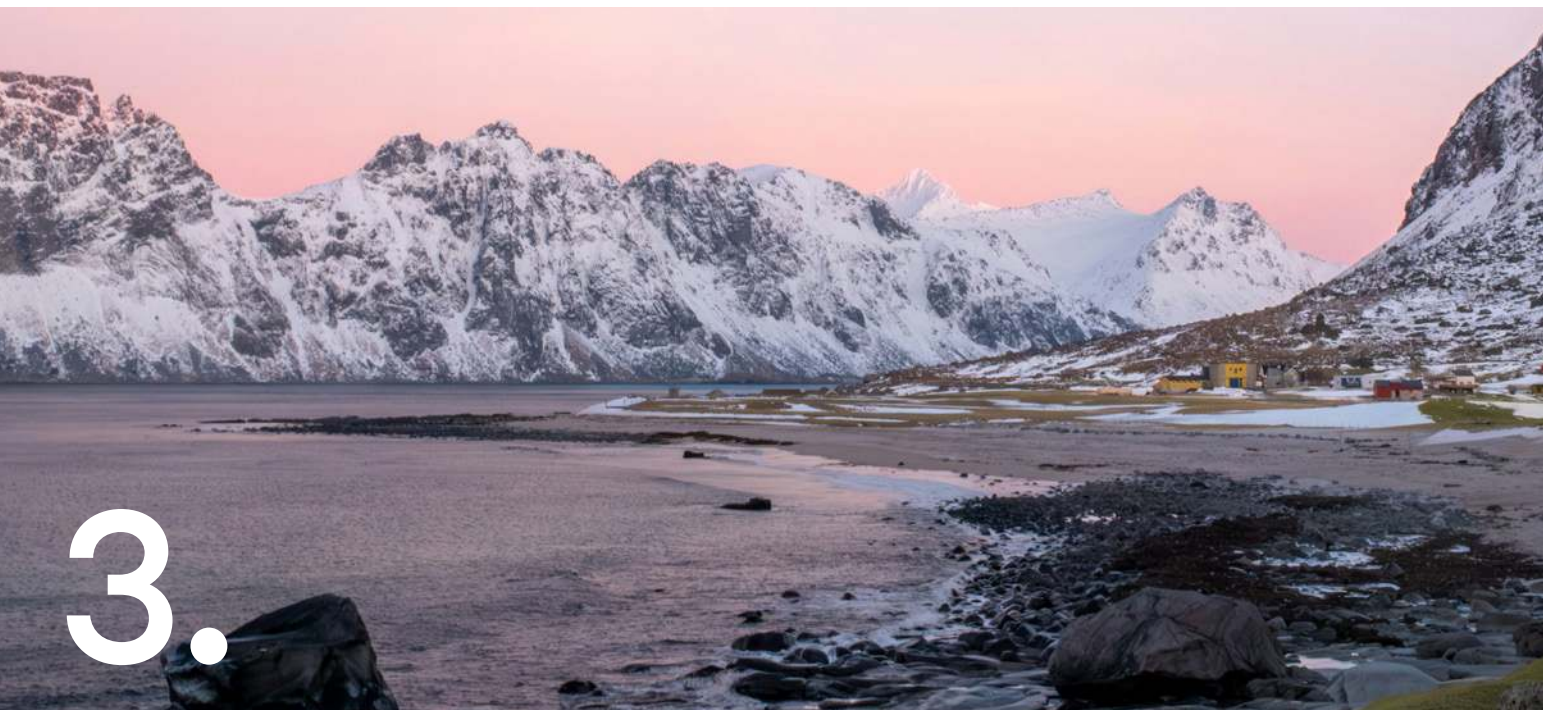
Go to chapter →



## Business and strategy

|                                |    |
|--------------------------------|----|
| Vision and values .....        | 11 |
| Our purpose.....               | 12 |
| Categories and key brands..... | 14 |
| Business model .....           | 15 |
| Strategy.....                  | 16 |
| Sustainability strategy .....  | 25 |

Go to chapter →



## Sustainability statement

|                                          |    |
|------------------------------------------|----|
| General disclosures .....                | 31 |
| Environment.....                         | 39 |
| Social .....                             | 48 |
| Governance .....                         | 55 |
| Appendix .....                           | 57 |
| Auditor’s limited assurance report ..... | 60 |

Go to chapter →

This report covers Karo Intressenter Holding AB and its subsidiaries for the period from 1 January 2025 to 31 December 2025. All business activities are conducted within Karo Healthcare AB and its subsidiaries. Therefore **this report mainly covers Karo Healthcare.**



# 1. Karo in brief

- Introduction
- Message from the CEO
- The owner's perspective
- Facts & figures
- Business highlights
- Performance overview

## INTRODUCTION

# Setting the right foundations for growth

In 2025, we continued to progress on our strategic journey, sharpening our direction and strengthening capabilities across the organisation. We reinforced a sense of ownership among all our people and, in doing so, laid the basis for continued growth.

With our new 2030 strategy, 'Grow to Top 5', we've set a clear course: to become one of Europe's top five consumer healthcare players. It's an ambitious goal. It reflects the potential we see in our brands, our people and our ability to build value for consumers and customers across Europe. And it reflects our vision for growth.

But making this growth real and lasting is about how we execute it – together.

The engine of our growth is our people. And this year, we strengthened it by launching the Everything Counts Programme. This helps people across Karo to understand how we create value, and how each team, each initiative and each improvement contributes to it. Most of all, it creates a sense that growth is something we all own. When people act like owners, growth accelerates. Innovation becomes everyone's job. Accountability becomes shared. And the business becomes stronger.

Across Karo, this ownership mindset will help us continue to progress on our priorities: building stronger brands, accelerating innovation, expanding our footprint through strategic acquisitions and developing a smarter, leaner operating model that supports profitable growth.

And because everything counts, responsibility counts too. In 2025, we continued to embed sustainability deeper into the business – integrating targets into incentives, improving packaging and product formulations, strengthening supplier collaboration, and advancing the systems needed for transparency and compliance. This is how we make sure that growth is not only rapid but resilient – and that the value we create is trusted by consumers, customers and society.

This report tells the story of Karo in motion. Of people acting like owners, executing with discipline and purpose. Building the foundations for responsible, profitable growth toward 2030. ●



MESSAGE FROM THE CEO

# Starting a new phase

2025 was a defining year for Karo. We entered a new phase, with new ownership, a new long-term strategy and a clearer sense of direction than ever. At the same time, we continued to deliver day by day across our markets, supporting consumers, customers and healthcare professionals with trusted everyday health solutions.

One of the most significant milestones of the year was KKR becoming Karo's new owner. For us, this represents a long-term partnership that supports our ambition to scale, while strengthening the foundations that make Karo successful: strong brands, entrepreneurial drive and disciplined execution.

## Pillars of growth

We've captured this ambition in our new 2030 strategy, 'Grow to Top 5', which sets out our aim to outperform the market and become one of Europe's top five consumer healthcare players. A bold goal, but one grounded in data and tangible market opportunity, which is deliverable with our clear focus. Because this ambition isn't simply about expansion. It's about building a stronger company.



We do this through our strategy's three 'pillars':

Our focus on brands and commercial execution – our first pillar – remains as strong as ever. We're continuously sharpening our portfolio, accelerating innovation and strengthening how we connect with consumers wherever they shop. Our brand Decubal is a clear example of this, with insight-driven innovation and stronger scientific backing contributing to double-digit growth. Read more on page 18.

Our M&A work – our second pillar – sees us focus on adding large, science-based brands in existing categories, helping us build scale on core geographies. We drive progress by building category 'platforms', where we leverage expertise and assets across teams and brands to drive synergistic growth. This is how we'll make our scale count in major markets. We turned this ambition into action in 2025 by signing the agreement to acquire Perrigo's European skin health business – the largest acquisition in Karo's history. This is a major strategic step that strengthens our commercial backbone and expands both our reach across the skin health category as well as our presence in our key markets.

Operational excellence – our third pillar – emphasises working as smartly as we can across the organisation to control costs and free up cash, which will allow us to invest where we can maximise value.

## Ownership in action

But strategy pillars and acquisitions alone don't create success. People do. And Karo's strength comes from its people.

One of the things I'm proud of this year is how everyone has responded to the launch of the Everything Counts Programme (ECP). ECP aims to strengthen an ownership mindset across Karo by helping everyone understand how we create value, and how each of us contributes to that value. 'Everything counts' highlights the value of each Karo employee and their actions to make our teams and organisation stronger. It doesn't mean doing everything, it means focusing on what matters most, prioritising the right actions, and making smarter choices every day for our customers, our consumers and our company.

## Growing responsibly

Sustainability is central to how we make these smart choices. It's embedded in how we grow – from the targets and incentives that guide our teams to the way we develop products and work with partners across our value chain.

In 2025, we made important progress on a number of our key initiatives. Our newly-launched packaging platform will help us reduce the amount of virgin plastic we use by harmonising bottle designs across several brands. This initiative also sees us switch to reusable plastic pumps, which increases packaging recyclability. This is sustainability and operational excellence combined.

We also progressed our engagement with suppliers, where they work with us to measure, report and reduce their emissions. This really matters, as the vast majority of our environmental impact is in our value chain rather than our own operations. Already, our emissions from purchased goods have fallen. It was great to see more suppliers becoming part of our engagement programme, and to see so many of them at our supplier townhall this year.

I was really pleased, too, to see external recognition for both our performance and brands. One important accreditation was Vålvald ('well chosen') from the Swedish Pharmacy Association. This shows our OTC medicines are responsibly produced and underlines the trust we want for our products.

## Looking ahead

I'd like to thank everyone – our colleagues, customers, partners, suppliers and investors – for the trust and commitment you've shown throughout 2025. With a clear strategy, strong ownership and a strengthened platform, we're well positioned for the road to 2030. And I look forward to building that future together. ●

Christoffer Lorenzen  
CEO

## THE OWNER'S PERSPECTIVE

# Backing Karo's next phase

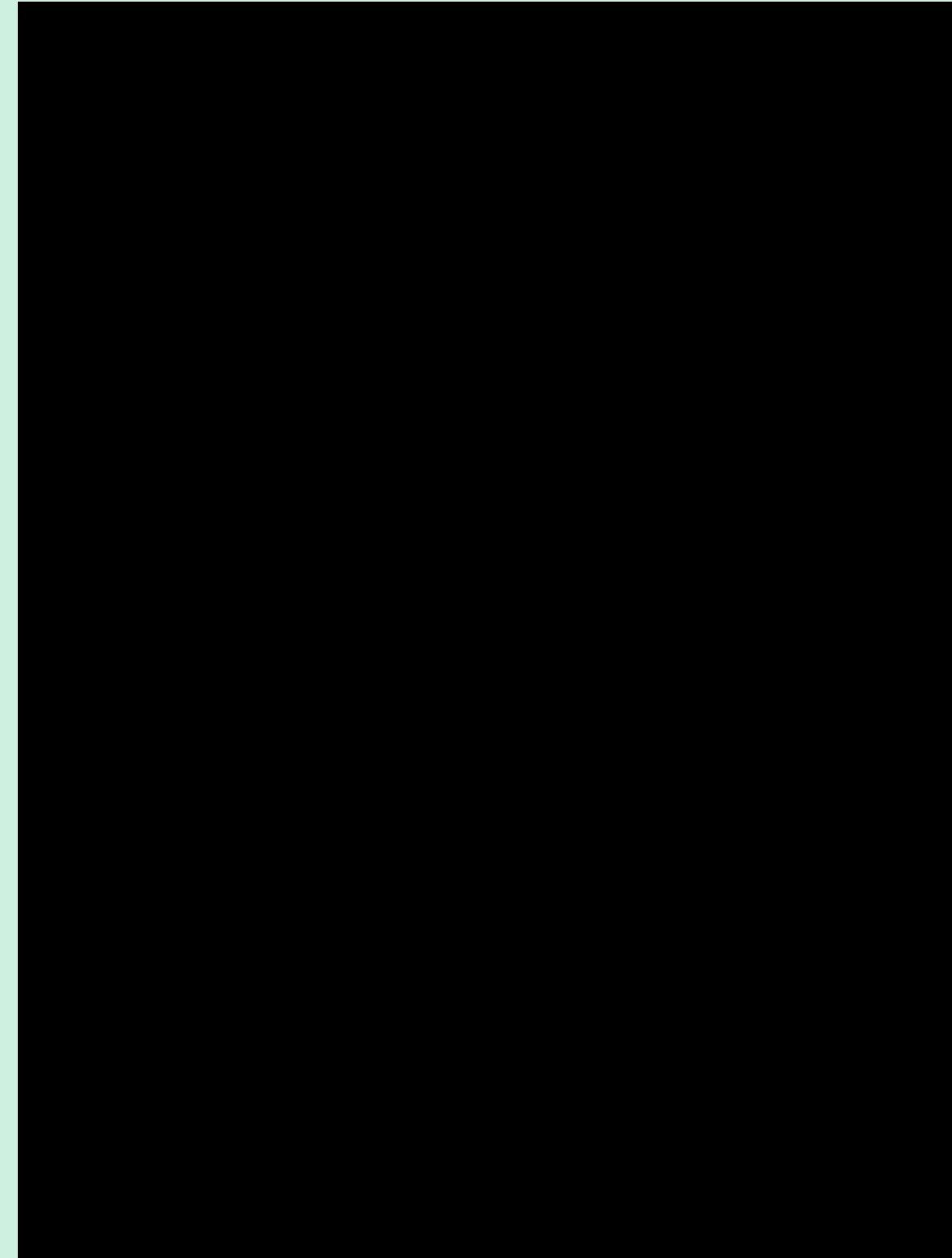
As Karo's new owner, KKR brings a long-term perspective, helping us scale while staying true to what makes Karo, Karo

In April 2025, Karo was acquired by KKR, a leading global investment firm and long-term investor dedicated to building resilient businesses and creating sustainable value. This strategic partnership marks a pivotal milestone that aims to accelerate Karo's next phase of growth.

KKR works in close collaboration with Karo's management team, providing the capital, global expertise, and strategic perspective necessary to scale while respecting Karo's

unique culture and decentralised operating model. Rather than managing day-to-day operations, KKR serves as a thoughtful strategic partner, leveraging an extensive global network and deep local presence to support the business.

By bringing together dedicated teams with specialised consumer healthcare and operational experience, KKR is committed to helping Karo unlock its full potential and drive long-term value.



“Karo's high-quality portfolio, combined with its robust digital and commercial capabilities, provides a clear platform for long-term growth.

We are proud to be supporting a business built on a solid foundation of trusted consumer healthcare brands, strong market positions and a vibrant entrepreneurial culture. We are enjoying working closely with the Karo team to unlock the business's full potential and create lasting value – and KKR remains committed to supporting Karo in its next phase of growth.”

Hans Arstad  
Partner, KKR



FACTS & FIGURES

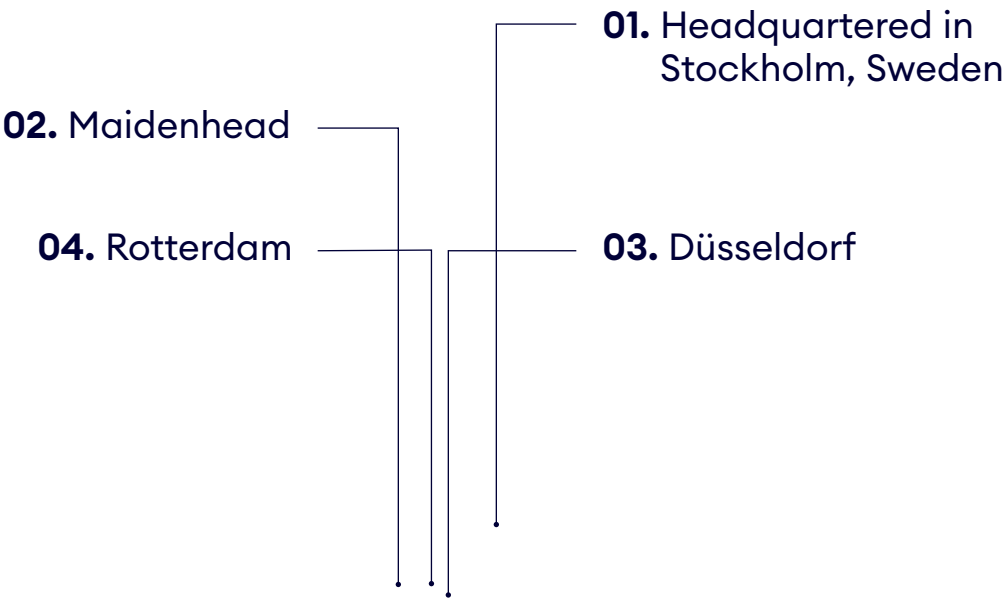
# This is Karo

From markets and brands to people and reach – here’s what Karo looks like today.

Karo worldwide

- Direct markets
- International Trade Business with a turnover of more than 1 million EUR

Our largest hubs

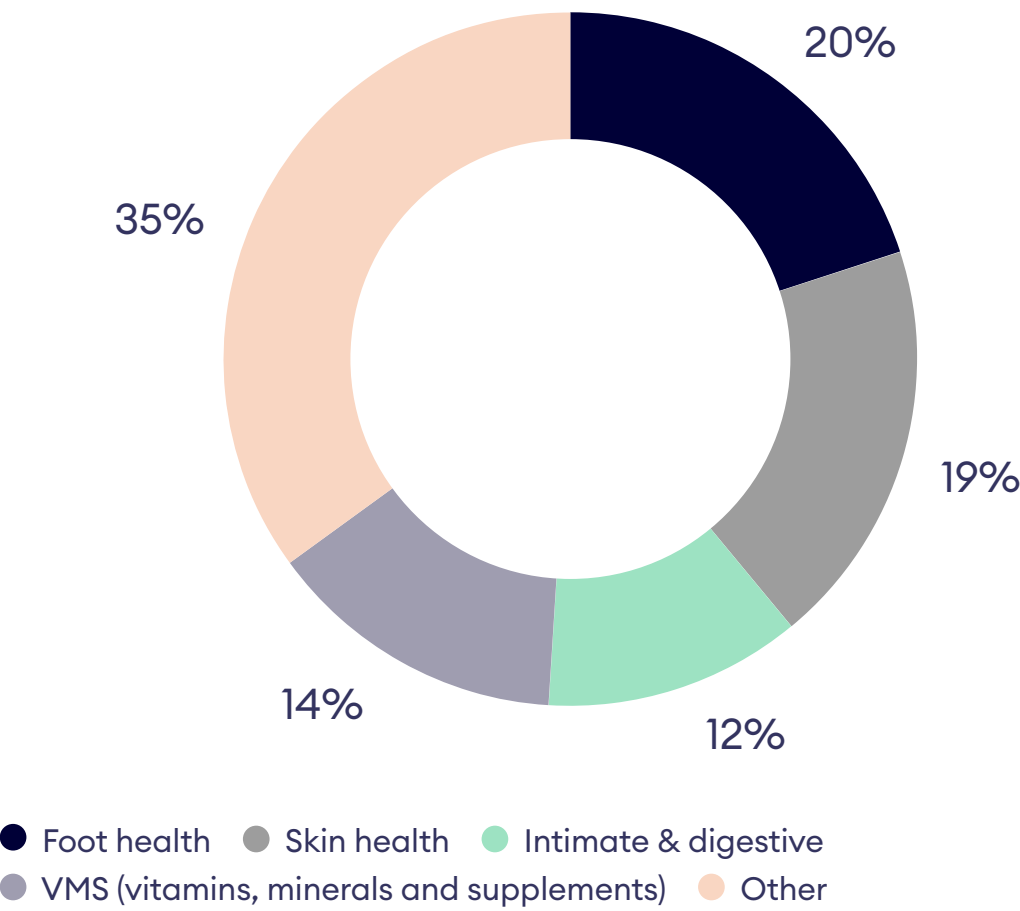


Products sold in

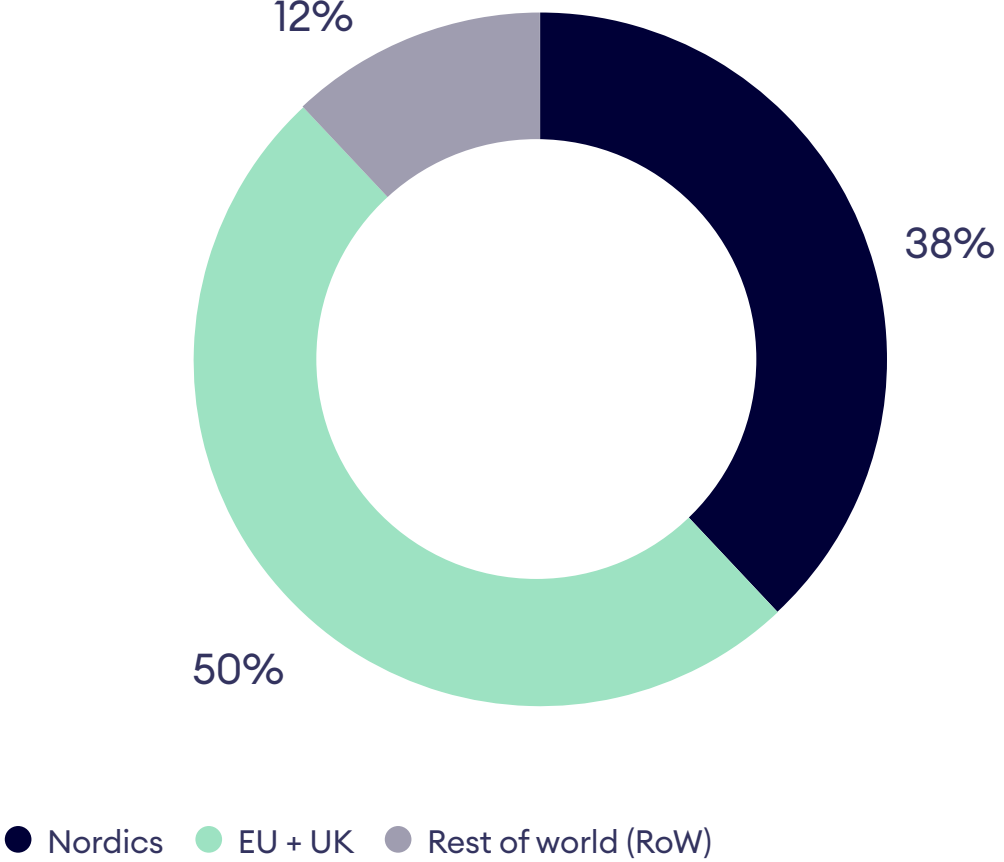
90+

markets

Net sales by category (2025)



Net sales by geography (2025)



A broad portfolio of

80+

brands

Online sales

~19%

of revenue generated

Net sales

60%

from top 10 brands

Sales

~11%

from new product development<sup>1)</sup>

Units sold in 2025

107

million

Workforce

~475

colleagues across 13 countries

<sup>1)</sup> Share of sales from products launched in the past 36 months

## BUSINESS HIGHLIGHTS

# The events that shaped our year

A look back at the moments and milestones that moved Karo forward. From strategy and ownership to innovation, partnerships and progress.



**Welcoming new owners to support growth:** KKR acquired Karo Healthcare from EQT, marking an important milestone and supporting the next phase of growth with global expertise in consumer and healthcare markets.

**Acquiring brands to strengthen leadership:** Karo signed an agreement to acquire Perrigo's skin health portfolio, including ACO and Biodermal, strengthening skin health expertise, multi-channel growth and planned expansion across the Nordics, the Netherlands and Poland.

**Earning industry endorsement:** Karo achieved the Swedish pharmacy association's Vålvald ('well chosen') label, confirming that our OTC medicines are produced with respect for human rights, fair working conditions, environmental responsibility and high ethical standards.

**Celebrating our new direction:** At our company-wide we:karo event in Antwerp, Belgium, we got all our employees behind our strategy and launched our broad-based employee ownership programme.



**Adding value to a key category:** Karo signed an exclusive licensing agreement with Moberg Pharma to commercialise MOB-015, strengthening our foot health portfolio with a clinically-proven, next-generation topical nail fungus treatment.



**Boosting our leadership:** We strengthened Karo's Corporate Management Team by promoting Esad Toric to Managing Director Nordics and Sally Perry to Chief Marketing Officer. We also appointed Konstanze Gallinatus to Chief Transformation Officer – in this way combining strong internal talent with new external expertise to support our next phase of growth. In April 2026, Karine Martin will join as Chief Financial Officer.

**Bringing our suppliers with us:** In our supplier townhall, we brought together more than 90 supplier representatives, strengthening collaboration and accelerating action through our supplier engagement programme.

**Launching our new strategy:** We launched our 'Grow to Top 5' strategy, setting out a clear five-year roadmap toward our 2030 ambition of becoming a top five consumer healthcare player in Europe.



**Winning recognition from our partners:** We were recognised by pharmacy partners across the Nordics – including Sustainable Supplier of the Year by Apotek Hjärtat and Partner of the Year awards with Kronans, Apotek 1 and Boots. These recognitions reflect strong collaboration with our pharmacy partners as well as our ability to meet their expectations for responsible healthcare and sustainable business practices.

**Innovation driving growth across brands:** Karo strengthened its innovation pipeline with successful launches across brands such as Decubal and Lamisil, demonstrating strong early-market uptake and the ability to extend brands into new formats, indications and markets.



# The progress we made together in 2025

A snapshot of our year in numbers  
– from operational results to sustainability progress.

## Operational performance

Units sold

107

million

Service levels

98.5%

unit fill rate (97.3% in 2024)

Inventory

123

days on hand in December 2025  
(166 days in December 2024)

## Celebrating our achievements

We’re really proud of the recognition and awards we’ve received this year from partners and industry peers. They highlight the passion, expertise and teamwork that drive Karo forward. This is a selection of our awards:

### ‘Professional Contributor of the Year’ Award (Apotek 1)

“This is great culture, teamwork and expertise in action. Thank you for the collaboration, it deserves an award in itself.” – Mette Yttervik, Commercial Director, Apotek 1, Norway.

### ‘Partner of the Year’ Award (Apotek Kronan)

“Partner of the Year is awarded to a supplier who always contributes with a positive attitude and an impressive ability to see opportunities. With both knowledge and fact-based insights, this partner is constantly curious and open to testing new initiatives together with us at Kronans Apotek. In our collaboration, the supplier contributes to driving the business forward through concrete improvement activities. A true collaboration partner – and a very worthy winner of Partner of the Year!” – Tomas Rupšys, CEO, Kronans Apotek, Sweden.

### ‘Sustainable Supplier of the Year’ Award (Apoteket Hjärtat)

Karo was recognised for progress in sustainability, including more sustainable packaging solutions, science-based climate targets and products carrying the Välvald label.

### Drum Grand Prix Award for E45

We received the prestigious cross-market recognition The Drum Grand Prix Award for the E45 purpose campaign. This award highlights our ability to combine purpose-led brand building with commercial excellence and scale.

## Sustainability performance

266,000

interactions with healthcare professionals (HCPs) in top 10 markets (185,000 in 2024)

85%

recyclability for non-pharma portfolio (76% in 2024)

50%

women in the senior management team (53% in 2024)

7%

reduction in scope 3 greenhouse gas (GHG) emissions from purchased goods<sup>1)</sup>

38%

post-consumer recycled plastic in non-pharma portfolio (22% in 2024)

4.1/5

average engagement score and employee engagement: eNPS of 19 (42 in 2024)

<sup>1)</sup> Scope 3 category 1 purchased goods emissions vs. 2022 baseline

# 2. Business and strategy

- Vision and values
- Our purpose
- Categories and key brands
- Business model
- Strategy
- Sustainability strategy

## VISION AND VALUES

# Creating value in everyday health

Our vision defines what we're aiming for, and our values shape the decisions that get us there.



### Our vision

Our vision is to become a top five leader in consumer healthcare across Europe by 2030, generating over EUR 1 billion in revenue.

#### By 2030 we will have:

- delivered consistent, market-leading performance and achieved profitable growth ahead of the market
- a focused portfolio comprising fewer, larger brands in 3-4 core categories where we consistently out-perform competitors
- clear Nordic leadership and a scaled, competitive position in the largest European markets
- a highly engaged, inclusive organisation, offering unique development and career opportunities for our people
- automated and AI-enabled core processes that strengthen speed, quality and scalability
- clear progress towards ambitious sustainability targets, improving circularity and reducing emissions across our value chain
- delivered sustainable value for all stakeholders, supported by consistent growth, strong profitability and disciplined capital allocation.

### Our values

Our values guide how we think, decide and act every day. Grounded in insights from the world around us and a shared commitment to improving health and wellbeing, they shape our culture and how we deliver on our purpose.

While our business continues to evolve, our values remain the same, guiding the way we create long-term value for customers, consumers and all stakeholders.

**Challenge:** With our consumers in mind, we dare to challenge conventions and take bold decisions. If there's a better way of doing things, we find it. We always go for the smart choice.

**Connect:** By sharing knowledge and responsibility, we stay connected to each other, our customers, partners, and above all, to Karo's promise to deliver better everyday healthcare.

**Act:** We aim to make strides every day and empower each other to support customers, strengthen partnerships and improve our business. We move fast because we trust each other and always have the best people on board.

**Care:** Care is at the heart of Karo. We listen to every voice and act with transparency, mindful of how our decisions impact people, the planet and our business.

## OUR PURPOSE

# Smart choices for everyday healthcare

### Self-care – improving everyday health

We support people in treating and preventing common health concerns through accessible self-care solutions. By enabling people to manage everyday conditions earlier and more conveniently, self-care plays an increasingly important role in improving wellbeing and supporting more sustainable healthcare systems. Working alongside healthcare professionals (HCPs), we empower people to take an active role in their health while helping to make sure high-quality solutions and expertise are available where they're needed most.

### *Banishing embarrassment*

We focus on under-treated and stigmatised areas in intimate health and in skin and foot health – like fungal infections, warts, haemorrhoids and bacterial vaginosis. We do it by reducing barriers to care through targeted education and support for both consumers and HCPs.

We are a consumer healthcare company guided by the purpose of helping people improve their health and wellbeing.

Good health means more than just avoiding severe illness. It also means addressing, treating and preventing the health-related problems people face in their daily lives.

We empower people to manage their everyday health issues and steer clear of the discomforts, embarrassments and limitations they can create. By providing smart choices for everyday healthcare, we give people control of their daily health and lay the foundations for a better quality of life – ultimately allowing them to live their lives to the fullest.



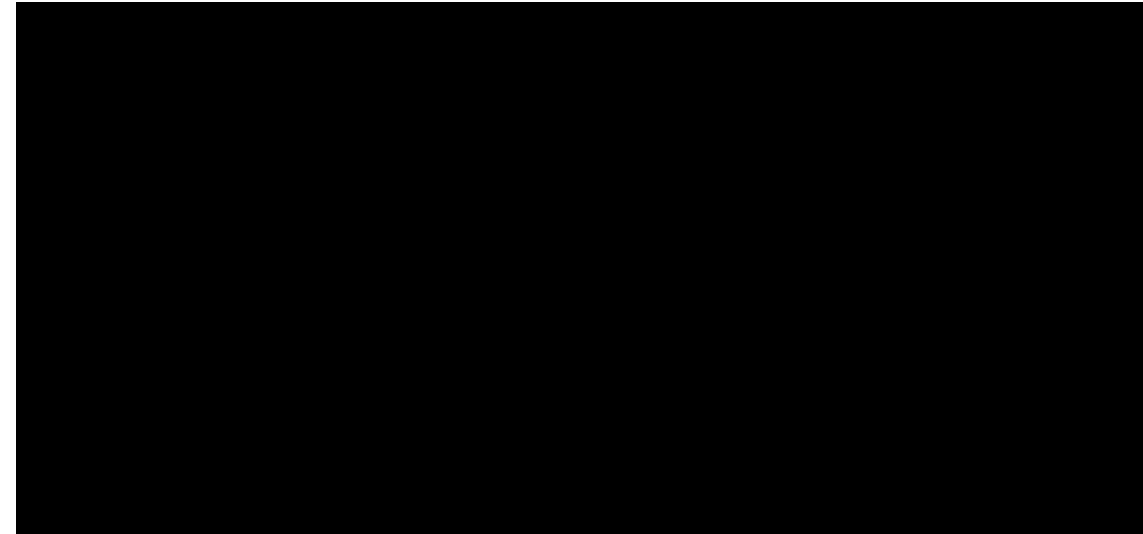
## OUR PURPOSE

# Our purpose in action



## Helping healthcare professionals tackle stigma

We work closely with healthcare professionals (HCPs) through targeted education and knowledge-sharing initiatives, including digital learning, materials and expert dialogue about undertreated and stigmatised conditions. In 2025, we had more than 266,000 interactions with HCPs across our top 10 markets. By strengthening HCPs' understanding of self-care, prevention and everyday conditions, we lower barriers to care and support smart, informed choices for everyday health.



## Educating consumers

We support consumers with clear guidance and awareness initiatives, helping them spot symptoms early and find effective treatment. So wherever people look for trusted information, we aim to be a reliable source – providing evidence-based education and compelling, substantiated product claims. Conditions such as Athlete's foot, for example, are common but often misunderstood – and research shows that a third of consumers don't seek treatment. We help consumers spot conditions like these early and guide them to effective treatment.

“I have suffered from Athlete's foot for years and have tried everything to get rid of it, but nothing has worked. Until this! I was so embarrassed, but after two weeks, it's back to normal.”

Consumer, Amazon review.



## Engaging employees

A strong sense of ownership, purpose and culture is essential to sustained performance, and our latest Employee Engagement Survey confirms that this foundation is firmly in place at Karo. With an 82% participation rate, the results give a robust and credible view of how our people feel. Engagement remains strong, with an overall score of 4.1 – above the benchmark for the top 30% of companies across industries – and an employee Net Promoter Score (eNPS) of 19, reflecting continued engagement during a period of organisational change.

“The best thing here is the trust and confidence that you can always be supported and listened to.”

Employee in our Employee Engagement Survey 2025.



## Supporting the wider community

Our contribution to Operation Smile, which we've supported since 2028, is equivalent to safe surgery and long-term care for 6,000 children with cleft conditions. This has improved quality of life for them and their families. Since 2021, we've deepened our collaboration by supporting the nutritional and dental programme in Madagascar and the nutritional programme in the Philippines.

“Long-term partners like Karo make it possible for us to create sustainable, lasting impact in the communities we serve.”

Maya Jakobsson, Chief Development Officer, Operation Smile Sweden.

# Growing categories of trusted brands

Focused categories, strong brands and deep expertise – that’s how we help our customers and consumers make smart choices for everyday health.

## Our brands

We own, build and commercialise a range of trusted brands in everyday healthcare. By continuously increasing our knowledge, we can evolve these brands and products and the claims that underpin them. We connect with consumers by using deep insights from a range of sources to identify audience behaviours, needs and barriers. And we turn these insights into distinctive communication delivered through the most relevant channels for each audience. This is how we meet consumers' needs, address emerging trends and engage effectively across markets. As a virtual company, we work with trusted partners to produce and distribute our products. This makes us fast and flexible, and able to deliver what’s best for our brands, customers and consumers.

## Skin health

We believe that everybody deserves to live with healthy skin. With our portfolio of trusted and well-established skin health brands, such as E45, Remescar and Decubal, we offer expert skin care. This ranges from skin treatment to anti-ageing products and effective sun protection, loved by consumers of all generations and trusted by healthcare professionals.

**E45** REMESCAR DECUBAL

## Foot health

We’re experts in foot health. Our portfolio of global brands helps keep feet healthy and strong throughout the year. With brands like Lamisil, CCS and Pevaryl, we provide clinically-proven treatments for conditions like Athlete's foot, cracked heels and fungal skin infections, making sure consumers stay comfortable and confident.

**CCS** ~~LAMISIL~~ Pevaryl®



Smart  
choices for  
everyday  
healthcare®

## Intimate and digestive health

Karo’s intimate and digestive health products help consumers and healthcare professionals manage sensitive conditions with trusted solutions. Pevaryl, Multi-Gyn, Asan and Selexid provide effective intimate care, while Proct offers relief from haemorrhoid symptoms and supports digestive health.

**PROCT®** Multi-Gyn® asan®+

## VMS (vitamins, minerals and supplements)

Our premium vitamins, minerals, blends and supplements come from trusted brands including Nutravita and Lactocare. They help consumers boost immunity, enhance fitness and support overall health.

nutravita **LACTOCARE**

BUSINESS MODEL

# How we create value

Karo supports consumers and society by improving health and wellbeing through trusted self-care brands. Guided by our 2030 vision, our ambition is to build a leading, responsible, and highly profitable multi-channel consumer healthcare company. To achieve that, we combine financial strength with a clear social and environmental commitment, creating long-term value for all stakeholders.

..... **Input** .....

- Financial resources to invest in brands and markets
- Manufacturing and supplier relationships
- Collaboration with healthcare professionals (HCPs), customers and consumers
- Skilled employees across 13 countries
- Responsible use of natural resources and energy

**UPSTREAM**

- Raw materials and packaging
- Manufacturing of finished goods
- Distribution through transport and warehousing



**Output** .....

- Accessible, effective self-care products that improve health and wellbeing
- Profitable, trusted, innovative brands built on consumer needs
- Long-term, value-creating partnerships across the value chain
- Highly engaged talent that drive operational performance
- Products and packaging that support circularity and lower emissions

**DOWNSTREAM**

- Sales via pharmacies, retailers, e-commerce and healthcare distributors
- Consumer use
- End-of-life recycling or disposal



**Operating model**

- Portfolio of locally trusted brands supporting everyday health
- Asset-light operating backbone with strong external partnerships
- Integrated M&A, innovation and multi-channel commercial capabilities
- Decentralised decisions close to consumers for speed and relevance

STRATEGY

# Growing to top 5 by 2030

Our sharpened strategy, ‘Grow to Top 5’ sets the direction for Karo – driven by strong brands, disciplined expansion and people who take ownership.

In 2025, we launched our strategy, ‘Grow to Top 5’, which will guide our work over the next five years as we progress toward our 2030 vision of becoming a top five consumer healthcare player in Europe.

The strategy is built on three pillars – building stronger brands, driving incremental growth through M&A, and improving operational excellence. The foundation for this is developing the capabilities of our people and organisation.

VISION

Become a **top 5 leader** in consumer healthcare across Europe by 2030, generating **over EUR 1 billion** in revenue



STRATEGIC PILLARS

**Brilliant Brands & Execution**



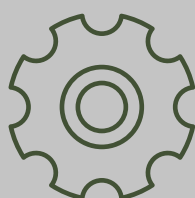
To outperform the market

**M&A & Markets Expansion**



To accelerate incremental growth

**Operational Excellence**



To build a smart company that drives profitable growth

STRATEGIC FOUNDATION



**Culture & Capabilities**

As key drivers for Karo's future success



## Brilliant Brands & Execution to organically outperform the market

### How we will win:

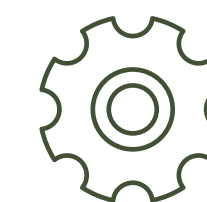
- Build insight-driven, science-backed brands that earn consumer trust and that grow faster than the market
- Prioritise high-impact innovation that solves real consumer needs
- Strengthen multi-channel and digital execution to connect with consumers wherever they seek information, browse or shop
- Deepen collaboration with customers and make the most of experts and HCPs to support education, endorsement and better consumer outcomes.



## M&A & Market Expansion to accelerate incremental growth

### How we will win:

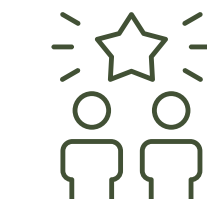
- Build our portfolio in attractive, resilient categories to drive scale and efficiencies
- Apply our proven M&A playbook to integrate acquired brands efficiently and seamlessly
- Expand in major markets where we offer a differentiated proposition and can exploit our scale and capabilities
- Deepen strategic partnerships to unlock new growth opportunities
- Focus investment where we create superior value and exit where we are not the brand's best owner.



## Operational Excellence to build a smart company driving profitable growth

### How we will win:

- Improve margins and fuel growth with smart, cost-effective solutions
- Drive cost savings that free up cash to reinvest in the business
- Run a lean, cost-disciplined organisation with fewer barriers and more automated, agile processes
- Build a scalable digital and tech backbone that enables fast, data-driven decisions
- Improve operational excellence and streamline how we work to make us faster and more effective.



## Culture and Capabilities as key drivers for Karo's future success

### How we will win:

- Champion a culture of high performance built on ownership, collaboration and accountability
- Put consumers at the heart of everything we do
- Build strong, resilient partnerships with customers and suppliers to secure growth
- Drive continuous learning and improvement, scale AI and new technologies, and embed sustainability where it creates real value.

### Delivering our strategy with consumers and customers at the core

Our strategy sets the direction for achieving our vision, placing consumers and customers at the centre of how we create value. To support this, we've developed our Value Creation Programmes (VCPs) that translate strategic intent into clear priorities, targets and actions. Together, they form a strong and consistent framework that aligns the organisation, guides decision-making and drives performance.

By making sure our people understand what matters most, we enable them to take ownership, collaborate effectively and deliver sustainable, profitable growth and long-term value.

# Our strategy in action

**CASE:** Brilliant brands and execution

## Polishing Decubal's crown

When we acquired Decubal in 2021, we knew we had a number-one brand known across its core Nordics markets for trusted skincare products. But we still saw potential for further development.

Brand manager Camilla Norbye Riis explains: "Decubal has great brand equity. The products are scientifically proven, with over 50 years of heritage. But the brand expression had become dated, markets are more crowded and consumers are more educated. So we decided to reset the brand while making the most of its strengths. Decubal was still the queen, but we needed to polish the crown."

### Playing to strengths

Drawing on insights from consumers, pharmacists and healthcare professionals like dermatologists, the brand team developed a new approach,

strengthening the documentation of clinical efficacy. We conducted 32 clinical studies over three years, producing more than 400 claims documenting the benefits and effects of the Decubal range. This stronger evidence base supports clear communication of product benefits and further reinforces trust in the brand.

A new pack design kept the brand's signature red and white identity, but updated typography and underlined product benefits through pack copy and colour cues. Visual communication emphasised Nordic outdoor scenes to highlight the brand's credentials as a shield against the region's elements.

We've also made the product range simpler for consumers and pharmacists to navigate, reorganising it by skin type and condition. As Camilla says: "This makes it easier to find the right Decubal product on

pharmacy shelves, which supports consumers in making smart choices."

### Maintaining relevance

Product innovation alongside campaigns and collaborations with pharmacies and retailers keep the brand relevant, stimulate awareness and strengthen market position.

The brand team also connects with audiences through social media and influencers, generating awareness and discovering what they need. That's led to new features for Lips and Dry Spots balm, including sun protection and coloured tints, which sent sales rocketing by over 50%. With these fundamentals in place, teams can work more effectively with localisation strategies. As Camilla explains: "In Denmark, the core audience is mainly older, while in Sweden the audience is younger, including products aimed at first-time parents.

Decubal was already a loved and trusted skin health brand when it joined Karo. But we saw a chance to cement its number-one status by evolving its identity and strengthening clinical documentation. And the transformation has produced double-digit growth.

In Norway, pharmacies are the main channel and in Finland, reimbursed products are more relevant. Teams in each market can combine the core brand identity and story with tactical initiatives tapping into Decubal's local relevance."

Since we acquired Decubal, the brand has grown by around 20% year-on-year. "We've unlocked this growth by reconnecting with the brand's core and staying closely attuned to consumers' evolving needs," says Camilla, "and that journey continues."



Camilla Norbye Riis  
Brand manager



**CASE:** Brilliant brands and execution

# Empowering everyday health through education at scale

Karo Academy brings education, digital innovation and local engagement together to strengthen healthcare professionals' confidence, so they can help consumers make better self-care decisions.



Putting consumers in charge of their health starts with well-informed healthcare professionals (HCPs). At Karo, education is not an add-on; it's a strategic lever to improve everyday health outcomes, reduce barriers to care and build long-term trust across our categories.

Karo Academy turns that commitment into action. It connects category knowledge to our brands and places products in a broader health context, supporting responsible recommendations and informed consumer choices.

## How it works in practice

Through short, practical digital modules, Karo Academy shares expertise across self-care areas – from product knowledge to education on diseases, symptoms, treatment guidance and sensitive conditions. Accredited learning credits support professional

development, while continuous updates ensure access to the latest insights and recommendations.

Since launch, the platform has reached a growing number of users, with high completion rates and strong satisfaction scores. In late 2025, we launched the new Karo Academy App in the Nordics, further improving accessibility and flexibility. The app has already reached more than 1,800 downloads, and user ratings average 9.2 out of 10.

The general feedback we've received from pharmacy staff testifies to the value of the platform. They say it helps them feel confident discussing sensitive conditions and recommending the right self-care solutions.

## Digital scale, local impact

Digital education complements rather than replaces personal interaction. Karo Academy is integrated into our

360-degree engagement model, combining online training with in-person meetings and salesforce follow-up. Local teams reinforce learning and help translate knowledge into everyday practice.

Built on a shared structure and adapted to local market needs, the platform is designed for scalability without compromising relevance or quality.

By strengthening HCP confidence and knowledge, Karo Academy supports better guidance, more informed self-care decisions and improved health outcomes, while creating measurable value for healthcare professionals, consumers and health-care systems.

“We really appreciate Karo Academy at Apotek Hjärtat. It makes it easy for our staff to access education and get practical advice – which helps us support our customers in achieving better health.”

Sanna Theorin, Head of Sales and Development, Apotek Hjärtat.

## CASE: M&A and expansion

# Building a platform for growth

The skin health portfolio we’ve acquired from Perrigo is our biggest ever M&A transaction: in 2024, the brands generated a combined EUR 120 million in net sales.

The ACO, Biodermal, Emolium and Iwostin brands include face, body and sun care, and medicated skin health products. Acquiring them deepens our presence in the Nordics, where we’re approaching category leadership, as well as in the Netherlands – and introduces us to the growing Polish market.

### Focusing on fewer, bigger brands

The deal also underlines our M&A approach to focus on bigger brands. This concentrates our resources and expertise as efficiently as possible and contributes to our 2030 ambition to be a top 5 European consumer healthcare player with EUR 1 billion revenue.

Head of M&A Larissa Luchmann says: “The brands we’ve acquired are well-established, trusted by consumers and backed by strong scientific foundations. They have a lot of brand

equity, a precious attribute that takes many years and resources to build. This was important in our decision to bring them into the Karo fold.”

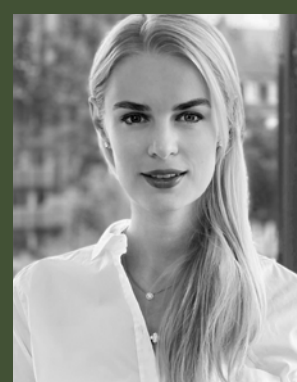
### Complementing new and existing brands

Another key factor was the portfolio’s fit with our other skin health brands. The move helps us build a ‘platform’ in the category through synergies that add value to both the new and existing brands.

As Larissa explains: “For instance, we can introduce an innovative formulation from one brand to another in a different market. This scale allows us to invest more and deepen our expertise across the category. Consumers get better solutions faster, while we strengthen the value of our brands. The combined expertise across our portfolio, from commercial execution and sales to regulation and consumer insight, makes our brands more competitive. As we grow in a category, we see other benefits too, like economies of scale in sourcing.”

### Licensing to add value

Licensing is another part of our approach to growth without major upfront investment. In 2025, we signed an agreement with Moberg Pharma to commercialise MOB-015, an innovative formulation for fungal nail infections. “We can now commercialise MOB-015 in 19 European markets under our Lamisil antifungal brand,” says Larissa. “This gives consumers a new solution to an everyday health issue. It also adds value to Lamisil by broadening its credentials and builds our presence in foot health. It’s all part of our strategy to combine the strengths of our brands and support them through shared innovation so they can grow together.”



Larissa Luchmann  
Head of M&A

In 2025, we made a record acquisition: a group of leading skincare brands that strengthen our position in our core markets and in one of our key categories. The deal also enables us to continue building a platform where our brands – and our consumers – all benefit.



**CASE:** Operational excellence

# Beyond bottles and boxes – the strategy inside our packaging

At Karo, packaging is a strategic link between brand strength, cost efficiency and sustainability. How we design, source and produce packaging affects how products perform and how consumers recognise and trust our brands. It also helps our brands comply with regulations and makes our supply chain resilient.

In 2025, we developed a new approach by creating a packaging platform across multiple brands, based on lower-impact bottles. Delivered in just nine months, this project brought together packaging development, sourcing, supply, sustainability and brand teams across Europe and the US. The work included new designs, suppliers and production tools, all fully validated across multiple markets.

By moving towards more harmonised packaging across brands, we’re strengthening brand consistency while improving cost efficiency and reducing environmental impact. The new bottles support our sustainability targets by lowering material use and emissions, and create a scalable foundation for more product innovation.

As Ricardo Villalvazo, Head of Packaging Development, explains: “Packaging brings together design, supply and sustainability. When we get it right, we strengthen our brands, reduce costs and lower environmental impact at the same time.”

The packaging platform project demonstrates how commercial performance and sustainability go hand in hand, turning smart design into smart choices for everyday healthcare.

“Packaging brings together design, supply and sustainability. When we get it right, we strengthen our brands, reduce costs and lower environmental impact at the same time.”

Ricardo Villalvazo, Head of Packaging Development



## CASE: Culture and capabilities

# When everything counts, everyone's an owner

Ownership has changed in more than one way at Karo. KKR became our new owner in 2025. At the same time, our people are being empowered to act with a stronger sense of ownership – through the Everything Counts Programme (ECP).



KKR and Karo share the belief that everyone performs at their best when they not only take ownership but also feel ownership. That's what's at the heart of the Everything Counts Programme.

Based on a proven model adopted across KKR's portfolio, ECP is designed to strengthen employees' sense of ownership by enabling them to share in Karo's success – including financially.

"In other words, when Karo wins, everyone wins," says Chief People and Sustainability Officer Lisa Westerdahl.

### Everyone's business

But there's a lot more to ECP than potential financial rewards. "Ownership has always been part of our culture, but the programme adds structure to it," explains Lisa. "In designing it, we've included elements that make it distinctively 'Karo'. For instance, we've refreshed how we describe our values to reflect the mindset we want to promote. We've also based the programme on three 'pillars' that reflect the entrepreneurial spirit of Karo and connect to our strategy."

First, ECP aims to share knowledge about the business and how it creates value. The better everyone understands this, the more they understand how everything they do counts towards building that value.

Second, the programme encourages innovation through ideas that lead to smarter ways of working as well as better products. And third, ECP strives to empower people and teams to 'go do' by putting their ideas into action.

In this sense, ECP is about taking ownership in all matters, big or small. And it's about taking shared responsibility for our progress, behaviour and culture. Or as Lisa puts it: "We want people to feel that everything they do at Karo counts – every meeting, every decision, every idea. It's when you fully understand the business and think and act like it's yours, that you make better choices for Karo and for yourself every day."

### It's already happening

Soon after we launched ECP at September's we:karo event in Antwerp, leaders and their teams began exploring what it means for them and their plans. Activation of the programme will also become part of one of Karo's Value Creation Programmes (VCPs), with success measured through new questions in our engagement surveys.

Even in the short time since ECP began, there are clear signs of success, says Lisa: "Already, 'everything counts' has become a shorthand for the behaviour we want to promote, connecting people's everyday actions to Karo's purpose and encouraging them to treat the business as their own."



"I think the programme is great. ECP helps us all focus on the bigger picture – and prioritise the decisions that really drive the business forward."

Kristian Vatne, Business Development Manager, Norway



"You will give a bit more of yourself on a daily basis and be more motivated to make the right choices for the company."

Ana Gantes, Brand Manager, International Trade Business

# Growing through transformation



We've set a bold ambition for 2030. To achieve it, we've embarked on a transformation. But what does that mean in practice? How will it work and what part does sustainability play? Karo's new Chief Transformation Officer Konstanze Gallinatus and Head of Sustainability Alice Devine discuss how we're turning strategy into action.

## What does transformation mean at Karo?

*Konstanze: Transformation is really about how we turn our 'Grow to Top 5' strategy into action and bring it to life. We're in attractive, stable and resilient markets – even in tough times like financial crises and pandemics, people continue to invest in their health. But we can always create more value for consumers, our customers and Karo as a business. And our strategy is there to help us do that. It sets the direction. Transformation is the work of making it happen.*

*Alice: Exactly. If our goal is to become part of the top five European healthcare businesses by 2030, our strategy provides the structure for getting there.*

## So how does the transformation actually happen?

*Konstanze: The main way we drive it is through our Value Creation Programmes, or VCPs. These are 15 cross-functional initiatives linked to our strategic pillars. Each VCP brings teams together around a clear value creation target in a specific area, whether that's sourcing, supply, innovation or commercial performance. For example, we have a VCP on managing revenue growth, which includes how we work with promotions and customer activity.*

*Alice: The VCPs are where the strategy becomes real – where we translate ambition into priorities, projects and hopefully measurable progress.*

## The Transformation Officer is a new role at Karo. What does it involve, specifically?

*Konstanze: My job is to help the organisation execute the strategy consistently. Part of that is leading on commercial topics like pricing, demand management and making sure we have the right supply to meet market needs. It's also connecting the dots across teams, functions and markets – helping design and run the VCPs so they deliver results. In this way, the Transformation team acts as the glue between the VCPs, coaching the teams and helping them prioritise and use resources in the best way.*

## What difference does that make in day-to-day work?

*Konstanze: It helps to break down functional silos, bring different voices together and encourage collaboration. If one team is using statistical analysis to measure how effective marketing tactics are, for example, then they need to connect with teams working on promotions and customer activity. Because we know what's happening in each VCP, we make sure insights travel across the teams.*

*Alice: There's a lot of energy and speed at Karo. What Konstanze and her team bring, is structure – helping us channel that energy in the most productive way so we build on our strengths. And because the people in Konstanze's team know the business so well, they're strong co-pilots for the VCP teams.*

### Where does sustainability fit into all of this?

*Konstanze: Sustainability is embedded in the strategy across all three pillars and in relevant VCPs – it’s not a stand-alone track. That means it continues beyond individual VCPs. It’s built into how we work and how we make decisions.*

*Alice: That’s exactly it. If I can zoom out for a moment, sustainability at Karo has never been about compliance alone. It’s part of how we assess innovation, shape our portfolio, develop our packaging and product formulations, and strengthen our operations and capabilities. In other words, it’s part of how we create value and build long-term success. It keeps us in line with customer expectations while also improving efficiency across the business.*

### What does ‘built-in’ sustainability look like in practice?

*Alice: It means sustainability is part of all our transformation activities – it’s built into targets, leadership forums and everyday business decisions. That’s also why I’m involved in innovation and supply forums, and support several VCPs, particularly those linked to operations.*

*But the ambition goes beyond any one function. Sustainability should always support better innovation, stronger supplier relationships and smarter operations, not sit on the sidelines. Even without a sustainability voice in the room, sustainability should already be part of the thinking. That’s what we’re aiming for.*

### Looking ahead, what are your priorities for 2026?

*Konstanze: I want us to keep building those VCPs and strengthening execution. Bringing the strategy to life is fundamentally about change management – and I want everyone at Karo to feel part of that change and confident in it. So when the wind of change blows, we don’t build walls, we build windmills, as the saying goes.*

*The Everything Counts Programme is important here, too. It helps people feel ownership, understand the*

*strategic direction and see how they can contribute to it. That makes it more powerful than a bonus scheme alone.*

*Integrating the skin health brands acquired from Perigo will be a major priority in 2026. Karo has a strong track record in integration, but this is on a larger scale so it will be an important test for us.*

*Alice: For sustainability, I want us to build on what we’ve already started – for instance in packaging and product formulations – so we not only keep reducing our impacts but also support innovation and lower costs. I also want us to deepen our work with suppliers, focusing on the social impact as well as the environmental, especially as we grow our supply chain in Asia. And I’m keen to build on the success we’ve had in engaging customers in Sweden. We’re continuously sharing knowledge and experiences, as well as sustainability projects, including one making the most of pallet and warehouse space. Two Supplier of the Year awards from different pharmacies in the last two years underline this success, and I’d like to replicate that with pharmacies in other markets.*

*Developing our people will also be a key priority. That’s a major part of our social impact. And I agree that the Everything Counts Programme is important because it helps colleagues look beyond their own work and see themselves as part of something bigger.*

### So if you look at Karo today, what makes us well equipped to succeed?

*Konstanze: We know where we’re going and how we’ll get there. Transformation isn’t about change for its own sake. It’s about building the capabilities and mindset that will carry us to 2030.*

*Alice: And making sure we do it in a way that’s responsible and sustainable. That’s what makes transformation meaningful – it strengthens the business while keeping us relevant and resilient. ●*



# Growing sustainably

Sustainability isn’t a separate activity at Karo – it’s deeply embedded in how we grow, make decisions and deliver value.

The close connection between our sustainability strategy and our purpose keeps us focused on what matters most. Built around three pillars, our strategy defines long-term commitments, supported by clear goals and targets that shape our priorities and drive progress.

## 01. Health and wellbeing

**Support our consumers to be healthy, live well and feel empowered to improve their own health**

- Advance health and wellbeing through purposeful brands
- Empower consumers in prevention and self-care
- Drive sustainable and trusted product innovation
- Give back to our community



## 03. Fair society

**Contribute to a fair, equal and inclusive society as a responsible employer and throughout our value chain**

- Have an empowered and engaged workforce
- Support a diverse and inclusive business and society
- Secure fair jobs throughout our value chain
- Ensure responsible and ethical business practices



## 02. Environment

**Secure a climate-positive future where our business and value chain operate within the limits of the planet**

- Achieve net-zero climate impact
- Contribute to a circular, waste-free world
- Protect ecosystems (water and nature)



# Sustainability in action

**CASE:** Health and wellbeing

## Supporting UK women’s health during menopause

As part of our broader sustainability and social impact agenda, we recognise that supporting the needs of under represented consumer groups is central to responsible business. Today, 15.5 million women in the UK are navigating menopause, and the majority report feeling underserved in retail environments. Research shows that while 94% of women want clearly labelled menopause-friendly products, two thirds still struggle to find them.

### Underlining our commitment to inclusivity

Karo has received GenM Official’s MTick® certification, a universal symbol that helps consumers easily identify menopause-friendly products and supports more inclusive, informed choices. With up to 48 menopause symptoms affecting daily life and 87% of women feeling overlooked by brands, joining the GenM Collective is a concrete step toward closing this visibility gap by better supporting women’s health. The certification spans parts of our skin health portfolio and reinforces Karo’s commitment to inclusivity, empowerment and making healthcare more accessible for everybody.

E45, the UK’s #1 skin treatment brand, plays a leading role in this commitment, with over 30 MTick®-certified products proven to support key menopause-related symptoms. E45 brings trusted, evidence-based formulations to consumers looking for clarity, accessibility and confidence during a major transitional stage in life.

Our certified skin health products have demonstrated compliance with GenM’s strict criteria, which include authorised health claims, proven user trial results or verified technology designed to support one or more menopause-related symptoms. This certification reflects our ongoing commitment to evidence-based, high-quality formulations that genuinely support consumer wellbeing.

### Making menopause more visible

Building on this progress, we’re partnering with GenM to roll out MTick® across new markets and brands, amplifying our shared ambition to improve menopause visibility and support under-represented consumer needs globally.

Through this partnership, Karo is contributing to a more inclusive and equitable health ecosystem. By increasing visibility online and in store, improving clarity of communication, and embedding consumer-centred design into our portfolio, we’re advancing our sustainability ambition: to improve everyday health outcomes, champion diverse needs and make sure no consumer feels overlooked.

**CASE:** Health and wellbeing

## Combatting AMR with narrow-spectrum antibiotics

Antimicrobial resistance (AMR) is one of the most serious global health challenges. Without action, AMR could lead to up to 10 million deaths a year by 2050, exceeding cancer as a leading cause of death.

A key cause of AMR is the overuse of broad-spectrum antibiotics for common infections without a confirmed diagnosis. These treatments affect many types of bacteria and increase the risk of resistance. In contrast, narrow-spectrum antibiotics target the bacteria most likely responsible for the infection, making them a more sustainable treatment option.

At Karo, we’re increasing access to narrow-spectrum antibiotics for urinary tract infections (UTIs) in new

markets where resistance is increasing. Long-term use in the Nordic region shows that some narrow-spectrum antibiotics have maintained low resistance levels despite decades of use, demonstrating the value of responsible prescribing.

Addressing AMR isn’t just about developing new antibiotics; it’s also about protecting those already available. By promoting appropriate use, supporting education on responsible prescribing and participating in public-private collaborations such as PLATINEA, we help preserve effective treatments for future generations.

## CASE: Environment

# Strengthening our supplier engagement programme

“Karo’s clear expectations on climate reporting and science-based targets have supported our sustainability work. They’ve encouraged us to formalise our commitments and strengthen our internal governance. The regular follow-up and open dialogue create a collaborative partnership, making sustainability a shared effort focused on continuous progress. Working together towards a more sustainable future.”

Miguel Ayora, Sustainability Director, IZZON Lab

As Karo doesn't operate its own manufacturing facilities, most of our environmental impact sits in the value chain. So engaging suppliers is critical to achieving our sustainability targets.

In 2025, we continued to strengthen our supplier engagement programme, focusing on clear expectations, data quality and measurable progress.

A key activity during the year was a virtual supplier townhall, attended by more than 90 supplier representatives. The session included presentations from our leadership, including our CEO, and we used it to underline what we expect, as well as communicate priorities and progress. The

event reinforced the importance of joint action and open dialogue as we work toward shared sustainability goals.

Our engagement programme sets clear requirements for suppliers, including reporting environmental data and committing to climate targets in line with the Science Based Targets initiative (SBTi). The approach recognises different levels of supplier maturity and supports progress through structured follow-up and ongoing engagement.

We're proud to see that the programme is delivering tangible results. Emissions from purchased goods have decreased by 7% since 2022, reflecting early progress from suppli-

er actions. The share of suppliers, by spend, with validated science-based targets – or a commitment to setting them – increased from 19% in 2024 to 32% in 2025. At the same time, the proportion of suppliers, by spend, providing environmental data increased from 67% to 81%, improving data coverage and strengthening our value chain emissions reporting.

In parallel, we're continuing to deepen collaboration with key suppliers to improve performance, share learnings and tackle common challenges. This helps us to reduce emissions and make our supply chain resilient, reinforcing suppliers' role as strategic partners in our sustainability efforts.

## CASE: Environment

# Producing medicines responsibly for people and society

In 2025, Karo achieved the Swedish pharmacy association's Vålvald ('well chosen') label, confirming that our over-the-counter (OTC) medicines are produced responsibly. The label gives pharmacies, customers and consumers confidence that our products meet the Swedish pharmacy industry's high standards for ethical manufacturing and reflect growing expectations for responsible healthcare.

For consumers, the Vålvald label makes informed decisions easier. The symbol is clearly visible on pharmacy shelves and online, guiding people toward OTC medicines that fulfil defined criteria for accountable pharmaceutical production. Choosing a Vålvald-labelled product means selecting effective treatment produced

with care for people and the environment.

To qualify for the label, we provide transparency on where our medicines and active ingredients are produced, and how we work closely with suppliers to promote fair working conditions. Through our risk-based assessments, supplier requirements and ongoing engagement, we identify and manage risks related to human rights, labour standards, environmental impact and ethical conduct in our value chain.

Through Vålvald, we reinforce our commitment to ethical manufacturing and support pharmacies by offering medicines that help consumers make responsible healthcare choices.



CASE: Fair society

# Harnessing AI for continuous learning



In 2025, we launched Sana Labs, an AI-powered learning platform designed to help everyone in Karo develop their knowledge and skills. Using intelligent recommendations, the platform helps employees access relevant content based on their roles and needs.

We use the platform for onboarding, mandatory training and ongoing learning, supporting everyone from new joiners to experienced leaders.

In 2025, we introduced new courses across topics including time management, leadership development, unconscious bias and greenwashing. We're adding more content all the time as people's needs change.

The platform also gives data-driven insights that help us track participation and learning progress. These insights in turn help us decide our learning priorities and spot where to build capabilities.

“As Karo evolves, so do the skills we need. Our new learning platform helps us stay ahead by making learning flexible, relevant and easy for everyone.”

Emma Hultgren, HR Generalist

CASE: Fair society

# Moving together to make an impact



In October 2025, Karo colleagues across 13 countries came together for ‘Move for a Smile’, a company-wide activity supporting our long-standing partnership with Operation Smile. Through 24 teams and 293 participants, every workout, walk and sports activity during the month contributed to funding life-changing cleft lip and palate surgeries.

Thanks to the collective effort of Karo employees and our International Trade Business partners, the initia-

tive resulted in a total contribution equivalent to 204 surgeries. Each movement helped transform lives, giving children the chance to eat, speak and smile with confidence. Move for a Smile demonstrates how shared engagement can turn everyday activity into meaningful impact.

**Karo Smile Recognition Award: celebrating excellence**

Through an annual award, we celebrate and honour employees who

demonstrate entrepreneurial spirit, passion for brands and commitment to forward-thinking strategies through significant business achievements. As part of the recognition, the winners get the opportunity to experience an Operation Smile Programme on site. In the past two years, winners have joined missions in Madagascar, and the next programme is planned for the Philippines in 2026.

# 3. Sustainability statement

- General disclosures
- Environment
- Social
- Governance
- Appendix
- Auditor's limited assurance report



# Contents

|    |                                    |                                            |    |
|----|------------------------------------|--------------------------------------------|----|
| 01 | General disclosures                | Introduction                               | 31 |
|    |                                    | Sustainability governance                  | 33 |
|    |                                    | Interests and views of stakeholders        | 34 |
|    |                                    | Double materiality assessment              | 37 |
| 02 | Environmental                      | Climate change (E1)                        | 39 |
|    |                                    | Pollution (E2)                             | 43 |
|    |                                    | Water (E3)                                 | 44 |
|    |                                    | Biodiversity and ecosystems (E4)           | 45 |
|    |                                    | Resource use and circular economy (E5)     | 46 |
| 03 | Social                             | Own workforce (S1)                         | 48 |
|    |                                    | Workers in the value chain (S2)            | 51 |
|    |                                    | Customers and end-users (S4)               | 53 |
| 04 | Governance                         | Business conduct (G1)                      | 55 |
| 05 | Appendix                           | Basis for reporting                        | 57 |
|    |                                    | ESRS disclosure requirements index         | 58 |
|    |                                    | Minimum Disclosure Requirements – Policies | 59 |
| 06 | Auditor’s limited assurance report |                                            | 60 |



# Introduction

## From ambition to structured accountability

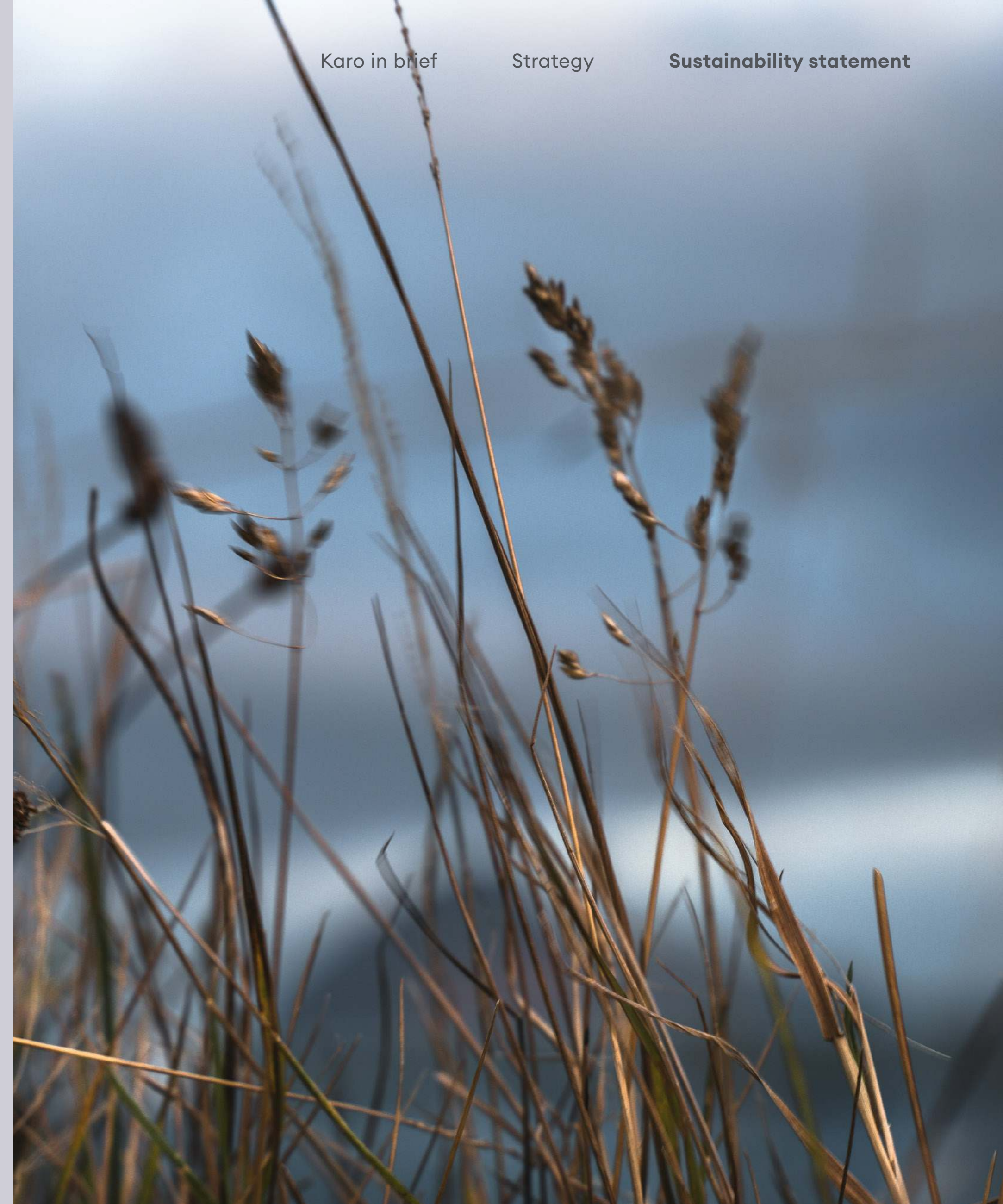
Sustainability is integral to Karo's ambition to become a responsible leader in everyday healthcare. Our purpose – to create smart choices for everyday healthcare – commits us not only to improving people's health and wellbeing, but to doing so in a way that respects the planet and the communities we're part of.

In 2025, we continued to turn ambition into action. Across our value chain, we've worked to reduce emissions, strengthen supplier engagement, improve our products and packaging, and promote responsible business practices. At the same time, we've remained focused on delivering safe, effective and trusted products that empower people to take control of their everyday health.

This year, we've also restructured our Sustainability Statement to move closer to aligning with the Corporate Sustainability Reporting Directive (CSRD) and the

European Sustainability Reporting Standards (ESRS). While not formally required to report under these standards, this reflects emerging best practice in our industry and our ambition to strengthen transparency, governance and accountability.

We see this not just as a reporting exercise, but as part of embedding sustainability deeper into how we manage our business. By improving structure, data and accountability, we aim to build resilience, credibility and long-term value – for people, society and the environment.



# Key sustainability targets

As part of our sustainability strategy, we've set ambitious targets across our three strategic pillars, aligned with our long-term ambitions. Below is a selection of key targets and an overview of our progress to date.

- ✓ 2025 Goal reached
- ➦ On track
- ↺ Acceleration needed
- ★ New

## Health and wellbeing

## Environment

## Fair Society

| Status                | Target                                                                                                                                                        | Progress                                                                                 |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| ✓ Goal reached        | Increase consumer access, contribute to improving everyday health and wellbeing                                                                               | Units sold in 2025 increased to 107 million, from 102 million in 2024.                   |
| ✓ Goal reached        | Empower consumers in prevention and self-care by increasing interactions with healthcare professionals (HCPs) and customers in top 10 markets                 | Interactions increased to 266,000, from 185,000 in 2024.                                 |
| ➦ On track            | Cut emissions by at least 80% by 2030 (scope 1, 2)                                                                                                            | Emissions decreased by 4% vs 2022 baseline, and 7% vs 2024.                              |
| ➦ On track            | Cut emissions by at least 60% by 2030 (scope 3)                                                                                                               | Emissions decreased by 4% vs 2022 baseline, and 5% vs 2024.                              |
| ★ New                 | 70% of suppliers committed to or with SBTi-approved science-based targets by 2030 (share of spend)                                                            | 32% of suppliers by spend, up from 19% in 2024.                                          |
| ➦ On track            | All agricultural, forest and marine-derived materials should be sustainably sourced and deforestation-free by 2030                                            | Palm oil sourced responsibly through 100% Certified Sustainable Palm Oil (CSPO) credits. |
| ✓ Goal reached        | 30% average recycled content in our plastic packaging by 2025 (non-pharma) <sup>1)</sup>                                                                      | Achieved 38% post-consumer recycled (PCR) plastic in 2025, up from 22% in 2024.          |
| ★ New                 | 50% average recycled content in our plastic packaging by 2030 (non-pharma) <sup>1)</sup>                                                                      | New target                                                                               |
| ➦ On track            | 100% of packaging reusable or recyclable by 2027 (non-pharma) <sup>1)</sup>                                                                                   | Achieved 85% recyclable packaging in 2025, up from 76% in 2024.                          |
| ↺ Acceleration needed | Provide a great employee experience and achieve an employee Net Promoter Score (eNPS) of 30 or higher (‘Recommend your employer to a friend or acquaintance’) | eNPS was 19 in 2025, down from 42 in 2024. Overall engagement remained strong at 4.1/5.  |
| ✓ Goal reached        | Build a diverse team with at least 30 different countries of origin represented, reflecting the communities we serve.                                         | Achieved, with employees from 49 countries of origin represented.                        |
| ↺ Acceleration needed | Ensure that all management levels are gender-balanced (at least 40% of each gender measured for Board, Corporate Management Team (CMT), Senior Managers)      | Board: 0% women; CMT: 38% women; Senior managers: 50% women.                             |

<sup>1)</sup> Non-pharma excludes products classified as pharmaceuticals and medical devices.

# Sustainability governance



## The role of the administrative, management and supervisory bodies

Karo's governance structure is built to ensure effective oversight, clear accountability and strong alignment between our business strategy and sustainability ambitions.

We have two distinct governing bodies: the Board of Directors and the Corporate Management Team. Sustainability matters, including material impacts, risks and opportunities, are regularly discussed in both the Board of Directors and Corporate Management Team meetings to ensure adequate oversight and strategic alignment.

### Sustainability leadership and oversight

Implementation of our sustainability strategy is led by the Head of Sustainability, reporting to the Chief People & Sustainability Officer and working closely with members of the Corporate Management Team and functional leaders.

A People and Sustainability Council oversees and drives the momentum of our sustainability agenda, including impacts, risks and opportunities, and reports directly to the CEO. The Council, which includes the Head of Sustainability, the Chief People and Sustainability Officer, the CFO and the CEO, meets quarterly to review progress on strategic initiatives, assess performance against targets, and address mitigation actions for sustainability-related risks.

### Embedding accountability across the organisation

We believe in integrating a sustainability mindset into everything we do and making it a shared responsibility

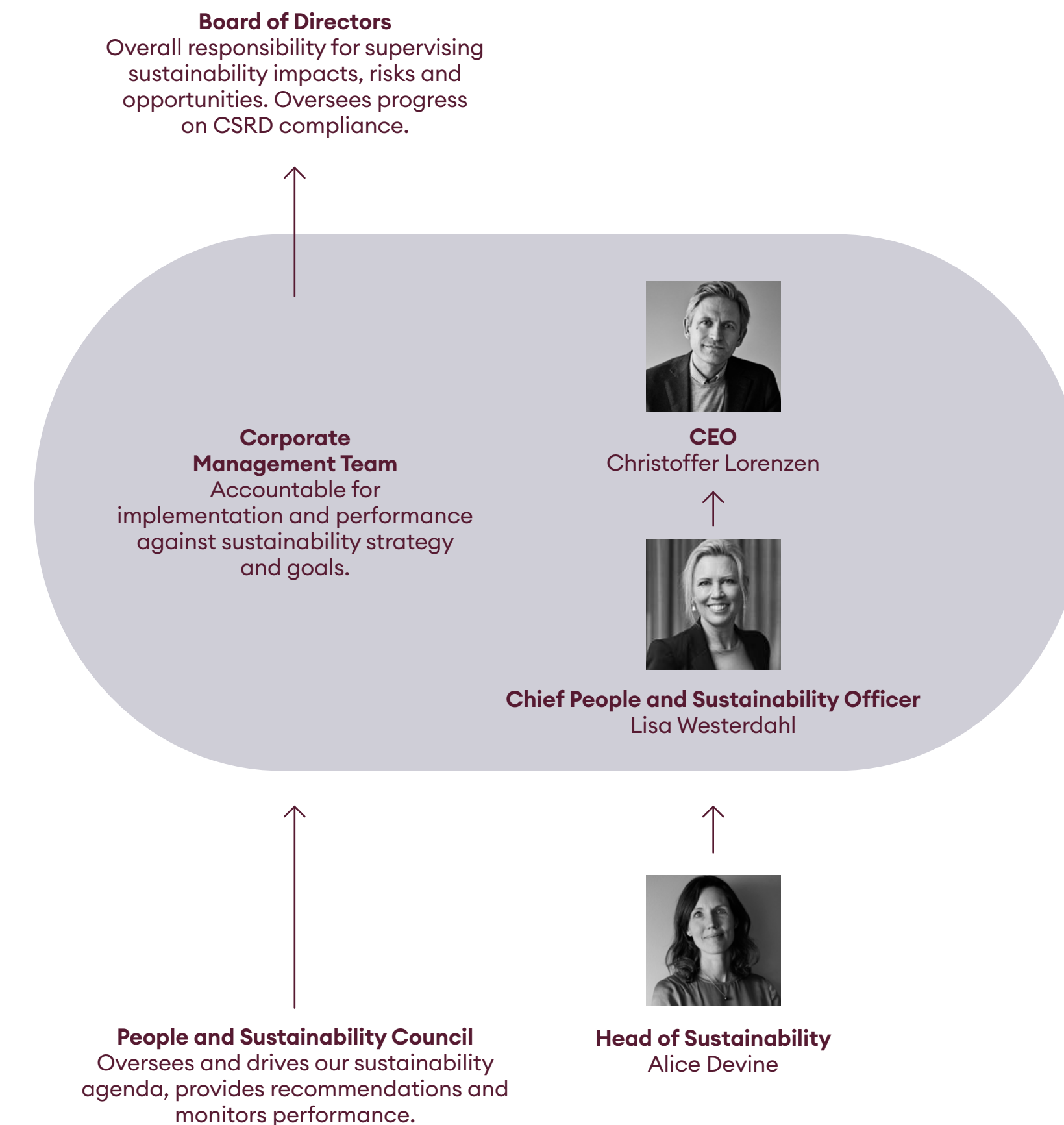
across teams and functions. For this reason, we only have a small sustainability team.

Accountability for implementing and achieving our sustainability strategies, goals and policies should be integrated into our business functions and their targets. We're working to embed this approach through our operating model. In this model, the sustainability function serves as a Centre of Excellence (CoE) – a hub of expertise that supports all areas of the organisation, including the brand, operations and project teams. These teams are then responsible for taking action to drive sustainability initiatives forward.

## Sustainability-related performance in incentive schemes

In 2025, Karo introduced sustainability-related KPIs into the corporate bonus programme for all employees, strengthening our commitment to responsible value creation. These KPIs are aligned with our external sustainability targets and greenhouse gas (GHG) reduction roadmap, and reward employees for contributing to Karo's climate and circularity ambitions, alongside traditional financial indicators. The programme includes metrics related to GHG emissions (all scopes), the recyclability of packaging, use of post-consumer recycled plastics in packaging and employee engagement.

In addition to the corporate programme, selected members of the Corporate Management Team have individual sustainability-linked KPIs relating to GHG emissions and other strategic sustainability priorities. ●



We're working to integrate sustainability into our business functions and existing plans and processes. Oversight, guidance and general decisions are governed by the principles outlined above.

# Interests and views of stakeholders

To protect long-term profitable growth, we need to understand and respond to the interests and expectations of our stakeholders, internal as well as external. We’re in regular contact with key stakeholder groups to monitor their changing needs and gather input on our business and strategy.

Our stakeholders expect us to aim for the highest standards of social and environmental sustainability – and we’re determined to meet these expectations. Their input informs our double materiality assessment and plays a key role in

shaping sustainability priorities, targets and actions across our strategy. Insights from our dialogue with them influence how we focus our efforts and strengthen policies and action plans in areas such as climate, circularity, responsible sourcing, employee wellbeing and consumer safety.

Our key stakeholder groups include: consumers, customers and healthcare professionals, employees, suppliers and business partners, competent authorities, investors and wider society.

|                                               | What they're looking for                                                                                                                                       | How we engage                                                                                                                                                                                                                                                                                                                                                                                              | What we want to achieve                                                                                                                                                                                                                                                                                                                                                                                   | Examples of outcomes                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Consumers                                     | Consumers are looking for brands they can trust, and that deliver products that are high-quality and safe, while respecting people and the environment.        | <ul style="list-style-type: none"><li>– We listen to consumers through customer service, social media, focus groups, online services and brand insights.</li><li>– We engage in conversations with consumers about treatment options in various everyday healthcare categories.</li></ul>                                                                                                                  | <ul style="list-style-type: none"><li>– Raise awareness about treatment options and help break down the barriers that prevent consumers from addressing everyday health issues, in this way contributing to improving their quality of life.</li><li>– Understand consumer needs, preferences and how sustainability influences their choices.</li></ul>                                                  | <ul style="list-style-type: none"><li>– Improved products and consumer experiences based on feedback and insights.</li><li>– Enhanced consumer awareness and access to treatment options.</li><li>– Insights used to align products with consumer sustainability preferences.</li></ul>                                                       |
| Customers and healthcare professionals (HCPs) | Customers and HCPs want safe, innovative products from a responsible company that helps them empower consumers to improve their everyday health and wellbeing. | <ul style="list-style-type: none"><li>– We run regular business meetings and reviews.</li><li>– We organise educational meetings and training sessions, including webinars, fairs and conferences, and newsletters.</li><li>– We run joint initiatives.</li></ul>                                                                                                                                          | <ul style="list-style-type: none"><li>– Strengthen relationships and simplify customer choices.</li><li>– Capture feedback to make sure products and services, including innovations, match consumer needs and health goals.</li><li>– Identify general areas for improvement.</li><li>– Address customer questions about the environmental and social impact of products and our supply chain.</li></ul> | <ul style="list-style-type: none"><li>– New products and services driven by insights.</li><li>– Improved product quality based on feedback from customers and healthcare professionals.</li><li>– Increased trust that we’re managing sustainability impacts.</li><li>– Influence on Karo’s sustainability strategy and priorities.</li></ul> |
| Employees                                     | Employees want to be part of a purpose-led, inclusive organisation where they can be themselves and feel supported in their professional growth.               | <ul style="list-style-type: none"><li>– We run regular employee engagement surveys.</li><li>– We organise monthly townhall meetings where employees can ask questions to our leadership and CEO.</li><li>– We host internal communication channels (intranet, Viva Engage).</li><li>– We have personal development conversations with all employees.</li><li>– We provide training and coaching.</li></ul> | <ul style="list-style-type: none"><li>– Understand employees’ perceptions and experiences, aiming to spot potential issues early.</li><li>– Help employees stay informed about important developments, encouraging transparency and inclusion.</li><li>– Support personal and professional development.</li></ul>                                                                                         | <ul style="list-style-type: none"><li>– A flat and non-bureaucratic organisation that empowers people to make their own decisions, promoting collaboration, innovation and an ownership mindset.</li><li>– Development of improvement plans and global initiatives, such as recognition programmes and training.</li></ul>                    |

|                                 | What they're looking for                                                                                                                                                                                         | How we engage                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | What we want to achieve                                                                                                                                                                                                                                                                                                                                                       | Examples of outcomes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Suppliers and business partners | Suppliers value collaborative, stable partnerships built on trust, clear communication, fairness and shared sustainability goals.                                                                                | <ul style="list-style-type: none"><li>– We regularly communicate with and meet direct suppliers.</li><li>– We assess direct suppliers on supply, quality and sustainability once a year.</li><li>– We conduct regular quality audits as well as sustainability audits for suppliers in high-risk markets.</li><li>– We run an annual survey of all suppliers to assess their collective environmental footprint.</li><li>– We engage with other business partners on relevant topics through two-way discussions.</li></ul> | <ul style="list-style-type: none"><li>– Maintain stable and long-term relationships with strategic suppliers.</li><li>– Make sure suppliers meet company standards and requirements.</li><li>– Assess and understand supplier maturity on sustainability and climate strategy.</li><li>– Foster collaboration and commitment to sustainability in the supply chain.</li></ul> | <ul style="list-style-type: none"><li>– Strengthened relationships with suppliers, nurturing mutual growth and development.</li><li>– Making sure that suppliers meet quality, supply and sustainability standards.</li><li>– Insights into suppliers’ sustainability strategies to inform and refine our own strategic priorities.</li><li>– Enhanced collaboration on sustainability efforts in our supply chain.</li></ul>                                                                                                                       |
| Competent authorities           | Competent authorities prioritise compliance with laws and regulations, transparency, accountability and public safety while promoting responsible business practices.                                            | <ul style="list-style-type: none"><li>– We have ongoing interaction with competent authorities in all markets.</li><li>– We work to make sure we have transparent and collaborative relationships with competent authorities, including communication on regulations, updates and challenges.</li><li>– We welcome regular inspections and audits by competent authorities.</li></ul>                                                                                                                                       | <ul style="list-style-type: none"><li>– Ensure compliance with regulations and uphold industry standards.</li><li>– Address critical situations, such as out-of-stocks.</li><li>– Maintain the availability, safety, efficacy and quality of products and services.</li></ul>                                                                                                 | <ul style="list-style-type: none"><li>– Strengthened regulatory compliance and adherence to industry standards by implementing the improvements we’ve identified.</li></ul>                                                                                                                                                                                                                                                                                                                                                                         |
| Investors and lenders           | Investors and lenders value sustainable financial performance, strong risk management and clear sustainability goals to help create long-term shareholder value.                                                 | <ul style="list-style-type: none"><li>– We communicate regularly with investors and lenders.</li><li>– We make sure our main investor, KKR, is involved in supporting specific sustainability projects and in facilitating knowledge-sharing and best practices among their portfolio companies.</li></ul>                                                                                                                                                                                                                  | <ul style="list-style-type: none"><li>– Provide investors with good risk-adjusted returns.</li><li>– Fulfil commitments to investors through the execution of our strategy.</li><li>– Ensure alignment of sustainability initiatives and long-term business goals.</li></ul>                                                                                                  | <ul style="list-style-type: none"><li>– Successfully executing our strategy.</li><li>– Advanced climate impact disclosure and risk communication, e.g. through SBTi and CDP disclosure.</li></ul>                                                                                                                                                                                                                                                                                                                                                   |
| Society                         | Societies value ethical and responsible business practices that ensure fair access to healthcare, and that drive innovations which address societal challenges and improve overall quality of life for citizens. | <ul style="list-style-type: none"><li>– We offer high-quality healthcare products and services.</li><li>– We work to increase awareness around everyday healthcare.</li><li>– We provide information and education to address health issues.</li><li>– We help to promote a fair, equal and inclusive society through responsible employment and supply chain practices.</li></ul>                                                                                                                                          | <ul style="list-style-type: none"><li>– Advance global health and wellbeing.</li><li>– Provide education and support for treating and overcoming health challenges, focusing on reducing social stigma around health issues.</li><li>– Foster fairness, equality and inclusivity in society.</li></ul>                                                                        | <ul style="list-style-type: none"><li>– Increased awareness and reduced stigma around everyday healthcare by empowering people with information and education to address health issues.</li><li>– Help contribute to lower healthcare costs by encouraging consumers to address issues early, reducing the need for more expensive medical treatments.</li><li>– Contribute to a more fair and inclusive society through responsible practices, for example by active participation in the Pharmaceutical Supply Chain Initiative (PCSI).</li></ul> |



### We are a participant in:

UN Global Compact

Visit site  
→



### Other initiatives:

We disclose our climate-related data to the CDP

Visit site  
→



Our GHG targets have been validated by the Science Based Targets initiative (SBTi)

Visit site  
→



### We are a member of:

The Pharmaceutical Supply Chain Initiative (PSCI)

Visit site  
→



The Roundtable of Sustainable Palm Oil (RSPO)

Visit site  
→



Platform for Innovation of Existing Antibiotics (PLATINEA)

Visit site  
→

The Swedish Cosmetics, Toiletries and Detergents Association (KoHF)

Visit site  
→

On-Pack Recycling Labels (OPRL)

Visit site  
→

# Double materiality assessment

As a key part of our work to prepare for reporting according to the Corporate Sustainability Reporting Directive (CSRD), we conducted our first double materiality assessment (DMA) in 2024. In 2025, we updated this assessment. This process is integral to identifying and addressing the sustainability topics that matter most to our business and stakeholders.

Our approach combines scientific, data-driven methods with stakeholder engagement. This assessment allows us to focus on the areas where we can make the greatest difference, and to document our commitment to creating a positive societal and environmental impact.

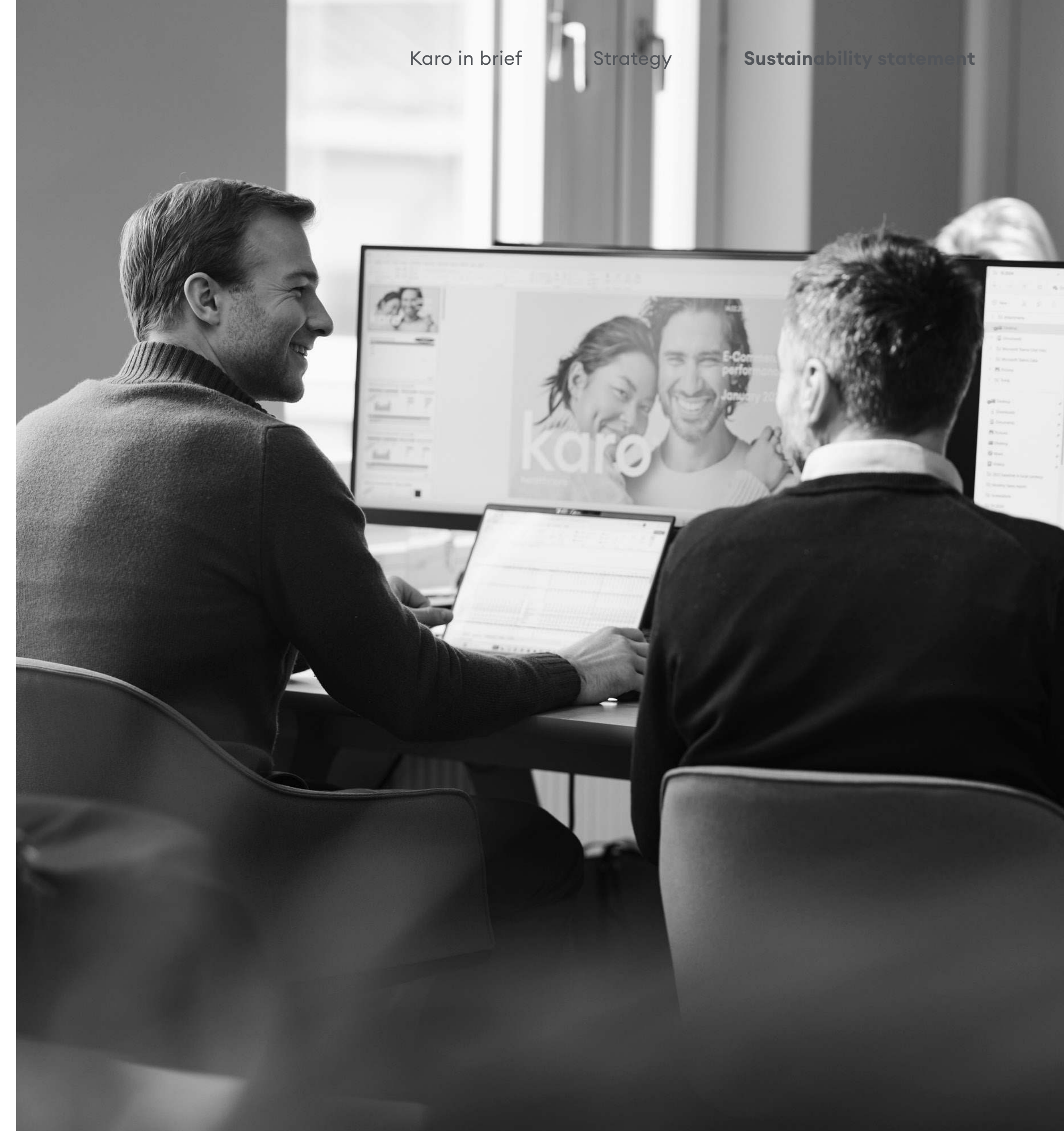
## Summarising our material topics

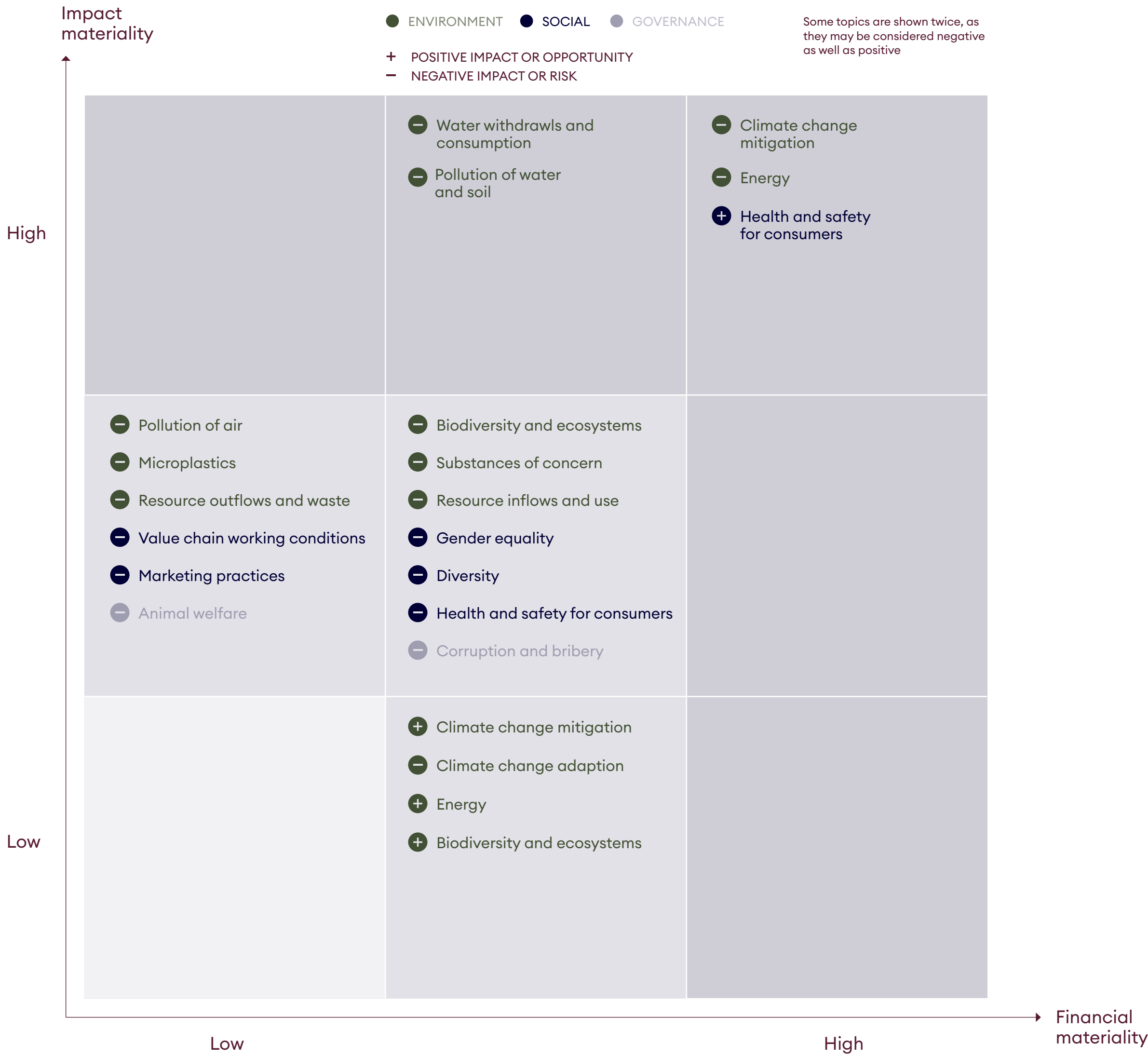
Our assessment identified 18 material topics, including environmental, social and governance impacts as well as sustainability-related risks and opportunities. There were no major changes in our material topics compared with 2024, but we've added two areas: climate change adaptation (as a risk) and biodiversity and ecosystems (as an opportunity).

### Impact materiality

The main environmental and societal impacts of our operations and products fall under:

- **Health and wellbeing:** The materiality assessment identified the positive impact of our products on the health and safety of consumers – a commitment that's also part of our corporate purpose. This includes ensuring the highest standards of product quality and safety, as this is critical to meeting consumer needs and expectations.
- **Value chain:** This area encompasses environmental and social impacts across our supply chain. The materiality assessment identified climate change mitigation, energy use, pollution (air, water and soil) and value chain working conditions as material to our business. As these impacts are driven primarily by our suppliers' operations and practices, it's critical that we support them in mitigating climate change and energy consumption. We also help them address pollution and ensure wellbeing and good working conditions for their employees.





- **Products:** According to the materiality assessment, the impacts associated with our products include resource inflows and use, substances of concern and microplastics. These topics are critical as they relate to the raw materials and ingredients used in our products and their life cycle, from sourcing to disposal. By managing resource efficiency and ensuring the safe use of substances, we can reduce our environmental impact while enhancing product safety and quality.
- **Own workforce:** When it comes to the social impact of our activities, the materiality assessment reflected gender equality and diversity as key focus areas. We aim to nurture an inclusive, diverse and safe work environment. These topics emphasise the importance of a supportive workplace and a commitment to the wellbeing of our employees.

**Financial materiality**  
On the financial side, the assessment identified climate change, energy use, water and pollution as areas that may influence costs, supply continuity and regulatory exposure over time. For example, increased energy prices, stricter chemical regulations or water scarcity in sourcing regions could increase input costs or disrupt production.

At the same time, actions such as energy efficiency, increasing recycled content and strengthening supplier collaboration may reduce operational costs, improve supply chain resilience and support demand for more sustainable products. While several initiatives are underway, the financial effects are expected to materialise gradually and depend partly on supplier implementation and market developments.

Overall, the findings of the double materiality assessment (DMA) we conducted in 2025 align well with the one we conducted in 2024 and highlight the importance of continuing our efforts to improve environmental and social sustainability while managing associated financial risks and opportunities. While data quality varies across topics, we need more improvements to be able to track impacts and outcomes more robustly. In the coming years, we will further develop our sustainability strategy and reporting to make sure all material areas inform our long-term commitments and targets.

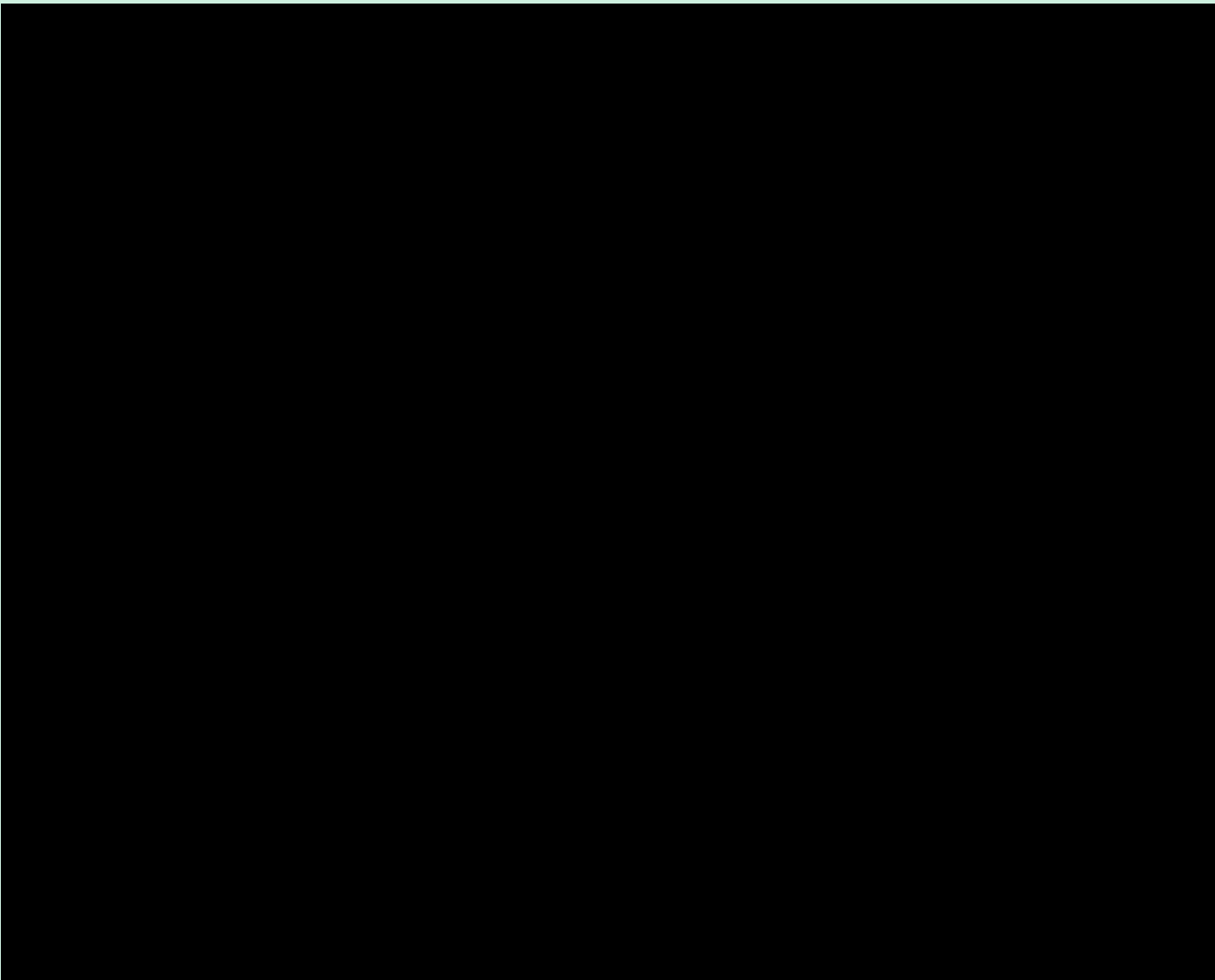
Methodology

We carried out our DMAs with support from an external partner, Upright. Combining over 300 million scientific articles and data from international databases with Karo-specific data and inputs from stakeholders, an advanced AI-driven data engine assessed both impact and financial materiality. The model categorises sustainability topics by materiality level, time horizon, location of the impact in the value chain, and nature of the risks and opportunities. The results were reviewed and adjusted to align with stakeholder feedback, incorporating past assessments and adjusting thresholds to reflect emerging risks and opportunities.

This rigorous and multi-layered process makes sure that our DMA process is based on the European Sustainability Reporting Standards (ESRS) and aligns with our mission to deliver impactful, sustainable healthcare solutions. ●

# Climate change (E1)

Climate change is one of the most significant global challenges, affecting societies, economies and value chains worldwide. Rising temperatures, extreme weather events and ecosystem disruptions are increasing physical and transition-related risks for companies like Karo, making climate mitigation and adaptation essential for long-term resilience.



## Strategy and governance

Our ambition is to contribute to limiting global warming to 1.5°C, in line with the latest climate science. To support this, our climate strategy is built on a defined greenhouse gas (GHG) emissions baseline, science-based targets validated by the Science Based Targets initiative (SBTi) and an ambitious roadmap to 2030. Our focus is on reducing emissions where they’re most material, particularly in the value chain. We do this by engaging suppliers on energy efficiency, increasing the use of renewable energy and improving emissions performance in products and packaging through material choices and circular solutions.

Climate performance and progress against targets are overseen through established sustainability govern-

ance structures and by the Board of Directors. Climate considerations are embedded in our policies and procedures, including the Environment and Sustainability Policy, Supplier Code of Conduct, and related supplier engagement and risk assessment processes. This makes climate considerations part of sourcing, operations and product-related decision-making, with responsibilities shared across multiple functions throughout the organisation.

### Impacts, risks and opportunities

Karo’s climate-related impacts arise mainly from energy use and GHG emissions associated with the manufacturing, packaging and distribution of our products. Physical risks, such as extreme weather and heat, may disrupt supplier operations, manufacturing sites and

logistics, ultimately affecting product availability, costs and lead times.

Transition-related risks include regulatory changes, energy price volatility and changing stakeholder expectations. These may increase operating costs or affect access to capital, customers and talent if risks aren’t managed effectively.

At the same time, climate action creates opportunities. Improved energy efficiency, lower-emission logistics and reduced product footprints can strengthen supply chain resilience, reduce costs and support brand trust, customer engagement and alignment with investor expectations.

## Material impacts, risks and opportunities

### Impacts

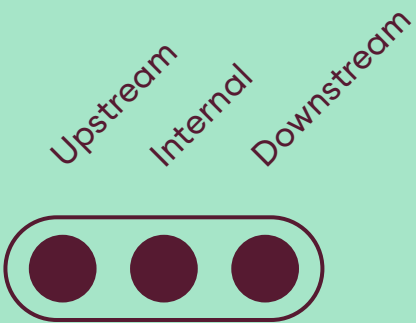
- GHG emissions from products and operations
- Energy use in the value chain

### Risks

- Climate change adaptation to physical risks
- Transition-related risks of climate change mitigation
- Dependency on energy prices

### Opportunities

- Decreasing operative costs
- Increased demand for company products



### Near-term GHG reduction targets

80%

absolute reduction in scope 1 and 2 emissions by 2030 (vs 2022)

60%

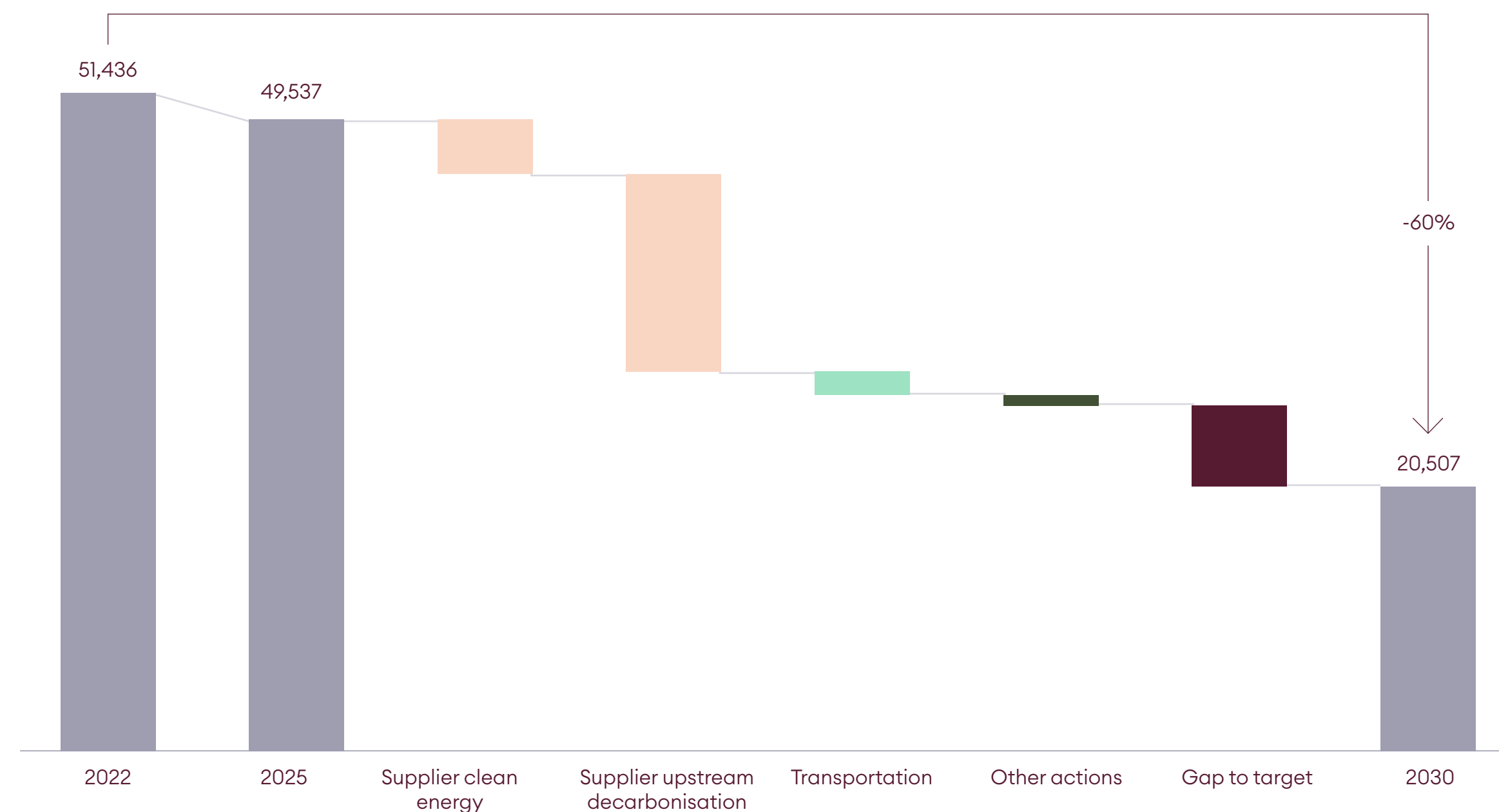
absolute reduction in scope 3 emissions by 2030 (vs 2022)

## Karo’s targets and roadmap to 2030

Our climate ambition is aligned with a 1.5°C pathway and targets net-zero emissions across scopes 1, 2 and 3 by 2040. Near-term targets include:

- 80% absolute reduction in scope 1 and 2 emissions by 2030 (vs 2022)
- 60% absolute reduction in scope 3 emissions by 2030 (vs 2022)

### Karo’s greenhouse gas (GHG) roadmap to 2030



These targets guide our greenhouse gas (GHG) reduction roadmap to 2030 and inform strategic and operational decisions across the organisation and value chain. We disclose progress through established reporting channels, including CDP where Karo received a B score in 2025.

Reaching net-zero climate impact throughout our value chain will be challenging. We don’t have all the solutions yet, but we believe that setting ambitious, science-based goals is essential to drive progress and innovation.

### Our GHG roadmap to 2030

We’ve identified key opportunities to reduce GHG emissions across all scopes and are implementing actions in areas with the greatest impact. Our roadmap focuses on three main levers: engaging with our suppliers; reducing emissions under our direct control (including transportation); and lowering the environmental impact of products and packaging.

We review and update the roadmap regularly to keep it in line with business developments. Currently, we’ve identified no significant investments. We’ll disclose any future investment requirements as they arise.

### The key areas for reducing our impact include:

1. Energy efficiency – reducing energy use in our own operations and throughout our value chain by working with our partners.
2. Renewable energy – sourcing renewable electricity in our own operations and in our value chain, and exploring options to source green heat where relevant.
3. Responsible materials and circularity – making sure our partners source natural materials responsibly, reduce waste and increase the industry’s contribution to the circular economy.
4. GHG removals – offsetting our residual emissions, which will be essential for reaching net zero.



## Actions to reduce emissions

Our climate action is integrated across our operations and value chain, with progress made in all three priority areas: supplier engagement; own operations; and products and packaging design. However, reductions remain uneven across emission categories. While emissions have declined overall, scope 3 emissions remain the most significant and hardest to reduce due to reliance on external suppliers and varying data quality. We must accelerate further to stay aligned with the 2030 reduction pathway.

### Reducing emissions by engaging with suppliers

As purchased goods represent our largest emissions source, collaborating with suppliers is essential. In 2025, emissions from purchased goods (scope 3 category 1) decreased by 4% compared to 2024, and are now 7% below the 2022 baseline. This was driven by a combination of lower reported emissions from suppliers, improved data coverage – capturing supplier-specific data for 81% of spend – and packaging improvements that reduced

material-related emissions. Given that our suppliers’ decarbonisation is at an early stage, sustained reductions in scope 3 emissions will depend on continued engagement – and on our suppliers implementing specific energy transition measures. Our progress remains sensitive to supplier maturity and changes in sourcing structure.

During the year, we continued to expand supplier engagement, and we deepened dialogues with key suppliers on energy use and decarbonisation. This work aligned with industry initiatives, including the Sustainable Markets Initiative Health Systems Task Force, and is critical to achieving long-term reductions in scope 3 emissions. Read more on page 27.

### Reducing emissions across our operations

In 2025, transportation emissions (scope 3 category 4) decreased by 5%, following a consolidation of inbound logistics, initiatives to improve truck utilisation and closer monitoring of air freight.

Scope 1 and 2 emissions fell by 7% due to a smaller company car fleet and continued transition toward electric vehicles and lower-emission transport options.

Renewable electricity consumption in our own operations remained at 100%, supported by traceable renewable energy certificates (Guarantees of Origin). In 2025, we purchased 369MWh of Energy Attribute Certificates (EACs).

### Contributing to a circular, waste-free world

Packaging is a significant driver of both material use and greenhouse gas (GHG) emissions across our broad product portfolio. Increasing the use of post-consumer recycled (PCR) materials reduces our reliance on virgin plastics and lowers climate impact. In 2025, using PCR contributed to an estimated reduction of 565 tCO<sub>2</sub>e compared with a fully virgin plastic portfolio. Read more in E5 Circular economy on page 46.

### Investing in a GHG reduction project

We offset residual scope 1 and 2 emissions (322 tCO<sub>2</sub>e) by investing in a Gold Standard-certified clean-burning stoves project in Burkina Faso.<sup>1</sup> This initiative reduces carbon emissions and deforestation by distributing energy-efficient cookstoves to rural families.

Traditional three-stone stoves emit harmful smoke and contribute to deforestation. The new stoves cut smoke by 40%, improving health and air quality. According to WHO, women and children face the greatest health risks from polluting stoves due to prolonged exposure indoors.

The project also promotes gender equality. Women, who are primarily responsible for collecting fuel and preparing meals, save significant time on gathering firewood and cooking, freeing up time for other activities.

| Targets and 2025 progress                             | 2025   | 2022<br>(Baseline) | Target | Unit               | Progress vs<br>baseline |
|-------------------------------------------------------|--------|--------------------|--------|--------------------|-------------------------|
| Achieve net-zero emissions by 2040 (scope 1, 2, 3)    | 49,537 | 51,436             | 0      | tCO <sub>2</sub> e | -3.69%                  |
| Cut emissions by at least 80% by 2030 (scope 1 and 2) | 322    | 334                | 67     | tCO <sub>2</sub> e | -3.73%                  |
| Cut emissions by at least 60% by 2030 (scope 3)       | 49,215 | 51,102             | 24,441 | tCO <sub>2</sub> e | -3.69%                  |
| 100% renewable electricity in our own operations      | 100%   | 100%               | 100%   | %                  | Goal reached            |
| Offset remaining scope 1 and 2 emissions              | 100%   | 100%               | 100%   | %                  | Goal reached            |

Accounting policies: The targets described are gross absolute contractions of our emissions, covering all scopes, and they were planned to account for Karo’s growth. They follow SBTi and GHG Protocol guidelines, as no sectorial decarbonisation pathways exist for healthcare yet. 2022 is our base year, being representative for our emissions, and it has not changed since the targets were set.

<sup>1)</sup> All the carbon credits purchased were cancelled in 2025. According to the SBTi guidelines, credits aren’t accounted for in our progress towards our targets or in our emissions table.

- Supplier Code of Conduct
- Environment and Sustainability Policy
- Supplier engagement programme
- Supply chain risk assessment methodology

In 2025, we consumed 1,868 MWh of energy, of which 32% was renewable. All electricity (379 MWh) and most district heating (212 MWh) were renewable. Remaining fossil energy use mainly related to company cars (1,165 MWh petroleum products) and limited fossil-based heating (30 MWh gas and 82 MWh district heating).

When scopes or calculation methodologies change, we update baseline calculations (2022) and restate prior-year figures (2023 and 2024) for year-on-year comparability. As a result, scope 3 emissions for previous years have been recalculated to reflect improved methods and scope alignment. In particular, the calculation methodology for transportation of goods (C4) was harmonised across distribution channels (in stores, online and international), replacing previously inconsistent scopes.

4) Net revenue used aligned with Karo's financial statements.

# Pollution (E2)

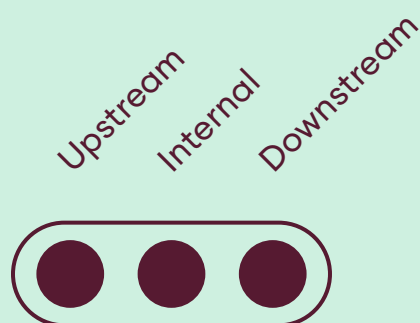
## Material impacts, risks and opportunities

### Impacts

- Our products polluting air, water and soil
- Substances of concern posing risk to human health

### Risks

- Transition-related risks of pollution
- Transition-related risks of substances of concern



Pollution affects human health, ecosystems and natural resources. For Karo, pollution risks arise mainly in the value chain, linked to chemical substances, manufacturing processes, product use and end-of-life. Addressing these risks means ensuring responsible formulation choices, robust quality systems and close collaboration with suppliers.

## Strategy and governance

Karo’s ambition is to protect ecosystems from pollution while making sure products are produced in ways that safeguard the health and safety of people and the environment.

To achieve this, our approach focuses on preventing and reducing pollution at source, prioritising chemical management, formulation design and compliance with evolving regulations. Our green chemical strategy supports this work by guiding how formulations are developed and improved over time, helping reduce potential impacts on air, water and soil.

Pollution-related risks and actions are addressed in our sustainability governance framework and embedded in relevant policies and procedures, including the Environment and Sustainability Policy and Supplier Code of Conduct. They are integrated into supplier engagement, risk assessment and product innovation processes, ensuring consistency and targeted actions for risks linked to substances, manufacturing practices and product categories. Responsibilities are embedded across sourcing, product development, sustainability and quality functions.

### Impacts, risks and opportunities

Pollution of air, water and soil may happen across our value chain, including during raw material extraction, manufacturing, product use and end-of-life. Examples include releasing pharmaceutical substances into waterways and generating microplastics from certain formulations or packaging materials. Some ingredients may also pose risks due to toxicity, persistence or bioaccumulation.

These impacts can result in regulatory and operational risks, such as increased compliance costs or restrictions on specific substances. Improving formulations, reducing harmful substances and designing lower-impact products support compliance and help maintain consumers’ trust.

### Policies and procedures

- Our pollution management is supported by these policies and procedures:
- Supplier Code of Conduct
  - Environment and Sustainability Policy
  - Supply chain risk assessment methodology
  - Karo chemical blacklist
  - Sustainability traffic-light tool for new formulations

## Actions and targets to reduce pollution

Our pollution-related actions focus on preventing harmful emissions at source and systematically reducing substances of concern across our product portfolio.

**Responsible chemical stewardship**

In 2025, we continued to implement our green chemical strategy, strengthening controls of ingoing substances and progressing the replacement of unwanted substances with safer alternatives. This work is supported by procedures that aim to reduce long-term sustainability impact by guiding ingredient selection and product development.

A key tool is our chemical blacklist, which restricts or bans specific cosmetic ingredients beyond regulatory requirements. All new product developments also undergo a mandatory sustainability review using our newly developed traffic-light tool, which covers chemical safety, water toxicity and environmental impact.

In 2025, we decided to phase out substances of very high concern (SVHCs) and PFAS from all cosmetic products, reducing exposure to regulatory and environmental risks. In 2025, less than 0.02% of revenue (623 kg) came from products containing SVHCs, down from 0.2% in 2024.

**Minimising microplastics**

A limited share of our products currently contains microplastics. While not yet prohibited in all product categories, their environmental risks are increasingly recognised. We have defined a phase-out plan and are working with our suppliers to fully eliminate microplastics from all cosmetic formulations by 2027. In 2025, we used 1,730 kg of substances classified as microplastics. This is our first year of disclosing this data, so no historical comparison is available.

# Water (E3)

Water is a critical shared resource and an important input across Karo’s value chain. Water is mainly withdrawn and consumed upstream, where it’s used in agriculture, raw material production and manufacturing. Responsible water management is essential to limit pressure on freshwater resources and reduce supply chain risks.



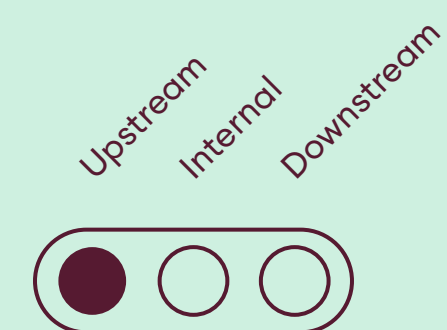
## Material impacts, risks and opportunities

### Impacts

● Water usage ●○○○

### Risks

• Dependence on freshwater ●○○○



## Strategy and governance

Our ambition is to protect ecosystems by reducing water consumption, improving water efficiency and minimising impacts on freshwater resources across the value chain. Our approach focuses on managing water-related impacts and dependencies where they’re most material.

We address water-related risks and actions in our environmental governance framework, and they’re embedded in relevant policies and procedures, including our Environment and Sustainability Policy and Supplier Code of Conduct. They’re also integrated into supplier engagement and risk assessment, ensuring a consistent approach and enabling targeted engagement with suppliers operating in higher-risk or water-stressed contexts.

### Impacts, risks and opportunities

Karo’s water-related impacts are mainly upstream, where freshwater consumption in raw material sourcing and manufacturing may put pressure on local water resources. In water-stressed regions, this can affect ecosystems and local communities.

Dependence on freshwater resources leads to physical and operational risks, including reduced availability, increased scarcity and higher costs linked to regulation or market conditions. These risks may affect supply chain resilience and continuity of production.

## Actions and targets to ensure responsible water stewardship

We work with our suppliers to improve water management, and we expect direct suppliers to measure water consumption, set targets and improve water efficiency over time. In 2025, we continued to communicate these expectations and follow up on them through our supplier engagement programme. Where we identify increased water-related risks, we focus on practical mitigation measures, such as improved efficiency or resilience planning, in collaboration with the suppliers.

Water-related impacts are still an emerging focus area for Karo, and we’ve not yet set quantitative reduction targets. We’re evolving our approach as we expand data coverage and deepen our dialogue with suppliers.

### Policies and procedures

Our water management is supported by these policies and procedures:

- Supplier Code of Conduct
- Environment and Sustainability Policy
- Supplier engagement programme
- Supply chain risk assessment methodology

# Biodiversity and ecosystems (E4)

## Material impacts, risks and opportunities

### Impacts

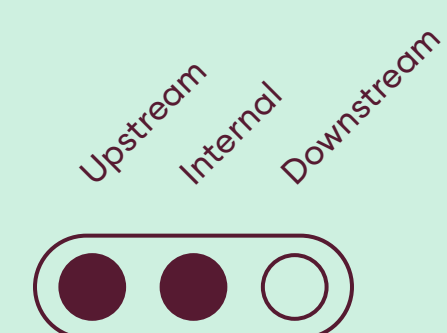
- Disruption to biodiversity and ecosystems

### Risks

- Dependence on ecosystem services

### Opportunities

- Responsible sourcing of biobased raw materials



Biodiversity and healthy ecosystems are essential to the availability of natural resources used across Karo’s value chain. Biodiversity gives us access to key raw materials and supports the long-term resilience of our business.

## Strategy and governance

Our ambition is to protect biodiversity and ecosystems by reducing pressure on nature and avoiding anything that contributes to biodiversity loss, deforestation and harmful land-use change. Given our reliance on natural raw materials, our approach focuses on responsible sourcing practices that support ecosystem resilience and long-term availability of these materials.

We address biodiversity considerations in our sustainability governance framework, and they’re embedded in relevant policies and procedures, including the Environment and Sustainability Policy and Supplier Code of Conduct. Biodiversity-related risks are integrated into supplier engagement and risk assessment processes, including assessment of high-risk materials and proximity to biodiversity-sensitive areas. Responsibilities are embedded across sourcing, product development and sustainability.

### Impacts, risk and opportunities

Our activities may affect biodiversity primarily through raw material sourcing and upstream production, which can create pressures such as habitat loss, deforestation, pollution and resource-intensive practices.

Biodiversity loss also presents value chain risks, as declining ecosystem services such as soil fertility, water availability and ecosystem resilience may affect the long-term availability and cost of key raw materials. These risks can affect supply continuity and resilience.

At the same time, opportunities exist to strengthen resilience by advancing responsible sourcing, increasing the use of certified materials and supporting lower-impact practices.

## Actions and targets to protect biodiversity and ecosystems

Protecting biodiversity requires practical measures across our sourcing footprint, and Karo’s actions focus on traceability, certification and reducing deforestation risk.

### Responsible sourcing

Responsible sourcing is central to our approach to biodiversity. Our target is that all agricultural, forest and marine-derived materials should be sustainably sourced and deforestation-free by 2030. We work with our suppliers to improve traceability, encourage sustainable sourcing practices and prioritise the use of credibly certified

### Policies and procedures

Our approach to biodiversity and ecosystems is supported by these policies and procedures:

- Supplier Code of Conduct
- Environment and Sustainability Policy
- Supply chain risk assessment methodology

materials when available. Where we identify higher risks, we collaborate with suppliers on targeted engagement and mitigation measures.

### Deforestation-free raw materials

Karo is taking steps to reduce deforestation risks linked to key raw materials. Since joining the Roundtable on Sustainable Palm Oil (RSPO) in 2023, we’ve purchased Certified Sustainable Palm Oil (CSPO) credits through RSPO’s Book & Claim platform to cover our full estimated palm oil consumption. In this way, we support the production of more sustainable palm oil.

In parallel, we continue to engage with our suppliers to improve sourcing practices and increase physical traceability to certified sources, which enhances biodiversity risk mitigation. In 2025, an estimated 57% of palm-oil-based raw materials used in our products were mass balance-certified, supporting the transition toward deforestation-free supply chains.

We’re also increasing the use of FSC-certified paper and board, with all new products sourcing these materials from responsibly managed forestry.

# Resource use and circular economy (E5)

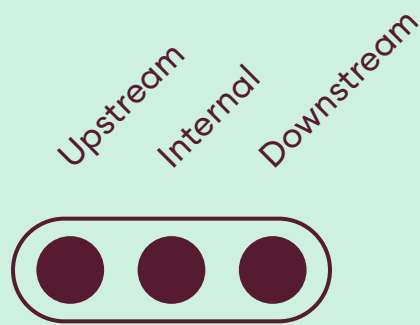
## Material impacts, risks and opportunities

### Impacts

● Linear use of resources ☒ ☐ ☐

### Risks

• Resource extraction and use ☒ ☒ ☐



The transition to a circular economy is essential to reduce resource use, waste and environmental impacts. For Karo, circularity is closely linked to product and packaging design, materials choices and how resources are kept in use for longer. Advancing circular practices also supports resource efficiency, regulatory readiness and long-term resilience.

## Strategy and governance

Karo’s ambition is to contribute to a circular, waste-free world by relying less on virgin materials, increasing the use of recycled or sustainably-sourced materials and improving material efficiency across the value chain. Packaging is a significant part of this transition.

We address circularity in our sustainability governance framework, and it’s embedded in relevant policies and processes, including our Environment and Sustaina-

bility Policy. It’s also integrated into product development, packaging design and innovation processes. This makes sure we consider material use, recyclability and recycled content consistently alongside other priorities, with responsibilities embedded across sourcing, product development and sustainability functions.

### Impacts, risks and opportunities

Linear resource use contributes to resource depletion, waste generation and pollution across the value chain.

Improving circularity helps reduce these impacts, making us less dependent on finite raw materials.

Karo is exposed to resource-related risks, including evolving EU packaging and chemical regulations; limited availability of certified or recycled materials; and increasing stakeholder expectations. If we don’t address these factors, they are likely to increase costs or disrupt supply chains.



## Actions and targets to ensure a circular economy

Delivering on our circular ambition requires practical measures across product and packaging design, with a focus on reducing virgin material use and increasing recyclability.

### Responsible packaging design

Packaging is complex, as our product portfolio is so broad, and packaging represents a significant share of our environmental impact. Plastic remains our most used packaging material, followed by paper and board. Together, they account for more than 78% of total packaging. Responsible packaging design supports our regulatory preparedness and means we rely less on virgin materials.

As part of our innovation framework, all new product developments undergo a mandatory sustainability assessment guided by the waste hierarchy, which prioritises prevention, reduction, reuse and recycling. A traffic-light tool helps our teams apply these principles consistently.

### Increasing our use of post-consumer recycled plastics

In 2025, we launched a packaging platforming project to harmonise plastic bottle design across several brands. This enables us to use more post-consumer recycled (PCR) plastics at scale while improving brand consistency. The updated bottles now contain 94% PCR content.

While virgin plastic remains necessary for parts of the portfolio due to regulatory requirements for pharmaceuticals, the share of PCR in non-pharmaceutical packaging increased from 22% to 38% during the year. Since the 2022 baseline, we have reduced use of virgin plastic by 13%, which puts us on track to achieve our target of reducing virgin plastics use by 50% by 2030.

### Designing recyclable packaging

We continue to improve recyclability by addressing components that hinder recycling, such as replacing pumps using metal springs and phasing out multi-material pouches where possible. In 2025, recyclability increased from 76% to 85% for our non-pharmaceutical packaging.

A recyclable packaging component is only the first step. Ultimately, it’s consumers who either do or don’t recycle a component. To encourage recycling behaviour, we’re strengthening on-pack recycling guidance to support correct sorting and improve end-of-life outcomes.

Accounting policies:  
Inflow and outflows of materials reflect the products sold during the relevant period, including their packaging. Here, only consumer packaging is considered, so secondary packaging (for example shipping boxes or pallets) are not in scope. Non-pharma excludes products classified as pharmaceuticals and medical devices. The definition of recyclability used is the one of the OPRL (On-Pack Recycling Labels).

| Resource inflows                                                     | Target      | Unit   | 2025   | 2024   |
|----------------------------------------------------------------------|-------------|--------|--------|--------|
| Total weight of products and technical and biological materials used |             | Tonnes | 11,736 | 13,452 |
| Packaging materials used                                             |             |        |        |        |
| Plastic                                                              |             | Tonnes | 1,542  | 1,512  |
| Paper and board                                                      |             | Tonnes | 838    | 678    |
| Other                                                                |             | Tonnes | 644    | 698    |
| Share of post-consumer recycled plastics (non-pharma)                | 30% by 2025 | %      | 39     | 22     |
| Share of post-consumer recycled plastics (all)                       |             | %      | 25     | 14     |

| Resource outflows                                          | Target       | Unit   | 2025 | 2024 |
|------------------------------------------------------------|--------------|--------|------|------|
| Share of packaging designed for recyclability (non-pharma) | 100% by 2027 | %      | 85   | 76   |
| Share of packaging designed for recyclability (all)        |              | %      | 81   | 76   |
| Waste                                                      |              |        |      |      |
| Waste to landfill from Karo’s operations                   |              | Tonnes | 0    | 0    |

### Policies and procedures

Our approach to circularity is supported by these policies and procedures:

- Supplier Code of Conduct
- Environment and Sustainability Policy
- Sustainability traffic-light tool for new products



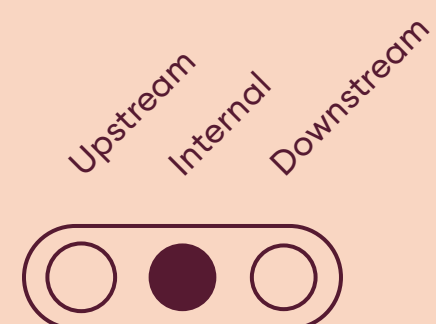
## Material impacts, risks and opportunities

### Impacts

- Employee engagement, diversity and inclusion

### Risks

- Limited productivity and innovation in a non-diverse workforce



# Own workforce (S1)

Our workforce plays a central role in delivering our strategy and our ambition to help people improve their everyday health. Through our own operations across multiple locations, we have a direct impact on the health, wellbeing, safety and quality of working life of our employees. Ensuring a supportive, inclusive and safe working environment is fundamental to our company’s long-term success.

## Strategy and governance

Our workforce strategy focuses on building the culture and capabilities needed to deliver sustainable growth for our business and high-quality healthcare for consumers. We’re committed to promoting a fair, equal and inclusive workplace where everyone feels empowered, valued and free to be themselves – and where all employees have equal opportunities to perform, develop and grow.

Our approach centres on:

- attracting, onboarding and retaining the right people
- fostering a culture grounded in our values, inclusion and effective ways of working
- developing future-ready capabilities and leadership at all levels.

We support high performance through clear goals and accountability and through fair, transparent rewards, underpinned by a strong focus on health, safety and wellbeing.

We oversee workforce-related topics through our people and sustainability governance framework, with clear roles and responsibilities across management and HR functions. The Corporate Management Team oversees workforce strategy, risks and performance, giving regular updates to the Board of Directors. We integrate workforce considerations – including wellbeing, diversity, inclusion, talent development, health and safety and working conditions – into policies, people processes and leadership practices. This leads to consistent oversight and alignment with Karo’s strategic priorities.



### Impacts, risks and opportunities

A skilled, engaged and diverse workforce strengthens our ability to innovate, collaborate and deliver effective healthcare solutions. Conversely, low engagement, capability gaps or challenges in attracting and retaining key talent may affect operational performance and execution of our strategy.

Not focusing enough on diversity, equity and inclusion could reduce adaptability and innovation, while inadequate wellbeing or safety practices could affect productivity and retention. At the same time, investing in leadership, inclusive culture, future-ready skills and data-driven people processes present opportunities to improve performance, strengthen our employer brand and support long-term value creation.

## Actions and targets to ensure well-being and a safe, inclusive workplace

Our workforce actions focus on wellbeing, inclusion and fair working conditions to support long-term performance.

### Employee wellbeing and retention

Wellbeing is essential to maintaining a motivated, productive and resilient workforce. Our twice-yearly Employee Experience Surveys (EES) help us track satisfaction, wellbeing and work-life balance.

In 2025, the employee net promoter score (eNPS) was 19, down from 42 in 2024. It’s likely that this reflects the impact of significant organisational changes during the year, partly driven by our change in ownership. Despite this decline, overall engagement remained strong at 4.1 out of 5, above the benchmark of the top 30% of companies. Meaningfulness and participation scored 4.4 out of 5, and the statement “My colleagues accept me for who I am” scored 4.5 out of 5, indicating continued strong levels of perceived support, psychological safety and inclusion.

In late 2025, we launched the Everything Counts Programme to encourage loyalty and a sense of ownership among our people and reward their performance. The programme makes a financial payment to employees linked to growth in Karo's valuation over a set number of years. Read more on page 22.

To tackle issues related to stress and work-life balance, we’re strengthening people leaders’ capabilities to support team wellbeing. Karo offers flexible working hours, health insurance and wellness subsidies, supporting physical, mental and social wellbeing.

### Diversity, equity and inclusion

A diverse and inclusive workforce supports better decision-making, innovation and long-term performance. With 475 employees from 49 nationalities, our workforce reflects the global nature of our operations.

We track gender representation at all management levels and aim for balanced representation, with at least 40% of each gender identity across the Board, Corporate Management Team and senior manager levels. In 2025, there were no women on the Board of Directors, a change linked to the transition to new ownership by KKR. Women represented 38% of the Corporate Management Team and 50% of senior managers.

We continue to act on the findings of our external DEI audit in 2024. This includes launching unconscious bias training on our new learning platform, enhancing guidance for hiring managers and setting clearer expectations for inclusive behaviour. Our DEI Policy, adopted in 2025, reinforces zero-tolerance for discrimination and is supported by confidential reporting channels.

### Working conditions

Karo is committed to safe, fair and compliant working conditions in all locations. All our employees are covered by social protection measures such as sick leave, parental leave, pensions and health insurance, in line with local legislation, and receive wages in line with local standards.

In 2025, there were no work-related accidents or fatalities, and we continue to invest in initiatives that support healthy work environments, fairness and transparency.

| Gender diversity, proportion of women | 2022 | 2023 | 2024 | 2025 |
|---------------------------------------|------|------|------|------|
| Board of Directors                    | 43%  | 50%  | 50%  | 0%   |
| Corporate Management Team             | 40%  | 33%  | 33%  | 38%  |
| Senior managers                       | 49%  | 46%  | 53%  | 50%  |
| All employees                         | 67%  | 67%  | 66%  | 67%  |





## Workforce characteristics

| Employee headcount by gender | Number of employees (headcount) 2025 | Number of employees (headcount) 2024 |
|------------------------------|--------------------------------------|--------------------------------------|
| Gender                       |                                      |                                      |
| Male                         | 158                                  | 155                                  |
| Female                       | 316                                  | 298                                  |
| Another gender               | 0                                    | 0                                    |
| Not disclosed                | 1                                    | 0                                    |
| Total employees              | 475                                  | 453                                  |

| Employee headcount per country | Number of employees (headcount) 2025 | Number of employees (headcount) 2024 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Country                        |                                      |                                      |
| Sweden                         | 173                                  | 169                                  |
| United Kingdom                 | 102                                  | 111                                  |
| Other countries                | 200                                  | 173                                  |
| Total employees                | 475                                  | 453                                  |

### Employee headcount per contract type and gender

| Gender                         | Female | Male | Another gender | Not disclosed |
|--------------------------------|--------|------|----------------|---------------|
| Permanent employees            | 308    | 153  | 0              | 1             |
| Temporary employees            | 8      | 5    | 0              | 0             |
| Non-guaranteed hours employees | 0      | 0    | 0              | 0             |
| Total headcount                | 316    | 158  | 0              | 1             |

| Employee turnover       | Unit      | 2025 | 2024 |
|-------------------------|-----------|------|------|
| Employee turnover ratio | %         | 15.5 | 15.2 |
| Employee turnover       | Headcount | 74   | 69   |

| Remuneration metrics | Unit | 2025 | 2024 |
|----------------------|------|------|------|
| Gender pay gap       | %    | 18.0 | 21.1 |

Accounting policies:  
Headcount figures in the 2024 report are not fully comparable with those reported for 2025 due to a change in scope. In 2024, figures for own workforce included employees and all consultants. For 2025, figures primarily include employees, with a small number of ‘position consultants’ added where they perform roles comparable to employees.

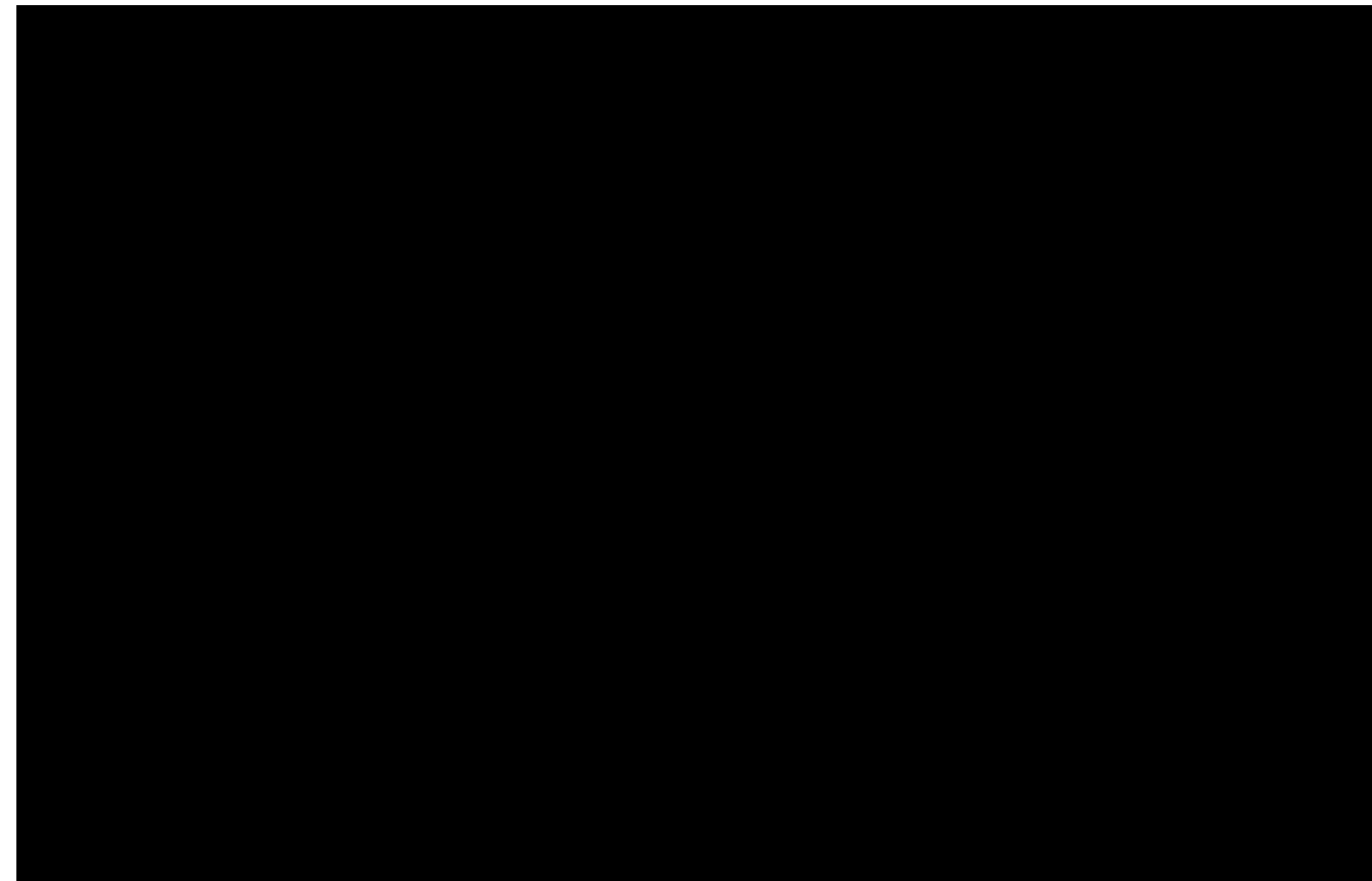
### Policies and procedures

Our management of our own workforce is supported by these policies and procedures:

- Karo Code of Conduct
- Diversity, Equity and Inclusion Policy
- Occupational Health and Safety Policy

# Workers in the value chain (S2)

As a global company, we work closely with external partners across our value chain, and, for this reason, we have an impact on many workers beyond our own operations. With this reach comes a responsibility to make sure people are treated fairly and with respect.



## Strategy and governance

Our ambition is to contribute to fair jobs throughout the value chain and support an inclusive society that respects human rights.

As a virtual company relying entirely on external manufacturing, logistics and service partners, our impact extends beyond our own workforce. We expect all workers contributing to our products – whether directly employed by Karo or by our partners – to be treated fairly, safely and with respect.

Our value chain consists of approximately 100 direct suppliers, mainly in Europe. In 2025, 96% of spend was

with European suppliers. Our strategy is to gradually consolidate our supplier base, focusing on fewer, more strategic partnerships. In parallel, to support business continuity and expand capacity, we onboarded three new suppliers in Asia during 2025. This selective geographic expansion reinforces the importance of a structured, risk-based due diligence approach.

We oversee our approach to workers in our value chain through our sustainability and sourcing governance framework, with clear roles and responsibilities across sourcing, quality and sustainability functions. We integrate expectations for fair working conditions and human rights into policies, including our Supplier Code of

Conduct, supplier requirements and due-diligence processes, ensuring oversight and alignment with our broader sustainability objectives.

### Impacts, risks and opportunities

Potential negative impacts for workers in the value chain include excessive working hours, inadequate wages, occupational injuries, restrictions on freedom of association, gender inequality and other infringements of human rights. These risks may arise at different stages of the upstream value chain and, if not effectively managed, can result in regulatory, operational and reputational impacts.

## Material impacts, risks and opportunities

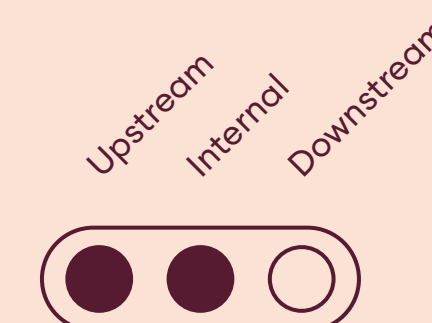
### Impacts

- Working conditions in the value chain



### Risks

- Regulation and reputational risks



## Actions and targets to support workers in the value chain

We structure our responsible sourcing framework around a risk-based due diligence model designed to identify, prevent and mitigate sustainability risks in our value chain. The framework sets clear expectations for suppliers, supports consistent risk assessment and enables targeted follow-up where risks are identified.

### Setting clear expectations for standards

All direct suppliers are required to commit to Karo’s Supplier Code of Conduct, which defines minimum requirements related to human rights, labour conditions, environmental responsibility and ethical business conduct. We require our suppliers to share these standards with their own upstream partners. Expectations are reinforced through regular business reviews and performance assessments.

In 2025, suppliers representing 94% of spend had signed our code or agreed to a comparable one. The remainder are mainly suppliers from recently acquired brands, which we’re phasing out.

### Assessing risk across the value chain

We conduct sustainability risk assessments annually. In 2025, they covered suppliers representing more than 81% of spend. Assessments consider country-level risks including working conditions, discrimination, corruption and regulatory context, as well as climate- and weather-related risks linked to site location, and product or Active Pharmaceutical Ingredient (API)-specific risks where relevant. Strategic suppliers also undergo an annual maturity assessment to help prioritise areas for improvement.

### Conducting audits, follow-ups and capacity building

Suppliers operating in high-risk contexts, or onboarding in high-risk countries, are subject to third-party audits. When these audits identify non-conformances,

corrective action plans (CAPs) are issued and tracked. To help suppliers improve, we provide capacity-building resources, mainly through the Pharmaceutical Supply Chain Initiative (PSCI).

### Engaging with suppliers

Launched in 2024, our supplier engagement programme focuses mainly on climate and environmental performance. We’re assessing how to gradually expand the programme to cover social sustainability topics, strengthening oversight across the value chain. Read more about the engagement programme on page 27.

### Providing channels for raising concerns

Suppliers and their workers can raise concerns anonymously through Karo’s externally managed whistleblowing channel, overseen by an internal committee responsible for investigation and remediation.

By applying this framework, we work to manage sustainability risks while strengthening collaboration and long-term performance. The effectiveness of these measures depends on supplier responsiveness and timely action implementation, especially in higher-risk contexts.

### Promoting responsible business practices

Karo has been a member of the Pharmaceutical Supply Chain Initiative (PSCI) since 2022. PSCI promotes responsible supply chain standards through collaboration, shared tools and capacity building. We participate in PSCI activities to exchange experiences with peers and contribute to developing industry best practice. Through PSCI, all direct suppliers have access to training and educational resources.

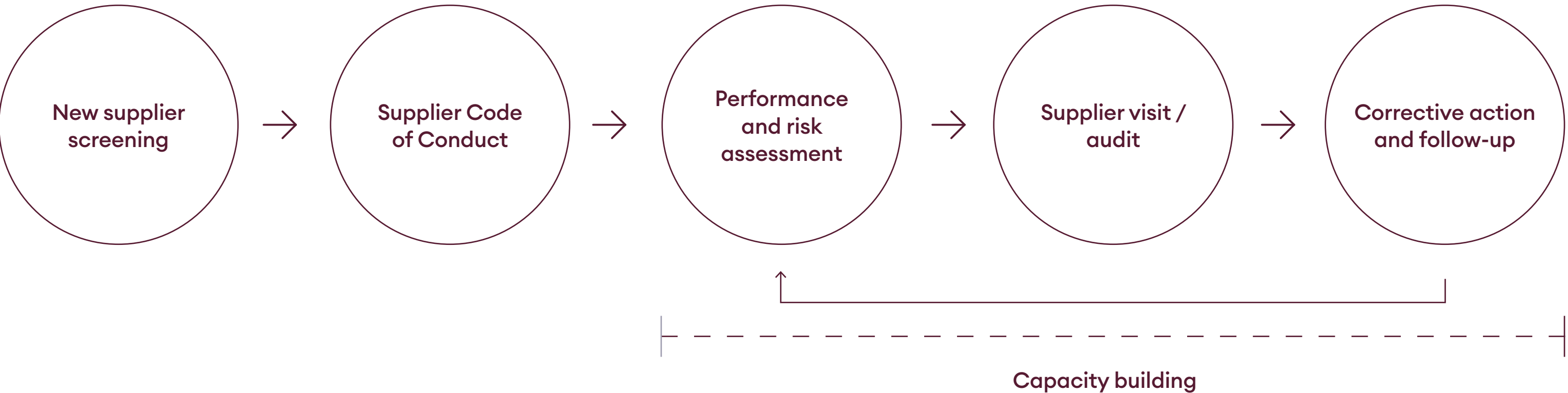
### Policies and procedures

Our management of workers in the value chain is supported by these policies and procedures:

- Supplier Code of Conduct
- Human Rights Policy
- Occupational Health and Safety Policy
- Supplier engagement programme
- Supply chain risk assessment methodology

Managing sustainability with our suppliers

Integrating sustainability requirements in our sourcing practices is an important step towards a more sustainable supply chain.



# Consumers and end-users (S4)

Karo owns and commercialises trusted brands in everyday healthcare to improve people’s health and wellbeing. Our products address common and often under-treated conditions that affect daily comfort, confidence and quality of life. By combining effective products with clear information and education, we support prevention, self-care and informed health choices as part of long-term wellbeing.



## Strategy and governance

Our strategy for consumers and end-users focuses on providing safe, effective and accessible products, supported by responsible marketing and transparent, evidence-based communication. Our brands are designed to meet everyday health needs while contributing to broader societal goals such as reducing stigma and improving access to care.

We oversee consumer and end-user topics through our quality, compliance and pharmacovigilance framework, with clear roles and responsibilities across quality, regulatory, medical and marketing functions. We embed oversight of consumer safety, product quality and responsible communication in internal processes that guide product development, marketing communication and post-market monitoring.

### Impacts, risks and opportunities

Karo’s products contribute positively to society by helping consumers to manage everyday health conditions safely and effectively. Through reliable products and credible information, we support informed decision-making, prevention and responsible self-care.

Risks include misuse, unauthorised distribution or unclear information, which could lead to adverse health outcomes and regulatory or reputational impacts.

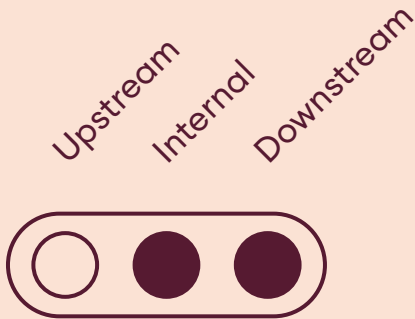
## Material impacts, risks and opportunities

### Impacts

- Contributing to global health and wellbeing ☐ ☐ ☒
- Negative health impacts from using our products ☐ ☐ ☒

### Risks

- Regulatory risks related to health and safety of consumers ☐ ☒ ☒



## Actions and targets to improve everyday health and safeguard quality

Good health goes beyond avoiding serious illness. It's about addressing everyday discomforts such as itching, aches or odours that affect daily life. Our ambition is that all our brands advance health and wellbeing through documented problem-solving benefits, preventive solutions or contributions to broader societal change. This includes addressing stigmatised health topics and promoting more open and informed conversations.

### Using science to build product claims

In 2025, we conducted 26 clinical studies and developed more than 300 substantiated claims to strengthen confidence in our product portfolio. These studies help us document real problem-solving benefits, improve formulations and refine product positioning so consumers receive solutions that genuinely address their needs. Among these were promising studies for E45 HydroCell and Lutsine Eryplast Water Paste nappy cream, supporting new product launches planned for 2026.

Insights from research also guide innovation, portfolio expansion and entry into new segments and markets, supporting wider access to effective treatments.

### Empowering partners and consumers

As the global population grows and life expectancy rises, healthcare systems face growing pressures, while new challenges emerge in maintaining everyday health. As a result, everyone may need to take on more responsibility for their own health and wellbeing.

We work closely with customers and healthcare professionals to support responsible self-care, prevention and appropriate product use. Our role extends beyond product supply to education and guidance.

### *Supporting healthcare professionals*

In 2025, we had more than 266,000 interactions with healthcare professionals across our top 10 markets through face-to-face meetings, training sessions or digital channels, an increase from 185,000 interactions in 2024. Our target is to continue to increase interactions year-on-year. In Sweden and Norway, we supported pharmacy staff through our digital education platform Karo Academy, with webinars viewed more than 13,000 times, mainly by pharmacists.

### *Helping consumers stay informed and tackling stigma*

Through brand platforms, we help consumers access evidence-based information to support responsible use of our products. By increasing awareness in health areas affected by stigma, such as intimate, digestive and skin health, we help reduce barriers to care and support better quality of life.

### Ensuring quality and correct communication

We apply stringent quality and safety standards across the value chain, including Good Manufacturing Practice (GMP), Good Distribution Practice (GDP), Good Pharmacovigilance Practice (GVP), and ISO 13485. Qualified personnel, including Responsible Persons (RP) and Qualified Persons for Pharmacovigilance (QPPV) oversee compliance and safety monitoring. All employees receive regular training on patient safety and related procedures to support compliance across the organisation.

All product claims, medical information and sustainability statements are subject to structured review and approval processes. To prevent unauthorised sales, we apply contractual controls, carry out audits of distribution and warehouse partners and use a robust supply tracking system.

### Policies and procedures

Our work for consumers and end-users is supported by these policies and procedures:

- Patient Safety Policy
- Quality Policy
- Risk Management Policy





# Business conduct (G1)

As a global company operating across multiple markets, we’re subject to a wide range of legal and regulatory requirements. This makes strong governance, ethical conduct and consistent business practices essential to ensure compliance, manage risks and maintain trust across all parts of the organisation.

## Strategy and governance

Our ambition is to ensure responsible and ethical business practices across our organisation and value chain. We’re committed to acting ethically and transparently in all markets where we operate, supported by a culture that encourages integrity, accountability and responsible decision-making. By embedding ethical conduct into how we work every day, we aim to build trust with stakeholders, protect our business and support long-term sustainable value creation.

We oversee responsible business conduct through our corporate governance and sustainability frameworks, with clear roles and responsibilities across management and relevant functions. We embed oversight of ethics and integrity-related matters into our operating model through policies, procedures and leadership responsibilities, making sure they’re applied consistently in daily operations and decision-making.

**Impacts, risks and opportunities**

Bribery, corruption and unethical behaviour pose risks that could undermine trust, distort fair competition and

compromise patient safety. These risks may arise across interactions with customers, suppliers and other business partners with potential legal, financial and reputational consequences.

Animal welfare is a relevant consideration in the pharmaceutical and healthcare sector, particularly in relation to sourcing animal-derived ingredients responsibly and ethical animal testing where required by regulations. These practices have direct impacts on animal wellbeing.

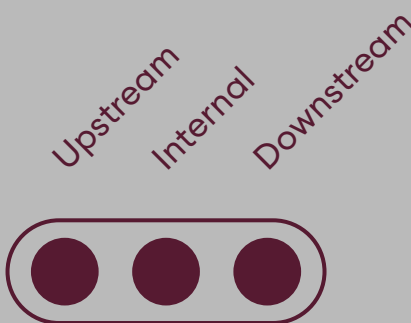
### Material impacts, risks and opportunities

**Impacts**

- Bribery and corruption
- Animal welfare

**Risks**

- Bribery and corruption



## Actions and targets to ensure ethical business conduct

We have zero tolerance for bribery and corruption, as set out in our Code of Conduct and Supplier Code of Conduct. We reinforce expectations covering ethics, data integrity and protection and patient safety through our leadership communication and by integrating them into routines and processes.

All employees have to complete anti-corruption training to maintain awareness of risks and the behaviour we expect. In 2025, 95% of employees completed this training.

### Reporting concerns

A confidential whistleblowing system allows current and former employees as well as external partners to report concerns. We oversee the system through an internal process to ensure appropriate investigation and remediation, supporting a culture of accountability and transparency.

### Animal welfare

Karo doesn't engage in animal testing unless regulatory authorities require it. Several brands follow recognised animal welfare standards through external certifications. For products containing animal-derived ingredients, we expect suppliers to apply appropriate animal welfare practices throughout the supply chain.

### Policies and procedures

Our responsible business conduct is supported by these policies and procedures:

- Karo Code of Conduct
- Business Ethics Anti-bribery and Anti-corruption Policy
- Supplier Code of Conduct
- Data Integrity Policy
- IT Security Policy
- Whistleblower Policy
- Patient Safety Policy

| Prevention, detection and incidents of corruption and bribery       | Unit   | 2025 | 2024 |
|---------------------------------------------------------------------|--------|------|------|
| Employees trained in ethics and corruption                          | %      | 95   | 95   |
| Convictions for violations of anti-corruption and anti-bribery laws | Number | 0    | 0    |



# Basis of reporting

## Scope of this report

This report covers Karo Intressenter Holding AB and all its subsidiaries for the period from 1 January 2025 to 31 December 2025, following the same scope as our financial statements. All business activities are conducted within Karo Healthcare AB and its subsidiaries. The report consists of our statutory Sustainability Report, in line with the Swedish Annual Accounts Act (pre-July 2024 wording).

Following the EU’s Omnibus ‘stop the clock’ Directive, we’re not required to apply the European Sustainability Reporting Standards (ESRS) for the reporting year. However, this report is inspired by the ESRS framework to support structures for comparable and useful sustainability disclosures.

This report provides information on our sustainability strategy, policies, actions and targets. All material topics disclosed have been identified through our double materiality assessment (DMA), covering our own operations and upstream and downstream value chains. Where relevant, the scope of policies, actions, targets and metrics is specified in each section.

For forward-looking assessments, including materiality analysis, we apply these time horizons:

- Short-term: less than one year
- Medium-term: between one and five years
- Long-term: more than five years

## Changes from previous years

We’ve prepared this report in line with the previous year, with no significant changes other than an updated structure to better align with the ESRS framework. As a result, some metrics are reported for the first time, and prior-year data isn’t available for comparison. We’ve identified no errors since the publishing the last report.

## Risk management and internal controls over sustainability reporting

Karo has established internal controls to support accurate, complete and compliant sustainability reporting. These controls include defined data ownership, documented methodologies and internal validation procedures.

Key reporting risks relate to data quality, documentation gaps and reliance on manual processes. The 2024 limited assurance identified minor discrepancies and opportunities to strengthen documentation, particularly for greenhouse gas (GHG) calculations and KPI definitions. While several sustainability KPIs still rely partly on manual processes, we've taken actions and continue to strengthen internal controls to improve reliability and reduce reporting risk.

## Statement on due diligence

| Core elements of due diligence                                            | Page      |
|---------------------------------------------------------------------------|-----------|
| Embedding due diligence in governance, strategy and business model        | 33, 59    |
| Engaging with affected stakeholders in all key steps of the due diligence | 34-35, 59 |
| Identifying and assessing adverse impacts                                 | 37-38     |
| Taking actions to address those adverse impacts                           | 39-56     |
| Tracking the effectiveness of these efforts and communicating results     | 39-56     |





# ESRS disclosure requirements index

This index lists all the ESRS disclosure requirements that are material to Karo and have guided the preparation of our sustainability statement.

| ESRS Disclosure requirement          |                          |  | Page       |
|--------------------------------------|--------------------------|--|------------|
| ESRS 2 - General disclosures         |                          |  |            |
| BP-1                                 | Basis for preparation    |  | 57         |
| BP-2                                 | Specific circumstances   |  | 57         |
| GOV-1                                | Governance roles         |  | 33         |
| GOV-2                                | Governance               |  | 33         |
| GOV-3                                | Incentives schemes       |  | 33         |
| GOV-4                                | Due diligence            |  | 57         |
| GOV-5                                | Risk management          |  | 57         |
| SBM-1                                | Strategy and value chain |  | 7, 14-17   |
| SBM-2                                | Stakeholders             |  | 34-35      |
| SBM-3                                | Material IROs            |  | 37-38      |
| IRO-1                                | Processes                |  | 37-38      |
| IRO-2                                | ESRS DR's covered        |  | 58         |
| E1 Climate change                    |                          |  | Page       |
| E1 GOV-3                             | Governance               |  | 33         |
| E1-1                                 | Transition plan          |  | 40         |
| E1 SBM-3                             | Strategy                 |  | 39         |
| E1 IRO-1                             | Processes                |  | 39         |
| E1-2                                 | Policies                 |  | 39, 42, 59 |
| E1-3                                 | Actions                  |  | 41         |
| E1-4                                 | Targets                  |  | 39-40      |
| E1-5                                 | Energy consumption       |  | 42         |
| E1-6                                 | Scopes 1, 2 and 3        |  | 42         |
| E1-7                                 | GHG removals             |  | 41         |
| E1-8                                 | Internal carbon pricing  |  | N/A        |
| E1-9                                 | Financial effects        |  | N/A        |
| E2 Pollution                         |                          |  | Page       |
| ESRS 2 IRO-1                         | Processes                |  | 43         |
| E2-1                                 | Policies                 |  | 43, 59     |
| E2-2                                 | Actions                  |  | 43         |
| E2-3                                 | Targets                  |  | 43         |
| E2-4                                 | Pollution                |  | 43         |
| E2-5                                 | Substances               |  | 43         |
| E2-6                                 | Financial effects        |  | N/A        |
| E3 Water & marine resources          |                          |  | Page       |
| ESRS 2 IRO-1                         | Processes                |  | 44         |
| E3-1                                 | Policies                 |  | 44, 59     |
| E3-2                                 | Actions                  |  | 44         |
| E3-3                                 | Targets                  |  | N/A        |
| E3-4                                 | Water consumption        |  | N/A        |
| E3-5                                 | Financial effects        |  | N/A        |
| E4 Biodiversity and ecosystems       |                          |  | Page       |
| E4-1                                 | Transition plan          |  | 45         |
| ESRS 2 SBM-3                         | Strategy                 |  | N/A        |
| ESRS 2 IRO-1                         | Processes                |  | 45         |
| E4-2                                 | Policies                 |  | 45, 59     |
| E4-3                                 | Actions                  |  | 45         |
| E4-4                                 | Targets                  |  | 45         |
| E4-5                                 | Impacts                  |  | 45         |
| E4-6                                 | Financial effects        |  | N/A        |
| E5 Resource use and circular economy |                          |  | Page       |
| ESRS 2 IRO-1                         | Processes                |  | 47         |
| E5-1                                 | Policies                 |  | 46, 47, 59 |
| E5-2                                 | Actions                  |  | 47         |
| E5-3                                 | Targets                  |  | 47         |
| E5-4                                 | Resource inflows         |  | 47         |
| E5-5                                 | Resource outflows        |  | 47         |
| E5-6                                 | Financial effects        |  | N/A        |
| S1 Own workforce                     |                          |  | Page       |
| ESRS 2 SBM-2                         | Stakeholders             |  | 34         |
| ESRS 2 SBM-3                         | Strategy                 |  | 48         |
| S1-1                                 | Policies                 |  | 48, 50, 59 |
| S1-2                                 | Processes                |  | 49         |
| S1-3                                 | Remediate impacts        |  | 49         |
| S1-4                                 | Actions                  |  | 49         |
| S1-5                                 | Targets                  |  | 48-49      |
| S1-6                                 | Own employees            |  | 50         |
| S1-7                                 | Non-employees            |  | N/A        |
| S1-8                                 | Bargaining coverage      |  | N/A        |
| S1-9                                 | Diversity                |  | 49         |
| S1-10                                | Adequate wages           |  | 49         |
| S1-11                                | Social protection        |  | 49         |
| S1-12                                | Disabilities             |  | N/A        |
| S1-13                                | Training                 |  | N/A        |
| S1-14                                | Health and safety        |  | 49         |
| S1-15                                | Work-life balance        |  | N/A        |
| S1-16                                | Compensation             |  | 50         |
| S1-17                                | Complaints               |  | N/A        |
| S2 Workers in the value chain        |                          |  | Page       |
| ESRS 2 SBM-2                         | Stakeholders             |  | 35, 51     |
| ESRS 2 SBM-3                         | Strategy                 |  | 35, 51     |
| S2-1                                 | Policies                 |  | 51, 52, 59 |
| S2-2                                 | Processes                |  | 51-52      |
| S2-3                                 | Remediate impacts        |  | 52         |
| S2-4                                 | Actions                  |  | 52         |
| S2-5                                 | Targets                  |  | 51         |
| S4 Consumers and end-users           |                          |  | Page       |
| ESRS 2 SBM-2                         | Stakeholders             |  | 34-35      |
| ESRS 2 SBM-3                         | Strategy                 |  | 34, 53     |
| S4-1                                 | Policies                 |  | 53, 54, 59 |
| S4-2                                 | Processes                |  | 54         |
| S4-3                                 | Remediate impacts        |  | 54         |
| S4-4                                 | Actions                  |  | 54         |
| S4-5                                 | Targets                  |  | N/A        |
| G1 Business conduct                  |                          |  | Page       |
| ESRS 2 GOV-1                         | Governance               |  | 33         |
| ESRS 2 IRO-1                         | Processes                |  | 37-38      |
| G1-1                                 | Corporate culture        |  | 55, 56, 59 |
| G1-2                                 | Suppliers                |  | 52, 56     |
| G1-3                                 | Prevention               |  | 52, 56     |
| G1-4                                 | Incidents                |  | 56         |
| G1-5                                 | Political influence      |  | N/A        |
| G1-6                                 | Payment processes        |  | N/A        |

# Minimum Disclosure Requirements – Policies

All policies are accessible via our internal portal, and we require all employees to read and confirm their understanding of them. Relevant policies are also publicly accessible on our website: [karohealthcare.com](https://karohealthcare.com).

Our policy framework is built on internationally recognised agreements, including the UN Global Compact; the OECD Guidelines for Multinational Enterprises; the UN Guiding Principles on Business and Human Rights; the Universal Declaration of Human Rights; the ILO Declaration on Fundamental Principles and Rights at Work; and relevant ILO conventions. They also reflect industry best practice to ensure high quality and patient safety.

Oversight and implementation sit with the CEO, the Chief People and Sustainability Officer or the relevant Corporate Management Team member, depending on the policy area.

## Business Ethics Anti-bribery and Anti-corruption Policy

The policy aims to prevent, detect and prohibit money laundering and other corruption practices. It applies to all employees and external partners.

*Addressed in G1 Business Conduct.*

## Data Integrity Policy

The policy makes sure we use validated systems, controlled access, audit trails and proper archiving to safeguard data quality across our operations.

*Addressed in G1 Business conduct.*

## Diversity, Equity and Inclusion Policy

The policy sets out the framework to ensure an inclusive and respectful workplace where everyone can bring their true selves to work. It applies across all organisational processes and to all employees.

*Addressed in S1 Own workforce.*

## Environment and Sustainability Policy

The policy includes emissions reduction, resource efficiency, circularity and environmental stewardship. It applies across all our operations throughout the value chain.

*Addressed in E1 Climate change, E2 Pollution, E3 Water, E4 Biodiversity and ecosystems, E5 Resource use and circular economy.*

## Human Rights Policy

The policy sets out how to protect and promote internationally recognised human rights across our operations and interactions across the value chain.

*Addressed in S1 Own workforce and S2 Workers in the value chain.*

## IT Security Policy

The policy outlines how we protect our information assets in line with ISO 27001. It applies to all employees, contractors and third parties and governs IT security and data protection.

*Addressed in G1 Business conduct.*

## Karo Code of Conduct

The Code sets expectations on ethics, human and labour rights, environmental responsibility and workplace safety. It applies to all employees and board members.

*Addressed in S1 Own workforce, G1 Business conduct.*

## Occupational Health and Safety Policy

The policy sets out how to ensure workplace safety, prevent hazards, promote wellbeing and make sure suppliers uphold equivalent safety standards. It applies to all employees and outsourced partners.

*Addressed in S1 Own workforce.*

## Patient Safety Policy

The policy defines how to identify and manage safety issues and complaints across our product ranges. It applies to all employees and contractors globally.

*Addressed in S3 Consumers and end-users.*

## Quality Policy

The policy outlines the framework ensuring safe, high-quality products and continuous improvement throughout Karo's outsourced manufacturing model. It applies to all employees and partners involved throughout the value chain.

*Addressed in S3 Consumers and end-users.*

## Risk Management Policy

The policy defines how we identify and mitigate risks related to medicines and devices to protect patient and customer safety. It establishes criteria for identifying and controlling risks, and is embedded across our own operations and the value chain.

*Addressed in S3 Consumers and end-users.*

## Supplier Code of Conduct

The policy defines minimum requirements for suppliers' responsible business practices. It applies to all suppliers and partners and is aligned with Pharmaceutical Supply Chain Initiative (PSCI) principles and internationally recognised standards.

*Addressed in E1 Climate change, E2 Pollution, E3 Water, E4 Biodiversity and ecosystems, E5 Resource use and circular economy, S2 Workers in the value chain and G1 Business conduct.*

## Whistleblower Policy

The policy ensures a secure, anonymous channel for reporting concerns without fear of retaliation. It applies to all employees, contractors and suppliers.

*Addressed in G1 Business conduct.*

# Auditor's limited assurance report

## Auditor's limited assurance report on Karo Intressenter Holding AB's (publ) sustainability report

To Karo Intressenter Holding AB (publ), corporate identity number 559180-2052

### Conclusion

We have been appointed by the Board of Directors and the Managing Director to conduct a limited assurance engagement of the sustainability report of Karo Intressenter Holding AB for the financial year 2025.

Based on our limited assurance engagement as described in the section Auditor's responsibility, nothing has come to our attention that causes us to believe that the sustainability report is not, in all material respects, prepared in accordance with the Company's own developed accounting and calculation principles.

### Basis for conclusion

We have conducted the limited assurance engagement in accordance with ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. Our responsibility under this standard is further described in the section Auditor's responsibility.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the sustainability report in accordance with the applicable criteria, as described on page 57 of the sustainability report. The applicable criteria consist of the company's own accounting and calculation principles. This responsibility also includes such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a sustainability report that is free from material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the sustainability report based on our review. The limited assurance engagement has been conducted in accordance with ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires that we plan and perform our procedures to obtain limited assurance that the sustainability report is prepared in accordance with the criteria described in the section Responsibilities of the Board of Directors and the Managing Director.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

This means that it is not possible for us to obtain such assurance that we become aware of all significant matters that could have been identified if a reasonable assurance engagement had been performed.

Our firm applies ISQM 1 (International Standard on Quality Management), which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We are independent of Karo Intressenter Holding AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance engagement involves performing procedures to obtain evidence to support the sustainability report. The auditor selects the procedures to be performed, including assessing the risks of material misstatements in the sustainability report, whether due to fraud or error. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board of Directors and the Managing Director prepares the sustainability report, in order to design procedures that are appropriate under the circumstances, but not for the purpose of providing a conclusion on the effectiveness of the company's internal control. The review consists of making inquiries, primarily of persons responsible for the preparation of the sustainability report, performing analytical review, and conducting other review procedures.

The review procedures primarily include:

- Through inquiries, obtain an understanding of internal controls, reporting processes, and information systems relevant to the preparation of the information in the sustainability report.
- Evaluate whether the structure and information in the sustainability report are presented in a clear and transparent manner;
- Perform substantive testing on selected disclosures in the sustainability report.

### Inherent limitations

No inherent limitations associated with the measurement or evaluation of the sustainability matters against the applicable criteria has been identified.

Stockholm 24 April 2026

KPMG AB

Håkan Olsson Reising  
Authorized Public Accountant

Karin Sivertsson  
Specialist Member of FAR

# Auditor’s Statement on the Statutory Sustainability Report

To the General Meeting of Shareholders of Karo  
Intressenter Holding AB (publ), reg. no.559180-2052

## Engagement and allocation of responsibilities

The Board of Directors is responsible for the sustainability report for the year 2025 and for ensuring that it has been prepared in accordance with the Swedish Annual Accounts Act in accordance with the previous wording that applied prior to 1 July 2024.

## Scope and focus of the review

Our review has been conducted in accordance with FAR’s recommendation RevR 12 The auditor’s statement on the statutory sustainability report. This means that our review of the sustainability report has a different focus and is substantially lower in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides us with a sufficient basis for our statement.

## Statement

A sustainability report has been prepared.

Stockholm 24 April 2026

KPMG AB

Håkan Olsson Reising  
Authorized Public Accountant





**Annual summary and sustainability  
statement 2025**

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