



Karo Intressenter Holding AB

Sustainability Report  
2024

Smart choices  
for everyday  
healthcare®



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This report covers Karo Intressenter Holding AB and its subsidiaries for the period from 1 January 2024 to 31 December 2024. All business activities are conducted within Karo Healthcare AB and its subsidiaries. Therefore **this report mainly covers Karo Healthcare.**



# 1. Karo at a glance

- Introduction
- This is Karo
- CEO letter
- Chairman and EQT perspectives
- Sustainability highlights 2024





# Smart choices, responsible impact

The healthcare industry faces important challenges that it must resolve, from climate change and resource consumption to unjust labour conditions in the supply chain and unequal access to care. At Karo Healthcare we're committed to exploring ways to address these issues responsibly.

That commitment is written into our purpose: we're here to create smart choices for everyday healthcare, and to do it in a responsible way – for people, society and the environment.

But being responsible isn't just something we aspire to; it's something we act on. For us, it means doing business in a way that balances today's needs with care for the planet and future generations and motivating our partners to do likewise. It means doing right by everyone who works for us and with us, making them feel empowered and engaged. And it means helping customers and consumers make responsible choices for everyday healthcare.

## Advancing our priorities

This year, we've made progress across our priorities for sustainability: Health and wellbeing, Environment and Fair Society.

Inclusivity and diversity have always been integral to the Karo culture. This year, we worked to embed Diversity, Equity and Inclusion (DEI) deeper into our brands and business. Our award-winning campaign for the E45 skin health brand showed what authentic representation and allyship can do to promote inclusivity and awareness of minority issues.



Our award-winning campaign for E45 celebrated confidence and diversity. It also helped to deliver double-digit sales growth in just one year.



Our climate targets are now officially validated by the Science Based Targets initiative (SBTi).



The launch of our supplier engagement programme will help us measure and drive progress on reducing indirect emissions.

And an audit has helped structure our internal priorities on inclusivity and diversity, so they're connected and owned.

We also added rigour to our commitment to reduce our environmental impact. The SBTi validated our targets for net zero emissions by 2040. To get there, we need solid data on product impact throughout our value chain. That's why we launched a decarbonisation programme with our suppliers, to help them understand, measure and set targets for their emissions – just as customers can assess ours through our own reporting on climate impact to the CDP.

## Always striving to improve

We're proud of our achievements, but we're always looking to improve. New requirements for sustainability reporting through the Corporate Sustainability Reporting Directive (CSRD) add a new dimension to what being responsible means. Using AI to enhance our double materiality assessment has given us deeper insights into the issues that matter most to our business. We're now refining our strategy and developing the frameworks that will help deliver the data and transparency the new standards demand.

By working to deliver on these new expectations, we're making sure sustainability becomes fully embedded in our business. And as we accelerate our initiatives across our three sustainability priorities, we're turning goals into tangible impact. That's how we'll continue to deliver smart choices for everyday healthcare – responsibly. ●





# This is Karo

## OUR VISION

To become a responsible leader in everyday healthcare, delivering superior value to people and society.

## OUR PURPOSE

### Smart choices for everyday healthcare®

Karo is 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 people with smart choices for everyday healthcare, we give them 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 VALUES

**Challenge:** we dare to explore and challenge industry conventions. We always go for the smart choice. If there's a better way of doing things, we'll find it.

**Act:** progress is in our DNA, but never at the expense of integrity. We achieve our goals through trust and strong execution.

**Connect:** working together across functions and borders, we connect with our colleagues, partners and consumers to define the best way forward.

**Care:** is at the heart of everything we do. We care about people's health and wellbeing. And we care about the world around us. ●

## OUR BRANDS

We own and commercialise a range of trusted brands in everyday healthcare. By continuously building our knowledge, we can evolve these brands, products and claims, to make sure we meet consumers' needs, address emerging trends, and connect with consumers across channels and markets. As a virtual company,

we work with trusted partners to produce and distribute our products. Our virtual set-up makes us fast and flexible, with a clear focus on delivering what's best for our brands, customers and consumers. →



Read the full product information for our pharmaceuticals here: [Lamisil AT 1% Cream](#), [Selexid Tablets](#), [Paracetol](#).





## Skin health

At Karo, we believe that every body deserves to live with healthy skin. With our portfolio of trusted and well-established specialist skin health brands, such as E45, Locobase, Decubal and Apobase, we offer expert skin health solutions, trusted by consumers and recommended by healthcare professionals.



REMESCAR

“We treat people with very dry and problematic skin, as well as atopic dermatitis. I often recommend Locobase emollients for their high lipid content that protects and restores the skin’s barrier function.”

– Petra Kjellman, dermatologist, Diagnostiskt Centrum Hud, Sweden



## Foot health

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

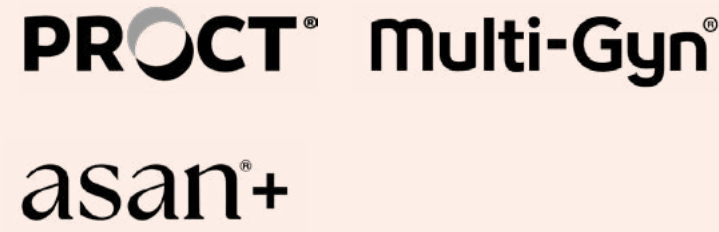


“1 out of 5 adults live with toenail fungus.”  
– Global Nail Fungus Organization, 2019



## Intimate and digestive health

Karo’s trusted intimate and digestive health portfolio helps 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.



“I recommend Multi-Gyn products as a first-line treatment for vaginal problems.”  
– Dr. Zoran Maričić, gynaecologist



## VMS (vitamins, minerals and supplements)

Our premium vitamins, minerals, blends and supplements come from trusted brands including Nutravita and Alpha Foods. They help consumers with goals like boosting immunity, enhancing fitness and supporting overall health.



“Our portfolio of VMS brands really gives consumers a way to achieve everyday healthcare goals.”

– Sabine De Prest, Global Category Director, HB & VMS

Read the full product information for our pharmaceuticals here: [Lamisil AT 1% Cream](#), [Selexid Tablets](#), [Paracet.](#)



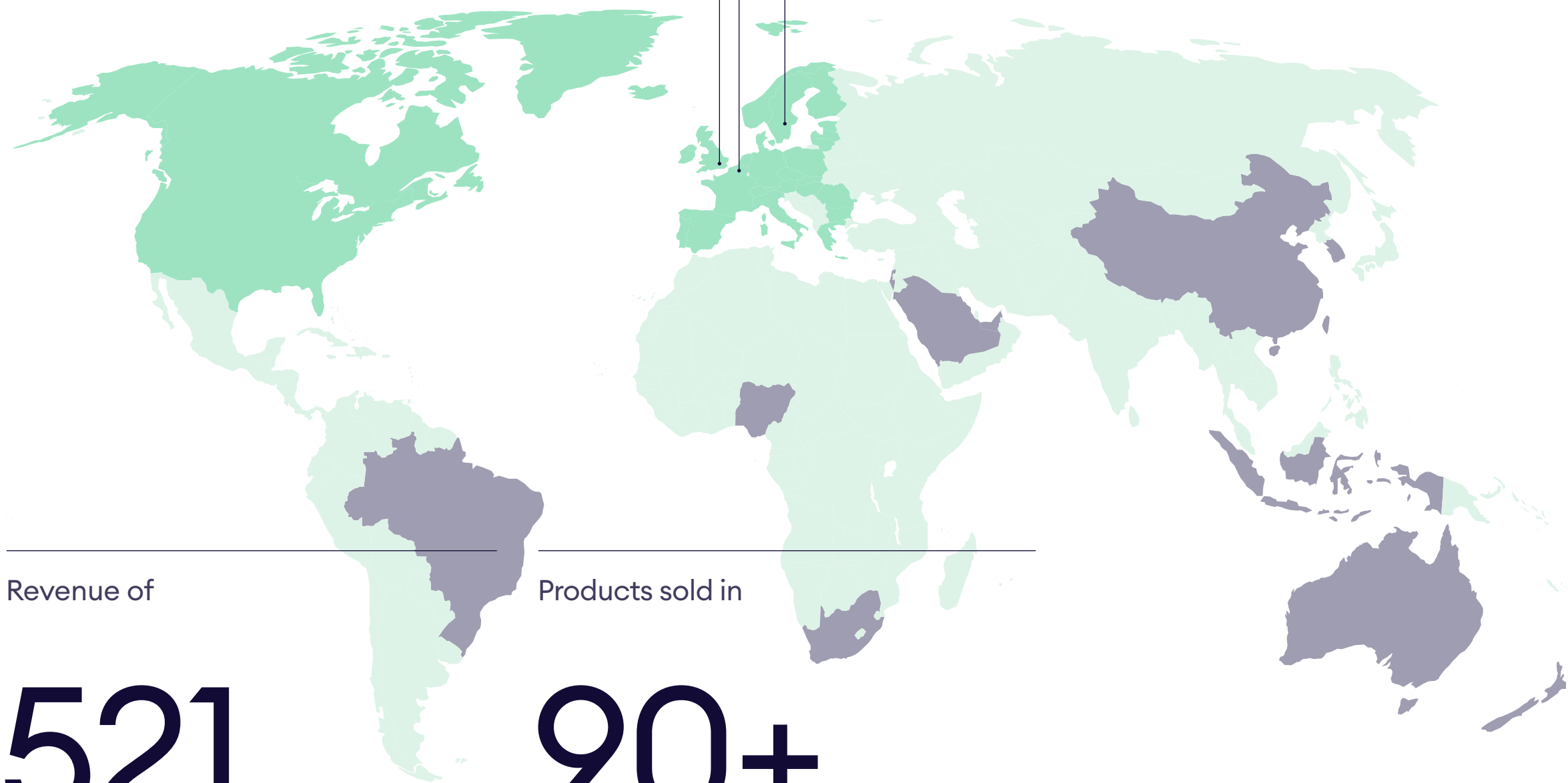
# Facts & figures

Karo worldwide

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

Our largest hubs

- 01. Headquartered in Stockholm, Sweden
- 02. Maidenhead
- 03. Ghent



Revenue of

521

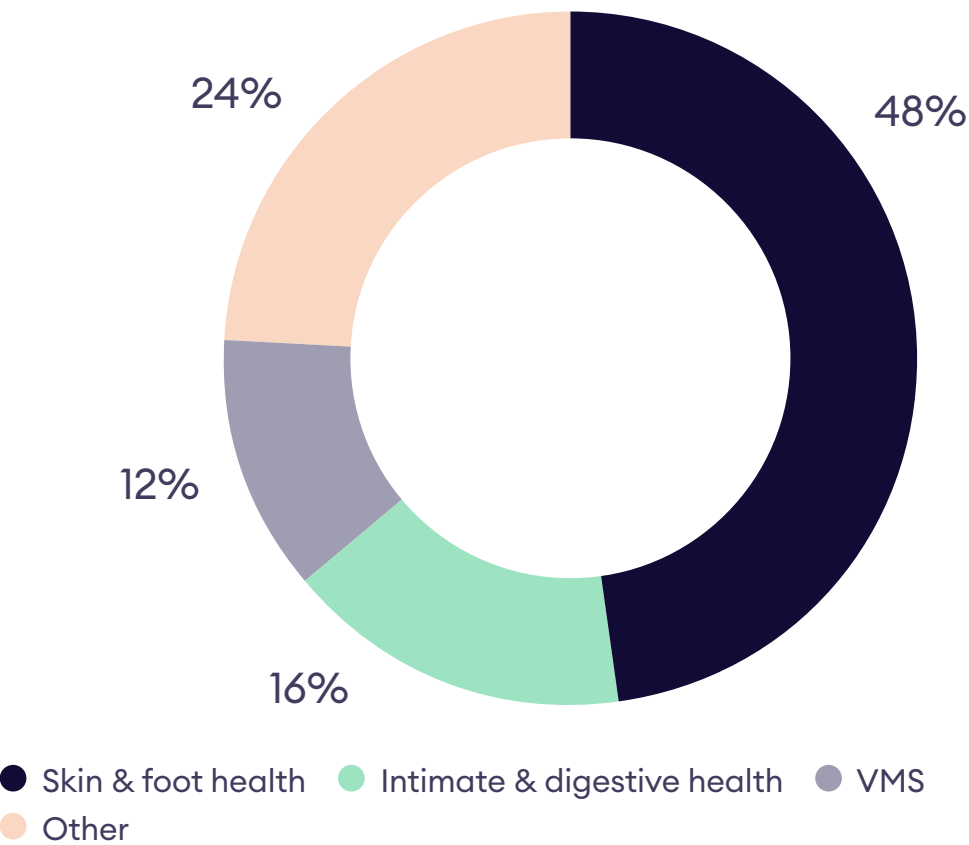
million EUR

Products sold in

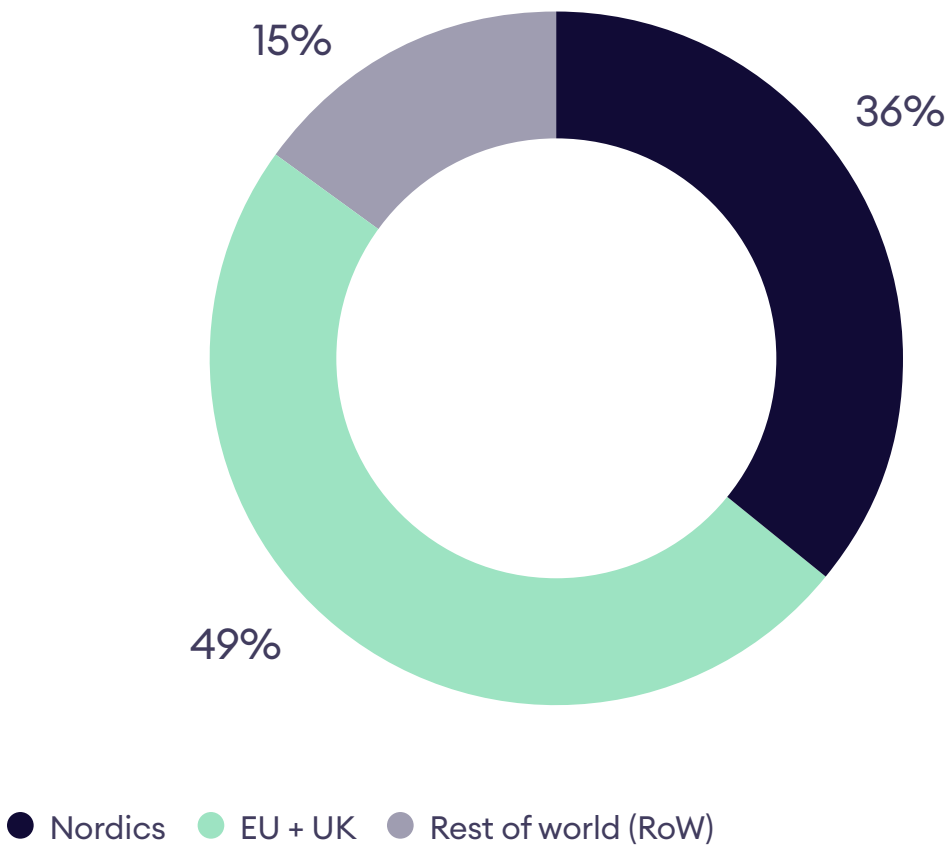
90+

markets

Net sales by category (2024)



Net sales by geography (2024)



A broad portfolio of

80+

brands

Net sales

60%

from top 10 brands

Units sold in 2024

102

million

Online sales

~24%

of revenue generated

Sales

~13%

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

Workforce

~470

colleagues across 13 countries

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



## CEO LETTER

# Becoming a responsible leader in everyday healthcare

We can be proud of what we've achieved in 2024, and I believe our achievements are down to essential qualities that have set Karo apart from the beginning.

**Delivering above-market growth**

In 2024, we continued to develop our portfolio of brands and improve how we connect with consumers. The result was organic growth of 7%, outperforming our industry. This includes volume growth, which means we're reaching more people with an offer that meets their needs. This ability to connect with customers has always been vital to our success, and to achieving our purpose to empower people to make smart choices in everyday healthcare.



We also fully integrated our recently-acquired Lamisil and Proctosedyl brands, for Athlete's foot and haemorrhoids, respectively. They typify what we're about: trusted brands with high levels of documented efficacy, many addressing conditions that are common, though little talked about, and therefore under-treated. Around half of adults will develop haemorrhoids in their lifetime, for instance, but currently only 35% treat them.

This shows why it's so important we excel at reaching consumers. In part, we do this by challenging taboos. By bringing conditions into the open, we make it easier for people to make the smart choices that will help them overcome healthcare problems and boost their wellbeing.

Another key part of our growth is another recently acquired brand – E45. In 2024, it achieved 24% growth by optimising the supply chain, expanding into new markets including China, Nigeria and UAE, and introducing insight-driven innovation. The success was amplified by the award-winning 'This is me. This is my Space' brand campaign, focusing on the skin challenges facing trans people while transitioning. It led to a 6.6% increase in brand value and a 10% boost in web search during the campaign. This highlights two more perennial Karo attributes – our commitment to commercial innovation and a willingness to explore new ways of working.

**Moving from planning to progress on sustainability**

Sustainability is becoming another core Karo quality. We want to be a leading force in everyday healthcare, and to do it responsibly. We've built a solid foundation. In 2022, we launched our sustainability strategy. In 2023, we began to implement it by understanding our priorities, setting targets and defining roadmaps to reach them. And in 2024, we turned priorities into acti-

vities across our three strategic pillars: improving health and wellbeing, addressing our environmental impact and contributing to a fair society.

We got validation from the Science Based Targets initiative (SBTi) for our net-zero targets and undertook an AI-enhanced double materiality assessment. This gives our sustainability effort an empirical backbone through insights into our impact on society and the environment, and social and environmental issues' impact on us.

Around 99% of our greenhouse gas emissions are from our value chain, so tackling them is crucial to our environmental sustainability. In 2024, we launched a programme to engage with suppliers on reducing emissions, coupling targets with information and tools to help them decarbonise.

We also turned our commitments into concrete results. These included launching the new bottle for Flux mouthwash, made from 100% post-consumer recycled plastic (PCR). A production transfer allowed us to invest in a more sustainable solution that cuts the bottle's carbon emissions by 22% and saves 28 tonnes of plastic annually by making it lighter. Testing suggested consumers prefer the bottle to its predecessor. This fuels our conviction that sustainability isn't just something we pursue because customers, consumers and regulators expect us to; it's also good business.

Finally, we commissioned an audit of our work on diversity, equity and inclusion (DEI). This will help us progress from understanding DEI intuitively to integrating it across everything we do.

**Looking ahead**

Amid growing pressure on healthcare systems, more people want to take care of their everyday health, from healthy ageing to preventing illness. Self-care is becoming an ever-more important part of consumers' lives. That makes it even more vital that we're there for them wherever they want to connect with our brands, online or offline. A priority in 2025 will be to create a consistent experience across channels that gives them what they need while also being cost-effective for us.

We'll also enter a new phase in our development as we integrate what we've learned by doing things for the first time into the core of the business. This is about the transition from experimentation to focusing more on our strengths – those essential Karo qualities that have helped us grow.

For all we've achieved in 2024, I thank our people, as well as our investors, partners and suppliers, and look forward optimistically to what we can achieve together in 2025. ●

Christoffer Lorenzen  
CEO



# Chairman and EQT perspectives

## From our Chair

### Turning intent into impact

Looking back on 2024, Karo has much to be proud of, including its commitment to sustainable, responsible growth. This year, we took important strides to embed sustainability into how we create long-term value – validating our net-zero targets, leveraging AI-driven insights and preparing for evolving reporting regulations.

But our ambition goes beyond compliance. We are committed to helping consumers make informed healthcare choices while ensuring our impact is both positive and lasting. Achieving this requires collaboration – between colleagues and with customers, suppliers and investors. That's how we turn commitments into real progress.

As we look ahead, we remain focused on driving innovation, acting with integrity, and creating long-term value. I look forward to continuing this journey as we carry on turning intent into impact.

Kåre Schultz,  
Chairman of the Board



“Our ambition goes beyond compliance. We are committed to helping consumers make informed healthcare choices while ensuring our impact is both positive and lasting.”

## From our investors

### Combining profitability with responsibility

Karo embodies EQT's belief that responsible investment drives long-term value. As a healthcare company, sustainability is at the core of Karo's business – improving lives by providing smart choices for everyday healthcare while actively reducing its environmental impact.

We're encouraged by the progress Karo has made this year, building on a strong foundation of clear priorities and targets. Its continued momentum highlights how sustainability not only drives long-term growth and positive impact but also strengthens competitiveness in an evolving market.



Erika Henriksson  
Partner at EQT Partners and board member of Karo



# Sustainability highlights



## Multi-Gyn – Banishing taboos

Multi-Gyn's 'Unmute Yourself' social and influencer campaign broke down taboos surrounding vaginal health and educated and empowered 8.6 million women across Germany.



## E45 – Boosting confidence and embracing diversity

'This is ME45' campaign platform promoted skin health and confidence, with the 'This is My Space' execution winning the UK Channel 4's Diversity in Advertising Award.



## Contributing to a circular economy by relaunching Flux

By switching to a lightweight bottle made from 100% post-consumer recycled plastics and optimising logistics, Flux has reduced emissions from the bottle by 22% and saved 28 tonnes of plastic, driving sustainable innovation.

# 200+

consumer-relevant claims developed, and first scientific article published

## External DEI audit

confirmed a strong intuitive foundation and serves as a basis for our strategic development

# 42

employee net promoter score (eNPS) with a participation rate of 90%<sup>2</sup>

## Net-zero targets validated

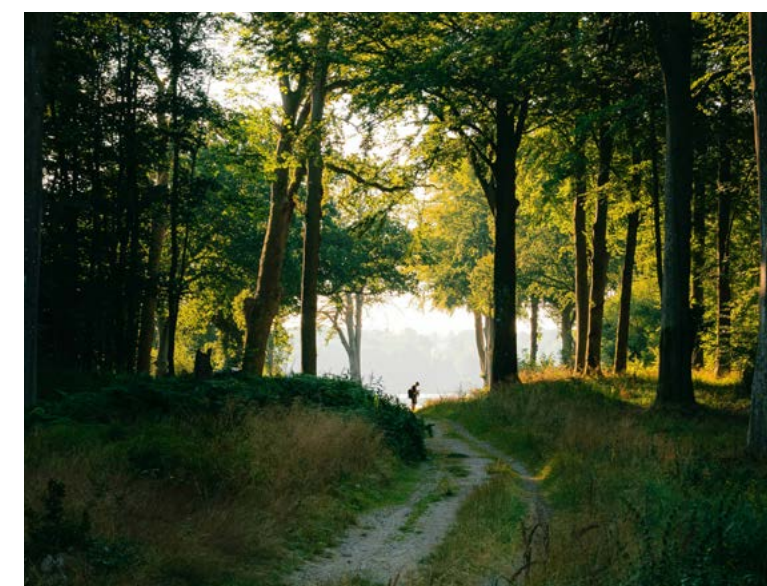
by the Science Base Targets initiative (SBTi)

# 89%

of our employees feel that they can truly be themselves at work

## Supplier engagement programme

launched to all our direct suppliers



## Apoteket: Winner of the Sustainable Supplier of the Year award<sup>1</sup>

"Karo's climate ambitions, responsible sustainability efforts, and willingness to explore new sustainable collaboration forms make them an inspiring and well-deserved winner of the Sustainable Supplier of the Year award."

– Rasmus Nerman, CEO, Apoteket

<sup>1)</sup> Apoteket is a leading Swedish pharmacy chain

<sup>2)</sup> 30+ is considered great on Bain & Co's scale



# Sustainability performance overview

This table summarises our performance against key targets.  
For more details, see the relevant sections.

Health and wellbeing			Environment			Fair society		
OUR GOALS	2023	2024	OUR GOALS	2023	2024	OUR GOALS	2023	2024
Increase consumer access, contribute to improving everyday health and wellbeing	96 M Units	120 M Units	Cut absolute GHG emissions by at least 80% by 2030 vs 2022 base year (scope 1, 2)	-	+4% (vs 2022) -4% (vs 2023)	Provide a great employee experience and achieve an employee Net Promoter Score (eNPS) of 30 or higher <sup>4</sup>	40	42
Increase share of brands and products that advance health and wellbeing (see page 24 for more details)	1.5	1.6	Cut absolute GHG emissions by at least 60% by 2030 vs 2022 base year (scope 3)	-	+1% (vs 2022) -1% (vs 2023)	Create a diverse team with at least 30 different countries of origin represented	32 Countries of origin	48 Countries of origin
Empower consumers in prevention and self-care by increasing interactions with healthcare professionals (HCPs) and customers in top 10 markets <sup>1</sup>	173,000 Interactions	185,000 Interactions	Achieve 100% renewable electricity in own operations <sup>2</sup>	100%	100%	Make sure all management levels are gender balanced, with women equally represented among senior managers	46%	53%
Give back to our community by supporting relevant partner organisations	140,000 EUR	140,000 EUR	Achieve 100% of packaging reusable or recyclable by 2027	75%	76%			
			Achieve 30% recycled content in our plastic packaging by 2025	1%	14%			
			Palm oil derivatives sourced responsibly <sup>3</sup>	100%	100%			

<sup>1)</sup> The 2023 interactions data has been adjusted since last year’s report.  
<sup>2)</sup> Through Guarantees of Origin for our own operations  
<sup>3)</sup> For our estimated consumption of palm oil and its derivatives, we purchased Certified Sustainable Palm Oil (CSPO) credits through the Roundtable on Sustainable Palm Oil (RSPO) supply chains Book and Claim system, thereby supporting the production of sustainable palm oil.  
<sup>4)</sup> 30+ is considered ‘great’ on Bain & Co’s scale





# 2. Strategy

- Driving responsible growth
- Our sustainability strategy
- Health and wellbeing
- Environment
- Fair society





# Driving responsible growth

Karo has set about making sustainability part of how the business works day to day. How are things progressing, and what challenges stand in the way as we look to meet consumers' needs in a responsible way? We talked to COO Jonathan Kimber and Head of Sustainability Alice Devine to find out.

## What does 'being responsible' mean at Karo?

Jonathan: *It's part of our purpose. Smart choices for everyday healthcare is about providing solutions to people's health problems, so they can live happy, healthy and more productive lives. That's social sustainability. And in a sense, it's also the biggest driver of our growth and profitability, because growth comes from more people treating their everyday health issues.*

*But, as we grow, we produce more products and increase our footprint. So, doing business in a responsible way means solving this conundrum, for example by working to decarbonise our supply chain; use less plastic in our products; source materials responsibly; and find smarter transport solutions.*

Alice: *Sustainability is part of our values and what we stand for, and it's becoming a bigger part of how we run the business. We want to have a positive impact on people's lives, while at the same time reducing our impact on the planet. Not just because it's the responsible thing to do, but because it makes us a more successful business.*

## How far has the business embraced that idea?

Jonathan: *People at Karo have always cared about doing good and doing things responsibly. Karo has its roots in Sweden, where customers like Apoteket AB and Apotea drive the sustainability agenda quite hard and ask their suppliers to do the same. That meant we started ahead of the curve primarily because of the country we were operating in, and the customers we had. But as we*

*grow into more regions, and acquire more brands and products, everything obviously gets more complex. But I'd say things have become far more concrete for us on sustainability in recent years. We have a more data-driven approach with clearer targets and roadmaps. We've made real strides in our ability to report, making sure we can measure progress, and being very honest with ourselves about where we are.*

## Which achievements are you most proud of this year?

Alice: *We're certainly starting to see some good results and rewards for our efforts. One of the big successes this year was switching the bottle for our Flux mouthwash to 100% post-consumer recycled plastic (PCR). There's always a discussion about the cost of sustainability, because sometimes it can be more expensive. But here, we transferred the product to a new supplier, which let us renegotiate the cost, and allowed us to invest some of the savings in introducing recycled plastic.*

Jonathan: *Yes, the Flux relaunch is a great example of how we collaborate across sustainability, product marketing and sourcing to drive savings and create a more environmentally responsible product. Relocating production to Sweden alone cut transportation emissions by 60%. Introducing sustainability through technology transfer, as Alice explained, could be an emerging theme for us because it also creates the opportunity to persuade suppliers to change ways of working so that what they make for us has a lower environmental impact.*



A more responsible product doesn't have to look grey or dull; it can look modern and fantastic. And it's a better product – for the consumer and the environment.



#### Would you be able to replicate this success with other brands?

Jonathan: Yes, there's definitely an opportunity to do so. In fact, Flux was less a technical or operational challenge than a cultural one. There was scepticism in the business about moving from clear plastic to not-so-clear plastic. But now we see that the new bottle looks better than the original. I'm actually passing it around when we meet with external stakeholders. A more responsible product doesn't have to look grey or dull; it can look modern and fantastic. And it's a better product – for the consumer and the environment. Fortunately, we're seeing the Flux example resonate with teams across the organisation. That's so important, as this is the way we have to go.

Alice: I couldn't agree more. Internally, we're doing everything we can to talk about sustainability, to encourage management teams to do the same, and to make sure it's a priority in all processes. And, as Jonathan says, we use examples like Flux to demonstrate how a sustainability initiative can really create value for us. A great testimony to this – and, for me, one of the great moments in 2024 – was winning the Sustainable Supplier of the Year award from Apoteket AB. This proved to the whole business that our initiatives are actually paying off and adding value in terms of us getting closer to customers and ultimately to consumers. Customers want more responsible products – and we have to respond to that.

#### Responding to that calls for more than what you can control. There's an entire value chain to consider, right?

Alice: Yes, that's true. Another important achievement this year was getting our net-zero targets validated by the Science Based Targets initiative (SBTi). But as more than 95% of our carbon impact is linked to our supply chain, we're only going to be able to achieve our goals if we get our suppliers on board. So in 2024, we launched our supplier engagement programme to help our suppliers integrate sustainability in their businesses. We're asking them to report on their decarbonisation targets and how they're working towards them. As some suppliers are more mature than others, we need to adjust our approach depending on where they are on their journey.

Jonathan: I speak to suppliers every day. And we have a lot of them – 111 to be exact, the majority in Western Europe. And our top ten contract manufacturers are producing seventy to eighty per cent of our products, so it's not a fragmented picture. And sustainability is now part of our quarterly review with them. But we're not the only ones talking to them about more sustainable practices; their other customers are as well. And so are the EU and local authorities, so there's a real drive towards decarbonisation.

Alice: Our suppliers are definitely starting to realise that becoming sustainable and delivering solid data on their performance is part of long-term resilience. It's a strategic question of how they stay relevant. But we're helping them. We're a member of the Pharmaceutical Supply Chain Initiative (PSCI), and through that suppliers have free access to training, tools and all kinds of material to help them on the journey. And they're definitely taking it up. An objective of the PSCI is that the industry works together to simplify things for suppliers. Alignment here is essential to make it as easy as possible for suppliers to reduce their carbon impact.

#### What are your priorities for the next two to three years?

Jonathan: We've done a lot to define where we want to get to and how, as well as how we report. The next

step is getting things done. Moving closer to the targets we've set, particularly on environmental sustainability. That means working with our suppliers and product teams to make sure we reduce our footprint – scaling up PCR use from 14% to our 30% target; engaging suppliers to decarbonise their energy mix; and improving palm oil sourcing.

Alice: Yes, we're on the train now, and really picking up speed with our innovation, our approach to packaging, and our decarbonisation initiatives. In my experience, people want to do the right thing. When things aren't moving forward, it's often because they don't know how. So education and guidance are priorities and will be a big part of our work, inside Karo as well as across our value chain.

That leads me back to where this conversation started – with the purpose of our business. We'll continue to maximise the positive impact we have when it comes to providing solutions to people's everyday health problems. But we're not just using our channels to sell products. We're also using them to educate and raise awareness. This is how we break the silence and defeat the stigma that still linger around so many everyday health conditions – and which prevent people from talking about them and seeking help.

Jonathan: Exactly. And for me, this is where social and environmental responsibility kind of join up. By raising awareness and helping people treat problems early, we avoid bigger costs later – to people, healthcare systems and the environment. ●



# Our sustainability strategy

Our purpose is to provide smart choices for everyday healthcare, and to do it responsibly for people, society and the environment. For us, that means making sure we do business in a way that meets the needs of today without compromising those of future generations.

This year, the escalating impacts of climate change alongside growing pressure on ecosystems – through pollution, biodiversity loss and resource depletion – reinforced the need for urgent action on sustainability. As a business, we have a responsibility to help solve these challenges by doing whatever we can to minimise the environmental impact of our activities.

We have an equally important social commitment. As a healthcare company, advancing global health and wellbeing is central to what we do. But for us, caring for everyday health involves more than providing trusted products. It includes challenging stigma, breaking taboos and promoting inclusive workplaces and societies that offer equal opportunities for everyone. These commitments are written into our strategy. To deliver on them, we engage with our customers and consumers and work closely with partners across our value chain to raise awareness and support them in making responsible choices.

Working together in this way makes us more innovative and efficient; it also reduces our risks and creates new opportunities for us as a business.

Ultimately, this is what it takes to effect positive change – for people, societies and the planet we all depend on.

## Future-proofing our strategy

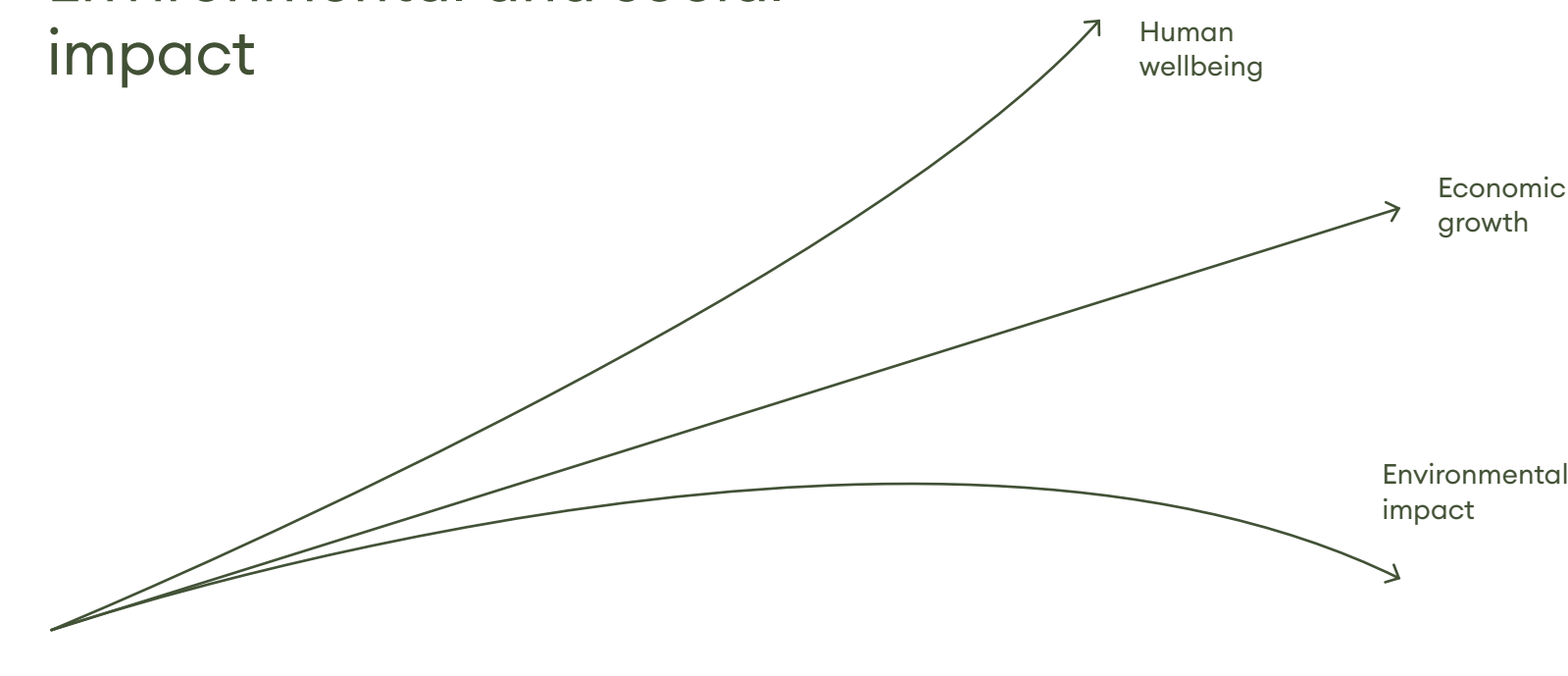
Our sustainability strategy helps us to prioritise our efforts and set targets. It means we integrate sustainability into every aspect of our business, from major areas like sourcing and product innovation, to smaller but important aspects like our travel guidelines, and from solving an everyday health inconvenience to lifting taboos.

By putting sustainability at the core of our business we work to make sure it's on everyone's agenda, and part of important conversations and decisions.

We base our strategy and targets on the latest science. For example, our greenhouse gas (GHG) reduction targets are, as a minimum, in line with the Paris Agreement. We've also integrated the UN Sustainable Development Goals into our work, with our core business closely linked to Goal number 3, 'Good Health and Wellbeing'.



## Environmental and social impact



In line with the requirements of the Corporate Sustainability Reporting Directive (CSRD), we conducted a double materiality assessment (DMA) in 2024, and we present the results in this report. While our current strategy, targets and metrics aren't yet fully aligned with the DMA findings, this assessment has given more insights into our most significant impacts.

These insights serve as a foundation for updating our sustainability strategy and refining our targets and metrics. Aligning our approach with the new reporting standards will be a key focus as we prepare for CSRD compliance.

## Reducing impact – together

Our priority is to focus on the areas where we have the greatest impact so we can ensure the most meaningful change.

Since we outsource all our manufacturing and logistics, most of our impact is beyond our direct control. So to meet our targets, it's essential to work closely with suppliers and other partners to identify impact at different stages in our value chain and find ways to reduce it. This led to the launch of our supplier engagement programme in 2024, to support our partners and suppliers to become more sustainable and accelerate our progress toward a more responsible value chain.

We're constantly working to improve our understanding of our impact across the product life cycle – from raw material extraction to packaging disposal. Recent efforts, like mapping our product components and key raw materials, and assessing our climate impact, have helped us focus on reducing our environmental footprint where it matters most. And our key suppliers have been involved in this process. ●



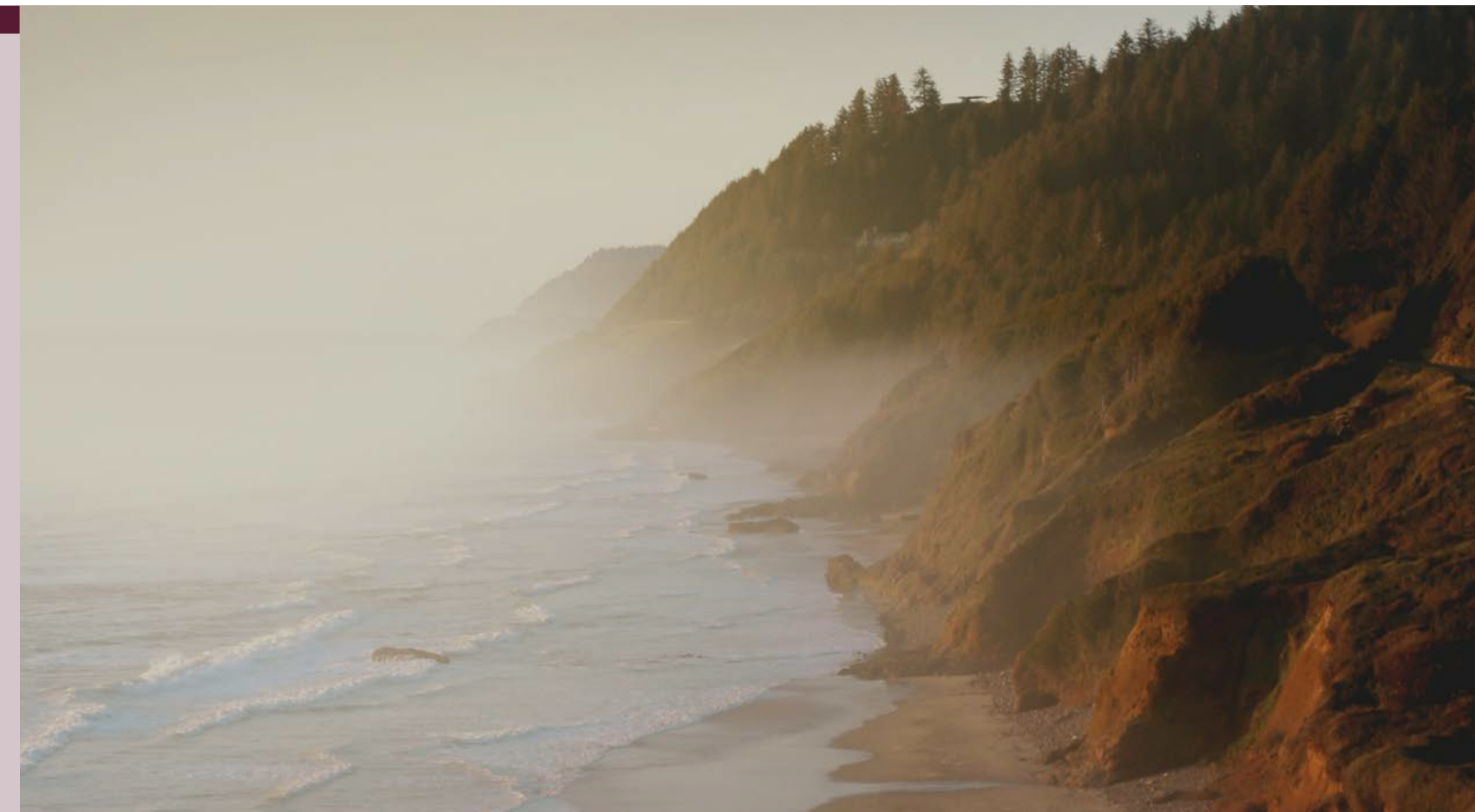
# Our three-pillar strategy

The close connection between our sustainability strategy and our purpose empowers us to work on what matters most. That's why our sustainability strategy is based on three pillars. Under each, we've defined long-term commitments, supported by goals and targets to shape our priorities and drive our 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



## 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)



## 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







# Health and wellbeing

Our goal is to empower our consumers, so they can live comfortably and confidently while improving their health. Our brands drive important values and tackle issues that matter not just to consumers but also to society. By providing smart choices for everyday healthcare and backing them with education and advocacy, we work to break down barriers and help people take control of their health – so they can stay healthy and live life to the full.

**Our long-term commitments are to:**

- 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.







“It was inspiring to see dermatology take centre stage at World Professional Association for Transgender Health (WPATH) for the first time. Bringing these important discussions to an international audience of experts ensures that the often-overlooked skin health needs of transgender people are recognised and addressed.”

Virginia Melis, Global Professional Marketing  
Lead, Skin & Foot

**Advancing health and wellbeing through purposeful brands**  
We own and commercialise trusted and original brands in everyday healthcare. They’re united by one ambition: to enhance the health and wellbeing of people globally by educating, empowering and supporting them with products and useful information that help them stay in good health.  
Good health means more than avoiding severe illness. It’s about addressing the health discomforts and irritations like itching, aches or odours that affect daily life. We believe everyone deserves to live comfortably and confidently without being held back by physical discomfort or taboos.  
Good health is also about preventing issues from occurring in the first place, whether it’s through a balanced lifestyle and taking in essential nutrients or using a mouth-wash for better oral health.

CASE: E45

# Driving social progress through brand purpose

Anchored in E45’s brand purpose of making everyone comfortable in their skin, the 2024 This is My Space campaign set a new standard for how brands can authentically engage with diverse communities while driving societal change. Amid rising anti-trans rhetoric, the UK-based campaign aimed to revitalise E45’s brand and connect with younger audiences by addressing the often-overlooked dermatological needs of trans people undergoing gender affirmation.

**Understanding unmet needs**  
E45 partnered with the research agency Diversity Standards Collective to research the typical challenges many trans people face during gender affirmation, such as hormone-induced dryness, irritation from hair removal and post-surgery care. Inspired by these insights, the campaign was co-developed with trans people to make sure it addressed their unique needs and experiences.

At its heart was a film highlighting the importance of self-care and feeling comfortable in your own skin. The film launched on Channel 4 on the International Day Against Homophobia, Biphobia and Trans-

phobia, following its recognition with the prestigious Diversity in Advertising Award.

**Going beyond marketing**  
E45’s efforts extended beyond marketing. The brand partnered with international transgender dermatologists to systematically review dermatological changes associated with gender-affirming medical transitions. The findings were published in The International Journal of Transgender Health and presented at the internationally renowned World Professional Association for Transgender Health (WPATH) conference in Lisbon in September 2024.  
We also developed and distributed educational material and practical recommendations for healthcare professionals and patients across the UK. These aimed to raise awareness and, ultimately, improve outcomes for trans people in the UK.

**Measuring success**  
The campaign was a success. Ad awareness rose by 77% and online sales surged by 46% over six weeks. In the LGBTQIA+ community, 88% agreed the campaign helped people feel more comfortable in



their skin, and 74% believed it demonstrated positive social change.  
This is My Space is a great example of how brands can lead with purpose to drive both business success and societal progress. By addressing the specific needs of trans people and authentically amplifying their voices, E45 not only revitalised its brand but also nurtured empathy, understanding and lasting societal impact.

Read more about skin through the transition journey here: [e45.com](https://e45.com)



Our ambition is that all our brands help advance health and wellbeing by meeting at least one of these criteria:

1. *Have a documented problem-solving benefit or claim.* Our prescription and over-the-counter products solve problems in several categories including intimate health, digestive health, pain, cough and cold.
2. *Help consumers stay healthy.* Many of our products in skin health and wellness aim to prevent issues from happening at all. This helps consumers stay well and avoid treatment later, which, in turn, cuts the burden on healthcare systems.
3. *Support a wider societal change by making a positive difference for people and the planet.* We offer superior products with a clear brand purpose. We see an opportunity to drive broader value through our brands. Some of them back initiatives that support inclusion and representation, while others help consumers to talk about stigmatised health-related problems.



As we continue our sustainability journey, our goal is to maximise our positive impact on human health and wellbeing as we grow our business.







CASE: HCP engagement

# Locobase: Empowering healthcare professionals with education and collaboration



In today’s fast-paced and constantly evolving healthcare landscape, it can be challenging for healthcare professionals (HCPs) to stay on top of new developments. That’s why our skincare brand Locobase supports them with knowledge and tools to deliver the best care to their patients. Through innovative approaches such as podcasts, webinars and collaboration with key opinion leaders and dermatology experts, Locobase is redefining education and engagement with HCPs.

Launched in 2024, the Skin in Focus podcast series, alongside webinars sponsored by Locobase, explores dermatological topics with leading experts and gives HCPs practical insights.

## Working with experts

Collaborating with professionals like dermatology experts is central to Locobase’s mission and makes sure products address real-world needs. The brand also draws on their expertise throughout product devel-

opment to turn clinical insights into innovative formulations.

## Proving products’ effectiveness

Research on Locobase Repair Light Cream has produced valuable insights into its efficacy and tolerability, particularly for people with sensitive skin. These studies validate Locobase formulations and serve as educational tools for HCPs, enabling them to make confident product recommendations.

By combining education, collaboration and innovation in this way, Locobase is building lasting partnerships with HCPs. The brand’s commitment to a test-and-learn approach means continuous improvement in how it engages and supports HCPs, ultimately advancing dermatological care.

To explore the Skin in Focus podcast series, visit the Locobase podcast website or search “Skin in Focus” on all major podcast platforms.

Karo at a glance

Strategy:  
Health and wellbeing

Governance

## Empowering partners and consumers for prevention and self-care

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 greater responsibility for their own health and wellbeing.

Our goal at Karo is not only to make effective products easily accessible, but also to give consumers information on how to address everyday health issues. This is an essential part of our mission, working alongside our partners and healthcare professionals to help consumers prevent and treat everyday health problems.

## Supporting healthcare professionals

We engage with healthcare professionals and pharmacists who recommend and sell our products, supporting them with education to provide the right treatment or advice to people with everyday healthcare conditions. In some countries, we do this through our sales teams, who are experts in our products and therapeutic areas. In others, we give online training.

In 2024, our skincare brand Locobase launched its Skin in Focus podcast series, created with key opinion leaders.

In our top 10 markets, we had more than 185,000 interactions with healthcare professionals in 2024, through face-to-face or online meetings and training. In Sweden, we reached pharmacy staff with clinical documentation, product training and webinars through our digital education platform Karo Academy. This year alone, our webinars were viewed over 4,900 times, primarily by pharmacists. We launched Karo Academy in Norway in 2024, and plan to expand to more countries.

## Helping consumers stay informed

Whether it’s in a store or online, it should be easy for consumers to find solutions to everyday healthcare problems.

In our top 12 markets, we recorded 2.5 million visitors on our own brand sites and Karo informational websites, all from unpaid traffic. In Sweden, we have several

“Partnering with Locobase has been an exciting opportunity to combine clinical insights with innovative product development. Together, we’ve created solutions that address real patient needs while maintaining a strong focus on quality and efficacy.”

Maria Brolin, dermatologist

non-branded sites – for example Hostkollen, which focuses on coughs. We’re also collaborating with an online healthcare provider to improve information for consumers.

## Overcoming healthcare taboos

We see great potential for treatments in ‘health-minus’ categories that often go untreated because they’re associated with discomfort, embarrassment and stigma. Examples include conditions affecting intimate, digestive and skin health. If ignored, they can severely affect people’s quality of life. By building awareness and providing online information and treatment options, we aim to remove physical and psychological barriers to getting the necessary treatment.

In digestive health, we’ve launched initiatives to encourage earlier intervention for anal discomfort. By using consumer insights, clinical studies and innovative products, we’re addressing issues like haemorrhoids and helping to break the silence around these challenges. Read more about this on page 22.

In intimate health, we focus on reducing the stigma around conditions like bacterial vaginosis. Campaigns for our brand Multi-Gyn raise awareness about these issues and encourage women to speak openly about their problems. We address other common but often overlooked conditions, such as nail fungus and Athlete’s foot, with our brands Lamisil and Pevaryl leading the conversation.





By promoting openness and providing effective, clinically-proven solutions, we aim to remove barriers to care and support people in regaining their confidence and wellbeing.

### Driving product innovation

Innovation is crucial in helping us further our ambitions, whether it's in communicating with consumers and delivering products in new and better ways or finding ways to reduce our brands' environmental impact.

Promoting health and wellbeing inevitably means using resources, from sourcing raw materials to delivering products to stores. Striking a balance is crucial to make sure we meet today's needs without compromising those of future generations.

A product's sustainability impact is largely set during the design phase. Decisions taken then affect, among other things, which materials manufacturers use, how they produce the product, how consumers use it and whether packaging can be separated and recycled at the end of life. So, integrating sustainability early in the design process helps to reduce the product's impact throughout its life cycle.

We're encouraging a sustainable innovation culture in our brand teams, empowering them to come up with ideas and giving them the tools to spot improvements, big or small, that can reduce the end product's impact. Our aim is that every new product we launch is better than benchmark.

Our innovation framework includes a mandatory sustainability assessment to make sure we evaluate sustainability at the right time in the development process, and that we continuously track progress for key initiatives. Our traffic-light tool helps us make informed decisions by integrating circular design principles that encourage teams to:

- use more renewable or recycled materials
- make sure all new packaging materials are recyclable and optimise size
- investigate new product formats
- source key raw materials responsibly.

All our brand teams assess environmental impacts throughout the product lifecycle, supported by mandatory sustainability roadmaps in our three-year brand plans. These roadmaps outline strategies to mitigate

the impacts of both new and existing products, along with initiatives to advance our sustainability goals and bring value through consumer-relevant claims or efficiencies. The initiatives include:

- packaging – improving recyclability, increasing share of recycled or sustainably sourced materials and reducing virgin plastic
- formulations – reducing biodiversity impact, prioritising ingredients of bio-based sources, abundant minerals or derived from circular processes.

In 2024, we assessed the impact of ingredients in our formulations, focusing on health and environmental factors. We're now refining our tools to further reduce the footprint of new formulations. Read more about this on page 31.

### *Using science to build product claims*

Clear, accurate and documented problem-solving benefits or claims for our products help consumers make informed decisions to choose the product that matches their needs. They also build confidence in our products' reliability and effectiveness.

In 2024, we ran 24 clinical studies to help substantiate consumer-relevant claims for skin and foot health products, building trust and 'reason to believe'. We developed more than 200 claims for brands like E45, Decubal, Loco-base and CCS, and we've started to communicate them through packaging, brand websites and other channels.

This year, more than 21% of our sales in cosmetics and food came from products with claims developed from our own studies. Also, we created five new claims using existing data on medicines (Selexid, Ibux gel and Ibux capsules). Another highlight was our first published study on the safety and efficacy of Multi-Gyn ActiGel 2-in-1 in treating bacterial vaginosis, which appeared in the peer-reviewed journal Gazzetta Medica Italiana – Archivio per le Scienze Mediche. Our commitment to research and documentation remains a priority in 2025.

In 2024

# 200+

consumer-relevant claims were developed

### Launching new products

In 2024, we introduced more than 190 new products. Some were extensions of existing formulations to new countries or regions. Around 125 were entirely new, offering consumers more choice or venturing into new product segments. Innovations introduced in the past 36 months accounted for approximately 13% of our total sales.



**CASE:** Proct

# Breaking stigma around digestive health

Digestive disorders, from mild discomfort to debilitating symptoms, affect millions of people worldwide. Conditions like haemorrhoids, constipation, Irritable Bowel Syndrome (IBS) and diarrhoea not only cause physical suffering; they also carry a social stigma, which might prevent people from talking about their condition with family or friends, and, in worst cases, lead them to isolate themselves.

## Breaking the cycle of suffering

At least one in two people experience haemorrhoids in their lifetime, though only 12% feel comfortable discussing the condition with friends or family.

People’s hesitation to address these concerns – by consulting their doctor, or as the case may be, having limited access to specialists – can lead to problems worsening until daily activities become almost unbearable, significantly affecting quality of life.

We want to break this cycle of suffering.

## Uncovering the needs of patients and professionals

To better understand consumers’ and healthcare professionals’ (HCPs) needs, we surveyed more than 5,100 consumers across five key markets. This pinpointed ‘moments that matter’ in the consumer journey and emphasised HCPs’ and pharmacies’ vital role as trusted advisors and sources of knowledge.

Building on these insights, we developed educational materials for HCPs. They include information on managing digestive health conditions, treatment algorithms, discussion guidelines to reduce stigma, as well as information about our medicated and non-medicated relief and care products. Also, consumer and clinical studies revealed valuable insights and unique claims, such as 60-second relief, which helped us refine our product positioning.

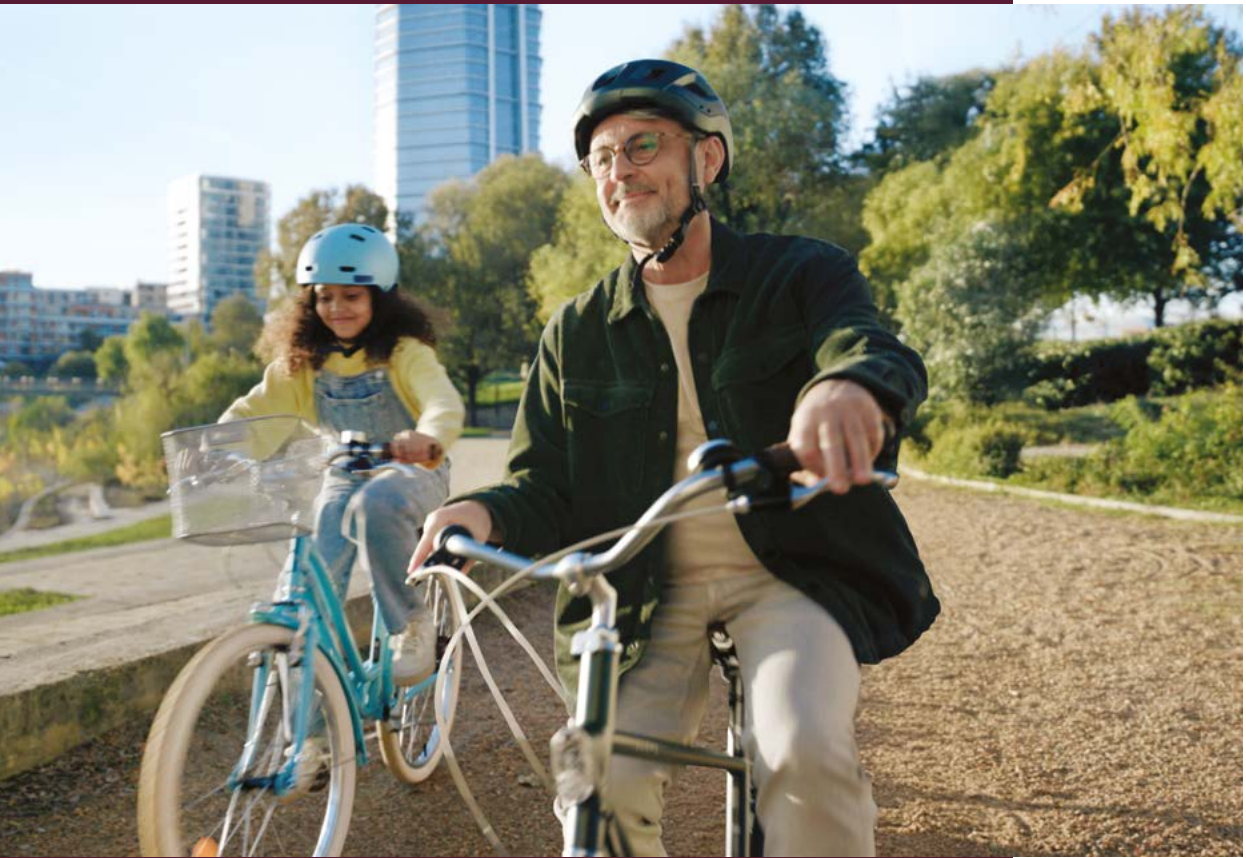
## Normalising painful conversations

To address the stigma around digestive health, this year we launched a consumer campaign to encourage people to look for help earlier and break the silence around the issues they’re experiencing. The digital-first campaign reaches people on their commonly used search platforms. By combining empathetic storytelling with relatable examples and practical advice, it aims to normalise conversations about these conditions. This helps create a supportive environment encouraging people to seek solutions to their problems.

We incorporated the insights from our survey and consumer campaign in the relaunch of our ActiProct brand. By combining clearer claims on packaging with better visibility online and availability across preferred sales channels, the brand has made it far easier and more convenient for people to seek help. Also, acquiring the Proctosedyl brand has extended

our reach, enabling us to support even more patients in Italy and consolidating our commitment to providing accessible and trusted care in digestive health.

Through education and innovative solutions, we’re working to change how people perceive and manage digestive health challenges, and empowering them to move forward with confidence.



## Safeguarding product quality

Our consumers trust us to develop safe and effective products. Across our value chain, we pledge to safeguard product quality and safety. After our products reach consumers and patients, we monitor quality and patient safety data through pharmacovigilance, overseen by our regulator. We also train all our people to keep their patient safety knowledge and procedures up to date.

We partner with customers and healthcare professionals to make sure our products satisfy consumer needs. Through focus group interviews, online surveys, market research and talking to pharmacy and customer service staff, we get valuable insights that we can use for our product development process, and for new services and support for customers. Working with consumers also helps us better understand their needs and improve our products and consumer experience.

Research shows that environmental stewardship is increasingly important to consumers, who expect businesses to take responsibility and lead the agenda. Consumers are also more aware of ‘greenwashing’, and expect companies to demonstrate authentic commitment to sustainability. We take this into account when we develop and communicate initiatives, and it’s why we prioritise recognised certifications, for example in our sun-care and allergy-certified skin health ranges.



**CASE:** Smile Recognition Award

# A transformative journey with Operation Smile

Since 2018, Karo’s partnership with Operation Smile has evolved from a philanthropic gesture into a profound collaboration. Building on its success, Karo introduced the Smile Recognition Award in 2024.

This award by management recognises employees who exemplify our core values, demonstrate an entrepreneurial spirit and consistently go above and beyond their duties to contribute to business success. Apart from the honour of receiving it, the award gives winners the unique opportunity to join Operation Smile on a one-week mission to Madagascar.

People in Madagascar, one of the world’s poorest countries, have limited access to essential healthcare services, including plastic surgery, leaving many with cleft conditions untreated and struggling with lifelong challenges. In this context, the work of Operation Smile is more vital than ever.

**Meet the winners**

As the first award winners, Estel Filella and Giorgio Paoli made the extraordinary journey to Madagascar. Alongside volunteers from around the world, they participated in screening, engaged in the Nutrition Camp, and connected with children waiting for surgical decisions, culminating in them witnessing the

impactful days of surgery. Seeing over 200 patients receive compassionate care highlighted the profound impact of our partnership.

The trip was more than an observation. It was a journey into the heart of our shared mission of improving people’s health and wellbeing and helping them live life to the fullest. For Estel and Giorgio, it was a once-in-a-lifetime experience, which they embraced fully and shared with the entire Karo community, both during and after, inspiring everyone to feel a part of this journey.

Each story is unique. Like the two-year-old boy Mamy, who, despite his joyful energy and wonderful smile, was not strong enough for surgery this time.

But thanks to the nutrition programme and close follow-up, he has good prospects for a later surgery and a bright future.

As our partnership with Operation Smile continues to flourish, it exemplifies how businesses can align purpose with performance, creating ripples of change that extend far beyond the corporate sphere.

“It’s not just about providing healthcare; it’s about restoring dignity and hope to families who have faced rejection and hardship. And it’s about making a difference that transforms not only individual lives but entire families and, sometimes, whole communities.”

Estel Filella,  
Squad Lead for Lamisil



“Seeing children’s smiles, playing with them, and hearing stories of resilience just proves the importance of our collaboration with Operation Smile.”

Giorgio Paoli, Senior Business Controller

**Giving back to communities**

We give back to communities through our work with charities. This includes Operation Smile, an organisation carrying out free surgery on children with facial deformities, primarily cleft lip and palate. We’ve supported them since 2018.

Over the years, our collaboration has deepened, leading to initiatives such as launching a nutrition programme in the Philippines to prepare children and infants for surgeries. Our upcoming collaborative projects will focus on nutritional and dental care in Madagascar.





At our annual event ‘Move for a Smile’, we sponsor one cleft surgery for every 45-minute physical activity by a Karo employee. This event not only boosts engagement and nurtures team spirit, but also raises awareness of Operation Smile through employees’ social media activity.

In 2024, our contribution funded life-changing cleft surgeries for 625 children. ●






# Commitments and targets

-  **Goal reached**
-  **On track**
-  **Acceleration needed**
-  **New**

## Commitment 1 Advance health and wellbeing through purposeful brands

**Goal:**  
Increase share of brands and products that advance health and wellbeing by meeting more than one of these criteria:

**Status:**  
On track



a. Have a documented problem-solving benefit/claim

b. Help consumers stay healthy and in this way prevent downstream treatment needs

c. Support a wider societal change by making a positive difference for people and the planet


In 2024, we continued to run clinical studies and developed 200+ consumer-relevant claims. 21% of our cosmetic portfolio is covered by our own studies, compared to 8% last year.

The average number of criteria (a, b, c) supported by our brands was 1.6 in 2024, up from 1.5 in 2023, driven by successful Multi-Gyn and E45 campaigns and by integrating the Lamisil brand into our portfolio.

## Commitment 2 Empower consumers in prevention and self-care

**Goal:**  
Provide consumers with educational information focusing on smart choices - living healthy lives to the fullest (increase our annual reach by 15%)


**Status:**  
On track



In our top 12 markets, unpaid traffic to our brand and informational sites reached 2.5 million visitors (up from 1.7 million in 2023, Google Analytics 4), driven by international launches from the E45 and Lamisil brands.

**Goal:**  
Increase interactions with customers and healthcare professionals to support consumer education

**Status:**  
On track




We continuously interact with our customers and healthcare professionals through face-to-face and online meetings and training. In 2024, we had more than 185,000 interactions in our top 10 markets, up from 173,000 last year. The 2023 interactions data has been adjusted since last year's report.

## Commitment 3 Drive sustainable and trusted product innovation

**Goal:**  
Drive sustainable product innovation and increase and convert 30% revenue to more sustainable products by 2030

**Status:**  
Acceleration needed



We assess all new products by using our sustainability traffic-light tool to guide decision making in product development. Our goal is for new launches to exceed market averages, and we'll continue defining this measurement.

## Commitment 4 Give back to our community

**Goal:**  
Support relevant partner organisations with cash, product or in-kind donations

**Status:**  
On track



We continued to support projects connected to everyday healthcare and our brands. In 2024, we continued to support Operation Smile by contributing 140,000 EUR, the equivalent of 625 cleft lip and/or palate surgeries.

We also donated 160,000 bottles of Dax Alcolgel to Ukraine to help improve hygiene in regions affected by the war.



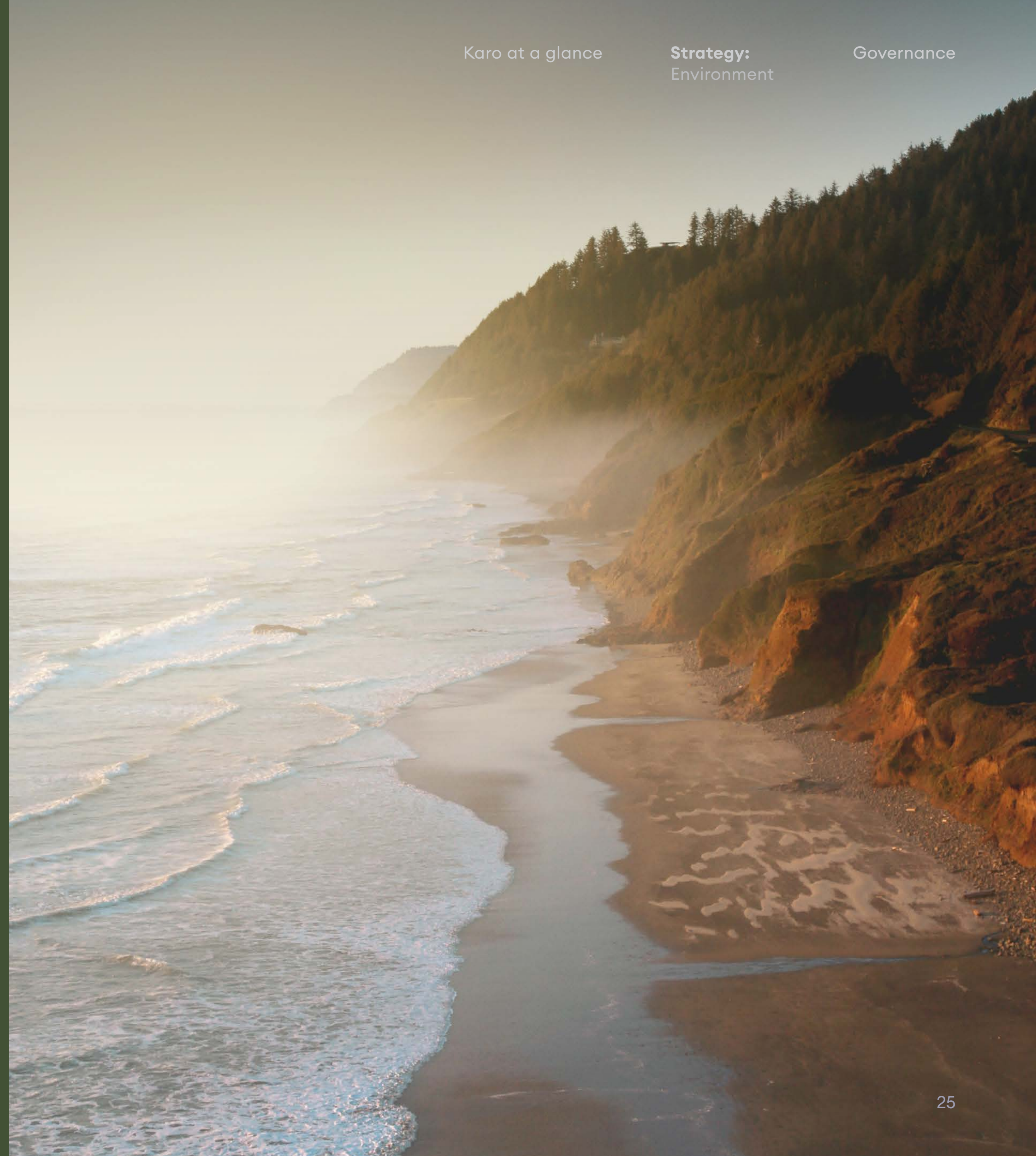


# Environment

We want to help secure a climate-positive future where our business operates within the limits of the planet. Through continuous development, innovation and partnerships, we're working to reduce the environmental impact of our activities. This applies throughout our value chain, from how our partners source raw materials for our products, to the production and transportation methods they use, and how they recycle products at the end of their lifespan.

## Our long-term commitments are to:

- achieve net-zero climate impact
- contribute to a circular, waste-free world
- protect ecosystems (water and nature).







Moving towards net-zero climate impact

2024 marked a critical turning point for the planet. For the first time, global temperature increases exceeded 1.5 degrees, with serious consequences for ecosystems, communities and people. Extreme weather events, rising temperatures and volatile commodity prices obviously affect businesses too, ours included. These disruptions have already affected our supply chain, and that’s likely to continue. So it’s essential that we do everything we can to reduce our environmental impact, and adapt our business model and value chain to mitigate risks.

Reaching net-zero climate impact throughout our value chain won’t be easy. We don’t have all the solutions yet, but we believe ambitious goals will help raise the bar for the standard we set, not just for ourselves but also for our supply chain partners.

We communicate our standards through different channels, including our supplier engagement programme, launched in 2024. We have opportunities to be more efficient and do things differently, and we’ll continue to challenge ourselves and our partners to look for innovative solutions.

Our high-level targets are to:

- achieve net-zero emissions by 2040 (scope 1, 2, 3)<sup>1</sup>
- cut emissions by at least 80% by 2030 (absolute emissions: scope 1, 2)<sup>1</sup>
  - 100% renewable electricity in our own operations
  - offset remaining scope 1 and 2 emissions
- cut emissions by at least 60% by 2030 (absolute emissions: scope 3)<sup>1</sup>
  - net-zero transport from supplier to customer by 2030.

<sup>1)</sup> Scope 1 and 2 include direct emissions from our own offices and vehicles and indirect emissions of the energy we consume directly. Scope 3 includes emissions for products purchased; third-party transport (from our suppliers to consumers); waste generated in operations or after people use the products; business travel; and employee commuting. Our base year is 2022.

Setting and testing our climate targets

In early 2024, the Science Based Target initiative (SBTi) validated our GHG emissions targets, certifying that they’re aligned with the latest science on reaching the Paris Agreement climate goals. Our targets are ambitious. We’re working to reach net-zero emissions in 2040, a decade before the 2050 deadline defined by the Paris Agreement.

In 2024, we also disclosed our GHG data through CDP, giving stakeholders insights into our progress. Transparency is important to us, and CDP provides a trusted platform for disclosing performance. In our first submission, we received the score B on climate.

Renewable electricity:

100%

through the purchase of Guarantees of Origin (GOs)

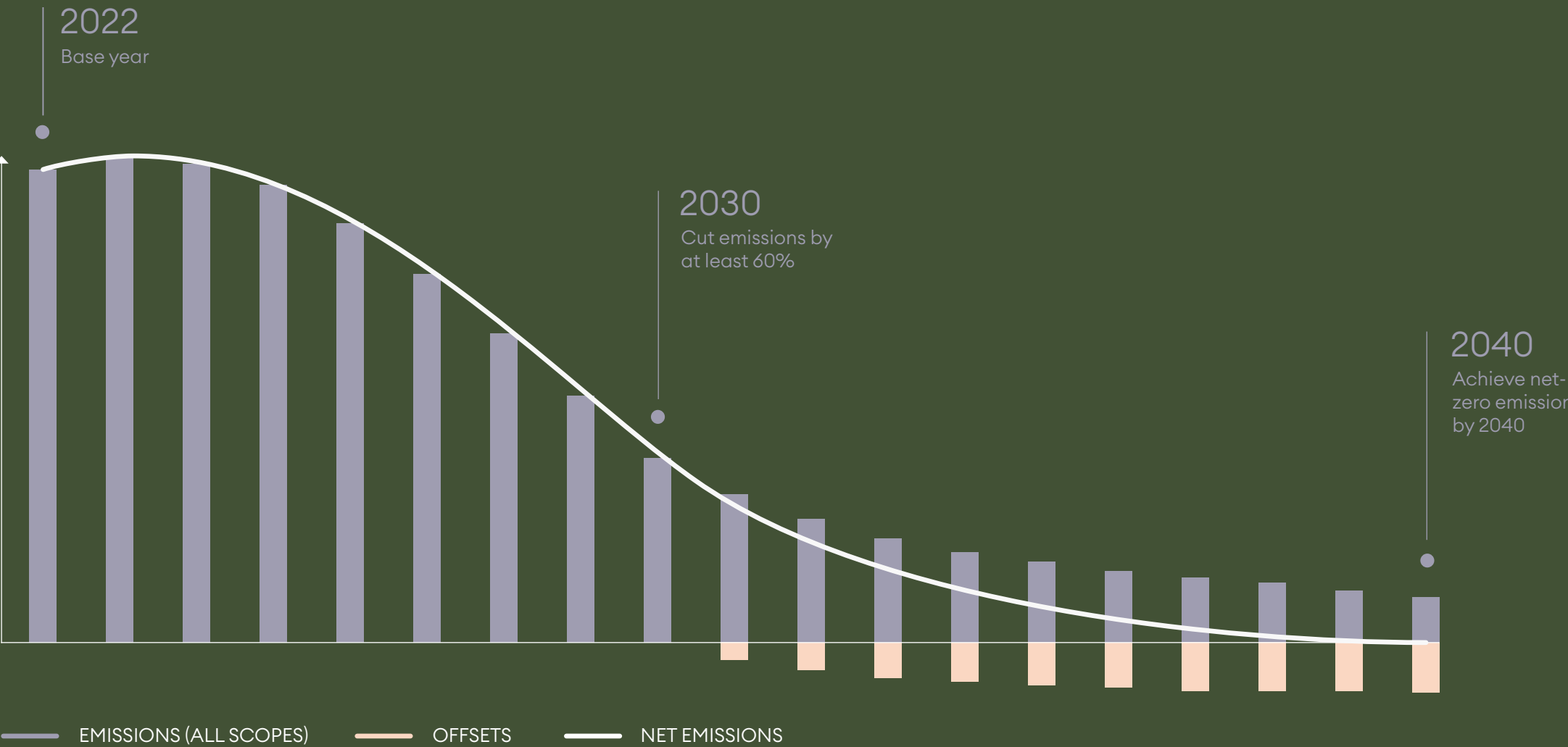
Cut absolute GHG emissions by at least

60%

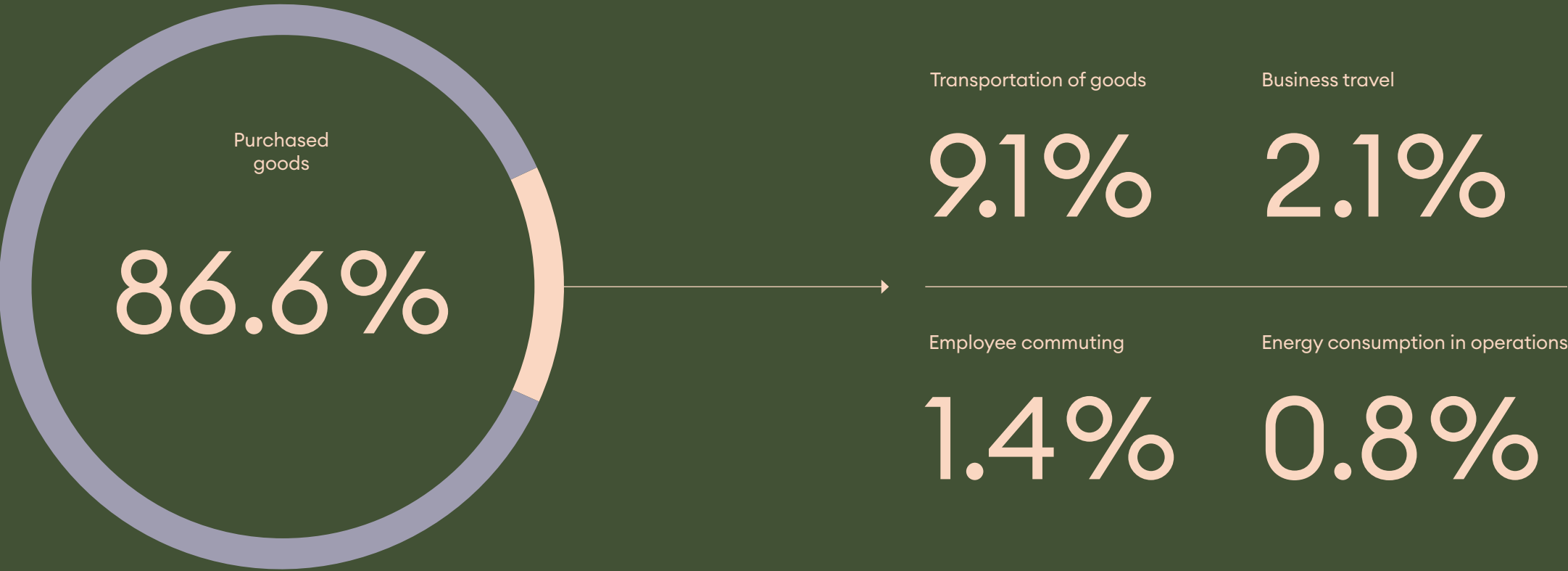
by 2030 (scope 3, 2022 baseline)

ROADMAP

GHG emissions roadmap: 2022 - 2040



Source of GHG emissions 2024





We aim to encourage all our suppliers to calculate their GHG footprint, set targets in line with the Science Based Targets initiative and transition to renewable energy sources.

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 contribution of our industry to the circular economy.
- 4. GHG removals – offsetting our residual emissions, which will be essential for reaching net-zero.

Achieving our targets will depend on delivering on our GHG reduction roadmaps. We’re rallying our entire organisation towards this goal, from how we develop products to the way we distribute and market them. We’re also looking outward, identifying opportunities to decarbonise our value chain in collaboration with our suppliers and other partners. This is why we’ll continue to engage with key stakeholders and make sustainability part of our day-to-day discussions with them.

*Navigating our GHG roadmap to 2030*  
We’ve identified key opportunities to reduce GHG emissions across all scopes, creating a clear roadmap extending to 2030. We’re now putting this into action, reducing emissions from all our material sources. Highlighting our main emission sources, the roadmap focuses on engaging with our main suppliers; reducing emissions within our direct control (including transportation); and reducing the environmental impact of our packaging.  
To make sure we stay aligned with business changes, we update the roadmap regularly and communicate our progress continuously.

Our GHG emissions (tonnes CO<sub>2</sub>e)

In 2024, our annual GHG footprint calculations showed that 99.3% of our emissions were from scope 3; scope 1 and 2 only accounted for 0.7%. The main scope 3 categories were: purchased goods and services (86.6%) and transportation of goods (9.1%).

Year	2022	2023	2024
Scope 1	304	353	332
Scope 2	30	9	15
Scope 3 – Purchased goods	47,449	47,664	46,109
Scope 3 – Other	4,743	5,670	6,785
Total emissions	52,526	53,697	53,240

The table shows market-based emissions. Scope 2 emissions under the location-based approach were 97 tCO<sub>2</sub>e in 2022, 47 tCO<sub>2</sub>e in 2023 and 58 tCO<sub>2</sub>e for 2024. Scope 3 emissions for 2022 and 2023 have been recalculated due to scope changes and improved calculation methods. See page 51 for details.





### Reducing emissions by engaging with suppliers

We have an important role to play when it comes to driving change across our supply chain. As most of our GHG emissions are embedded in the products we purchase and commercialise, collaborating with our suppliers is vital to reducing our footprint.

In 2024, our purchased goods emissions decreased slightly (-3% vs 2023), due to lower emissions reported by suppliers; the integration of Lamisil, resulting in smaller average product formats; and material costs rising slower than inflation. We're working for a sustained reduction in these emissions.

After a successful pilot in 2023, we launched our supplier engagement programme in 2024, focusing initially on GHG emissions and energy. The programme is designed to motivate suppliers and equip them with the tools and resources to advance their climate agendas and reduce their environmental impact.

Our targets align with the joint minimum climate and sustainability targets published by the Sustainable Markets Initiative Health System Task force. This initiative aims to decarbonise the healthcare value chain by defining shared expectations for reducing emissions and simplifying the multiple demands that suppliers face.

We streamline data collection using platforms such as the Pharmaceutical Supply Chain Initiative (PSCI) and CDP. This approach minimises the reporting burden, allowing suppliers to focus more on implementing decarbonisation plans while helping them track emissions consistently and transparently.

We aim to deepen our collaboration with our suppliers, expanding the programme to address other important areas.

“This isn’t just about Karo. It’s about building a resilient and sustainable supply chain. By working together, we can meet today’s challenges and prepare for tomorrow’s demands.”

Martin Roos, Head of Sourcing and Supplier Management



### CASE: Supplier engagement programme

# Driving change together: Our supplier engagement programme

Addressing the climate crisis means looking beyond our own operations and engaging our suppliers and other business partners. Over 95% of our greenhouse gas (GHG) emissions come from purchased goods and transportation, so our supply chain plays a critical role in achieving our sustainability goals.

In 2024, we launched our supplier engagement programme to decarbonise our supply chain by collaborating closely with our suppliers.

### A tailored approach

The programme has three stages: get commitments from suppliers and set targets; collect data and establish annual reporting; and implement decarbonisation initiatives. We encourage suppliers to match the 1.5°C pathway by setting science-based targets. Suppliers can support their commitments using tools from the Pharmaceutical Supply Chain Initiative (PSCI), which help them track emissions consistently and transparently.

“We recognise that our 100-plus suppliers are in very different places on this journey”, explains Martin Roos, our Head of Sourcing, who is responsible for supplier interaction. “That’s why our approach is tailored. For more advanced partners, we focus on collaboration and emissions reductions. For those just starting out, we give guidance on building their GHG inventories and setting initial targets. It’s about meeting each supplier where they are and helping them progress.”

### Driving collective impact

We launched the supplier engagement programme at a virtual event, hosted by our CEO, and attended by over 50 suppliers. The initiative has generated good momentum. We’re already seeing suppliers working toward milestones, assessing and disclosing their emissions and committing to science-based targets for 2025. The programme aims to reduce scope 3 emissions by 60% by 2030.

It matches broader industry trends and regulatory requirements. With increasing expectations from customers and consumers, along with new regulations from the EU such as the Corporate Sustainability Due Diligence Directive (CSDDD), suppliers must adapt quickly to remain competitive.

This initiative underscores our dedication to driving collective impact. By taking responsibility for our impact and motivating our partners to do the same, we’re taking an important step toward creating a sustainable future – for our business, our partners and the planet.



BREAKDOWN

GHG emissions from transport

75%

Road

17%

Air

7%

Sea

<1%

Rail



Reducing emissions across our operations

We’re continuously working to reduce our GHG footprint across our operations and in other areas we can influence, such as transportation. Transportation emissions increased in 2024. Our newly acquired brand Lamisil’s global footprint meant we shipped more products by air to avoid disruptions to availability. We continue our efforts to minimise emissions and enhance efficiencies. In 2024, we built on previous initiatives, including making full use of truck capacity through double stacking and route improvements. The transition to lower-emission transport options also continues.

To lower both costs and carbon, we’re also looking at ways to reduce air freight for our products. While a few indirect markets still rely on air freight, we’re working to shift routes to sea, road or rail whenever we can.

Total scope 1 and 2 emissions fell by 4%, largely due to lower emissions from company cars, though they remain 4% above baseline. We continue to cut the impact of our car fleet by moving to electric vehicles and reviewing our policy to embrace more sustainable transport options.

Since 2022, we’ve bought traceable renewable energy certificates – Guarantees of Origin (GOs and REGOs) – to match the electricity consumption from all our direct operations. This means we’ve contributed to generating an amount of renewable energy that’s equivalent to our scope 2 electricity emissions.

For the third consecutive year, we’ve offset our scope 1 and 2 emissions (350 tonnes CO<sub>2</sub>e) by investing in a Gold Standard certified project. For more about this, see page 31.

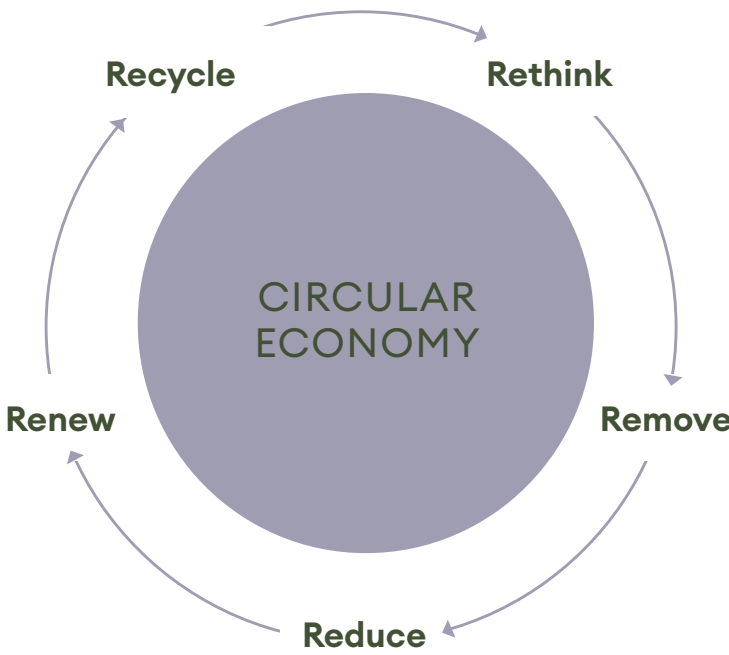
Contributing to a circular, waste-free world

Packaging is complex, as our product portfolio is so broad. And it obviously plays a significant role in reducing a product’s environmental impact, both in terms of GHG emissions and waste.

Our packaging initiatives follow the waste hierarchy and circular economy principles – Rethink, Remove, Reduce, Renew and Recycle.

CIRCULAR ECONOMY

Reducing our packaging footprint



- **Rethink:** change of design or format
- **Remove:** eliminate unnecessary components
- **Reduce:** lightweight the components
- **Renew:** replace plastic with renewable carton board or use recycled materials
- **Recycle:** make sure all components are recyclable at end-of-life

As part of our innovation framework, all projects have a mandatory sustainability assessment in line with the waste hierarchy. A traffic-light tool helps teams implement responsible packaging principles. For more about this, see page 21.



**CASE:** Flux

# Flux's green transformation

As consumers increasingly prioritise sustainability, Flux mouthwash has set out to meet their expectations with a relaunch that marks a significant transformation.

**Reducing the product's impact**

At the heart of Flux's relaunch is new packaging design. The new Flux bottle is made from 100% post-consumer recycled (PCR) plastic, which cuts GHG emissions from the product's packaging by 22%.

Also, the design makes the bottle lighter, saving up to 28 tonnes of plastic a year. The design and artwork also support packaging recyclability, encouraging consumers to sort and recycle the components so materials can be reused.

We relocated production of Flux from Denmark to a state-of-the-art facility in Dalarna, Sweden. This has localised the supply chain: all packaging components, including bottles, labels and caps, now come from Swedish producers. This will significantly reduce lead times and transportation needs,

cutting transportation-related GHG emissions by 60%.

**Testing consumers' response**

Flux Brand Manager Sanna Hedman said: "When we started this journey, it was clear that consumers were looking for more sustainable choices. Our goal was to meet that expectation without compromising on the quality or functionality that people trust in Flux."

Sanna led a process of consumer research and market testing to make sure the updated design met consumer needs. "We tested the new packaging rigorously, not only with consumers but also with customers and other experts," she explains. "Market research showed that purchase intent for the new 100% PCR bottle increased to 60%, compared to 49% for less sustainable options."

**Standing out for sustainability**

One of the key challenges in the transition to recycled plastic was the slightly darker, greyish tint of the bottle. This is a result

of colour variations in the input material when using recycled plastic. But when we presented the new bottle to consumers during testing, the feedback was overwhelmingly positive. The tint became a symbol of environmental responsibility.

The team also organised expert in-store testing to evaluate the packaging's appeal and functionality. "This was a crucial step," Sanna notes. "Our experts showed a strong preference for the 100% recycled packaging. Their input helped us refine the design and validate our decisions."

The relaunched Flux mouthwash demonstrates what we can achieve by embedding sustainability in product development. From the initial design phase to the product's arrival on store shelves, we've reimagined every aspect to reduce environmental impact while maintaining the highest product safety and quality standards.



**"By integrating sustainability into the product design – from using 100% post-consumer recycled packaging to the rigorous testing processes – we're creating products that truly reflect consumers' values."**

Sanna Hedman, Brand Manager, Karo

Plastic is our most used packaging material, followed by paper and board. In 2024, these materials represented more than 75% of all packaging. We track KPIs such as virgin plastic consumption, and use of post-consumer recycled plastics. We also track the recyclability of our products. In 2024, recyclability increased only slightly to 76%. This is primarily down to the sales mix and our newly-acquired Lamisil brand.

We're working to improve the recyclability of our products. One challenge for recycling facilities is pumps containing metal springs. To make them more recyclable, we're exploring options such as other packing solutions, detachable pumps, or, ideally, fully recyclable pumps with plastic springs. Some planned improvements have faced delays, largely because of supply challenges in an emerging market. We're also working to shift non-recyclable pouches made of multi-materials to recyclable options.

A recyclable packaging component is only the first step. Ultimately, it's consumers who either do or don't recycle a component. So we're also working to help them recycle their empty packaging correctly through better labelling on packs and raising awareness through information online.

Using post-consumer recycled plastics (PCR) is part of our strategy to reduce the use of virgin plastic, and several of our brands are starting to do this. For example, in 2024, we transitioned to 100% PCR for our Flux mouthwash, which represents our largest single use of plastic. This raised our overall PCR use from less than 1% to 14%.

**Innovating through partnership**

"The Flux partnership has been an excellent opportunity for collaboration. Together, we've thought about the whole process, from responsibly sourcing materials to optimising production and transportation. Karo challenges us to innovate and push boundaries, and we contribute with our knowledge and expertise to deliver solutions that make a real difference."

Johan Mattsson, CEO, Svenska Krämfabriken



## Investing in a GHG reduction project in Zambia

We offset our scope 1 and 2 emissions (350 tonnes CO<sub>2</sub>e) by investing in a Gold Standard-certified clean-burning stoves project in Zambia. 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.

The project also promotes gender equality. Women, who are primarily responsible for cooking and fuel collection, save an average of 3.2 hours per week on gathering firewood and 2.5 hours per day on cooking, freeing up time for other activities.

## Protecting ecosystems

### *Responsible chemical stewardship*

We're committed to exceeding regulatory requirements and reducing our products' environmental impact. By improving processes, focusing on minimising the footprint of the substances used in our products, we're raising our standards. For our cosmetics, we also maintain a 'Blacklist' that identifies substances we aim to avoid whenever possible.

In 2024, we conducted a comprehensive gap analysis to assess substances used in our portfolio. This involved comparing our product range against various authoritative and NGO databases.<sup>1</sup> The goal was to identify substances that could harm or disrupt ecosystems. The findings revealed that less than 0.2% of our total revenue is associated with products containing substances listed on the Candidate List of Substances of Very High Concern (SVHC).<sup>2</sup>

This analysis is the foundation of our strategy to transition to greener chemicals and reduce the impact of our products even further. We now plan to develop a roadmap with clear targets and set up a governance structure to make sure we stay on track. This roadmap will also include parameters such as biodegradability and impact on water.

### *Protecting ecosystems – through responsible sourcing*

Our operations, particularly our sourcing practices, have an indirect impact on ecosystems and local biodiversity. Natural raw materials are part of many of our products, including packaging. Our target is for all materials from agricultural, forest and marine environments to be sustainably sourced and deforestation-free by 2030. In 2024, we assessed our obligations under the EU Deforestation Regulation (EUDR), focusing on raw material value chains within its scope.

We have two main priorities: sourcing paper and board used in our packaging from responsibly-managed forests (using FSC-certified material); and improving the traceability of palm oil-based ingredients in our formulations.

We don't source any of these raw materials directly – our suppliers are typically responsible for that – but as they're part of our value chain, we're still responsible for their sustainability.

In 2024, we engaged key suppliers to accelerate the transition to FSC-certified materials, but progress has been slower than we expected, partly because suppliers are less ready than we thought. Even so, the share of FSC-certified products increased to about 9% this year. However, all new products since mid-2023 use FSC-certified materials, and in 2025 we continue working closely with suppliers to overcome challenges and close the gap toward our target.

Our commitment to deforestation-free sourcing also covers our product formulations. As many cosmetics ingredients are derived from palm oil, they could be linked to ecosystem destruction upstream in the value chain. In 2023, we joined the Roundtable on Sustainable Palm Oil (RSPO), a global non-profit organisation for the palm oil supply chain. Since 2023, we've bought Certified Sustainable Palm Oil (CSPO) credits through RSPO's

book-and-claim platform covering our full estimated consumption, in this way supporting the production of sustainable palm oil. In 2024, we began engaging with key suppliers – focusing on those with high palm oil usage – to understand their sourcing practices and actions. These discussions will continue as we work towards shifting all volumes to segregated RSPO-certified sources.

Our double materiality assessment reaffirmed that water withdrawal and consumption are material areas, both in our upstream value chain and in the potential release of wastewater from production and consumer use. As part of our supplier engagement programme, we've asked all suppliers to set water-related targets, focusing on increasing water efficiency and committing to water stewardship standards.

We've also expanded our project on aquatic toxicity to assess more products and ingredients. For the E45 and Decubal sun care range launched in 2024, we've had formulations validated through the Ecosun Pass approval, reducing their impact on marine ecosystems. ●

<sup>1</sup> Including ECHA platforms, WHO IARC and Chemsec SIN list

<sup>2</sup> Candidate List of Substances of Very High Concern (SVHC) for Authorisation, published under Article 59(10) of the REACH Regulation (EC) No 1907/2006.





# Commitments and targets

- ✓ Goal reached
- ↗ On track
- ↻ Acceleration needed
- ☆ New

## Commitment 1 Net-zero climate impact

**Goal:**  
Net-zero emissions by 2040 (scope 1, 2, 3)

**Status:**  
On track

↗

**Goal:**  
Cut emissions by at least 80% by 2030 (scope 1, 2)

**Status:**  
Acceleration needed

↻

Emissions fell 4% in 2024 due to a shift to lower-emission company cars, but remain 4% above baseline. Rolling out our new car policy will be key to further reductions.

**Goal:**  
Cut emissions by at least 60% by 2030 (scope 3)

**Status:**  
Acceleration needed

↻

Scope 3 emissions decreased by 1% from last year, driven by lower purchased goods emissions, but remain 1% above baseline. We expect our supplier engagement programme to drive further reductions over time.

**Goal:**  
Net-zero transports from supplier to customer by 2030

**Status:**  
Acceleration needed

↻

Transportation emissions rose due to increased air freight, now accounting for 9% of our total emissions and up 35% from baseline. We're exploring initiatives with a new logistics partner to build on previous successes, such as driving consolidation efficiencies in our supply chain and switching to biogas.

**Goal:**  
100% renewable electricity in own operations

**Status:**  
Goal reached

✓

Since 2021, we've purchased traceable renewable energy certificates, Guarantees of Origin (GOs), to match the electricity consumption from all our operations (scope 1 and 2 emissions). In 2024, we purchased 384 EACs.

**Goal:**  
Offset remaining scope 1 and 2 emissions

**Status:**  
Goal reached

✓

We've offset our scope 1 and 2 emissions (350 tonnes CO<sub>2</sub>e) by investing in a Gold Standard-certified project in Zambia.

## Commitment 2 A circular, waste-free world

**Goal:**  
50% less virgin plastics in our packaging by 2030

**Status:**  
On track

↗

Our plastic use rose by 2%, increasing at a slower rate than sales volume, due to sales mix changes and higher sales of smaller products. Meanwhile, virgin plastic use fell by 12%, thanks to introducing PCR plastic in Flux and other brands, marking an 8% decrease from baseline.

**Goal:**  
30% average recycled content in our plastic packaging by 2025

**Status:**  
On track

↗

In 2024, we increased recycled plastics use from 1% to 14%, driven by Flux's switch to 100% post-consumer recycled (PCR) plastic. Flux is our largest plastic user, so this is a key step toward our 30% target. Despite challenges like supply, cost and regulations, we're working with our suppliers to expand PCR adoption. The share of PCR in non-medicinal products was 22%.<sup>1)</sup>

**Goal:**  
100% of packaging reusable or recyclable by 2027

**Status:**  
On track

↗

In 2024, overall packaging recyclability increased only marginally to 76% (+0.9 percentage points) as we integrated our Lamisil brand. Efforts to make pumps more recyclable have been delayed by lack of component availability, but we aim to make progress in 2025. The recyclability of non-medicinal products was 76%.<sup>1)</sup>

**Goal:**  
Encourage consumers to recycle packaging with clear recycling information on packs and other channels

**Status:**  
On track

↗

We're working to ensure consistent recycling information across markets, including clear on-pack instructions. In the UK, all new products include recycling information with On-Pack Recycling Labels (OPRL).

**Goal:**  
Send no waste to landfill from Karo operations by 2025

**Status:**  
Goal reached

✓

In 2024, product scrapping decreased by 63% from high levels in 2023. We sent no waste to landfill.

## Commitment 3 Protecting ecosystems (water and nature)

**Goal:**  
100% FSC-certified or recycled paper and board by 2025

**Status:**  
Acceleration needed

↻

Progress has been slower than anticipated, with approximately 9% certified material in 2024. We're in talks with our largest suppliers to accelerate the transition, and are using technical transfers to drive further changes. All new products already use FSC-certified materials.

**Goal:**  
All agricultural, forest and marine derived materials should be sustainably sourced and deforestation-free by 2030 (including palm oil, paper and board and soy)

**Status:**  
On track

↗

We use an estimated 795 tonnes of palm oil-derived ingredients across our formulations. As an RSPO member, we support certified sustainable palm oil production by purchasing RSPO credits equivalent to our total consumption through the book and claim system.

<sup>1)</sup> Non-medicinal products are products from Karo's portfolio not classified as prescribed medicine (Rx), over-the-counter medicine (OTC), or medical device.





# Fair society

We're committed to promoting a fair, equal and inclusive society by acting as a responsible employer and partner throughout our value chain. This means creating a workplace where everyone feels empowered, valued and free to be themselves – and where everyone enjoys equal opportunities. The same ethical standards apply to our suppliers and business partners.

## Our long-term commitments are to:

- 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.







### Nurturing an empowered and engaged workforce

Our social impact begins in our own business. We want to give our employees opportunities to create and contribute to something meaningful that gives a sense of purpose. For that to happen, our people need to be engaged and connected. This is even more important in a fast-growing company.

To track our progress when it comes to general employee satisfaction, we run Employee Experience Surveys (EES) twice a year. In our last survey, the employee net promoter score (eNPS) was 42, where a score of 30+ is defined as ‘great’ by Bain & Co, who invented the eNPS.<sup>1</sup> This is slightly up from last year’s score of 40, showing that our employees continue to feel engaged.

We also scored above 4 out of 5 on ‘strategy and communication’, ‘culture’, ‘leadership’, and ‘wellness and inclusiveness’. This tells us that our colleagues understand our purpose and goals and that they’re fully behind what we’re trying to achieve.

Many of our highest scores relate to ‘leadership’, highlighting our people leaders’ effectiveness in cultivating a supportive and inclusive workplace. Areas with lower scores include work-life balance and stress levels. Employee wellbeing and health and safety are top priorities, as they contribute to employee satisfaction, motivation and our reputation as an attractive employer. So to support our people – and improve our scores in this area – we’re developing initiatives to strengthen leaders’ capabilities in managing teams’ stress and wellbeing. We also provide flexible work hours, health insurance and fitness subsidies.

In 2024, we welcomed more than 100 new employees, so a good onboarding process was crucial to make sure all newcomers got the same introduction to our history and culture as well as our processes and policies. In 2024, we implemented a new HR management system designed to deliver an even more advanced onboarding experience. Our onboarding scored well with newcomers this year. The question “What is your overall impression of your first weeks at Karo?” scored 4.5 out of 5.

<sup>1</sup> In response to the question “How likely is it that you would recommend Karo to a friend or colleague?”.



### CASE: Employee journey

## Pushing boundaries with positivity

Esad Toric’s journey to heading our Scandinavia markets shows what’s possible in Karo. And the way he leads his team unlocks new possibilities for our business.

A childhood fleeing war in Bosnia and living as a refugee in Denmark taught Esad Toric a valuable lesson: “My parents told me to get the best from life and do the work, even when things are tough. It’s made me a very positive person.”

That mindset has helped him become our Managing Director responsible for Sweden, Norway, Denmark and Iceland – a role he rose to in under six years.

### Getting established in pharmaceuticals

Esad has never been afraid to write his own future. While still a business student in Copenhagen, he started in the pharmaceutical industry by knocking on the door of one of the industry’s larger companies and asking for a job. Which he got.

After roles with two more major pharmaceuticals businesses, Esad joined Karo in 2018 as a Sales and Marketing Director as we set out to establish a new affiliate and market our newly-acquired portfolio in Denmark. “In our industry, you don’t often get the chance to open a new market. I couldn’t say no,” he remembers.

Then, as now, Karo did things differently, says Esad: “Usually in pharmaceuticals, you work to optimise the last 5% of what the business does. The rest is set in established routines and operating models. With us, it’s always been the other way round, with people willing to be brave, take risks and responsibility not just to run the business but to build it. We’re much bigger now, but still agile like a small company and looking to invent about 20%, as we seek to outperform major players.”

### Inspiring a team

Esad’s leadership principles aim to sustain that entrepreneurial culture: “I look for people who like being empowered and thrive in a fast-paced environment. But I also encourage commercial discipline, so they’re clear about what we want to achieve, and prioritise wisely. Finally, I urge them to put patients and customers first. For me, it’s important that we make a difference at a larger scale, for society in general.”

Making that positive difference is all about acting fast and pushing boundaries, says Esad: “I tell the team that if we’re doing something and it tickles in the stomach, we’re moving the needle. It means we’re going somewhere our competitors aren’t.”

That tickling sensation was present in 2024 when the Danish team worked to make our Decubal brand available through the Danish health and beauty retailer Matas, taking it beyond pharmacies for the first time in 50 years. Esad said: “Pharmacies are very important for Decubal and we want that to continue. But we also want to reach new consumers – the younger segment – who typically go to Matas for their skincare and health products and might otherwise have been overlooked. The team did the research, defined the right strategy and executed brilliantly. Seeing a young team doing what few others have dared to do, makes me proud and humble to lead such talented people.”

Esad also brings his trademark positivity to his view of the future: “Karo has the opportunity to be a unique player in the industry, and we’ve started very well. If we can grow in the markets we’re in today, I’m confident we can expand further around the world, using our values to guide us and our entrepreneurial spirit to dare to do the tough work that others don’t dare to do.”





**Recognition and feedback**

At Karo, feedback and recognition are at the heart of how we build a thriving workplace culture. Recent Employee Experience Surveys have highlighted the importance of recognising and celebrating behaviour and achievements that match our values and goals. So, we’ve introduced initiatives to encourage meaningful feedback and celebrate achievements.

We give managers a toolkit to help them give teams regular and constructive feedback. As part of our annual people processes, employees have regular conversations with their people leaders, focusing on growth and performance development. Also, we encourage all employees to use cards to share feedback with colleagues and managers, both within and across teams. This reinforces our commitment to open communication and continuous improvement.

Recognition plays an equally important role in building a strong culture. The peer-nominated ‘Karo Karma Award’ celebrates employees who exemplify our values while the ‘Smile Recognition Award,’ rewards outstanding achievements with an opportunity to witness Karo’s contributions to local communities firsthand. For more about this, see page 23.



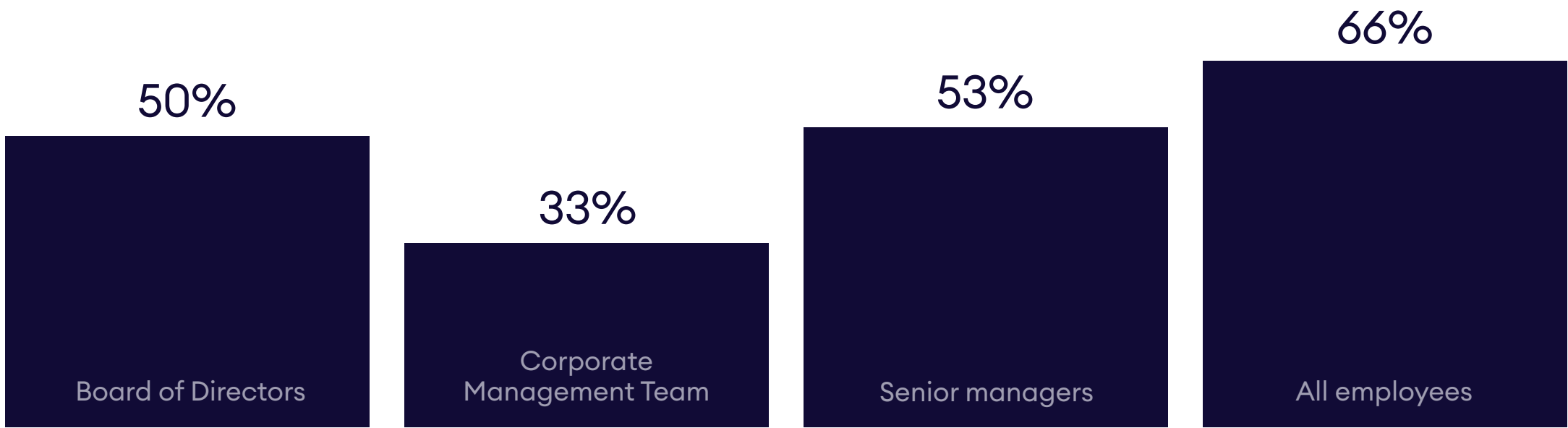
DIVERSITY

Proportion of women across our locations

	Total headcount	Proportion of women
Stockholm, Sweden	188	69%
Maidenhead, UK	116	62%
Other	193	63%

DIVERSITY

Proportion of women in leadership and general roles



Gender diversity, proportion of women	2021	2022	2023	2024
Board of Directors	33%	43%	50%	50%
Corporate Management Team	40%	40%	33%	33%
Senior managers	50%	49%	46%	53%
All employees	67%	67%	67%	66%

Supporting a diverse and inclusive business and society

We prioritise building a diverse and inclusive work environment, where our people feel they can be themselves and be accepted for who they are. We aim to attract talented, high-performing people who align with our culture, regardless of their background. Karo recognises that diversity is vital to creativity, innovation and better decision-making. That’s reflected in our commitment to diversity, equity and inclusion (DEI).

To ensure progress in these areas, we track key performance indicators (KPIs), including gender diversity. We aim for a balanced gender representation in our Corporate Management Team and among people managers. Currently, women represent 33% of our Corporate Management Team and 53% of the extended management team. On our Board of Directors, women hold 50% of the seats.

With approximately 470 employees from 48 different countries, our workforce reflects the increasingly global

nature of our operations. As an international company, we strive to make sure that our teams represent the diversity of our markets and consumers.

But diversity is about more than statistics. At Karo, we nurture empowerment and diverse perspectives as essential elements of our Scaled Entrepreneurship approach. By bringing together a variety of experiences, backgrounds and expertise, we enable more informed and effective decision-making.

Our commitment to advancing DEI led us to conduct an audit in 2024 to assess the maturity of our efforts across different areas of the business. To guide this work, we partnered with external DEI experts to provide training and guidance for people leaders and employees. This collaboration has resulted in a strategic action plan aimed at driving meaningful change and making a lasting impact in DEI.

For more about this, see on page 37.







### Securing high ethical standards – for our own business and throughout our value chain

Being responsible and keeping to the highest standards of ethics and transparency is central to who we are, how we behave and how we run our business. This not only means living up to international principles and policies; we also do everything we can to set an example for our partners and our industry. This matters in an era where business success isn't defined just by financial measures, but also by conduct.

We're always striving to improve our processes and tools around compliance, as well as supporting our employees in making responsible choices. Our Code of Conduct sets out our expectations and ethical guidelines around, for example, relationships with business partners.

Our management system comprises 11 policies on corporate responsibility, covering sustainability, environment and business ethics, as well as procedures for legal and quality compliance, and patient safety. All our employees must sign off on these policies.

CASE: Accelerating our DEI agenda

## DEI: Turning belief into action

We've always believed in diversity, equity and inclusion (DEI). But how deep does our commitment really go? In 2024, an audit gave us the springboard to realise our ambition to anchor DEI in everything we do.

When our E45 skincare brand scored a huge success in the UK with an award-winning campaign championing trans culture, it generated a ripple of pride and excitement around Karo. But it also prompted us to ask: how well would Karo itself stand up to scrutiny of its credentials on diversity, equity and inclusion?

### DEI – externally and internally

Externally, our purpose puts diversity and inclusion at the heart of what we do to promote health and wellbeing for people and society by providing smart choices for everyday healthcare.

Internally, we've always valued a diverse, inclusive workplace. As Chief People & Sustainability Officer Lisa Westerdahl explains: "We commit to an open, inclusive culture. And the way we work reinforces that. Scaled entrepreneurship brings people with different skills and perspectives together in teams – or squads as we call them – in a way that fosters inclusivity, openness and empowerment."

Our latest Employee Experience Survey suggests this is true. The statement 'I can bring my true self to Karo' scored 4.4 out 5, for instance.

### Taking a long hard look at ourselves

Even so, we wanted to know how far our belief in the value of DEI was embedded in our culture, and how it manifested in our day-to-day work. So, in 2024, we commissioned an audit of our DEI work.

"It was an opportunity to find out where we really stood, where we could improve, and what we should prioritise in our DEI efforts," says Lisa.

The audit highlighted that our organisational culture is intuitively inclusive, with DEI values embedded and a clear aspiration for an empowering and open culture. But it also showed we need more formal initiatives and more consistent communication on DEI. Our journey towards being a truly global organisation means we need a more structured DEI approach to address blind spots and to make sure inclusion keeps pace with Karo's growth.

As Global HR Business Partner Cecilia Bajera explains: "The audit made it clear that we have work to do to connect DEI to business initiatives. We have policies and processes

to promote DEI and keep us compliant. But we need to raise awareness about what DEI actually means for our business, and to anchor it more deeply in the whole organisation if we want to sustain and develop the culture and mindset we're so proud of for the long term."

### Taking action

Based on the audit findings, we took action to develop a more structured approach to DEI, with clear priorities and initiatives.

This year, that's included giving hiring managers more guidance on making DEI part of recruitment processes through job descriptions and screening methods. As well as this, we've raised awareness of DEI with marketing teams through checklists on how to integrate it into campaigns.

We've also piloted training for leaders on unconscious bias. And we've ramped up emphasis on DEI in corporate communications through our town halls and intranet and externally through our corporate website and LinkedIn. Other steps include updating our DEI policy to focus more on specific goals and success measures as well as how we will meet them.

### Looking to the future

"These initiatives are a start," says Lisa. "Now our task is to sustain momentum to make sure the good work continues. This is an ongoing effort and the work is never finished."

Our plans include our new DEI forum. This will co-ordinate initiatives and monitor progress, as well as support to implement our two-year action plan for making DEI a more conspicuous feature of how Karo works. We'll also extend unconscious bias training across the business and develop a plan to close the gender pay gap.

Cecilia has bold ambitions for DEI at Karo: "I want us to be best in class in this field. We have a lot of work to do to get there, but now we have a plan and clear priorities. I'd be really proud if, as a result of our work over the next few years, colleagues are having unprompted conversations about DEI topics, for instance how they challenge themselves on their unconscious biases."

Lisa agrees: "We set clear expectations for the kind of mindset and behaviour we want to nurture at Karo. But it's important that it's not tagged as DEI. It's how we live it that matters. We want it to be integrated and authentic."





up to our standards, it's vital we're clear about what we expect, and that we work with them to make sure we meet our targets to reduce impact across the full value chain.

The minimum requirements for all our partners, including our direct suppliers, are in our Supplier Code of Conduct. Based on International Labour Organization (ILO) and UN conventions, this code sets out our standards for human and labour rights, environmental responsibility and anticorruption. In 2024, we updated the code to match the latest Pharmaceutical Supply Chain Initiative (PSCI) principles, incorporating more extensive requirements to further strengthen our commitment to responsible and sustainable sourcing. All direct suppliers have to sign off on this code.

In 2024, we continued work to strengthen our sustainable procurement framework, continuously developing

our due diligence process to identify and address potential material risks associated with our suppliers. This process considers factors such as country-specific risks, including working conditions, freedom of association, discrimination, bribery and corruption and child labour. During the year, we assessed suppliers in key manufacturing locations covering 90% of our spend.

#### Promoting responsible business practices

Karo has been a member of the PSCI since 2022. The organisation promotes responsible supply chain standards by bringing members together to define and encourage responsible business practices. We regularly take part in PSCI events to learn from and share experiences with other members, as well as contribute to shaping the organisation's agenda. Through the PSCI, all our direct

suppliers also have access to educational events, including ones on 'beyond compliance' best practice topics.

A key objective of the PSCI is to collaborate on audits, aiming to reduce the audit burden for suppliers; enhance efficiency for companies; and make results and corrective action more visible. As part of our supplier selection process, we make sure that potential new suppliers in high-risk countries have completed a PSCI audit before entering into a commercial agreement with us.

Recognising our suppliers as important partners, we continue to strengthen our processes to effectively manage and control sustainability performance throughout our value chain. In 2024, we launched an engagement programme to all our direct suppliers, focusing on decarbonisation. For more about this, see page 28. ●

## Managing sustainability with our suppliers

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



It's important that our people have the chance to report anything that doesn't look right, both inside and outside the business. With the support of an external partner, we operate a whistleblowing policy and process. Through this, employees and other stakeholders can raise concerns anonymously. A dedicated committee oversees and takes action on reported cases, and makes sure we follow up.

#### Working closely with partners to uphold standards

We don't own any manufacturing sites or warehouses. Instead, we work in close partnership with external suppliers who provide these services. To make sure they live




# Commitments and targets

-  **Goal reached**
-  **On track**
-  **Acceleration needed**
-  **New**


## Commitment 1 An empowered and engaged workforce

**Goal:**  
Provide a great employee experience and achieve an employee Net Promoter Score (eNPS) of 30 or higher ('Recommend to a friend')

**Status:**  
Goal reached 

Our employee net promoter score (eNPS) increased from 40 to 42 in our June survey. A score of 30+ is considered 'great' by Bain & Co's scale. The participation rate was very high at 90%.

**Goal:**  
Ensure a culture of continuous feedback, where all employees receive annual performance reviews

**Status:**  
Goal reached 

In the Employee Experience Survey, our people ranked the company's recognition culture 4.0 (scale 1-5), similar to 2023. The question about whether there is a culture of feedback at Karo scored 4.3, slightly down from 2023.

**Goal:**  
Provide an attractive and safe physical work environment and employee benefits like wellness contributions and wellness and social activities for all employees

**Status:**  
Goal reached 

We scored 4.6 on the wellness and inclusion section of our Employee Experience Survey, an increase from 4.2 in 2023. All employees receive a financial wellness contribution, and we organised several social activities throughout the year, including 'Move for a smile' where employees and external partners participated and raised money for charity.


## Commitment 2 A diverse and inclusive business and society

**Goal:**  
Create an inclusive culture where everyone is treated fairly and equally, by making sure 100% of employees feel they can 'bring their true self to work'

**Status:**  
Goal reached 


We scored 4.4 in the question asking whether employees feel they can bring their true self to work (same level as in 2023). The statement 'my colleagues accept me for who I am' scored 4.6.

**Goal:**  
Create a diverse team that reflects and represents the communities we operate in. Diversity measured as a minimum of 30 different countries of origin

**Status:**  
Goal reached 

In 2024, our workforce included 48 nationalities, up from 32 in 2023, partly due to enhanced data collection.


**Goal:**  
Make sure all management levels are gender balanced (at least 40% of each gender measured for Board, CMT, Senior Managers)

**Status:**  
Acceleration needed 

On our Board of Directors, women represent 50%. The Corporate Management team consists of 33% women and 53% of people managers are women.

## Commitment 3 Fair jobs throughout our value chain


**Goal:**  
Make sure all our direct suppliers have signed the Supplier Code of Conduct

**Status:**  
Acceleration needed 

In late 2024, we launched a new Supplier Code of Conduct aligned with PSCI's principles. Currently, 86% of our suppliers (by spend) have signed our code or agreed to a comparable one. The remainder are mainly suppliers from recently acquired brands, which we're phasing out.

## Commitment 4 Responsible and ethical business practices

**Goal:**  
All employees to participate in annual ethics and anti-corruption training

**Status:**  
On track 

In 2024, we trained 95% of employees in ethics and anti-corruption.





# 3. Governance

- Material impacts, risks and opportunities
- Interacting with our stakeholders
- Sustainability governance
- Sustainability risks
- About this report
- Auditor's limited assurance report





# Material impacts, risks and opportunities

## Our first double materiality assessment

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

Our approach combined scientific, data-driven methods with stakeholder engagement. With the updated DMA, our aim for 2025 will be to align the way we report on our sustainability efforts with the European Sustainability Reporting Standards (ESRS) and, at the same time, document our commitment to creating a positive societal and environmental impact.

### Summarising our material topics

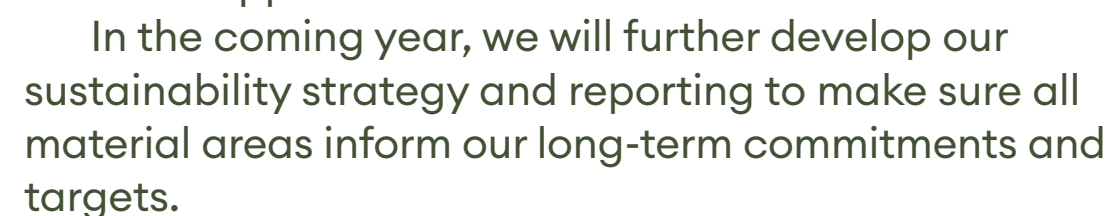
Our double materiality assessment identified 17 material topics, including environmental, social and governance impacts, as well as sustainability-related risks and opportunities.

### *Impact materiality*

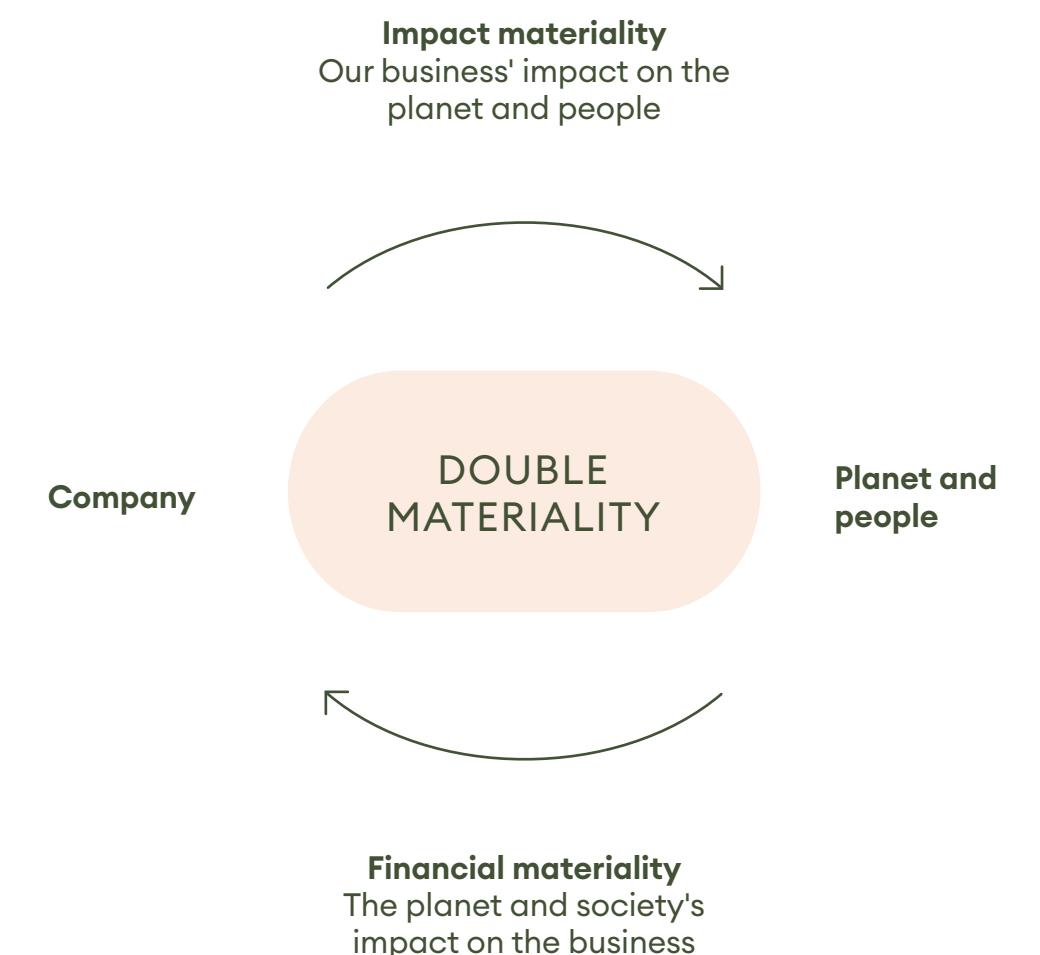
The main environmental and societal impacts of our operations and products fall under these areas:

- **Health and wellbeing:** The materiality assessment identified the positive impact our products have on the health and safety of consumers – a commitment that is 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 the 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 the operations and practices of our suppliers, it is critical that we support them in how to mitigate climate change and energy consumption. We also help them address pollution, and ensure wellbeing and good working conditions for their employees – in an effort to reduce the overall footprint of our activities.





This rigorous and multi-layered process makes sure our double materiality assessment process is based on the ESRS requirements and also aligns with our mission to deliver impactful, sustainable healthcare solutions. ●





# Interacting with our stakeholders

To protect our long-term profitable growth, we need to understand and respond to the demands and expectations of our stakeholders, internal as well as external.

We’re in regular contact with important stakeholder groups to monitor their changing needs and hear their views on our business and strategy to make sure we stay relevant. Our stakeholders expect us to aim for the highest standards of social and environmental sustainability – and we’re determined to meet these expectations.

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

	What they are looking for	How we engage	What we want to achieve	Examples of outcomes
Consumers	Our consumers are looking for brands they can trust, and that deliver good-quality, safe products – 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 barriers preventing consumers from addressing everyday health issues, contributing to improving quality of life.</li><li>– Understand consumer needs and 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 customer and healthcare professionals’ feedback.</li><li>– Increased trust that we’re managing sustainability impacts.</li><li>– Influence over 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 directly to our leadership and CEO.</li><li>– We host internal communication channels (intranet, Viva engage) and have created initiatives e.g. ‘coffee with the CEO’ sessions, information screens in all offices.</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 and innovation.</li><li>– Development of improvement plans and global initiatives, such as recognition programmes and DEI training on unconscious bias.</li></ul>



	What they are 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 and meet with 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 fostering mutual growth and development.</li><li>– Suppliers meeting quality, supply, and sustainability standards.</li><li>– Insights into suppliers’ sustainability strategies to inform and refine our 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 improvements we’ve identified.</li></ul>
Investors and lenders	Our investors 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, EQT, is involved in supporting specific sustainability projects and facilitating knowledge-sharing and best practices among portfolio companies.</li></ul>	<ul style="list-style-type: none"><li>– Provide investors with good risk-adjusted returns.</li><li>– Fulfil commitments to investors by executing 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>– Sustainability Linked Loan secured.</li><li>– Advanced climate impact disclosure and risk communication through e.g. SBTi and CDP disclosure.</li></ul>
Society	Societies value ethical and responsible business practices that ensure fair access to healthcare, drive innovations which address societal challenges and improve overall quality of life.	<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 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 individuals 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 PSCI.</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  
→



# Sustainability governance

**Structures and accountability**

The implementation of our sustainability strategy is led by the Head of Sustainability, in close collaboration with members of the Corporate Management Team. A Steering Committee oversees and drives the momentum of our sustainability agenda, meeting regularly throughout the year and reporting directly to the CEO.<sup>1</sup>

Updates on sustainability topics are provided continuously to the Board of Directors, while EQT, our private equity owners, also receive regular updates. On the Board, Claire Hennah is responsible for sustainability and receives ongoing updates on initiatives and progress.

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.

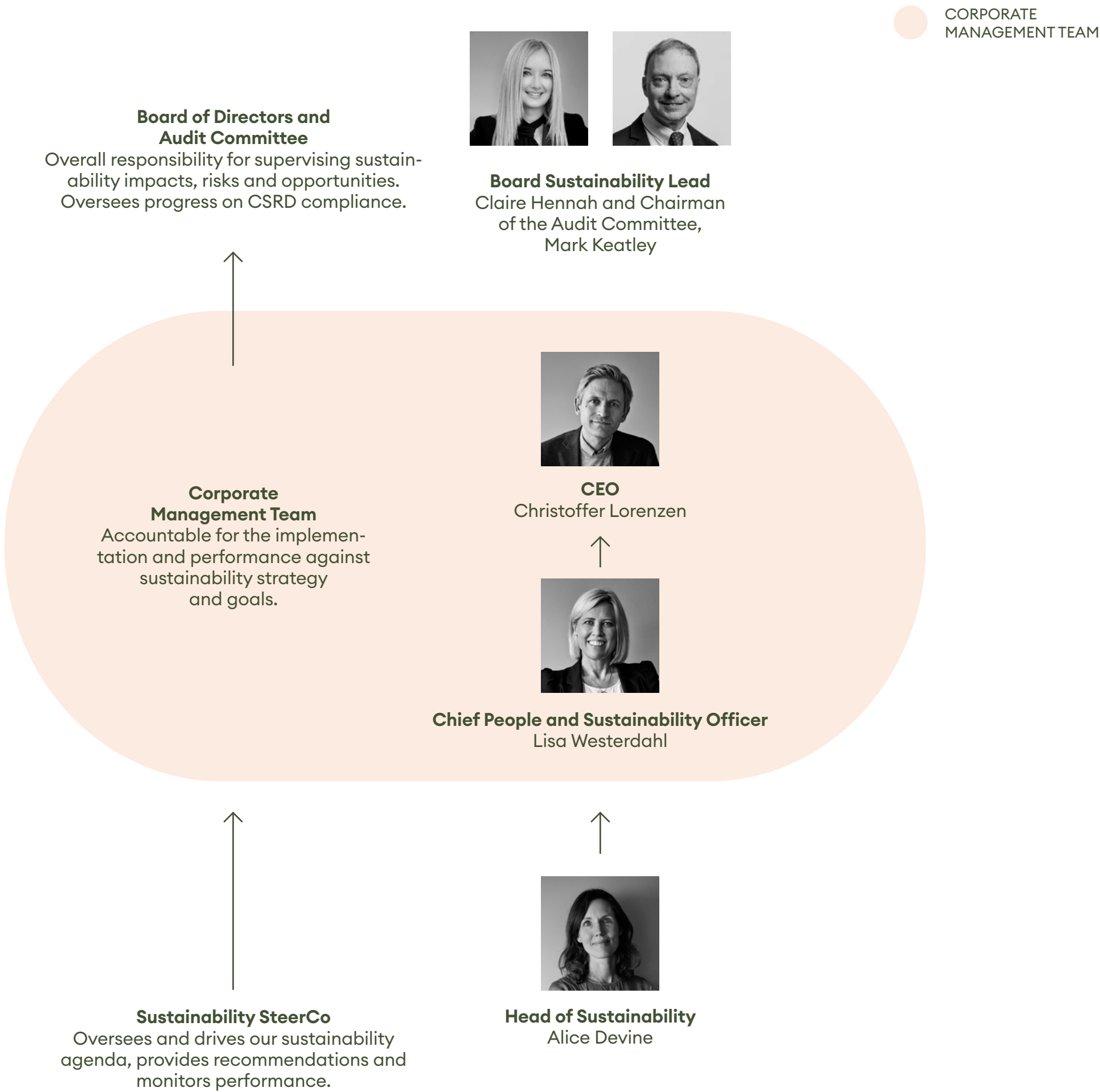
Accountability for implementing and achieving our sustainability strategies, goals and policies should be integrated into our business functions and their targets.

We’re working to embed this approach through our operating model, which we call Scaled Entrepreneurship. 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.

Our new product development process is a good example of how we integrate sustainability considerations into our strategic decision-making. We have embedded a mandatory sustainability assessment into our current innovation framework, which helps to make sure we evaluate sustainability at the right time in the process. The outcomes generated by our recently implemented ‘traffic light’ tool inform decisions at appropriate forums. Read more about this process on page 21.

Another example is the process of transferring production of Flux mouthwash to a new supplier. Sustainability was an integral part of this process for the

<sup>1)</sup> The steering committee consists of the Head of Sustainability, Chief People and Sustainability Officer, COO, CMO and CEO.



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.





cross-functional project team heading up the technical transfer. They considered all aspects, from transportation to choice of material and labelling. Read more about this project on page 30.

From 2025, our global incentive scheme aligns individual and collective efforts with our strategic priorities, including sustainability. It incorporates global and individual targets, and sustainability targets are embedded in the global metric for all employees. Key objectives include reducing GHG emissions and improving the sustainability profile of packaging. By linking incentives to these goals, we foster accountability and a shared commitment to driving environmental and social progress.

**Policies, guidelines and regulations**

We’re governed by both external regulations and internal control documents. Our key internal policy documents include our Code of Conduct, as well as specific policies relating to quality, anti-bribery and anticorruption, diversity and inclusion, health and safety, sustainability and environment, privacy and IT, patient safety, data integrity and risk management. We manage our suppliers and other business partners through our Supplier Code of Conduct, as well as through a supplier qualification process.

We have procedures for making sure we comply with laws and quality standards and promote patient safety.

We store our policies and procedures in Veeva Quality, our version-controlled document management system. All new employees must verify that they’ve read and understood all policies and procedures before they start working at Karo.

We have regular external audits to review our quality management system to make sure we comply with regulations and processes. We hold licences to distribute and manufacture medicinal products and medical devices according to Good Distribution Practices (GDP), Good Manufacturing Practices (GMP) and ISO13485. We’re also qualified to ensure patient safety by complying with the EU directive on medicinal products for human use.

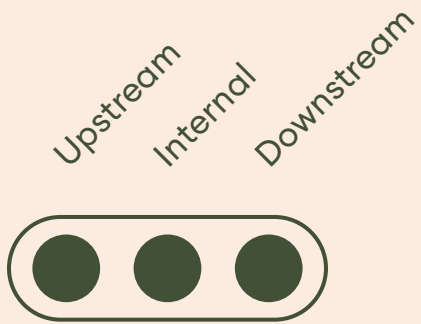
This means we can pledge to safeguard product quality and patient safety for consumers and patients throughout the value chain, from production to customer service. After our products reach consumers and patients, we monitor quality and patient safety data. Health authorities verify that we maintain a system for reviewing products, and that we continuously evaluate the risks and benefits of our products.

To protect patient safety, we train all staff each year to keep their knowledge up to date. ●



# Sustainability risks

We identify and analyse risks that could have a material impact on our operations. We do the same with risks that our business carries for the environment, people and communities.

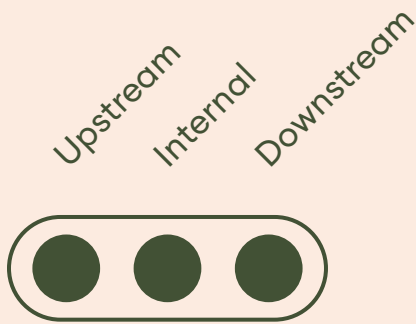


Risk	Description	How we mitigate this risk
Climate change mitigation – transition-related risks	Our products and operations generate GHG emissions, contributing negatively to the climate crisis. Regulations targeting industry’s impact on climate change may lead to increased operating costs. Investor sensitivity to climate-related risks could also result in higher capital costs.	<p>We’re working to reduce our full GHG footprint across all scopes, e.g. by transitioning to renewable energy sources, reducing energy consumption and using low-carbon materials in production and product development.</p> <p>We’re gradually increasing our knowledge of specific products and processes, and taking action to drive improvements.</p> <p>Through our supplier engagement programme, we’re engaging our direct suppliers and encouraging them to set targets to reduce their climate footprint.</p>
Energy – dependence on energy prices	Throughout the value chain, the manufacturing of raw materials, packaging and finished goods require substantial amounts of energy. Fluctuating prices can substantially increase energy costs. There is also a transition-related risk of higher costs imposed by regulation aimed at reducing the business sector’s energy consumption.	<p>As energy is mainly consumed upstream, reducing energy consumption calls for close collaboration with our suppliers.</p> <p>Through our supplier engagement programme, we’re encouraging energy efficiency measures and the transition to renewable energy.</p>
Pollution of air, water and soil – transition-related risks	Pollution of air, water and soil can occur throughout our value chain. We face the risk of higher costs imposed by regulations aimed at reducing the pharmaceutical and healthcare sectors’ impact on e.g. water pollution.	<p>Through our supplier engagement programme, we’re working closely with our suppliers to address impacts occurring throughout the value chain. Pollution is a key area where we aim to strengthen collaboration.</p> <p>Also, we’re developing a green chemical strategy to address the broader impacts of our formulations. This strategy will also account for anticipated regulatory changes.</p>
Substances of concern – transition-related risks	Some products in our portfolio contain materials that may pose risks to human health or the environment due to e.g. their toxicity, persistence or bioaccumulation. We may face higher costs from regulation as well as falling demand for products from impact-conscious consumers.	Product safety and quality are top priorities for Karo, which is why we have robust procedures in place to make sure we comply with current regulations. We continuously review our raw materials to ensure product safety, meet consumer expectations and regulatory requirements and build stakeholders’ trust. Collaborating closely with suppliers, integrating sustainable innovation and identifying and phasing out substances of concern help to ensure long-term compliance. Also, we’re developing a green chemical strategy to address the broader impacts of our formulations.
Water withdrawals and consumption	Water withdrawals and consumptions can strain local water resources, negatively affecting local ecosystems and communities. Our dependence on freshwater in manufacturing processes carries the risks of decreased availability, challenges in water-scarce regions and increased costs driven by market changes and tighter regulation.	<p>Water consumption is a key topic in our supplier engagement programme. We’ve started discussions with selected suppliers to better understand our impact. Responsible and efficient water use strengthens resilience, helps to avoid shortages and provides opportunities to reduce operational costs.</p> <p>Through our green chemical strategy, we will also address water impacts from our formulations.</p>



# Sustainability risks

Continued



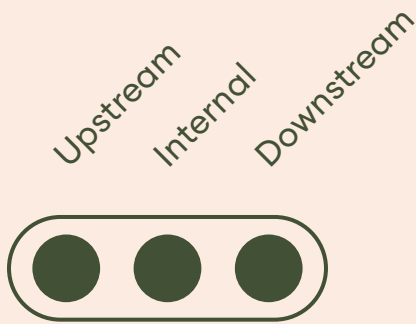
Risk	Description	How we mitigate this risk
Dependence on ecosystem services	Biodiversity loss and disruption pose a risk to our value chain by reducing the availability of ecosystem services essential to our operations. Raw material extraction, manufacturing, and other product lifecycle activities can negatively affect biodiversity and ecosystems.	<p>Our actions are driven by our commitment to sourcing only responsible and deforestation-free materials by 2030. We have a clear understanding of the areas where we have the greatest impact, which allows us to prioritise our efforts accordingly.</p> <p>Collaborating with suppliers is essential to develop and improve traceability, adopt sustainable sourcing practices and prioritise credibly certified materials.</p> <p>Promoting sustainable sourcing improves resilience, ensures long-term resource availability and strengthens brand reputation. These efforts also attract impact-conscious consumers.</p>
Resource use and circular economy	A linear economy, where resources are extracted, transformed, sold and disposed of without following circular economy principles, depletes natural resources, contributes to pollution and creates long-term environmental and economic challenges.	<p>We’re implementing a strategy with clear targets to help us transition to circular economy principles, starting with packaging materials. This includes incorporating recycled materials, reducing overall material use and designing packaging for recyclability.</p> <p>Embracing circular economy principles reduces reliance on virgin raw materials, lowers waste-related costs and strengthens resilience against scarce resources. These efforts also strengthen brand reputation by aligning with consumer demand for more sustainable products.</p>
Own workforce – low engagement and productivity from a non-diverse workforce	Lack of diversity, equity and inclusion can reduce engagement and productivity, weaken innovation and adaptability, and hinder talent attraction and retention – ultimately affecting business performance.	<p>We nurture an inclusive workplace culture and have targets for diversity, equity and inclusion (DEI). We reinforce our commitments through training, internal and external communication and through our brands.</p> <p>To maintain engagement and address potential concerns, we conduct employee surveys twice a year and implement any follow-up measures we need to.</p> <p>Attracting a diverse and talented workforce cultivates a healthy and productive workplace; it works to strengthen our reputation as an employer of choice; and it enhances innovation and creativity across teams and functions in our business.</p>
Workers in the value chain – regulation and reputational risks	Workers in our supply chain could be affected by excessive working hours, low wages, occupational injuries, restrictions on freedom of association, gender inequality and other infringements of human rights. Karo may face increased costs from tighter regulation on these matters.	<p>We set clear minimum requirements for working conditions and human rights in our Supplier Code of Conduct, which our suppliers have to sign and extend to their own suppliers.</p> <p>The majority of our direct suppliers are European, and we regularly assess them on their sustainability performance.</p> <p>Promoting responsible business practices and fair working conditions enhances productivity and employee satisfaction while creating a healthy work environment.</p>



# Sustainability risks

Continued

Risk	Description	How we mitigate this risk
Health and safety for consumers	<p>Our diverse product portfolio includes products that, if not used as directed, may cause side-effects or complications. This impact could also occur through unauthorised distribution by third parties in non-registered markets.</p> <p>Providing clear information is crucial to support consumers in making informed decisions, including transparent health-related claims and responsible marketing practices.</p> <p>Karo may face increased costs imposed by tighter regulation aimed at reducing negative impacts related to health and safety.</p>	<p>Delivering safe, high-quality products builds trust in our brands among customers and consumers. By improving consumers’ health and wellbeing, we strengthen long-term loyalty as well as our reputation as a trusted provider of everyday healthcare products.</p> <p>We have stringent quality control measures to make sure our products meet our high standards of quality and safety. Our staff are trained to respond effectively to reports of adverse events, and we work closely with regulatory authorities to maintain compliance.</p> <p>To prevent unauthorised sales, we enforce quality and compliance through business contracts with distributors, conduct audits of distribution and warehouse partners, and use a robust supply tracking system.</p>
Business conduct – bribery and corruption	<p>Bribery and corruption undermine trust in our company, compromise patient safety and distort fair competition. All interactions with partners in our value chain carry a risk of bribery and corruption, which could have legal, financial and reputational consequences.</p>	<p>Our anti-corruption programme is built on a zero-tolerance policy, outlined in our Code of Conduct and Supplier Code of Conduct. To ensure awareness of, and compliance with our standards, all employees complete an annual anti-corruption e-learning.</p> <p>Also, our whistleblower process encourages employees, former employees and external partners to report potential issues confidentially. We continuously review and enhance these measures to uphold integrity throughout our value chain.</p> <p>By promoting integrity and transparency, we build stakeholders’ trust, safeguard against legal and financial risks, and reinforce our reputation as a responsible business partner.</p>





# About this report

This report covers Karo Intressenter Holding AB and its subsidiaries for the period from 1 January 2024 to 31 December 2024. All business activities are conducted within Karo Healthcare AB and its subsidiaries.

This is our third standalone sustainability report and consists of our statutory sustainability report in accordance with the Swedish Annual Accounts Act (pre-July 2024 wording). As part of our commitment to transparency, we aim to communicate openly and be accountable in our work to become more sustainable. This report aims to give our stakeholders clear and comprehensive information about our sustainability performance, challenges, commitments and goals. The report also covers the sustainability strategy, policies, commitments and performance data for the Group.

**Changes to material impact, risks and opportunities**

The sustainability report 2024 primarily addresses the material areas identified in 2023. In 2025, we will make sure reporting aligns with the material impact, risks and opportunities identified in 2024.

Following our double materiality assessment in 2024, we have increased the granularity of some key areas including pollution of air, water and soil, substances of concern, and microplastics. We’re now developing our reporting to meet coming requirements.

**Calculating our carbon emissions**

We calculate all our greenhouse gas emissions using the Greenhouse Gas Protocol Guidelines. For scopes 1 and 2, we compile energy consumption and kilometres-driven data from each of our offices. For scope 3, according to the guidelines, an initial screening step defines if we should report data in each of 15 categories. The screening we conducted showed that we have a non-neglectable impact in eight categories: purchased goods and services; fuel and energy-related activities; upstream transportation and distribution; waste generated in operations; business travel; employee commuting; downstream transportation and distribution; and end-of-life treatment of sold products.

In 2024, we asked a wider supplier base to report their emissions, improving our data accuracy even further for our purchased goods emissions. According to the Greenhouse Gas Protocol, average data means using product weights and consumption data from industry or international averages with relevant emission factors. The supplier-specific method uses consumption data and emissions factors that are specific to the operations. A hybrid method combines supplier-specific data with average data.

Every time our scope or calculation method changes, we’ve updated our baseline calculations (2022) and previous year’s results (2023) for year-on-year comparability. ●

SCOPE 3 CATEGORY:

## Calculation method

Purchased goods and services	Hybrid
Fuel and energy-related activities	Supplier-specific
Upstream transportation and distribution	Hybrid
Waste generated in operations	Average data
Business travel	Hybrid
Employee commuting	Average data
Downstream transportation and distribution	Hybrid
End-of-life treatment of sold products	Hybrid



# Auditor’s limited assurance report

## Auditor’s Limited Assurance report on Karo Intressenter Holding AB’s Sustainability Report and statement regarding the Statutory Sustainability Report

To Karo Intressenter Holding AB, Corp. id. 559180-2052

### Introduction

We have been engaged by the Board of Directors and the Managing Director of Karo Intressenter Holding AB to undertake a limited assurance engagement of Karo Intressenter Holding AB’s Sustainability Report for the year 2024. Karo Intressenter Holding AB’s Sustainability Report is also the Statutory Sustainability Report.

### 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 including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act in accordance with the older wording that applied before 1 July 2024. The criteria are defined on page 51 in the Sustainability Report, and consist of the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to 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 the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our responsibility is limited to the historical information reported and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) Assurance engagements other than audits or reviews of financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR:s auditing standard

RevR12 *The auditor’s opinion regarding the Statutory Sustainability Report*. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We’re 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 procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Managing Director as described above. We consider these criteria suitable for

the preparation of the Sustainability Report. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

### Conclusions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm 31 March 2025

KPMG AB

Håkan Olsson Reising  
Authorized Public Accountant

Karin Sivertsson  
Expert Member of FAR





**Sustainability Report 2024**

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