

Essity's journey to net zero

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For the well-being of people and planet

Climate change is one of the defining issues of our time and its global effects are far-reaching. As one of the world's leading hygiene and health companies, Essity is committed to the UN Sustainable Development Goals and the Paris Agreement. We are working to overcome global challenges with innovations throughout our business and operations, across all our brands, and through partnerships and cooperations.

At Essity, leading in sustainability has always been at the core of our business. Our strategies and actions enable our customers and consumers to make sustainable choices. As a global company, we have the scale and reach to drive progress through our business and contribute to collective action. We cooperate with suppliers, customers, consumers, governments, NGOs and industry peers to drive the change the world so urgently needs.

Our commitment to achieve net zero emissions by 2050 is fully integrated with our vision to improve well-being through leading hygiene and health solutions and to profitably grow our business for the future. Sustainability has been integrated in our business for many years and we have made good progress in reducing our carbon footprint to date. Building on our near-term targets for 2030, we will accelerate and scale our efforts to reach net zero by 2050.

Magnus Groth
President and CEO, Essity



Acting where it matters most

To achieve net zero greenhouse gas emissions by 2050, we need to act throughout the entire value chain. We have set targets under the Science Based Targets initiative (SBTi) that include Scopes 1, 2 and 3.

Nearly half of our greenhouse gas footprint stems from our production. Therefore, our most important action is to reduce emissions from our own operations.

We work to reduce upstream and downstream emissions in our value chain through targeted interventions. One example is encouraging suppliers to set their own climate targets and working with logistics partners to shift to lower emission transport options.

We have two overarching targets guiding our actions:

- a near-term emissions reduction target to reduce our Scope 1 and 2 emissions by 35% and our Scope 3 emissions by 18% by 2030 against a 2016 baseline.
- a long-term commitment to achieve net zero emissions covering Scope 1, 2 and 3 emissions by 2050 in absolute terms.

Our near-term target is aligned with the SBTi pathway of well-below 2°C (WB2D). The target applies to wholly owned companies.

Emissions in the value chain

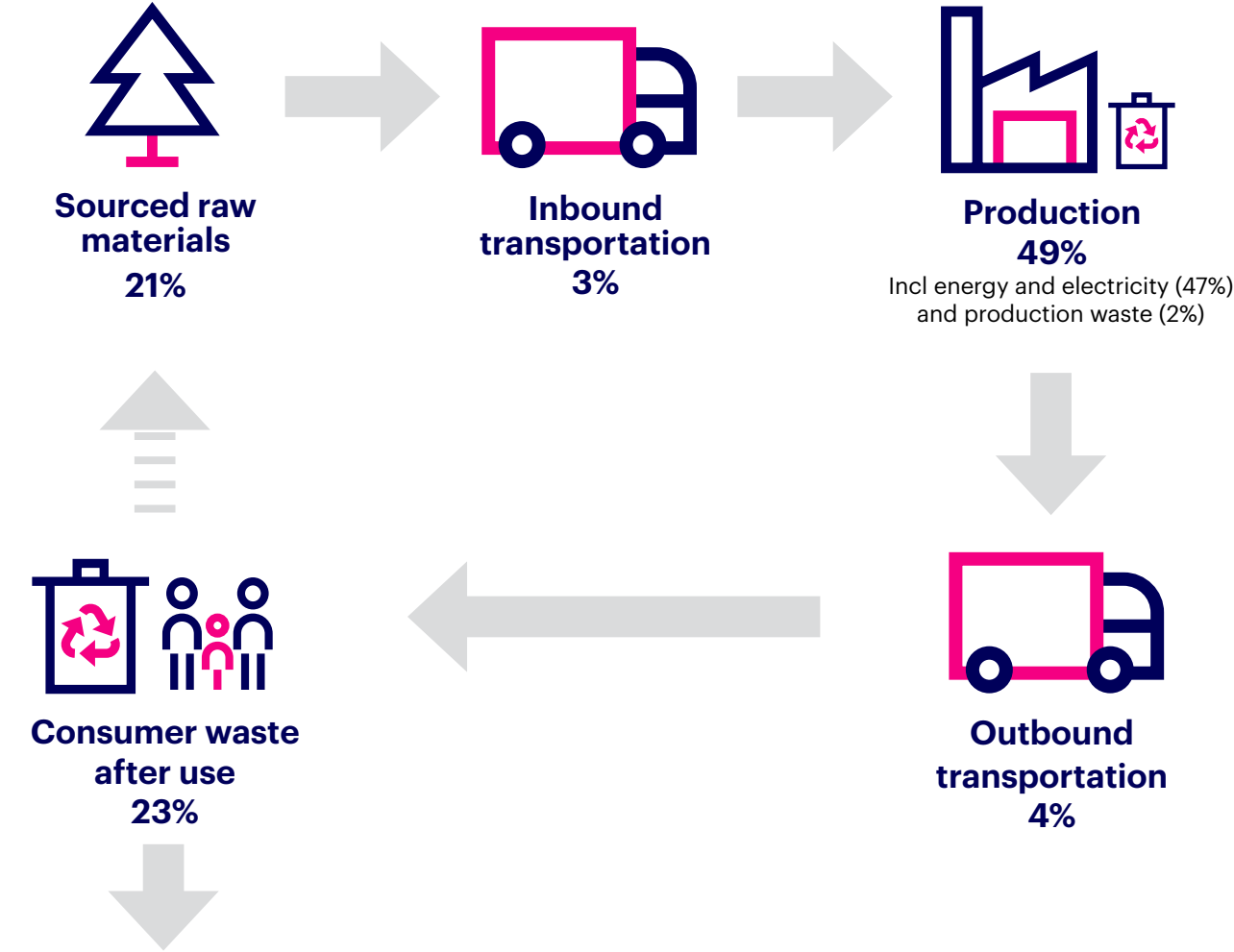
Scope 1 includes direct emissions from own operations.

Scope 2 includes indirect emissions from purchased energy.

Scope 3 includes upstream or downstream emissions in the value chain outside a company's own operations (as classified by the WRI/WBCSD GHG Protocol Scope 3 Standard 2011).

Distribution of Essity's greenhouse gas emissions in the value chain

(Based on reported data 2021)



Total reported emissions Scope 1 & 2: 2.7 million tonnes CO₂e (2021),
Scope 3: 3.1 million tonnes CO₂e (2020)

Toward net zero emissions by 2050

Essity's climate targets

in line with SBTi

Near-term target 2030:

Scope 1 and 2: **-35%**

Scope 3: **-18%**

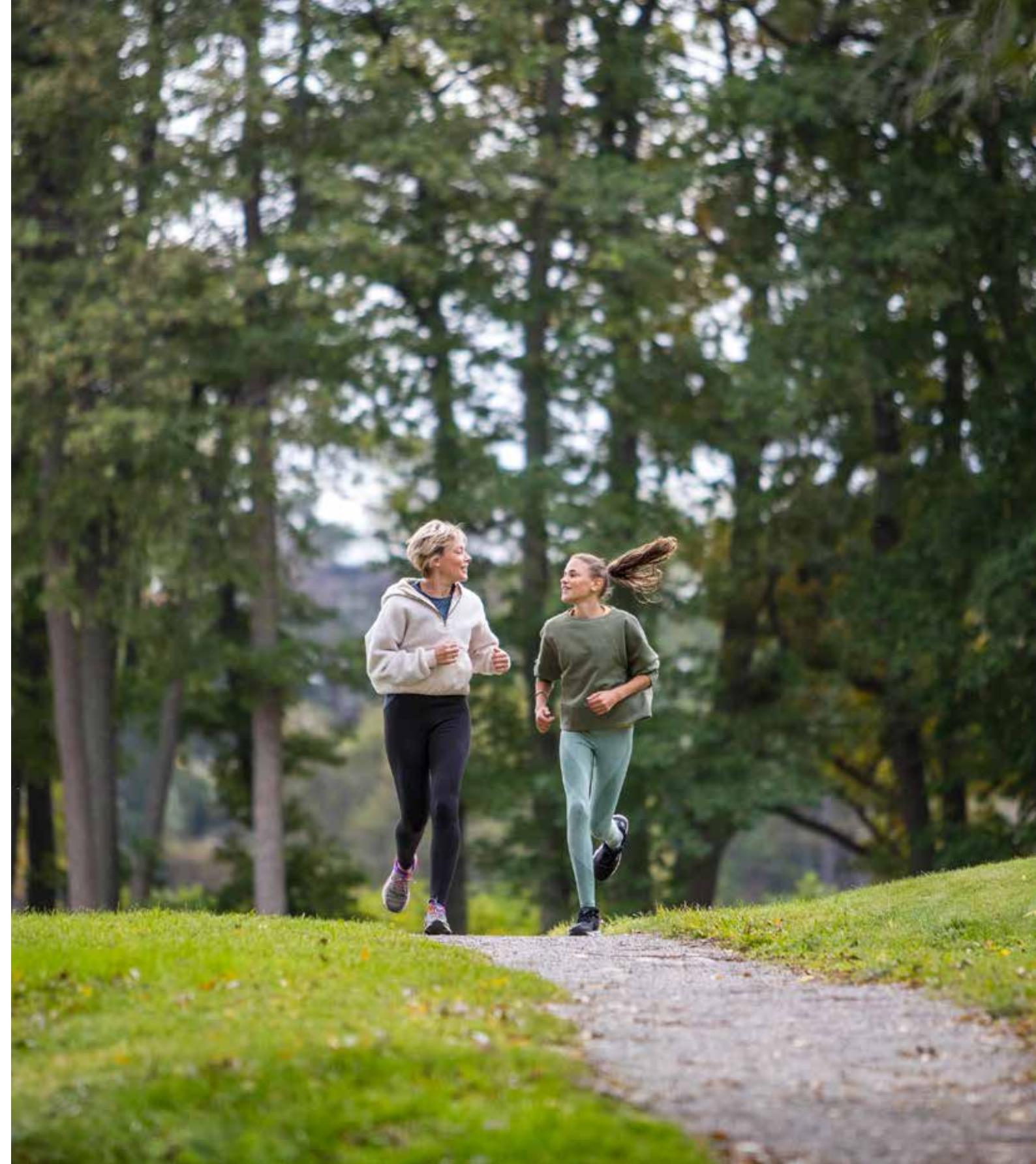
Long-term commitment 2050:

Scope 1, 2 and 3:

net zero

Additional sustainability targets to support climate targets:

- >50% sustainable innovations.
- 85% renewable or recycled packaging materials (2025).
- 100% packaging recyclability (2025).
- 100% certified fresh fiber.
- 100% of production waste subject to material or energy recovery (2030).



Key action areas



Sustainable innovations



Low-carbon raw materials



Fossil fuel free production



Resource efficiency



Breakthrough technology



Zero production waste

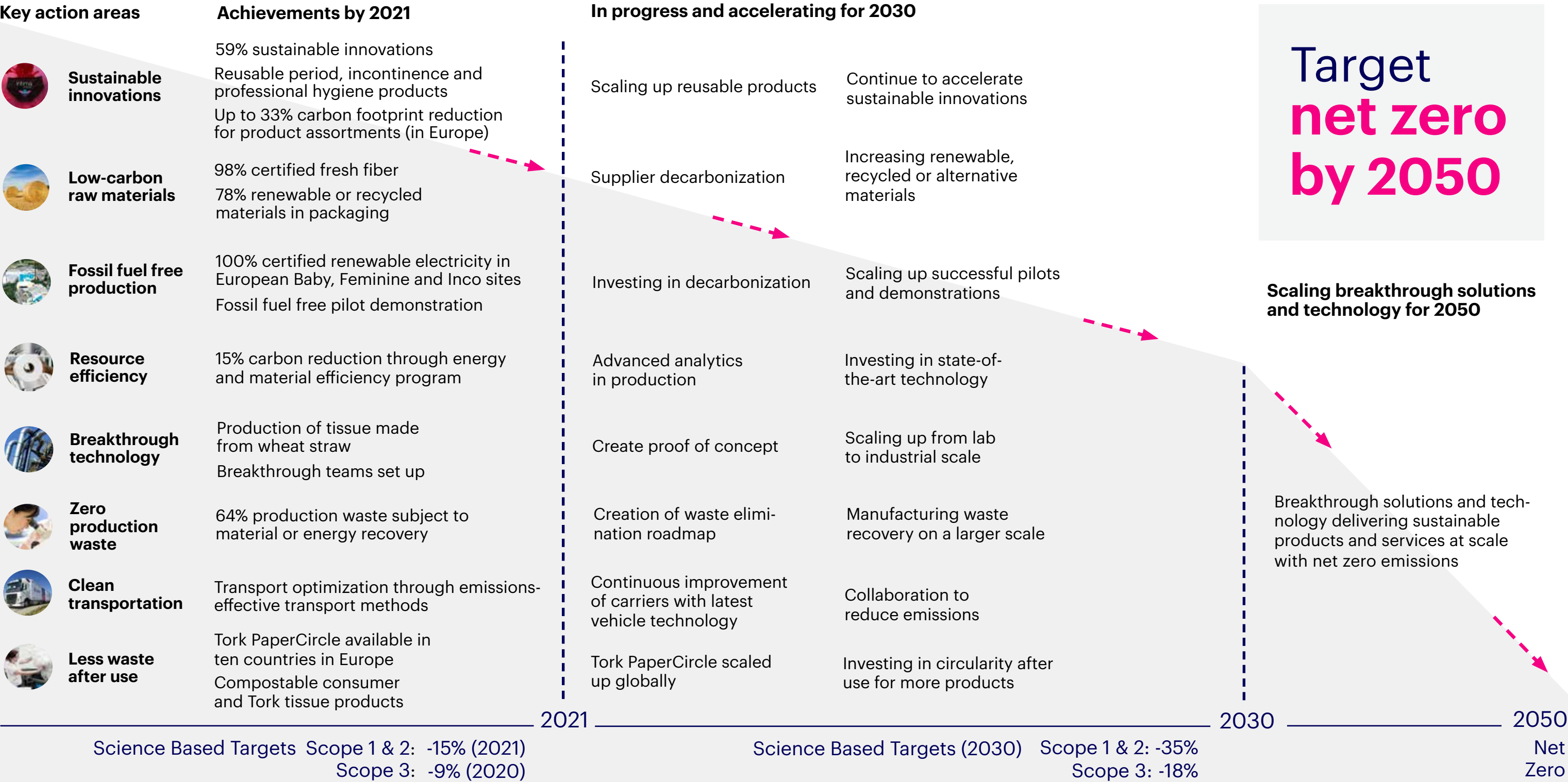


Clean transportation



Less waste after use

Essity's journey to net zero





Sustainable innovations

Our leading hygiene and health solutions constitute the core of our business. Together with partners, we use our experience and resources to accelerate innovation to ensure that our portfolio satisfies customer and consumer demands while contributing to a circular society and net zero future.

We develop products and solutions that require less material and that use low-carbon materials in their production. Our key strategies focus on reusable products and designing to reduce consumption.

Using less material

We are working continuously to develop smarter designs and superior materials to reduce climate impact throughout the product lifecycle. Thinner products for Incontinence, Baby and Feminine Care help reduce the use of resources while delivering the same or even better performance. Compressed tissue paper and coreless toilet paper rolls are other examples of product innovation leading to less transport resources and waste.

Introducing more reusable products

We are developing new sustainable products by introducing reusable products in our assortment. Examples include menstrual cups, washable period pants and TENA washable absorbent underwear, providing users with better environmental performance.

Looking toward 2050, we will develop ways of scaling up and commercializing these solutions. We are working to find materials and innovations that can meet our high demands on high quality products and at the same time contribute to lower environmental impact and improved circularity.

Target
>50%
sustainable innovations

New collaboration models to accelerate innovation

Essity Ventures is a strategic initiative within Essity to lead the change toward more sustainable and digitally advanced health and hygiene solutions.

We actively seek partners with sustainable innovations to speed up the journey toward a circular society, creating solutions for new life after use, as well as new business models.



Sustainable innovations

Designing for reduced consumption

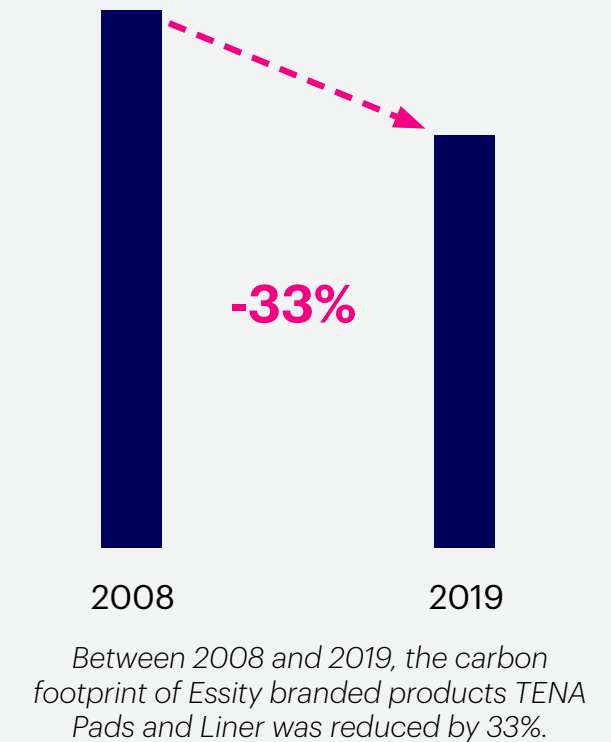
Another important focus area within sustainable products is designing to help users to consume less. Essity's globally leading Tork brand offers products that minimize consumption during use. One example is Tork Reflex™, a single-sheet dispensing systems that reduces wiping paper usage by up to 37%.

The TENA SmartCare Change Indicator™ uses the latest digital health technology to help caregivers understand when incontinence products need to be changed if caretakers are unable to communicate their needs. This means increased well-being for caretakers, but also less consumption and waste.



Life cycle approach yields results

We have extensive experience of working with a life cycle approach when analyzing the carbon footprint of a product. Together with suppliers, logistics providers, customers and consumers, we work to improve where it matters the most.



Our calls for action to policymakers

We need policymakers to support the green transition by:

- Developing a regulatory framework which enables sustainable innovations, not limiting incentives to short-term solutions.
- Considering different recycling possibilities for different materials and products.
- Developing incentives to stretch the boundaries for circularity.

Sustainable innovations

Period pants



We are accelerating innovation and making our portfolio fit for the future. By introducing reusable products such as washable period pants, we want to provide our consumers with an alternative to single-use period products as well as a great experience. Intimawear, which is sold under the Essity brands of Bodyform, Libresse and Saba, among others, reduces the carbon footprint to approximately one third of that of a disposable towel.



Low-carbon raw materials

Raw material accounts for a fifth of Essity's emissions. On the journey to net zero, we work to identify and shift to low-carbon materials. At the same time, we act to mitigate deforestation and increase biodiversity.

The largest share of the emissions from sourced raw materials is derived from the fresh fiber, plastics and pulp that we use for our products and packaging. We work closely together with our suppliers to reduce the footprint of sourced materials. This includes encouraging adoption of targets according to SBTi, increase the use of renewable energy and promoting sustainable innovations related to sourced raw materials and packaging. We invest in machinery that enables processing alternative raw material with a lower carbon footprint.

Increasing renewable and alternative materials

In our efforts to reduce our greenhouse gas emissions, we are increasing the share of recycled and renewable materials as well as introducing alternative materials. Renewable materials include responsibly sourced fresh fibers, recycled fibers and alternative fibers such as wheat straw. We are also increasing the share of renewable or recycled plastics in our packaging.

An important milestone was the investment of approximately EUR 11m in our Hondouville mill

in France, allowing it to extract 98% of paper fibers contained in food and beverage cartons.

Fighting deforestation and forest degradation

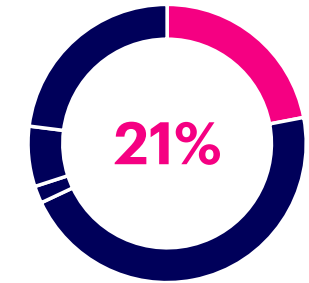
Ensuring the health of the world's forests will play a key role in reducing greenhouse gas emissions globally. To ensure that all wood-based fresh fiber used in an Essity product or packaging comes from responsible forestry, we only source certified fiber in accordance with the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC). These schemes give special attention to protecting the function of forests as net removers of CO₂ from the atmosphere. We invest in concrete projects to strengthen sustainable forest management and prevent deforestation. To act against global deforestation, we take part in global forums, such as the Consumer Goods Forum (CGF) Forest Positive Coalition of Action.



Our calls for action to policymakers

We need policymakers to support the green transition by:

- Applying life cycle assessments, standards and harmonized labeling to stimulate demand for low-carbon options.
- Recognizing certification systems, such as FSC and PEFC, in policy development to secure a credible chain of custody for renewable materials.
- Promoting well-functioning markets for secondary raw materials.



Sourcing our raw materials accounted for 21% of our greenhouse gas footprint (2021)

Targets

Share of packaging from renewable or recycled material

85% (2025)

Share of FSC- or PEFC-certified fresh fiber

100%

Low-carbon raw materials

Tissue made from agricultural by-products

At Essity, we develop innovative materials for our products to reduce the climate impact in our value chain. In 2021, our mill in Mannheim, Germany, was the first integrated tissue mill in the world to start large-scale production of tissue from wheat straw, an agricultural by-product that often remains unused.

The wheat straw grows in close proximity to the mill which reduces the need for import and long distance transportation of wood-based pulp.

On our journey to net zero, we will start up and scale production of alternative materials, adapted for the specific prerequisites at our various production sites.





Fossil fuel free production

Going fossil free in an industry that is traditionally energy intensive is one of our most important and challenging tasks in becoming net zero emitters by 2050. To achieve this, we are committed to redefining the standards of the industry and investing in breakthrough technology.

Investing in decarbonization

A transition to renewable fuels requires alternatives that are not available at scale today. The most interesting alternatives for Essity in the near future include hydrogen, geothermal steam, sustainable biomass and synthetic biogas.

We have already made significant progress with a biomass-powered plant in Lilla Edet, Sweden. In our site in Kawerau, New Zealand, we have invested in the world's first tissue machine running a fully geothermal steam drying process. Through reduction in pulp consumption, reduced waste and eliminating the use of natural gas for power, the improvements in Kawerau will contribute to a reduction in carbon emissions of 23%.

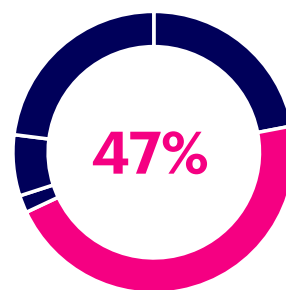
Supporting the expansion of renewable electricity

Today, all of our European production sites making Baby, Feminine and Inco products run on certified renewable electricity. This will be scaled up to more sites worldwide.

► Our calls for action to policymakers

We need policymakers to support the green transition by:

- Ensuring transparency, predictability and long-term perspective in public policy to promote investments in breakthrough technology.
- Promoting increased investments in research and development, and facilitating investments in energy efficient solutions.
- Securing availability of fuels and reliable electricity compatible with climate neutrality targets at a competitive cost.



Energy and electricity accounted for 47% of our greenhouse gas footprint (2021)



Fossil fuel free production

Biogas-powered plant

“

By completely replacing natural gas with biogas and shifting to certified renewable electricity, our Lilla Edet production facility in Sweden is reducing its fossil fuel CO₂ emissions to zero during normal production. It is the world's first large-scale tissue facility with fossil CO₂ emission-free production.

Christian Carlsson
Site Manager Lilla Edet

“

Essity will continue to evaluate possible solutions for energy sources for other locations.





Resource efficiency

The global consumption of resources contributes to a growing scarcity of materials and an increase in emissions. At Essity, we have longstanding experience of working with resource efficiency.

Small streams make great rivers. By nurturing a culture of resource efficiency, we have successfully cut emissions from energy use by 15% between 2016 and 2021. When working toward 2050, we must leave no stone unturned and engage all employees on our journey to net zero.

Investing in state-of-the-art technology

We cooperate with external stakeholders, such as machinery suppliers and expert

organizations, to ensure continued leadership, energy efficiency in materials and continuous improvements. All new equipment is resource efficient by design and when we invest in rebuilds, we always include state-of-the-art technological solutions.

Sharing best practices worldwide

Listening to and involving our employees in our daily improvement activities is key to our success in becoming more resource efficient. We leverage knowledge-sharing across the company through trainings and networks. Best practices are shared digitally in real-time to achieve energy excellence by learning from others.



Digitalization in manufacturing

We are implementing digital solutions throughout our operations, including AI-powered prescriptive maintenance, smart sensors, advanced data analytics, robotization and automation to achieve resource efficiency. This enables efficient runnability and lower waste from our machines.





Breakthrough technology

We believe that breakthrough technology is pivotal for decarbonization. By mobilizing internal teams and cooperating externally with research institutes and leading technology partners, Essity is taking responsibility for driving a sustainable net zero transition. We build test labs and show proof-of-concept for ground-breaking ideas to accelerate the necessary transition of manufacturing. We have already shown that we can scale up breakthrough technology by developing the first integrated tissue mill in the world to start large-scale production of tissue from wheat straw.





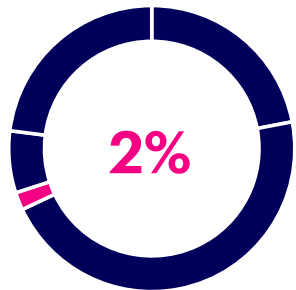
Zero production waste

Essity works actively to turn production waste into a valuable resource with the target to reach zero production waste by 2030.

Our production process generates waste in the form of ash, sludge, organic waste and plastic, particularly when recycled fiber is used as input goods. Our production sites work to reduce and find alternative solutions for waste. By reducing the amount waste sent to landfill and instead recycling waste or extracting energy from it, we reduce greenhouse gas emissions. In 2021, 64% of our production waste was recovered.

Converting waste into valuable resources

At Essity, we are working with specialists to convert the sludge and plastic rejects from our process into circular solutions such as fiber, energy, animal bedding and plastic packaging. Looking toward 2050, we will develop efficient ways to roll out these technologies on a larger scale.



Production waste accounted for 2% of our greenhouse gas footprint (2021)

Target
Production waste
subject to material or
energy recovery

100% (2030)



» Our calls for action to policymakers

We need policymakers to support the green transition by:

- Supporting innovative tools that solve effective recovery of production waste.
- Promoting well-functioning markets for secondary raw materials.



Clean transportation

Our 2050 ambition will require cleaner and leaner logistics network that delivers material from our suppliers to our plants, and our products to distribution centers around the world.

Today, sea freight represents the largest share of Essity's inbound transportation, while outbound transportation mainly comprises of road and rail freight. Essity will utilize a range of strategies to advance progress toward the net zero ambition.

Focus on clean vehicle technology

We are shifting to more sustainable transport modes like short-sea, rail and intermodal. By demanding the highest emissions standards when sourcing freight and piloting alternative fuels, we are utilizing the latest technology available in the market. We are making a stepwise transition to battery electric vehicles for road freight and alternative fossil-free fuels for sea freight and road transportation.

Collaboration to reduce emissions

We actively connect with green logistics programs, the logistics industry, governmental and non-governmental organizations as well as benchmarking and auditing organizations.

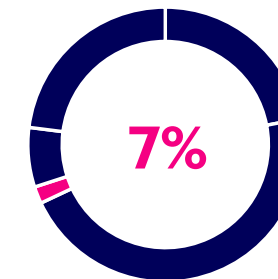
We participate in local projects and partnerships with customers and suppliers to jointly reduce emissions from transportation. One key initiative trialing new technologies with suppliers, such as CNG-trucks* for shuttles and electric trucks for last-mile shipments.

*CNG, compressed natural gas, is a fuel gas that has significantly less direct emissions than petrol or diesel.

Our calls for action to policymakers

We need policymakers to support the green transition by:

- Working with the transport sector to ensure vehicle emissions standards that are compatible with climate neutrality targets.
- Promoting fuel efficiency and the shift to low and zero-emission transport modes.



Inbound and outbound transportation accounted for 7% of our greenhouse gas footprint (2021)

Transport optimization through digitalization

Digitalization allows us to fill vehicles and plan journeys more efficiently, thereby reducing emissions and empty miles. We integrate real-time visibility solutions to improve service and reduce transport disruptions.



Less waste after use

Emissions from the disposal of products account for around one fourth of our total greenhouse gas footprint. We take action to reduce waste after use through our packaging commitments and by innovating recycling processes to create new life after use.

The greenhouse gas footprint from the waste after use is primarily driven by emissions from the incineration of plastic after use and products being sent to landfill. In addition to designing reusable products or products made from renewable and recycled materials, Essity focuses on improving recyclability and investing in circularity after use.

Improving recyclability

We have committed to making 100% of our packaging technically recyclable by 2025. This means that we are improving packaging design to reduce the use of materials and facilitating recycling using existing infrastructures. In 2021, 81% of our total packaging and 73% of our plastic packaging were recyclable.

Working together for systematic change

As part of our contribution to the transition to a circular society, Essity has been a member of the Ellen MacArthur Foundation since 2018. We are a signatory of the EMF New Plastic Economy, the purpose of which is to ensure that plastics never become waste.

Our commitment includes the following:

- Take action to eliminate unnecessary plastic packaging.
- Review reuse models where relevant.
- Make 100% of plastic packaging recyclable by 2025.
- Use 25% recycled plastics by 2025.



Investing in circularity after use

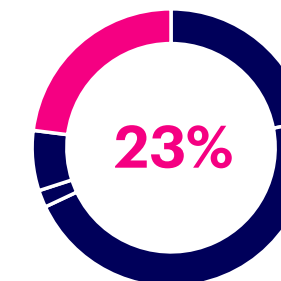
To reduce waste and create new uses for materials included in our products and packaging, we develop innovative solutions to reduce consumption as well as new business models for recycling. For example, to reduce waste, we offer compostable tissue products and the Tork PaperCircle recycling service has been expanded to ten markets. To address plastic recycling, Essity joined the HolyGrail 2.0 initiative in 2021, which uses a digital watermark to improve sorting and increase the recycling rate of plastic packaging in the EU.



Our calls for action to policymakers

We need policymakers to support the green transition by:

- Promoting well-functioning collection and waste systems to contribute to increased recycling, composting or incineration.
- Introducing harmonized labelling to help consumers dispose of products properly.
- Facilitating collection of separate waste streams to promote circular services such as Tork PaperCircle.



Waste after use accounted for 23% of our greenhouse gas footprint (2021)

Target
100% (2025)
Recyclability of our
plastic and paper
packaging

Less waste after use

Recycling hand towels

Tork PaperCircle® is the world's first recycling service for used paper hand towels. We collect the used paper towels from customers and recycle them in local Essity mills to make new products – turning waste into a resource.

Tork PaperCircle is currently available in ten countries in Europe. Looking forward, Essity plans to use the experiences gained and scale up to include other products and markets around the world.

Public policy involvement

We cannot achieve our targets alone. Therefore, Essity collaborates with suppliers, governments, customers, consumers, experts and industry peers to lead the change the world so urgently needs. As a part of this endeavor, we have joined the Business Ambition for 1.5°C campaign and the UN's Race to Zero.

We continuously contribute with our expertise and advocacy positions and engage with governments to provide them with support when shaping policies to enable the green transition. The severity of climate change requires global commitments, such as the Paris Agreement, while multilateral actions such as a global carbon pricing system would be an important step in achieving net zero emissions for all parties.

Global solutions require action by many players, with private sector leadership being of particular importance. We take action in our business and throughout our value chain. Essity are calling for governments and policymakers to support accelerated climate action and to achieve net zero emissions by 2050.

The private sector needs a long-term regulatory framework that ensures predictability in order to invest in new innovations and technologies that contribute to a decarbonized economy. Such a framework would help to maintain competitiveness, drive sustainable economic growth, build resilience and create new jobs as part of a just and fair transition.

► Our calls for action to policymakers

We need policymakers to support the green transition by:

Nationally Determined Contributions

- Putting forward strengthened, high-quality Nationally Determined Contributions (NDCs) in line with the Paris agreement.
- Developing policies, implementation plans and laws across the economy that reach NDCs and net zero targets. Ensuring that the policies and plans support a just and fair transition, respect the needs of all people and countries, prevent carbon leakage and provide a stable regulatory framework.

Investments

- Reaching agreement on rules to implement Article 6 of the Paris Agreement that support governments to take additional mitigation action and provide incentives to business to invest in cost-effective emission reductions.
- Securing equal distribution of responsibility between countries and carbon emitters. All sectors and countries need to deliver emission reductions.
- Supporting the alignment of global finance and investment with the 1.5°C objective of the Paris Agreement and achieving net zero global emissions by 2050, while securing all technology options needed for the transition.



Essity's CEO Magnus Groth at the COP in Glasgow. Photo: Chris Watt

Governance

Sustainability is a standing item at the company’s Board of Directors and Executive Management Team agendas and fully integrated in our different business units, global units and the company’s group functions.

Specific sustainability topics are managed by a number of committees and steering groups with representatives from different units to ensure cross-functional expertise. The Board of Directors has established sustainability targets that are monitored regularly and reported annually.

We maintain an active and continuous dialogue with internal and external stakeholders to ensure priorities and methods overtime. Essity has several external certifications and ISO standards as well as internal policies and guidelines to ensure a well-defined management system to monitor the results.

Sustainability targets are included in incentive programs for senior executives and key employees.



Reporting and transparency

Essity is committed to providing transparency around targets, progress and actions to deliver the net zero ambition.

We disclose our emissions reduction performance annually through the Essity Annual and Sustainability Report in line with relevant frameworks and legislation, such as the GRI Standards, SASB and TCFD. We provide extensive information and disclosures related to our climate change efforts in our response to the Carbon Disclosure Project (CDP) disclosure requests for climate and forestry.

Essity’s Annual and Sustainability Report is included in our external auditors’ review.

The report is available on www.essity.com.



Essity participates in a number of sustainability rankings. Some of the most important rankings and ratings include:



Essity was awarded “Platinum Medal” in the 2020 Ecovadis CSR Rating.



Essity received an “A” for CDP Forests and “A-” for CDP Climate 2021 and was identified in the top 1% of companies for taking leadership action on deforestation.



Essity is listed on the FTSE4Good global Sustainability Index since 2001.

About Essity

The name Essity stems from the words “essentials” and “necessities”. Hygiene and health are the essence of well-being. As a leading global hygiene and health company, we offer products and services that are essentials and necessities in everyday life. That is why we are called **Essity**.

Essity is a leading global hygiene and health company. We are dedicated to improving well-being through our products and services. Sales are conducted in approximately 150 countries under the leading global brands TENA and Tork, and other strong brands, such as Actimove, JOBST, Leukoplast, Libero, Libresse, Lotus, Nosotras, Saba, Tempo, TOM Organic, Vinda and Zewa. Essity has about 46,000 employees. Net sales in 2021 amounted to approximately SEK 122bn (EUR 12bn). The company’s headquarters is located in Stockholm, Sweden, and Essity is listed on Nasdaq Stockholm. Essity breaks barriers to well-being and contributes to a healthy, sustainable and circular society.

Read more about Essity and our sustainability work at www.essity.com

Follow Essity on   

A selection of our Brands





Breaking Barriers to **Well-being**