

Corporate governance

The task of corporate governance is to ensure the company's commitments to all of its stakeholders: shareholders, customers, suppliers, creditors, society and employees. It must be structured in a way that supports the company's long-term strategy, market presence and competitiveness. Corporate governance shall be reliable, clear, simple and business-oriented. This Corporate Governance Report forms part of the Board of Directors' Report for Essity's 2020 Annual and Sustainability Report. The report has been reviewed by the company's auditors.

Corporate governance, pages 52–57

This section describes applicable regulatory rules and regulations for the Group's corporate governance and the company's management structure and organization. It details the Board of Directors' responsibilities and its work during the year. It also contains a description of Essity's internal control with regard to financial reporting. Essity applies the Swedish Code of Corporate Governance without any deviations (www.corporategovernanceboard.se).

Risk management, pages 36–43

Essity's processes to identify and manage risks are part of the Group's strategy work and are pursued at a local and Group-wide level. The section dealing with risk management describes the most significant risks and measures taken to eliminate or limit these risks.

Sustainability, pages 36–51 and 119–127

Essity's sustainability work is an integral part of the company's business model. The company's statutory sustainability report forms part of the Board of Directors' Report. The sustainability work helps reduce risks and costs, strengthen competitiveness, attract new employees and investors, and contributes toward a more sustainable world.

Governance at Essity

1. Shares and shareholders

Essity has engaged Euroclear Sweden AB to maintain the company's shareholders' register. On December 31, 2020, Essity had 108,856 shareholders according to the shareholders' register. The five largest shareholders in terms of voting rights on this date were AB Industrivärden (29.3%), AMF Insurance and Funds (7.3%), Norges Bank Investment Management (6.8%), MFS Investment Management (2.7%) and Swedbank Robur Funds (2.1%). Essity has two listed classes of shares: Class A and Class B shares. Every Class A share represents ten votes while every Class B share represents one vote. There are no other restrictions relating to voting rights in respect of shares used by shareholders at the general shareholders meeting. The two share classes carry the same entitlement to the company's assets and profits. Furthermore, according to the Articles of Association, owners of Class A shares are entitled to request conversion of their Class A shares to Class B shares. Essity holds no treasury shares.

2. General shareholder meeting

The general shareholder meeting is Essity's highest decision-making body, which all of the company's shareholders are entitled to attend, to have a matter considered and to vote for all shares held by the shareholder. The company's Board of Directors and auditor are elected at the Annual General Meeting (AGM). The AGM also resolves on the remuneration of the Board members, determines guidelines for the remuneration of senior executives and, as of the 2021 AGM, approves the Board's annual remuneration report.

3. Nomination Committee

Shareholders appoint members of the Nomination Committee at the AGM, or stipulate how the members shall be appointed. The Nomination Committee represents the company's shareholders. A majority of the members shall be independent of the company and corporate management. The President and other members of corporate management may not be a member of the Nomination Committee. The main duty of the Nomination Committee is to prepare and present proposals for the AGM's resolutions with respect to election and remuneration matters.

4. External auditors

The company's auditor is elected at the AGM and is responsible for reviewing Essity's annual report and consolidated financial statements and the Board's and President's administration. The auditor conducts a limited review of the company's sustainability report. The auditor submits audit reports from this review. The auditor also submits a statement concerning compliance with the company's guidelines for remuneration of senior executives. The audit is performed in accordance with the Swedish Companies Act, International Standards on Auditing (ISA) and generally accepted auditing principles in Sweden.

5. Board of Directors

The Board of Directors has overall responsibility for the Company's organization and administration. This responsibility is fulfilled, inter alia, through regular monitoring of the business and by ensuring the appropriateness of the organization, including the management team, and by issuing guidelines and reporting from internal control. The Board approves strategies and targets, and decides on major investments, acquisitions and divestments of operations, among other matters. Furthermore, the Board annually prepares a report on the remuneration that has been paid or is pending payment in accordance with the remuneration guidelines decided by the AGM. The Board of Directors comprises nine members elected by the shareholders at the 2020 AGM. According to the Articles of Association, the Board of Directors is to consist of not less than three and not more than twelve members elected by the AGM. The Board of Directors also includes three employee representatives with deputies, who are appointed by the respective employee organizations under Swedish law.

Essity's Articles of Association contain no provisions regarding appointment or dismissal of Board members or amendments to the Articles. The general shareholder meeting has not delegated to the Board to resolve to issue new shares or to repurchase own shares.

Chairman of the Board

The Chairman of the Board leads the work of the Board and is responsible for ensuring that it is effectively organized and that

work is efficiently conducted. This includes continuous monitoring by the Chairman of the company's operations in close dialogue with the President and ensuring that other Board members receive information and decision data that will enable high-quality discussion and decisions by the Board. The Chairman leads the assessment of the Board's and the President's work. The Chairman also represents the company in ownership matters.

6. Audit Committee

The role of the Audit Committee is to monitor the company's financial reporting and provide recommendations and proposals to ensure the reliability of reporting. With regard to the financial reporting, the Committee oversees the effectiveness of the company's internal control, internal audit and risk management. The Audit Committee keeps itself continuously informed about the audit of the annual report and consolidated financial statements and where applicable about the conclusions of the quality control by the Swedish Inspectorate of Auditors concerning the company's external auditor. The Committee receives and addresses the supplementary report to the audit report concerning the conducted audit that the auditor submits in accordance with the EU Audit Regulation. The Audit Committee informs the Board of its observations and the results of the audit. The Audit Committee also examines and monitors the impartiality and independence of the auditor. In respect to this, particular attention is paid to whether the auditor is providing the company with services other than auditing services. The Committee also assesses the work of the auditor and provides proposals to the company's Nomination Committee concerning the appointment of auditor for the following mandate period. Members of the Audit Committee are not employed by the company and at least one member has accounting or auditing expertise.

7. Remuneration Committee

The Remuneration Committee drafts the Board's motions on issues relating to remuneration principles, remuneration and other terms and conditions of employment for the President and is authorized to make decisions in these matters for the company's other senior executives. The Committee monitors and assesses programs for variable remuneration, the application of the AGM's resolution on guidelines for remuneration of senior executives and evaluates the applicable remuneration structure and remuneration levels in the Group. The Remuneration Committee also prepares the annual remuneration report.

8. Internal audit

The internal audit assists the Group in improving and protecting the organization's value through a risk-based, independent and objective assurance and consultancy services. The internal audit reports to the Audit Committee and the Board in relation to internal audit issues. The internal auditors are geographically located throughout the world where Essity conducts operations. The internal audit examines, among other aspects, Essity's internal processes for sales, sourcing, financial reporting, IT systems, information security, HR issues, sustainability, various types of projects and compliance with Essity's internal rules, including the company's Code of Conduct. The internal audit also provides investigations and consultancy services in connection with internal control matters and risk management.

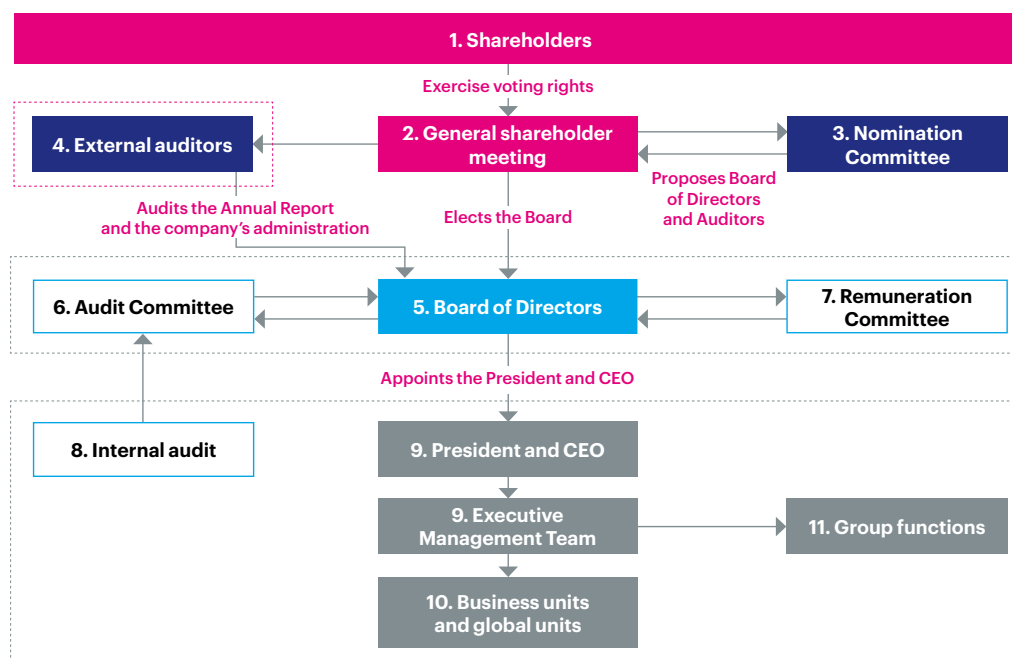
9. President and Executive Management Team

Essity's President and CEO is responsible for and manages the day-to-day administration of the Group and follows the Board's guidelines and instructions. The President and CEO is supported by the Executive Management Team, see pages 60–61, the work of which he leads. The Executive Management Team comprises the President, four Group Function Senior Vice Presidents, four Business Unit Presidents and the Presidents of the three global units. The working procedures for the Board of Directors and terms of reference issued by the Board of Directors to the President detail, for example, the division of work between the Board and President. In consultation with the Chairman and Secretary of the Board, the President prepares documentation and decision data for the Board's work.

10. Business units and global units:

Business units:

- Consumer Goods, markets and sells products in the categories of consumer tissue, baby care and feminine care in Europe, the Middle East and Africa.
- Health and Medical Solutions, markets and sells products in the categories of incontinence products in Europe, North America, the Middle East and Africa and produces, markets and sells products in medical solutions in Asia, Europe, North America, the Middle East and Africa.
- Latin America, markets and sells products in the categories of consumer tissue, baby care, incontinence products, medical solutions, feminine care and professional hygiene in Latin America.
- Professional Hygiene, markets and sells complete hygiene solutions to its business area's customer segments in Europe, North America, the Middle East and Africa.



Global units:

- Global Brand, Innovation and Sustainability has global responsibility for customer and consumer brands, innovation and sustainability and public affairs.
- Global Manufacturing has global responsibility for production and technology concerning all product categories with the exception of medical solutions.
- Global Operational Services has global responsibility for sourcing, logistics, business services, IT and digitalization.

Essity's business units and global units adhere to the principle of distinct decentralization of responsibility and authority. The business units and the global units have a delegated responsibility for managing and developing their respective operations through established objectives and strategies, a process that is also centrally coordinated. The business units are responsible for their operating results, capital and cash flow. The business and earnings position is followed up by the entire Executive Management Team on a monthly basis. Each quarter, business review meetings are conducted during which the management of each business unit personally meets with the President and the CFO. These meetings function as a complement to the daily monitoring of operations. Through working procedures and terms of reference, a number of issues of material significance are placed under the control of the CEO and the company's Board of Directors. Essity reports its operations according to three business areas: Personal Care, Consumer Tissue and Professional Hygiene.

11. Group functions

Essity has four Group functions: Communications, Finance, HR and Legal Affairs. These functions have Group-wide responsibility for matters within their respective fields of responsibility, and coordinate with the corresponding functions in the respective business area.

Rules and regulations

Certain internal rules and regulations

- Articles of Association
- Working procedures of the Board of Directors, including instructions for the Audit Committee and the Remuneration Committee
- Terms of reference issued by the Board to the President
- Code of Conduct
- Policy documents and instructions (in areas such as finance, human resources, sustainability, internal control, communication, pension and risk management as well as for specific issues, such as the processing of personal data, insider issues, conflicts of interest, competition law, corruption and diversity)

Certain external rules and regulations

- The Swedish Companies Act
- The Swedish Annual Accounts Act
- International Financial Reporting Standards (IFRS)
- EU Market Abuse Regulation (MAR)
- Nasdaq Stockholm's rules for issuers
- Swedish Code of Corporate Governance

Compliance with stock market regulations

- Essity complies with rules that apply in Sweden for listed companies and was not sanctioned by Finansinspektionen, the stock exchange's disciplinary board or any other authority or self-regulating body for violations of the rules concerning the stock market.

More detailed information about Essity's corporate governance is available on www.essity.com

- Articles of Association
- Swedish Code of Corporate Governance
- Information from the Nomination Committee ahead of the 2021 Annual General Meeting (composition, proposals and work)
- Other information ahead of the 2021 Annual General Meeting (notice, Board report on application of guidelines for remuneration of senior executives, information about routines for notifying attendance and advance voting, etc.).

Activities during the year

Annual General Meeting

Essity held its AGM in Stockholm on Thursday, April 2, 2020.

The AGM elected the company's Board of Directors. Moreover, the Meeting resolved – in accordance with the Board of Directors' proposal – to withhold its decision on a dividend for 2019 on account of the uncertainty arising from the effects of the COVID-19 pandemic. Finally, guidelines for remuneration of senior executives and the President were adopted, see page 56 and Note C2 on pages 87–89.

Extraordinary General Meeting

Essity held an Extraordinary General Meeting on Wednesday, October 28, 2020. Pursuant to the Swedish Act (2020:198) regarding Temporary Exemptions to Facilitate the Execution of General Meetings, the Meeting was held through postal voting only.

The Meeting addressed the Board's proposal regarding payment of a dividend of SEK 6.25 per share. The Meeting resolved in accordance with the Board's proposal.

Nomination Committee

The Nomination Committee of Essity is tasked with making proposals to the AGM in respect of the election of the Chairman of the Meeting, Board of Directors, Chairman of the Board and auditor, remuneration of each Board Member (divided between the Chairman of the Board and other Board Members), remuneration of the auditor and, where applicable, proposals for amendments to the instruction for the Nomination Committee. At the 2020 AGM, the following instructions to the Nomination Committee were adopted to apply until further notice:

"The Nomination Committee is to comprise representatives of the four largest shareholders, who express a wish to take part in the Nomination Committee, in terms of voting rights as per the shareholders' register maintained by the company on the final banking day of August, as well as the Chairman of the Board, who also convenes the first meeting of the Nomination Committee. The member representing the largest shareholder in terms of votes is to be appointed as Chairman of the Nomination Committee. The Chairman of the Board shall not be Chairman of the Nomination Committee. If necessary, due to subsequent ownership changes, the Nomination Committee is entitled to call on one or two additional members from among the next largest shareholders in terms of voting rights. The total number of members shall be not more than seven. In the event that a member steps down from the Nomination Committee before the task is completed and the Nomination Committee decides it would be beneficial for a replacement to be appointed, such a replacement is to be appointed by the same shareholder or, if this shareholder is no longer among the largest shareholders in terms of voting rights, by the next largest shareholder in terms of voting rights. Changes to the composition of the Nomination Committee are to be disclosed immediately.

Nomination Committee for the 2021 AGM

Member	Representative of	Votes as of August 31, 2020 (%)
Helena Stjernholm, Chairman	AB Industrivärden	29.7
Jonas Jølle	Norges Bank Investment Management	7.0
Anders Oscarsson	AMF and AMF Funds	5.4
Marianne Nilsson	Swedbank Robur Funds	1.9
Pär Boman	Chairman of the Board	

The composition of the Nomination Committee is to be announced by Essity no later than six months prior to the AGM. No remuneration is to be paid to the members of the Nomination Committee. Any expenses incurred during the work of the Nomination Committee are to be paid by Essity. The mandate period of the Nomination Committee extends until the composition of the next Nomination Committee is disclosed. The Nomination Committee is to submit proposals relating to the Chairman of the Meeting, the Board of Directors, the Chairman of the Board, Board fees for the Chairman of the Board and each of the other Board members, including remuneration for committee work, the company's auditor and auditor's fees and, to the extent deemed necessary, proposals for amendments to this instruction."

In its work, the Nomination Committee is to consider the rules that apply to the independence of Board members, as well as the requirement of diversity and breadth with the endeavor to achieve an even gender distribution and that the selection shall be based on expertise and experience relevant to Essity.

All shareholders have had an opportunity to submit proposals to the Nomination Committee. The Nomination Committee's proposal for the 2021 AGM is presented in the notice convening the AGM available on Essity's website www.essity.com. The 2021 AGM will be held on Thursday, March 25, see page 10.

The Nomination Committee was convened on seven occasions prior to the 2021 AGM. The Chairman of the Board presented the Board evaluation and provided the Nomination Committee with information regarding Board and committee work during the year. When preparing proposals for the Board for the 2021 AGM, particular attention has been paid to the issues of diversity and an even gender distribution, and the Nomination Committee thus applied Item 4.1 of the Swedish Corporate Governance Code as its diversity policy. When preparing its proposal for the election of auditors, the Nomination Committee also gave consideration to the recommendation of the Audit Committee.

Board of Directors and composition of the Board of Directors

Essity's Board of Directors comprises nine members elected by the AGM.

Ewa Björling, Pär Boman, Maija-Liisa Friman, Annemarie Gardshol, Magnus Groth, Bert Nordberg, Louise Svanberg, Lars Rebien Sørensen and Barbara Milian Thoralfsson were elected as Board members in 2020. Pär Boman was elected as the Chairman of the Board.

The independence of Board members is presented in the table below. Essity complies with the requirements of the Swedish Corporate Governance Code that stipulate that not more than one member elected by the AGM shall be a member of corporate management, that the majority of the members elected by the AGM shall be independent of the company and company management, and that not fewer than two of these shall also be independent of the company's major shareholders. All of the AGM-

elected Board members have experience of the requirements incumbent upon a listed company. Five of the Board members are women, corresponding to 55% of the total number of AGM-elected Board members. The employees have appointed Susanna Lind (formerly Naumanen), Örjan Svensson and Niclas Thulin as representatives to the Board for the period until and including the 2021 AGM, and their deputies Niklas Engdahl, Martin Ericsson and Andreas Larsson.

The AGM-elected Board members have broad international experience from various cultural and geographic areas and wide-reaching expertise and experience of relevance to Essity's areas of business and products. Accordingly, the Board has – with reference to the company's business, stage of development and general situation – a suitable composition. In addition, the Board of Directors and its committees have an even gender distribution.

Board activities

The Board was convened 12 times, primarily in the form of virtual meetings due to COVID-19. The Board has fixed working procedures that describe in detail which ordinary agenda items are to be addressed at the various Board meetings of the year. Recurring agenda items are finances, the market situation, sustainability issues, investments and adoption of the financial reports. The Board also establishes and evaluates the company's overall targets and strategy and decides on significant internal rules. Another key task is to continuously monitor the internal control of the compliance of the company and its employees with relevant internal and external rules, and that the company has well-functioning procedures for market disclosures. On a regular basis throughout the year, the Board has also dealt with reports from the Audit and Remuneration Committees and reports on strategy, market, internal audit, internal control and financial operations. The company's auditor regularly presents a report on its audit work and these issues are discussed by the Board. The Business Unit Presidents present their respective operations and current issues affecting them.

In 2020, in addition to customary Board work, the Board of Directors had a strong focus on digitalization and sustainability, and closely monitored developments in light of the COVID-19 pandemic and its general impact on the company and, in particular, the markets where the company is active. The Board also focused on strategy work during the autumn.

Evaluation of the Board's work

The work of the Board, like that of the President and the Chairman, is evaluated annually using a systematic and structured process. The purpose of this work is to obtain a sound basis for the Board's own development work and to provide the Nomination Committee with decision data for its nomination work. External expertise was used. The evaluation took the form of an anonymous questionnaire and interviews as well as group and

Board of Directors and committees

Board of Directors	Elected	Dependence	Committees		Board of Directors (12)	Attendance ¹⁾	
			Audit Committee	Remuneration Committee		Audit Committee (6)	Remuneration Committee (3)
Ewa Björling	2016				12/12		
Pär Boman	2016	■	x	Chairman	12/12	6/6	3/3
Maija-Liisa Friman	2016				11/12		
Annemarie Gardshol	2016				12/12		
Magnus Groth	2016	■			12/12		
Bert Nordberg	2016		x	x	12/12	6/6	3/3
Louise Svanberg	2016			x	11/12		3/3
Lars Rebien Sørensen	2017				12/12		
Barbara Milian Thoralfsson	2016		Chairman		12/12	6/6	

¹⁾ Board meetings January 1–December 31, 2020.

■ = Dependent in relation to the company's major shareholder, AB Industrivärden.

■ = President of Essity, dependent in relation to the company and corporate management.

individual discussions. The evaluation covers such areas as the Board's methods of work, effectiveness, expertise and the year's work. The Board was provided with feedback after the results were compiled. The Nomination Committee was also informed of the results of the evaluation.

Audit Committee

The Audit Committee comprises Chairman Barbara Milian Thoralfsson, Pär Boman and Bert Nordberg. The Audit Committee held six meetings during the year. In addition, members have also held meetings with internal audit, the auditors and the CFO. In its monitoring of the financial reporting, the Committee dealt with relevant accounting issues, internal auditors' reviews, auditing work, a review of various measurement issues, such as testing of impairment requirements for goodwill, and the preconditions for the year's pension liability calculations. The Audit Committee also prepared a recommendation to be used by the Nomination Committee when deciding on its proposal to the AGM regarding the election of auditors.

Remuneration Committee

The Remuneration Committee comprises Chairman Pär Boman, Bert Nordberg and Louise Svanberg. The Remuneration Committee held three meetings in 2020. Activities mainly concerned remuneration and other employment terms and conditions for senior executives, and current remuneration structures and remuneration levels in the Group. In addition, the Committee prepared the Board's remuneration report relating to remuneration of senior executives taking into account new legislative requirements.

Internal audit

The basis of the work of the internal audit is a risk analysis based on external and internal information carried out in close dialogue with management teams at Essity. The risk analysis forms the basis of an audit plan, which is presented to the Audit Committee together with the risk analysis. In 2020, 91 audit projects were performed and reported at meetings with the Audit Committee.

Work in 2020 involved follow-up of the units' progress with process-based control, efficiency in internal governance and control, major investments, information security, sustainability and compliance with Essity's policies.

External auditor

The 2020 AGM appointed the accounting firm of Ernst & Young AB as the company's auditor for a mandate period of one year. The accounting firm notified the company that Hamish Mabon, Authorized Public Accountant, would be the auditor in charge. Hamish Mabon is also the auditor for SEB, Skanska AB, Assa Abloy AB and Husqvarna AB. He owns no shares in the company.

In accordance with its formal work plan, the Board met with the auditor at three scheduled Board meetings in 2020. The auditor also attended each meeting of the Audit Committee. At these meetings, the auditor presented and received opinions on the focus and scope of the planned audit and delivered verbal audit and review reports. Furthermore, at the Board's third scheduled autumn meeting, the auditor delivered an in-depth verbal report on the audit for the year. The working procedures specify a number of mandatory issues that must be addressed. These include matters of importance that have been a cause for concern or discussion during the audit, business routines and transactions where differences of opinion may exist regarding the choice of accounting methods. The auditor shall also disclose consultancy work conducted for Essity as well as other dependencies in relation to the company and its management. On each occasion, Board members have had an opportunity to ask the auditors questions. Certain parts of the detailed discussion on the accounts take place without representatives of corporate management being present.

Remuneration, Management and Board of Directors

Guidelines

The 2020 AGM adopted new guidelines for remuneration of senior executives that are based on a total remuneration package comprising a fixed salary, variable compensation and other benefits, and a pension, see Note C2 on pages 87–89. The guidelines are adapted to the new legal provisions on remuneration to senior executives and changes in the Swedish Corporate Governance Code that took effect on January 1, 2020.

Remuneration of the President and other senior executives

Remuneration of the President and other senior executives is presented in a separate remuneration report, which is available on the company's website and on pages 136–137. Furthermore, remuneration of the President and other senior executives is described in Note C2 on pages 87–89.

Remuneration of the Board

The total remuneration of the AGM-elected Board members amounted to SEK 9,010,000 in accordance with the AGM's resolution. See Note C3 on page 89 for further information.

Internal control and financial reporting

The Board's responsibility for internal governance and control is regulated in the Swedish Companies Act, the Annual Accounts Act and the Swedish Corporate Governance Code. The Annual Accounts Act requires that the company, each year, describes its system for internal control and risk management with respect to financial reporting. The purpose of these requirements is to create an internal framework for governance and control to reduce the risk of error in the financial reporting. Essity's processes for internal control of financial reporting is based on the model and principles developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

Control environment

A good control environment requires clarity in relation to decision-making paths, powers and accountability, in addition to a corporate culture characterized by strong values and awareness among employees of their role in maintaining good internal control. The Board of Directors has the overall responsibility for ensuring effective internal control and has, inter alia, adopted Group-wide internal rules aimed at establishing a foundation for a good corporate culture and to assure the quality of the financial reporting. In this context, Essity's Code of Conduct is an important steering document in issues concerning ethics, morality and regulatory compliance, and employees regularly receive information and training regarding the Code. Other significant steering documents for the control environment include the finance policy, internal control policy, communications policy and information security policy. Essity's Financial Reporting Manual is particularly important for the Group's financial reporting procedures as it contains a number of specific instructions and guidelines that are specially designed to ensure the quality of the financial reporting. Important steering documents are published in a separate database (Global Management System, GMS) that also contains a process for annual updates to the documents.

Risk assessment

Risks relate to material errors in the financial reporting that may arise, such as incomplete disclosures, valuation issues, the reporting process and correctness. Risks also include loss of assets, unduly favoring a third party and misappropriation.

Risks related to the financial reporting are evaluated and monitored by the Board via the Audit Committee, where an annual risk assessment is conducted. The risks that are identified and may result in material errors also form the basis for internal control activities that proactively manage these risks. Clear guidelines for accountability and the division of work also form a component of risk prevention efforts. Furthermore, measures are continuously taken to improve business processes and thus reduce risks.

Control activities

Significant instructions and guidelines related to financial reporting are prepared and updated regularly by the Group Function Finance and are easily accessible on the Group's intranet. The Group Function Finance is responsible for ensuring compliance with instructions and guidelines. Process managers at various levels within Essity are responsible for carrying out the necessary control measures with respect to financial reporting. An important role is played by the business unit's controller organizations, which are responsible for ensuring that financial reporting from each unit is correct, complete and delivered in a timely manner. In addition, each business unit has a Finance Manager with responsibility for the individual business unit's financial reporting. The company's control activities are supported by the budgets prepared by each

business unit and updated during the year through continuous forecasts.

Essity has a standardized system of control measures involving processes that are significant to the company's financial reporting. These measures include company-wide controls related to the Code of Conduct, process controls and IT controls. Self-assessments are carried out based on a selection of critical controls for the respective operations in order to assess the effectiveness of the internal control and governance.

Information and communication

Financial reporting to the Board

The Board's working procedures stipulate which reports and information of a financial nature are to be submitted to the Board at each scheduled meeting. The President, together with the Chairman, ensures that the Board receives the reports required to enable the Board to continuously assess the company's and Group's financial position. Detailed instructions specifically outline the types of reports that the Board is to receive at each meeting.

Internal reporting

Ahead of each interim report, the company's finance department prepares detailed instructions regarding deadlines, changes to accounting policies and other circumstances of significance for reporting to ensure the quality of the financial statements. Furthermore, the company has a process and technical system support to limit the risk of price-sensitive information being leaked in conjunction with the submission of financial information ahead of the issue of interim reports.

Accounting and reporting for the majority of units is carried out by Essity's Shared Service Center, which ensures efficient and uniform reporting.

External financial reporting

The quality of external financial reporting is guaranteed via a number of actions and procedures. The President is responsible for ensuring that all information issued, such as press releases with financial content, presentation material for meetings with the media, owners and financial institutions, is correct and of a high quality. The responsibilities of the company's auditors include reviewing accounting issues that are critical for the financial reporting and reporting their observations to the Audit Committee and the Board of Directors. In addition to the audit of the annual accounts, a review of the half-year report and of the company's administration and internal control is carried out.

Monitoring activities

Essity's Board of Directors, through the Audit Committee, as well as the corporate management continuously assesses the effectiveness of the processes applied by the company with respect to the internal control of the financial reporting. Of particular importance to this assessment are the reports submitted by the internal audit and feedback from the company's external auditor.

The company has a structured process within the scope of its day-to-day operations for monitoring significant observations from internal control or internal audit. Such observations and the status of measure taken to address these are regularly reported to corporate management and to the Audit Committee.

The results of the self-assessment in control activities are compiled in a list of activities that require resolution. The internal control and governance department lead these monitoring activities. To ensure the quality of the self-assessment, internal control conducts its own testing of control activities and reports the results to the units, the internal control and governance department, corporate management and the Audit Committee.

The external auditor also carries out testing of internal control and governance within the scope of its audit. The results are shared with corporate management, the internal control and governance department and the Audit Committee.

Board of Directors and Auditors

Elected by the Annual General Meeting



Pär Boman (1961)

Engineering and Business Administration degrees

Chairman of the Board since 2016.

Chairman of the Board of Svenska Handelsbanken AB and Svenska Cellulosa Aktiebolaget SCA, Deputy Chairman of the Board of AB Industrivärden and member of the Board of Skanska AB.

2006–2015 President of Handelsbanken

Elected: 2016

Independent of the company and corporate management.

Own shareholdings and those of related persons, Class B shares: 5,000



Ewa Björling (1961)

Med. Dr. Sci. and Associate Professor from Karolinska Institutet

Chairman of the Board of Drivkraft AB and Xolaris AB. Member of the boards of Biogaia AB and Mobilis AB.

Former member of the Boards of the Swedish National Insurance Office, the Swedish International Development Cooperation Agency (SIDA) and Svenska Cellulosa Aktiebolaget SCA.

Minister for Trade 2007–2014, and Minister for Nordic Cooperation 2010–2014. Previously Karolinska Institutet.

Elected: 2016

Independent of the company, corporate management and Essity's major shareholders.

Own shareholdings and those of related persons: 0



Maija-Liisa Friman (1952)

MSc Eng.

Partner of Boardman Oy.

Former Chairman of the Board of Helsinki Deaconess Institute and Ekokem. Vice Chairman of Neste Corporation, member of the Boards of TeliaSonera, Rautaruukki, Metso, Talvivaara Mining Company Plc, Finnair, Svenska Cellulosa Aktiebolaget SCA and Securities Market Association.

Former CEO of Aspocomp Group Plc 2004–2007 and President of Vattenfall Oy and Gyproc Oy.

Elected: 2016

Independent of the company, corporate management and Essity's major shareholders.

Own shareholdings and those of related persons: 0



Annemarie Gardshol (1967)

MSc Eng.

Member of the Board of Svenska Cellulosa Aktiebolaget SCA.

CEO of PostNord and President PostNord Sverige.

Former member of the Boards of Etac AB, Bygghemma AB, Ortivus and Semcon. Former President of PostNord Strålfors Group AB and various management positions in Gambro AB and McKinsey & Company.

Elected: 2016

Independent of the company, corporate management and Essity's major shareholders.

Own shareholdings and those of related persons, Class B shares: 3,200



Bert Nordberg (1956)

Engineer

Chairman of the Board of Vestas Wind Systems A/S. Member of the Boards of Svenska Cellulosa Aktiebolaget SCA and SAAB.

Previously held various management positions in Digital Equipment Corp. and Ericsson, President of Sony Mobile Communications AB 2009–2012. Former Chairman of the Boards of Sony Mobile Communications and TDC and member of the Boards of BlackBerry Ltd, Skistar AB, Axis AB and AB Electrolux.

Elected: 2016

Independent of the company, corporate management and Essity's major shareholders.

Own shareholdings and those of related persons, Class B shares: 16,800



Louise Svanberg (1958)

MSc Econ.

Member of the Boards of Dana Farber Cancer Institute, Boston and CERAS Health, New York. Chairman of the Swedes Worldwide organization.

Previously held various management positions in EF Education First, including President 2002–2008 and Chairman of the Board 2008–2010. Former member of the Boards of Careers Australia Group Ltd and Svenska Cellulosa Aktiebolaget SCA.

Elected: 2016

Independent of the company, corporate management and Essity's major shareholders.

Own shareholdings and those of related persons, Class B shares: 28,540

Information regarding own shareholdings and those of related persons pertains to the situation on December 31, 2020.



Lars Rebieen Sørensen (1954)

BSc Forestry and MSc Econ.

Chairman of Axcel, Novo Holding A/S and Novo Nordisk Foundation. Member of the Boards of Jungbunzlauer and Thermo Fisher Scientific Inc.

Former Deputy Chairman of the Board of Carlsberg A/S, President and CEO of Novo Nordisk 2000–2017. Elected: 2017

Independent of the company, corporate management and Essity's major shareholders.

Own shareholdings and those of related persons: 0



Barbara Milian Thoralfsson (1959)

MBA, BA

Member of the Board of Hilti AG, G4S Plc and Svenska Cellulosa Aktiebolaget SCA.

Former President of NetCom ASA 2001–2005 and President of Midelfart & Co AS 1995–2000. Former member of the Boards of Cable & Wireless Plc, AB Electrolux, Orkla ASA, Tandberg ASA and Telenor ASA.

Elected: 2016

Independent of the company, corporate management and Essity's major shareholders.

Own shareholdings and those of related persons: 0



Magnus Groth (1963)

MBA and MSc ME

President and CEO of Essity.

Former President and CEO of SCA 2015–2017, former President of SCA Consumer Goods Europe 2011–2015. President of Studsvik AB (publ) 2006–2011 and SVP of Vattenfall 2001–2005. Former member of the Board of Acando AB and Svenska Cellulosa Aktiebolaget SCA.

Elected: 2016

Independent of Essity's major shareholders.

Own shareholdings and those of related persons, Class B shares: 57,700

Board members and deputies appointed by trade unions



Susanna Lind (1966)

Operator at Essity Hygiene and Health AB, Falkenberg. Member of the Swedish Trade Union Confederation (LO).

Appointed: 2019

Own shareholdings and those of related persons: 0
Class B shares: 100



Örjan Svensson (1963)

Senior Industrial Safety Representative at Essity Hygiene and Health AB, Edet Bruk, Lilla Edet.

Member of the Swedish Trade Union Confederation (LO).

Former member of the Board of Svenska Cellulosa Aktiebolaget SCA.

Appointed: 2017

Own shareholdings and those of related persons, Class B shares: 112



Niclas Thulin (1976)

IT Specialist Collaboration & Workplace at Essity Hygiene & Health AB, Gothenburg

Member of the Council for Negotiation and Cooperation (PTK).

Appointed: 2017

Own shareholdings and those of related persons: 0

Deputies

Niklas Engdahl (1980)

Employed at Essity Hygiene and Health AB, Lilla Edet

Member of the Council for Negotiation and Cooperation (PTK).

Appointed: 2017

Own shareholdings and those of related persons: 0

Martin Ericsson (1968)

Employed at Essity Hygiene and Health AB, Falkenberg

Member of the Council for Negotiation and Cooperation (PTK).

Appointed: 2017

Own shareholdings and those of related persons, Class A shares: 200, Class B shares: 200

Andreas Larsson (1989)

Employed at Essity Hygiene and Health AB, Gothenburg

Member of the Council for Negotiation and Cooperation (PTK).

Appointed: 2018

Own shareholdings and those of related persons, Class B shares: 1,420

Auditors

Ernst & Young AB

Senior Auditor:

Hamish Mabon, Authorized Public

Accountant

Own shareholdings and those of related persons: 0

Secretary to the Board

Mikael Schmidt (1960)

Master of Laws

Senior Vice President, Group Function

Legal Affairs, General Counsel

Employed since: 1992

Own shareholdings and those of related persons, Class B shares: 31,000

Information regarding own shareholdings and those of related persons pertains to the situation on December 31, 2020.

Executive Management Team



Magnus Groth (1963)

President and CEO
MBA and MSc ME
Employed since: 2011
Own shareholdings and those of related persons, Class B shares: 57,700



Fredrik Rystedt (1963)

CFO and Executive Vice President,
Head of Group Function Finance
MSc Econ.
Employed since: 2014
Own shareholdings and those of related persons, Class B shares: 22,700



Joséphine Edwall Björklund (1964)

Senior Vice President, Group Function Communications
University Degree in Communications
Employed since: 2012
Own shareholdings and those of related persons, Class B shares: 11,110



Pablo Fuentes (1973)

President, Latin America
MSc, MBA
Employed since: 2006
Own shareholdings and those of related persons, Class B shares: 10,077



Donato Giorgio (1973)

President, Global Manufacturing
MSc Eng.
Employed since: 2009
Own shareholdings and those of related persons, Class B shares: 10,665



Ulrika Kolsrud (1970)

President, Health and Medical Solutions
MSc Eng.
Employed since: 1995
Own shareholdings and those of related persons, Class B shares: 8,553

Information regarding own shareholdings and those of related persons pertains to the situation on December 31, 2020.



Don Lewis (1961)
President, Professional Hygiene
MSc Econ
Employed since: 2002
Own shareholdings and those
of related persons, Class B shares: 3,901



Mikael Schmidt (1960)
Senior Vice President, Group Function
Legal Affairs, General Counsel and Secretary
to the Board
Master of Laws
Employed since: 1992
Own shareholdings and those
of related persons, Class B shares: 31,000



Robert Sjöström (1964)
President, Global Operational Services
MSc Econ., MBA
Employed since: 2009
Own shareholdings and those
of related persons, Class B shares: 28,000



Tuomas Yrjölä (1978)
President, Global Brand, Innovation
and Sustainability
MSc Econ
Employed since: 2014
Own shareholdings and those
of related persons, Class B shares: 8,225



Anna Sävinger Åslund (1969)
Senior Vice President, Group Function
Human Resources
BSc Human Resources
Employed since: 2001
Own shareholdings and those
of related persons, Class B shares: 7,145



Volker Zöller (1967)
President, Consumer Goods
BSc BA
Employed since: 1994
Own shareholdings and those
of related persons, Class B shares: 11,946

Information regarding own shareholdings and those of related persons pertains to the situation on December 31, 2020.