

External environment and market

Essity's strategy work includes analyses of the external environment and market as a means of identifying trends, drivers, opportunities and risks. Several favorable market trends, such as demographics, hygiene and health, sustainability and digitalization, create conditions for good growth in the global hygiene and health market.

Demographics

The global population is growing and the global average life expectancy is rising. This means greater demand for hygiene and health solutions and offers growth opportunities for Essity. For example, the prevalence of incontinence and various chronic conditions rises with age, increasing the need for incontinence products and medical solutions.

Hygiene and health

Awareness of the importance of hygiene and health is increasing worldwide and has accelerated further due to the COVID-19 pandemic. There is greater awareness of the importance of preventive measures, good hand hygiene, and cleaning procedures and hygiene solutions in professional environments to avoid the spread of infections. This is expected to increase demand in several of Essity's product categories. Demand is also positively impacted by the reduction in poverty worldwide, the increase in the standard of living and disposable income, and the greater accessibility of healthcare.

Sustainability

There is a growing awareness of sustainability issues such as climate change, resource scarcity, biodiversity and equal opportunities for people. The COP26 climate summit, global efforts to achieve the Paris Agreement's targets to reduce global warming and the UN Sustainable Development Goals are examples of this.

Sustainability has long been part of Essity's business strategy, with the aim to develop solutions for a sustainable and circular society. Essity values and works to increase diversity, equity and inclusion. It is crucial that the company is a leader in sustainability to ensure future growth and competitiveness, and to mitigate its risks.

Digitalization

The pace of digitalization in the world is high and the COVID-19 pandemic has further accelerated it. Digitalization concerns all parts of Essity's operations. In order to improve efficiency, quality, service, sales and profitability, Essity is digitalizing its production, administration and logistics. Essity is also developing digital solutions for customers and consumers, and has a strong presence in e-commerce sales and on social media.

Hygiene and health market

Global market 2021
1,280
SEKbn
↗ >3%

North America

360
SEKbn
↗ -2%

Western Europe

225
SEKbn
↗ -2%

Eastern Europe

70
SEKbn
↗ -3%

Asia

450
SEKbn
↗ -5-6%

Latin America

125
SEKbn
↗ -3%

Other

50
SEKbn
↗ -3-4%

Personal Care

SEK 630bn
Baby Care SEK 260bn
Feminine Care SEK 140bn
Incontinence Products SEK 115bn
Medical Solutions SEK 115bn

Tissue

SEK 650bn
Consumer Tissue SEK 510bn
Professional Hygiene SEK 140bn

↗ = Expected annual market growth, CAGR (Compound Annual Growth Rate) 2022-2027

Source: The information has been compiled by Essity for presentation purposes based on statistics taken from external market sources, including IRI, Fastmarkets RISI, Price Hanna Consultants, SmartTRAK and National Macro Economics.

Essity's market positions

	Global	Europe	North America	Latin America	Asia	
Incontinence Products	1	1	4	1	3	
Professional Hygiene	1	1	2	4	3	
Consumer Tissue	2	1	–	3	1	
Medical Solutions	4	1	12	3	2	
Baby Care	5	2	–	6	6	
Feminine Care	5	3	–	1	10	

Source: The information has been compiled by Essity for presentation purposes based on statistics taken from external market sources, including IRI, Fastmarkets RISI, Price Hanna Consultants, Smart TRAK and National Macro Economics.

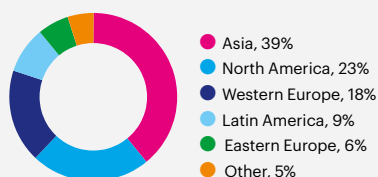
Growth potential in different regions

In emerging markets, market penetration of hygiene and health solutions is significantly lower than in mature markets. One example is that consumption of incontinence products in Asia is only about one fifth of that in Western Europe, and tissue consumption in Eastern Europe is only about one third of that in Western Europe. A number of trends are increasing demand in emerging markets, including higher living standards, urbanization and the expansion of retail trade, e-commerce and health and medical care. In emerging markets, Essity has an increased presence and many leading market positions.

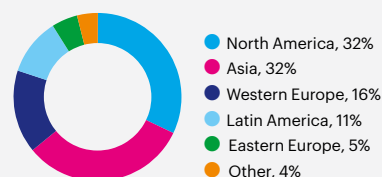
Most of the product categories in mature markets have attained high market penetration, such as baby care and feminine care. This means growth mainly takes place through innovation and higher market shares. While market penetration in incontinence products is relatively high, it is lower in certain product segments. Favorable growth opportunities exist by raising awareness and reducing the stigma surrounding incontinence.

Global market by region

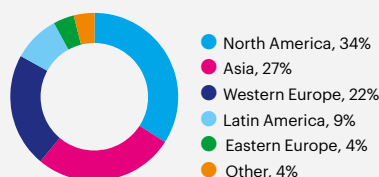
Personal Care



Consumer Tissue



Professional Hygiene

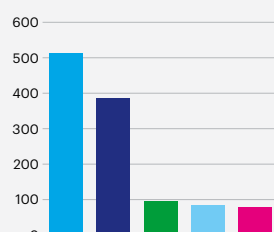


In 2021, the hygiene and health market in mature markets amounted to approximately SEK 670bn and in emerging markets to approximately SEK 610bn.

Use

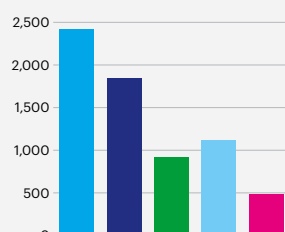
Incontinence Products

Number per person with incontinence/year



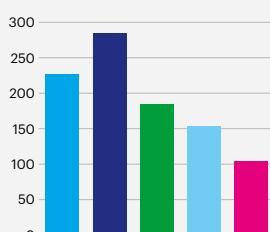
Baby Care

Number per child up to the age of 2.5/year



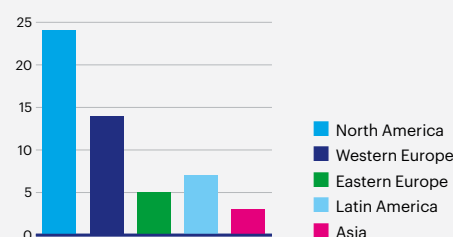
Feminine Care

Number per woman aged 10–54 years/year



Tissue

Kg per capita/year



Materiality analysis

Part of the basis for Essity's strategy work consists of a materiality analysis where Essity and the company's stakeholders rank the issues and other areas that are perceived as being important for the company.

Essity conducts a double materiality analysis, in which entails the use of a centrally coordinated strategy process to analyze how the company influences its external environment and the potential impact of the external environment on the business.

The first step consists of the risk analysis, which ranks the impact of business risks on the Group's ability to achieve set targets. In this step, the probability and consequence of the impact of the risks are evaluated. Read more about the risk management process and risks on pages 35–42. In the second stage, the company distributes a web-based survey every second year to Essity's stakeholder groups; customers, consumers, suppliers, employees, investors, analysts, non-profit organizations and decision-makers.

The survey asks the stakeholders to rank the most important topics. The latest survey was conducted in 2021, and resulted in approximately 600 answers. In addition to the materiality analysis, Essity maintains a continuous dialogue at Board of Directors meetings, meetings with shareholders and in daily contacts with customers and consumers, employees, suppliers and decision-makers, among others. The materiality analysis and these dialogues form part of supporting documentation in Essity's strategy work.

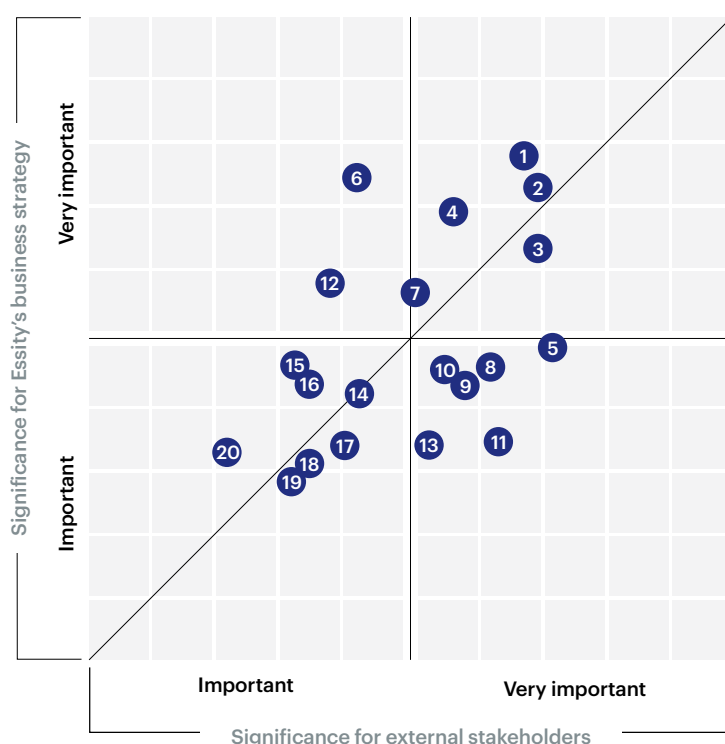
The results of the materiality analysis from 2021 are presented in the graph below. This summarizes and ranks all topics that are considered strategically important for the company. Interest increased for topics such as digitalization, health and well-being, as well as responsible sourcing and product safety. These topics received the highest ranking, together with innovation, climate

action and business ethics, which stakeholders also considered most important in previous years.

A more comprehensive account of all topics in the survey and how it was implemented can be found at www.essity.com/sustainability. There is also a presentation of the process and changes the company continuously undertakes in the selection, grouping and description of the topics assessed by stakeholders.



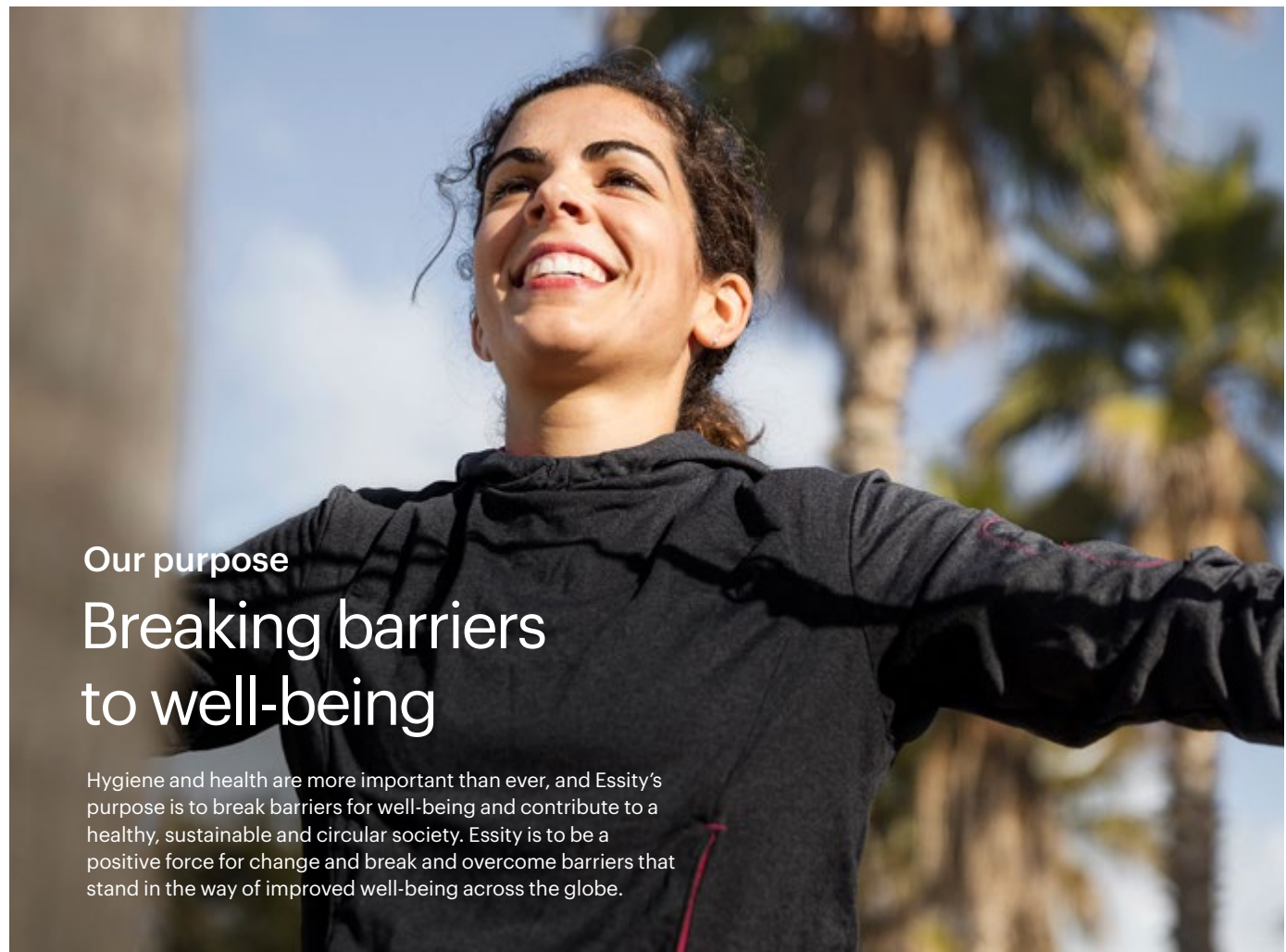
Essity's materiality analysis



The stakeholders' ranking of the subject areas

	Read more on pages
1 Innovation	4, 13, 16, 21, 46, 125
2 Climate action	41–42, 46–47, 127–128
3 Business ethics	53, 123–124
4 Health and well-being	44–45
5 Transparency	54
6 Attractive and responsible employer	50–52, 129–131
7 Plastic and waste	49, 126
8 Human rights	53, 123–124
9 Responsible sourcing and safe products	44–45, 53, 124
10 Corporate governance	55–57
11 Customer relations	9, 11, 125, 145
12 Digitalization	9, 17
13 Efficient supply chain	38
14 Risk management	35–42
15 Brands	22–27, 144
16 Market positions	10
17 Forests and biodiversity	48
18 Laws and regulations	53, 57
19 Water	48, 126
20 Cyber and information security	38

Purpose and vision



Our purpose

Breaking barriers to well-being

Hygiene and health are more important than ever, and Essity's purpose is to break barriers for well-being and contribute to a healthy, sustainable and circular society. Essity is to be a positive force for change and break and overcome barriers that stand in the way of improved well-being across the globe.

Our vision

Dedicated to improving well-being through leading hygiene and health solutions

Through the vision: Dedicated to improving well-being through leading hygiene and health solutions, Essity strives to achieve long-term value creation for customers, consumers, society, employees and shareholders.

Our mission

To sustainably develop, produce, market and sell value-added products and services within hygiene and health

Our objectives

- Generate increased **shareholder** value through profitable growth
- Enable more **people** every day to enjoy a fuller life
- Contribute to a sustainable and circular **society**
- Enable our **employees** to realize their full potential, as part of one winning team

Business model

Business model aimed at achieving profitable growth, sustainable value creation and increased well-being



Resources

Essity utilizes resources in the form of financial capital, where equity amounted to approximately SEK 69bn and net debt approximately SEK 55bn in 2021. Furthermore, human capital is used with approximately 46,000 employees and their expertise, skills and experience, and intellectual capital such as research and development, patents, licenses, innovation, systems and goodwill. Essity utilizes manufactured capital in the form of raw materials, facilities and infrastructure necessary for production, and relationship capital that includes Essity's relationship with internal and external stakeholders with whom we share values, credibility and loyalty. Moreover, Essity uses natural capital in its operations, such as forest, energy and water.

Customer and consumer insights

The starting point for Essity's operations is customer and consumer insights. Through knowledge about people's daily needs and challenges, we create an offering that improves well-being and quality of life for people every day.

Sustainable innovations

Constant innovation is crucial to steadily improve people's hygiene, health and well-being and to contribute to a sustainable and circular society. Essity has a global unit that works with brands, innovation and sustainability with the support of innovation centers in France, China, Mexico, Sweden, Germany and the USA. Research and development (R&D) costs during the year amounted to approximately SEK 1.5bn, corresponding to about 1.2% of consolidated net sales.

Responsible sourcing and sustainable manufacturing

In 2021, Essity purchased raw materials and consumables for approximately SEK 46bn. The main raw materials are pulp, recovered fiber and oil-based materials. Essity has around 90 production facilities worldwide. Work to increase efficiency at the facilities is a continuous process that includes digitalization and automation, with the aim to achieve a sustainable, efficient world-class production. Cost of goods sold amounted to approximately SEK 87bn, of which transport and distribution costs were approximately SEK 12bn. Essity subjects its suppliers to stringent demands and works throughout the supply chain to guarantee responsible sourcing.

Marketing and sales

Essity's marketing costs in 2021 amounted to approximately SEK 6.7bn, corresponding to 5.5% of net sales. An increasing share of marketing is conducted through digital channels. In 2021, the retail trade accounted for 60% of net sales, business-to-business for 22% and the healthcare sector for 18%.

Leading hygiene and health solutions

Essity is the global market leader in incontinence products with the TENA brand and in professional hygiene with the Tork brand. Essity also has strong brands in other product categories. Moreover, Essity holds the number one or number two position within at least one product category in approximately 90 countries.

Value creation for our stakeholders

Essity generates value for shareholders through returns and dividends. We work to maximize shareholder value while prioritizing environmental and social issues by taking financial, environmental and social parameters into consideration in our business decisions. Customer and consumer value is created through our solutions by increasing well-being and improving quality of life. Value is created for employees, suppliers and society through, for example, employment, remuneration, tax, increased well-being, sustainability initiatives, and community relations.



Strategic priorities for profitable and sustainable growth

Profitable and sustainable growth is achieved through Essity's strategic priorities: continuing the transformation journey, innovating leading brands, accelerating digitalization, leading in sustainability and growing in emerging markets. We are winning with people and culture as well as increased efficiency.

Strategic priorities



Winning with people and culture

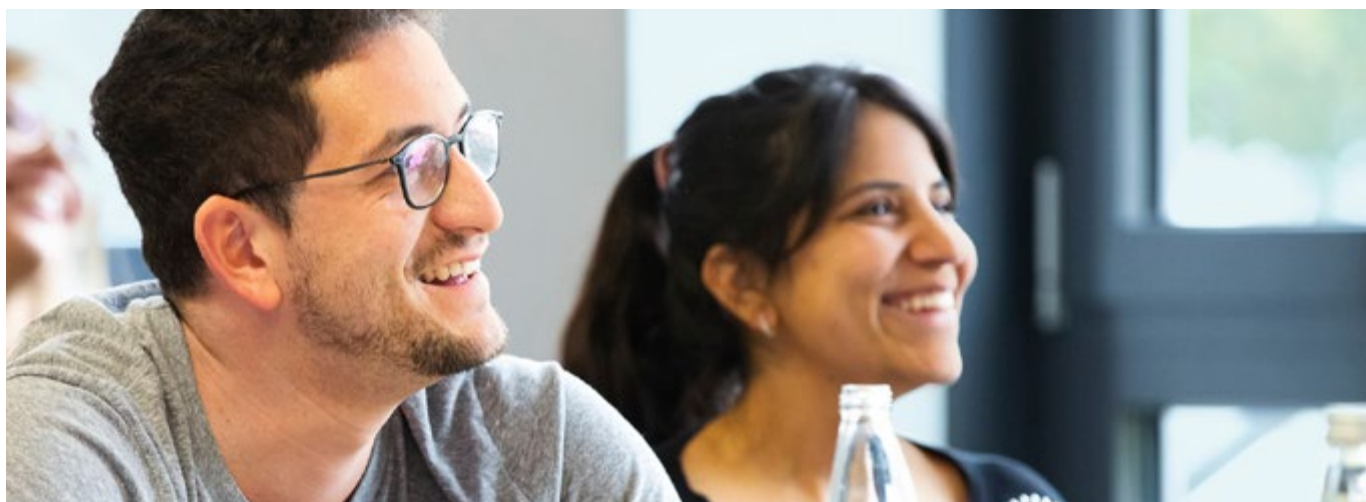
To deliver on Essity's strategic priorities and achieve profitable and sustainable growth, Essity is endeavoring to attract and develop the most talented employees and create a culture where people thrive and continuously evolve. The right expertise and good opportunities for development and cooperation form the basis for Essity's success and value creation. We value and work to increase diversity, equity and inclusion. Different backgrounds and experiences lead to successful solutions and results. All employees are to be treated fairly and with respect. Everyone at Essity makes a difference by helping to improve the well-being of people all over the world.

Efficiency in everything we do

Daily improvements are achieved at Essity by focusing on efficiency and quality, which yields greater customer satisfaction, improved profitability and lower climate impact. We strive to increase productivity, reduce material, energy and logistics costs

and minimize waste. In parallel, rapid adjustments are enabled for innovations, product adaptations and the best service to customers and consumers. This strengthens the company's competitiveness, enhances financial performance and reduces environmental impact. Digitalization, innovation, global economies of scale and knowledge sharing contribute to increasing efficiency in the production and supply chain as well as logistics and distribution. During 2021, Essity achieved SEK 698m in continuous cost savings. These include savings in sourcing, production and material rationalization.

The Manufacturing Roadmap program extends until 2025 and is expected to contribute to Essity's total annual cost savings of SEK 500–1,000m through optimized production structure, efficiency improvements and raw material and energy savings. These measures facilitate growth without investments increasing at the same pace. Working capital is expected to decrease by more than SEK 1,000m. The objective is to also utilize new production methods to reduce exposure to wood-based fresh-fiber pulp by approximately 10%, which will result in reduced volatility for the company's profitability.



Continuing the transformation journey

With the target of growing, both organically and through acquisitions, within the categories and adjacent product areas with the highest profitability, we are continuing our transformation journey.

New sales growth target

As a consequence of higher growth ambitions, Essity decided in 2021 on a new sales growth target of more than 5%, which includes both organic sales growth and acquisitions. The target will be reached through the continued implementation of our strategy: by leveraging favorable market trends, increasing market shares through successful innovation and strong brands, expanding the offering, and acquisitions in categories with high margins. Growth, both organic and through acquisitions, is prioritized in the Medical Solutions, Incontinence Products, Feminine Care and Professional Hygiene categories.

Higher acquisition pace

Essity carried out several acquisitions in 2021. We have acquired the Australian hygiene company Asaleo Care and increased our ownership in the previous jointly owned Colombian hygiene company Productos Familia S.A. Essity strengthened its offering in Medical Solutions with the acquisition of the remaining 25% of shares in ABIGO Medical AB, which develops, manufactures and markets the Sorbact® technology for advanced wound care.

Through the acquisition of the sports tape brands Coach, Elastikon and Zonas, Essity is a leading distributor of sports medicine in the USA market. The offering in Medical Solutions was also strengthened with the acquisition of AquaCast Liner, a specialist orthopedics company that supplies waterproof cast liners in the USA market, and with the acquisition of Hydrofera, which offers technology and products in advanced wound care. We can see additional acquisition opportunities to accelerate the company's transformation journey.

New business areas in 2022

As of 2022, Essity's business areas are Health & Medical, Consumer Goods and Professional Hygiene. These are aligned with the company's customer and sales channels and will lead to an expansion of the offerings to new and adjacent categories as well as extended service content on the basis of customer and consumer needs. The new areas support the company's new sales growth target through strategies for organic and acquisition-driven growth, and aim to achieve higher growth and profit margins as well as less capital tied up.



Innovating leading brands

Successful innovations and strong brands are two of Essity's strengths and are crucial for the company's success. Awareness of the importance of hygiene and health and also demand for sustainable solutions have increased. This has favored Essity, as during the COVID-19 pandemic we strengthened and broadened our hygiene and health offering and launched reusable products in several categories.

First choice for customers and consumers

Essity's innovations improve people's everyday life. Our innovations are based on deep customer and consumer insight, which help us to develop unique and successful solutions. Over time, Essity has increased its share of branded sales that demonstrate "Product Superiority", meaning the first choice for customers and consumers, and further strengthened our leading brands. One example is how Essity has used innovation to grow branded sales and the number of premium products in Consumer Tissue, thereby improving structural profitability and value creation in this product category.

More sustainable solutions

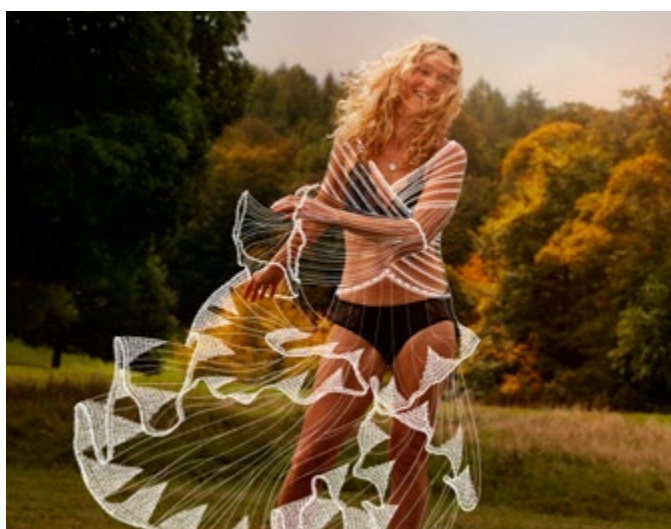
During the COVID-19 pandemic, Essity has continued to maintain a high rate of innovation in pace with the increased awareness of hygiene and health. Customers and consumers are more interested in making sustainable choices and also paying a premium for these. In Incontinence Products and Feminine Care, washable absorbent underwear has been launched under brands including TENA Silhouette, TENA for Men, Bodyform, Libresse, Nana and Saba. The underwear offers the user a more sustainable alterna-

tive to disposable products. Essity has also launched Libresse® V-Cup in Feminine Care, a reusable menstrual cup. In Professional Hygiene, Tork reusable microfiber cloths were launched during the year.

Stronger market positions

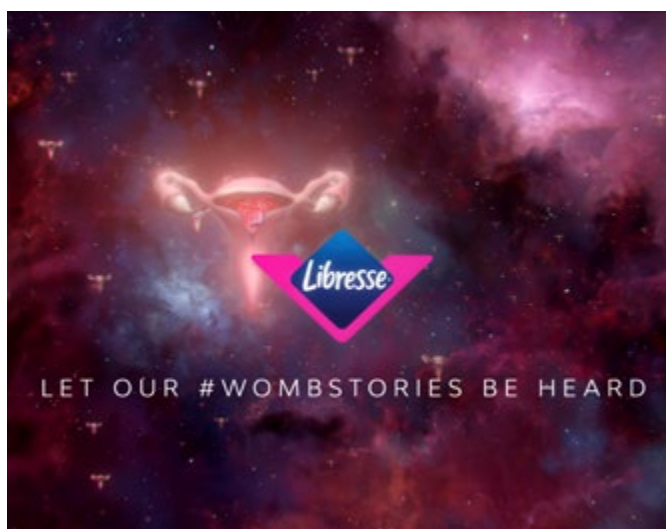
Essity holds the number one or number two position in approximately 90% of the company's brand positions. In 2021, our market shares increased further for approximately 70% of branded sales in the retail trade. Essity also grew its market shares in the health-care sector and in our Professional Hygiene operations. This is a result of our continued investment in innovation, high delivery reliability and high service levels, as well as strong presence within e-commerce during the COVID-19 pandemic. Moreover, our brands are strengthened through Essity's marketing campaigns with a clear purpose to break barriers and build self-esteem. Effectively reaching and following our customers and consumers through digital channels increases the value of the investments. Together with product innovation, this creates reliable and winning brands.

Examples of important and bold campaigns



Incontinence Products TENA

TENA strives to break the taboos in society related to incontinence. TENA's bold marketing has been recognized by leading marketing professionals. In 2021, the brand received the Channel 4Diversity award in the UK, a golden Effie and two awards at the Global Festival of Media.



Feminine Care Libresse and Bodyform

The "Womb Stories" campaign, from Libresse and Bodyform, is continuing to break the stigma surrounding the personal experiences of women. It was one of the most acclaimed campaigns in 2021 and received many prestigious awards, including 13 Cannes Lions and Effie awards.

Accelerating digitalization

The aim of Essity's digital strategy is to increase sales growth and efficiency. The strategy is based on four development areas: how we interact with customers and consumers, digital solutions and business models, efficiency improvements across the entire business, and building digital expertise in the organization.

Effective communication

Through digital interaction with customers and consumers, we gain a better understanding of their needs, challenges and expectations. This helps us to develop the best solutions, campaigns and selling techniques. Digital channels are frequently used in marketing campaigns to reach the desired target audience and measure outcomes to maximize results.

Expanding e-commerce

In 2021, Essity's e-commerce sales grew 15.9% and amounted to approximately 14% of the company's net sales. E-commerce sales take place via retailer websites, e-tailers and distributors that sell our offering. We also develop our own sales directly to consumers. Our leading TENA brand has its own online stores that offer information about incontinence and the available solutions, and allow consumers to order home delivery of products.

The rise in e-commerce sales also offers higher profitability with a better product mix as a result of increased sales of premium products and own brands.

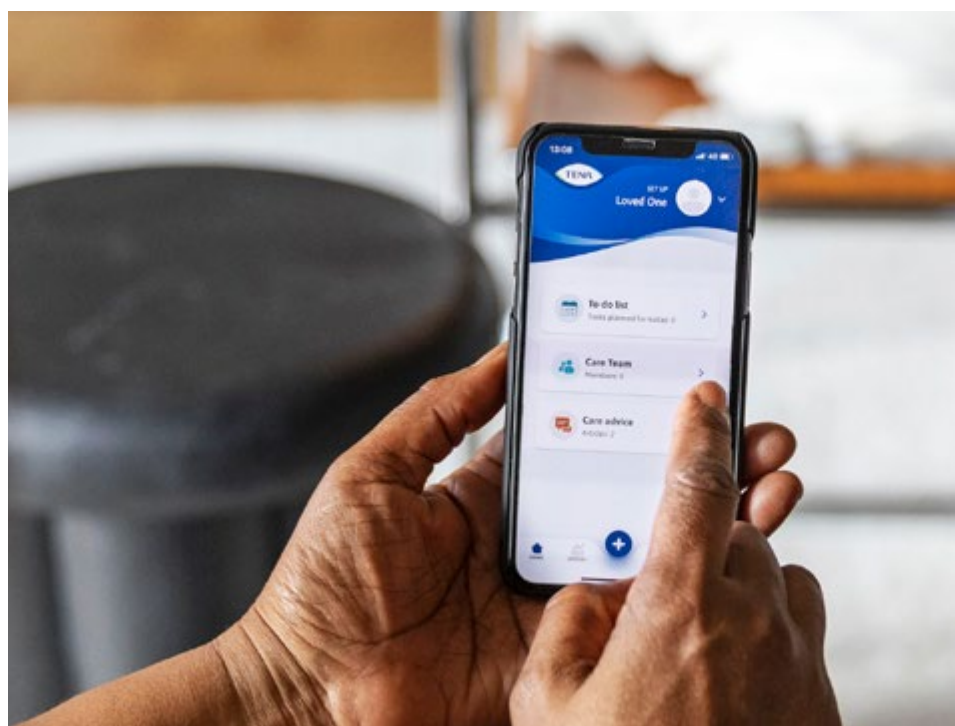
Digital solutions

New technology creates opportunities to deliver digital solutions that simplify and improve everyday life for customers and consumers. One of Essity's digital solutions is the TENA Family Care App, which makes life easier for people who care for family members in the home, and TENA Bladder Sensor, a wearable ultra-

sound sensor that measures levels in the bladder and sends a notification when it is time to visit the bathroom. During the year, the Cutimed Wound Navigator was also launched, a digital wound management solution. The innovative mobile app registers the size and other properties of the wound. An assessment is carried out based on this data to offer the patient the most suitable care and wound care product. As a result of the COVID-19 pandemic, more of Essity's customers want to ensure good hygiene in professional environments. Tork Vision Cleaning is one example of the development of Tork EasyCube, which makes it possible to use real-time data to ensure that professional environments and toilets are clean and that dispensers of paper, soap and hand sanitizer are filled.

Internal improvements

Digitalization is also optimizing and improving Essity's internal operations. We are continuously looking for digital solutions that can increase automation and robotization of production, distribution, logistics and administration. Initiatives within "Industry 4.0" lead to improvements in quality, efficiency and sustainability, and enable data analysis for more effective control of production flows and maintenance planning, and better decision data. Another example is Essity's digitalization of its distribution chain and the establishment of a logistics center that includes digital planning of demand, deliveries, stocks and transportation worldwide.



TENA Family Care App

TENA Family Care App has been developed to make life easier for people who care for family members in the home. The app allows family carers to plan care together with other caregivers, receive information when an incontinence product needs changing and order TENA products.

Leading in sustainability

For Essity, sustainability is a strategic priority for long-term profitable growth. Our initiatives contribute to a better environment while increasing the competitiveness of the company. Demand for sustainable solutions and the willingness to pay more for these is increasing among customers and consumers.

Raised ambitions

For many years, Essity has had ambitious targets for the company's sustainability work, for example, our Science Based Targets were approved in 2018. In 2021, new and updated sustainability targets were set that included a commitment to achieve net-zero emissions of greenhouse gases by 2050.

We also raised our ambitions for our existing Science Based Targets. Other updated targets include sustainable innovations, occupational safety and responsible sourcing. Essity values and works to increase diversity, equity and inclusion, which contributes to our success. During the year, we presented new ambitions in this area.

Strategy for target fulfillment

Essity has a clear strategy and plan for how it will achieve these targets. The most important areas have been identified for the Science Based Targets 2030 and net-zero emissions by 2050. Action will be taken throughout the value chain, from raw materials, production and distribution to used products. Within raw materials for example, Essity is working to find alternatives to fresh

wood fiber pulp and to reduce the use of oil-based raw materials. At our production facility in Mannheim, Germany, pulp production has begun using wheat straw, which reduces carbon emissions compared with tissue from fresh wood fiber pulp. We are also working with solutions whereby used products become new products. One example is Tork PaperCircle, where used paper hand towels are made into new tissue. The business model was introduced to additional markets and more customers in 2021. Fossil fuel is being replaced by alternatives with a smaller environmental footprint, such as hydrogen from renewable energy, biogas and geothermal steam at several of Essity's production facilities around the world. Our continuous work to increase resource efficiency through programs for energy savings and material rationalization also helps to achieve the targets.

Essity's sustainability agenda is determined by such factors as customer and consumer demand, our own Group targets, policies, stakeholder expectations and the UN Sustainable Development Goals. Read more about Essity's sustainability work under Sustainability on pages 43–54.

Key action areas for net-zero emissions 2050



Sustainable solutions



Low carbon raw materials



Fossil fuel free production



Resource efficiency



Breakthrough technology



Zero production waste



Clean transportation



Less waste after use

Growing in emerging markets

Essity is growing in emerging markets where market penetration of hygiene and health solutions is significantly lower than in mature markets. Growth is prioritized in markets where the company already holds strong market positions, such as Asia, Latin America and Eastern Europe.

Increased value creation

In 2021, emerging markets accounted for 38% of net sales and the adjusted EBITA margin for emerging markets was 10.5%, which is an improvement of 4.0 percentage points compared with 2015. Essity's ambition is to grow this share over time and in parallel continue to improve profitability supported by favorable market trends, a higher share of premium products, strong brands and a broadening of the company's offering. We have a clear priority for which geographic markets the company wants to operate in, and which product categories it will offer in these markets.

Asia

Essity is market leader in China and Asia in Consumer Tissue through its majority shareholding in Vinda and also has a strong presence in Personal Care and Professional Hygiene. Over several

years, Vinda has increased its net sales and profitability as a result of greater market penetration, more premium products and efficiency improvements. In 2019, Libresse V-Comfort was relaunched in Feminine Care in China. Libresse has since grown strongly and is a leading brand in the premium segment in Feminine Care in China.

Latin America

Essity has strong brands and market positions in Latin America. The aim is to be the fastest growing hygiene and health company in the region, through innovation and more premium products, leading brands and digitalization, with increased e-commerce sales and "Direct to Consumer". In 2021, Essity strengthened its presence in Latin America by increasing ownership in the Colombian hygiene company Productos Familia S.A. by 45.8% to 95.8%.



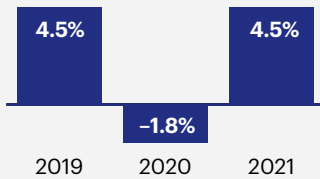
Targets and outcomes

Financial targets

Annual sales growth¹⁾

Target: >5%

Outcome:

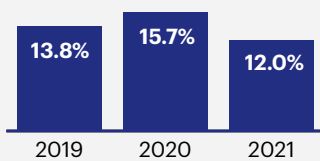


In 2021, sales growth, including organic sales growth and acquisitions, amounted to 4.5%. Organic sales growth, which excludes exchange rate effects, acquisitions and divestments, amounted to 3.3%, of which volume accounted for 1.8% and price/mix for 1.5%.

Adjusted return on capital employed²⁾

Target: >17% by 2025

Outcome:



In 2021, return was negatively impacted by significant cost inflation, mainly for raw materials, energy and distribution. Higher sales prices, higher volumes, a better mix and cost savings had a positive impact on earnings.

Capital Structure Policy

Target: Maintain a solid investment grade rating

Outcome 2021:
"Solid investment grade rating"

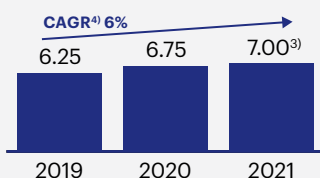
Net debt amounted to SEK 55,433m. Net debt in relation to adjusted EBITDA⁴⁾ amounted to 2.77.

Dividend Policy

Target: Long-term stable and rising dividends

Outcome:

Dividend per share, SEK



The Board of Directors proposes an increase in the dividend of 4% compared with 2020 to SEK 7.00 per share for the 2021 fiscal year.

¹⁾ Including organic sales growth and acquisitions.
²⁾ Excluding items affecting comparability.

³⁾ Board of Directors' dividend proposal.
⁴⁾ Compound Annual Growth Rate.

Sustainability targets

Read more in the Sustainability section and in the sustainability notes.

Science Based Targets

Target 2030 (compared with 2016):

Scope 1 and 2 Scope 3

-35% **-18%**

Outcome 2021:

Scope 1 and 2 Scope 3⁵⁾

-15% **-9%**

Essity's greenhouse gas emissions are divided into three different Scopes depending on origin. Scope 1 and 2 are directly linked to Essity's production. Scope 3 reports indirect emissions in Essity's value chain.

Packaging

Share of packaging manufactured from renewable and/or recycled material

Target 2025: 85%

Outcome 2021:

78%

Essity is striving for 100% recyclability and 85% renewable or recycled material in the company's packaging. This target applies to both paper and plastic packaging for Essity's brands.

Production waste

Subject to material or energy recovery

Target 2030: 100%

Outcome 2021:

64%

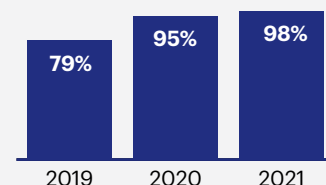
Resource efficiency and the reduction of waste are important in Essity's production facilities. The target is that all production waste will be subject to material and energy recovery by 2030, which reduces greenhouse gas emissions.

Fresh fiber

Share of FSCTM or PEFCTM-certified fresh fiber

Target: 100%

Outcome:



Through certifications such as the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC), Essity ensures sustainable fiber sourcing, thereby preventing deforestation and promoting biodiversity.

Sustainable innovations

Share that yielded social and/or environmental improvements

Target: >50%

Outcome 2021:

Sustainable innovations are measured as the share of revenue from innovations launched in the most recent three years. Examples of sustainable innovations in 2021 included Tork cleaning cloths, TENA Silhouette washable absorbent underwear, and the Libresse menstrual cup.

59%

Health and safety

Decrease in total recordable incident rate compared with 2019

Target 2025: -75%

Outcome 2021:

In 2021, Essity began to measure the Total Recordable Injury Frequency Rate to highlight accidents that require medical treatment. All of Essity's production facilities are conducting purposeful and systematic work with safety issues.

-43%

Gender distribution at management levels

Target 2025: 40/60%⁶⁾

Outcome 2021:

Essity's target is that gender distribution at all management levels (Executive Management Team, senior management, middle management) is to be within the interval 40/60% no later than 2025. The target is reported at an aggregate outcome level for the three management levels.

32/68%

Responsible sourcing

Share of total purchase cost from suppliers that comply with Essity's Global Supplier Standard

Target 2025: 95%

Outcome 2021:

Essity has a Global Supplier Standard to ensure responsible business operations and respect for human rights in the company's supply chain.

88%

Business ethics and Code of Conduct

Share of new employees who received training in the Code of Conduct

Target: 100%

Outcome 2021:

The Code of Conduct describes how employees are to act, how the company operates, stakeholder expectations of Essity and Essity's commitment to human rights. All wholly owned subsidiaries are bound by the Code of Conduct.

92%

⁶⁾ Majority group based on gender to constitute no more than 60%.

Contribution to the UN Sustainable Development Goals

As a leading global hygiene and health company, Essity has an important role to play in achieving the UN Sustainable Development Goals. We are working to overcome global challenges through partnerships and cooperation. We support the UN Global Compact and continue to be a partner to the UN Foundation.



The global goals also indicate where new solutions are needed, which creates favorable business opportunities for Essity. We focus on goals 3, 5, 6, 12, 13 and 15 where we can make a contribution through Essity's operations, offerings, expertise and experience.

Goal 3: Good health and well-being

Essity contributes through its intensive work toward better global hygiene and health standards. By providing access to leading solutions and expertise, we are contributing to increased quality of life and improved well-being. Essity has been working for many years to promote and raise awareness of the importance of hand hygiene to avoid the spread of disease. Read more on pages 44–45.

Goal 5: Gender equality

By pursuing educational initiatives and collaborations to break taboos surrounding issues such as menstruation, incontinence and lymphedema, Essity works for greater gender equality. Our collaboration with UNICEF Mexico, "Hygiene is our right", highlights the rights of children and young people in relation to health, education and gender equality focusing on hand hygiene and menstruation. Read more on pages 44–45.

Goal 6: Clean water and sanitation

Essity works for efficient water usage and to improve water treatment and the quality of our facilities' effluent water. The "Hand hygiene for all" initiative is run together with the WHO and UNICEF as part of Essity's work to contribute to good sanitation worldwide. We work to offer girls and women access to feminine care products, clean water and toilets. Read more on pages 44–45.

Goal 12: Responsible consumption and production

Together with our business partners, we are working toward a sustainable and circular society. Reusable products have been added to our product range and we are increasing the share of renewable material in our packaging. Read more on pages 46–49.

Goal 13: Climate action

In 2021, Essity raised its climate ambitions by committing to net-zero emissions by 2050. We address the challenge through investments in innovation and cooperation for more environmentally friendly raw materials and to achieve production with lower emissions. Read more on pages 46–47.

Goal 15: Life on land

We require our fresh fiber suppliers to maintain and safeguard the principles of biodiversity and forest conservation. Essity prioritizes FSC as a certification scheme and encourages all suppliers to strive for certification. Read more on page 48.