Essity Policy Position on Biodiversity and Healthy Ecosystems

Executive summary

Essity contributes to the preservation of ecosystems touched by our business in a structured and impactful way. We have developed our approach in collaboration with our value chain. It is centered around our ambitious target-setting and actions in our focus areas based on the UN IPBES (Intergovernmental Platform on Biodiversity and Ecosystem Services) 'Five Drivers of Biodiversity Loss':

• Supplier forestry and water use in production (Land and water use change) • Supplier forestry, water and energy use in production (Direct exploitation of nature) • Essity purchase of renewable resources, energy and water in production (Direct exploitation of nature) • Greenhouse gases in Essity product life cycles (Climate change)	• Removal of forest carbon sink (Climate change) • Supplier and Essity production (Pollution) • Product & packaging waste after use (Pollution) • Supplier forestry (Invasive non-native species)

It also includes a strong focus on Life Cycle Assessments (LCA) to improve the social and environmental aspects of our products and services' life cycle together with our suppliers, customers and consumers. Our suppliers are required to meet the biodiversity requirements as set out in our Global Supplier Standard. A key aspect of our approach is that we collaborate with various key external partners and engage in projects and initiatives to contribute to healthy ecosystems. We proactively monitor developments around biodiversity measurements & methodologies and aim to further improve our current targets and initiatives.

1. Introduction

Biodiversity is vital for environmental and human health and well-being, and we want our business and value chain to contribute to healthy ecosystems. The UN Biodiversity principles and UN Sustainable Development Goals already highlight the importance of biodiversity, and now the UN Global Biodiversity Framework further sets out very ambitious global targets on land and sea conservation and restoration.

Essity recognizes the risks and challenges of biodiversity loss. We recognize that as a global user of both fresh and recycled fibers as well as other renewable resources, materials and water, our business is dependent on healthy and functioning ecosystems for our long-term success. With growing biodiversity risks and challenges, we see a continuous need to contribute to the preservation of ecosystems touched by our

business in a structured and impactful way. Reduced climate impact, less pollution of air and land, reduced water consumption and less waste from our value chain will contribute to reducing stress on eco systems. Nature consideration and protection of biodiversity by responsible management is a priority for Essity and we require our suppliers to maintain and safeguard responsible forest and agriculture management based on the principles of biodiversity and forest conservation.

2. How we contribute to healthy ecosystems

To address the risks and challenges related to biodiversity loss and to contribute to healthy ecosystems, we engage with our value chain. The Essity approach includes:

- Essity Focus areas & Targets and Actions
- Life Cycle Management
- Collaboration & engagement with suppliers and key external stakeholders
- Additional measurement of biodiversity and ecosystems

2.1. Essity Focus areas & Targets and Actions

At Essity, we have identified 'focus areas' where we have an impact on biodiversity that are based on the globally acknowledged UN IPBES (Intergovernmental Platform on Biodiversity and Ecosystem Services) 'Five Drivers of Biodiversity Loss'. We have set separate targets and adopted dedicated actions to address and improve our impact on the respective drivers, some for many years, as further explained in the table below. Moreover, biodiversity is also formally integrated into our overall risk management process.

Drivers of biodiversity loss	Essity Focus areas	Essity targets and actions
Land and water use change	• Supplier forestry and water use in production	• Our Essity target is 100% FSC™ or PEFC certified fibers. Essity has a robust fiber sourcing policy in place: Essity Fresh Wood-Based Fiber Sourcing Policy where we state commit to responsible forestry and no deforestation • Essity works together with pulp suppliers regarding forestry land use, resilience and biodiversity impact. We are actively following international standards and
Direct exploitation of nature	• Supplier forestry, water and energy use in production • Essity purchase of renewable resources, energy and water in production	

		guidelines for biological diversity related to forests • Essity works to reduce fresh wood fiber purchases by investing in new technologies to develop alternative materials, and uses a large share of recycled materials in its products (Forest and Fiber) • Essity has set a water consumption target to reduce 25% of freshwater intake in 8 tissue mills in water stressed areas • All our tissue mills are included in the guidance of our water stewardship and our general water management approach (Water)
Climate change	• Greenhouse gases in Essity product life cycles • Removal of forest carbon sink	• Net Zero by 2050 & near-term SBT by 2030 Scope 1 &2 Energy & Electricity – 35% • Scope 3: Sourced goods, Transports & Waste –35% • Sustainable innovation target and Assortment carbon footprint reductions measured with LCA • Our strategic approach to reduce climate impact (Our Journey to Net Zero)
Pollution	• Supplier and Essity production • Product & packaging waste after use	• Essity works with life cycle management where we include safe chemicals and less environmental impact from suppliers, in production, during and after use, which leads to less pollution (Product safety) • Sustainable innovation target and Assortments where environmental footprint reductions measured with LCA

		• We are guided by our climate approach and circularity principles Reduce, Reuse & Recycle for the Essity targets on Sustainable innovations and Circular Packaging. By reducing resources, replacing fossil-based materials and introducing reusable design we are reducing pollution (Plastics, Waste)
Invasive non- native species	• Supplier forestry	• Supplier forestry is included in FSC and PEFC certifications. Requirements beyond certification are under exploration (Forest and Fiber)

2.2 Our Life Cycle Management Approach

We work with our suppliers, consumers and customers to improve the social and environmental aspects of our products and services' life cycle. Life Cycle Assessments (LCA) provide scientific measurements of a product's environmental impact in the whole life cycle from procurement, production, use, and after use as well as transport. LCA also allows inclusion and assessment of parallel impacts on land, water and air that are relevant for healthy eco systems. The life cycle perspective included in Essity targets and combined with using and working with chain of custody and biomass sourcing-certification support responsible managed renewable materials.

2.3 Collaboration & engagement with suppliers and key external stakeholders

Collaboration & engagement with suppliers

To contribute to healthy ecosystems and protection of biodiversity is a priority for Essity. We require our suppliers to maintain and safeguard responsible forest and agriculture management based on the principles of biodiversity and forest conservation as per our Global Supplier Standard and our Fresh Wood-Based Fiber Sourcing Policy. Suppliers' biodiversity impact will be assessed based on their climate impact, pollution to land, air, water and waste as well as local initiatives to improve biodiversity, ecosystems and land use affected by their operations. We require that renewable materials are sourced through a publicly recognized third-party certification of biomass sourcing and supply chain.

Collaboration & engagement with key external stakeholders

Tackling the loss of biodiversity cannot be done in isolation. Therefore, we collaborate with various key external partners and engage in projects and initiatives to contribute to healthy ecosystems, to reduce our impact on biodiversity across our entire value chain:

- Our way of working includes dialogues with local stakeholders and communities NGO´s and/or indigenous peoples and local communities (IPLC).

This is an important part of the fresh-wood fiber certification schemes and is also included in our requirements and audits.

- Forest Stewardship Council (FSC®). We are an active member of FSC® where together with our pulp suppliers we work to improve wood and fiber traceability and to promote sustainable forest management practices and forest certification
- The Forest Positive Coalition (FPC) of the Consumer Goods Forum (CGF). Essity co-chairs the FPC's Pulp, Paper and Packaging Working Group where we drive responsible fiber sourcing to become the business norm which includes engagement with IPLC and human rights issues.
- CGF Coalition of Action on Plastic Waste. In this Coalition we aim to reduce plastic by design guidelines and collaborating for improving local collection and recycling systems in key markets across the world
- Ellen MacArthur Foundation (EMF). We are part of the New Plastic Economy initiative and have also worked with how renewable and regenerative supply chains can contribute to a circular economy.
- Business Coalition for a Global Plastics Treaty. We are a founding member of this Coalition convened by the EMF and WWF International that endorses a clear common vision and advocates for an ambitious and effective global treaty to reduce plastic production, use and increase recycling.

In addition, we are either directly or via our trade associations or other platforms, following important global developments and engaging in global discussions and fora focused on halting biodiversity loss. Essity has been recognized for our leadership in sustainability by inclusion in the Carbon Disclosure Project's “A-list” for both Forests and Climate since 2021.

2.4 Additional measurement of biodiversity and ecosystems

We proactively monitor developments around additional biodiversity measurements and methodologies as well as aim to further improve our current targets and initiatives. We are therefore participating in the development of such metrics & methodologies and are actively taking part in projects to test the applicability of those.