

UK Tax Strategy

1. Purpose

The strategy sets out the principles for the Essity Group's UK tax management and governance. It explains the limits for acceptance of risk and the principles for Essity's relationship with HMRC.

The strategy is published in accordance with paragraph 19 of Schedule 19 to the Finance Act 2016.

2. Scope

This strategy is valid in relation to 'UK Taxation' as defined by paragraph 15 of Schedule 19 to the Finance Act 2016 and applies to the UK subsidiaries of Essity Aktiebolag (publ). A list of the entities to which it applies is set out below.

This strategy applies from the date of publication until it is superseded.

3. General approach

Essity strives to be a good corporate citizen contributing to society by being a responsible tax payer and complying with the law. Essity is committed to compliance with all statutory obligations and full disclosure to tax authorities. Our tax affairs are managed in a way which takes into account Essity's wider corporate reputation in line with our overall high standards of governance.

4. Relationship with HMRC

Essity seeks to have a transparent and constructive relationship with HMRC. We discuss developments in our business, current, future and retrospective tax risks, and our interpretation of the law in relation to all relevant taxes. Essity ensures that HMRC is kept aware of significant transactions and changes in the business and we proactively seek to discuss any tax issues arising at an early stage.

When submitting tax computations and returns to HMRC, Essity discloses all relevant facts and identifies any transactions or issues where it considers that there is potential for the tax treatment to be uncertain.

Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practicable after they are identified.

5. Risk management and governance

There are a number of processes and systems that form our governance framework and provide our Boards and Senior Accounting Officers with a robust tax compliance environment, these include:

- A formal and centrally overseen process for tax risk identification and management;
- A compliance monitoring tool;
- A Key Internal Control process used to report and monitor compliance with the internal control framework applicable to our financial reporting system; and
- The adoption of performance measures that promote a proactive approach to tax risk mitigation.

We maintain appropriate inhouse competencies and provide tax training to our tax employees in order to promote development and close any competence gaps. All our tax employees are aware of our policies and values.

6. Attitude towards tax planning and level of risk

Essity manages risks in a manner which ensures compliance with legal requirements and payment of the right amount of tax.

We refrain from transactions unrelated to the business context and only take tax positions that could be sustained after full and correct disclosure. Essity will seek to take advantage of reliefs, exemptions and tax incentives available in UK tax legislation.

Our approach to risk requires that we consider the implications of our tax management on the group's brand and reputation.

When appropriate, specialist advice is sought from appropriately qualified and experienced external tax advisors. External advice is used to complement the skills of our inhouse team and minimise risks associate with complex issues and uncertain tax positions.

7. Date of publication

3rd February 2021

8. List of entities covered by this Tax Strategy

BSN medical Distribution Ltd
BSN medical Ltd
BSN medical UK Holding Ltd
Essity Distribution B.V.
Essity Holding UK Ltd
Essity Operations Ltd
Essity Operations Manchester Ltd
Essity UK Ltd
SCA Euroliner Ltd
SCA Hygiene Products (Fluff) Ltd
SCA Hygiene Products (NI) Ltd
SCA Packaging Britain Ltd