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Sustainable Procurement Policy

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This policy outlines Essity's commitment to sustainable procurement practices. The purpose is to ensure Essity's expectations on our suppliers related to environmental compliance, labor rights, anti-corruption, human rights and inclusive procurement and how to apply these standards throughout their supply chains.

This policy ensures that all procurement activities are aligned with Essity's Global Supplier Standard (www.essity.com/gss) and international regulations including OECD guidelines.

2. Scope

This policy is applicable to new and incumbent suppliers, who provide goods and services to all subsidiaries and any related companies of Essity's Group.

3. Governance and Accountability

Essity's Global Procurement team is responsible for implementing and monitoring this policy. Suppliers' compliance is ensured through audits, screenings, and continuous risk assessments.

4. Description

4.1. Background

By sourcing from suppliers who share the same values as outlined in our Global Supplier Standard (www.essity.com/gss), we will continuously promote responsible business practices and respect for human rights in our supply chain.

Our Global Supplier Standard contains requirements concerning quality, product safety, the environment, and chemicals. It also contains a Supplier Code of Conduct that includes Essity's expectations regarding human rights and employee relations, as well as health and safety. Essity requires that suppliers read and provide their written commitment to adhere to and follow the criteria as defined in the Global Supplier Standard, and make sure their processes are aligned to them.

Essity target on Responsible Procurement: by 2025 95% of Essity's total purchase cost from suppliers that comply with Essity's Global Supplier Standard

4.2. Social Responsibility – Human Rights and Labor Practices

Essity prioritizes the well-being of people throughout our supply chain. Essity Global Procurement applies a risk-based approach in line with OECD guidelines for multinational enterprises. We require all suppliers to adhere to our Supplier Code of Conduct, which includes provisions for human rights, labor conditions, and health and safety.

4.2.1. Supplier Requirements

Essity has taken a variety of actions to verify the absence of forced labour, slavery and human trafficking in our supply chain:

- **VERIFICATION AND RISK ASSESSMENT:** For new suppliers a risk assessment, also covering human rights, is part of the mandatory qualification process. Furthermore, Essity's major suppliers are evaluated on an annual basis from a risk

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perspective as a part of the Sourcing Strategy. Among the risks taken into consideration are Financial, Geopolitical, Environmental, Legal, Social/Ethical and Market / Supply. The resulting aggregated risk index for a supplier can trigger a specific Ethical Audit (further information below)

- **GLOBAL SUPPLIER STANDARD COMPLIANCE:** Suppliers are requested to comply with Essity's Global Supplier Standard that includes our Supplier Code of Conduct that states Essity's expectations on suppliers in the following areas:
 - compliance with laws
 - health & safety
 - employee relations
 - business practice
 - community relations
 - environment
 - respect for human rights (specific mention of child, forced or compulsory labour)

Key suppliers' operations are audited to ensure compliance with Essity's Global Supplier Standard on a regular basis.

- **SUPPLIER ETHICAL DATA EXCHANGE (SEDEX):** tool Suppliers are requested to share their ethical and social status through the online information SEDEX <http://www.sedexglobal.com/>.
- **ETHICAL AUDITS:** Essity conducts Ethical audits (carried out by accredited third-party auditors) based on the SMETA 4-pillar format that includes areas such as labour standards, health & safety and entitlement to work. The decision to initiate an audit is based on international indices such as Sedex risk ranking (based on input from e.g., World Bank, ILO, Transparency International, UNICEF, World Economic Forum) outcome from SEDEX questionnaires or outcome from Essity's own Global Supplier Standard audits.

4.3. Ethical Business Practices

Essity upholds the highest standards of ethical conduct in our business operations. Our ethical business practices encompass:

- Screening of suppliers against relevant sanction lists
- Adverse media verification
- Further actions to be triggered depending on corruption risk as defined by Transparency International's ranking

4.4. Sustainable Fiber

Through certifications such as FSC and PEFC, Essity ensures sustainable fiber sourcing, thereby preventing deforestation and promoting biodiversity.

Essity target on Sustainable Fiber: Share of FSC - or PEFC-certified fresh fiber, annual target: 100%

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4.5. Climate Action

Essity prioritize transparency and ask suppliers to measure and disclose carbon emissions (Scopes 1, 2, and 3) per the GHG Protocol. Clear product carbon footprints help us make informed, sustainable decisions. We encourage setting science-based targets and transitioning to renewable energy to reduce greenhouse gas emissions and build a resilient energy system.

Recognizing the critical role that procurement plays in reducing our impact on the environment, we have implemented a series of initiatives designed to reduce our carbon footprint and promote environmentally friendly practices:

- Carbon Footprint Reduction: We measure and reduce our supply chain's carbon footprint with clear, actionable targets.
- Innovation and Improvement: We continuously explore new technologies to enhance supply chain performance.
- Supplier Engagement: We collaborate with suppliers to share our sustainability commitment, reducing emissions and improving energy efficiency.
- Sustainable Sourcing: We prioritize environmentally responsible materials and partners who use renewable resources and minimize waste
- Transparency and Reporting: We publicly report our climate action progress, ensuring transparency throughout our supply chain.

Essity's Science-based climate targets: reduction of absolute greenhouse gas emission related to Scope 3 (Scope 3 reports indirect emissions in the value chain). Target year 2030 (compared with 2016): -35% emission reductions

4.6. Inclusive Procurement

Essity strives to maximize growth by promoting and reinforcing diversity, equity and inclusion in our supplier base and in our suppliers' operations and respective supplier base, through:

- Leveraging DEI in our supplier base: We actively seek to include small and diverse businesses in our supplier base, ensure inclusive and equitable procurement practices and provide capability building for all suppliers, to meet Essity's requirements.

Excel DEI in our end-to-end value chain: We stay committed to encouraging and promoting DEI practices in our suppliers' operations, collaborating with peers and partners to advance together and support communities in which we operate in, as part of our commitment to UN SDG:s.

5. Change management of the policy

Revision of this document is made annually or when required. Any changes as a result of revisions are noted in chapter 6.

6. Document history

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1.0	

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