

Essity's climate action plan

Science-based targets
December 2025



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Essity's ambition and science-based targets

Essity's climate action plan

Science-based targets at the core of Essity's decarbonization journey

At Essity, sustainability is a cornerstone of our strategy. It is fully embedded in our framework as one of five key “how to win” choices, alongside brand building, innovation, people and culture, and operational excellence.

Increasing expectations from regulators, shareholders, customers, employees and society make navigating sustainability more complex. Nevertheless, our ambition remains: to achieve both financial and sustainability targets.

From an environmental perspective, decarbonizing our business is key. We have set science-based targets aiming to achieve net zero by 2050, with our first milestone along the way:

-35% emissions reduction by 2030 including our own operations, sourcing, transportation and waste.

While we invest in transforming our manufacturing sites, we also work collaboratively across the entire value chain to drive meaningful and comprehensive emissions reductions.

Sahil Tesfu, Chief Strategy and Sustainability Officer at Essity



The time to act is now

Climate change is one of the defining challenges of our time, and its effects are far-reaching. As one of the world's leading hygiene and health companies, Essity is committed to the UN Sustainable Development Goals and the Paris Agreement.

Essity's climate action plan follows the Science Based Target initiative framework with a near-term target of -35% emissions reduction by 2030 and a validated 2050 net zero target.



Science Based Target initiative (SBTi)

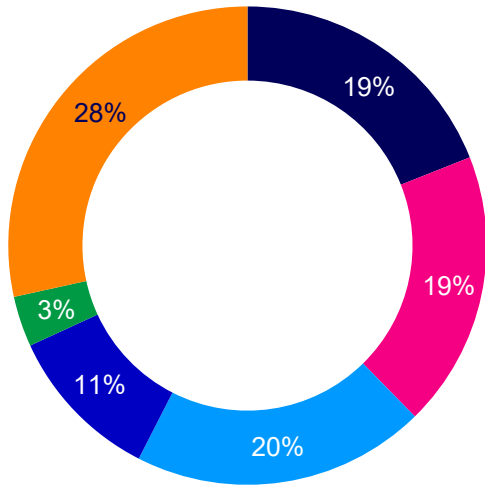
- The Science Based Targets initiative (SBTi) framework guides companies in setting greenhouse gas reduction goals aligned with climate science and the Paris Agreement's aim to limit global warming to 1.5°C compared to pre-industrial levels.
- Through the SBTi, companies commit to near-term targets (5 –10 years) and long-term net zero goals (by 2050 or sooner). Targets must be measurable and time-bound.
- Focus of science-based targets includes companies' full value chains, including emissions from own operations as well as upstream and downstream activities.
- By following the SBT framework, companies ensure their decarbonization strategies are credible, transparent and consistent with global climate goals.



Essity's science-based targets – in scope for 2030?

Essity's 2030 target scope

100% = 8,102 kt CO₂ (2016 baseline)



Scope 1

■ Direct emissions from manufacturing, i.e. via use of fuels

Scope 2

■ Indirect emissions from purchased energy, primarily electricity

Scope 3:

■ Indirect emissions from key input materials (tissue and fluff pulp, superabsorbents, nonwovens, branded packaging)

■ Indirect emissions from inbound and outbound transports (purchased goods to Essity, products from Essity to customers)

■ Indirect emissions from production waste handling/degradation

■ Indirect emissions from product waste handling/degradation

Essity's science-based climate targets

We focus on our 2030 near-term targets and ensure we are on track for 2050

2030

Scope 1 & 2: -35% emissions*

Outcome 2024: -27%

Our 2030 emission reduction target for Scopes 1 & 2 includes:

- Our direct emissions (Scope 1) from manufacturing, e.g., via the use of fuels
- Our indirect emissions from energy purchases (Scope 2), primarily from electricity

2030

Scope 3: -35% emissions*

Outcome 2023: -21%

Our 2030 emission reduction target for Scope 3 includes:

- Our indirect emissions that occur outside Essity's own operations including purchased key raw materials, transportation, product and production waste

2050

Scope 1, 2 & 3: Net zero

Our approach is guided by science-based targets and integrated into the way we run our business. We are taking measurable actions today to reduce our emissions and meet our 2030 targets, while leveraging our influence and collaborative efforts to amplify impact across the value chain to achieve net zero by 2050.

*Compared to a 2016 baseline

Chapter 2

Essity's focus areas and actions

Essity focuses on the areas with the greatest emissions impact by 2030

Scope 1 & 2



- Energy consumption and mix

Scope 3



- Reducing emissions from production waste



- Upstream collaboration with suppliers and partners



- Downstream collaboration and distribution



- Reducing emissions from product waste

Energy consumption and mix

Scope 1 and 2: Energy consumption and mix – introduction

At Essity, tissue production accounts for over 80% of our manufacturing emissions, making our tissue sites the heart of our Scope 1 & 2 decarbonization efforts. We lead the way by analyzing each site individually and implementing tailored solutions that deliver measurable results.

Our main focus areas are clear:
using energy more efficiently through process improvements and transitioning to lower-emission and renewable energy sources. We're also exploring future technologies to further reduce emissions, while keeping our priority on actions that create real impact today.

By continuously investing in and executing these solutions site-by-site, Essity is cutting emissions and making tangible progress toward our climate action targets.



Scope 1 and 2: Energy consumption and mix

Tissue manufacturing requires significant thermal energy and electricity, making energy use the largest source of emissions. Essity improves efficiency in drying, pulping, thermal drying, and utilities; recovers heat wherever possible; and transitions to renewable energy sources such as biomass, biogas, geothermal, and solar, as well as to electrification, to replace fossil fuels.

These actions reduce Scope 1 and 2 emissions while boosting operational efficiency and resilience.



Scope 1 and 2:

Energy consumption and mix



E-save

Embedding energy efficiency across operations

E-save is a program that encompasses investments in energy-efficient technical solutions, daily improvement activities, and a general change in attitude toward energy use across Essity sites. Since its launch, ESAVE has helped reduce energy consumption and direct emissions at multiple sites. For example, in September 2025, a new steam storage system was commissioned at the Mannheim mill in Germany, reducing the additional steam required for paper production.

GHG reduction at Mannheim facility: **13,000t in 2024**



Kawerau Plant

Renewable energy is in place at many plants

At our Kawerau tissue plant in New Zealand, we've taken a major leap by switching our paper making machine from fossil-based steam to geothermal energy.

This change eliminates Scope 1 emissions from the respective machine and reduces our carbon footprint by 15,000 tonnes. It's a powerful example of how renewable energy can reshape industrial production.

Direct Scope 1 emissions reduction: **15,000t CO₂ in 2024**



Voith Partnership

Reinventing tissue production

Together with the global technology company Voith, we're developing a revolutionary concept for tissue production using dry fiber technology.

This innovation eliminates the need for water and drying energy, potentially allowing us to eliminate Scope 1 emissions from the process entirely. It's a glimpse into the future of sustainable hygiene product manufacturing.

Potential energy consumption reduction: **Up to 40%**

Reducing emissions from production waste

Scope 3: Reducing emissions from production waste

At Essity, we're rethinking production waste and scaling circular solutions across our sites to reach our goal of zero waste to landfill. By improving waste segregation and expanding reuse initiatives, we're transforming byproducts into new resources that reduce emissions, lower disposal costs, and enhance operational efficiency.

A key focus is on tissue sludge*, which accounts for the majority of our production waste. Through external partnerships and innovation, we're finding new ways to repurpose it, from transforming it into construction materials to creating energy with it, proving that circular thinking can drive both environmental and business results.

*Sludge - by-product generated during the paper-making and wastewater treatment process.



Scope 3:

Reducing emissions from production waste



Zero waste to landfill

Turning waste into value

At our Ecatepec plant in Mexico we achieve 100% waste valorization by converting production waste into materials and energy for reuse. This progress is driven by improved waste segregation and close collaboration with suppliers creating measurable value of over USD 1 million annually.



Sludge valorization

Scaling proven solutions

At sites like **Lilla Edet, Sweden** and **Nokia, Finland** we recover energy from tissue sludge through on-site incineration and partner with industry to transform waste into secondary materials for applications such as cement or plastics. These collaborations reduce waste and extend the life of valuable resources.



Turning waste into value

Pioneering circular innovations

At our Hondouville site in France, we heat leftover paper sludge in a process called calcination. This does two great things: it provides us with minerals used to make cement, and it generates extra energy to power our site. Instead of throwing this waste away, we turn it into valuable materials and clean energy, an innovative and sustainable solution.

Upstream collaboration with suppliers and partners

Scope 3:

Upstream collaboration with suppliers and partners

Working together to reduce impact

Emissions from purchased goods, services and inbound transport make up a large share of Essity's emissions footprint. Collaboration with suppliers is key to reducing these upstream emissions.

We're advancing sourcing strategies beyond operational improvements, partnering with the right suppliers for long-term decarbonization. This includes embedding carbon intelligence into decision-making, improving material efficiency, and selecting lower-carbon alternatives that balance performance, impact, scalability and cost.

Together with suppliers and logistics partners, we're increasing renewable energy use, improving load efficiency and optimizing transport routes to cut emissions across the inbound value chain.



Scope 3:

Upstream collaboration with suppliers and partners



Climate-aligned procurement

Integrating carbon intelligence into procurement

We embed climate criteria into supplier selection and renewal processes and build a strong data foundation by collecting carbon-related information through recognized standards. By engaging priority suppliers in high-emission categories and setting clear expectations, we strengthen collaboration and drive climate commitments across our supply chain.



Driving supplier climate action

Structured action and shared value creation

We use our Climate Action Contract to formalize supplier commitments and create accountability for shared decarbonization goals. Through collaboration on roadmaps and co-developed solutions, we move beyond voluntary pledges to measurable action while supporting suppliers with tools and training to build carbon intelligence.



Exploring low-carbon materials

Preparing for scalable adoption

We work with suppliers to explore innovative material solutions such as mass-balanced and other low-carbon alternatives. Early engagement builds insight and readiness for wider adoption as technologies mature and costs decrease.

Downstream collaboration and distribution

Scope 3:

Downstream collaboration and distribution

Bringing our products to customers and consumers

Our products travel globally to meet everyday hygiene and health needs. Together with our transportation and distribution partners, we make that journey more sustainable by continuously improving load utilization, optimizing routing within our distribution network, and shifting to lower-emission modes of transportation, such as rail, sea, and intermodal wherever possible.

We are also expanding the use of renewable and alternative fuels, increasing the usage of electric, biofuel, and gas vehicles in our network. We partner with our carriers to increase transparency on emissions data. These actions help reduce the footprint of every delivery, supporting our commitment to providing essentials responsibly.



Scope 3:

Downstream collaboration and distribution



Transport control tower

Digital transport optimization to improve service, cost and sustainability

We accelerate decarbonization by digitalizing transport processes such as load consolidation, freight assignment, and route optimization across our global network. Our technology-enabled approach allows for smarter routing and scheduling for over one million shipments each year, improving load efficiency, reducing empty miles, and enabling lane-based CO₂ tracking.



Optimized products & network

Continuous improvement

We optimize product design to improve space utilization through better pallet fit for warehouse and transport operations. At the same time, we continuously review and adjust our fulfillment network to shorten travel distances and enable a shift to lower-emission transport modes.



Collaborating end-to-end

Optimizing the entire value chain

We embed climate criteria into carrier selection and renewal processes and work with suppliers and customers on joint decarbonization roadmaps. By co-developing solutions and enhancing analytics we identify carbon reduction opportunities at the most granular level and align actions with customer value.

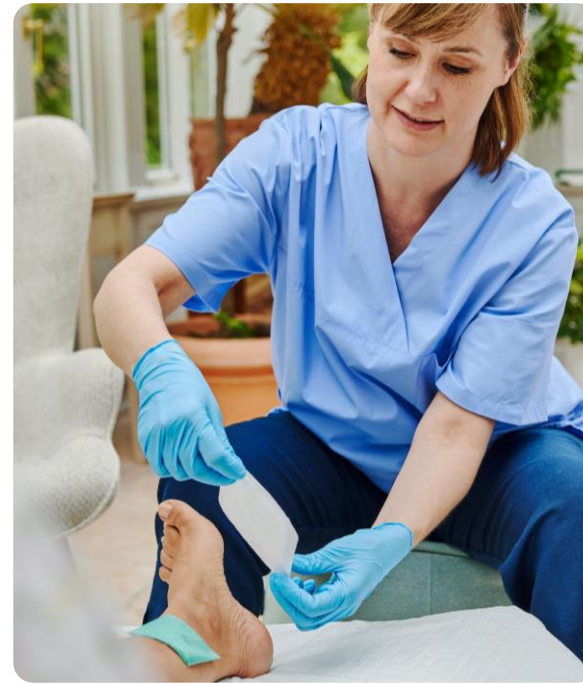
Reducing emissions from product waste

Scope 3: Reducing emissions from product waste

Innovating for established and emerging circular material flows

The majority of our products are single-use, designed for disposal after use to ensure hygiene and safety. While this meets essential health needs, it also creates environmental challenges. Our goal is to reduce the impact of disposal without compromising health and well-being.

We design our products to align with circular waste management systems, such as recycling and composting, ensuring they can be safely and efficiently recovered at the end of their life. Scaling these solutions requires collaboration with governments and authorities, particularly in regions with high landfill use, such as Latin America. By advocating for systemic change, we create the conditions for innovation and sustainable end-of-life solutions.



Scope 3:

Reducing emissions from product waste



Tissue composting

Zewa household towels

Essity's Zewa brand offers certified compostable household towels in Europe, providing consumers with a more sustainable option for everyday use. These products encourage composting at home or through industrial composting, enabling a second-life for used towels and supporting circularity and resource efficiency.



Paper towel recycling

Tork PaperCircle®

With Tork PaperCircle, our professional hygiene service, used paper towels are collected separately and recycled through Essity's controlled process. By leveraging our own recycling network and collaborating with partners, we turn fibers into new tissue products and promote resource efficiency and waste reduction.



New materials and product concepts

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Chapter 8

Advancing downstream change

Scope 3: Advancing downstream change

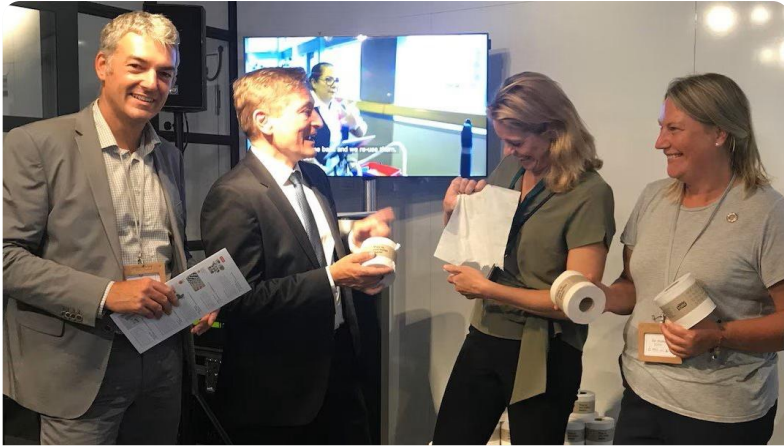
Driving systemic change and innovation

Single-use products are essential for global hygiene and health, yet they contribute to emissions, waste and resource depletion. While optimizing products for recycling and composting, Essity not only advocates and invests in systemic improvements but also actively explores innovative technologies and solutions.

We work with governments, industry partners, and policymakers to promote regulatory acceptance, enhance collection and composting systems, harmonize waste management standards, and accelerate the adoption of breakthrough approaches. These efforts aim to improve recovery, advance the use of circular materials, and reduce lifecycle emissions.



Scope 3: Advancing downstream change



Industry coalitions and alliances

We amplify systemic change by participating in global platforms that shape circular-economy policies and standards. Essity is an active member of the Consumer Goods Forum Net Zero Coalition and the Ellen MacArthur Foundation's Circular Economy initiatives. Through these alliances, we advocate for harmonized waste regulations, investment in recycling infrastructure, and collaborative pilots that accelerate material recovery across the hygiene sector.



Circular waste recovery

In Medellín, Colombia, waste pickers are the backbone of the recycling system. Essity and Tetra Pak launched Circular Libraries to provide safe spaces for literacy and well-being for their families, benefiting more than 60,000 people. By supporting those who collect and sort materials, we help strengthen recovery systems, so more products and packaging are recycled rather than end up as waste.



Piloting change together

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Everyone has a role to play

Sustainability is embedded in daily decisions, operational planning, and cross-functional collaboration. By acting together, we build resilient operations, strengthen competitiveness, and safeguard our ability to operate globally – securing Essity's long-term leadership in hygiene and health.

Beyond our own operations, we advocate for and drive change by partnering with customers, distributors and end users to reduce environmental impact. We influence systemic improvements through education, innovation and collaboration, helping stakeholders adopt circular solutions and better waste management practices. At the same time, we recognize the essential role our products play in hygiene and health, and work to minimize their footprint, creating shared value for people and the planet.

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