Carbon Reduction Plan Template

Supplier name: **Essity UK Ltd.**

Publication date: 5 May 2023

Commitment to achieving Net Zero

As a subsidiary of Essity AB, Essity UK Ltd. is committed to achieving Net Zero emissions by 2050

Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

Baseline Year: 2020

2021 for Scope 3 Category 4

Additional Details relating to the Baseline Emissions calculations.

As a global hygiene and health company, Essity plays a leading role in driving change to reduce the company's climate impact. Essity's production facilities for tissue have had a program to reduce CO_2 emissions per ton of products produced already in 2005. The reduction in CO_2 emissions per ton produced between 2005 and 2022 was 23%. Essity's current climate targets were approved by the Science Based Targets Initiative in 2018 and in 2021 Essity raised its ambitions for Scope 1 and 2, committing to reach net zero greenhouse gas emissions by 2050 for the entire value chain. Essity has joined the UN Global Compact's "Business Ambition for 1.5C" with the updated targets in line with the scenario "well below 2C" having committed to reduce Scope 1 and 2 emissions by 35% by 2030 from a 2016 base year. For greenhouse gas reporting, Essity consider greenhouse gas emissions within Essity's operational boundary/control.

For the purposes of this Carbon Reduction Plan, the baseline emissions calculations have been taken for 2020 as this was first year of reporting in accordance with the SECR requirements. This is to ensure consistency as corporate reporting of greenhouse gas emissions from purchased electricity (Scope 2) utilise the country's emission factor published by the IEA and greenhouse gas emissions from incineration are calculated using emission factors for the fuel's thermal value based on IPCC guidelines 2006 for Scope 1 emissions. Data is reported as a calendar year.

Energy use calculations include purchased energy, use of fuel and biomass and electricity generated on site. The energy generated is used in production. The surplus heat created is mainly used by Essity. The majority of Essity's energy, both fuel and electricity, is used in tissue production. The production of Personal Care products primarily uses electricity and European facilities purchase certified renewable electricity with a certificate for guarantees of origin since 2020.

For 2022 reporting, Scope 1 and 2 emissions reported are inclusive a very small share of emissions associated with business-related activities in leased vehicles.

In the UK, Essity UK Ltd. operate 6 paper machines and associated converting operations. Essity Manchester Operations Ltd. is not a subsidiary of Essity UK Ltd so data for this entity has not been included. There is no production of Personal Care products in the UK.

Essity has additionally undertaken to reduce greenhouse gas emissions by 18% within Science Based Targets' Scope 3, which applies to the most important emission categories from purchased raw materials, incoming and outgoing shipments, waste from the company's own production and product waste after use. The categories represent the majority of total Scope 3 emissions in the value chain.

Essity calculates Scope 3 emissions by using the company's own data from purchased, shipped, produced and sold volumes, known as primary data. The emission factors used to calculate these emissions are obtained through third-party information from suppliers and service providers in manufacturing, transport and waste management systems. To ensure that Essity has complete and reliable data, corporate Scope 3 emissions are reported with a one-year delay. Further detail on Essity's climate ambitions and annual and sustainability reports with performance against key targets can be found at www.essity.com	
Baseline year emissions: 2020 (2021 Scope 3 category 4)	
EMISSIONS	**TOTAL (tCO_2e)**
Scope 1	**122,079**
Scope 2	**74,123**
Scope 3 **(Included Sources)**	**22,827**
	4. Upstream transportation and distribution Corporate data does not consider national boundaries so this data has been estimated. 5,845 tCO_2e **5. Waste generated in operations** 422 tCO_2e **6. Business travel** Calculated using data available from our travel agency and expense reports for relevant business mileage within the UK 347 tCO_2e **7. Employee commuting** Estimated at 574 tCO2e – impact of COVID restrictions **9. Downstream transportation and distribution** 15,639 tCO_2e (2021) Transportation of sold products to the retailer within the UK. Note that Essity report this corporately under Scope 3 category 4.
Total Emissions	**219,029**

Current Emissions Reporting

Reporting Year: 2022	
EMISSIONS	**TOTAL (tCO_2e)**
Scope 1	**118,373**
Scope 2	**59,436**
Scope 3 **(Included Sources)**	**24,280**
	4. Upstream transportation and distribution Corporate data does not consider national boundaries so this data has been estimated. 5,192 tCO_2e **5. Waste generated in operations** 873 tCO_2e **6. Business travel** Calculated using data available from our travel agency and expense reports for relevant business mileage within the UK 376 tCO_2e **7. Employee commuting** Calculated using government figures for average commuting distance in region local to each site/office, internal employee data and government figures for emissions by transport type and commuting method. 713 tCO_2e **9. Downstream transportation and distribution** Transportation of sold products to the retailer within the UK. Note that Essity report this corporately under Scope 3 category 4. 17,126 tCO_2e
Total Emissions	**202,089**

Emissions reduction targets

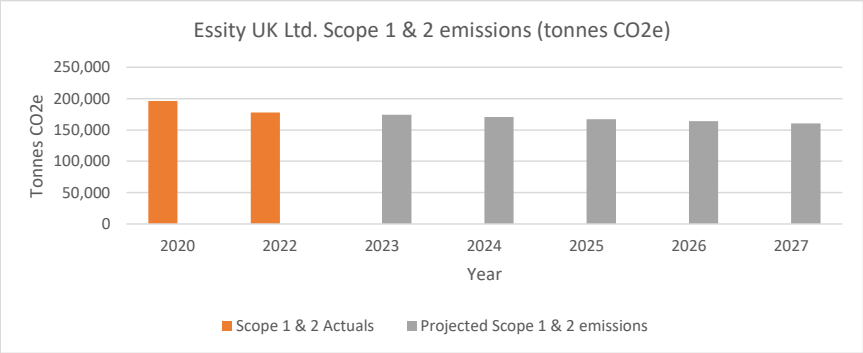
In order to continue our progress to achieving Net Zero, we have adopted the following carbon reduction targets:

Essity's corporate climate targets were approved by the Science Based Targets Initiative in 2018 and in 2021 Essity raised its ambitions for Scope 1 and 2, committing to reach net zero greenhouse gas emissions by 2050 for the entire value chain. Essity has joined the UN Global Compact's "Business Ambition for 1.5C" with the updated targets in line with the scenario "well below 2C" having committed to reduce Scope 1 and 2 emissions by 35% by 2030 from a 2016 base year.

We project that Scope 1 and 2 carbon emissions will decrease over the next five years to 160,725 tCO_2e by 2028. This is a reduction of 10%.

This reflects emissions from Essity UK Ltd. tissue manufacturing footprint, associated office facilities.

Progress against these targets can be seen in the graph below:



Carbon Reduction Projects

Completed Carbon Reduction Initiatives

The following environmental management measures and projects have been completed or implemented since the corporate 2016 baseline for the SBTi targets. However, Essity's production facilities for tissue have had a program to reduce CO_2 emissions per ton of products produced already in 2005. The reduction in CO_2 emissions per ton produced between 2005 and 2022 was 23%.

The carbon emission reduction for Essity UK Ltd. manufacturing footprint achieved since 2016 equates to 18,015 tCO_2e, a 9% reduction against the corporate 2016 baseline for Essity UK Ltd. and the measures will be in effect when performing the contract. This data is based on the corporate reporting emission factors and includes the impact of significant changes to the papermaking footprint within the Essity UK Ltd. asset base as well as a number of investments throughout the business. The time period considered for this aspect of the carbon reduction plan is relevant as it demonstrates the continued investments that the business has made over an extended period of time to reduce carbon emissions reductions.

Essity have a number of management measures in place including:

- ISO14001 certification at all UK manufacturing sites
- Approved SBTi targets
- Signatory to the Business Ambition for 1.5C
- Corporate guidance on business travel

Specific measures include:

- Adoption of EV (Electric Vehicle) company car policy from 2020
- EV charging points installed at Skelmersdale and Oakenholt sites and Dunstable offices
- Completion of a feasibility study for use of hydrogen to replace natural gas at Oakenholt and Tawd Mills, funded by the £55m BEIS IFS (Industrial Fuel Switching) programme
- Investments at manufacturing sites including:
    - Actions to improve water recovery & reduce heat demand from associated reduction in freshwater use
    - Actions to reduce energy demand in feedstock processing
    - Replacement of oversized motors with correct sizing & higher efficiency design with variable frequency drive
    - Installing variable frequency drives on large motors
    - Replacement of old process equipment with more efficient technology
    - Reductions in process variability through statistical process control
    - Insulation of heating and drying systems
    - Replacement of energy intensive process equipment with higher efficiency equipment
    - Improved efficiency of site steam boilers
    - Installation of LED lighting
- Requesting highest emission standards when sourcing freight

Commented [PJ1]:

In the future we intend to implement further measures such as:

- Office move for Consumer Goods allows for LED lighting, increased recycling, EV vehicle charging points
- Use of waste heat to produce steam
- Upgrade of fibre recycling plant
- Investigate employee EV purchase support package
- Demonstrate use of hydrogen to replace natural gas at Tawd Mill (pending successful funding application) providing confidence for future investment to switch
- Improvements in efficiency of combustion processes
- Automation of hot air-drying system to improve efficiency
- Investigating solar private wire and green hydrogen opportunities
- Investigating on-site CHP with biogas/hydrogen
- Investigating improved regional output from corporate transport emissions data

Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard[1] and uses the appropriate Government emission conversion factors for greenhouse gas company reporting[2].

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard[3].

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of the Supplier:

……

Date: 5 May 2023

Paul Bailey, Director

[1] https://ghgprotocol.org/corporate-standard
[2] https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting
[3] https://ghgprotocol.org/standards/scope-3-standard