

# Remuneration report 2025

Essity Aktiebolag (publ) to be presented at the 2026 Annual General Meeting (AGM)

## Introduction

This report describes how the guidelines for remuneration of senior executives of Essity Aktiebolag (publ), as adopted by the 2024 AGM, were applied in 2025. The report also provides information about the remuneration of the President and the Executive Vice President and a summary of the company's variable remuneration programs and other benefits. The report has been prepared in accordance with the Swedish Companies Act and the Stock Market Self-Regulation Committee Remuneration Rules. More information about remuneration of senior executives is available under Note C (Employees) on pages 141–146 in the 2025 Annual Report, which is available on [essity.com](https://www.essity.com). Information about the work of the Remuneration Committee in 2025 is presented in the Corporate governance report on pages 100–109 in the 2025 Annual Report.

The Board's remuneration is not covered in this report. Such remuneration is approved each year by the AGM and is reported under Note C3 on page 144 of the 2025 Annual Report.

## 1. Key events and key figures in 2025

The President summarizes the company's overall performance in his statement on pages 6-7 in the 2025 Annual Report.

## 2. The company's guidelines for remuneration of senior executives: purpose, scope and deviations

The remuneration guidelines, as adopted by the 2024 AGM, and the application of these are described under Note C2 on pages 141-142 of the Annual Report.

A prerequisite for the successful implementation of the company's business strategy and the protection of its long-term interests, including its sustainability, is that the company can recruit and retain qualified staff. To this end, the company must offer competitive and market-based remuneration and benefits.

According to the guidelines, total remuneration and benefits to the senior executive, Total Reward, combined is to correspond to market practice and be competitive in the senior executive's field of profession. The remuneration is offered as fixed salary, variable remuneration, other benefits such as company car, pension and healthcare benefits.

The total remuneration is to be proportionate to the senior executive's position and authority and the responsibility this entails based on the financial scope and business impact, as well as market complexity. Total remuneration is decided on an individual basis at a level that, in combination with the various remuneration components, is considered to correspond to market practice and is competitive taking into account performance. For the President and the Executive Vice President, a market comparison is therefore conducted with Swedish global industrial companies.

Table 1 below shows the total remuneration of senior executives in 2025 and the relationship between fixed and variable remuneration. Remuneration was not received from any other Group company.

## 3. Variable remuneration

Variable remuneration is divided into short and long-term programs that are related to financial and non-financial targets. The targets are designed to contribute to the company's business strategy and long-term interests, including its sustainability. The long-term incentive programs were adopted by the AGM in 2023, 2024 and 2025. The sustainability targets are primarily based on the Science-based targets Scope 1 and 2, which aim to reduce emissions of carbon dioxide in energy utilization and purchased electricity.

### 3.1 Short-term incentive program

The program aims to support the achievement of the company's strategic business targets in the short and long-term. The program's target structure consists of key financial targets or business strategic non-financial targets related to the individual area of responsibility. The key financial targets for senior executives consist of Group level financial targets or business area financial targets and comprise return on capital employed, operating cash flow, organic sales growth, profit and operating margin. For the President and the Executive Vice President, the target structure for 2025 consisted of the Group's return of capital employed, operating cash flow, organic sales growth and profit for the period.

As of 1 June 2025, provided the targets are met in full, short-term remuneration amounts to 80% of fixed cash salary for the President and to 50% of fixed cash salary for the Executive Vice President. Up until 1 June 2025, the outcome of the short-term incentive program for both was maximized to 50% of fixed cash salary. This remuneration is not pensionable income.

### 3.2 Long-term incentive program

The aim of the long-term program is to promote the long-term positive earnings trend for the company and positive value appreciation for the company's shareholders.

The program is a cash-based program and aims through share ownership to create commonality between participants and the company's shareholders and reward long-term value creation. The program is also an important remuneration component in attracting and retaining key employees. The program is approved by the Board and adopted by the general meeting for one year at a time and participants in one program are not automatically eligible to participate in future programs. The measurement period is three years. An invitation to take part in the program is sent during the first year of the measurement period. The degree to which the targets were met and any outcomes are determined at the end of the measurement period.

The long-term incentive program has two targets. The first is based on the performance of the company's Class B shares, measured as Total Shareholder Return (TSR). TSR comprises dividends, share price performance and other returns that are compared with the performance of weighted indexes that contain return on shares for a selection of competing companies in Essity's business areas of Health & Medical, Consumer Goods and Professional Hygiene during a three-year measurement period. Average TSR during the final quarter before the start of the measurement period is compared with average TSR during the final quarter of the measurement period.

Remuneration for this target is awarded if Essity's TSR is not less than the weighted TSR of the comparison group for the same period and maximum outcome is achieved if Essity's TSR exceeds the weighted TSR for the comparison group by at least 5 percentage points during the measurement period. The second goal is a relative goal for reduction in greenhouse gas emissions ("Sustainability target"). A prerequisite for payment is that the company reduces its greenhouse gas emissions during the measurement period by at least 7.5% on a linear basis compared with the base year of 2016. Full payment is made if the Sustainability target is achieved.

The TSR target is weighted at 80% and the Sustainability target at 20% when deciding on the outcome of the program. The company pays any outcome as cash remuneration, and the maximum outcome may amount to 80% of the fixed cash salary for the senior executive. The maximum compensation for the President and the Executive Vice President is 50% of the fixed cash salary. Resulting remuneration is not pensionable income. Within a specified period, the senior executive must acquire Essity shares for the full amount of remuneration received, after deduction of income tax. If trading restrictions are in place, due to so called inside information, the acquisition must take place as soon as possible thereafter. The senior executive must then not divest the shares acquired within the framework of the program for a period of at least three years from the date of purchase.

The outcome of the program is paid as cash remuneration to the senior executive, which means the program has no dilution effect or similar impact for shareholders and, as stated above, there is a ceiling for the maximum outcome.

The next upcoming assessment of outcome in respect of the program 2024-2026 will be in 2027.

## 4. Pension benefits

Pension benefits for senior executives shall be defined contribution in accordance with the remuneration guidelines and limited to at most 40% of fixed salary with the exception of pension agreements signed before 2020.

From 1 June 2025, Pension benefits are defined contribution with a premium of 35% of fixed cash salary for the President and 30% of fixed cash salary for the Executive Vice President in addition to the premium expenses for basic pension benefits in the ITP plan with retirement pension benefits limited to a maximum salary income of 7.5 income base amounts. Up until 1 June 2025, the premium for the President was 40% of fixed salary.

## 5. Other benefits

Other benefits refers to company cars, luncheon vouchers, medical insurance and relocation support.

## 6. Deviations and audit

No deviations from the guidelines took place and no exemptions from implementing the remuneration guidelines were made. The auditor's report on the company's compliance with the guidelines is available on [essity.com](https://www.essity.com). No remuneration was refunded.

## 7. Comparative information between remuneration and performance

Comparative information about changes in total remuneration of senior executives and average remuneration per full-time employee in the Parent Company and the company's performance results, is provided under Table 4.

Board of Directors, February 19, 2026

**Table 1. Total remuneration of the President and the Executive Vice President**

Name, position	Fiscal year	Fixed remuneration		Variable remuneration <sup>2)</sup>		Extraordinary benefits	Pension costs	Total salary and remuneration	Proportion fixed and variable remuneration, %
		Fixed salary	Other benefits and remuneration	Short-term remuneration	Long-term remuneration				
<b>Ulrika Kolsrud</b> President and CEO (1 Jun–31 Dec 2025)	2025	9,464,052	263,288	3,142,753	4,666,667	0	3,785,687	21,322,447	56/44
<b>Magnus Groth</b> President and CEO (1 Jan–31 May 2025) <sup>1)</sup>	2025	7,583,333	78,514	1,595,929	3,791,667	0	3,160,090	16,209,533	59/41
<b>Fredrik Rystedt</b> Executive Vice President and CFO	2025	9,126,898	151,213	1,920,776	4,563,449	0	2,861,332	18,623,668	59/41

1) Total Salary and remuneration paid in 2025 including notice period is SEK 38 902 879.

**Table 2. Outcome of the short-term incentive program 2025 for the President and the Executive Vice President**

Name, position	Target	Target's relative value	Target outcome	Remuneration, SEK
<b>Ulrika Kolsrud</b> President and CEO (1 Jun–31 Dec 2025)	Return of capital employed excl. IAC	27.5%	17.2%	1,254,465
	Operating cash flow (adjusted <sup>3)</sup> )	20%	SEK 16.65bn	1,185,567
	Organic sales growth	27.5%	0.9%	0
	Profit for the period excl. IAC	25%	SEK 12.8bn	702,721
<b>Magnus Groth</b> President and CEO (1 Jan–31 May 2025)	Return of capital employed excl. IAC	27.5%	17.2%	637,033
	Operating cash flow (adjusted <sup>3)</sup> )	20%	SEK 16.65bn	602,046
	Organic sales growth	27.5%	0.9%	0
	Profit for the period excl. IAC	25%	SEK 12.8bn	356,851
<b>Fredrik Rystedt</b> Executive Vice President and CFO	Return of capital employed excl. IAC	27.5%	17.2%	766,699
	Operating cash flow (adjusted <sup>3)</sup> )	20%	SEK 16.65bn	724,590
	Organic sales growth	27.5%	0.9%	0
	Profit for the period excl. IAC	25%	SEK 12.8bn	429,487

**Table 3. Outcome of the long-term incentive program 2023–2025 for the President and the Executive Vice President**

Name, position	Target	Target's relative value	Target outcome	Remuneration, SEK
<b>Ulrika Kolsrud</b> President and CEO (1 Jun–31 Dec 2025)	Performance of the company's Total Shareholder Return (TSR) compared with weighted indexes of competing companies over the three year measurement period	80%	7.1%	3,733,333
	Science-based targets, Scope 1 and 2	20%	-4.5%	933,333
<b>Magnus Groth</b> President and CEO (1 Jan–31 May 2025)	Performance of the company's Total Shareholder Return (TSR) compared with weighted indexes of competing companies over the three year measurement period	80%	7.1%	3,033,333
	Science-based targets, Scope 1 and 2	20%	-4.5%	758,333
<b>Fredrik Rystedt</b> Executive Vice President and CFO	Performance of the company's Total Shareholder Return (TSR) compared with weighted indexes of competing companies over the three year measurement period	80%	7.1%	3,650,759
	Science-based targets, Scope 1 and 2	20%	-4.5%	912,690

**Table 4. Change in Total remuneration and the company's performance in recent fiscal years**

Name, position	Total remuneration <sup>4)</sup> in 2025 SEKm	Year-on-year change – 2025/2024		Year-on-year change – 2024/2023		Year-on-year change – 2023/2022		Year-on-year change – 2022/2021		Year-on-year change – 2021/2020	
		SEKm	%	SEKm	%	SEKm	%	SEKm	%	SEKm	%
<b>Ulrika Kolsrud</b> President and CEO (1 Jun–31 Dec 2025)	21.3	21.3	n/a								
<b>Magnus Groth</b> President and CEO (1 Jan–31 May 2025)	16.2	-3	-8	6.9	19	-2.9	-8	14.7	62	-3.6	-13
<b>Fredrik Rystedt</b> Executive Vice President and CFO	18.6	-1.8	-9	3.6	21	-1.5	-8	7.4	67	-1.8	-14
Average remuneration per employee (converted to full-time equivalents) in Essity Aktiebolag (publ). Remuneration of senior executives is excluded.	1.3	-0.3	-19	0.2	15	-0.2	-13	0.2	14	-0.2	-12
Company's performance – Profit for the period excl. IAC	12,776	2	0	819	7	3,632	44	-1,036	-11	-2,442	-21

2) Variable remuneration pertains to 2025 but is paid in 2026.

3) Change in working capital is replaced with average calculated change in working capital during the year.

4) Total remuneration comprises fixed salary, short and long-term variable remuneration, pension costs and other benefits.