

# **The Nomination Committee's proposals to the 2022 Annual General Meeting in Essity Aktiebolag (publ), including reasoned opinion**

## **Presentation of the Nomination Committee's work**

In accordance with the mandate of the Annual General Meeting, the Chairman of the Board of Directors has in September 2021 summoned representatives of the four largest shareholders in terms of voting rights, who had declared that they are willing to participate in the Nomination Committee work, to form part of the Nomination Committee together with the Chairman of the board of directors, ahead of the 2022 Annual General Meeting. On 8 September 2021, the company announced the composition of the Nomination Committee and how shareholders may submit proposals to the Nomination Committee.

The Nomination Committee for the 2022 Annual General Meeting comprises:

- Helena Stjernholm, AB Industrivärden, Chairman of the Nomination Committee
- Jonas Jølle, Norges Bank Investment Management
- Anders Oscarsson, AMF and AMF Investment Funds
- Marianne Nilsson, Swedbank Robur Investment Funds
- Pär Boman, Chairman of the Board of Directors of Essity Aktiebolag (publ)

The Nomination Committee of Essity has considered the tasks imposed on the Nomination Committee according to the Swedish Corporate Governance Code, and the instruction to the Nomination Committee resolved upon by Essity's Annual General Meeting. The Nomination Committee has held seven recorded meetings, one meeting with major institutional shareholders, and has met with one board member, the President and CEO and the CFO.

The Nomination Committee has familiarized itself with the board's work and the specific requirements imposed by the company's operations and strategy. The Nomination Committee has also reviewed the result of the completed evaluation of the individual board members' contribution to the board's work, the Chairman's work and of how the board functions together as a group.

The Nomination Committee has also reviewed the results of the company's evaluation of the auditor's performance and the Audit Committee's recommendation regarding proposal for election of auditors. The Nomination Committee has applied rule 4.1 of the Swedish Corporate Governance Code as diversity policy in the preparation of its proposal.

All decisions of the Nomination Committee have been unanimous.

## **The Nomination Committee's proposals and reasoned opinion**

The Nomination Committee has submitted the following proposals to the 2022 annual general meeting.

### **Election of Chairman of the Annual General Meeting**

The Nomination Committee proposes that Eva Hägg, attorney at law, be elected as Chairman of the Annual General Meeting.

### **Resolution on the number of members of the Board and deputy directors**

The Nomination Committee proposes that the number of board members shall be ten, with no deputy directors.

### **Reasoned opinion – Number of members of the board**

Ten board members elected by the General Meeting with no deputy directors are considered appropriate.

### **Resolution on the number of auditors and deputy auditors**

The Nomination Committee proposes one Auditor, with no deputy auditors.

### **Resolution on remuneration to the Board of Directors and the Auditor**

The Nomination Committee proposes that the remuneration to each board member elected by the General Meeting and who is not employed by the company shall be SEK 850,000 (815,000) and that the remuneration to the Chairman of the Board of Directors shall be SEK 2,550,000 (2,445,000). Members of the Remuneration Committee are each to receive an additional remuneration of SEK 125,000 (120,000), while the Chairman of the Remuneration Committee is to receive an additional remuneration of SEK 150,000 (150,000). Members of the Audit Committee are each to receive an additional remuneration of SEK 290,000 (280,000), while the Chairman of the Audit Committee is to receive an additional remuneration of SEK 415,000 (400,000). Members of the Portfolio Development Committee are each to receive an additional remuneration of SEK 290,000, while the Chairman of the Portfolio Development Committee is to receive an additional remuneration of SEK 415,000.

Remuneration to the Auditor is to be paid according to approved invoice.

### **Reasoned opinion - Remuneration**

Competitive remuneration is the basic principle for the assessment of remuneration to the board members, in order to ensure that Essity can recruit and retain people with the best possible qualifications. When assessing the size of the remuneration, comparisons with remuneration to the board members in companies of comparable size and complexity have been made. It should be noted that the Essity group has customers in more than 190 countries and had sales of approximately SEK 130 billion in 2021. The proposed Board comprises members of various nationalities and all board members have international experience. The Nomination Committee has evaluated and discussed the structure and levels of the remuneration to the Board of Directors and concluded that the proposed increase of the remuneration level is justified. The Nomination Committee's assessment is that also an increase of remuneration for committee work is reasonable, inter alia justified by increased workload and responsibility.

### **Election of Directors and Chairman of the Board of Directors**

The Nomination Committee proposes re-election of the board members Ewa Björling, Pär Boman, Magnus Groth, Annemarie Gardshol, Torbjörn Lööf, Bert Nordberg, Louise Svanberg, Lars Rebien Sørensen and Barbara Milian Thoralfsson and new election of Bjørn Gulden.

Furthermore, Pär Boman is proposed to be elected as Chairman of the Board of Directors.

## **Proposed new Board member**

Bjørn Gulden, born 1965, has since 2013 been the President and CEO of the sports and consumer company Puma, which is listed in Germany. He has a Norwegian citizenship. Bjørn has a solid consumer background with previous positions in Deichmann, Helly Hansen, Adidas and Pandora. He is a board member of the listed company Borussia Dortmund Football club and chairman of the private limited company Salling Group and has previously for the past 20 years been a board member of several companies, including Pandora, Ekornes and Helly Hansen, among others. Bjørn Gulden holds a Bachelor's Degree in Business & Administration and MBA in Finance and Marketing.

## **Reasoned opinion – Board members**

The Nomination Committee has strived for proposing a Board of Directors where individual board members, as well as the Board in its entirety, meet great demands on relevant knowledge and experience, in order to be able to carry out effective board work in Essity, characterized of high quality. The Nomination Committee has, in addition to the aforementioned, also strived to achieve gender balance in the Board of Directors. Six of the proposed members of the board are men and four are women, which corresponds to 60% and 40% of the board members, respectively.

In its proposal regarding the Board of Directors, the Nomination Committee has also paid specific attention to the proposed board members' other assignments, to ensure that they are able to devote their assignment in the Essity Board the time and the commitment that is required.

The conclusion is that the current Board and its work functions properly. The Nomination committee has also been informed that all board members are available for re-election.

The Nomination Committee considers that the proposed Board of Directors will obtain an appropriate composition with regard to the company's operations, phase of development and other relevant circumstances. The Board of Directors is characterized by diversity and breadth as to the board members' qualifications, experience and background. The proposal also provides continuity to the Board's work, which the Nomination Committee has considered to be important.

A majority (nine out of ten) of the proposed board members – Ewa Björling, Pär Boman, Annemarie Gardshol, Bjørn Gulden, Torbjörn Löf, Bert Nordberg, Louise Svanberg, Lars Rebien Sørensen and Barbara Milian Thoralfsson – are independent in relation to the company and the senior management. Out of these board members, eight – Ewa Björling, Annemarie Gardshol, Bjørn Gulden, Torbjörn Löf, Bert Nordberg, Louise Svanberg, Lars Rebien Sørensen and Barbara Milian Thoralfsson – are also independent in relation to the company's larger shareholders. Only one board member – Magnus Groth, CEO – is part of the company's management. All board members have sufficient experience of the requirements that a listed company is subject to.

The Nomination Committee concludes that the stock exchange's rules regarding board members' relevant stock exchange experience have been met, as are the rules of the Corporate Governance Code regarding the independence of board members.

### **Election of auditor**

The Nomination Committee proposes Ernst & Young AB as Auditor for the period until the end of the annual general meeting 2023. If elected, Ernst & Young AB has announced its appointment of Hamish Mabon as Auditor in charge.

### **Reasoned opinion - auditor**

The current Auditor, Ernst & Young AB, has been the company's Auditor for six years. The company's audit is a complicated process that, among other things, includes auditing in more than 90 countries. Ernst & Young AB has been deemed appropriate for this.