

Essity Policy Position on Biodiversity

As a leading global hygiene and health company, Essity recognizes the risks and challenges of biodiversity loss. We recognize that our business is dependent on healthy and functioning ecosystems for our long-term survival and future success. With growing biodiversity risks and challenges, we want to do our part and contribute to the regeneration of ecosystems and prevent further biodiversity loss.

What we are doing to protect biodiversity

Biodiversity is vital for environmental and human health and well-being, and our business impacts biodiversity in all parts of the value chain – especially through our activities related to sourcing of raw materials, greenhouse gas emissions, water usage and effluents, and also leakage of waste, especially plastic waste. We have initiatives and actions in place in all these areas, some since long, and as of 2021 biodiversity is more formally integrated into our overall risk management process. We also act through our brands to make sustainable choices easy for our customers and consumers. Our brands are at the heart of Essity's sustainability ambitions and lead the way on our journey to reduce and prevent further biodiversity loss. While each brand has its own challenges and opportunities, we work together to achieve the company goals. Below are some examples of Essity's efforts related to biodiversity and how we contribute to a more sustainable and circular society.¹

Responsible sourcing

Nature consideration and protection of biodiversity by responsible management is a priority for Essity. As a global user of both fresh and recycled wood-based fiber materials, Essity is dependent on healthy and resilient forests.

Our impact on forest biodiversity is primarily through sourcing of wood-based fresh fiber². Thus, responsible sourcing is central to Essity and sustainable forest management is an integral part of our fresh fiber sourcing. This means that we require our fresh fiber suppliers to maintain and safeguard the principles of biodiversity and forest conservation. Essity's target is that all raw materials derived from wood-based fresh fiber in the company's products and packaging are to be certified in accordance with Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC). Target fulfilment in 2021 was 98%. All wood-based fresh fiber must fulfil the FSC's Controlled Wood standard, as a minimum, to be eligible for purchasing. This means that the origin of the fiber has been verified by an independent third party. Our [Fiber Sourcing Policy](#) describes this more in detail. In FSC we work together with actors from both NGO:s, indigenous people and the forest industry to develop standards for more sustainable forest management, including efforts to conserve forest and hindering the loss of biodiversity.

Tackling the loss of forest biodiversity cannot be done in isolation. Therefore, we collaborate with various actors and engage in projects and initiatives to promote biodiversity and strengthen responsible forest management. Essity cooperates within the framework of the Consumer Goods Forum (CGF) with leading consumer goods companies in the Forest Positive Coalition of Action initiative to combat global forest degradation and deforestation and to preserve biodiversity. In CGF Essity is leading the Pulp, Paper and Fiber-based packaging working group where we drive responsible fiber sourcing to become the business norm. Essity's work against deforestation has rewarded us with

¹ Based on the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services' (IPBES) direct drivers of biodiversity, we mapped activities in our value chain that may impact biodiversity. By doing so we have identified where in our value chain we can intervene to protect and improve biodiversity. The stages of raw material sourcing, production, and post-consumer usage are considered most significant for biodiversity in the value chain, including activities of sourcing, emissions, water usage, and plastic packaging & waste.

² According to the [Convention on Biodiversity \(CBD\)](#) framework the mechanisms that cause deforestation, fragmentation and degradation are varied, can be direct or indirect and are commonly of human origin. Essity's impact is primarily indirect through our fresh fiber sourcing. The CBD was signed during the 1992 Rio Earth summit and is dedicated to promoting sustainable development and the preservation of biodiversity and recognises the importance of biodiversity for both nature and people.

a place on the global non-profit environmental organization Carbon Disclosure Project's (CDP) prestigious company "A-list". This was motivated by our ambitious work to prevent deforestation and promote responsible forestry as well as being a leader in environmental objectives, measures, and transparency. Information on how Essity works with fiber suppliers and other organisations is available on CDP's database.

As part of our Manufacturing Roadmap program, we have the ambition to replace approximately 10% of our fresh wood fiber consumption with alternative materials. We are committed to increase the use of recycled fiber in our products and continually study new ways of achieving this. To reduce the pressure on forests we also investigate and develop new products with alternative fiber sources. The biodiversity impact in agriculture needs to be further investigated. On this journey, we are breaking new ground at our unique plant in Mannheim, Germany, where we use wheat straw to produce pulp. The pulp is processed into high-quality tissue products.

Along with our Fiber Sourcing Policy, all our suppliers are required to comply with Essity's [Global Supplier Standard](#). The standard is based on internationally recognized standards and includes Essity specific requirements on responsible business operations, quality, and sustainability. We are committed to continually improving our performance in the areas covered by the standard, as well as to assess and develop the standard itself to continue contributing to healthy and resilient forests.

Reducing greenhouse gas emissions

Climate impact is a key driver for biodiversity loss. Reducing greenhouse gas emissions and the carbon footprint of our operations has been a major focus for Essity for several years and plays an important role in our efforts to combat biodiversity loss. In 2018 our ambitious targets to reduce greenhouse gas emissions until 2030 were approved by the Science Based Targets initiative (SBTi)³. This means that we are committed to and have solid plans to reduce our absolute emissions in direct operations (Scope 1 and 2) and indirect operations (Scope 3). We have a life cycle perspective to drive environmental improvement for products and services. Find out more about Essity's SBTi [here](#).

In 2021 we joined the U.N. Global Compact's campaign Business Ambition for 1.5°C to achieve net zero emissions by 2050⁴. The net zero ambition means that we are committed to develop targets in line with the SBTi to reach net zero emissions across our entire value chain. This includes raising the level of our previous SBTi target to reduce Scope 1 and Scope 2 emissions with 35%⁵ by 2030, and increase focus on energy efficiency, renewable energy, and removal of fossil fuels. The targets include both our own operations and our value chain partners, which means that we take full responsibility for our products and services. Please find more about our actions, roadmap and calls for action to policy makers [Our journey to net zero \(essity.com\)](#).

As part of our quest to reduce fossil fuels, we strive for fossil free production. Our production facilities in Kostheim, Germany, and Lilla Edet, Sweden, exemplifies our efforts to replace fossil fuels with renewable sources. Our site in Kostheim is testing fossil natural gas by green hydrogen in the tissue production. In Lilla Edet our tissue mill we have replaced natural gas with sustainable biogas under normal operating conditions, which will allow the Lilla Edet mill to become the first large-scale tissue production site without fossil CO₂ emissions. The knowledge gained using biogas can be transferred to our other production facilities.

Efficient water usage

Around the world, water stress affects people, local economies, and ecosystems and unsustainable use of water is another driver of biodiversity loss. Loss of water biodiversity also affects Essity's

³ The Science Based Targets initiative (SBTi) is a global initiative that aims to drive climate action in the private sector by enabling companies to set science-based targets to cut greenhouse gas emissions.

⁴ Learn more about the campaign at <https://sciencebasedtargets.org/business-ambition-for-1-5c>

⁵ Compared with the 2016 baseline.

operations, from access to raw materials and production, to the wellbeing of our employees and consumers. The water risks differ depending on geographical location and operational aspects, and we assess the water-related risks and impacts individually for our production facilities.

Most of our water is drawn from surface sources and used to transport fiber during the production process, the remainder is mainly used as cooling water. The water we discharge is divided in cooling and process water, where the cooling water has only been heated and is not contaminated in any way. Process water is treated using mechanical and biological treatment systems before it is discharged. Essity is further investing in new wastewater treatment technology to meet stricter requirements on quality of discharged water. The wastewater quality is particularly important in locations where water is a resource shared with a large number of users and the water temperature needs to be monitored.

For several years we have been working actively to reduce the volume of water used and the level of suspended solids and organic content (BOD), focusing mainly on improving our water management. We will continue to improve our water management. More information about our usage and discharge of water can be found [here](#).

Reducing waste and plastic

In some of our products and packaging, plastic is used to guarantee that they are hygienic and safe to use and to improve their functionality. It is a valuable material and, in some cases, the only option to date for our products to fulfil the quality and functionality requirements.

Only a small share of the world's plastic packaging and products waste is collected for recycling, the rest is burned, landfilled or leaks to the environment as litter. Moreover, the plastic crisis is also a serious threat to human health and biodiversity and is highly connected to climate change⁶. Therefore, Essity is dedicated to reducing plastic and other types of waste throughout our value chain. Our ambition is to reduce the amount of virgin plastic we use and only have plastic packaging that is recyclable. Essity is striving for 100 % recyclability and 85 % renewable or recycled material in the company's packaging.

Minimizing waste and plastic has been on our agenda for a long time. We work actively to reduce the waste from our production, our target is to recover all production waste and reuse it for material or energy by 2030.

Sustainable innovations

For waste management of products after use, we have for many years worked with LCAs to reduce material usage and developing thinner products keeping the function and performance of the products. We are increasing the number of reusable solutions in our assortment and have for example launched washable absorbing underwear for our Feminine Care and Incontinence Products categories. We further share responsibility with our customers and consumers and collaborate to find more sustainable and circular solutions. For example, through our brands we are constantly innovating our products and packaging with new designs, materials, and services such as Tork PaperCircle® to increase recycling and reduce waste. Tork PaperCircle® is a one-of-a-kind recycling service for paper hand towels where we help to reduce both CO₂-emissions and waste by collecting and recycling used paper hand towels into new tissue products. We also support collection and processing infrastructure for used packaging and products in markets where this is lacking.⁷ As an extension of Tork PaperCircle® we have together with McDonald's a recycling project that turns used paper cups into a new resource. Starting in 2020, the project has piloted different opportunities to give paper cup waste a new life. As of 2021 all collected paper cup waste from McDonald's sites in Germany will be recycled, reducing waste by estimated 1,200 tons per year.

⁶ According to, among others, the World Bank solid waste treatment, based on the type of waste and how it is treated, is a major contributor to greenhouse gas emissions. <https://datatopics.worldbank.org/what-a-waste/>

⁷ Read more about our approach to waste in our [annual sustainability report](#).

Collaboration is key

We believe collaboration is key and to reduce waste and participate in discussions and initiatives across the entire value chain to promote the implementation of waste systems that encourage circularity, e.g., in The Consumer Goods Forum where we are part of the Coalition of Action on Plastic Waste to reduce plastic by design guidelines and collaborating for improving local collection and recycling systems in key markets. We are also members of Ellen MacArthur Foundation and RecyClass. An example to increase recycling rates for plastic packaging in the EU we are part of the Digital Watermarks Initiative HolyGrail 2.0, a large-scale pilot project driven by AIM - European Brands Association and powered by the Alliance to End Plastic Waste. The initiative adds invisible codes to packaging which allows waste sorting facilities to identify the type of plastic and sort it accordingly.

We are continuing to follow developments and discussions relating to halting biodiversity loss such as UN Convention on Biodiversity, UN Plastic Treaty and Science Based Target for Nature. Together with customers, consumers, and peers as well as scientists, policy makers and NGO:s we continuously gain more knowledge and turn ambition into action.