



Modern Slavery Statement
2022

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1 About this Modern Slavery Statement

This Modern Slavery Statement has been prepared by Essity to meet the reporting requirements of the Australian Modern Slavery Act 2018 and covers the calendar year 2021. The Statement forms part of the Essity annual reporting suite, which also includes our 2021 Annual and Sustainability Report and Corporate Governance Statement, which are all available on our website (www.essity.com).

This Statement covers all the entities within Essity globally, and our approach to tackling modern slavery is applied across the whole of the Essity group, including those operating in Australia (Essity Australasia and BSN Medical (Aust.) Pty Ltd). The approach includes application of our policies, procedures, and systems relating to supply chain management, contracting, purchasing and human resources practices. All references to our, we, us, the Group and Essity refer to Essity and its subsidiaries.

This 2022 Statement has been prepared by management representatives responsible for Essity Global Procurement.

This Statement was approved by the Essity Australasia (Aslaeo Care Ltd) Board of Directors on 27 May 2022, and the BSN Medical (Aust.) Pty Ltd Board of Directors on 30 May 2022, as the highest governance bodies of our Australian operations.

2 Letter from the Essity Australasia Managing Director

As a leading provider of hygiene and health solutions, Essity supports people around the world to improve their well-being in a sustainable way. Caring for people's well-being and supporting human dignity is a fundamental part of our identity.

Conscious of global human rights challenges, we recognise the scale and prevalence of modern slavery worldwide and are committed to playing our part to prevent, find and address the issue. We also recognize the inherent dignity of all people and the importance of respecting and promoting human rights. We know that some workers are more vulnerable to modern slavery practices, such as migrants, seasonal and temporary workers.

Modern slavery practices including human trafficking, forced labor, debt bondage, child labor, forced marriage and other abuses of basic human rights are unacceptable and have no place in our business or supply chains.

Grappling meaningfully with human rights risk is not a straightforward matter for any organization. There is no fast track or fool-proof method for the complex issue of modern slavery, which can be hidden deep in local and global supply chains.

This Statement describes the steps Essity is taking to prevent, find and remediate modern slavery in its operations and supply chain, in accordance with the Australian *Modern Slavery Act 2018*.

Essity works with a risk-based approach, and our approach to modern slavery and other human rights risks is in line with the United Nations Guiding Principles on Business and Human Rights, and therefore we are committed to:

- actively support human rights and conduct our business in a manner that is consistent with the principles of the Global Compact, the International Bill of Human Rights, the ILO Core Conventions and the OECD Guidelines for Multinational Enterprises; to this end we are a signatory of the United Nations Global Compact;
- respect and support children's rights in our business and society, guided by the Children's Rights and Business Principles. We do not accept child labor or any other forms of exploitation of children in our operations or value chain and will always strictly follow applicable national laws and international standards regarding minimum working age. When our activities impact children, we will have their best interests in mind;
- integrate human rights due diligence into our key processes, and whenever we identify potential or actual negative impact, take steps to mitigate or remediate harmful activities;
- integrate the responsibility to our human rights commitments into the line management structure; and
- comply with national laws or standards and when in conflict with human rights standards, we will honor and respect the principles of international human rights.



Managing Director

Essity Australasia

June 2022

About Essity

Essity is a leading hygiene and health company. We are dedicated to improving well-being and contributing to a healthy, sustainable and circular society through our products and services.

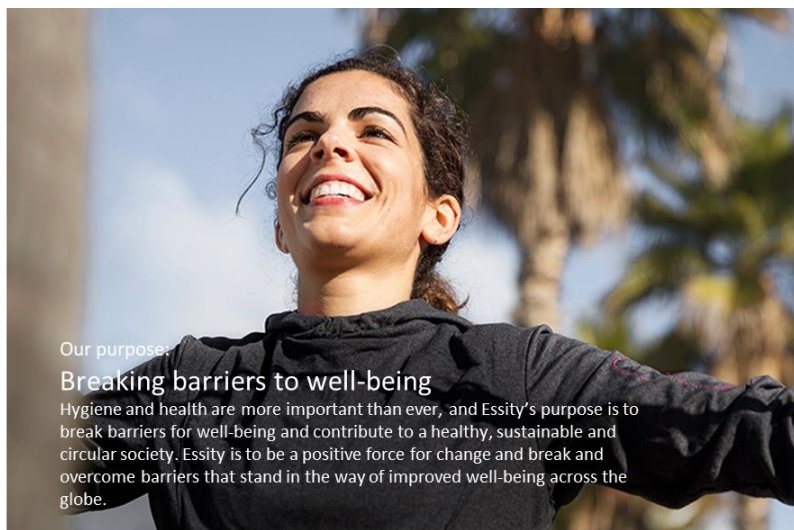
Sales are conducted in approximately 150 countries under the leading global brands TENA and Tork, and other strong brands, such as JOBST, Leukoplast, Libero, Libresse, Libra, Bodyform, Lotus, Nosotras, Saba, Tempo, Plenty, Regio, TOM Organic, Purex, Treasures, Orchid, Viti, Softly, Drypers, Handee, Vinda and Zewa.

Our largest markets, in terms of sales, are the United States, Germany, China, France, UK, Spain, Mexico, Colombia, Netherlands and Italy. In 2021 Essity acquired the Asaleo Personal Care business, with operations in Australia, New Zealand and Fiji, with sales across the Pacific.

Net sales in 2021 amounted to approximately SEK 122bn (EUR 11.6bn). The company's headquarters are located in Stockholm, Sweden, and Essity is listed on Nasdaq Stockholm.

Essity has about 46,000 employees.

Purpose and vision



Our purpose

Breaking barriers to well-being

Hygiene and health are more important than ever, and Essity's purpose is to break barriers for well-being and contribute to a healthy, sustainable and circular society. Essity is to be a positive force for change and break and overcome barriers that stand in the way of improved well-being across the globe.

Our vision

Dedicated to improving well-being through leading hygiene and health solutions

Through the vision: Dedicated to improving well-being through leading hygiene and health solutions, Essity strives to achieve long-term value creation for customers, consumers, society, employees and shareholders.

Our mission

To sustainably develop, produce, market and sell value-added products and services within hygiene and health

Our objectives

- Generate increased **shareholder** value through profitable growth
- Enable more **people** every day to enjoy a fuller life
- Contribute to a sustainable and circular **society**
- Enable our **employees** to realize their full potential, as part of one winning team

2.1 Our products and business areas



Health & Medical

Health & Medical encompasses the Incontinence Products Health Care and Medical Solutions categories. The offering includes incontinence products, wound care, compression therapy, orthopaedics, skincare products and digital solutions with sensor technology under brands such as TENA, Leukoplast, Cutimed, JOBST, Actimove and Delta-Cast. Distribution channels for the products are pharmacies, medical devices stores, hospitals, distributors and care institutions as well as online.

Consumer Goods

Consumer Goods includes the categories of Incontinence Products Retail, Baby Care, Feminine Care and Consumer Tissue. The offering includes incontinence products, pads, diapers, wet wipes, skincare products, intimate soaps, washable absorbent underwear, menstrual cups, toilet paper, household towels, handkerchiefs, facial tissues and napkins. Products are sold under brands such as the globally leading TENA brand and other strong brands including Libero, Libresse, Nosotras, Saba, TOM Organic, Lotus, Regio, Tempo and Vinda. Distribution channels for the products are the retail trade and online.

Professional Hygiene

Professional Hygiene comprises complete hygiene solutions, including toilet paper, paper hand towels, napkins, hand soap, hand lotion, hand sanitizers, dispensers, cleaning and wiping products as well as service and maintenance under the globally leading Tork brand. Essity also offers digital solutions, such as Internet of Things sensor technology, enabling data-driven cleaning. Customers consist of companies and office buildings, universities, healthcare facilities, industries, restaurants, hotels, stadiums and other public venues. Distribution channels for the products consist of distributors and online.

2.2 Our operations

Essity conducts sales in approximately 150 countries, and directly manufactures products at the following manufacturing sites.

Production facilities

CONSUMER TISSUE & PROFESSIONAL HYGIENE

Location	Location Type	Country	HC
Ortmann	Site + Office	Austria	465
Stembert	Site	Belgium	350
Lampa	Site + Office	Chile	459
Lampa	Site + Office	Chile	12
Cajicá	Site + Office	Colombia	534
Medellín (Planta Medellín)	Site + Office	Colombia	618
Babahoyo	Site + Office	Ecuador	213
Lasso	Site + Office	Ecuador	365
Nokia	Site	Finland	195
Gien	Site	France	456
Hondouville	Site	France	377
Kunheim	Site	France	390
Le Theil	Site	France	293
Kostheim	Site + Office	Germany	545
Kunheim	Site	Germany	1
Mannheim	Site + Office	Germany	2 098
Neuss	Site + Office	Germany	470
Witzenhausen	Site + Office	Germany	103
Altopascio	Site	Italy	343
Collodi	Site	Italy	80
Lucca 1	Site	Italy	136
Lucca 2	Site	Italy	143
Monterrey	Site	Mexico	441
Sahagun	Site	Mexico	604
Uruapan	Site	Mexico	406
Cuijk	Site	Netherlands	235
Suameer	Site	Netherlands	67
Kawerau	Site + Office	New Zealand	195
Sovetsk	Site	Russian Federation	523
Svetogorsk	Site	Russian Federation	335
Allo	Site + Office	Spain	362
Valls	Site + Office	Spain	552
Lilla Edet	Site + Office	Sweden	406
Oakenholt	Site	United Kingdom	84
Prudhoe	Site	United Kingdom	399
Stubbins	Site	United Kingdom	72
Tawd (Skelmersdale)	Site	United Kingdom	43
Trafford Park	Site	United Kingdom	199
Barton	Site	United States of America	512
Harrodsburg	Site	United States of America	335
Menasha	Site	United States of America	207
Middletown	Site	United States of America	129
South Glens Falls	Site	United States of America	242
Bordentown	Site + Office	United States of America	34
Total			15 028

PERSONAL CARE

Location	Location Type	Country	HC
Wilde	Site + Office	Argentina	345
Springvale	Site + Office	Australia	227
Jarinu	Site + Office	Brazil	266
Drummondville	Site	Canada	193
Guachené	Site	Colombia	763
Rionegro	Site + Office	Colombia	494
Yumbo (HMS)	Site + Office	Colombia	152
San Cristobal	Site + Office	Dominican Republic	161
Lasso	Site + Office	Ecuador	156
Chattelerault	Site + Office	France	192
Vibraye 1	Site	France	118
Vibraye 2	Site	France	19
Emmerich	Site + Office	Germany	343
Hamburg (HB)	Site + Office	Germany	187
Amman	Site	Jordan	4
Ecatepec	Site	Mexico	868
Reynosa	Site	Mexico	721
Assen	Site	Netherlands	11
Gennepe	Site	Netherlands	221
Hoogezand	Site	Netherlands	372
Auckland (Avondale)	Site	New Zealand	32
Karachi	Site + Office	Pakistan	227
Olawa	Site + Office	Poland	651
Venev	Site	Russian Federation	176
Askersund	Site + Office	Sweden	89
Gemerska Horka	Site + Office	Slovakia	957
Pinetown	Site	South Africa	345
Falkenberg	Site + Office	Sweden	360
Molnlycke	Site + Office	Sweden	51
Kartepe	Site	Turkey	54
Bowling Green	Site	United States of America	149
Manchester	Site + Office	United States of America	71
Total			8 975

CONVERTING

Location	Location Type	Country	HC
Nakasi	Site + Office	Fiji	74
Telde	Site	Spain	42
Skelmersdale	Site	United Kingdom	252
Greenwich	Site	United States of America	102
Neenah	Site	United States of America	461
Total			931

Comment table: Total headcount at Manufacturing Site, Site + Office, wholly owned and fully integrated

In addition to direct manufacturing, Essity also sources finished goods for select products under our brands, and these supply chains are covered in Section 3.4 of this Statement.

2.2.1 Identifying and managing risks in our own operations

Essity's Code of Conduct is a cornerstone in our efforts to ensure that our business operations are responsible and that we conduct ourselves with integrity in our interactions with our stakeholders.

Training is an important tool to help employees act in accordance with the Code, including training for new employees and further training. In 2021, 92% of Essity's new employees received training in the Code of Conduct. Ethical business practices, good working conditions, zero tolerance of harassment and respect for human rights are a few of the focus

areas of this training. We continuously strive to achieve a culture of integrity by integrating the Code of Conduct into all areas of the business.

All our main production sites are required to report into Sedex, a global platform for sharing ethical data. The areas to be disclosed are labor conditions, health and safety, business ethics and environmental management. An annual review takes place to evaluate the sites with respect to reported areas. The sites at risk are either required to submit a corrective action plan based on the findings, and/or be subject to a Code of Conduct audit to verify compliance.

For high-risk regions where the above-mentioned procedure is not deemed enough, a regional impact assessment is conducted with the regional management team. The assessment mirrors Essity's global process when defining its salient issues and results in mitigation/corrective action plans for all sites in the high-risk region.

3 Responsible Procurement

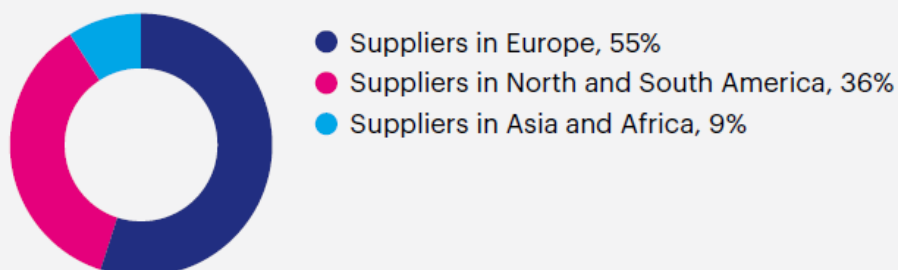
In 2021, Essity had a procurement spend of approximately 6 billion Euro.

Essity has an established process to perform continuous risk assessments of the company's suppliers and sourcing categories. Approximately 55% of Essity's strategic suppliers for raw materials and finished products are located in Europe, 36% in North and South America and 9% in Asia and Africa. Many of the strategic suppliers' production facilities located in Asia and South America are part of large multinational corporations based in Europe and the USA. This is a conscious choice by Essity to reduce the social and ethical risks within the supply chain.

Suppliers with manufacturing units located in high-risk countries, according to the Sedex assessment, are examined with particular care using regular ethical third-party audits with a focus on health and safety, human rights, employment conditions and corruption. At the end of 2021, Essity had a total of 932 suppliers that share data via Sedex

Certain materials, such as cotton and wood fiber, are considered to have significant risks further down in the value chain. Essity takes further measures here, such as audits of subcontractors, or chooses certified raw materials that guarantee more sustainable and ethical extraction, harvesting, processing and production.

Geographical distribution of strategic suppliers 2021



4 Essity Global Supplier Standard

All of our suppliers and other business partners are expected to follow principles equivalent to those included in the company's Code of Conduct. Essity therefore has a Global Supplier Standard to ensure responsible business operations and respect for human rights in the company's supply chain. This Standard contains supplier requirements concerning quality, product safety, the environment and chemicals. It also contains a Code of Conduct for suppliers that includes Essity's expectations as regards to human rights and employee relations, as well as health and safety.

Compliance with these principles is a key factor when choosing suppliers and other business partners. Suppliers who have undertaken to follow the criteria in this standard accounted for 88% of Essity's procurement spend in 2021. Our target is that by 2025 95% of our procurement spend will come from suppliers that comply with our Global Supplier Standard.

Essity's Global Supplier Standard can be accessed via [Global Supplier Standard 2018 \(essity.com\)](https://www.essity.com/global-supplier-standard-2018).

5 Identifying Risks of Modern Slavery

Essity's procurement personnel are trained to assess and identify human rights risks in their activities and interactions with suppliers. Essity continuously performs risk assessments of suppliers, including an evaluation from a sustainability and human rights perspective. Essity requires that the company's suppliers use Sedex to conduct a self-assessment linked to working conditions, environment, business ethics and health and safety. Suppliers located in countries that Sedex considers high-risk countries undergo an ethical audit that focuses on areas such as human rights, employment conditions and corruption. An ethical audit may also be initiated on the basis of other indicators, such as a low rating in Sedex or a low score in Essity's quality audits of suppliers. The preferred audit format is SMETA, which is the most widely used method globally for social and ethical audits.

Through the Sedex tool we map our supplier base and screen for inherent geographical and sector risks, and combine these with specific site-related operational risks based on detailed Self-assessment Questionnaires (SAQs) and the findings of previous independent ethical audits. We also use the Sedex forced labor and modern slavery indicators in our modern slavery risk assessment. Suppliers who are judged to constitute an increased risk (based on location, industry, manufacturing technology, labor type etc) are also screened against various data bases for court cases, negative media, embargo and sanction lists.

Essity also receives information and best practice updates through various memberships and business associations such as FSC® (Forest Stewardship Council) for forest fibers, BCI (Better Cotton Initiative) for cotton, EDANA (European Disposables and Nonwovens Association) for non woven, RSPO (Roundtable on Sustainable Palm Oil) for palm oil to name just a few.

Table 1 - Identified modern slavery and workers' rights risks

Identified sector-based risks	Identified geographic-based risks	Salient Modern Slavery and Workers' Rights risks
	Medium High	
Agriculture, cotton, sugar cane	US, Europe	Wages and benefits Forced labor Recruitment debt
	Asia, Latin America	Forced labor Wages and benefits Recruitment debt Land rights Child labor
Forestry, pulp and paper manufacturing	Europe	Health and Safety Wages and benefits Recruitment debt Unsustainable forest management – variety of species
	US, Canada Australasia	Health and Safety Wages and benefits Recruitment debt Working hours Land rights Unsustainable forest management – variety of species
	Asia Latin America	Health and Safety Forced Labor Recruitment debt Living Wage/Wages and benefits Working hours Freedom of association and collective bargaining Land rights
Other raw materials and Chemicals	Europe US, Canada Australasia	Wages and benefits Working hours
	Asia	Forced Labor Recruitment debt Living Wage/Wages and benefits Working hours Freedom of association and collective bargaining Child Labor
Bought in finished goods	Australasia Europe, US	Wages and benefits Working hours
	Asia	Forced Labor

		Recruitment debt Living Wage/Wages and benefits Working hours Freedom of association and collective bargaining Child Labor Health and safety
Logistics and Shipping	Australasia, Europe, US & Canada	Living Wage/Wages and benefits Working hours
	Asia, Latin America	Living Wage/Wages and benefits Working hours Health and safety
Recycled material: Recycled fibers for paper making, Recycled plastics	Australasia, Europe, US & Canada	Corruption, health and safety
	Asia, Latin America	Corruption, organized crime, health and safety, child labor
Unqualified services: facility management, cleaning, waste handling, construction	Australasia, Europe, US & Canada	Forced labor, illegal immigration, working hours, wages and benefits
	Asia, Latin America	Forced labor, trafficking, working hours, wages and benefits, health and safety

6 Mitigating and Remediating Modern Slavery Risks

6.1 Supplier Engagement and Due Diligence

Essity’s procurement personnel undertakes due diligence for prospective suppliers, including pre-qualification checks, vendor pre-qualification forms and contract terms that ensure suppliers sign up to the Global Supplier Standard. All contracted suppliers are monitored and regular engagement is maintained by the procurement team including continuous risk assessment to identify and manage any modern slavery and workers’ rights risks.

6.2 Monitoring of suppliers using a risk-based approach

Essity identifies, monitors, mitigates, and remediates modern slavery and workers’ rights using a risk-based approach. Suppliers are requested to commit to Essity’s Global Supplier Standard including the Supplier Code of Conduct. Depending on the nature of the material or service provided, or where the supplier is located, the supplier can be required to join Sedex, complete the Self-Assessment Questionnaire and share site information with Essity. If sites are considered to be higher risk, suppliers are required to undertake a third-party ethical audit and make this available to Essity on Sedex. During 2021, 49 third party ethical audits were reviewed.

6.3 Mitigation and Remediation

Essity has many processes in place to avoid risks before entering into a business relation with a supplier. By requesting certified raw materials, by avoiding certain qualities or

technologies and through careful pre-screening, Essity avoids many risks using our knowledge and competence. However, if critical or major non-conformances are identified at a supplier, either through Sedex, an independent audit or any other reliable means, the supplier is required to remediate these non-conformances in a timely manner and have the issues closed out by the auditor or Essity representative.

No instances of modern slavery were identified during 2021. Non-conformances identified were in the areas of health and safety, working hours, worker documentation and wages and benefits.

If suppliers do not meet the remediation requirements of the Global Supplier Standard and are unwilling to improve the situations, Essity can suspend or terminate the contract. No agreements with strategic suppliers were terminated on the grounds of responsible sourcing or sustainability-related non-compliance in 2021.

6.3.1 Mitigating Risks in Forestry

As fiber-based materials and products are a key part of what we sell and manufacture, and forestry has been identified as a sector risk, Essity has a Fiber Sourcing Policy to mitigate the risks in this supply chain.

All the virgin or fresh wood fiber we source and use must come from suppliers that are certified according to FSC® (Forest Stewardship Council) or PEFC™ (Program for the Endorsement of Forest Certification). Our demand is that the fiber at a minimum will always meet the FSC Controlled Wood standard, which means that the origin of the fiber has been verified by an independent third party. FSC is an organisation that sets robust and fully transparent standards for responsible forest management that safeguards biodiversity, proper forest conservation and consideration for the people living in and by the forests. Our FSC license codes are FSC®-C101950 (Asaleo Personal Care Ltd) and FSC®-C003255 (Essity).

Essity participates on a regular basis in stakeholder dialogues concerning forest management, which include other key stakeholders like the environmental organizations WWF and Greenpeace, as well as local stakeholders.

6.3.2 Mitigating Risks in Cotton Industry

A small number of our products contain cotton. Cotton is a natural, renewable and biodegradable fiber. There can be sustainability and responsible sourcing challenges within the cotton supply chain and, as such, we have high standards for our cotton suppliers.

We require that the cotton we source should be more sustainable. This means that the cotton should be certified ecological, recycled or from areas with low risk for non-compliance. This includes fair conditions for all workers, with zero-tolerance for forced labor or child labor, as well as strict environmental parameters on the ecologically-sound farming of cotton.

We do not source cotton from regions where state-sanctioned forced labor has been identified.

Essity is member of the Better Cotton Initiative (BCI), the largest sustainability program for cotton, and upholds its standards and recommendations. BCI is Essity's preferred scheme for securing sustainable cotton, although other programs with similarly high standards are also accepted.

6.4 Grievance Mechanisms

Essity operates a Whistleblower and Reporting of Improper Conduct mechanism that receives input from both internal and external stakeholders about any ethical issues, including human rights and modern slavery.

No instances of modern slavery were reported through the Whistleblower and Reporting of Improper Conduct mechanism in 2021.

6.5 Collaboration and Partnerships

We recognise that we cannot tackle modern slavery alone and have formed partnerships and joined industry collaboration groups to work together on this issue together with other important topics.

Organisation	Links
AIM Progress	https://www.aim-progress.com/
Consumer Goods Forum	https://www.theconsumergoodsforum.com/
Sedex (Supplier Ethical Data Exchange)	https://www.sedex.com/
EcoVadis	https://ecovadis.com/
BCI (Better Cotton Initiative)	https://bettercotton.org/
FSC (Forest Stewardship Council)	https://fsc.org/en
PEFC (Program for the Endorsement of Forest Certification)	https://www.pefc.org/
RSPO (Roundtable for Sustainable Palm Oil)	https://rspo.org/
BonSucro (for sustainable sugarcane production)	https://bonsucro.com/

7 Impacts of COVID-19 Pandemic

As a leading global hygiene and health company, Essity has an important role to play in supporting individuals and society to stay safe during the COVID-19 pandemic.

Our approach follows three underlying principles:

- Contribute to society by producing essential products and through collaboration with other organizations.
- Care for our people by minimizing risk of infection or transmission.
- Secure business success by continuing to serve our customers and consumers.

For more information on our COVID-19 response with essential hygiene products, visit <https://www.essity.com/covid19-response/>

8 Tracking our Progress and Effectiveness

We recognise the value of continuous improvement and in tracking our progress and effectiveness of our actions to tackle modern slavery. Our evaluation process includes:

- Regular review of our risk assessment processes to ensure it remains up to date
- Risk assessment as part of supplier qualification in procurement processes
- Continuous risk assessments of the risk level of our active suppliers
- Following up non-conformances with suppliers, and the number of these being remediated and closed out
- Regular review and tracking of supplier SAQs against labor, human rights, health and safety and other indicators
- Deeper supply chain mapping and risk assessment for key risk materials (such as wood fiber and cotton)
- Accessing networks and resources to identify best practice, improvement opportunities and emerging risks

9 Looking Ahead

We recognize that we are on an on-going path to addressing Modern Slavery in our supply chains, and we have set the following priorities for calendar year 2022:

Table 2 – 2022 Modern Slavery Priorities

Area	Planned Actions
Policies and processes	<ul style="list-style-type: none"> • Updated Australian Modern Slavery Statement and UK Modern Slavery Statement • Secure supplier compliance with Essity Global Supplier Standard and information sharing through Sedex
Human Resources and Operations	<ul style="list-style-type: none"> • Preparation for compliance with German Supply Chain Due Diligence legislation
Procurement Processes	<ul style="list-style-type: none"> • Secure compliance with German Supply Chain Due Diligence and internal process
Training	<ul style="list-style-type: none"> • Training of procurement personnel related to risk assessment and due diligence legislations • Capacity building among selected suppliers for specific topics or materials
Grievance Mechanisms and Remediation	<ul style="list-style-type: none"> • Communication of grievance mechanism to suppliers and on www.essity.com
Progress and Effectiveness	<ul style="list-style-type: none"> • Communication of Sustainable Procurement way of working on www.essity.com
Collaboration and Engagement	<ul style="list-style-type: none"> • Continue to engage with suppliers to raise awareness and improve performance • Continue to engage with industry associations