

Notice convening the Annual General Meeting 2023 of Essity Aktiebolag (publ)

Notice is given to the shareholders of Essity Aktiebolag (publ) Reg. No. 556325-5511 ("Essity") of the Annual General Meeting to be held on Wednesday, 29 March 2023 at 3 p.m. at Stockholm Waterfront Congress Centre, Nils Ericsons Plan 4, Stockholm (registration from 2 p.m.)

The shareholders also have the opportunity to exercise their voting rights by voting in advance (so-called postal voting) ahead of the Annual General Meeting. Shareholders may thereby choose to exercise their voting rights at the Annual General Meeting 2023 by attending in person, through a proxy or by advance voting as instructed below.

A. Right to participate at the Meeting

Shareholders who wish to participate in the Annual General Meeting must

- be listed as a shareholder in the presentation of the share register prepared by Euroclear Sweden AB as of Tuesday, 21 March 2023; and
- give notice of its intention to participate in the Meeting in accordance with the instructions set out in section "*B. Notice of participation at the meeting venue in person or by proxy*" no later than Thursday, 23 March 2023, or by submitting its advance vote in accordance with the instructions under section "*C. Advance voting*" no later than Thursday, 23 March 2023.

For shareholders who have their shares registered through a bank or other nominee, the following applies in order to be entitled to participate in the Meeting. In addition to giving notice of participation, such shareholder must re-register its shares in its own name so that the shareholder is listed in the presentation of the share register as of the record date Tuesday, 21 March 2023. Such re-registration may be temporary (so-called voting rights registration), and request for such voting rights registration shall be made to the nominee in accordance with the nominee's routines, at such a time in advance as decided by the nominee. Voting rights registration that has been made by the nominee no later than Thursday, 23 March 2023, will be considered in the presentation of the share register.

B. Notice of participation at the meeting venue in person or by proxy

A person who wishes to participate at the meeting venue in person or by proxy must give notice to the company as instructed below:

- by telephone +46 8 402 90 80, weekdays between 8 a.m. and 5 p.m.,
- on the company website www.essity.com,
- by mail to Essity Aktiebolag (publ), "Annual General Meeting", c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden, or
- by email to GeneralMeetingService@euroclear.com

Name, personal identity number/corporate registration number, address and telephone number, and number of accompanying persons (no more than two), if any, should be stated when notification is given. Shareholders represented by proxy shall issue a dated written proxy for their representative signed by the shareholder. A proxy is valid one (1) year from its issue date or such longer period as set out in the proxy, however not more than five (5) years. Proxy forms are available upon request and on the company's website, www.essity.com. Anyone representing a legal entity must present a copy of the registration certificate or equivalent authorization document, not older than one (1) year, listing the authorized signatories. To facilitate registration at the Meeting, the proxy as well as the registration certificate and other authorization document should be sent to the company at the address stated above well in advance of the Meeting and no later than Thursday, 23 March 2023.

C. Advance voting

Shareholders may exercise their voting rights at the Annual General Meeting by voting in advance, so-called postal voting. A person who wishes to attend the meeting venue in person or by proxy must however give notice in accordance with the instructions under section "B. *Notice of participation at the meeting venue in person or by proxy*" above. This means that a notice of participation only through advance voting is not sufficient for shareholders who wish to attend the meeting venue.

A special form must be used for the advance vote. The form is available on Essity's website, www.essity.com. Submission of the form in accordance with the instructions set out below is considered as notice of participation in the Annual General Meeting. The completed form must be received by Euroclear Sweden AB no later than Thursday, 23 March 2023. The completed form may be sent to Essity Aktiebolag (publ), "Annual General Meeting", c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden. A completed form may also be submitted electronically. Electronic submission can be made either through verification with BankID in accordance with instructions at <https://anmalan.vpc.se/euroclearproxy>, or by sending the completed form by email to GeneralMeetingService@euroclear.com. Electronic submission must be made no later than Thursday, 23 March 2023.

Shareholders may not provide specific instructions or conditions to the advance vote. If so, the entire advance vote is invalid. Further instructions and conditions can be found in the advance voting form.

Shareholders submitting their advance vote by proxy must issue a dated written proxy for their representative signed by the shareholder, which must be enclosed with the advance voting form. A proxy is valid one (1) year from its issue date or such longer period as set out in the proxy, however not more than five (5) years. Proxy forms are available upon request and on the company's website, www.essity.com. If the shareholder is a legal entity, a registration certificate or equivalent authorization document, not older than one (1) year, listing the authorized signatories shall be appended to the advance voting form.

Proposed agenda

1. Election of Chairman of the Meeting.
2. Preparation and approval of the voting list.
3. Election of two persons to check the minutes.
4. Determination of whether the Meeting has been duly convened.

5. Approval of the agenda.
6. Presentation of the annual report and the auditor's report and the consolidated financial statements and the auditor's report on the consolidated financial statements and the auditor's statement regarding whether the guidelines for remuneration for the senior management have been complied with.
7. Resolutions on
 - a. adoption of the income statement and balance sheet, and of the consolidated income statement and the consolidated balance sheet;
 - b. appropriations of the company's earnings under the adopted balance sheet and record date for dividend; and
 - c. discharge from personal liability of the Board of Directors and the President for 2022.
8. Resolution on the number of directors and deputy directors.
9. Resolution on the number of auditors and deputy auditors.
10. Resolution on remuneration for the Board of Directors and the auditor.
11. Election of directors and deputy directors.

Re-election of

 - a. Ewa Björling
 - b. Pär Boman
 - c. Annemarie Gardshol
 - d. Magnus Groth
 - e. Torbjörn Lööf
 - f. Bert Nordberg
 - g. Barbara Milian Thoralfsson

New election of

 - h. Maria Carell
 - i. Jan Gurander
12. Election of Chairman of the Board of Directors.
13. Election of auditors and deputy auditors.
14. Resolution on approval of the Board's report on remuneration for the senior management.

15. Resolution on cash-based incentive program.
16. Resolution on authorisation for the Board of Directors to resolve on
 - a. acquisition of own shares; and
 - b. transfer of own shares on account of company acquisitions.

Proposal for resolution under Item 1

The Nomination Committee proposes attorney-at-law Carl Svernlöv as Chairman of the Meeting.

Proposal for resolution under Item 2

The voting list proposed to be approved is the voting list prepared by Euroclear Sweden AB on behalf of Essity, based on the Annual General Meeting's share register, shareholders having given notice of participation and being present at the meeting venue and received advance votes.

Proposal for resolution under Item 7.b

The Board of Directors proposes a dividend for the financial year 2022 of SEK 7.25 per share. As record date for the dividend, the Board of Directors proposes Friday, 31 March 2023. If the Meeting resolves in accordance with this proposal, the dividend is expected to be distributed by Euroclear Sweden AB on Wednesday, 5 April 2023.

Proposal for resolution under Item 8–13

The Nomination Committee proposes the following:

- The number of directors shall be nine with no deputy director.
- The number of auditors shall be one with no deputy auditor.
- The remuneration to each director elected by the Annual General Meeting and who is not employed by the company shall amount to SEK 875,000 and the Chairman of the Board of Directors is to receive SEK 2,625,000. Members of the Remuneration Committee are each to receive an additional remuneration of SEK 130,000, while the Chairman of the Remuneration Committee is to receive an additional remuneration of SEK 155,000. Members of the Audit Committee are each to receive an additional remuneration of SEK 300,000, while the Chairman of the Audit Committee is to receive an additional remuneration of SEK 425,000. Members of the Portfolio Development Committee are each to receive an additional remuneration of SEK 300,000, while the Chairman of the Portfolio Development Committee is to receive an additional remuneration of SEK 425,000. Remuneration to the auditor is to be paid according to approved invoice.
- Re-election of the directors Ewa Björling, Pär Boman, Annemarie Gardshol, Magnus Groth, Torbjörn Löf, Bert Nordberg and Barbara Milian Thoralfsson and new election of Maria Carell and Jan Gurander. Bjørn Gulden, Louise Svanberg and Lars Rebien Sørensen have declined re-election.

Maria Carell, born 1973, has since 2017 been the President and CEO of RG, an esthetics and skincare specialized company based in Dallas, USA. She is a Swedish citizen and has lived in the USA since 2012. Maria Carell has a solid pharmaceutical and med-tech background including previous leading positions in i.a. Exeltis, Meda, Q-

MED, Actavis, Novartis and Jensen-Cilag. She has served as a board member in several companies during the last 20 years but today only has a board assignment in RG Holdco. Maria Carell has a M.Sc. in Business Administration and Economics with focus on international business.

Jan Gurander, born 1961, was during 2016-2022 deputy CEO in the Volvo Group and was also CFO for the Volvo Group during 2014-2018. He is a Swedish citizen. Jan Gurander has experience from leading positions in listed large international industrial companies and from the financial sector, such as MAN, Volvo Cars, Swedbank Robur, Scania and Investor. Today he has a board assignment in one listed company (Skanska), where he is also serving as a member in all of the board committees. Jan Gurander has a M.Sc. in Business and Economics from Stockholm School of Economics.

- Re-election of Pär Boman as Chairman of the Board of Directors.
- Re-election of the registered accounting firm Ernst & Young AB, in accordance with the Audit Committee's recommendation, for the period until the end of the Annual General Meeting 2024. If elected, Ernst & Young AB has announced its appointment of Erik Sandström as auditor in charge.

Proposal for resolution under Item 15

The Board of Directors proposes that the Annual General Meeting 2023 resolves to approve a cash-based incentive program which is directed to senior management as well as certain other executives and key employees in Essity (the "**Program**") as follows. In order to encourage a common interest for the participants and the shareholders of long-term good return and the company's ability to recruit and retain key employees, the Board of Directors considers that the company shall have cash-based incentive programs. Such programs should be approved annually and have performance conditions related to (i) the relative value development of Essity's class B share, and (ii) reduction of greenhouse gas emissions. The Board of Directors also considers that there should be a requirement for the participants' own investment in Essity shares and that such shares should be held for a period of at least three years. It is noted that the Program is exclusively cash-based and does not result in any dilution or other impact on the rights of the shares.

Essity has for a number of years resolved on similar cash-based programs, which are described in the company's Annual and Sustainability Report and in the remuneration report approved by the Annual General Meeting 2022. The Board of Directors' assessment is that these programs have worked very well.

Against this background, the Board of Directors proposes that the Annual General Meeting 2023 resolves on a cash-based incentive program, as further described below.

Principal terms and conditions of the Program

The proposed Program for 2023–2025 shall be based on the following principal terms and conditions.

- a) The Program is proposed to be open to senior management as well as certain other executives and key employees in the Essity group, a total of approximately 380 persons (the "**Participants**").

- b) The Participants shall have the opportunity, depending on satisfaction of certain performance conditions in accordance with paragraph (c) below, to obtain a cash remuneration (the “**Cash Remuneration**”) after the end of a measurement period which covers the years 2023–2025 (the “**Measurement Period**”). The Cash Remuneration for each Participant may not exceed a certain percentage of the Participant’s fixed annual salary (gross) for 2025, as follows: (i) for the President, a maximum of 50 per cent, (ii) for other members of the senior management, a maximum of 80 per cent and (iii) for other Participants, a maximum of 50 per cent. The maximum variable remuneration level shall be determined per individual, taking into account the total remuneration in relation to the specific role, the local market, the terms of employment or the individual performance.
- c) Payment of the Cash Remuneration shall depend on the degree on satisfaction of the following performance conditions for the Program under the Measurement Period:

- (i) A financial target consisting of the total shareholder return (“**TSR**”) on the company’s class B share under the Measurement Period in relation to a benchmark group of other companies (the “**TSR Condition**”).¹ The benchmark group shall to 60 per cent consist of companies which are comparable with the operations in the company’s business area *Consumer Goods* and to 20 per cent each consist of companies that are comparable with the operations in the business area *Health & Medical* and *Professional Hygiene*, respectively.²

A condition for payment is that the TSR of Essity’s class B share is not lower than the weighted TSR outcome for the benchmark group under the Measurement Period (the “**TSR Minimum Level**”). If the TSR Minimum Level is not reached, no payment of Cash Remuneration related to the TSR Condition will be made. For maximum payment (100 per cent), it is required that the TSR of Essity’s class B share exceeds the weighted TSR outcome for the Benchmark Group with at least 5 percentage points during the Measurement Period (the “**TSR Maximum Level**”). Should the TSR of Essity’s class B share be between the TSR Minimum Level and the TSR Maximum Level during the Measurement Period, a linear payment will be made.

- (ii) A sustainability target related to the company’s reduction of greenhouse gas emissions during the Measurement Period (the “**Sustainability Condition**”).³

A condition for payment of Cash Remuneration related to Sustainability Condition is that the company reduces greenhouse gas emissions during the Measurement Period by at least 7.5 per cent compared to the base year 2016

¹ The calculation of TSR is done as follows. The volume weighted average price of the share during the fourth quarter 2022 is compared with the volume weighted average price of the share during the fourth quarter 2025, including dividend and other return.

² When implementing the Program, the benchmark group comprises of the following companies. For *Consumer Goods*: Procter & Gamble, Kimberly-Clark, Unicharm and Ontex. For *Health & Medical*: Smith & Nephew, Convatec and Hartman. For *Professional Hygiene*: Kimberly-Clark, Ecolab and Diversey. Each company has the same significance within the respective business area. The benchmark group can be adjusted according to the Board of Directors’ decision if the Board of Directors deems it appropriate.

³ The calculation of greenhouse gas emissions shall be based on the target adopted by the company according to Science Based Targets (SBTi) in Scope 1 and 2. The assessment shall be made on the basis of the actual greenhouse gas emissions within the specified classes during the Measurement Period, taking into account acquisitions or divestments made. For more information about SBTi and the company’s target, see Essity’s Annual and Sustainability report 2022, and www.essity.com/sustainability/why-we-do-it/science-based-targets/.

(the “**Sustainability Target**”). If the Sustainability Target is reached, full payment of Cash Remuneration relating to the Sustainability Condition will be made. If the Sustainability Target is not reached, no payment relating to this target will be made.

- (iii) The TSR Condition will be weighted 80 per cent and the Sustainability Condition 20 per cent, when payment of the Cash Remuneration is decided.
- d) Cash Remuneration will normally be paid only after the expiration of the Measurement Period and shall in general not qualify for the basis for pension computation.
- e) Participants shall normally be invited to the Program during the first year of the Program. A prerequisite for a Participant to be able to receive full Cash Remuneration, is that the Participant has been permanently employed withing the Essity group throughout the Measurement Period. If a Participant has commenced its employment within the Essity group during the Measurement Period, the payment of Cash Remuneration shall be made pro rata.
- f) Each Participant shall undertake, for as long as the Participant is employed within the Essity group, to acquire Essity shares for (i) the total paid net amount of the Cash Remuneration regarding senior management, and (ii) at least half the total paid net amount regarding other Participants, no later than 30 June 2026 (or as soon as possible thereafter if the Participant has been prevented from acquiring Essity shares at such time due to applicable insider rules), and to retain such shares for a period of at least three years after the acquisition, with certain exemptions approved by the Board of Directors. If a Participant does not acquire or retain Essity shares in accordance with the above, the Participant’s right to payment under future incentive programs to which the Participant has been invited to participate, shall lapse.
- g) If extraordinary changes in the Essity group or in the market occur which, in the opinion of the Board of Directors, would result in a situation where the conditions for Cash Remuneration under the Program become unreasonable, the Board of Directors shall be entitled to make adjustments to the Program, including, among other things, be entitled to resolve on a reduced right to Cash Remuneration, or that no Cash Remuneration shall be paid at all.
- h) The Board of Directors shall be authorized to establish the detailed terms and conditions for the Program. The Board of Directors may, in that regard, make necessary adjustments of these general terms and conditions due to changed circumstances or to satisfy certain regulations or market conditions outside Sweden.
- i) Participation in the Program presupposes that such participation is legally possible in the various jurisdictions concerned.

Measurement Period and vesting period

The Measurement Period for the performance conditions under the proposed Program will cover the financial years 2023–2025. The intention of the Board of Directors is that also future programs shall have a measurement period of three years. In order to receive full Cash Remuneration, employment within the Essity group throughout the vesting period is required. Further, the vesting period, which is three years, shall be combined with a requirement that the Participant must undertake to acquire and hold Essity shares for at least a three-year period after

the acquisition, in accordance with above. Required long-term nature of the Program is achieved by the above stated requirements which totals six years.

Costs for the Program, dilution, etc.

The cost for the Program, including social security charges, including approximately 380 employees, amounts to a maximum of SEK 260 million assuming 100 per cent satisfaction of all of the performance conditions for all Participants in the Program. The cost of the Program amounts to a maximum of 1.7 per cent of Essity's total cost for salaries and remuneration, including social security charges.

The Program is cash-based and does not entail any dilution for the company's shareholders. No hedging arrangements are intended to be made with regard to the Program's financial exposure.

Preparations of the proposal

The proposed Program has been prepared by Essity's Remuneration Committee. The Remuneration Committee has presented documentation to the Board of Directors, whereafter the Board of Directors has resolved that the Program shall be referred to the Annual General Meeting 2023 for approval.

Majority requirements

The Annual General Meeting's resolution on approval of the Program requires a simple majority of the votes cast.

Previous incentive programs in Essity

The company's other incentive programs are described more in detail in Essity's report on remuneration for 2022, which is included in the company's Annual and Sustainability Report 2022 and available on the company's website, www.essity.com.

Proposal for resolution under Item 16

The Board of Directors makes the assessment that it would be advantageous for the company to be able to adapt the capital structure and to be able to acquire own shares to be used as payment or financing on account of company acquisitions and thereby contribute to increased shareholder value. Hence, the Board of Directors proposes that the Annual General Meeting authorise the Board of Directors to resolve on acquisition and transfer of own class B shares mainly as follows.

a. Acquisition of own shares

Acquisition of class B shares shall be made on Nasdaq Stockholm at a price within the at each time prevailing price interval for the share on the marketplace, meaning the interval between the highest purchase price and the lowest selling price. Payment for the shares shall be made in cash. The authorisation may be utilised on one or several occasions until the Annual General Meeting 2024. A maximum of so many class B shares may be acquired that Essity's holding at each time amount to a maximum of 10 per cent of the total number of outstanding shares in Essity.

The Board of Directors has issued a statement pursuant to Chapter 19, Section 22 of the Swedish Companies Act.

b. Transfer of own shares on account of company acquisitions

Transfer of class B shares may be made on Nasdaq Stockholm, as well as outside of Nasdaq Stockholm, with or without deviation from the shareholders' preferential rights and with or without provisions regarding contribution in kind or set-off rights. The shares may be used as payment upon acquisition of companies or businesses or as to finance acquisition of companies or businesses. Transfer may be made of the maximum number of shares held by Essity at the time of the Board of Directors' resolution. The authorisation may be utilized on one or several occasions until the Annual General Meeting 2024. Transfer upon acquisition of companies or businesses may be made at a minimum price per share corresponding to an amount in close connection with the price of the company's class B shares on Nasdaq Stockholm at the time of the decision of transfer. Transfers made on Nasdaq Stockholm to finance acquisition of companies or businesses may be made at a price within the each time prevailing price interval of the share.

The purpose of the authorisation to acquire shares in the company is to be able to adapt the company's capital structure and to be able to use repurchased shares in connection with the potential company acquisitions and thereby contribute to increased shareholder value. The purpose of the authorisation to transfer own shares is to give the Board of Directors increased flexibility when financing company acquisitions. The reason for deviation from the shareholders' preferential rights is to create alternative forms of payment upon acquisition of companies or businesses.

Majority requirements

The Meeting's resolution under Item 16 requires that shareholders representing at least two-thirds of the votes cast as well as of the shares represented at the Meeting approve the resolution.

The Nomination Committee

The Nomination Committee for the Annual General Meeting 2023 is composed of Helena Stjernholm, AB Industrivärden, the Chairman of the Nomination Committee, Anders Oscarsson, AMF and AMF Fonder, Ola Peter Krohn Gjessing, Norges Bank Investment Management, Marianne Nilsson, Swedbank Robur Fonder and Pär Boman, Chairman of the Board of Essity.

Shares and votes

The total number of shares in the company amounts to 702,342,489 shares, of which 61,158,914 are class A shares and 641,183,575 are class B shares, representing a total of 1,252,772,715 votes. The class A share carries ten votes, and the class B share carries one vote. No shares are held by Essity. The information pertains to the circumstances as per the time of issuing this notice.

Additional information

The financial statements, the auditor's report, the Board of Directors' complete proposals including the Board of Directors' statements pursuant to Chapter 18, Section 4 and Chapter 19, Section 22 of the Swedish Companies Act, the Board of Directors' report on remuneration pursuant to Chapter 8, Section 53 a of the Swedish Companies Act, and the auditor's statement pursuant to Chapter 8, Section 54 of the Swedish Companies Act regarding the remuneration

guidelines for the senior management, will be available at the company and on the company's website, www.essity.com, no later than Wednesday, 8 March 2023. Information about the proposed board members and the proposed auditor, the Nomination Committee's statement, proxy forms, and forms for advance voting are available on the company's website, www.essity.com. The documents will be distributed free of charge to shareholders who so request and state their address and will be available at the General Meeting.

The Board of Directors and the president shall, if any shareholder so requests and the Board of Directors believes that it can be done without material harm to the company, provide information regarding circumstances that may affect the assessment of an item on the agenda, and regarding circumstances that can affect the assessment of the company's or its subsidiaries' financial situation or the company's relation to other companies within the group.

Processing of personal data

For information on how your personal data is processed, please see <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>

Stockholm in February 2023
Essity Aktiebolag (publ)
The Board of Directors