

Press release

Stockholm, February 18, 2021

Notice of the Annual General Meeting

Notice is given to the Shareholders of Essity Aktiebolag (publ) (“Essity”) of the Annual General Meeting of Shareholders to be held on Thursday, March 25, 2021

Due to the current pandemic, the Annual General Meeting will, in accordance with temporary legislation, be held only by advance voting (postal voting). Hence, shareholders will not be able to physically attend the Meeting in person or by proxy. Instead, Essity welcomes shareholders to exercise their voting rights at the Meeting by advance voting in the manner described below. Information on the resolutions passed at the Meeting will be disclosed on 25 March 2021, as soon as the outcome of the advance voting has been finally confirmed.

Right to participate

A person who wishes to participate in Essity’s Annual General Meeting by advance voting must:

- be listed as a shareholder in the presentation of the share register prepared by Euroclear Sweden AB concerning the circumstances on Wednesday, 17 March 2021; and
- give notice of its intention to participate no later than Wednesday, 24 March 2021, by submitting its advance vote in accordance with the instructions under *Advance voting* below, so that the advance vote is received by Euroclear Sweden AB no later than that day.

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 by submitting its advance vote, 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 Wednesday, 17 March 2021. 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 Friday, 19 March 2021, will be taken into account in the presentation of the share register.

Advance voting

Shareholders may exercise their voting rights in the Meeting only by voting in advance, so-called postal voting in accordance with Section 22 of the Swedish Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other associations. A special form for advance voting must be used. The form is available on Essity’s website, www.essity.com. Submission of the form in accordance with the instructions set out below is also considered as notice of participation in the Meeting. The completed form must be received by Euroclear Sweden AB no later than Wednesday, 24 March 2021.

The completed form shall be sent to Essity Aktiebolag (publ), "Annual General Meeting", c/o Euroclear Sweden AB, 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 e-mail to GeneralMeetingService@euroclear.com. Shareholders may not provide special 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.

Proxies

If a shareholder submits its vote through a proxy, a power of attorney shall be enclosed with the form. If the shareholder is a legal entity, a registration certificate or a corresponding document for the legal entity shall be enclosed with the form. Proxy forms are available upon request and on the company's website, www.essity.com.

Right to request information

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 circumstances that may affect the assessment of the company's or its subsidiaries' financial situation and the company's relation to another company within the group. Requests for such information shall be made in writing to Essity Aktiebolag (publ), Box 200, SE-101 23 Stockholm, Sweden, or by e-mail to ir@essity.com, no later than Monday, 15 March 2021. The information will be disclosed by being held available at Essity Aktiebolag (publ), Klarabergsviadukten 63, Stockholm, Sweden, and on the company's website, www.essity.com, no later than Saturday, 20 March 2021. The information will also be distributed to the shareholder having requested the information and stated its address.

Proposed agenda

1. Election of Chairman of the Meeting.
2. Election of two persons to check the minutes.
3. Preparation and approval of the voting list.
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.
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;
 - c) discharge from personal liability of the Board of Directors and the President for 2020.
8. Resolution on the number of directors and deputy directors.
9. Resolution on the number of auditors and deputy auditors.
10. Resolution on the remuneration to be paid to the Board of Directors and the auditor.
11. Election of directors and deputy directors.
 - Re-election of
 - i. Ewa Björling
 - ii. Pär Boman
 - iii. Annemarie Gardshol
 - iv. Magnus Groth
 - v. Bert Nordberg
 - vi. Louise Svanberg
 - vii. Lars Rebien Sørensen

- viii. Barbara Milian Thoralfsson
New election of
- ix. Torbjörn Lööf
- 12. Election of Chairman of the Board of Directors.
- 13. Election of auditors and deputy auditors.
- 14. Resolution on guidelines for remuneration for the senior management.
- 15. Resolution on approval of the Board's report on remuneration for the senior management.
- 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.
- 17. Resolution on amendments to the Articles of Association.

Proposal for resolution under Item 1

The Nomination Committee proposes Eva Hägg, attorney at law, as Chairman of the Annual General Meeting, or in the event she is prevented from participating, the person appointed by the Nomination Committee.

Proposal for resolution under Item 2

The Board of Directors proposes Madeleine Wallmark, Industrivärden, and Anders Oscarsson, AMF och AMF Fonder, or, if one or both of them are prevented from participating, the person(s) appointed by the Board of Directors, to check the minutes together with the Chairman. The assignment to check the minutes also includes verifying the voting list and that the received advance votes are correctly reflected in the minutes of the Meeting.

Proposal for resolution under Item 3

The voting list proposed to be approved is the voting list prepared by Euroclear Sweden AB on behalf of Essity, based on the general meeting shareholders' register and received advance votes, and verified by the persons assigned to check the minutes.

Proposal for resolution under Item 7 b)

The Board of Directors proposes a dividend for the financial year 2020 of SEK 6.75 per share. As record date for the dividend, the Board of Directors proposes Monday, 29 March 2021. If the Meeting resolves in accordance with this proposal, the dividend is expected to be distributed by Euroclear Sweden AB on Thursday, 1 April 2021.

Proposal for resolution under Item 8–13

The Nomination Committee proposes the following:

- The number of directors shall be nine with no deputy directors.
- The number of auditors shall be one with no deputy auditor.
- The remuneration to each director elected by the Meeting and who is not employed by the company is to be SEK 815,000 and the Chairman of the Board of Directors is to receive SEK 2,445,000. Members of the Remuneration Committee are each to receive an additional remuneration of SEK 120,000, while the Chairman of the Remuneration Committee is to receive an additional remuneration of SEK 150,000. Members of the Audit Committee are each to receive an additional remuneration of SEK 280,000, while the Chairman of the Audit Committee is to receive an additional remuneration of SEK 400,000. 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, Bert Nordberg, Louise Svanberg, Lars Rebien Sørensen and Barbara Milian Thoralfsson and new election of Torbjörn Lööf.
Maija-Liisa Friman is not available for re-election.

Torbjörn Lööf, born 1965, technician and holding a position as president of Inter IKEA Holding between 2016-2020. Previously holding positions as president of Inter Ikea Systems between 2013-2016, as president of IKEA of Sweden between 2007-2013, and prior to that various senior positions within IKEA since 1999. He has a background from production, procurement, economy, design, innovation and as a retailer. He has also been chairman of the board of directors in a number of IKEA Group companies between 2013-2016 and member of the board of directors in Inter IKEA Holding between 2016-2020. He is independent in relation to the company, the management and Essity's larger shareholders. His and his closely related persons hold 2000 Essity B-shares.

- 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 2022. If elected, Ernst & Young AB has announced its appointment of Hamish Mabon as auditor in charge.

Proposal for resolution under Item 14

The Board of Directors proposes – with amendment to the guidelines adopted at the Annual General Meeting 2020 – the following guidelines for remuneration for the senior management.

“These guidelines shall govern remuneration to directors, the President, vice presidents and other senior executives. The guidelines do not include remuneration decided upon by the General Meeting.

Remuneration principles

Successful implementation of the company's business strategy and the fostering of the company's long-term interests, including its sustainability, require that the company is able, through competitive remuneration on market terms, to recruit, incentivise and retain skilled employees. The total remuneration package must therefore be on market terms and competitive on the executive's field of profession, and must be related to the executive's responsibilities, powers and performance. The remuneration may comprise fixed salary, variable remuneration, other benefits and pension. The company's business strategy is presented in the company's Annual and Sustainability Report.

Variable remuneration

Variable remuneration shall be based on results relative to established short-term (one year) and long-term financial targets, targets which contribute thereto or to the performance of the company's share. Remuneration shall be aimed at promoting the company's business strategy and long-term interests, including its sustainability. Furthermore, variable remuneration shall be paid as cash remuneration and shall not be included in the basis for pension computation. The short-term element shall not exceed 100 per cent of annual fixed salary and the long-term element shall not exceed 50 per cent of annual fixed salary.

Short-term performance targets shall include organic growth, product development, earnings, cash flow, capital efficiency, sustainability, return, individual targets or a combination thereof.

Long-term performance targets shall be linked to the performance of the company, measured as TSR value (TSR, Total Shareholder Return: the value shall be the composed of the total dividend and other returns as well as the share performance) over a three-year period. This value shall, for the same period, be compared with the MSCI Household products Index, Consumer Staples, which is a weighted index of competing companies and consumer companies' corresponding TSR value. A maximum outcome requires that the performance of the Essity share exceeds the benchmark index by more than 5 per cent over the multi-year period. Payment of cash remuneration for achieved long-term performance targets shall also

be subject to a requirement that one-half of such paid remuneration after tax shall be used for investment by the recipient in Essity shares. Such shares may not be divested during a period of three years from the date of purchase; among other things, to create a common ownership interest between the participants in the program and the shareholders.

The company shall have the possibility to withhold payment of variable remuneration where necessary and possible according to law, provided there are special reasons for so doing and such a measure is necessary to meet the company's long-term interests, including its sustainability. Furthermore, the company shall have the possibility provided by law to demand repayment of any variable remuneration paid based on erroneous grounds.

Pension and other benefits

Pension benefits shall be contribution-defined, and the annual premium shall not exceed 40 per cent of the fixed annual salary. The retirement age shall normally be 65.

Other, lesser benefits may include medical insurance, company car, fitness allowance as well as membership and service fees, training/education and other support.

A notice of termination period of not more than two years shall apply upon termination of the employment relationship where the termination is initiated by the company, and of not more than one year where the termination is initiated by the executive. There shall be no severance pay.

Decision-making process and reporting

Matters relating to remuneration to senior executives shall be addressed by the Board's Remuneration Committee and, with respect to the President, decided upon by the Board. The duties of the Remuneration Committee shall also include preparing board decisions regarding proposals for guidelines for remuneration to senior executives, performing oversight as well as monitoring and assessing the application thereof. When the Board or the Remuneration Committee addresses and decides on remuneration-related matters, senior executives may not be present insofar as the matter relates to them and, with respect to the calculation of variable remuneration, an audit certificate must be obtained before any decision is taken regarding payment. In the preparation of the remuneration guidelines, consideration has been given to salary and employment conditions for the company's other employees, such as information regarding total remuneration, components of the remuneration as well as the increase in remuneration and the rate of increase over time, and the company's equality of opportunity policy.

The Board shall prepare a remuneration report.

Application of, and deviation from, the guidelines

The Board may decide to temporarily deviate from the guidelines, wholly or in part, if there are special reasons for doing so in an individual case and deviation is necessary to satisfy the company's long-term interests, including its sustainability. The duties of the Remuneration Committee include preparing board decisions on remuneration issues, including decisions regarding deviations from the guidelines. With respect to employment relationships governed by rules other than Swedish rules, appropriate adjustments shall take place with respect to pension benefits and other benefits to ensure compliance with such rules or local practice, whereupon the overarching purpose of these guidelines shall be attained as far as possible. The guidelines shall not take precedence over mandatory terms of employment law legislation or collective agreements. Nor shall they apply to already executed agreements.

These guidelines shall apply from the 2021 Annual General Meeting until further notice."

Proposal for resolution under Item 15

The Board of Directors proposes that the Annual General Meeting approve the Board of Directors' remuneration report pursuant to Chapter 8, Section 53 a of the Swedish Companies Act.

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 2022. 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 utilised on one or several occasions until the Annual General Meeting 2022. 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 at 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 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.

Proposal for resolution under Item 17

With respect to amendments of laws and regulations, and with the purpose of enable collection of proxies as well as postal voting after the Swedish Act (2020:198) on temporary exceptions to facilitate the execution of general meetings in companies and other

associations expires, the Board of Directors proposes that the Annual General Meeting resolve on amendments of § 1 and § 11 in the Articles of Association as follows.

Current wording

§ 1 Name

The name of the Company is Essity Aktiebolag (publ). The Company is a public company.

§ 11 Notice

Notice of General Meetings shall be made by advertisement in the Swedish Official Gazette (Post- och Inrikes Tidningar) and on the Company's website. An announcement that this has been done shall be published in Dagens Nyheter and Svenska Dagbladet.

In order to be permitted to attend General Meetings, shareholders must notify the Company of its attendance no later than the day specified in the notice of the Meeting. This day must not be a Sunday, any other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve, and must not fall earlier than the fifth weekday prior to the Meeting.

Proposed wording

§ 1 Business name

The *business* name of the Company is Essity Aktiebolag (publ). The Company is a public company.

§ 11 Notice etc.

Notice of General Meetings shall be made by advertisement in the Swedish Official Gazette (Post- och Inrikes Tidningar) and on the Company's website. An announcement that this has been done shall be published in Dagens Nyheter and Svenska Dagbladet

In order to be permitted to attend General Meetings, shareholders must notify the Company of its attendance no later than the day specified in the notice of the Meeting. This day must not be a Sunday, any other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve, and must not fall earlier than the fifth weekday prior to the Meeting.

The Board of Directors may collect proxies pursuant to the procedure stated in Chapter 7, Section 4, second paragraph of the Swedish Companies Act (2005:551).

The Board of Directors may decide before a General Meeting that the shareholders shall be able to exercise their voting rights by post before the General Meeting pursuant to the procedure stated in Chapter 7, Section 4 a of the Swedish Companies Act (2005:551).

The Board of Directors further proposes that the Annual General Meeting authorise the President, or the person who the President designates, to make any adjustments of the resolution that may prove to be necessary in connection with registration of the resolution with the Swedish Companies Registration Office.

Majority requirement

The Annual General Meeting's resolutions under items 16 and 17 require 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 is composed of Helena Stjernholm, AB Industrivärden, the Chairman of the Nomination Committee, Jonas Jølle, Norges Bank Investment Management, Anders Oscarsson, AMF and AMF Fonder, Marianne Nilsson, Swedbank Robur Fonder and Pär Boman, Chairman of the Board of Essity.

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, are presented by being available at the company and on the company's website, www.essity.com, no later than 4 March 2021. 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 also be distributed free of charge to shareholders who so request and state their address.

The general meeting shareholders' register will be held available at Essity, Klarabergsviadukten 63, Stockholm, Sweden.

The total number of shares in the company amounts to 702,342,489 shares, of which 61,734,472 are class A shares and 640,608,017 are class B shares, representing a total of 1,257,952,737 votes. The class A share carries ten votes and the class B share carries one vote. The information pertains to the circumstances as per the time of issuing this notice.

Processing of personal data

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

Stockholm in February 2021

Essity Aktiebolag (publ)

The Board of Directors

556325-5511

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About Essity

Essity is a leading global hygiene and health company. We are dedicated to improving well-being 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, Lotus, Nosotras, Saba, Tempo, Vinda and Zewa. Essity has about 46,000 employees. Net sales in 2020 amounted to approximately SEK 122bn (EUR 11.6bn). The company's headquarters is located in Stockholm, Sweden, and Essity is listed on Nasdaq Stockholm. Essity breaks barriers to well-being and contributes to a healthy, sustainable and circular society. More information at www.essity.com.