

Summary

The report that follows shows the difference between the average earnings of men and women, expressed relative to men's earnings. There are six different measures to report on, based on a snapshot of pay data on a set date (5 April 2021) set out by the Government Equalities office:

- **Median gender pay gap:** the difference between the *median hourly rate* of pay of male full pay relevant employees and that of female full-pay relevant employees
- **Mean gender pay gap:** the difference between the *mean hourly rate* of pay of male full-pay relevant employees and that of female full-pay relevant employees
- **Median bonus gap:** the difference between the *median bonus pay* paid to male employees and that paid to female relevant employees
- **Mean bonus gap:** the difference between the mean bonus pay paid to male employees and that paid to female relevant employees
- **Bonus proportions:** the proportions of male and female relevant employees who were paid bonus pay during the relevant period
- **Quartile pay bands:** the proportions of male and female full-pay relevant employees in the lower, lower-middle, upper-middle and upper quartile pay bands.
- **Calculating the mean:** If we add together all the hourly pay rates that women earn, divided by the number of women in Essity UK Ltd, and then compare that with the same calculation for men, we get the mean gender pay gap.
- **Calculating the median:** If we rank all of our people by their hourly pay rate, and then compare what the woman in the middle of the female pay range received with what the man in the middle of the male pay range received, we get the median gender pay gap.

Essity UK Ltd is required by law to publish an annual gender pay gap report. The data is based on a snapshot as of 5th April 2021. The results show a negative gender pay gap meaning that on average women's gross hourly earnings are higher than those of men. This is due to the demographics of the workforce, with a high proportion of women in senior management and professional roles.

Essity UK Ltd is committed to the principles of equal opportunity and treatment for all employees and has clear policies on this matter, including a Code of Conduct. Various audits are undertaken, and we are confident that the gender pay gaps does not stem from paying men and women differently for the same or equivalent work.

Gender Pay Gap Report April 2021



This is its report for the snapshot date of 5 April 2021:

Gender Hourly Rate

| | Men | Women | % Difference |
|--------|---------|---------|--------------|
| Mean | £ 17.68 | £ 18.54 | -4.86% |
| Median | £ 14.53 | £ 15.87 | -9.22% |

Gender Bonus Gap

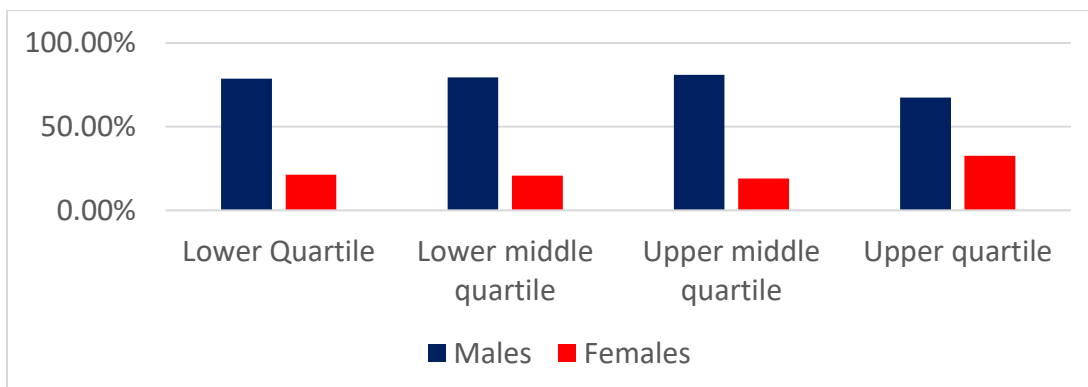
| | Men | Women | % Difference |
|--------|------------|------------|--------------|
| Mean | £ 2 539.66 | £ 2 133.27 | 16.00% |
| Median | £ 1 591.13 | £ 3 374.72 | -112.00% |

Bonus Proportions

| | Men | Women |
|----------------------------|--------|--------|
| Number receiving bonus | 829 | 218 |
| Proportion receiving bonus | 88.94% | 76.22% |

Proportion of Men and Women Pay quartile pay bands

| | Lower | Lower Middle | Upper Middle | Upper | Head Count Total |
|-------|---------------|---------------|---------------|---------------|------------------|
| | Band A | Band B | Band C | Band D | |
| Men | 240 78.69% | 242 79.34% | 247 80.98% | 206 67.32% | 935 76.58% |
| Women | 65 21.31% | 63 20.66% | 58 19.02% | 100 32.68% | 286 23.42% |



Gender Pay Gap Report April 2021



The figures set out above have been calculated using the standard methodologies used in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The results show a negative gender pay gap meaning that on average women's gross hourly earnings are higher than those of men.

What are the underlying causes of Essity UK Ltd.'s gender pay gap?

Under equality law, men and women must receive equal pay for:

- the same or broadly similar work;
- work rated as equivalent under a job evaluation scheme; *or*
- work of equal value

Essity UK Ltd is committed to the principle of equal opportunities and equal treatment for all employees, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability. Essity has a Code of Conduct that includes a policy of paying employees equally for the same or equivalent work, regardless of their gender (or any other characteristic set out above). As such, it:

- carries out pay and benefits audits annually;
- evaluates job roles and pay grades as necessary to ensure a fair structure;
- gives specific commitment to diversity, equity and inclusion in the workplace

Essity UK Ltd is therefore confident that its gender pay gap does not stem from paying men and women differently for the same or equivalent work. Rather its gender pay gap is the result of the roles in which men and women work within the organisation and the salaries that these roles attract.

Across the UK economy as a whole, men are more likely to be in senior roles (especially very senior roles at the top of organisations), while women are more likely to be in administrative front-line roles at the lower end of the organisation. In addition, men are more likely to be in technical and IT-related roles, which attract higher rates of pay than other roles at similar levels of seniority. Women are also more likely than men to have had breaks from work that have affected their career progression, for example to bring up children. They are also more likely to work part time.

Unlike the UK economy, the make-up of Essity UK's workforce has mainly men in operative roles within the manufacturing operation which dominate the lower pay quartiles, while a high proportion of women are in senior management and professional roles.

This can be seen above in the table depicting pay quartiles by gender. This shows Essity UK Ltd.'s workforce divided into four equal-sized groups based on hourly pay rates, with Band A including the lowest-paid 25% of employees (the lower quartile) and Band D covering the highest-paid 25% (the upper quartile). In order for there to be no gender pay gap, there would need to be an equal ratio of men to women in each Band. Within Essity UK Ltd, whilst men are the majority they are evenly spread across the quartiles. However, the majority of women (32.68%) fall in to the highest paid quartile. We have seen an increase in women employed to upper quartile roles within the last 12 months whilst we have seen a decrease in males in upper quartile

roles and an increase in numbers into the lower quartile.

Although the coronavirus (COVID-19) has had a substantial impact on labour market hours worked and pay, it appears to have had little impact on the gender pay gap in 2021. Within Essity UK Ltd no employees were furloughed during 2021.

How does Essity UK Ltd.’s gender pay gap compare with that of other organisations?

The vast majority of organisations have a gender pay gap and it is possible for an organisation to have a negative gender pay gap, meaning that women earn more than men on average, but this is not common. In the manufacturing industry for example, where fewer women are employed, a small number of highly paid women among a majority male workforce produces a negative gender pay gap. This is also the case in some construction and mining companies.

The mean gender pay gap for the whole economy (according to the October 2021 Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) figures) is 14.9%, the mean gender pay gap within manufacturing is currently 9.8%. At -4.86%, Essity UK Ltd.’s mean gender pay gap is significantly lower than the whole economy.

The median gender pay gap for the whole economy (according to the October 2021 ONS ASHE figures) is 15.4%, while in the manufacturing sector it is 15.0%. At -9.22%, Essity UK Ltd.’s median gender pay gap shows that the average hourly rate for women is higher as a proportion of the hourly rate for men.

| | Essity UK Ltd | 2021 ONS ASHE whole sector | 2021 ONS ASHE Manufacturing sector |
|------------------------------|---------------|----------------------------|------------------------------------|
| Mean Gender Pay Gap | -4.86% | 14.9% | 9.80% |
| Median Gender Pay Gap | -9.22% | 15.4% | 15.0% |

The mean gender bonus gap for Essity UK Ltd is 16.00%. All employees are eligible to participate in a bonus scheme. Bonus scheme frameworks are driven at a global level, while they will differ across business areas but are consistent for all employees. What differs with seniority is the percentage of base salary that can be achieved. For goal achievement 2020, with payout 2021, the outcome varied across business areas, which also reflects in the gender bonus pay gap.

The proportion of men at Essity UK Ltd who received a bonus in the twelve months up to 5 April 2021 was 88.94% while for women this was 76.22%. The bonus scheme runs January – December and to qualify employees must be employed before 1st

October and remain employed until 31st December. For 2021 the significant difference in bonus payout comes from more women being represented in the upper quartile which also results in higher bonus payout amounts. A higher proportion of women are eligible for the management bonus; 22% of women and 12% of men, thus resulting in a higher Median Bonus gap.

What is Essity UK Ltd doing to address its gender pay gap?

Recruitment

While Essity UK Ltd.'s gender pay gap compares favorably with that of organisations both across the whole UK economy and within manufacturing sector, this is not a subject about which Essity UK Ltd is complacent and it is committed to doing everything that it can to reduce the negative gap. However, Essity UK Ltd also recognises that its scope to act is limited in some areas - it has, for example, no direct control over the subjects that individuals choose to study or the career choices that they make. Encouraging women in to Manufacturing / Engineering is a challenge throughout the industry. Essity has an Apprenticeship scheme to encourage application from female students, as well as a Graduate programme. Essity UK Ltd will continue to work with schools and colleges supporting females wishing to pursue a career within the industry.

Essity UK Ltd's Country Management team is made up of 25% Women. Coupled with women in senior professional positions, this has skewed the figures into a negative gap. This could be considered a positive picture in comparison to the UK economy. However, for Essity UK Ltd to achieve a balanced outcome and comparable average pay, women need to be encouraged into the manufacturing environment and senior leadership positions.

Culture

We want to build an inclusive culture at Essity, where employees feel valued and supported.

- Our learning and development portal is accessible to all our employees, ensuring that investment in progression is available to all and allows people to make time for training when it suits them best.
- We have several groups in place to maintain momentum towards our gender equity commitments, including our Diversity Equity & Inclusion Advisory Group
- Essity UK has invested significantly in family friendly policies creating a culture which supports and accommodates working parents equally. We continue to review and enhance these policies, such as maternity, adoption, shared parental and partner leave, to ensure wider accessibility and support.
- Essity UK support working parents by enabling them to plan a phased return to work following periods of family leave such as maternity, adoption or shared parental leave.

Gender Pay Gap Report April 2021



- We have a Menopause Policy. This includes support for the challenges and adjustments required when going through Menopause.
- We are committed to promoting agile and flexible working, giving employees more control and flexibility to create a tailored work balance which works for them.
- We continue to benchmark all roles in order to remain competitive within the market.

Essity UK Ltd continues its commitment to reporting on an annual basis on what it is doing to reduce the gender pay gap and, on the progress made.

I, Louisa Oliveira, HR Director UK & Republic of Ireland confirm that the information in this statement is accurate.

A handwritten signature in blue ink that reads 'Louisa Oliveira'.

Date: 5 April 2022