

General Terms and Conditions of Purchase of Goods - Essity entities in Germany

(Status February 1, 2021)

1. General, Scope of Application

- a. These General Terms and Conditions of Purchase ("**GTC**") shall apply to all business relations between us and our suppliers ("**Supplier**"), provided that the Suppliers are entrepreneurs (Section 14 German Civil Code Code (*Bürgerliches Gesetzbuch*, "**BGB**")), a legal entity under public law, or a special fund under public law.
- b. Our GTC shall apply in particular to contracts for the sale and/or delivery of movable goods ("**Goods**"), irrespective of whether the Supplier manufactures the Goods itself or purchases them from other suppliers (pursuant to Sections 433 or 651 BGB). Unless otherwise agreed, the GTC in the version available on the website <https://www.essity.com/terms/essity-general-terms-and-conditions/> shall also apply as a framework agreement for future, similar contracts, without us having to refer to them again in each individual case.
- c. Our GTC apply exclusively. The applicability of any terms and conditions of the Supplier that are contrary to, deviate from or supplement our GTC shall be excluded, unless we have expressly agreed to their applicability in writing.
- d. Individual agreements made with the Supplier in individual cases shall in any case take precedence over these GTC. Any individual agreements have to be confirmed in writing to be binding. A written contract or our written confirmation shall be decisive for the content of this agreement, unless the Supplier provides proof to the contrary.
- e. Legally relevant declarations and notifications of the Supplier which refer to the contract with us or are connected with it (e.g. reminder, setting of a deadline, withdrawal) must be made in writing, i.e. in written or text form (e.g. letter, e-mail, fax). This shall not affect statutory formal requirements and other evidence, such as in particular the authorization of the person making the declaration.
- f. If and insofar as we refer to statutory provisions in these GTC, this only has a clarifying meaning if they are not directly amended or expressly excluded in these GTC.

2. Orders and Offers, Conclusion of Contract

- a. Our purchase order are only binding if made in writing. Verbal purchase orders or orders placed by telephone are not binding and require a written confirmation in order to become binding. Amendment to and changes of the purchase orders or any supplements thereto shall only be binding if made in writing. The Supplier shall inform us of obvious errors (e.g. spelling and calculation errors) and incompleteness of the order (this also applies to all order documents) before accepting the purchase order so that we can correct or complete it, otherwise the contract shall not be concluded (Section 154 BGB).
- b. The Supplier shall confirm our purchase order in writing within a period of two weeks from the date of the purchase order or to execute it without reservation by dispatching the Goods ("**Order Confirmation**").
- c. An Order Confirmation that deviates from the purchase order or that is delayed constitutes a counter-proposal and shall be binding only if accepted by us in writing. Under no circumstances shall silence on our part be considered as acceptance of an Order Confirmation that deviates from the original purchase order.

3. Subcontractors, Shipping Documents, Packaging and Labelling

- a. Without our prior written consent, the Supplier shall not be entitled to use third parties, in particular subcontractors, for the performance of the contract. Unless otherwise agreed in individual cases, the Supplier shall bear the procurement risk for its performance.
- b. The Supplier shall enclose a delivery note with each delivery, which shall indicate the date of issue of the delivery note and the date of dispatch of the Goods as well as the order number stated on our purchase order. If the delivery note is missing or incomplete, we shall not be responsible for any delays in payment and processing resulting from this. Furthermore, the Supplier shall send us without delay a confirmation of dispatch with the same content as set out in the first sentence of this clause 3.b. Any additional costs incurred by us due to the Supplier's non-compliance with the instructions set forth in this clause 3.b, for which the Supplier bears responsibility, shall be charged to the Supplier.
- c. The labelling, packaging and dispatch of the Goods must always be carried out in accordance with our packaging and dispatch instructions. In the absence of special instructions, labelling, packaging and dispatch of the Goods must be carried out in accordance with the customary type of labelling, packaging and dispatch with the care of a prudent businessman.
- d. Partial deliveries shall not be permitted unless we have given our express consent.

4. Risk Assumption, Default of Acceptance

- a. The Supplier is obliged to deliver the ordered Goods at its own expense and risk to the destination specified in the purchase order. If the place of destination is not specified and nothing else has been agreed, the delivery must be made to the registered office of the Essity legal entity having placed the purchase order.
- b. The agreed destination is also the place of performance for the delivery and for any subsequent performance, unless otherwise expressly agreed.
- c. The risk of accidental loss and deterioration of the Goods shall be borne by the Supplier until their arrival at the agreed destination.
- d. If, however, the purchase order or supplementary provisions in the shipping instructions/routing order state that the Goods are to be collected from the Supplier by our contractual forwarding agent at the Supplier's premises at the latter's expense, the risk shall pass to us upon correct handover of the Goods to the contractual forwarding agent in accordance with the packaging and shipping instructions.
- e. We shall only be in default of acceptance in accordance with the statutory provisions. In any case, the Supplier is obliged to offer the Goods expressly, i.e. even if a specific or determinable calendar time is determined for an action or contribution on our part. If we are in default of acceptance, then the Supplier is entitled to demand compensation for its additional expenses in accordance with the statutory provisions (Section 304 BGB).

5. Delivery Periods, Delivery Default

- a. All delivery dates or periods are binding. If the delivery date or period is not specified in our purchase order and has not been agreed upon otherwise, a delivery period of four (4) weeks from the conclusion of the contract shall be agreed upon.
- b. Agreed delivery dates are met if the Goods have arrived at the agreed delivery address at the agreed time and in the agreed quantity.
- c. The Supplier shall inform us without undue delay in writing if circumstances occur or become apparent to the Supplier which indicate that the agreed delivery period cannot or is not expected to be met. The information shall include the cause and anticipated duration of the delay.
- d. We reserve the right, in accordance with the statutory provisions, to rescind the contract by means of a written declaration if the Supplier exceeds the agreed upon delivery date. If the Supplier is responsible for exceeding the delivery date, then we reserve the right to claim damages in accordance with the statutory provisions.
- e. If the Supplier is in default of delivery, we are entitled to demand a contractual penalty of 0.1% of the purchase price (net) of the delayed Goods per working day, but not more than 5% of the total net purchase price of the delayed Goods. We have to reserve the assertion of the contractual penalty upon acceptance of the delayed delivery and claim it at the latest with the final payment. Further rights remain unaffected.

6. Quality of Goods, Final Inspection

- a. The Supplier shall deliver the Goods free from defects in quality and title. The Goods shall be in accordance with this clause 6 and the latest state of the art and shall comply with all applicable safety regulations.
- b. The Supplier must deliver the Goods ordered by us in compliance with the product description of the Goods, the sample submitted and approved by us, with the same material composition, technical equipment, form, processing and presentation and must be of the agreed quality. All technical features and qualities of a sample approved by us are agreed qualities.
- c. Further, the Goods are defective if and insofar as the public declarations/statements contained on the label or in any other product description are incomplete or incorrect. This also applies to missing, incorrect or incomplete assembly instructions.
- d. The Supplier shall carry out a final inspection before delivery.

7. Duty to Inspect and Notify, Audits

- a. We shall inspect the Goods received without undue delay upon receipt to the extent this is reasonable within the scope of the ordinary course of business, namely limited to a visual inspection of the external appearance and packaging of the Goods including the delivery documents (e.g. obvious transport damage, wrong and short delivery), and shall notify the Supplier without undue delay about any defects discovered.
- b. It is expressly pointed out to the Supplier that the Supplier must obtain the agreement of its liability insurer to the above contractual provision in order to maintain the existing cover without restriction.

- c. The Supplier shall allow us access to its production facilities for the ordered Goods as well as to the production facilities of any subcontractors by arrangement, shall allow audits to be carried out and shall provide us with the names and addresses of the subcontractors on request.

8. Regulatory Compliance

- a. The Supplier shall comply with the relevant German laws and regulations, such as the Product Liability Act (*Produkthaftungsgesetz*), the Product Safety Act (*Produktsicherheitsgesetz*), the Chemicals Act (*Chemikaliengesetz*), the Act on the Electromagnetic Compatibility of Equipment (*Gesetz über die elektromagnetische Verträglichkeit von Betriebsmitteln*), the Food, Commodities and Feed Code (*Lebensmittel-, Bedarfsgegenstände- und Futtermittelgesetzbuch*), the Electrical and Electronic Appliances Act (*Elektro- und Elektronikgesetz*), the Commodities Ordinance (*Bedarfsgegenständeverordnung*), the Chemicals Prohibition Ordinance (*Chemikalien-Verbotsverordnung*), the Hazardous Substances Ordinance (*Gefahrstoffverordnung*) as well as regulations and applicable directives of the European Union, such as the REACH Directive. In addition, the relevant DIN, EN and ISO standards are to be taken as a basis by the Supplier, unless otherwise agreed.
- b. This shall also apply to all future deliveries of Goods and then applicable future laws, regulations, directives and standards, without the need to mention them separately.
- c. The Supplier shall ensure that laws, guidelines and regulations are reasonably taken into account in good time before they come into force in order to ensure that the delivered Goods can be used or sold by us without infringing laws, guidelines and regulations which do not come into force until later.
- d. At our request, the Supplier must provide proof of compliance with all legal requirements before delivery of the Goods.
- e. Insofar as the Supplier is aware that the Goods are intended for another country of delivery, the Supplier must also comply with the regulations of this country in accordance with the provisions of the above subclauses 8.a to 8.d.

9. Defective Delivery

- a. The statutory provisions shall apply to our rights in the event of material defects and defects of title of the Goods (including wrong and short deliveries as well as improper assembly, defective operating or instruction manuals) and in the event of other breaches of obligations by the Supplier, unless otherwise provided for in the following.
- b. The Supplier shall be liable in accordance with the statutory provisions, in particular for ensuring that the Goods are delivered in accordance with clause 6.
- c. Receipt of the performance shall not constitute to be an approval of the Supplier's performance.
- d. Subsequent performance shall also include the necessary costs for the removal of the defective Goods and their reinstallation, in the event that the Goods have been installed in another item in accordance with their intended purpose. The costs incurred by the Supplier for the purpose of testing shall be borne by the Supplier even if it turns out that no defect actually existed. Our liability for damages in the event of unjustified requests for the remedy of defects shall remain unaffected by this in principle. However, we shall only be liable in this respect if we have realized or grossly negligently failed to realize that no defect was present prior to notification.
- e. At our discretion, we may demand subsequent performance in the form of remedy of the defect or in the form of delivery of new Goods.
- f. We shall be entitled at Supplier's expense to remedy the defect of the Goods itself or to exchange the defective Goods for a replacement procured otherwise if, for particular reasons of urgency (e.g. if we might suffer damages that are particularly high compared to the costs remedying the defects), we are not in the position (i) to notify the Supplier of the defect and the imminent damages and (ii) to grant the Supplier a time limit for subsequent performance without occurrence of the damage.
- g. Acceptance of delivery and the payment shall not constitute an acknowledgement of correct delivery.
- h. The Supplier shall indemnify us against all claims of third parties under the Product Liability Act, to the extent the Supplier bears responsibility for a product defect whose cause lies within the Supplier's sphere of control and organisation, and shall compensate us for all damages and necessary expenses incurred by us in connection with these claims (recall costs, loss of interest, lawyers' fees, etc.).
- i. If the delivered Goods are defective, the Supplier shall reimburse us for the costs incurred for testing the Goods, determining the defects, sorting out, conversion etc. upon providing proof thereof. Our further legal claims for damages remain unaffected. The Supplier is obliged to take out and maintain a product liability insurance with a cover sum of EUR 10 million per personal

injury/property damage - lump sum. If we are entitled to further claims for damages, these shall remain unaffected.

- j. If we are obliged to conduct a recall due to Goods being defective, the Supplier shall bear all necessary expenses in connection with this recall to the extent such expenses stem from the Goods being defective.

10. Supplier Recourse

- a. We are entitled to our statutory rights of recourse within the supply chain (supplier recourse pursuant to Sections 445 a, 445 b, 478 BGB) without restriction in addition to the claims for defects. In particular, we are entitled to demand from the Supplier the type of subsequent performance that we owe our customer in the individual case. Our statutory right to choose according to Section 439 para. 1 BGB is not affected by this.
- b. Our claims arising from supplier recourse shall also apply if the Goods have been further processed before being sold to one of our customers or a consumer, e.g. by installation into another product.

11. Limitation Period

- a. The claims of the contracting parties shall become statute-barred in accordance with the statutory provisions, unless otherwise stipulated below.
- b. Claims and rights due to material defects shall become statute-barred after 36 months, calculated from the transfer of risk.
- c. The 36 months limitation period shall also apply accordingly to claims arising from defects of title, whereby the statutory limitation period for third-party claims in rem (Section 438 para. 1 no. 1 BGB) shall remain unaffected. Claims arising from defects of title shall not become time-barred under any circumstances as long as the third party can still assert the right - in particular in the absence of a limitation period - against us.
- d. Longer statutory periods of limitation are not affected by the above provisions. Insofar as we are also entitled to non-contractual claims for damages due to a defect, the statutory standard limitation period (Sections 195, 199 BGB) shall apply.
- e. If we have notified the Supplier of the defect in due time, the statute of limitations for claims based on defects is suspended until the Supplier has finally rejected responsibility for the defect or has declared that the defect has been remedied. If the Supplier acknowledges its obligation for subsequent performance, the subsequent performance shall trigger the commencement of a new statute of limitation period. In the event the defect is remedied the new statute of limitations shall only apply to the remedied defect. If replacement Goods are delivered, the statute of limitations shall apply to the entire replacement.

12. Prices and Terms of Payment

- a. Agreed prices indicated in the purchase order for the delivery of Goods are fixed and include free shipping to the delivery address. They include packaging, freight, insurance and other ancillary costs, however, they do not include VAT. The prices agreed in the purchase order are binding for the duration of the contractual term.
- b. Our payment term is 30 calendar days net from the date of invoice, unless agreed otherwise. The payment term is met when a means of payment is sent or a payment order is issued to the bank. Payment and discount periods only begin when both the Goods have been received by us at the agreed storage location and the invoice has been received by the accounts payable and goods accounting department.
- c. We are entitled, but not obliged, to offset claims against the Supplier against claims of the Supplier against us. The Supplier must not set off with any claims that we are contesting, that have not been finally adjudicated or that are not ripe for judgment.
- d. Invoices are paid without prejudice to the subsequent assertion of rights. In particular, a payment does not constitute an obligation to pay, nor does it constitute an acknowledgment of the order of the Goods or their completeness and freedom from defects.

13. Prohibition of Retention, Right to Refuse Performance, Prohibition of Assignment

- a. The Supplier is only entitled to assert a right of retention to the extent that its counterclaim is based on the same contract and is uncontested, ready for decision or has been finally adjudicated. Section 321 BGB remains unaffected.
- b. Without our consent, the Supplier shall not be entitled to assign claims against us to third parties or to companies affiliated with the Supplier in the sense of Sections 15 et seq. German Stock

Corporation Act (*Aktiengesetz*). However, Section 354a German Commercial Code (*Handelsgesetzbuch*) shall apply to the assignment of monetary claims.

14. Passing of Title

Any retention of title by the Supplier shall be excluded.

15. Industrial Property Rights

- a. The Supplier shall ensure that (i) the Goods, (ii) the delivery of the Goods by the Supplier and (iii) our use of the Goods in accordance with the contract do not violate any industrial and intellectual property rights of third parties (such as copyrights, patents, utility or design patents, trademarks, licenses, claims under unfair competition law, etc.) within the countries of the European Union and the European Free Trade Association and that no statutory or official regulations are violated.
- b. If claims are made against us by a third party due to such an infringement of industrial property rights, the Supplier is obliged to indemnify us from these claims on first written request. The Supplier's obligation to indemnify us refers to all damages and expenses which we necessarily incur in connection with these claims.
- c. The obligation under clause 15. b shall not apply the Supplier is not responsible for the infringement under clause 15. a.

16. Rights of Use

- a. If the Goods to be delivered are a product which is distributed and advertised by us, the Supplier shall provide us or an agency named by us upon request with data material (e.g. product images, product descriptions etc.) in the specified format for the purposes of advertising communication. Upon delivery of the data material, the Supplier shall grant us the simple rights of use and processing of the data material, which are unlimited in terms of content as well as geographically and temporally.
- b. The granting of rights applies to the use in all print, digital, mobile and online advertising media (e.g. print media, press advertising, brochures, catalogues, TV, Internet, radio, etc.).
- c. We are entitled to transfer all rights granted by the Supplier to companies of the Essity Group. The group companies may exercise the rights subject to the provisions of clause 16. We will inform the Supplier in writing.
- d. The Supplier shall hold the necessary rights for the transfer to the data material transmitted by the Supplier, in particular to the transmitted pictures, texts etc. The Supplier is responsible that the transmitted data material and its content fulfill the statutory requirements, if any, and do not infringe any third party rights and/or other legal regulations.
- e. Upon first written request, the Supplier shall indemnify us and/or the group companies against claims of third parties which they assert on the basis of the contractual use of the transmitted data material unless the Supplier can prove that it is not responsible for these claims.

17. Confidentiality

- a. Each party (including their respective affiliates) agrees not to disclose all non-public commercial and technical know-how and information of the respective other party that they become aware of due to the business relationship ("**Confidential Information**") to third parties without the other party's prior consent, nor to use such Confidential Information for purposes other than performance of its obligations under the contract. Disclosure of such Confidential Information shall be limited to those officers, employees, consultants and/or agents of the receiving party who have a need to know and who are bound by confidentiality obligations no less stringent than those contained herein. These confidentiality and non-use obligations shall survive for a period of five years from expiration or termination of the contract, except with respect to information that constitutes a trade secret or proprietary technical knowledge in which case such obligations shall survive for so long as such information is not publicly known.
- b. The obligations with respect to Confidential Information set forth in section 17.a above shall not include information which
 - i. is in the public domain as at the date of the contract or subsequently enters the public domain other than as a result of a breach of law or agreement;
 - ii. was demonstrably known to the receiving party prior to the date of disclosure of the information by the disclosing party;
 - iii. is acquired from a third party having the right to disclose the information to the receiving party without any breach of obligation of confidence (provided that the receipt of information does not constitute a breach of an obligation of confidence or a breach of the contract);

- iv. is independently developed by the receiving party without reliance on, use of, or strategic guidance derived from, any Confidential Information; or
- v. a party is required to disclose by any stock exchange, self-regulatory body, court or governmental agency or authority to disclose, provided that, to the extent legally feasible, the receiving party notifies the disclosing party prior to such disclosure and co-operates with the disclosing party in the event the disclosing party choose to legally contest and avoid such disclosure or otherwise seek confidential treatment.

18. Supplier Standard

Supplier warrants that it shall comply in all respects with ESSITY's Global Supplier Standard ("Supplier Standard") published on www.essity.com/gss as updated from time to time. The Supplier shall ensure that the regulations and principles also apply and are observed in relation to the subcontractors and other third parties employed by the Supplier to fulfil its obligations to us.

19. Miscellaneous, Applicable Law

- a. The exclusive place of jurisdiction for all disputes arising directly or indirectly from these GTC and the contractual relationship with the Supplier shall be Mannheim, Germany. We are also entitled to sue the Supplier at the Supplier's general place of jurisdiction or to bring an action at the place of performance in accordance with these GTC or an overriding individual agreement.
- b. German law shall apply to these GTC and the contractual relations with the Supplier to the exclusion of any further references. The application of the UN Convention on the International Sale of Goods (CISG) is excluded.