

General Terms and Conditions of Purchase of Works and Services - Essity-entities in Germany (Status February 1st, 2021)

1. General, Scope of Application

- a. These General Terms and Conditions of Purchase of Works and Services ("**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 to contracts for the provision of works pursuant to Section 631 BGB and/or services pursuant to Section 611 BGB (collectively, "**Services**") by Suppliers. 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 orders 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. Amendments 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 ("**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

Without our prior written consent, the Supplier shall not be entitled to use third parties, in particular subcontractors, for the performance of the Services.

4. Risk Assumption, Default of Acceptance

- a. If and to the extent an acceptance is required or agreed between the parties, the acceptance shall be decisive for the transfer of risk. In all other respects, the statutory provisions governing contracts for works shall apply in the event of acceptance. Acceptance shall have taken place if, after completion of the work, the Supplier has set Essity a reasonable deadline for acceptance and Essity has not refused acceptance within such deadline, stating at least one not insignificant defect.
- b. We shall only be in default of acceptance in accordance with the statutory provisions. In any case, the Supplier is obliged to offer the provision of the Services 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. Performance Periods, Delivery Default

- a. All performance dates or periods are binding.

- b. If and to the extent a delivery is required and 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.
- c. Agreed performance dates are met if (i) in case of the provision of works, acceptance of the work is effected by the time of the agreed performance date and (ii) in case of the provision of services, the services have been duly provided by the agreed performance date.
- d. The Supplier shall inform us without undue delay in writing if circumstances occur or become apparent to the Supplier which indicate that the agreed performance and/or delivery period cannot or is not expected to be met. The information shall include the cause and anticipated duration of the delay.
- e. We reserve the right, in accordance with the statutory provisions, to rescind or terminate the contract by means of a written declaration if the Supplier exceeds the agreed upon performance date. If the Supplier is responsible for exceeding the performance date, then we reserve the right to claim damages in accordance with the statutory provisions.
- f. If the Supplier is in default of performance, we are entitled to demand a contractual penalty of 0.1% of the purchase price (net) of the delayed Services per working day, but not more than 5% of the total net purchase price of the delayed Services. We have to reserve the assertion of the contractual penalty upon acceptance of the delayed performance and claim it at the latest with the final payment. Further rights remain unaffected.

6. Quality of Services, Final Inspection

- a. If works are provided, the Supplier shall provide the works free from defects in quality and title.
- b. The Services shall be in accordance with this clause 6 and the latest state of the art and shall comply with all applicable safety regulations. The Services shall be of first-class quality and the Supplier shall exercise due care and diligence in the performance of the Services.
- c. The Supplier must provide the Services ordered by us in compliance with, if applicable, the description and specification of the Services, 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.
- d. The Supplier shall freely and independently arrange its activities, which it undertakes to pursue with all due diligence and in compliance with all laws and regulations applicable to these activities. If the Supplier performs all or part of the Services on an Essity site, it shall abide by Essity's corporate and local safety standards (a copy of which will be made available upon request).
- e. Unless otherwise agreed, the Supplier shall provide all tools, supplies and any other means, as well as sufficient skilled human resources, necessary to fulfil its obligations under the contract.

7. Regulatory Compliance

- a. The Supplier shall comply with the relevant German laws, guidelines and regulations as well as applicable regulations, directives and guidelines of the European Union, such as the REACH Directive. In addition, the DIN, EN and ISO standards applicable to the Services are to be taken as a basis by the Supplier, unless otherwise agreed.
- b. This shall also apply to all future performances of Services 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 Services can be used 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 provision of the Services.
- e. Insofar as the Supplier is aware that the Services are rendered in or intended for another country of performance, the Supplier must also comply with the regulations of this country in accordance with the provisions of the above subclauses 7 a to d.

8. Defective Performance

- a. The statutory provisions shall apply to our rights in the event of material defects and defects of title of the Services and in the event of other breaches of contractual obligations by the Supplier, unless otherwise provided for in the following.
- b. In the event of the performance of Services in breach of the Supplier's contractual obligations, the service shall be properly performed or re-performed, provided this is possible and reasonable for Essity.
- c. The Supplier shall be liable in accordance with the statutory provisions, in particular for ensuring that the Services are delivered in accordance with clause 6.

- d. Receipt of performance shall not constitute to be an approval of the Supplier's performance.
- e. Acceptance of the Services and the payment shall not constitute an acknowledgement of correct performance.
- f. If the provided Services are defective or otherwise not in compliance with the contract, the Supplier shall reimburse us, if applicable, for the costs incurred for testing the Services and determining the defects etc. upon providing proof thereof. Our further legal claims for damages remain unaffected.
- g. The Supplier is obliged to take out and maintain a liability insurance with a cover sum of EUR 10 million per personal injury/property damage - lump sum.
- h. If we are entitled to further claims for damages, these shall remain unaffected.

9. Limitation Period

- a. The claims of the contracting parties shall become statute-barred in accordance with the statutory provisions, unless otherwise stipulated below.
- b. In deviation from Section 634a (1) No. 1BGB, claims and rights due to material defects of works pursuant to Section 631 BGB shall become statute-barred after 36 months, calculated from the acceptance of the works. The 36 months limitation period shall also apply accordingly to claims arising from defects of title. 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.
- c. Claims and rights due to services pursuant to Section 611 BGB being defective or otherwise not in compliance with the contract shall become statute-barred according to the statutory standard limitation period (Sections 195, 199 BGB).
- 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 or the breach of contractual obligation in due time, the statute of limitations for claims based on defects and breach of contractual obligation is suspended until the Supplier has finally rejected responsibility for the defect or breach of contractual obligation or has declared that the defect or breach of contractual obligation has been remedied. If the Supplier acknowledges its obligation for subsequent performance in case of defective works, 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 works are delivered, the statute of limitations shall apply to the entire replacement.

10. Prices and Terms of Payment

- a. Agreed prices indicated in the purchase order for the provision of Services are fixed and, where required, include free shipping to the delivery address, packaging, freight, insurance and other ancillary costs, however, they do not include VAT. The Supplier shall bear all costs occasioned by its activity and all social security and tax charges in relation to its business.
- b. The prices agreed in the purchase order are binding for the duration of the contractual term.
- c. 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 (i) the Services have been received by us, or if and to the extent an acceptance is required or agreed between the parties, have been accepted and (ii) the invoice has been received by the accounts payable and accounting department.
- d. 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.
- e. 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 Services

11. 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.

12. Passing of Title

Any retention of title by the Supplier shall be excluded.

13. Industrial Property Rights

- a. The Supplier shall ensure that (i) the Services, (ii) the performance of the Services by the Supplier and (iii) our use of the Services 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 13.b shall not apply the Supplier is not responsible for the infringement under clause 13.a.

14. Rights of Use

- a. If the Services to be provided 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.

15. 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 clause 15.a above shall not include information which
- c. 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;
- d. was demonstrably known to the receiving party prior to the date of disclosure of the information by the disclosing party;
- e. 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);

- f. is independently developed by the receiving party without reliance on, use of, or strategic guidance derived from, any Confidential Information; or
- g. 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.

16. 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.

17. 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.