

EXTRACT OF GENERAL PURCHASING CONDITIONS

1. WHEREAS

- 1.1. MERLO operates in the sector of telescopic machinery, machinery, forestry and tractor, for agriculture, forestry and construction field, marketed worldwide and directly manages the demand for original equipment and after-market.
- 1.2. In the absence of formal acceptance of the General Purchasing Conditions of MERLO by the suppliers (hereinafter referred to as the "SUPPLIER"), this Extract from the General Purchasing Conditions (hereinafter the "GTC") is an integral part of the order and governs MERLO's relationship with suppliers in all existing or future business relationships.
- 1.3. The execution of the order implies the acceptance of the GTP and the waiver by the Supplier of its own general terms and conditions, which shall not be applicable even where not in conflict with the GTP

2. VARIANTS

- 2.1. The variants communicated by MERLO, which do not entail greater burdens for the SUPPLIER, are also understood to be enforceable on existing orders, and the SUPPLIER undertakes to implement them as soon as possible, giving notice of the timing adopted.

3. TECHNICAL SPECIFICATIONS AND INTELLECTUAL PROPERTY

- 3.1. The technical specifications of the products ordered are contained in MERLO's order or in any other specific communication by MERLO; in the latter case, they shall be deemed accepted in the absence of a written claim by the SUPPLIER within 5 (five) days of receipt.
- 3.2. Any variations in products, production processes or materials made by the SUPPLIER shall be communicated in advance and expressly accepted by MERLO. In the absence of express acceptance by MERLO, the supplied product shall be classified as Non Conforming, in compliance with art. 9.1.

4. TESTING

- 4.1. The SUPPLIER shall bear all expenses related to the testing, even if repeated, of the products as well as the remuneration of the body appointed for such testing.
- 4.2. Even after testing, MERLO reserves the right to carry out checks on the conformity of the products with the conditions and/or technical specifications indicated, either directly or through third parties: in the event of a negative outcome of such checks, MERLO may charge the SUPPLIER for the costs of the check, without prejudice to the other remedies provided for by law and by the contract.
- 4.3. The SUPPLIER acknowledges and is aware that MERLO does not systematically subject incoming products to functional, visual and/or dimensional inspection, but only on a sample basis and at its own discretion; therefore, the SUPPLIER undertakes to subject all products to testing and certification procedures, so that they can be directly introduced by MERLO into the production flow. Even in case of inspection by MERLO, the SUPPLIER remains responsible for the quality of the supplied products.
- 4.4. In case of critical situations, (e.g.: line stoppages, recall campaigns, quality problems, complaints from the end customer), the SUPPLIER undertakes to carry out, at MERLO's request, specific additional controls aimed at examining the problems that have arisen and that have not been previously detected during production, bearing the related costs.

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5. PLACE OF DELIVERY OF GOODS AND SHIPMENT

- 5.1. The place of delivery of the products is the registered office of MERLO, in S. Defendente di Cervasca (CN), or other place specified by the latter in the order.
- 5.2. The SUPPLIER shall deliver the products with packaging suitable for transport and storage (and according to MERLO's needs, when specified) in order to prevent damage and quality problems. In the event that the products are offered for delivery to MERLO with damaged packaging, not compliant with specifications and/or in any case inadequate, MERLO has the right to refuse delivery and send the products back to the SUPPLIER, with all costs being charged. If liquid, gaseous or bulk products are offered for delivery in containers that do not comply with the specifications contained in the order, MERLO reserves the right to accept the delivery at the Supplier's charge for decanting and handling costs.
- 5.3. MERLO reserves, at its sole discretion, the right to take charge of products subject to early delivery or delivered in excess, charging the SUPPLIER for warehouse costs and any other costs that may be necessary for the good conservation of the products.
- 5.4. In case of denial of acceptance by Merlo of a delivery due to non-compliance with these conditions of purchase, the products shall be deemed rejected; charges and expenses for the return shall be borne exclusively by the SUPPLIER, even if eventually anticipated by MERLO; the risk of deterioration and/or perishing of rejected products shall remain with the SUPPLIER.
- 5.5. The "Operating instructions for shipping materials" which can be consulted on the website www.merlo.com, are an integral part of the GPC and their possible non-compliance is considered Non-Conformity pursuant to the art. 9.1 of the GCP.

6. DELIVERY TERMS (LEAD TIME)

- 6.1. The delivery term (hereinafter also "Lead Time") is the period of time between acceptance of Merlo's order and delivery of the products by the SUPPLIER. The SUPPLIER acknowledges that punctual compliance with the Lead Time is of fundamental importance for the correct functioning of MERLO's production cycle. The Lead Time must be communicated by the SUPPLIER upon acceptance of the first supply order and can be changed by the SUPPLIER with notice of no less than the new Lead Time, increased by 1 (one) month; in no case shall the new Lead Time apply to orders already issued by MERLO. If the agreed delivery location is a SUPPLIER factory, the product must be available for collection by MERLO no later than 5 (five) working days in advance.
- 6.2. In the event of a delay of more than 3 (three) days with respect to the Lead Time, MERLO shall have the right to supply elsewhere and to refuse subsequent deliveries by the SUPPLIER, without prejudice to the right to terminate the contract and to obtain compensation for damages.
- 6.3. The SUPPLIER undertakes to give immediate response to all reminders (according to MERLO's needs, when specified), as well as to requests for advance or postponement of delivery dates.

7. ACCEPTANCE OF PRODUCTS

- 7.1. Delivery of products to MERLO does not imply acceptance of the same. Acceptance shall take place only upon successful verification of conformity, as defined in Art. 9.1 of the GCA, of what is delivered with respect to the order and the absence of defects or faults.
- 7.2. The SUPPLIER undertakes to deliver to MERLO, in advance of the physical delivery of the products, all necessary technical documentation relating to the products. Any derogations or modifications must be accepted in writing by MERLO.
- 7.3. In the event of non-delivery of the required technical documentation, this is assimilated to a Non-Compliance as defined in Art. 9.1.

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7.4. The purchased products must be identified with the code number assigned to them by MERLO.

8. PRODUCT QUALITY AND GUARANTEE

- 8.1. The SUPPLIER declares and guarantees the correct production of the product, both for its correspondence to the technical and operating data, and for the quality of the materials used and for the workmanship, in each of its components and as a whole, based on what was ordered by MERLO.
- 8.2. The SUPPLIER declares and warrants that the product complies with the applicable national and international standards, safety regulations for the prevention of accidents at work and environmental protection in force at the time of delivery.
- 8.3. The warranty, as expressed in Art. 8.1 and 8.2, lasts 12 months from delivery of the product, unless more favourable conditions are applied from the SUPPLIER to MERLO.
- 8.4. If the products covered by the order are intended to be mounted on machines intended by MERLO for an end customer, the deadline referred to in the art. 8.3 starts from the delivery of the machine to the end customer.
- 8.5. If MERLO is sued by third parties for liability related to defects, non-conformity and/or unreliability of the SUPPLIER's products, the SUPPLIER undertakes to hold MERLO harmless from any request as well as to provide compensation to MERLO for damages suffered under of the proceeding itself, including court costs.
- 8.6. The SUPPLIER authorises MERLO to carry out audits of its production process, either by MERLO's employees or by third party companies, also with a notice not exceeding 5 (five) working days.

9. DISCARDS

- 9.1. The product is Non-Compliant when at least one of the conditions set forth in Articles 3.2, 5.5, 7.3, 8.1 and 8.2 is not met, taking into account the time frames defined in Articles 8.3 and 8.4.
- 9.2. MERLO has the right to notify the SUPPLIER of the Non-Conformity of what has been delivered no later than 8 (eight) days from discovery. In this case, the SUPPLIER may proceed at its own expense to collect the product reported as Non-Conforming by MERLO no later than 10 (ten) working days from the relevant communication. If the product is not collected within the deadline, the Non-Conformity is considered accepted by the SUPPLIER and MERLO has the right to proceed with the disposal of the product, charging the SUPPLIER for the relevant cost.
- 9.3. In the event of a complaint of faults, defects or non-compliance, the SUPPLIER is obliged to provide maximum support and cooperation for a joint analysis of the problem, in order to identify the causes and provide for the solution.
- 9.4. The SUPPLIER must subject all returns from MERLO to analysis and must provide the analysis of the causes for each of them, with reports in standard 8D no later than 30 (thirty) working days from withdrawal of non-compliant product. After this period, the Non-Conformity is considered tacitly accepted by the SUPPLIER, as is the repurchase of the Non-Conforming products, without the obligation of further notices.
- 9.5. In case of faults, defects or non-conformity of the product, the SUPPLIER accepts that MERLO may, at its discretion, request the repair or replacement of the product or may proceed with a new purchase from a third producer with a charge to the supplier, in the latter case, of the relative charges, always without prejudice to MERLO's right to act for the termination of the contract and/or compensation for damages.
- 9.6. Details made on account of materials previously supplied by the Client which are found to be defective due to incorrect workmanship are also charged to the Supplier for the value of the raw material.

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- 9.7. The SUPPLIER, in the event of a Non-Conformity on the product, undertakes, in the event of a request from MERLO, to make its technical personnel available at its own expense and charges at the latter's factories, for product selection operations, joint analysis, repair.
- 9.8. Should the SUPPLIER fail to eliminate the Non-conformity within 3 (three) days from the request for intervention, MERLO shall have right, without prejudice to any other right it may have, to do so directly or by means of third parties, without any further notice obligation, charging the related expenses to the SUPPLIER.

10. FINANCIAL GUARANTEES

- 10.1. The SUPPLIER acknowledges that MERLO may require third-party guarantees to cover any advance payments granted, the quality and operation of the supplied product and the fulfilment of the warranty obligations to which the SUPPLIER is bound.
- 10.2. The SUPPLIER undertakes to hold MERLO harmless from any damage or injury caused to third parties under its sole responsibility.
- 10.3. At MERLO's request, the SUPPLIER undertakes to stipulate a specific policy with a leading insurance company to guarantee the liabilities related to the obligations of the order, and to provide evidence thereof upon request. The policy shall provide Insurance and product recall warranties with extension to assembly and disassembly to all suppliers (and any sub-suppliers) of raw materials, semi-finished and finished products (and of all other third party components, raw materials or semi-finished products that may be used by the Insured or resold) and to all companies that carry out work on behalf of the Insured.

11. OBLIGATION OF CONFIDENTIALITY

- 11.1. All MERLO's drawings, designs and technical specifications ("Confidential Information") of which the SUPPLIER becomes aware by virtue of the contract are covered by secrecy as they are MERLO's industrial and intellectual property, and may in no case be brought to the knowledge of third parties.

12. GOVERNING LAW - EXCLUSIVE JURISDICTION

- 12.1. These General Terms and Conditions, as well as the terms and conditions of the purchase order, are governed by Italian law, to the express exclusion of all other sources not expressly referred to.