



General Terms and Conditions of Purchase

v.2021-2



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These General Terms and Conditions of Purchase (hereinafter GTCP) apply to the supply relationship and all Purchase Orders placed by Carraro S.p.A. and its subsidiaries belonging to the Carraro Group (hereafter "Carraro"). Any deviating or supplementing conditions must be agreed upon separately and in writing.

1. Definitions

In addition to what may be defined in other clauses of these GTCP, the terms and expressions listed below shall have the meaning assigned herein:

- a) *Closed Order*: a purchase order which concerns a single supply of Products and which contains all the terms and conditions of delivery (Products to be supplied, quantity, delivery times, prices, etc.).
- b) *CPN or Carraro Private Network*: Carraro web-based application for the exchanging of data between Carraro and the Supplier.
- c) *Defective Products*: Products whose type, quantity, properties or packaging do not correspond to what was agreed. A Product is therefore defective, among other circumstances: i) when the Product is not suitable for its intended use; ii) the Product does not comply with the agreed Technical Specifications; iii) the Product's service life is shorter than what could reasonably be expected; iv) the Product is not packaged in a manner that is appropriate for its transport, preservation or protection; v) the Product does not include sufficient instructions for installation and use; vi) the Product fails to meet safety requirements.
- d) *Delivery Date*: the date when the Supplier shall deliver a certain quantity of Products in accordance with the agreed delivery term.
- e) *Delivery Schedule*: a document containing the planning of deliveries of certain Products for a certain period of time. The Delivery Schedule can be modified in accordance with the agreed flexibility rules, that individuate fixed and unchangeable quantities and the non-binding forecast.
- f) *End Customer*: a person or legal entity that buys Products from Carraro or its resellers.
- g) *Fixed Period*: the period in the Delivery Schedule during which no unilateral modification of scheduled deliveries is allowed.
- h) *Framework Agreement*: a long-term agreement between Carraro and the Supplier governing the supply relationship for certain Products and supplementing the GTCP. It contains the commercial terms related to the specific trade relationship.
- i) *Parties*: Carraro and the Supplier considered collectively. Each of them, is singularly referred as a "Party".
- j) *Products*: goods, both raw and processed components, and services that Carraro purchases from the Supplier.
- k) *Purchase Agreement*: the agreement between Carraro and the Supplier for the supply of Products regulated by the GTCP and, by the Framework Agreement and other contractual documents (if any) in accordance with clause 2.1.
- l) *Purchase Order*: a document, in the form of a Closed Order or Delivery Schedule, by which Carraro request the Supplier to purchase certain Products.
- m) *Spare Parts*: means a spare part, service part, repair part, or replacement part for a Product, which is an interchangeable part that is used for the repair, servicing or replacement of failed Products.

- n) *Specific Equipment*: tooling, equipment, moulds, patterns and other devices, including related software, specially acquired, constructed or adapted for the manufacturing or supply of Products.
- o) *Supplier*: person or legal entity which supplies or intends to supply Products to Carraro.
- p) *Technical Specifications*: documentation provided by Carraro or agreed between the Parties that sets out the engineering requirements of a Product (e.g. description, shape, drawing, functions, characteristics, process, purpose and safety requirements).
- q) *Warranty Claim*: request to the Supplier to provide the remedies provided by the warranty in case of Defective Products. Unless otherwise agreed, it is provided to the Supplier via CPN as an individual complaint or as a summary list of several complaints.

2. General Principles

- 2.1 These GTCP, the Carraro Supplier Quality Manual and the Framework Agreement (if any) constitute the Purchase Agreement and govern all supplies of Products from the Supplier to Carraro. These documents are all incorporated in each Purchase Order and fully accepted by the Supplier and apply even when they are not expressly mentioned or subscribed to in any Purchase Orders issued by Carraro. These General Purchasing Conditions shall be effective until they have been explicitly revoked by Carraro and replaced by new conditions, that shall be effective once signed by the Supplier.
- 2.2 Each Purchase Order contains the commercial conditions relating to a specific supply. If there is any inconsistency between the GTCP and the Purchase Order, the provisions contained in the latter shall prevail.
- 2.3 The application of general conditions of sale, commercial terms and conditions or any other similar document from the Supplier is excluded. Differing or additional terms and conditions of the Supplier do not apply even if Carraro has not expressly rejected them and notwithstanding whether the Supplier refers explicitly to them (e.g., in order confirmations).
- 2.4 Subject to a specific agreement, the Parties shall manage through CPN the exchange of data and information relating to the supply of Products such as, for example, planning, receipt and confirmation of Purchase Orders, price lists and quality indicators. Carraro also reserves the right to implement additional electronic tools and media (e.g., EDI, electronic mailboxes, web portals, etc.) for the exchange with the Supplier of data and information relating to purchases (e.g., Purchase Orders, order confirmations, invoices, etc.), based on the available technological resources and current legislation. The Supplier is required to adopt the procedures and methods for exchanging information and documents that Carraro identified as official communication channels.

3. Purchase Orders

- 3.1 The purchase of Products shall be managed through Closed Orders that the Supplier shall confirm on a case-by-case basis, or through a rolling Delivery Schedule.
- 3.2 The Supplier shall send an order confirmation within 5 days of receipt of the Closed Order or a new Delivery Schedule release. Failing any objections within this deadline, the Closed Order or the Delivery Schedule is deemed to be tacitly confirmed.
- 3.3 The Supplier is obliged to supply, and Carraro is obliged to purchase, the Products listed in the Closed Orders confirmed or

falling within the Fixed Period of the Delivery Schedule.

- 3.4 The quantity of Products not included in the Fixed Period of the Delivery Schedule is an indicative and non-binding estimate and does not entail any obligation to purchase for Carraro.
- 3.5 Carraro may request the supply of a larger quantity of Products than that indicated in the Fixed Period of the Delivery Schedule. In this case, the Supplier must inform Carraro within 7 days whether it can meet the request. If no response is received within this period, the request shall be deemed tacitly accepted and binding, and the Delivery Schedule shall be updated accordingly.
- 3.6 The Supplier shall guarantee that its production capacity is always adequate to meet Carraro's estimated requirements for the entire Delivery Schedule, including the non-binding period.
- 3.7 The Parties shall agree on the most suitable planning method for the management of the supply process for each Product, in accordance with the applicable logistic parameters such as, by way of example but not limited to: average consumption, level of turnover, and consumption frequency. Unless otherwise agreed, the standard method will be MRP.

4. No Exclusivity

Carraro has no obligation to purchase the Products exclusively from the Supplier.

5. Specific Equipment (Tooling)

- 5.1 At Carraro's request, the Supplier shall sell and transfer to Carraro the ownership of the Specific Equipment it acquired. Carraro will provide the Specific Equipment on loan for use to the Supplier.
- 5.2 The Supplier shall use the Specific Equipment for the manufacturing of Products to be supplied to Carraro only. Any other use, and mainly the manufacturing of Products for third parties, is strictly forbidden even after the termination of the supply relationship with Carraro.
- 5.3 The Supplier shall:
 - a) apply a label or other mark to the Specific Equipment expressly stating that such goods are property of Carraro;
 - b) maintain a register of the Specific Equipment, which must be available to Carraro.
- 5.4 The Supplier shall keep the Specific Equipment in safe custody with the utmost diligence and shall carry out all repairs, replacements and maintenance necessary to maintain it in full working order at its own expense.
- 5.5 The Supplier cannot destroy, modify or scrap the Specific Equipment without the written consent of Carraro.
- 5.6 The Supplier cannot transfer the Specific Equipment outside its plant without the written consent of Carraro.
- 5.7 The Supplier, at its own expense, shall insure the Specific Equipment against the risks of loss or damage.
- 5.8 Upon request of Carraro, the Supplier shall return the Specific Equipment without delay. If the Supplier does not return the Specific Equipment or the Specific Equipment is damaged or deteriorated beyond the normal wear and tear, the Supplier shall compensate Carraro for:
 - a) the cost of the Specific Equipment (if Carraro has contributed only in part to the purchase, the Supplier shall be liable up to the amount of such contribution);
 - b) the economic damage suffered by Carraro as a result of its unavailability;
 - c) the costs incurred for procurement of a new Specific Equipment in place of that not yet returned.
- 5.9 At the end of the supply relationship, Carraro will have an option for purchasing the Specific Equipment that is the Supplier's

property.

6. Outsourced Material

- 6.1 Carraro shall keep the property of the materials delivered to the Supplier for outsourcing, including the residues of processing, such as offcuts, scrap and waste.
 - a) Before the delivery of each batch of Product processed, the Supplier shall notify Carraro of the quantity of waste due to the production process and quality defects in the materials supplied by Carraro through outsourcing.
- 6.2 The Supplier shall diligently store the materials received for outsourcing and use them exclusively to manufacture the Products intended for Carraro. The Supplier shall keep Carraro's property separate from goods belonging to the Supplier or third parties and allow Carraro to check the state of preservation and correct use of such materials during ordinary working hours.
- 6.3 The Supplier shall notify Carraro of any discrepancies between the quantities of outsourced materials reported in the transport document and those actually delivered within 3 working days from delivery. After the expiry of such a deadline, any missing material will be charged to the Supplier.

7. Packaging

- 7.1 The Supplier shall pack the Products in a manner suitable to avoid damage during transport and storage and shall follow Carraro's instructions for marking, identification, packaging and protection of the Products. Specific packaging may be agreed on a case by case basis.
- 7.2 The handling and return of reusable packaging shall be carried out in accordance with the understandings between the Parties.

8. Delivery

- 8.1 Unless otherwise agreed, the delivery term is DAP (Incoterms® 2020) Carraro factory.
- 8.2 The Supplier shall deliver each batch of Products on the scheduled Delivery Date and guarantee that the quantities of Products reported on the transport document correspond to those actually delivered.
- 8.3 In case of late delivery, the Supplier shall pay Carraro as pre-liquidated damage an amount equal to 1% of the price of the undelivered Products per day of delay, up to a maximum of 20%. If, at the sole discretion of Carraro, the delay is no longer acceptable, Carraro can cancel the Purchase Order and procure the missing Products from an alternative supplier.
- 8.4 Without prejudice to the compensation outlined in Clause 8.2, in the event of failed, partial or late delivery, the Supplier shall reimburse Carraro for any additional costs, damages, or losses it suffered, directly or indirectly, because of such failure.
- 8.5 Carraro can request the suspension of the Delivery Schedule or the postponement of the Delivery Date of the Products it ordered. In this case, the Supplier must keep Products in its warehouse free of charge until a new Delivery Date is communicated by Carraro.
- 8.6 Carraro may require the Supplier to anticipate the Delivery Date of the Products outlined in the Delivery Schedule. In such a case, the Supplier shall do its utmost to meet such request. The additional costs to anticipate the delivery shall be borne by Carraro.
- 8.7 Carraro shall be required to collect only the quantity of Products that it ordered and can refuse partial or early deliveries with respect to the scheduled Delivery Date. If at the time of receipt of a batch of Products a shortfall or surplus is detected, Carraro is entitled to:
 - a) accept the surplus Products as an anticipation of the following

scheduled deliveries, if any. The price of such Products shall be paid together with the next scheduled delivery and Carraro can charge the Supplier for the related storage and handling costs;

- b) return surplus Products to the Supplier at the Supplier's risk and expense;
 - c) in the event of a partial delivery, obtain the immediate supply of the missing Products at the Supplier's cost.
- 8.8 The Supplier must appoint an account manager and communicate the complete contact information (phone number, email, etc.) for logistics issues (available on working days on regular working hours 8:00-17:00 local Supplier time) as well as a suitable backup to Carraro production location. The Supplier shall ensure that these contact persons, or their substitutes, have good language skills in the national language of the respective Carraro production plant or good knowledge of English language at least.
- 8.9 The Supplier must put and maintain in place and provide Carraro details of an early warning and escalation management process to manage delivery disruptions in the most efficient way. The early warning system must consider the lead times of all relevant parts and components needed. The Supplier shall promptly inform Carraro of any event that could jeopardize the punctuality and completeness of deliveries and shall communicate the actions taken to reduce the consequences of the delay.
- 8.10 Under no circumstances the receipt or payment of the Products shall be considered as their acceptance, nor it shall affect or limit the Supplier's liability for shortfalls or defects of the Products.
- 8.11 If requested by Carraro, the Supplier shall immediately interrupt the supplies.

9. Design compliance and Changes

- 9.1 The Supplier shall supply the Products ordered by Carraro in accordance with the Supply Agreement. Products shall be compliant with the agreed design and Technical Specifications.
- 9.2 The Supplier shall not, and shall procure that its suppliers do not, make, incorporate or otherwise implement any change in the Products whatsoever (including changes in the design, material, production process and manufacturing location) unless previously authorized in writing by Carraro.
- 9.3 If Carraro authorizes a change in the Products, the Supplier shall implement it strictly in accordance with the agreed deadlines and requirements. The Parties may agree a plan for the consumption of the materials in the Supplier's supply chain that are going to become obsolete as consequence of the said change.
- 9.4 If the change in the Products entails a variation of production costs, the Parties will discuss in good faith and agree on the relevant price adjustment, if necessary.

10. Compliance with Laws and Regulations

- 10.1 The Supplier shall have all authorisations, permits, and licences required to produce and sell the Products.
- 10.2 The Supplier shall ensure that the Products comply with all applicable laws and regulations, including the standards referred to in the Carraro Supplier Quality Manual, and any substitute, similar or equivalent standards, and in particular those listed below, including future updates and additions:
 - a) Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH);
 - b) Directive 2008/98/EC Waste Framework Directive revised on SCIP database;
 - c) Directive 2012/19/EU on Waste Electrical and Electronic

Equipment (WEEE);

- d) Directive 2013/56/EU on batteries and accumulators and waste batteries and accumulators;
 - e) Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS);
 - f) Regulation (EC) No 1272/2008 on classification, labeling and packaging of substances and mixtures (CLP);
 - g) Directive 2000/53/EC and its following changes on end-of-life vehicles
 - h) Regulation (EU) No 2017/laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas;
 - i) US Dodd Frank Act, Section 1502 Conflict minerals.
 - j) Proposition 65 on Safe Drinking Water and Toxic Enforcement Act of 1986.
- 10.3 Upon request by Carraro, the Supplier must confirm in writing that the Products conform to the requirements of these standards and enter the composition of its Products in the International Material Data System (IMDS www.mdssystem.com).

11. Hazardous Materials

- 11.1 The Supplier shall provide Carraro with sufficient warning and notice in writing (including appropriate labels on Products, containers and packing) of any hazardous material which is a raw material in, or a part of, any of the Products, together with such special handling instructions as may be necessary to advise carriers, Carraro, and their respective employees, of how to exercise that measure of care and precaution which will best prevent bodily injury or property damage in the handling, transportation, processing, use, or disposal of the Products, containers and packing shipped to Carraro.
- 11.2 If requested by Carraro from time to time, the Supplier shall promptly provide to Carraro in each case in such form and detail as Carraro may direct:
 - a) a list of all raw materials, substances, components or parts in the Products;
 - b) the amount of all such raw materials, substances, components or parts; and
 - c) information concerning any changes in or additions to such raw materials, substances, components or parts.

12. Quality Control

- 12.1 The Supplier shall comply with the provisions of the Carraro Supplier Quality Manual and any further instructions provided by Carraro on quality control.
- 12.2 Upon request of Carraro, the Supplier shall arrange for Carraro and its End Customer to enter the Supplier's facilities or use reasonable endeavours to arrange Carraro and its End Customer access to any facility of its subcontractors or sub-suppliers as soon as possible and without extra cost for Carraro, to inspect or test such facilities or any Products, materials or property of Carraro or its final Customer held at such facilities. Such inspection of the Products, regardless it is done during manufacturing or after the delivery, will not constitute an acceptance of any work-in-progress or finished Products and shall not prejudice or limit the Supplier's obligations. Each Party shall be responsible for its own travel costs in respect of attending any inspection or test.
- 12.3 Carraro is not required to perform any quality control on the incoming Products. Any such checks shall be carried out at Carraro's sole discretion and shall not entail the assumption of

any burden or responsibility on Carraro. Likewise, under no circumstances any test or control made by Carraro will relieve the Supplier from the obligation to carry out the controls for which it is responsible, nor will it limit the Supplier's liability for any defects in the Products supplied.

13. Warranty

- 13.1 The Supplier shall guarantee for 24 months from the sale or registration of the vehicle/means/application in which the Product is installed or for 36 months from the delivery of the Product to Carraro, the event that occurs first:
- the conformity of the Products with the Technical Specifications, with the samples approved by Carraro and with the applicable standards;
 - the suitability of the Products for the intended use;
 - the good quality of the materials used, if not supplied directly by Carraro;
 - the absence of manufacturing defects;
 - the absence of design defects, if the Supplier is responsible for the design of the Product;
 - the full and free ownership of the Products.
- 13.2 The Supplier shall ensure that the Products are safe and do not pose a health risk if used properly. To this end, the Supplier shall provide Carraro with complete and accurate information on the correct and safe use of the Products, including the updated safety data sheets of all the Products that have been delivered in the previous 12 months.
- 13.3 The Supplier shall send the replacement Products as soon as possible and, at Carraro's request, shall arrange for rapid transport (by airfreight, if needed) at its own expense.

14. Zero-Hour Products

- 14.1 Without prejudice to any other right provided for by the GTCP or by law, if any defects are discovered in Products that are still available to Carraro and not yet transferred to the End Customers, Carraro can exercise one or more of the following options at its sole discretion:
- discard and return to the Supplier, at its own risk and expense, the entire batch containing potentially defective Products. Then, Carraro can request the replacement of the Defective Products or procure replacement products from an alternative supplier, at the Supplier's expense;
 - select the Products at the Supplier's expense; the Products that are found defective during the selection shall be replaced by the Supplier or restored at the Supplier's cost.
- 14.2 The Supplier shall collect the rejected Defective Products at its own expense and responsibility within 30 days from the communication of rejection.

15. Warranty Claim

- 15.1 If a Product is found defective, Carraro shall send to the Supplier a Warranty Claim containing the report of nonconformity of the Defective Products, indicating the concerned defects, the interventions already carried out and the costs for which compensation is requested.
- 15.2 The Supplier shall promptly investigate the causes of the concerning defect and, within 30 days from the Warranty Claim, shall submit a report in which it may:
- acknowledge the presence of the defect and its own responsibility;
 - reject the Warranty Claim on all or part of the disputed Products, indicating the Products on which it does not recognise the warranty and justifying in detail the reason for

rejection;

- request further information and documentation and/or to inspect the Defective Products. Carraro shall forward the documentation at its disposal as soon as possible and send a sample of the Defective Products at the Supplier's expense. If Carraro is not able to make the Defective Products available for inspection, the Supplier shall base its evaluations exclusively on the documentation provided by Carraro.
- 15.3 Failing a reply from the Supplier within the deadline provided for clause 15.2, the Warranty Claim shall be considered tacitly accepted, and Carraro can charge the Supplier for the relevant damages and costs.
- 15.4 The Supplier shall keep the Defective Products returned by Carraro for inspection for at least 60 days.
- 15.5 At Carraro's request, the Supplier shall arrange a corrective action plan that shall be implemented forthwith after Carraro's approval.

16. Service and Recall Campaigns

- 16.1 If at any time, even after the expiry of the warranty period, a serial or repetitive defect is detected on Products, the Parties shall carry out a joint investigation to identify the causes of such defect; assess the risks and adopt the appropriate corrective actions.
- 16.2 If the defect affects the functionality, performance, safety or regulatory compliance of the Products or of the vehicles/means/applications in which they are installed, the corrective actions may include a service campaign for repair or a recall campaign for the replacement of the Products (a "Campaign"). In such a case the Supplier shall be obliged to:
- deliver to Carraro, as a matter of urgency, without additional expenses and without suspending or delaying the delivery schedules for ordinary supplies, the Products necessary to implement the service or recall Campaign;
 - reimburse Carraro for the costs of purchasing, handling, packaging, shipping and transporting the replacement Products, and the costs of operations necessary for the replacement or repair of the Products concerned by the service or recall Campaign and other costs needed for the implementation of the Campaign.
- 16.3 Carraro shall update the Supplier on the Campaign's costs about once a week during the Campaign. To manage the reimbursement of the cost that occurred, the Parties shall seek to agree in good faith on a schedule for payments to Carraro (the "Payment Schedule").
- 16.4 If a Payment Schedule is agreed between the Parties, then Carraro shall invoice the Supplier and the Supplier shall pay Carraro in accordance with the relevant Payment Schedule. Failing an agreement on the Payment Schedule within ten (10) Business Days after the beginning of the Campaign, then Carraro can:
- submit an invoice to the Supplier for up to 50% of expected costs; and
 - submit an invoice to the Supplier, up to once in each quarter following the first payment, until achieving the actual amount of the Campaign's costs.
- The Supplier shall pay the invoices for Campaign's costs within 10 Business Days from invoice date.
- 16.5 Neither Party shall be deemed to have admitted that the amount of any interim payment of an amount payable is the amount for which the Supplier shall ultimately be liable to pay Carraro. Carraro's rights under this clause are in addition to any other rights that it may have to recover from the Supplier for any Defective Product. Neither Party shall be deemed to have waived any right it might have against the other Party relating to any

Defective Product.

- 16.6 The Supplier shall indemnify Carraro from the costs incurred to eliminate, if necessary through service or recall Campaigns, those defects on Products that, although not entailing an immediate risk to safety or non-compliance with legal requirements, are unacceptable to Carraro or the End Customers due to their severity and/or frequency, according to the market standard measurement criteria and quality standards.

17. Product Liability and Insurance

- 17.1 The Supplier shall hold Carraro harmless and indemnified against all claims for compensation from third parties for damage to property or personal injuries directly or indirectly caused by the Defective Products.
- 17.2 The Supplier shall compensate Carraro for any damage, burden, cost or loss directly or indirectly caused by or in any way related to:
- acts or omissions of the Supplier, its employees, agents or subcontractors, including failure by the Supplier to provide adequate instructions or warnings regarding the assembly, installation, operation, use, repair or replacement of the Products;
 - the Supplier's failure to comply with laws, regulations, standards, permits, licences, authorisations, directives and public authority's requirements relating, in particular, but not limited to, safety, health and environment protection, production process and product liability;
 - infringement of the intellectual property rights of third parties, except if Carraro has designed the Product or if the infringement derives from instructions given in writing by Carraro, provided that the Supplier was not aware of the infringement or it could not have detected it with the ordinary diligence;
 - environmental damage, emissions or spillage of hazardous or noxious substances by the Product.
- 17.3 The Supplier shall take out and maintain at its own expense an insurance policy with a first rate company that complies with the requirements of the Carraro Supplier Insurance Requirements for the entire duration of the supply relationship and for the 5 years following its end. The Supplier shall provide Carraro with a copy of this policy (or insurance certificate) as well as any subsequent modification, integration or cancellation thereof.

18. Compensation for Damages

- 18.1 The Supplier shall compensate Carraro for all direct and indirect damages and expenses incurred due to a breach of contractual obligations, nonconformity or defects of the Products.
- 18.2 Unless otherwise agreed, such damages include, but are not limited to:
- the costs of the replaced Products and spare parts;
 - the costs of quality control and selection of Defective Products;
 - the costs of disassembly of the Defective Products and other parts damaged by the Defective Products and assembly of spare parts;
 - the costs of restoring, reworking, recovering and rechecking the Defective Products, including the materials and components used for such operations and the and the processing carried out on the Defective Products that have been subsequently discarded;
 - the costs of materials or finished products that are damaged by the Defective Products;
 - the costs of transport, handling, travel, labour, board and

- lodging of the staff employed and the related costs;
- costs for urgent consignments, including air freight;
- administrative costs incurred in issuing reports of nonconformity of the Products and in handling Warranty Claims.

- 18.3 Labour costs will be calculated in accordance with the hourly rates applied in the relevant market and country.
- 18.4 Carraro shall be entitled to ask reimbursement for a production stoppage at a Carraro and/or End Customer plant caused by shortages due to Defective Products or late deliveries.
- 18.5 Carraro can charge the Supplier for any penalty and compensation requested by End Customers for defects in the Products and late deliveries.
- 18.6 The Supplier shall pay for the damages within 60 days from the invoice date. Carraro shall be entitled to set off the reimbursement for damages it suffered against any payment due to the Supplier.

19. Spare Parts

- 19.1 The Supplier shall guarantee the availability of Spare Parts for the Products for 15 years from the date of the last delivery.
- 19.2 After the guaranteed availability period of 15 years, the Supplier undertakes to offer to Carraro the possibility of purchasing a last batch of spare parts.
- 19.3 The Supplier shall market spare parts for Products supplied exclusively to Carraro only through Carraro's official distribution channel.
- 19.4 The price for all Spare Parts during the series production run, as well as for at least another 5 years after series production has ended, shall amount to no more than the Price of the relevant Product during series production, unless the Spare Parts are requested to be supplied in a significantly different sized batch or with special or specific packaging. If there are multiple Spare Parts corresponding to a single Product, the same principle shall apply to the total price for all such Spare Parts (i.e. they shall together amount to no more than the Price of the relevant Product during series production).
- 19.5 There will be a reduction in price of Spare Parts if:
- there is a reduction in Price for the relevant Product at any time (including during series production), the same reduction shall also apply to the price for the relevant Spare Part where such Spare Part is identical to the Product in question; and/or
 - where no assembly is required for the Spare Part, the price of the Spare Part will have a corresponding reduction to the price for the relevant Product to account for the lack of assembly cost for the Spare Part.
- 19.6 There may be an increase to the price of Spare Parts, provided that, in advance of any such increase:
- the Supplier has provided a detailed quotation and breakdown for the price of such Spare Parts, accounting separately for any additional expenses which may be applicable for single packaging or other Spare Part-specific requirements; and
 - Carraro has given its approval for such change on the basis of the Supplier's quotation
- 19.7 If Carraro does not approve an increase to the price of Spare Parts, the Parties shall discuss and negotiate any required changes, at all times acting reasonably and in good faith.
- 19.8 The Supplier must make the Spare Parts Documentation available to Carraro at least 6 months before the start of series production or before homologation (in the case of homologation-relevant components) at no extra cost to Carraro. The production form of the Spare Parts Documentation (e.g. perspective drawing, data

format, etc.) shall be agreed beforehand with Carraro.

20. Prices

- 20.1 The price of the Products is outlined in the price list agreed between the Parties in force at the time of sale. If there is a discrepancy between the list price and the price outlined in the Purchase Order, the price in the Purchase Order shall prevail. Unless otherwise agreed, prices are net of tax.
- 20.2 Prices may be changed or updated only with the agreement of both Parties or by applying the agreed adjustment rules.
- 20.3 The phasing out of a Product cannot justify variations in the price of the concerned Product or any others Product supplied by the Supplier.
- 20.4 Prices shall always be competitive with respect to the reference market. If Carraro considers that the prices applied by the Supplier to all or some of the Products are not competitive, it will inform the Supplier and the Parties shall discuss in good faith the appropriate price adjustment. Carraro reserves the right to terminate the purchasing of non-competitive Products.

21. Invoices, Transport and Delivery Documents

- 21.1 The Supplier shall issue the invoices for the sale of the Products monthly and send them to Carraro's accounting office. All invoices from Italian suppliers made out to companies of the Carraro Group based in Italy must be sent electronically through the interchange system (SDI) managed by the Italian Revenue Agency.
- 21.2 Each invoice must relate to a single Purchase Order and to Products delivered in a single month and subject to the same VAT rate. Carraro can reject any nonconforming invoice.
- 21.3 The Supplier shall include in each invoice the Products' origin statement in accordance with the European Community Customs Code (UE Regulation no. 2913/92 of 12/10/1992) in force at the time of delivery.
- 21.4 For each delivery, the Supplier shall issue a delivery note which shall report:
- Supplier's name and address
 - Supplier's number assigned in the relevant Carraro plant
 - the number of Carraro Purchase Order or calloff number, including line;
 - the Product code, including the revision number
 - the Product description;
 - the quantity;
 - the number and type of packages;
 - the recipient's name and the delivery place.
 - Delivery note number also printed as a barcode, format in code 39 as specified by the International Standards Organization (ISO) / International Electrotechnical Commission (IEC) 16388.
- 21.5 The delivery note must be enclosed to any batch of delivery. Carraro can reject and return at the Supplier's risk and expense any delivery accompanied by nonconforming transport documents.
- 21.6 The Supplier shall affix delivery notes and/or labels to the load carrier in a position which is readily visible, and easily accessible from the outside.
- 21.7 Upon request by Carraro and in all cases provided for by law or by current regulations, the Supplier shall provide the documentation necessary for the handling of the Products, such as, but not limited to, certificates of origin, export licences, customs documents and the long term declaration. The Supplier shall reimburse Carraro for any damage or costs it may incur

because of the failure by the Supplier to timely provide such documents.

- 21.8 The Supplier shall ensure that all information reported in invoices and shipping documents are complete and accurate.

22. Payments

- 22.1 Payments of invoices issued by the Supplier shall be made to the bank account communicated in writing by the Supplier within the agreed terms.
- 22.2 The Supplier cannot assign or delegate its claims against Carraro to a third party in any way.
- 22.3 Carraro can set off the amounts due to the Supplier against its receivables due from the Supplier.
- 22.4 Carraro can suspend the payment of the Defective Products until the relevant Warranty Claim is settled.
- 22.5 If Carraro object the validity of an invoice, it can withhold payment until the dispute is settled. The Parties shall cooperate in good faith to resolve the dispute as soon as possible and Carraro shall eventually pay the agreed amount within the invoice's due date or by the end of the month following the settlement date, the event that occurs later.

23. Transfer of Contract and Production

- 23.1 The Supplier cannot assign a Purchase Agreement or the relevant rights without the Carraro's prior written consent.
- 23.2 The Supplier cannot delegate to subcontractors the supply of Products without the Carraro's prior written consent. In such a case, the Supplier shall include in the subcontracting agreement the essential terms and conditions set out in these GTC, in particular relating to quality and warranty, and, if requested, shall provide a copy of such agreement to Carraro. However, the Supplier shall be solely liable to Carraro for any breach of contractual obligations by the subcontractors or defects in the Products.

24. Continuity of supply

Except for significant delays in the payment of undisputed invoices, the Supplier cannot suspend the supply of Products pending a dispute or litigation with Carraro, which shall be settled separately. In particular, the Supplier cannot interrupt or threaten to interrupt the supply of Products to obtain changes of the sale conditions.

25. Discontinuation of production

- 25.1 If, at any time the Supplier intends to cease production of any Product, then the Supplier shall notify Carraro of such intent; and not, without the Carraro's express written approval, cease production of that Product before the date that is two (2) years after the date on which the Supplier notifies Carraro in accordance with this clause.
- 25.2 CARRARO may, at any time following receipt of a notice that the Supplier wants to cease production:
- submit an order for the relevant Product to the Supplier for an "all-time buy" and such order shall be for a quantity of the relevant Product up to, and including, an amount equal to the quantity of the relevant Product required by Carraro to satisfy service requirements for the longer of fifteen (15) years or such other period as may be required by Applicable Law from time to time (an "All-Time Buy Order"); and/or
 - notify the Supplier that Carraro wishes to purchase any or all of the tooling associated with the relevant Product (a "Tooling Purchase Notice").
- 25.3 If Carraro places an All-Time Buy Order, the Supplier shall be

deemed to accept that All Time Buy Order and the Supplier shall sell and supply to Carraro, and Carraro shall purchase from the Supplier, the relevant Product as required to fulfill that All Time Buy Order, in accordance with the terms of this Framework Agreement and that All Time Buy Order.

25.4 The price for a Product for an All-Time Buy Order shall be (subject to any express agreement between the Parties to the contrary) the Price as at the date the relevant All Time Buy Order.

25.5 The Supplier shall, if requested by CARRARO:

- a) cooperate diligently with Carraro to identify an alternative supplier for the relevant Product who is acceptable to Carraro; and
- b) identify the Supplier's component-part and raw-material suppliers relating to the relevant Product.

26. Termination of the Contract

26.1 Either Party may terminate the Purchase Agreement or the Framework Agreement with immediate effect by giving written notice to the other Party:

- a) if the other Party is permanently no longer able to fulfill its contractual obligations;
- b) if the other Party has failed to perform one or more of its contractual obligations and it didn't remedy within 30 days after receipt of a written notice from the claimant;
- c) if the other Party has been placed in liquidation; filed for bankruptcy or; is subject to any other insolvency proceedings; it has offered to assign its assets to creditors or has been placed in whole or in part under judicial control.
- d) if there is a circumstance of Force Majeure (as defined in Clause 28) that prevents the other Party from performing its obligations for more than 30 days;
- e) if the Products supplied by the Supplier are not competitive with the market in terms of price, quality and service level.

26.2 The Purchase Agreement may be suspended or terminated in the event of international sanctions, trade restrictions, blacklists or embargoes imposed by national or international authorities or agencies that prohibit the marketing of the Product or inhibit business dealings with either Party.

26.3 At any time, Carraro can unilaterally terminate the Purchase Agreement for convenience, either wholly or limited to specific Products, subject to a 3 months' written notice.

27. Effects of Termination

27.1 Following termination of the Purchase Agreement for any reason, the Supplier shall:

- a) return the Specific Equipment and any other property of Carraro in its possession;
- b) return all technical documentation and any other document containing Confidential Information owned by Carraro;
- c) delete from its archives and electronic media the Confidential Information owned by Carraro.

27.2 Carraro shall not pay the Supplier any compensation because of the termination of the Purchase Agreement. However, Carraro shall pay all undisputed invoices at their due date after deducting the amounts owing from the Supplier.

27.3 In case of termination of a Purchase Agreement or the whole supply relationship, the Parties shall discuss a phase-out plan to limit as far as possible the inconveniences related to the conclusion of the supply relationship for both Parties and to unload the Supplier's production chain and warehouse stocks. To this purpose, Carraro:

- a) shall collect the Products ordered with confirmed Closed

Orders or included in the Fixed Period of the Delivery Schedule and already completed at the of termination date;

b) can authorise the Supplier to complete the production of all or some of the unfinished Products ordered with Closed Orders or included in the Fixed Period of the Delivery Schedule, committing to collect them;

c) shall purchase only the semi-finished Products and raw materials that the Supplier has procured for the supply envisaged by Closed Orders or the Fixed Period of the Delivery Schedule (therefore excluding the nonbinding period of the Delivery Schedule);

d) shall refund the cancellation costs that the Supplier can prove it had to pay to its subcontractors for supplies under Closed Orders or included in the Fixed Period of the Delivery Schedule.

27.4 Upon termination of the Purchase Agreement, all obligations that are not strictly related to the supply of the Products or whose cancellation is not implied, including, but not limited to the following, shall remain valid: Clause 17 and 18 (Compensation for damages caused by the Supplier); Clause 27 (Effects of termination); Clause 30 (Intellectual Property); Clause 31 (Confidentiality); Clause 34 (Applicable law and jurisdiction).

28. Force Majeure

28.1 Neither Party (the "Claiming Party") shall be liable under the Purchase Agreement for any delay or non-performance of its relevant obligations under the Purchase Agreement to the extent that, and for such period as, the Claiming Party is prevented from performing such obligations under the Purchase Agreement, in whole or in part, as a result of a Force Majeure Event.

28.2 "Force Majeure Event" means any event or occurrence which could not have been prevented, overcome, avoided or foreseen by, which is beyond the control of, and did not arise as a result of any fault or negligence on the part of, the Party claiming the event as a Force Majeure Event including, provided that the foregoing requirements are satisfied, acts of God, governmental act, fires, floods, windstorms, explosions, riots, natural disasters, wars, sabotage or civil commotion, national or category strike or industrial action, epidemic, cyber-attack.

28.3 The following events or circumstances shall not be, or be deemed to be, a Force Majeure Event:

- a) failure by either of the Parties to take all the appropriate measures that it would have been reasonably supposed to adopt to avoid the Event of Force Majeure or to limit its effects;
- b) any default or delay by a subcontractor or sub-supplier (unless excused by Force Majeure in its turn);
- c) lack of funds for any reason or inability to use available funds for any reason; or
- d) failure of either Carraro or the Supplier to make any payment of money in accordance with its obligations under the Purchase Agreement.

28.4 The Claiming Party shall continue to perform all of its obligations under the Purchase Agreement, which are not affected by Force Majeure.

28.5 Within 3 days after becoming aware of the Force Majeure Event, the Claiming Party shall notify the other Party of the nature, extent, effect, and likely duration of the event.

28.6 In addition, the Claiming Party shall:

- a) use reasonable endeavours to prevent and minimise the effect of the relevant event on the performance of its obligations under the Purchase Agreement (this shall include having recourse to alternate acceptable sources of services, materials

- and equipment);
- b) keep the other Party updated about the nature of the delay and its effect upon the time of performance; and
 - c) use reasonable endeavours to ensure resumption of the regular performance of its obligations under the Purchase Agreement after the termination of any Force Majeure Event and shall perform its duties to the maximum extent practicable and agreed between the Parties.
- 28.7 If the Supplier is prevented from performing its obligations under the Purchase Agreement by a Force Majeure Event, then:
- a) Carraro may purchase the Products from alternative suppliers and reduce the number of Products set out in any Delivery Schedule accordingly, without any liability to the Supplier; and
 - b) if requested by Carraro, the Supplier shall, within 5 days, provide adequate assurances to Carraro that any delay attributable to the relevant Force Majeure Event shall not exceed 30 days or notify Carraro that such assurances cannot be given.
- 28.8 Within 14 days following the cessation of any Force Majeure Event, the Claiming Party shall submit to the other Party reasonable proof of the nature of the delay and its effect upon the time of performance of its obligations under the Purchase Agreement.
- 28.9 If (i) any delay attributable to a Force Majeure Event continues for 30 or more consecutive days or 60 non-consecutive days in any 12 months' period; or (ii) the Supplier fails to respond to a request from Carraro or notifies Carraro under clause 26.7 that it cannot give the requested assurances, then Carraro may terminate the Purchase Agreement with immediate effect by giving written notice to the Supplier.

29. Relations between the Parties and with End Customers

- 29.1 Nothing in these GTCP may be construed as constituting any company, joint venture, agency or association of any kind between the Parties, with each Party remaining responsible for its own obligations. Therefore, the Supplier shall not be entitled to represent or assume obligations on behalf of Carraro towards third parties.
- 29.2 The Supplier undertakes not to establish any direct business relationship with the End Customers or their representatives concerning Products that are traceable to the Purchase Agreement.
- 29.3 The Supplier shall not submit any direct or indirect offer to the End Customers for spare parts without the consent of Carraro.

30. Intellectual Property

- 30.1 Each Party shall retain sole ownership of its own information, data, know-how, licenses, designs and industrial inventions provided to the other Party because of the supply relationship (Proprietary Information) and any other of its own intellectual property rights prior to the Purchase Agreement.
- 30.2 The Supplier cannot develop solutions, designs, processes or products derived from Proprietary Information provided by Carraro and undertakes not to take, without Carraro's consent, any action aimed at obtaining its recognition and legal protection (e.g. registration of trademarks or filing of patent applications).
- 30.3 Carraro and the Supplier may also in a separate development agreement agree on conditions for intellectual property rights resulting from design and/or development work performed by the Supplier.
- 30.4 The Supplier may use the Proprietary Information owned by or licensed to the Carraro, whether such Proprietary Information are in Products or in Specific Equipments, only for the production and

supply of Products to Carraro and may not use such Proprietary Information for the production and/or supply of any goods or services to any third party.

- 30.5 Unless the Supplier has manufactured the Products in accordance with drawings and designs received from Carraro, the Supplier shall ensure that the sale or use of the Products does not breach any licence, patent, trade secret or intellectual property of any third party. The Supplier will, at its sole cost and expense, indemnify and hold the Carraro harmless against any and all claims that may be brought against any company within the Carraro or anybody that uses the Parts alleging that the Products, components of the Products, its use or its assembly infringes the intellectual property rights of a third party and will either replace the Part by another equivalent Product or obtain all necessary consents for the continued use of the Products. At Carraro's request, the Supplier shall assist Carraro in disputes in which Carraro could become involved because of such infringement and, if required by Carraro, take on the conduct of any dispute.
- 30.6 If the use of a Product is prohibited due to infringement of an intellectual property right of a third party, the Supplier shall, at its own discretion and without charge to Carraro:
- a) procure for Carraro the right to use the Product;
 - b) replace the Product with another equivalent one that does not infringe the rights of third parties;
 - c) modify the Product so that it no longer infringes the rights of third parties.
- 30.7 The Supplier shall affix the trademark indicated by Carraro to the Products and their packaging.
- 30.8 The Supplier shall not use any corporate name or trademarks belonging to or licensed to Carraro in any way without its express written consent.

31. Confidentiality

- 31.1 For the purpose of these GTCP, *Confidential Information* mean any information communicated or disclosed orally or in writing by either Party to the other before or after the date of entering into the Purchase Agreement, including but not limited to: industrial inventions, know-how, non-patentable inventions, financial, economic, or legal information, including analyses, collections, memoranda, notes, reports, data, studies or other documents, as well as any copies and extracts containing or based in whole or in part on such information.
- 31.2 All Confidential Information, know-how and technical documentation, including electronically stored data and computerized geometries, to which a Party has obtained access through the Parties' business relationship, shall for the duration of the Purchase Agreement and for ten (10) years thereafter be treated as confidential and may not be used for any purpose other than for development, design work or deliveries to Carraro. The Confidential Information can be disclosed only to that personnel of either of the Parties that are directly involved in the implementation of the deliveries to Carraro. Copying or reproduction of such Confidential Information is permitted only within the framework of the fulfilment of a Party's obligations and with regard to the applicable copyright laws and regulations. However, the confidentiality undertaking outlined above shall not apply to information which is (i) known to the public other than by breach of this Agreement, (ii) information which a Party can show was in its possession before receiving it from the other Party, and (iii) information which a Party receive from a third party without restraints as to the disclosure thereof.
- 31.3 The information that a Party must disclose by reason of law or

order of a court of a competent jurisdiction may be disclosed for such purpose. The Party requested to disclose such information shall beforehand notify the other Party of any such requirement and consult with the other Party regarding the manner of such disclosure. The Party disclosing information according to this clause shall, as far as is legally possible, require the receiver of the information to treat it confidential.

31.4 The Supplier shall at Carraro's request either return or destroy everything referred to in clause 31.1, including copies thereof.

32. Organisation, Management and Control Model and Code of Ethics

32.1 The Supplier declares that it is aware of the contents of the Organisation, Management and Control Model and of the Code of Ethics of the Carraro Group, which can be consulted at section Corporate Governance of the website carraro.com, and undertakes to fulfil the provisions contained therein.

32.2 Failure to comply with the provisions of the documents mentioned in clause 31.1 constitutes a serious breach of the contractual obligations and entitles Carraro to terminate the Purchase Agreement with immediate effect and ask for compensation for any damage it can suffer as a consequence of such violation.

32.3 Carraro implicitly adheres to the Supplier's codes and rules of conduct consistent with its Organisation, Management and Control Model and its Code of Ethics.

33. Miscellanea

33.1 These GTCP and the Purchase Agreement constitute the entire agreement between the Parties with respect to its subject matter and supersede and replace any prior understanding, agreement or communication.

33.2 These GTCP and other documents constituting the Purchase Agreement may be amended only by a written agreement between the Parties signed by their respective legal representatives.

33.3 If at any time any provision of this GTPC and the Purchase Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair: (i) the legality, validity or enforceability in that jurisdiction of any other provision of the Agreement; or (ii) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of GTPC and the Purchase Agreement. In such event, the Parties shall use reasonable endeavours to revise the relevant illegal, invalid or unenforceable provision(s) of the Agreement in good faith so as to give effect as closely as possible to the original intentions of the Parties in a manner that is compatible with Applicable Law.

33.4 Failure to exercise any right or remedy provided for in these GTCP, in the other documents constituting the Purchase Agreement or under the law shall not constitute a waiver of such right and shall not preclude the right of the Parties to exercise it at a later date.

33.5 The rights and remedies provided for in these GTCP and in the other documents constituting the Purchase Agreement are cumulative and, unless otherwise provided, do not exclude the application of other rights or remedies provided by law or as a matter of equity.

34. Law and Venue

34.1 These GTCP, the other documents constituting the Purchase Agreement and any dispute or claim relating thereto shall be governed by and construed in accordance with the laws of the

Italian Republic.

34.2 Any dispute between the Parties shall be submitted to the exclusive jurisdiction of the Court of Padua (Italy).

34.3 Notwithstanding the provisions of this section, Carraro, at its own discretion, shall have the right to take legal action against the Supplier in any competent court or tribunal located in the country where the Supplier has its registered office or production plant.

By signing, the Supplier declares that it has read these GTCP and accepts them in full and unreservedly.

Date

The Supplier