

SUPPLIER TERMS OF COMMERCE

The Toro Company is committed to complying with all U.S. and international laws and regulations and expects every supplier to support that commitment. We interact with U.S. Customs on many levels, both as an importer and exporter. We are committed to achieving full compliance on all U.S. customs issues. The Customs Modernization Act of 1993 requires that all importers of record exercise “reasonable care” with their import activities. To demonstrate our efforts of “reasonable care” we have developed the Supplier Terms of Commerce (STOC) Program.

The Supplier Terms of Commerce outlines standard business practices regarding compliance with various United States laws and regulations including, but not limited to those promulgated and/or enforced by the agencies listed in Section 1 of the Supplier Terms of Commerce. By adhering to these standards and regulations we ensure our compliance with U.S. Customs and ensure our merchandise clears U.S. Customs with minimal delays.

The Toro Company conducts business worldwide and as an exporter we must declare the correct country of origin on the Shippers Export Declaration. As the importer of record, The Toro Company must ensure all shipments comply with all U.S. customs laws and regulations which include but are not limited to 19 CFR 134.11 (country of origin markings), 19 CFR 12.42 (convict labor) and 19 CFR 141.86-141.89 (invoice requirements) as outlined in this agreement.

The Toro Company requires the supplier to comply with all current applicable terms and standards in this agreement. The supplier agrees to comply substantially with all terms and standards in this agreement as supplier changes warrant.

1. COMPLIANCE WITH U.S. LAWS AND REGULATIONS

Supplier’s merchandise shall comply with all import requirements of the United States Customs Service as well as all other United States government agencies. Supplier certifies that all merchandise sold to The Toro Company and its subsidiaries (“TTC”) comply with United States law and regulations, including, but not limited to those administered by the United States Customs Service, the Consumer Product Safety Commission, the Environmental Protection Agency, the Occupational Safety and Health Administration and the United States Patent and Trademark Office.

2. COUNTRY OF ORIGIN (COO)

Supplier’s imported merchandise shall be accurately marked or labeled with its country of origin in accordance with the laws and regulations administered by the United States Customs Service and the Federal Trade Commission. Supplier understands that it will be responsible for any fines or marking penalties issued by a government agency, as well as any associated costs, including, but not limited to, costs incurred by The Toro Company to remark the goods, such as labeling costs, warehousing costs, and expedited freight costs.

Supplier shall provide The Toro Company with the country of origin of all merchandise. All country of origin information must be provided electronically via The Toro Company supplier portal. If the country of origin changes, the supplier will provide The Toro Company a new certificate of origin within 10 days.

3. CHILD, CONVICT, FORCED OR INDENTURED LABOR

The Toro Company will not accept merchandise from any supplier that utilizes child, convict, forced or indentured labor in any stage of the mining, production, manufacture, contracting or subcontracting of the merchandise or any component thereof.

For the purpose of determining use of illegal child labor “child” is as anyone who is less than fifteen (15) years of age, unless the compulsory school age in the country where the supplier is doing business is higher than fifteen (15). If the compulsory school age is higher than fifteen (15) in a country where the supplier is doing business, “child” is defined as anyone who is younger than the compulsory school age in the relevant country.

Failure to comply with the terms of this section will result in the immediate cancellation of all outstanding orders.

North Korean Labor:

It is important to note that CAATSA Section 321(b) (22 U.S.C. § 9241a), which amended the North Korea Sanctions and Policy Enhancement Act of 2016 (22 U.S.C. § 9241 et seq.), creates a rebuttable presumption that significant goods, wares, merchandise, and articles mined, produced, or manufactured wholly or in part by North Korean nationals or North Korean citizens anywhere in the world are forced-labor goods prohibited from importation under the Tariff Act of 1930 (19 U.S.C. § 1307).

4. HUMAN RIGHTS/DISCRIMINATION

The Toro Company requires that its Supplier respect the basic human rights of its own work force. To that end, Supplier must certify to The Toro Company that its employment practices and work conditions are non-discriminatory and not detrimental to the health and well-being of its employees.

5. STANDARD INVOICE REQUIREMENTS

Supplier agrees to comply with The Toro Company’s standard invoice, packing list and carton marking requirements as specified below;

- Name of the Seller
- Name of the purchaser
- Description of merchandise
- The Toro Company complete 10-digit purchase order or scheduling agreement number.
- The Toro Company part number(s)

- Quantities, weights and measures (must appear on the invoice and packing list)
- Terms of Sale
- Purchase price and currency used for the purchase. This price must match the price on TTC's purchase order or scheduling agreement.
- All charges and discounts including but not limited to- assists and the value of any material, tooling or molds provided by The Toro Company.
- Any items shipped free of charge must include the commercial value of the items.

Importers must provide in English a commercial invoice with the information specified above and in addition include;

- A description of the merchandise in sufficient detail to properly classify the merchandise under United States Customs laws. Certain 'special merchandise' requires specific additional information.
- INCOTERMS (rev 2010) including the named place, port and destination.

6. SOLID WOOD PACKING

Supplier shall provide solid wood packing that is ISPM-15 compliant per TTC Specification F-102 (TTC Wood Packaging Material Quality Standard) on all export shipments to any country (notably Canada and Mexico) where solid wood packing materials are used.

If solid wood packing materials are used, the supplier is required to ensure the wood must be heat treated or fumigated with methyl bromide and marked with the International Plant Protection Convention (IPPC) logo and appropriate country code designating the location of treatment.

If no solid wood packing material is used the supplier will certify on the commercial invoice or provide a separate certification stating the shipment contains no solid wood packing materials.

Supplier agrees to reimburse The Toro Company for any charges, including but not limited to, demurrage charges or expediting charges, incurred as a result of not providing compliant solid wood packing.

7. DOCUMENTS FOR CUSTOMS CLEARANCE

Supplier agrees to send via overnight courier the following documents to The Toro Company's designated Customs broker within 5 days of vessel departure. Supplier agrees to reimburse The Toro Company for any charges incurred due to late delivery of documents including, but not limited to demurrage charges and expediting charges. Documents required include:

- Signed commercial invoice meeting The Toro Company's standard invoice requirements.
- Packing list in English clearly stating which part number is located in which box number.

- Bill of Lading indicating TTC's import broker as the "Notify Party" on direct shipments where TTC is the importer of record (IOR).
- Any additional documents required by the United States Customs Service or any other governmental agencies.
- Documents to support claim for Eligibility for Special Tariff Treatment—if applicable.
- 10+2 Importer Security Filing (ISF) Rule-Supplier must provide all of the required data elements to The Toro Company's designated freight forwarder at origin (the company your firm arranged the booking through) and by e-mail to ISF@sbs-intl.com no later than 72 hours prior to vessel loading at the origin country ocean port. The required data elements are – seller name and address, 'ship to' party, manufacturers name and address, country of origin, container stuffing location, consolidator (stuffer) name/address and Ocean bill of lading number that will be provided to you at the time of booking by the origin forwarding partner.

8. ELIGIBILITY FOR SPECIAL TARIFF TREATMENT

Supplier shall provide The Toro Company the required information/documentation if the merchandise qualifies for any special tariff treatment – most common is NAFTA. NAFTA certificates of origin are for a specified period of time, not to exceed 12 months.

Upon expiration of a current NAFTA the supplier will provide a new NAFTA certificate. Currently NAFTA certificates are provided to TTC via the supplier portal. There are many additional free trade agreements, if your products qualify for any other free trade agreements please notify TTC's Sourcing Regulatory Manager.

9. FAIR LABOR STANDARDS ACT

For all work performed within the United States, the District of Columbia, and all U.S. territories and possessions, Supplier agrees that its payroll practices are in compliance with the provisions of the Fair Labor Standards Act ("FLSA") and any relevant state law concerning pay, including but not limited to the minimum wage provision, the overtime provision, and the Family and Medical Leave Act, if applicable.

For work performed outside the United States, the District of Columbia, and all U.S. territories and possessions, Supplier agrees to comply with the wage payment laws of the government unit in which the Supplier is doing business.

10. RIGHT OF INSPECTION

Supplier shall allow an employee of The Toro Company or designated representative of The Toro Company to conduct an on-site inspection of the supplier's production facilities, scheduled in advance by agreement of the parties during regular business hours and conducted in a non-disruptive manner. Failure to comply or refusal of The Toro Company employee or designated representative to inspect may subject all outstanding orders to cancellation.

11. CORRUPT PRACTICES AND ANTI-BRIBERY

Supplier certifies that it will comply with the U.S. Foreign Corrupt Practices Act and any other anti-bribery laws of which it is subject, and The Toro Company Anti-Bribery Policy for Business Partners.

12. CONFLICT MINERALS

Supplier certifies that it will comply with The Toro Company Conflict Minerals Policy and will maintain related Conflict Minerals records for a minimum of five years unless otherwise specified.

The Toro Company requires suppliers to perform and document activities associated with supply chain due diligence and address risks associated with minerals from conflict affected or high-risk areas.

The Toro Company reserves the right to audit and inspect a supplier's documentation related to supplier compliance declarations and certifications to Conflict Minerals.

Additional information on Conflict Minerals can be found in The Toro Company Supplier Quality Manual.

13. SLAVERY AND HUMAN TRAFFICKING

The Toro Company strongly opposes the use of child, slave and forced labor, and participation in human trafficking by any person or organization, including its suppliers. As a manufacturer doing business globally, TTC is committed to compliance with applicable laws, including, but not limited to California's Transparency in Supply Chains Act of 2010 and the United Kingdom's Modern Slavery Act. TTC expects its suppliers to support that commitment,

14. SUBSTANCE RESTRICTIONS

Supplier certifies that it will comply with all applicable U.S. and international laws and regulations regarding the use of restricted substances in merchandise supplied to The Toro Company. Supplier agrees that, upon request, it will provide information to TTC regarding the substances present in merchandise it supplies to TTC in order that TTC can fulfill its obligations under U.S. and international laws regarding the use of restricted substances.