

US HYBRID CORPORATION PURCHASING CONDITIONS OF CONTRACT

TERMS OF AGREEMENT

The purchase order, together with any attachments and exhibits, specifications, drawings, notes, instruction and other information, whether physically attached or incorporated by reference, constitutes the entire exclusive agreement between US Hybrid Corporation and the supplier identified in purchase order. The terms and conditions detailed are applicable to the PO issued by USH and by accepting the PO you agree that you have read, understand, and agree to be bound by these terms and conditions.

1 DEFINITIONS

- 1.1 "Order" means the purchase order placed by US Hybrid Corporation (hereinafter "the Company") for the supply of Goods appearing on the purchase order.
- 1.2 "Supplier" means the firm, company or person, to whom the order is addressed.
- 1.3 "Goods" means the articles or other items described in the order to be delivered on or before the delivery date, under contract in which these terms and conditions are incorporated (the "Contract").
- 1.4 "Service" means the services that Supplier is to perform for US Hybrid Corporation as specified in Order.
- 1.5 "Statement of Work", or "SOW" means the document specifying, without limitation, the scope, objective, and time frame of the work that Supplier will provide to US Hybrid.
- 1.6 "Delivery Date" means the date or dates specified in Order which the Supplier is required to deliver the Work or Goods.

2 CONFIRMATION OF ORDER

- 2.1 All orders must be confirmed by within 5 days of the purchase order date by email to purchasing@ushybrid.com.
- 2.2 No variation to this Order or these conditions shall be binding unless agreed by the authorized representative of the Company.
- 2.3 All Changes and modifications require to be confirmed by the Supplier.

3 DELIVERY

On Time Delivery is a crucial essence in Supplier's performance evaluation and its obligations under section 3 of the terms.

- 3.1 The Goods shall be delivered in the quantities of Order on the date or within the period stated in the Order or otherwise agreed with Company and Company shall not be obliged to accept any incomplete delivery or any Work in excess of the amounts ordered. If the Work requires inspection, the carrying out of tests or the instalment of Goods, delivery shall not be deemed to be complete until such inspections have been made, tests have been passed or any Goods installed to our unconditional satisfaction.
- 3.2 Time for provision of the Work shall be of the essence. The Supplier shall notify us if any delivery or performance is likely to be delayed beyond the specified date. Failure to notify any likely delay shall entitle Company to terminate without liability for all or part of the contract and/or to compensation for any losses resulting from such failure and delay. The Supplier shall be liable for all additional costs, claims, demands and expenses howsoever incurred by the Company arising from any failure by the Supplier to deliver the Goods or perform the service on schedule. If any delay so notified does or is likely to exceed 30 days, we shall be entitled to terminate without liability on our part for all or part of the contract and/or (unless the delay is due to Force Majeure) to compensation for any resulting losses.
- 3.3 Neither the Supplier nor the Company shall be liable to the other or be deemed to be in breach of this Contract by reason of any delay in performing or any failure to perform any of its obligations in relation to the Goods if the delay or failure was beyond that Party's reasonable control.
- 3.4 In addition to any other right we may have under this Agreement or any other contract between the Company and the Supplier, Company shall be entitled to postpone the date of delivery for whatever period we think fit upon giving notice in writing or electronically to you.
- 3.5 A packing note (slip) quoting the Order number, the Company's part number and the quantity must accompany each delivery of Goods, together with any relevant certificate of conformity.
- 3.6 The Company shall be entitled to reject any Goods which are not in accordance with the Order or which breach any of these terms and conditions.
- 3.7 All Goods are to be delivered "carriage paid" to the address stated on the Order or such other address as the Company may stipulate unless agreed separately in the Supplier contract with the Company.

4 ACCEPTANCE AND INSPECTION

- 4.1 US Hybrid Corporation has the right to reject any or all of the Work and Order which does not conform to the applicable requirements by inspection and/or testing within 10 business days of Delivery.
- 4.2 At US Hybrid option, US Hybrid may, return the non-confirming Order to Supplier for full refund, or return the non-confirming Order to replace the Good so that it meets the requirements. The Supplier will replace any rejected Goods free of charge and will in addition pay all reasonable costs, travel charges and/or repair charges incurred by the Company in rectifying any faults in the Goods.
- 4.3 If a substantial proportion of the Goods are defective, or do not conform as aforesaid, the Company, without prejudice or any other rights and remedies may cancel the order, and reject any or all Goods already delivered and the Supplier shall thereupon repay to the Company any sum already paid in respect of Goods so rejected or not then delivered.

In addition The Goods shall:

- 4.4 Conform as to quality, quantity and description with the particulars stated in the order.
- 4.5 Be of whole and complete material, workmanship and fit for purpose.
- 4.6 Be uniform in all respects to the samples and/or specifications (if any) provided or given by either party to the other.
- 4.7 Be subject to all the Company Quality Assurance procedures where the Company purchase specifications, and the Supplier shall accept any reasonable request by the Company to inspect and test the Goods during manufacture, processing or storage at the premises of the Supplier or any third party prior to dispatch and the Supplier shall provide the Company with all facilities reasonably required for those activities, data and test results.
- 4.8 The Goods shall be marked and properly packed and secured in accordance with the Company's written instructions.

5 PAYMENT

- 5.1 The prices shown in the order are fixed and firm for the duration of the Contract except where amended by the Company's purchase order amendment, confirmed by the Company's duly authorized representative and accepted by the Supplier.
- 5.2 Unless otherwise specified in the Order, the prices includes all taxes and other charges such as shipping, duties, custom, tariffs, and government imposed charges. Company requests that all charges to be identified on separate line items.
- 5.3 The Supplier shall be entitled to invoice the Company on or at any time after delivery of the Goods. Each invoice shall state clearly the Order number, quantity, Company part number and Supplier's name. Invoices not in accordance with these requirements will be rejected and returned to the Supplier. Any Goods delivered in advance of the agreed delivery dates may not be invoiced by the Supplier until the scheduled date of delivery.
- 5.4 Payment shall be made within 30 days of invoice, after receiving the Good, unless other arrangements have been established prior to final order.

6 ASSIGNMENT

- 6.1 The Supplier shall not transfer this Agreement or any of your rights, liabilities or obligations nor shall you sub-contract any of your obligations under it, whether in whole or in part, without first obtaining our prior written consent. Such consent, if granted shall not release you from any of your obligations and liabilities which may exist under this Agreement from time to time.

7 TOOLING

- 7.1 All tools, molds, parts, materials supplied or paid for by the Company, shall be referred to in this clause as "Tools".
 - 7.2 Tools shall be the property of the Company and shall be used solely for the purpose of this contract unless specific written permission has been received from the Company.
 - 7.3 Any Goods, materials, patterns, tooling, gauging or other equipment, which the Company provides to the Supplier, are to be insured by the Supplier in the full value thereof against fire or any other damage occurring or against theft while in the custody of the Supplier. The Supplier must, if requested by the Company, provide proof of such insurance policy.
- If any tool requires repair, renewal or replacement (whether due to the Supplier's negligence or not), the Supplier will notify the Company, immediately so that future supplies may be safeguarded. No tool which is the property of the Company shall be disposed of without prior written consent from the Company.
- 7.4 The Supplier must at his expense, promptly and satisfactorily repair or replace all tool lost or damaged or at the Company's request pay for or replacement by the Company. The Supplier will insure in the joint name of the Company and himself against loss and damage.
 - 7.5 The Supplier must return all tools on request to the Company at any time after the contract date for the delivery of the Goods or upon request at any time during a contract by written request.

8 CONFIDENTIAL INFORMATION

- 8.1 All technical information, advise, know-how, drawings, designs, specifications and other things communicated or supplied by the Company, or confidential, shall remain the property of the Company, and shall not, without the Company's express and written consent be disclosed or shown to a third party and shall be used solely for the purpose of this contract. This order shall be treated as confidential and shall not be disclosed to any third party, without the consent of the Company.
- 8.2 If Company and Supplier have entered into a Non-Disclosure Agreement (NDA), the parties shall treat the Order as confidential information as defined in NDA.

9 GENERAL

- 9.1 These Terms and Conditions are in addition to any separate Supplier Agreement entered into by the Parties and in the event of any conflict the terms of the Supplier Agreement shall prevail.
- 9.2 Any forecasts of requirements which may be given by the Company to the Supplier will be given in good faith, but are for information purposes only. The forecast should not be considered an Order and any advance manufacture or procurement shall be at your sole risk.
- 9.3 The Contract shall be governed by the laws of California, United States and all disputes and related matters shall be subject to the exclusive jurisdiction of the U.S. courts.
- 9.4 Supplier shall defend, indemnify and hold Company harmless from and against any and all claims as incurred, arising out of or in connection with any act or omission of Supplier (and its subcontractors) in the performance of the work; or any infringement of a third party's Intellectual Property Rights or any other rights.
- 9.5 Each party will indemnify and hold the other party harmless from against any and all claims as incurred out of any negligent, willful acts or omissions of the indemnifying party which results in personal injury including death.
- 9.6 Nothing in this Section shall limit any other remedy of the parties.

10 TERMINATION

- 10.1 The Company shall be entitled to terminate the Contract in respect of all or any of the Goods by giving written notice to the Supplier at any time. The Company's sole liability in any such case shall be the value of the Supplier's work in progress calculated in accordance with the then current firm delivery schedules, but not exceeding three months in total, less the value of all materials retained by the Supplier.
- 10.2 The Company shall be entitled to terminate the Contract without liability to the Supplier by giving written notice to the Supplier at any time if the Supplier ceases or threatens to cease to carry on business, or has a receiver appointed, becomes subject to an administrative order or goes into liquidation (other than for the purpose of amalgamation or reconstruction) or makes any voluntary arrangement with its creditors or the Company has reasonable grounds for believing that any of these events is about to occur in relation to the Supplier.
- 10.3 The Company shall be entitled to terminate the Contract without liability to the Supplier by giving written notice to the Supplier at any time if the Supplier either refuses or fails to deliver the Goods strictly in accordance with either the terms of the Order or any delivery schedules, or is in breach of any material provisions of the Contract.

11 CORPORATE CITIZENSHIP AND COMPLIANCE WITH LAWS

US Hybrid Corporation (Company) and its affiliates support and respect the protection of internationally proclaimed human rights (UN's Universal Declaration of Human Rights), local and international business practiced business laws.

- 11.1 Supplier represents and warrants that will comply with all applicable local and national laws and regulations pertaining to its performance of its obligations under this Order.
- 11.2 NON-DISCRIMINATION- All suppliers shall have equal opportunities based on competencies, experience and performance regardless of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, union affiliation, social back-ground or ethnic origin. All employees shall be treated with respect. Discrimination, physical or verbal harassment, or any illegal threats are not tolerated.
- 11.3 WORKPLACE PRACTICE - The necessary conditions for a safe and healthy work environment shall be provided for all employees.
- 11.4 FORCED LABOR - Suppliers shall not engage in or support forced bonded or compulsory labor.
- 11.5 CHILD LABO R - Child labor is not tolerated. The minimum employment age is the age of completion of compulsory school, but never less than 15 years.
- 11.6 Supplier shall not act in any fashion against anti-bribery legislation which prohibits offering, giving or promising to offer or give, directly or indirectly, money or anything of value to assist them in any way.
- 11.7 Supplier will secure and maintain insurance providing common coverage for liabilities for bodily injury and property injuries.