



HV BATTERY CONSIGNMENT PROGRAM (CANADA)

DESCRIPTION. The purpose of this service document is to advise you that Karma Automotive Distribution (“KA”) is implementing a battery consignment program in accordance with the terms and conditions set forth herein. This service document is issued pursuant to Section 3 of the Dealer Agreement between you and KA (the “**Dealer Agreement**”) and constitutes an “**Other Dealer Document**” as such term is defined in the Dealer Agreement. Any breach of the terms and conditions set out herein will constitute a breach of the Dealer Agreement. The provisions of the Dealer Agreement remain in full force and effect, unamended and this service document is issued subject to the terms of the Dealer Agreement. The capitalized terms used but not defined herein have the meanings given to them in the Agreement, the Standard Provisions (as such term is defined in the Dealer Agreement) or one of the Other Dealer Documents.

KA will deliver high voltage power train batteries (each, an “**HV Battery**”) on a consignment basis (each, a “**Consignment Battery**”) to a Karma dealer (“**Dealer**”) for the sole purpose of HV Battery replacement under warrantable conditions. By accepting the delivery of a Consignment Battery, Dealer agrees as follows.

HANDLING AND PROCESSING WARRANTY CLAIMS FOR CONSIGNMENT BATTERIES. Dealer agrees that each Consignment Battery will be used solely for the purpose of an HV Battery replacement on a Model Year 2017 or Model Year 2018 Karma Revero (“**Covered Vehicle**”) pursuant to a warranty claim for a confirmed HV Battery malfunction.

During the New Vehicle Limited Warranty coverage period applicable to the Covered Vehicle, if a customer presents a Covered Vehicle with a concern related to possible battery malfunction, then Dealer shall contact the Technical Services Support (“**TSS**”) Group and open a TSS case in the Dealer web-based portal. If the TSS Group determines that there is likely an HV Battery malfunction, then the TSS Group will instruct the Dealer to use the Consignment Battery in the Covered Vehicle to replace the suspected faulty HV Battery (“**Claim Battery**”). If the TSS Group determines that there is not an HV Battery malfunction, then the Dealer is not authorized to replace the HV Battery with a Consignment Battery. If the Dealer installs the Consignment Battery in the Covered Vehicle to replace the Claim Battery, KA will invoice the Dealer for the Consignment Battery and create a parts order on Dealer’s behalf for the shipment to Dealer of a replacement Consignment Battery based on KA’s then-current HV Battery inventory levels. Dealer must promptly return the Claim Battery to KA at KA’s expense and in accordance with KA’s instructions regarding labelling and packaging. Dealer must submit a warranty claim for the parts at MSRP and labor at the agreed upon warranty labor rate for the services performed on the Covered Vehicle, as advised by the TSS Group

TERMS AND CONDITIONS.

1. Dealer will inspect each Consignment Battery immediately upon delivery and notify KA of any discrepancy with the quantity, condition or quality of the item(s) ordered. Dealer must store the Consignment Battery (a) at Dealer’s Premises in such a manner as to protect the Consignment Battery from damage or deterioration, and at a minimum indoors and at temperatures between 50-90 degrees Fahrenheit; (b) in an area of the Dealer’s Premises segregated from all other goods and properly located in the Facility and (c) in accordance with recognized storage procedures for hazardous materials and applicable laws. Dealer must clearly identify the Consignment Battery as the property of KA until such time as the Consignment Battery is used for a warranty claim.

2. Dealer represents and warrants that the Dealer Premises is appropriate for the storage of the Consignment Battery and that the Dealer’s Premises is free from hazards and damage of any nature

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whatsoever. Dealer agrees that it will maintain the Dealer's Premises during the period of consignment to remain suitable for the storage of the Consignment Battery.

3. Dealer assumes the risk of loss, theft or damage to the Consignment Battery upon delivery of the Consignment Battery at the Dealer Premises. Dealer shall pay KA the replacement cost which includes associated freight of any Consignment Battery that is lost, stolen or damaged after such Consignment Battery is delivered at the Dealer Premises. Dealer shall maintain the Consignment Battery free and clear of and from and against all liens and encumbrances of any nature whatsoever.

4. The Consignment Battery shall at all times be subject to the direction and control of KA, and KA will retain title to the Consignment Battery unless and until such Consignment Battery is used by Dealer for the purpose of replacement of a Claim Battery pursuant to a warranty claim. At such time, the title to the Consignment Battery passes from KA to the Customer. At any time, KA can demand the return of any Consignment Battery delivered under this Agreement which has not been used to replace a Claim Battery pursuant to a warranty claim. The Consignment Battery shall not be reflected as an asset of the Dealer in its books and records. KA shall have the right to inspect the Dealer's Premises to confirm compliance with these Terms and Conditions during business hours with twenty-four (24) hours prior notice. KA shall have the right to validate periodically through such physical inspection or by photograph that Consignment Battery is in Dealer custody.

5. At such time as the Consignment Battery is used to replace a Claim Battery, KA will invoice Dealer at Dealer net for the Consignment Battery used in the Warranty Claim on the Dealer's next monthly statement. Dealer shall pay to KA the amount appearing on the monthly statement as per the terms of the monthly statement. For the avoidance of doubt, Dealer shall have no obligation to pay for the Consignment Battery until such time that it is used to replace a Claim Battery

6. Consignment Batteries installed in a Covered Vehicle will be covered by the New Vehicle Limited Warranty for the remainder of the original coverage period.

7. The terms and provisions of this bulletin will be governed by and construed according to the laws of the province in which the Dealer's premises are located. The parties hereto have expressly requested that this document and all ancillary documents be drafted in English. *Les parties aux présentes ont expressément requis que le présent document et tous les documents y afférant soient rédigés en langue anglaise.*

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