Qualastat Electronics, Inc.

Acceptance of Purchase Order/Terms and Conditions

Rev. 2/10/15

General Provisions

BY ACCEPTING THIS PURCHASE ORDER, SELLER AGREES TO COMPLY FULLY WITH THE TERMS AND CONDITIONS OF PURCHASE SET FORTH IN THIS DOCUMENT. ACCEPTANCE OF THIS PURCHASE ORDER IS EXPRESSLY LIMITED TO THE TERMS AND CONDITIONS OF THIS PURCHASE ORDER AND NONE OF THE SELLER’S TERMS AND CONDITIONS SHALL APPLY IN ACKNOWLEDGING THIS PURCHASE ORDER OR IN THE ACCEPTANCE OF THIS PURCHASE ORDER. COPIES OF TERMS AND CONDITIONS REFERENCED IN THIS PURCHASE ORDER MAY BE OBTAINED FROM THE QUALASTAT ELECTRONICS WEB ADDRESS http://www.qualastat.com/documentation.html OR THE QUALASTAT ELECTRONICS, INC. PROCUREMENT REPRESENTATIVE.

ACCEPTANCE BY QUALASTAT ELECTRONICS, INC. (HEREINAFTER CALLED “QUALASTAT”) OF THE GOODS OR SERVICE DELIVERED UNDER THIS PURCHASE ORDER SHALL NOT CONSTITUTE AGREEMENT TO SELLER’S TERMS OR CONDITIONS.

1. Changes in product, process, suppliers, manufacturing location

The Seller shall notify Qualastat of changes in product and/or process, changes of suppliers, changes of manufacturing facility location and where required, obtain the approval of Qualastat.

2. Counterfeit Work

(a) For purpose of this clause, Work consists of those parts delivered under this Contract that are the lowest level of separately identifiable items (e.g., articles, components, goods, assemblies). “Counterfeit Work” means Work that is or contains items misrepresented as having been designed and/or produced under an approved system or other acceptable method. The term also includes approved Work that has reached a design life limit or has been damaged beyond possible repair, but is altered and misrepresented as acceptable.

(b) SELLER shall not deliver Counterfeit Work to Qualastat Electronics, Inc. under this contract.

(c) SELLER shall only purchase products to be delivered or incorporated as Work to Qualastat Electronics, Inc. directly from the Original Component Manufacturer (OCM)/Original Equipment Manufacturer (OEM), or through an OCM/OEM authorized distributor chain. Work shall not be acquired from independent distributors or brokers unless approved in advance by Qualastat Electronics, Inc.

(d) SELLER shall immediately notify Qualastat Electronics, Inc. with the pertinent facts if SELLER becomes aware or suspects that it has delivered Counterfeit Work. When requested by Qualastat Electronics, Inc., SELLER shall provide OCM/OEM documentation that authenticates traceability of the affected items to the applicable OCM/OEM.

(e) This clause applies in addition to any quality provision, specification, statement of work or other provision included in this Contract addressing the authenticity of Work. To the extent such provisions conflict with this clause, this clause prevails.
(f) SELLER shall include paragraphs (a) through (e) including this paragraph (f) of this clause or equivalent provisions in lower tier subcontracts for the delivery of items that will be included in or furnished as Work to Qualastat Electronics, Inc.

3. Conflict Mineral

“Conflict Minerals” refers to minerals or other derivatives mined in the eastern provinces of the Democratic Republic of the Congo (“DRC”) and in the adjoining countries where revenues may be directly or indirectly financing the armed groups engaged in civil war resulting in serious social and environmental abuses. In 2012, The Securities and Exchange Commission (SEC) issued final rules implementing the Conflict Minerals disclosure provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Under these rules, publicly traded companies must report annually on their use of conflict minerals (tantalum, tin, tungsten and gold…..3TG) from the Democratic Republic of the Congo (“DRC”) or certain adjoining countries.

While Qualastat Electronics, Inc. is not subject to SEC reporting, we share the concerns regarding Conflict Minerals that finance or benefit armed groups in the DRC or adjoining countries and support our customers who have reporting obligations under the conflict mineral rules.

Like many other companies in the electronic product industries, Qualastat Electronics, Inc., procures components that contain some of these materials for the manufacturing of its products as they are required for the functional performance of the products. Qualastat Electronics, Inc. does not directly purchase any Conflict Minerals from smelters or mines and does not knowingly procure any product containing Conflict Minerals from the conflict region.

Qualastat Electronics, Inc. is working closely with our direct suppliers and asking them for their full support to ensure full compliance with the Conflict Mineral rules and requirements. Suppliers whose products contain 3TG are asked to submit this information using the standardized EICC/GeSI Conflict Minerals Reporting Template that traces the metals back through the supply chain. If Qualastat Electronic, Inc. becomes aware of a supplier whose supply chain included metals from a conflict source, Qualastat will take the appropriate actions to remedy the situation in a timely manner, including reassessment of supplier relationships. Qualastat expects our suppliers to take similar measures with their suppliers to ensure alignment throughout the supply chain.

4. Specialty Metals

Specialty metals incorporated in articles delivered to Buyer must comply with the requirements of this clause. The following articles are exempt: Circuit Card Assemblies (CCAs), and components designed or intended for use on CCAs or substrates, such as diodes, capacitor, resistors, transistors and integrated circuits; however assemblies and components are not exempt if they incorporate high performance magnets (samarium cobalt). Any other waivers, Domestic Non-Availability Determinations, deviations, or other forms of exemption from this requirement do not apply to this purchase order, unless otherwise stated in the Purchase Order Line Item Material Detail text.
(a) **Definitions.** As used in this clause—

(1) “*Qualifying Country*” means any country listed in subsection 225.003 of the Defense Federal Acquisition Regulation Supplement.

(2) “*Special Metals*” means—

(i) Steel—

(A) With a maximum alloy content exceeding one or more of the following limits: manganese, 1.65 percent, silicon, 0.60 percent; copper, 0.60 percent; or

(B) Containing more than 0.25 percent of any of the following elements: aluminum, chromium, cobalt, columbium, molybdenum, nickel, titanium, tungsten, or vanadium;

(ii) Metal alloys consisting of nickel, iron-nickel, and cobalt based alloys containing a total of other alloying metals (except iron) in excess of 10 percent;

(iii) Titanium and titanium based alloys; or

(iv) Zirconium and Zirconium based alloys

(b) Any specialty metals incorporated in articles delivered under this contract shall be melted in the United States or its outlying areas.

(c) This clause does not apply to specialty metals melted in a qualifying country or incorporated in an article manufactured in a qualify country.

(d) The SELLER shall insert the substance of this clause, including this paragraph (d), in all subcontracts, including commercial subcontracts, for items containing specialty metals.

5. **Nonconforming Product**

The Seller shall notify Qualastat of any nonconforming product (notice of escape) that had been released for production use and subsequently found not to meet requirements. In the event that a recall of goods is necessitated by a defect, a failure to conform to specifications, applicable laws, or any other reason within the Seller’s control, Seller shall bear all costs and expense of such recall, including without limitations, costs of notifying customers, customer refunds, cost of returning goods, lost profits, and other expenses incurred to meet obligations to third parties. The Seller shall obtain the approval of Qualastat for nonconforming product disposition.

6. **Identification and Traceability**
Seller shall ensure that purchased product released for production use, pending completion of all required verification activities, shall be identified and recorded to allow positive recall and replacement if it is subsequently found that the product does not meet requirements.

7. Records

Seller shall maintain quality records for 12 years.

8. Right of Access

The Seller shall provide right of access to Qualastat, their customers, and regulatory authorities to all facilities involved in the order and to all applicable records.

9. Mercury Control

Mercury or mercury containing compounds shall not be intentionally assed or come in direct contact with hardware or supplies furnished under this purchase order.

10. Flow Down

The Seller shall flow down through his supply chain the applicable requirements including customer requirements.